

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO**

Cabinet
07 February 2023

Report Title: Procurement of a Service Provider for the Generation of Income from Advertising Revenue

Submitted by: Executive Director - Growth and Development

Portfolios: ONE COUNCIL, PEOPLE & PARTNERSHIPS

Ward(s) affected: ALL

Purpose of the Report

To obtain Cabinet approval for the award of contract for the provision of a service provider to deliver a solution for the generation of income from advertising streams.

Recommendation

That;

1. Cabinet review the outcome of the procurement process, to identify a suitable service provider that specialises in securing and managing the commercial sponsorship of customer owned space (the generation of income from advertising hoardings and screens).
2. Cabinet approve the award of contract to Community Partnerships Limited (t/a CP Media).

Reasons

The Borough Council's current contract for the provision of the generation of income from the advertising hoardings and screens is due to expire in February 2023 and it is important that the Council seeks to find a suitable provider for this advertising income going forward. To do this officers have sought a tender from the current provider and alternative provider through an ESPO Framework. Due to the potential value of the income it is appropriate that the Cabinet review and endorse the best company to manage the income generation.

1. **Background**

- 1.1 The Council currently has 25 advertisement hoardings in 13 locations, which it owns together with signage on two of its busy car parks.
- 1.2 Jubilee2 has six information screens and the Council has identified that these screens have potential to generate greater income from advertising opportunities.
- 1.3 The Council has identified assets, which it believes might be used to generate income. Initially this has been land for advertisement hoardings and advertising signage on its car parks. However, the Council would like to grow this project and work with a partner to develop other potential areas for income generation.

- 1.4 As the Council's current contract will expire in February 2023 officers have identified an opportunity to examine its opportunities and engage with a service provider that specialises in securing and managing the commercial sponsorship of Council owned space.

2. **Issues**

- 2.1 Experience has revealed a limited number of providers who have shown an interest in delivering these services on behalf of the Council, based on the low quantity and type of advertising asset within the Council's portfolio.
- 2.2 Pre-procurement market engagement undertaken has shown an increased interest and as such has resulted in a proportional approach to examining best value and opportunities for the Council's approved service provider to work alongside officers to examine and develop increased opportunities for income generation through advertising.

3. **Proposal**

- 3.1 As part of its proposal to explore the opportunities to grow this project and also work with a partner to develop other potential areas for income generation the Council will look to consider possible advertising income, for example from:
- Carparks;
 - Barriers, waste bins and street furniture;
 - Parks and other council owned outdoor spaces;
 - Billboards, poster sites and signage;
 - Digital Signs;
 - Bus shelters, cycle shelters;
 - Council vehicles;
 - Council owned carparks;
 - Council buildings, including internal spaces; and
 - Any other property as specified by the Council.
- 3.2 The Council expects the service provider to undertake the following tasks as part of a contract award (this is not an exhaustive list):
- Actively seek suitable advertising and/or sponsorship;
 - Seek approval from the Council on signage, adverts, etc.
 - Installation of signing / advertisements;
 - Carry out all invoice and payment collection;
 - Design enhancement / planting scheme;
- 3.3 The successful service providers will provide the Council with advice on how to get the most value from their assets. Through the regular contract monitoring the company will work with the Council to review effectiveness and future business development opportunities. The service provider will be responsible for actively marketing the opportunities on behalf of the Council, securing advertising or sponsorship and establishing arrangements as agreed with the Council, such as landscaping, maintenance, signage and managing the administration of the arrangements including invoicing the advertiser/sponsors. In addition, the Council expects that the successful service provider will have robust processes in place to assure the Council that there will be no conflict of interest with any advertisers and/or sponsors. In support of this work the Council will:
- a) Work with the successful service provider to identify the most appropriate sites for additional advertising hoardings/signage and/or additional advertising opportunities;

- b) The Council will take responsibility for seeing appropriate projects through the necessary planning controls.
- c) The Council will be responsible for the continued ownership of all land associated with the project and the capital responsibilities that are involved in bringing sites forward so they can be used in the advertising hoardings/signage elements of this project.
- d) The successful service provider will supplement the process outlined above by:-
 - Identifying and securing advertisers to take up the available space on both advertising hoardings and car parks (our preference where possible is for local advertisers).
 - Organising and signing-off all relevant artwork with the advertisers.
 - Organising paste up/signage display arrangements.
 - Ensuring all advertising material meets the standards laid down by the Advertising Standards Authority.
 - Collecting and properly auditing monies generated from the scheme.
 - Running an “open book” income-sharing scheme so the Council is fully aware of all funding issues.
 - Putting forward proposals for income sharing, the relevant percentages for each partner as well as plans for growth.
 - Suggesting a range of options relating to the point above which will be considered by the Council as it seeks to maximise its income generating opportunities.
- e) The council establishes strict guidelines on what it will and will not accept and as such No advertising will be allowed which seek to promote alcohol, tobacco (including vaping) products, businesses of a sexual nature, payday lenders, betting organisations, political parties, business and fast food outlets (however where fast food outlets are aligned to the aims and objectives of Jubilee2 these will be considered subject to the Council's agreement) organisations that may have a conflict of interest with Jubilee2 and its health and leisure priorities i.e. alternative health and fitness providers.
- f) Based on the above criteria the Council will work with the successful partner but would need to have the final say on the suitability of all advertising materials put forward as part of this project and reserve the right to refuse to promote any business.
- g) The successful service provider will be expected to come forward with additional income generation opportunities for the Council and work alongside the Council to fully develop such initiatives.

