

Part 1	ITEM NO.
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REPORT OF
 The Strategic Director for Place
 TO
 Procurement Board
 ON
 28th August, 2019

TITLE: Approval to Award the Contract for the provision of six sheet digital advertising units within the City of Salford, FSU units to be located on Council owned land.

RECOMMENDATION:

That the Procurement Board approves the award of the Contract for the development of digital six sheet advertising units (FSU's) within the City of Salford, FSU's to be located on Council owned land, as detailed in the table below:

Detail required	
Title/Description of Contracted Service/Supply/Project	The development of digital six sheet advertising units (FSU) within the City of Salford, to be located on Council owned land.
Name of Successful Contractor	Clear Channel UK Limited
Supplier Registration Number <i>(to be supplied by Corporate Procurement)</i>	00950526
Type of organisation <i>(to be supplied by Corporate Procurement)</i>	Private Limited Company
Status of Organisation <i>(to be supplied by Corporate Procurement)</i>	Non-SME
Contract Value	£ Full Project
Contract Duration	7 years
Contract Start Date	01/09/2019
Contract End Date	01/09/2029

Optional Extension Period 1	1 Year
Optional Extension Period 2	1 Year
Optional Extension Period 3	1 Year
Who will approve each Extension Period?	Procurement Board (extension > £150k)
Contact Officer (Name & number)	Jonathan Till x 6133
Lead Service Group	Place
How the contract was procured? <i>(to be supplied by Corporate Procurement)</i>	Framework Call-off (Mini Competition)
Framework Details (where applicable) <i>(Procurement Body, Framework Reference & Title, Start/End Dates, Hyperlink, etc.)</i>	Flexible Procurement Solution for advertising development (1 st August 2018 to 31 st July 2023) On the CHEST-Renewal of the expired advertising DPS-ref DN350512
Funding Source	Income generation-Revenue Budget

EXECUTIVE SUMMARY:

The purpose of this report is to seek the approval to the award the six sheet advertising contract to Clear Channel UK Limited.

BACKGROUND DOCUMENTS:

A procurement exercise took place to replace the former Dynamic Concession register, (Advert framework), with a new Flexible Procurement Solution (FPS). This was approved by Lead Member on 13th March, 2018 and by the Procurement Board on the 4th April, 2018. The opportunity was then published on the Chest.

The FPS framework is divided into two Lots, LOT 1, large format advertising including digital displays and LOT 2, Small format advertising (Roundabouts etc)

All of the advert developers approved within LOT 1 were offered the opportunity to apply for the new 6 sheet contract managed through a mini-competition process.

KEY DECISION:

Yes.

DETAILS:

1. Background,



Salford City Council, in partnership with Clear Channel UK Ltd, has developed a network of 119 FSU's across the City which has delivered significant levels of income for the Council over the last eighteen years. The change in the contract will provide the opportunity for all of the existing FSU's to be removed or refreshed with the latest digital technology.

As part of the new contract the existing FSU's will be removed and will be replaced with a minimum of 30 double sided digital FSU units, the Council will be provided with some air time on each FSU unit to display Council messages.

Due to the cost of the digital units the number of units installed within the City will be reduced however the rental value received per unit will increase, this will also have the added benefit of de-cluttering the City.

All of the new digital advertising units will be subject to advertising planning consent and the necessary highways licenses before they are installed.

These FSU's will ensure that the overall budgeted income for advertising of £775,000 will be achieved and provides an opportunity for an additional profit share, of up to £50,000 to be realised from the 20/21 Financial year.

2. The Procurement Process

A mini-completion was undertaken using the principals outlined within the FPS. All of the advert developers that had been appointed to LOT 1 (Development of digital advert screens) were invited to apply for the new six sheet concession.

The six sheet advertising concession was published on the chest and fourteen advertising developers expressed an interest in the six sheet advertising opportunity.

Four of these advert developers were eligible to supply the requirements, however only one company submitted a tender for the six sheet advertising opportunity in Salford.

This bid was evaluated following the criteria set out in the mini competition documentation.

Name of Bidder	% Price score Max 60%	% Quality score Max 40%	%Overall Score 100%	Price
Clear Channel UK Ltd	60.00	37.60	97.60	£

+ % profit share

It is recommended that the Clear Channel UK Limited bid be accepted. A price quality ratio was used as an evaluation tool which was based on a 60/40 split with price being 60%. A benchmark exercise has been undertaken to provide the Council with the confidence that the offer put forward by Clear Channel UK represents best value for the Council and reflects the market rate.

The acceptance of the Clear Channel UK Ltd bid will also deliver an additional benefit in that the continuation of the partnership with Clear Channel UK Ltd will also protect the Councils existing revenue stream during the transition to the new digital units.

The contract will be for a seven year term with the option to extend for a further three one year periods. A market consultation activity was undertaken prior to the mini competition to determine the contract period and this was in line with the life span of a digital FSU.

A revenue monitoring meeting takes place on a monthly basis to review the performance of the various outdoor advertising initiatives, the performance of the new FSU contract will be monitored through this existing budgetary process.

A benchmarking exercise has taken place to provide the re-assurance that accepting the one submission from Clear Channel UK would not place the Council at a disadvantage.

