

REPORT OF THE STRATEGIC DIRECTOR PLACE

TO THE PROPERTY & REGENERATION BRIEFING

ON

8 AUGUST 2022 (FOR DECISION)

TITLE: NEW TERMS FOR AN ADVERTISING SITE-University Road West, by the Crescent.

RECOMMENDATIONS:

It is recommended that approval is granted to:

Note the proposals detailed below on the terms as set out in the body of this report and on the detailed terms set out in an accompanying Part 2 report for approval elsewhere on the agenda.

To enter into an agreement with Wildstone to renew the existing contract for a Digital Mega 6 advertising display located on the grassed area on University Road West, by the Crescent

EXECUTIVE SUMMARY:

The current agreement for the billboard located on land at University Road West has expired and the Council has the opportunity to extend the agreement with the current supplier, Wildstone, for a minimum of two years.

The recommended tenure will be ten-year contract, however, to support the redevelopment agenda in the Crescent area, a break provision has been included within the heads of terms.

The rent offered by the existing tenant is the preferred route as no other advert developer will commit to a capex to build a billboard with only a guaranteed tenure of two years, as the capex for a Mega 6 display is in the region of £150,000.

The rent offered is considered to be market rental value, however, to maximise the Councils income potential, a rent review provision has been included within the contract and will take place at year two and at year seven, on the understanding that the break provision has not been triggered.

BACKGROUND DOCUMENTS:

Location plan.

KEY DECISION: No – less than £350,000

DETAILS:

Introduction and background

The Property Management team have the responsibility for generating income through the management and development of all outdoor advertising on Council land, the net target for 2022/23 stands at £900,000 in year.

To achieve this level of revenue a number of advertising initiatives have been developed:

- Roundabout sponsorship.
- Boundary sign sponsorship
- Advertising on bridges A580/A6
- Lamp column banner advertising.
- The development and roll out of six sheet digital displays (FSU)
- The development of digital billboards.

Procurement framework

To manage outdoor advertising and the relationship with advert developers a framework was established in July 2018 for a five-year period. The flexible Procurement Solution (FPS) enables the Council to work in partnership with the advert developers to develop advert structures on Council land.

The advert developers are encouraged to put forward proposals for consideration, at which point the Council's nominated officer undertakes a pre-application exercise to establish whether that proposal can be supported by the Council.

As part of the pre-application process colleagues within the Place Directorate are consulted to establish whether the advert proposal can be supported. Colleagues

from Planning, Road Safety, Regeneration, Highway Maintenance, Property, Infrastructure and Highways design, are included within this consultation exercise.

Wildstone developed a Mega 6 digital advert display on Council land at University Road West, opposite the Crescent railway station. The initial agreement was completed in 2017 and was for a period of five years, this agreement has now lapsed.

The recommended tenure will be ten-year contract, however, to support the redevelopment agenda in the Crescent area, a break provision has been included within the heads of terms. The break clause within the new agreement will enable the Council to serve six months' notice, after the initial two-year period, for Wildstone to remove the structure from the amenity.

Advert developers on the Council's framework have been approached but there is no interest in developing a billboard at this location, if the guaranteed tenure offered by the Council is limited to two years as the cost of the build is too prohibitive. The advert developers will require a minimum of five years to recover their costs.

Therefore, the recommended option is to work with the existing tenant, Wildstone, to maintain an income stream from this asset.

Proposal

A proposal has been developed with Wildstone, the incumbent, to enter a new ten-year agreement, however this new agreement will be subject to the Council having the ability to break the agreement after two years from the commencement date, by serving six month notice to Wildstone.

A break clause has been included within the heads of terms to enable the Council to gain possession of the land in support of the Crescent Master plan. The two-year period will fit with the current development agenda.

The proposal is to maintain the existing rental value with a rent review established at year 2 and at year 7.

The rental value for this format of advert display has fallen over the last five years, therefore it is considered that by maintaining the rent at the current rental value represents a good and the best value outcome for the Council.



The existing billboard is a Digital Mega Six display (DM6) with a display size of 7.5m (Height) x 5.3m (Width). The height to underside of display is 3m. The total height of the unit is 10m.

Planning consent

Planning consent is in place, 16/67559/ADV.

Social Value

To support the social value agenda the Council will benefit from some free screen time on the digital display. In total the Council will be entitled to 14 weeks of airtime in any twelve-month rolling period delivered through 7 x 2-week marketing campaigns.

The campaigns will be managed and administered by the Council's Communication team.

KEY COUNCIL POLICIES:

The scheme will contribute to Salford's Great Eight priorities by supporting improvements to our streets and transport infrastructure and is particularly relevant to priority 6, Promoting transport and digital connectivity.

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

It is considered that there are no adverse impacts associated with this proposal.

ASSESSMENT OF RISK:

Low: all development costs will be met by the advert developer, there will be no liability on the Council.

A break clause has been established within the heads of terms to support the regeneration agenda for the Crescent area.

LEGAL IMPLICATIONS Supplied by:

Tony Hatton: Principal Solicitor x2904

The procurement of all large format advertising sites are managed through the Flexible Procurement Solution.

Individual sites are managed through a lease or license arrangement which controls the roles and responsible of each party within a legal framework.

FINANCIAL IMPLICATIONS Supplied by:

Supplied by: Alison Woods, Senior Accountant (Planning & Transport)

Date: 25th July 2022

The Place service group has set a challenging Highways advertising target of £900,000 net income for the 2022/23 financial year and the development of this digital advertising screen will contribute towards the achievement of this target and targets agreed for future years.

There will be no cost to the Council, as all development costs will be met by the advert developer.

PROCUREMENT IMPLICATIONS Supplied by

Christine Flisk: Procurement Manager.

The development of all outdoor digital displays on Council land are managed through the Flexible Procurement Solution framework (FPS), a five-year procurement arrangement that was put in place in July 2018.

HR IMPLICATIONS Supplied by: N/A

CLIMATE CHANGE IMPLICATIONS Supplied by:

Jonathan Till: Project Manager

Comments:

The billboard has a very limited impact on the climate and utilises low energy LED lighting panels that consume very small amounts of electricity. Visual impact on the local area has been assessed through the planning application process.

OTHER DIRECTORATES CONSULTED: N/A

CONTACT OFFICER:

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WARDS TO WHICH REPORT RELATES: Pendleton & Charlestown