

Report for: Cabinet – 14th August 2018

Title: Award of Contract for Out of Home advertising

Report authorised by : Erica Ballmann – Assistant Director, Strategy & Communications

Lead Officer: Eleri Salter – Commercial Manager, Strategy & Communications

Ward(s) affected: All

Report for Key/

Non Key Decision: Key decision

1. Describe the issue under consideration

1.1 This report seeks Cabinet approval to enter into a contract for the provision of Digital Street Advertising to the preferred Contractor, Supplier A. This is for a period of 10 years pursuant to Contract Standing Order (CSO) 9.07.1(d) or a contract income value of £2.05 million with an option to extend for a further 5 years for a total contract income value of £3 million (contract value).

2. Cabinet Member Introduction

The Council has a duty to communicate and engage with all Haringey residents. Part of that duty involves ensuring that residents are aware of services that are available, activity and events that are taking place in the borough and any key messages the Council and partners need to convey.

One channel used for this communication activity is on-street sites such as poster sites. The existing contract, which has run for over 20 years and includes 29 static single and double-sided poster sites, does not offer best value for the Council or residents. It currently costs the Council to utilise these sites and it is an outdated method of communication. Therefore, it was decided to review the current contract and set out an invitation to tender (ITT) and procurement process to deliver not only a more current method of communication but also engage in a contract that could deliver a commercial return.

3. Recommendations

3.1 That Cabinet approves this request for the Council to enter into a contract with Supplier A for the Provision of Digital Street Advertising in accordance with CSO 9.01.1 (Tender Process) as permitted under CSO 9.07.1(d) (Award Process) for a period of 10 years from 1 October 2018 – September 2028 for a contract income value of £2.05 million. There is an option to extend for a further 5 years for a total contract income value of £3 million.

4. Reasons for decision

4.1 The current contract will soon expire and there is a requirement for the Council to use all possible channels to communicate with residents.

4.2 The Council is increasingly seeking opportunities to generate income and therefore contribute towards achieving the savings targets set in the medium term financial strategy.

4.3 The appointment of the Supplier (Supplier A) will allow the Council to achieve the aims set in 4.1 and 4.2.

4.4 Through the new contractual arrangement, the Council will receive an expected income of £3 million over a 15-year period. This is in contrast to the current contract, which costs the Council £13,600 per annum in business rates and £495 for each campaign or use of the poster sites.

4.5 The current contract allows for 29 double-sided paper panels (58 screens in total). These panels will initially be replaced with 15 double-sided digital screens (30 screens in total). The advantage of digital screens over paper screens is that they can significantly increase the volume of commercial advertising. Smaller, local retailers will be able to buy digital screen space time for their own advertising (currently this is not the case) and corporate messages can be displayed for up to 15% of the assets' inventory.

4.6 As a result of 4.5, the Council will be meeting its objective of decluttering its pavements of unnecessary street furniture. The reduced number of screens will actually generate a sizeable income stream for the Council. This is a good example of the Council achieving its "more for less" initiative.

4.7 In order to ensure compliance with EU procurement legislation and to ensure value for money, Strategic Procurement led an Open Tender exercise in accordance with CSO 9.01.1. The tender was advertised in the Official Journal of the European Union (OJEU) and Contract Finder. The Competition was based on:

Price 50%
Quality 50%

The above evaluation weighting was applied to ensure the Council's requirement for high quality, sensitive, accurate and critical data was met by the winning supplier.

Responses

Two bids were received following the Open Tender Process.

Suppliers

The following is the summary of the outcome of the tender evaluation and clarification process for all Suppliers that tendered.

Supplier	Price Score	Quality Score	Final Score	Ranking
Supplier B	23	40	63	2nd
Supplier A	50	47	97	1st

The procurement was led by Shashi Sharma (Procurement Delivery Manager) and evaluated by:

Eleri Salter	-	Commercial Manager
Neil Evison	-	Senior project manager
Michael Molony	-	Strategic Procurement Partner

5. Alternative options considered

5.1 Do nothing

This was not an option as the income (£3 million) generated by this contract would contribute to the Council's aim of increasing income where possible and appropriate.

5.2 Use of Frameworks as an alternative to an Open Tender process

This was not considered as an option as there was no existence of any Framework Agreements that accommodated this provision.

6. Background information

6.1 The current contract for the Provision of Screen Advertising has been in operation since 28 July 1992 at a cost of £13,600 per annum business rates, and £495 per display of corporate messages to the Council. The contract expires on 30 September 2018.

6.2 The current contract deploys a paper only screen display. It is possible to be more agile and effective using a digital display.

6.3 The number of assets within the original contract will be fewer, meaning our highways and planning teams will be able to work closely with Supplier A to offer suitable locations within our streetscapes. Supplier A would like to increase the number of assets within the Borough during the term of the contract and will work again with the relevant services within the Council to help deliver this. With each new asset, the London borough of Haringey will generate a guaranteed return revenue per annum per screen.

6.4 As the frequency of adverts or messages can be changed up to 30 times a day, it means we can cover a wider range of our corporate messages that can be tailored for different locations as needed. Detailed evaluation reports will be received for each campaign. There is also an opportunity for the Council to send messages to residents via beacons in the screens which send notifications to mobile phones, encouraging residents to sign up for *My Account*.

6.5 Supplier A not only highlighted in its scoping of the Borough the key pivotal points such as Alexandra Palace and Tottenham Hotspur FC Stadium, but also focused on the Council's high footfall points and community areas such as Green Lanes. Whilst Supplier A would of course aim to maximise revenue with national advertisers, Supplier A is also keen to work alongside SMEs, offering them an affordable out-of-home advertising platform. Supplier A would work with developments in technology using beacons and forward-facing cameras, and allow the council to use 15% of the inventory for our corporate messages at no cost.

6.6 Alongside its commercial returns, there will be a £60k innovation fund set aside for the Council to use for community projects or environmental initiatives such as *City Trees* – a borough-led initiative aimed at improving air quality.

7. Contribution to strategic outcomes

7.1 This procurement exercise has contributed to achieving a significant amount of income to the Authority. Moreover, the contract allows the Council to advertise its services to resident at nil cost.

8. Statutory Officers comments

8.1 Finance

The annual income from this contract award is expected to approximately £175,000 in year one and has the potential to increase by inflation rates per year for the duration of the contract. There is also a one off signing on fee of £100,000.

Additionally, cost avoidance of £13,000p.a. of business rates, which the Council is currently, paying for existing advertising sites will be achieved, as these costs will be met by the terms of the new contract.

8.2 Procurement

This procurement (Open Tender) was led by Strategic Procurement (Corporate supplies & Services) in accordance with CSO 9.01.1, and is therefore supportive of the recommendations made in this report.

8.3 Legal

8.3.1 The Assistant Director of Corporate Governance notes the content of the report.

8.3.2 By virtue of CSO 9.01.1 and in accordance with CSO 9.01.2(a) an open tender procedure was followed in accordance with the Public Contract Regulations 2015.

8.3.3 CSO 9.07.1 (d) gives the Cabinet power to award a contract where the value of the contract is £500,000 or more and as such the Cabinet has the power to approve the award of the contract in this Report.

8.3.4 The Assistant Director of Corporate Governance sees no legal reasons preventing the approval of the recommendations in the report

9. Equalities (if applicable)

Not applicable

10. Use of Appendices

Part B contains Information relating to the financial or business affairs of any particular person (including the authority holding that information).

11.0 Local Government (Access to Information) Act 1985

Not applicable