



Havering

LONDON BOROUGH

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CABINET

Subject Heading:

Award of Street Furniture Advertising Contract

Cabinet Member:

Cllr Ray Morgon, Leader of the Council

SLT Lead:

Andrew Blake-Herbert, Chief Executive

Report Author and contact details:

Darren Bindloss
Deputy Head of Communications
(Marketing and Events)
darren.bindloss@havering.gov.uk

Policy context:

The new contract will support priorities in the Council's vision *The Havering You Want To Be Part Of* including engaging residents, maximising income and reducing obesity.

Financial summary:

The value of the contract based on the total turnover the concessionaire estimates over a 10-year period is £94,800,000.

The income the Council is guaranteed to receive is £4,015,000 over the same period. This could increase to £4,800,000 over 10-years with income over guarantee.

Is this a Key Decision?

Yes - expenditure or saving (including anticipated income) of £500,000 or more.

When should this matter be reviewed?

The contract will be monitored quarterly and income reported monthly.

Reviewing OSC

Overview and Scrutiny Board.

The subject matter of this report deals with the following Council Objectives

Resources - A well run Council that delivers for People and Place. **X**

SUMMARY

The report seeks to award a seven-year concession contract to provide a street furniture advertising service with the option to extend for a further three years.

The new contract seeks to update the borough's current street furniture advertising provision, replace the current paper units with digital displays and increase the amount of income coming into the Council.

The tender requires the concessionaire to adhere to Havering's new Advertising and Sponsorship Policy. This will support our strategic public health objectives to tackle obesity levels by reducing advertising of food and drink high in fat, sugar and salt (HFSS) and other advertising that could negatively impact Havering residents.

RECOMMENDATIONS

To award **JCDecaux UK Ltd** (Company No. 01679670) a seven year street furniture advertising concession contract with the option to extend for three years at a total estimated turnover of £94,800,000.

REPORT DETAIL

The street furniture estate includes 61 community information panels located across the borough and five advertising columns in RM1. The units are shown below.



Procurement

The tender expressed the council's desire to modernise the current street furniture advertising estate to digital units and required providers to detail the income they would guarantee.

This included:

- Guaranteed annual income
- Estimated revenue income above guarantee
- Sign on fee.

And additional data:

- Number of units (boards) in the new estate.

Further quality measures included:

- Board specification
- Data collection
- How the boards can support the council's strategic objectives
- Carbon footprint
- Implementation plan.

The route to market was by full competitive tender process and was advertised through the Find A Tender/ Contracts Finder on the Government's website www.gov.uk

The procurement ran for six weeks and tenders were received via the council's eProcurement tendering portal (Fusion Procurement and Contract e-sourcing system).

Over 40 questions were submitted during the period the tender was open and each question and clarification received a response.

Two full submissions were received from

1. Clear Channel UK Ltd
2. JCDecaux Ltd.

The tenders were scored on 70 per cent price and 30 per cent quality.

Both providers wish to locate digital boards in areas of high footfall which will mean an overall reduction in the current 66 units with the switch from analogue to digital displays.

The Communications and Engagement Service will work with teams in planning and highways – along with the successful provider – to ensure planning consent

and highways licensing is received and applications are batched up where possible.

The modernised digital units also offer added value with smart city technology and the ability to measure footfall, air pollution and provide wi-fi.

Further added value will be that the council will be allocated one free advertisement on all boards at all times and access to unsold inventory. Further savings will be made with no updating costs necessary on new digital units.

Two automated public conveniences in South Street Romford and by Gidea Park Station are the property of JCDecaux and will be removed when the existing contract expires. The cost of operating and maintaining the toilets is around £70,000 per year and costs associated with removal of these units including remedial works will be the responsibility of the property owner.

REASONS AND OPTIONS

Reasons for the decision:

JCDecaux scored higher on both price and quality measures from the evaluated bids and achieved the highest score in the tender.

Other options considered:

Other options considered were to:

- Not award the contract. This was discounted as both tenders met minimum requirements on both price and quality.

