

CABINET – 13 January 2015 EXECUTIVE SUMMARY OF AGENDA ITEM 6

Report title: Digital advertising

Wards affected: Cabot

Strategic Director: Barra Mac Ruairi / Strategic Director Place

Report Author: Mike Ayres

RECOMMENDATION for the Mayor's approval:

1. To approve the appointment of JC Decaux as the preferred operating company to partner the Council in establishing digital advertising at Bond Street & Temple Way Underway plus a possible third option.
2. That authority be delegated to the Service Director Property to agree appropriate terms and establish a suitable agreement between the Council and the operating company to govern the operation of any sites established.

Key background / detail:

Purpose of report:

To seek approval for two initial digital advertising sites.

Key details:

1. It is proposed to establish two initial digital advertising sites.
2. Out of Home Media Consultancy (OHMC) have been appointed and undertook the tender of the digital rights on behalf of the Council and received three bids. After a robust evaluation, it is proposed to accept the tender from JC Decaux.
3. The operating company will provide all capital costs associated with the establishment of the sites. The Council will also receive a share of net profits which will be underpinned by a guaranteed minimum annual payment.
4. The establishment of the sites will be subject to the successful acquisition of all necessary consents for which the operator will be responsible including the payment of all associated costs.
5. It is proposed that the chosen Operating Company will now work with the Council and the Consultant in collaboration to further develop the proposals for each location in such a way as to both optimise benefit and provide the greatest chance of securing the necessary consents.

**BRISTOL CITY COUNCIL
CABINET
13 January 2015**

REPORT TITLE: Digital advertising

Ward(s) affected by this report: Cabot

Strategic Director: Barra Mac Ruairi / Strategic Director Place

Report author: Mike Ayres / PPMO

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Purpose of the report:

To seek approval for two initial digital advertising sites.

RECOMMENDATION for the Mayor's approval:

1. To approve the appointment of JC Decaux as the preferred operating company to partner the Council in establishing digital advertising at Bond Street & Temple Way Underpass plus a possible third option.
2. That authority be delegated to the Service Director Property to agree appropriate terms and establish a suitable agreement between the Council and the operating company to govern the operation of any sites established.

The proposal:

1. The provisional locations are the two gateway points shown on the attached plan plus a potential third option; visual mock ups of the locations are also attached as Appendix A. The tender was based on three sites, but applies equally to the two sites chosen. The aim of the sites will be to generate much needed income as well as bringing a commercial vibrancy and vitality to a relatively bland stretch of road uniquely suited to this form of advertising, although the consultant has advised that any further visual amenity should be considered by the Council once the screens are in place. The consultant has advised that inevitably, due to market pressures digital advertising will be coming to Bristol (and many other cities) whether BCC go ahead or not. As there is a limited amount of demand for premium sites it would seem preferable that the Council take the initiative to capture and maximise this revenue opportunity and exert control rather than leave the benefit to flow to private landlords and a situation where the Council's influence is limited to statutory process.

2. The Council has appointed a consultant, Steve Cowell from Out Of Home Media Consultancy Ltd (OHMC) after consultation and a tender process to advise on this specialist area of advertising which has only been considered a serious commercial proposition outside of London within the last 18 months. It should be noted that OHMC are totally

independent and impartial, they are not associated with any operating company or product and do not operate any form of advertising.

3. OHMC undertook the tender of the digital rights described above on behalf of the Council which made clear that if the Council chose to go ahead with one of the bids, this would still be dependent on getting all necessary approvals. The Operators are aware that it is subject to approval by Cabinet. Three bids have been received by the deadline a summary of which can be found in the exempt appendix. OHMC have now completed a detailed evaluation of the tender submissions which were assessed to establish the 'most economically advantageous' tender based on a price/quality ratio of 60/40. The evaluation process indicated the most advantageous bid to be that submitted by JC Decaux and they have therefore recommended that JC Decaux be selected as 'preferred bidder' and the Council's partner in the ongoing process to establish and operate digital advertising at the locations specified. The evaluation process was on a site by site basis and therefore equally applies to two sites. The summary for the two sites gives the figures offered by the Operator – A minimum guarantee figure which will be due to the Council without deduction plus a profit share. The Operator is responsible for all outgoings including Business Rates.

4. The operating company will provide all capital costs associated with the establishment of the sites. The Council will also receive a share of net profits which will be underpinned by a guaranteed minimum annual payment. It should be noted that the financial offers received are based on achieving the detail of the bidder's respective schemes. It is likely that during the development process changes to the preferred bidder's scheme/s will be required (e.g. for planning reasons); depending upon the nature of those changes this may impact on the scale and nature of the financial offer.