3. Social Value

The tender evaluation was based on a 60 / 40 split with Social Value been scored out of a maximum of 40%.

The Contractor's ability to deliver Social Value outcomes was assessed as part of the development of the (FPS) Framework process. All potential bidders had demonstrated a satisfactory capacity to deliver Social Value outcomes in Salford.

In their FPS submission Clear Chancel referenced their accreditation to ISO14001, Environmental accreditation and their use of local apprenticeship schemes and a positive relationship with local suppliers and schools.

The mini-competition added to this process by setting out a number of additional questions that covered the following areas which will support the delivery of a number of social value outcomes during the period of the 6 sheet advertising contract.

- Please describe what social value your company will deliver during the course of this project. Please demonstrate in your response how you will develop, monitor and report upon the social value you deliver within Salford.
- The Council would like the benefit of some air time on the digital advertising units to promote Council services and campaigns.

The successful tenderer has pledged to provide a Salford Social & Environmental fund, to the value of £60,000 for the Council to re-invest into green projects.

The £60,000 Innovation Fund is designed to be used for local initiatives for social benefit. Clear Channel has pledged to work with a number of partner organisations which deliver such projects, including the following examples:

- Edible Playgrounds, a primary schools project to deliver healthy eating by encouraging the planting, care and harvesting of fruit and vegetables to promote healthy eating, as well as supporting curriculum objectives.
- Urban tree planting with our charity partner Trees for Cities, planting trees or urban orchards to enhance the local environment, create clean air zones and enhance the aesthetic of an area.
- Other options include the potential to invest in clean transport initiatives such as funding for electric vehicle charging points.

In practical terms, this would work be delivered by agreeing the projects, the partners, the price and the signing off funds against the Innovation fund to support these projects in collaboration with Clear Channels delivery partners.

Clear Channels only stipulation would be that the projects must have a direct benefit for Salford residents with Clear Channel been provided with the opportunity to publicise their involvement with the Authority in the project.

The successful tenderer has pledged to provide the Council with significant air time to display Council messages. The tenderer would commit to 10 seconds displays per minute, per unit installed, which would then be displayed 20 hours per day (operating hours).

The successful tenderer has also developed their, "Vision for Salford", which has been attached as a separate document.

KEY COUNCIL POLICIES:

This is an income generating initiative. The establishment of the Flexible Procurement Solution (FPS) was approved by the procurement Board on 4th April, 2018. The new FPS will be used as the single point of procurement for the development of all new advertising initiatives over the next five years.

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

This FPS has created greater competition for the development of advertising sites within Salford. Each of the successful companies has been provided with the opportunity to submit a proposal for the new six sheet advertising concession through a mini competition.

ASSESSMENT OF RISK:

There is a low level of risk for the Council; this is an income generating initiative.

SOURCE OF FUNDING:

This is an income generating initiative; there are no cost implications for the Council.

LEGAL IMPLICATIONS: Tony Hatton, Principal Solicitor, tel. 0161 219 6323

For contracts of this nature, the Council must comply with the terms of the Concessions Contracts Regulations 2016 as well as its own contractual standing orders. In simple terms, a concession contract is one where a Contracting Authority grants a contract for works or services to a third party and the consideration involved, rather than being a direct payment from the Contracting Authority, consists solely of the right to exploit the work or service (or sometimes these rights in addition to receiving a payment).

To qualify as a concession contract, it must also involve the transfer to the third party (or "concessionaire") of an operating risk in exploiting the service which, at least in

part, “involves real exposure to the vagaries of the market”, such that any potential estimated loss is not merely nominal or negligible.

In practice, this requirement is met where the concessionaire is not guaranteed to recoup its investment in supplying the works or services which form the subject matter of the contract.

The Concession Contracts Regulations apply threshold of circa £4.5 million pounds for the Council to fully comply, and in this instance, even though the value is below threshold, the principles of transparency and equal treatment remain, resulting in a mini-competition exercise being undertaken. Clear Channel were the (only) preferred bidder for the opportunity advertised, and any challenge to the appointment is therefore highly unlikely.

FINANCIAL IMPLICATIONS: Submitted by: Martin Anglesey 0161 793 3248

This is an income generating initiative. Whilst advertising has consistently performed well against budget in recent years, this budget must be closely monitored as a reduction in income will have a detrimental impact upon the bottom line position for the Place service group. Finance are working with the service area to ensure that a realistic and fair yet challenging income target is built into budgets going forward.

Cost	Centre	D5024	7528
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PROCUREMENT IMPLICATIONS: Submitted by: The Corporate Procurement Team

The Dynamic Purchasing System (DPS) for the provision of advertising billboards across the City expired in July 2018; accordingly a new flexible procurement solution (FPS) has been developed by the procurement team to replace this commissioning model.

A mini-completion was developed through the FPS for the re-procurement of the free standing six sheet advertising contract that expired in February, 2019.

All of the advert developers appointed to LOT 1, large format and digital development were invited to tender.

OTHER DIRECTORATES CONSULTED:

None.

CONTACT OFFICER:	Jonathan Till	X6133.
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WARD(S) TO WHICH REPORT RELATE(S):

Specify the ward(s) affected, if all wards, state this fact.

All Wards