4. **Reasons for Proposed Solution**

- 4.1 The Borough Council's current contract for the provision of the generation of income is due to expire in February 2023 and officers have identified the need to engage with service providers to support generate advertising income.
- 4.2 Following the evaluation of proposals received at the closing date for receipt of submissions, your officers believe that the proposal (on paper) offered by Community Partnerships Limited (t/a CP Media) offers the best value to the Borough Council.

4.3 The outcome of the evaluation process can be found below:

Bidder	Quality score	Adjusted Quality Score	Financial benefits Score	60% x quality	40% x Financial benefits	Total score
Bidder 'A'	200	83.33	78.49	50.00	31.40	81.40
Bidder 'B'	240	100.00	39.32	60.00	15.73	75.73
Bidder 'C'	150	62.50	100.00	37.50	40.00	77.50

5. Options Considered

- 5.1 To do nothing, whilst an option, was not considered as the Council's current contract will end in February 2023 and there is no permitted extensions to this contract.
- 5.2 To internalise the service would require suitable sales and marketing experience within this field of advertising, skill sets that do not currently exist within the Council.
- 5.3 To undertake an open tender was not deemed proportional based on the Council's limited asset range (hoardings and information screens).
- 5.4 To explore the availability and possibility of utilising a compliant procurement framework, undertaking a further competition to identify best value. Identified as the preferred solution, officers utilised the ESPO (Eastern Shires Purchasing Organisation) 3A-20 Advertising Solutions (Lot 6 Management of Commercial Advertising Space) framework.
- 5.5 The current incumbent service provider also submitted a separate bid for evaluation.
- 5.6 Other local authorities have undertaken similar tendering processes however this Council was not included as part of these procurement processes. The scales and size of the potential audience for the advertising clearly influences the value of the advertising spaces and as such it is difficult to compare different opportunities and contracts.

6. Legal and Statutory Implications

- 6.1 The preferred solution offers compliance with internal governance procedures (Financial Regulations and Contract Procedure Rules), alongside with compliance to Public Contract Regulations (PCR) 2015.
- 6.2 The ESPO 3A-20 Advertising Solutions Call-Off Terms will be used as the contracting process on approval to award.
- 6.3 The Council can operate this contract under the LGA 2011 powers as it is not prohibited through any other legislation.
- 6.4 The contractor will be required to comply with the Advertising Standards Authority Code of Advertising Practice.

7. **Equality Impact Assessment**

7.1 There are no identified equality issues as part of this procurement and award process.

8. **Financial and Resource Implications**

8.1 This is an income generation activity for the Borough Council and your officers believe the proposal recommended offers an opportunity for sustained growth over the period of the contract. The contract is for 3 years with the option to extend for a further year. The proposal is based on projected sales which is heavily dependent on the economic environment with businesses wishing to proactively market themselves / products. The Council will receive 60% of the predicted advertising income.

8.2 The Council's current income has been severally affected over the past two to three years and there is an expectation of an increased return from the proposed service provider. Whilst the predicted income is greater than the current budget it is proposed to review the budget income targets as part of the 2023 Efficiency Board in September.

8.3 In assessing the likely income and economic environment it is important to note that the current provider experienced problems in selling advertising due to Covid whereby many companies ceased advertising on billboards during lockdown. Faced with the current inflation and cost of living crisis it is unknown what the impacts will be on future business advertising.

8.4 Any proposals for new advertising space will be considered by the Council and where such proposals have resource implications these will be considered by the appropriate level and if necessary future Cabinet reports. If the proposals require planning permission or other approvals these will be sought in line with normal practice.

9. **Major Risks**

9.1 Your officers have identified no major risks associated with the award of this project.

9.2 The Council will continue to have a working relationship with the new provider to ensure that the adverts placed are appropriate. The company is experienced and professional in this arena. As part of the contract management checks will be in place to ensure that adverts are in line with the Council's corporate plan. If an inappropriate advert is proposed the Council can reject this.

9.3 Should a new contract not be issued the advertising and income will cease, it is therefore appropriate that this report is considered by Cabinet to minimise this risk.

9.4 There is a risk that the boards and screens will require maintenance beyond the normal level expected, this could be through targeted damage for example. Such this occur the Council will need to review how the repairs are best funded, or if the asset is temporarily or permanently out of use. This will be discussed with the provider to ensure the Council understands the potential impacts on income loss.

10. **UN Sustainable Development Goals (UNSDG)**

10.1 Your officers believe that the award of this contract will contribute to the delivery of the following sustainable development goals:



11. **Key Decision Information**

11.1 This is a key decision based on the projected income levels to the Council under 4.1(a) of the Councils Constitution “result in the Council incurring expenditure or making savings of £100,000 or more (revenue)”.

12. **Earlier Cabinet/Committee Resolutions**

12.1 There are no earlier Cabinet/Committee resolutions linked to this report.

13. **List of Appendices**

13.1 Attached

14. **Background Papers**

14.1 There are no background papers.