5. The establishment of the sites will be subject to the successful acquisition of all necessary consents for which the operator will be responsible including the payment of all associated costs. Additional measures to mitigate risk to the Council (e.g. control over advertising content) will be imposed as appropriate via the operational agreement between the Council and Operating Company. It should be noted that one of the sites would also need agreement from the owners of Cabot Circus.

6. It is proposed that the chosen Operating Company will now work with the Council and the Consultant in collaboration to further develop the proposals for each location in such a way as to both optimise benefit and provide the greatest chance of securing the necessary consents. Discussions will take place with the Operator to find a way to deal with the Old Market escalators, which has been identified as a priority by the local community.

Consultation and scrutiny input:

a. Internal consultation:

Legal Services
Development Services
City Design
Transport Development

b. External consultation:

Hammerson
Out of Home Media Consultancy

Public sector equality duties:

The recommendations in this report do not have any direct impact in terms of public sector equality duty responsibilities.

Eco impact assessment

The significant impacts of this proposal are:
Consumption of electricity and visual impact.

The proposals include the following measures to mitigate the impacts:
The displays will have an energy-efficiency design and visual impact will be managed through community consultation and the planning process, together with using renewable energy wherever possible.

Advice given by Steve Ransom / Environmental Programme Manager
Date 28 November 2014

Resource and legal implications:***Finance*****a. Financial (revenue) implications:**

The recommendation is for the acceptance of a tender for Digital Advertising. The Council will benefit from income from the contract which is at nil cost to the Council. The Council has selected the best bid from a financial point of view. The income is a combination of a guaranteed annual payment (the Operator responsible for all outgoings including Business Rates) plus additional income from profit share, subject to the caveats set out above in respect of developing the project post contract close.

Advice given by Mike Allen / Finance Business Partner
Date 28 November 2014

b. Financial (capital) implications:

The contractor will provide all capital resources required for the provision of the advertising infrastructure and there will be not impact upon Council capital resources.

Advice given by Mike Allen / Finance Business Partner
Date 28 November 2014

Comments from the Corporate Capital Programme Board:

n/a

c. Legal implications:

It is assumed that both the appointment of OHMC, and the subsequent procurement process leading to the selection of JC Decaux (carried out by OHMC on behalf of the Council), have complied with EU procurement regulations and the Councils own procurement rules.

Following approval to proceed the Council will need to settle the terms of contract with JC Decaux before the project can move forward.

Advice given by Eric Andrews / Senior Solicitor, Place
Date 23 December 2014

d. Land / property implications

All sites are owned by the Council subject to Highway restrictions.

Advice given by Mike Ayres / PPMO
Date 27/11/14

Appendices:

Appendix A – Site plan and visual mock-ups

Appendix B – Eco impact checklist

Exempt Appendix – Financial offer.