IMPLICATIONS AND RISKS

Financial implications and risks:

The Communications Service is seeking to appoint a company to manage advertising on units located on pavements and in town centre pedestrian areas. It is deemed more cost efficient to employ a company to carry out this work on Havering Council's behalf rather than manage it in-house using officer time and that this approach would significantly garner better results in terms of revenue or income generated.

The income from the existing contract is approx. £9k per annum and is broadly offset by the £614 of costs incurred each time an advertisement is updated, therefore, the guaranteed income of £4.015m over the ten year contract (7+3) represents a significant increase of income averaging approx. £400k per year. Note in addition to this there is the potential for further revenue of just under £100k per year albeit this amount is not guaranteed. The profiling of income over the life of the contract varies slightly each year – full details can be found in the pricing schedule.

There are no capital implications for the Council, the provider will be responsible for the investment required to convert the furniture from the current paper-based advertisements to digital advertisements and that they will recoup the cost of this investment from the advertising revenue/income they gain over the life of the contract.

The assets/street furniture will be owned by the provider and under the terms of the new contract they will meet the cost of maintenance and utilities. The supplier will also be responsible for gaining the relevant planning approvals but the Council's planning team will work closely with them in order to achieve the necessary outcomes.

Legal implications and risks:

The Council has a general power of competence under section 1 of the Localism Act 2011 to do anything an individual may generally do subject to any statutory limitations. The recommendations within this report are in keeping with this power.

This report seeks authority to award a concession contract from Cabinet.

A concession contract is a contract for the supply of works or services to the Council where the consideration for the contract consists of either the contractor's right to exploit the services with or without payment from the Council; and where the concessionaire takes some risk.

The value of the contract (based on the total turnover of the concessionaire generated) is £94,800,000 over the seven plus three year contract duration and is well above the threshold for Concession contracts. Compliance with Part 2 of the Concession Contracts Regulations 2016 was required. A Contract Notice was published on the UK e-notification service, 'Find a Tender' as well as on Contracts Finder.

The procurement process that officers followed is set out in this report and appears to be a fully compliant procedure. The tenders received were evaluated against a 70% cost and 30% quality weighting.

Human Resources implications and risks:

There are no human resources implications.

Equalities implications and risks:

An Equality and Health Impact Assessment (EHIA) is required when considering any new policy, strategy or activity.

The Council has assessed how current advertising controls support its Public Sector Equality Duty under the Equality Act 2010 and, in conjunction with the new contract, a new policy has been introduced that stipulates what advertising the Council will and will not accept on the units.

Havering's requirements include those specified by the Advertising Standards Authority UK Code of Non-Broadcast Advertising and Direct & Promotional Marketing (CAP Code). Both CAP and BCAP commit to equality and diversity through the ASA's diversity and inclusion strategy, and, consider themselves subject to the public sector equality duty. As a result, CAP and BCAP seek to ensure that the protections they provide to those sharing protected characteristics are as strong as possible.

In addition we have also outlined further measures to support the council's measures to tackle obesity with restrictions around food and drink high in fat, sugar and salt (HFSS).

You can see the EHIA here

https://www.havering.gov.uk/download/downloads/id/6348/advertising_and_sponsorship_policy_with_eqhia.pdf

Health and Wellbeing implications and Risks

The Council has recently adopted a new advertising and sponsorship policy that will come into effect for all new advertising contracts including the street furniture advertising concession.

Advertising on the new units when the contract comes into force next year is expected to impact positively on health and wellbeing by restricting the promotion of smoking, alcohol, gambling, unhealthy food and drink products, and breastmilk substitutes.

Although suppliers currently have their own policies that restrict advertising in some of these areas, the new policy restricts food and drink that is high in fat, sugar and salt that will help the council in its efforts to reduce obesity, type 2 diabetes, cardiovascular diseases, and certain types of cancer.

Environmental and Climate Change Implications and Risks

Currently Council advertisements on the street furniture units need to be manually changed each time they are updated. This means a contractor drives to over 60 sites to replace posters each time the units are updated.

The new contract will actively support a move to digital units and the contractor will be able to update the units remotely.

We also anticipate a reduction in the number of sites overall.

The carbon footprint of each digital display board has been measured and the units will not be in operation from 12am to 5am.

In addition the suppliers provided details on their measures to reduce their carbon footprint.

BACKGROUND PAPERS