

<b>Subject:</b>	<b>Bus &amp; taxi shelters concession agreement – extension of proposed contract term</b>		
<b>Date of Meeting:</b>	<b>8th October 2020</b>		
<b>Report of:</b>	<b>Executive Director Economy, Environment &amp; Culture</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Owen McElroy</b>	<b>Tel: 01273 293693</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE:**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report seeks Committee authority to grant a short-term bus & taxi shelters advertising concession agreement (“concession agreement”) pending a full procurement process.
- 1.2 This will be a new concession agreement for a period of 18 months with an optional six months extension to replace the current two-year contract with Clear Channel UK Ltd (CCUK), which expired on 5 September 2020.
- 1.3 It is anticipated that the level of concession fees payable to the Council under the concession agreement will be approximately £675,000 over the life of the agreement (assuming there is no extension).

**2. RECOMMENDATIONS:**

- 2.1 That the Policy & Resources Committee grants delegated authority to the Director of Economy, Environment & Culture to:
  - (i) negotiate and grant a new bus & taxi shelters advertising concession agreement with CCUK for a term of 18 months with an option to extend for a further six months;
  - (ii) agree an extension to the agreement referred to in 2.1.1 above should they consider it appropriate at the relevant time.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 On 24<sup>th</sup> January 2019 the Policy & Resources committee approved the procurement of a new concession agreement for a term of 12 years with the option to extend for up to a further 3 years and granted delegated authority to the Executive Director for Economy, Environment & Culture to carry out the procurement of the concession agreement including the award and letting of the concession agreement.

- 3.2 In Spring 2020 officers were ready to issue an invitation to tender when the two major providers of the services (and the two major potential bidders) requested an indefinite pause in the process due to the negative impact on advertising revenues caused by the Covid pandemic and the lack of bidding staff resources due to the furlough scheme
- 3.3 There is a history of unsuccessful attempts to award a tender via EU procurement processes. This has been due to non-compliant bids being submitted by participants despite extensive soft market testing. The history of the procurement process is set out in the background papers, Policy & Resource Committee reports of 16 January 2014 and 16 January 2019

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 Do nothing. Ask the incumbent to withdraw all advertising cleaning & maintenance and discontinue efforts to procure a replacement contractor. Not recommended as shelters will not be maintained and no income will be received.
- 4.2 Bring contracts for advertising, cleaning & maintenance “in house” with immediate effect. BHCC would need to be in a position to manage the cleaning and maintenance of shelters, to replace shelters following road traffic collisions, including “hit and run” incidents, and commission its own advertising for all 243 sites. It is likely that we will need multiple contracts, and the creation of a dedicated multi-disciplinary team. Not recommended as the multiple contracts would create additional complexity and cost and the creation of a new team would be a considerable financial risk as it would not be known in advance whether the advertising income would cover the cost, whereas the existing model provides, in normal times, an annual income in addition to inclusive cleaning and maintenance.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 There has been no specific engagement in relation to this report but engagement with community and stakeholders has taken place prior to previous procurement attempts and these are referred to in the background committee reports.

#### **6. CONCLUSION**

- 6.1 The economic market conditions are such that a full procurement process is not realistically possible at the moment as the two main, and only viable suppliers are unlikely to bid and it would be unlikely to result in best value. Potential suppliers have indicated that they are not ready to go to tender at this time due to resource constraints in their legal and commercial departments and that market conditions are unstable due to Covid 19 making the assembly of credible bids all but impossible.
- 6.2 A short-term contract is therefore necessary to continue the maintenance service and provide additional revenues pending the return to normal market conditions and the commencement of a full procurement process.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 7.1 In normal economic conditions, the current contract generates additional revenue income as well as providing maintenance and cleaning services for the city's bus shelters. The 2020/21 revenue budget for bus and taxi shelter advertising includes an income target of over £0.400 million for bus shelter advertising. The budget has been set based on the assumption that all costs such as cleaning, repairs, maintenance and replacement bus shelters would be paid by the concession holder.
- 7.2 The alternative option outlined in paragraph 4.1 presents reputational, health and safety and financial risks for the Public Transport service.
- 7.3 The alternative option of bringing the service in-house (paragraph 4.2) has not been costed at this stage. However, aside from the complexity and time required to bring the operation in-house, any such proposal will need to demonstrate value for money and how it will maintain the advertising income target.
- 7.4 Given the Covid-19 pandemic and the imminent EU Exit, the proposal to offer a short-term contract will allow the Council to maintain the current service during a period of significant economic flux and has no direct financial implications for existing revenue budgets.

*Finance Officer Consulted: Jill Fisher*

*Date: 17/09/20*

### Legal Implications:

- 7.5 The Policy & Resources Committee is the appropriate decision-making body in respect of the recommendations at paragraph 2 above, having previously given authority to commence a procurement process.
- 7.6 The short-term contract must comply with the Council's Contract Standing Orders (CSOs). The estimated value of the proposed short-term contract is below the threshold (£4,733,252) for contracts regulated by the Concession Contracts Regulations 2016.
- 7.7 The CSOs require that before expressions of interest can be invited from potential bidders for a contract valued at £500,000 or more, approval must be sought from the relevant Committee.

*Lawyer Consulted:*

David Fairfield

*Date: 18/09/20*

### Equalities Implications:

- 7.8 Bus shelters will be designed to a specification that benefits all users, but with particular regard to persons with reduced mobility.

Sustainability Implications:

- 7.9 Sustainability will be a scored requirement in the evaluation of any future tender process.

Brexit Implications:

- 7.10 There are no Brexit implications expected as the contract extension will be sought under existing EU procurement as we are still in the transition period until 31<sup>st</sup> December 2020

Any Other Significant Implications: None identified directly in relation to this report

**SUPPORTING DOCUMENTATION**

**Appendices: None**

**Background Documents**

1. Policy & Resource Committee report of 16 January 2014
2. Policy & Resource Committee report of 16 January 2017