

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 02 October 2018

TITLE	Bristol Bus Shelter Advertising Concession		
Ward(s)	Citywide		
Author: Stephen Pick	Job title: Team Leader, Sustainable Transport Projects and Infrastructure		
Cabinet lead: Cllr Mhairi Threlfall	Executive Director lead: Colin Molton		
Proposal origin: <i>BCC Staff</i>			
Decision maker: Cabinet Member Decision forum: <i>Cabinet</i>			
Purpose of Report: There is a requirement for a 12-month extension to the Bus Shelter Advertising Concession Agreement with Clear Channel UK, on the same terms as the current contract. Alongside this, there is the need to commence a procurement process, and subsequently award a new Advertising Concession, to ensure continuity of income for the Council once the 12-month extension comes to an end.			
Evidence Base: Context Clear Channel UK (CCUK) has a 15-year contract with BCC to install and maintain bus shelters within Bristol. This contract includes a Shelter Replacement Project (SRP) to replace around 300 life-expired shelters. All of the circa 300 shelters were originally owned by CCUK, but are being transferred to BCC's ownership as they are replaced. The SRP commenced in April 2015 and was planned to run for 5 years until Spring 2020. However, due to resources being diverted to other major projects such as MetroBus, it will not be possible to complete the SRP by March 2020 as intended. Alongside this, BCC's current income-generating 5-year Advertising Concession Agreement (ACA) with CCUK is due to end in March 2020. The SRP was originally aligned with the ACA so that when it expired BCC could re-tender and include the extra circa 300 bus shelters in an improved city-wide offer, thus maximising BCC income from bus shelter advertising. Therefore, in order to realign the projects, recommendation 1 is seeking to grant a 12-month extension of the ACA to ensure the SRP has finished. This will mean all shelters are in BCC ownership ready for the start of a new ACA in April 2021. CCUK are agreeable to the SRP being extended until March 2021, subject to a 12-month extension to the ACA. An added benefit of extending SRP by 12 months is that it will allow officers to make greater use of other sources of funding, such as S106, and reduce reliance on Prudential Borrowing. Recommendation 2 requests permission to undertake the tender process and then award a contract, so that the new ACA commences in April 2021, thereby ensuring continuity of income for the Council.			

Recommendations:

- 1) To award a 12 month Bus Shelter Advertising Concession Agreement to Clear Channel UK, from 1 April 2020 to 31 March 2021, on the same terms as the current contract;
- 2) To authorise the Executive Director for Growth & Regeneration to invite tenders, and to subsequently award a new Advertising Concession starting from 1st April 2021. The decision on the duration and scope of the new Advertising Concession to be delegated to the Executive Director in consultation with the Cabinet Member for Transport & Connectivity, and in light of a Corporate Citywide Advertising Strategy or other agreed Corporate approaches.

Corporate Strategy alignment: A Bristol Bus Shelter Advertising Concession is aligned with Theme 3 Well Connected & Theme 4 Wellbeing set out in the Corporate Strategy, as well as the Principle of using our assets wisely to generate a social and/or financial return. An integrated, accessible and sustainable public transport system is essential to the city's future and bus shelters are a key part of making an attractive end-to end journey.

City Benefits: Income derived from an Advertising Concession is used to pay for the supply, installation and maintenance of bus shelters across the City. This ensures that the shelters do not fall into a state of disrepair and that the Council can continue providing high quality, accessible public transport facilities. Our assessment shows bus shelters and associated raised kerbs are beneficial to equalities groups. The ongoing growth in bus patronage helps the city mitigate the impacts of congestion and air poor quality.

Consultation Details:**External**

Clear Channel UK Ltd: consultation has been carried out with the incumbent Advertising Concessionaire and this has resulted in agreement in principle to a 12 month extension;

Internal

Legal Services: there has been regular consultation with Legal Services since November 2017.

Procurement: consultation was carried out in seeking Commissioning & Procurement Group (CPG) approval for a Waiver.

Finance: discussions have taken place with Finance during the preparation of this report.

Cabinet Member for Transport & Connectivity: A briefing took place on the 13th November '17 and 4th June '18.

Revenue Cost	No additional	Source of Revenue Funding	N/A
Capital Cost	No additional	Source of Capital Funding	Prudential borrowing
One off cost <input type="checkbox"/>	Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input checked="" type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: This proposal seeks approval to extend the current Bus Shelter Advertising Concession (expires in March 2020) by 12 months and to delegate the authority to retender and award new contract starting from April 2021. The current concession with Clear Channel UK Ltd generates c£628k revenue +CIP uplift p.a. and the income is used to fund the bus shelter replacement programme approved by cabinet in 2014, based on prudential borrowing of £7.5m over 30 years and fully funded by the advertising income.

Based on the current level of advertising income assumptions the bus shelter services is now forecasting an annual budgetary shortfall (overspend) c£300kp.a.(peak in year 2021). This is due to the fact the income received are not sufficient to cover the borrowing costs, ongoing running/maintenances costs and to achieve the £212 surplus income target. The service has already explored mitigations that would reduce the capital borrowing requirement by either reduced the scope of the replacement or utilising other funding sources other than borrowing.

Given the opportunity to retender the concession in 2021, and more shelters with digital advertising capacity will be created which generates higher level of income, it is imperative that the new contract should drive best value for money, and in turn to address the forecast budgetary shortfall and to deliver a balance budget going forward. Meanwhile Transport directorate should also explore other mitigations for the shortfall within the delegated

directorate budget envelope.

Finance Business Partner: Tian Ze Hao

Date: 05/07/2018

2. Legal Advice: The Concession Contracts Regulations 2016 (CCR) require that an open and transparent procurement (including the publishing of an OJEU notice) be run in the event that the contract value exceeds the threshold of £4.55m. The contract value is the total turnover generated by the concessionaire over the duration of the agreement. Based on communication with the incumbent, it is believed that annual turnover is below the threshold and that it is therefore not necessary to advertise the one year direct award/extension to the existing arrangement.

Regarding the second recommendation, a duration of 5 years should only be exceeded in a concession contract should a longer period be necessary in order to allow the concessionaire to recoup its investment, together with a return on investment capital (reg.18(3) CCR). Legal advice should be sought in this regard should any longer contract duration be considered.

Legal Team Leader: *Eric Andrews*

Date : 21/06/2018

3. Implications on ICT: *There are no identifiable IT implications in this initiative*

ICT Team Leader: *Ian Gale*

4. HR Advice: *Not applicable*

HR Partner: *Not applicable*

EDM Sign-off	Colin Molton	11 – 07 - 18
Cabinet Member sign-off	Councillor Mhairi Threlfall	16 – 07 - 18
CLB Sign-off	Mike Jackson	24 – 07 - 18
For Key Decisions - Mayor's Office sign-off	Mayor's Office	03 – 09 - 18

Appendix A – Further essential background / detail on the proposal	NO
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment. No risks identified by Legal, Procurement and Finance	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Combined Background papers	NO
Appendix J – Exempt Information	NO
Appendix K – HR advice	NO
Appendix L – ICT	NO