Old Market Roundabout Underpass - Northbound



Old Market Roundabout Underpass - Southbound

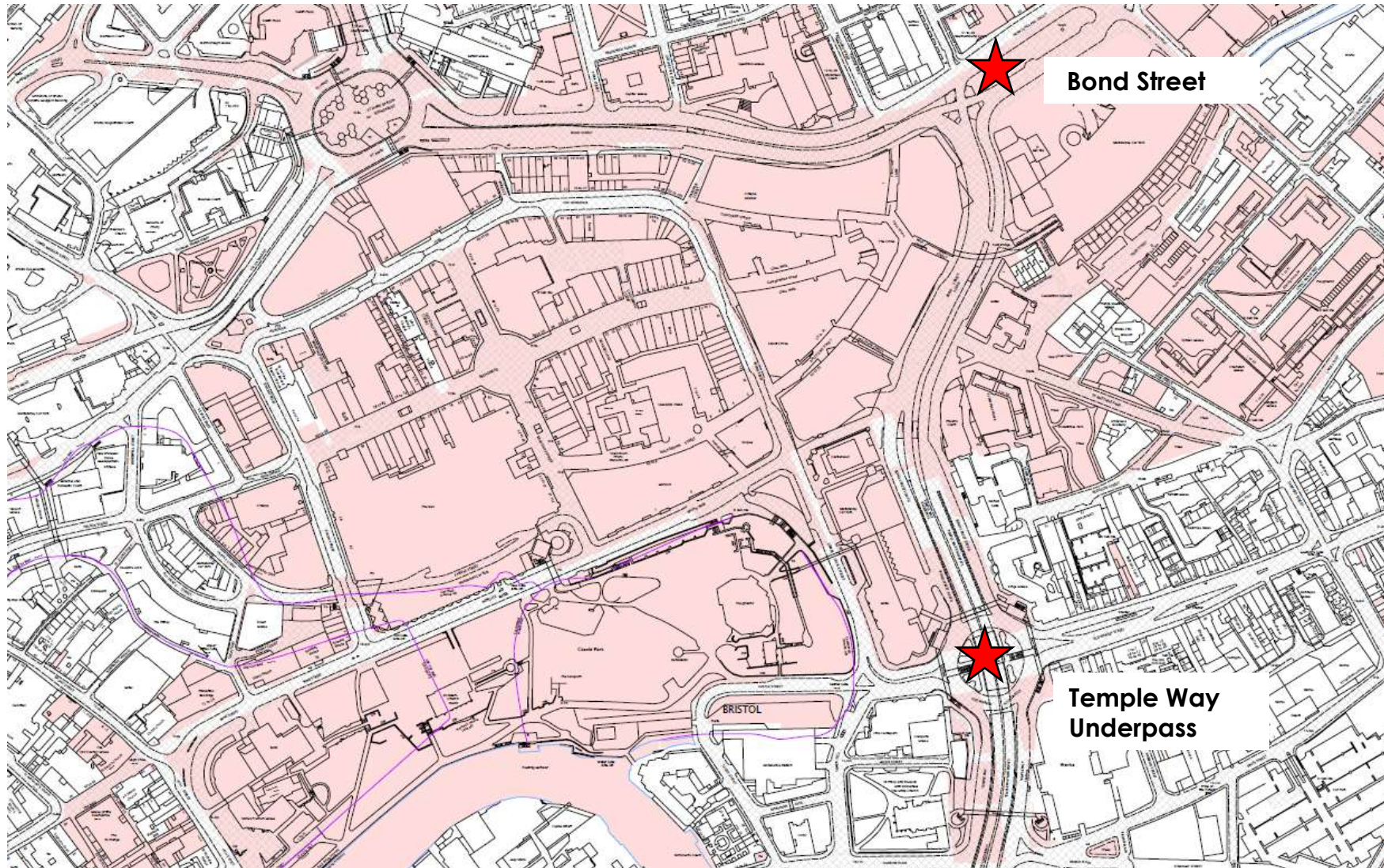


Newfoundland Avenue – Central Reservation - Eastbound



Newfoundland Avenue – Central Reservation – Westbound

PROPOSED DIGITAL LOCATIONS



Appendix B - Eco Impact Checklist

Title of report: Digital Advertising				
Report author: Mike Ayres				
Anticipated date of key decision: 15th January 2015				
Summary of proposals: Establishment of digital advertising at up to three locations, as set out in the report.				
Will the proposal impact on...	Yes/ No	+ive or -ive	If Yes...	
			Briefly describe impact	Briefly describe Mitigation measures
Emission of Climate Changing Gases?	Y	-ve	Emissions will be emitted indirectly through the production of electricity consumed by the displays	Energy efficient design includes LED lighting and daylight sensitive dimming. The preferred operator will purchase "green tariff" electricity.
Bristol's resilience to the effects of climate change?	N			
Consumption of non-renewable resources?	Y	-ve	Raw materials are required for manufacturing the displays – including metal and plastic	
Production, recycling or disposal of waste	Y	-ve	Displays will need to be disposed at the end of their operating life.	Preferred operator claims that 98% of the materials used are recyclable.
The appearance of the city?	Y	-ve	Displays are conspicuous.	Communities will be consulted and installation is subject to planning approval.
Pollution to land, water, or air?	N			
Wildlife and habitats?	N			
Consulted with: Steve Ransom, Environmental Programme Manager				
Summary of impacts and Mitigation - <u>to go into the main Cabinet/ Council Report</u>				
The significant impacts of this proposal are... Consumption of electricity and visual impact.				
The proposals include the following measures to mitigate the impacts ... The displays will have an energy-efficiency design and visual impact will be managed through community consultation and the planning process.				

The net effects of the proposals are....
Negative

Checklist completed by:

Name:	Mike Ayres
Dept.:	
Extension:	
Date:	01/12/14
Verified by Energy Service	Steve Ransom