

Report to the Cabinet

Report reference: C-044-2015/16
Date of meeting: 5 November 2015



Portfolio: Safer, Greener and Transport

Subject: Award of Contract for Advertising on and Maintenance of Bus Shelters across the District

Responsible Officer: Qasim (Kim) Durrani (01992 564055).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) To note that the 15 year contract for advertisement on and maintenance of the 60 bus shelters in the District has worked well and is coming to an end on 31 December 2015;**
- (2) To agree to award the contract to Clear Channel for a further 4 year period from 1 January 2016 to 31 December 2019; and**
- (3) To waive contract standing orders C5 (contracts exceeding £50,000) and C6 (Restricted Tendering for Contracts Exceeding £50,000 in value) and the requirement to carry out a procurement exercise.**

Executive Summary:

The Council entered into a 15 year contract with Adshell (predecessor of Clear Channel Limited) in 2000. Under the terms of the contract Clear Channel installed 60 new bus shelters across the District. The Council does not pay the contractor and all costs associated with the maintenance and upkeep of these shelters, estimated at £45,000 per year, are incurred by Clear Channel. The shelters have been kept in good condition.

The contract comes to an end on 31 December 2015. Under the terms of the contract, and subject to mutual agreement, the contract can be extended for a further period of 4 years. Market research has indicated lack of sufficient interest and conducting a procurement exercise could increase the financial exposure of the Council.

Reasons for Proposed Decision:

To ensure the maintenance and repair of the 60 bus shelters across the District.

Other Options for Action:

To not renew the contract and allow Clear Channel to remove the 60 bus shelters from the District, as stipulated in the contract. This is not a viable option and would result in significant inconvenience to the users of the bus services across the District.

A procurement exercise is not being considered due to the absence of viable competitors

in the market place. Only one other supplier J Decaux has been identified which could provide a similar service. They have declined to take part in a procurement exercise at the present time.

It is possible for the Council to rent advertising space on the bus shelters and use the income generated to cover the cost of installation and maintenance of all the bus shelters. However it is uncertain if the Council can generate enough income to cover all the costs.

Report:

1. In 2000 the Council entered into a 15 year contract with AdShell Limited, the predecessor company to Clear Channel Limited. Under the terms of the contract Clear Channel installed 60 new bus shelters across the entire District, at no cost to the Council. Clear Channel receive all the advertising income from the 46 bus shelters and in return maintains all 60 bus shelters to a good and safe standard. There are an additional 17 bus shelters that have been installed directly by the Council and the maintenance for these is carried out by the Council.

2. The contract with Clear Channel, and AdShell before them, has worked very well. All the shelters are maintained to a good and safe condition, repairs and remedial works are carried out promptly and the contractor has performed within the performance standards set in the contract. The terms of the contract, subject to mutual agreement, allow for a 4 year extension. Clear Channel have indicated a willingness to an extension and would agree to some enhancements:

- More frequent cleansing of all bus shelters
- Structural and electrical testing once a year
- Refurbishment programme for all bus shelters
- Ability for the Council to advertise in bus shelters when void space is available
- Explore opportunities for new advertising including digital advertisements

3. Market research and discussions with neighbouring local authorities identified only one other provider, J C Decaux. They were contacted and have informed the Council that at the present time they would not tender for the contract if the Council went to market.

4. If the Council were minded to terminate the contract then under the terms Clear Channel will remove and take away all 60 bus shelters. This will create serious issues for the users of public transport.

5. There is an option for the Council to manage the process in house. It may be possible to rent advertising space on the bus shelters, similar to what Clear Channel is currently doing, and use that income to pay for the repair and maintenance of all the bus shelters. However any advertising income will have to offset the estimated annual maintenance cost of £45,000 as well as the capital cost of installation of 60 new bus shelters estimated at £600,000.

6. The contract does not cost the Council and the yearly maintenance cost of £45,000 is incurred by Clear Channel. The Council's Contract Standing Orders require that before making a decision on the award of a contract an assessment should be made of the most appropriate method of procurement. In this instance and although there is no cost to the Council the yearly maintenance cost of £45,000 will result in a total contract cost of £180,000. This is above the threshold set in Contract Standing Orders C5 and C6.

It is necessary to seek waiver of these two clauses of the Standing Orders to enable the four year extension of the contract to Clear Channel Limited.

Resource Implications:

The Council does not pay Clear Channel under this contract however it is understood that on average Clear Channel spend circa £45,000 a year in maintaining all the bus shelters under the contract. If the contract was not renewed for another 4 years then Clear Channel will remove all the bus shelters and the Council will have to install new shelters at an estimate cost of £600,000.

Legal and Governance Implications:

The majority of the bus shelters are located on the Essex County Council Strategic Transport Routes or are in heavily used urban centres and consequently high profile. Clear Channel uses advertising revenue to pay for the maintenance of these and other less busy but equally important bus shelters in rural locations.

Safer, Cleaner and Greener Implications:

Provision of adequately designed and appropriate bus shelters on the main transport routes or less frequently used rural locations across the District assists with passenger safety by encouraging boarding at appropriate locations, designated bus stops allows passengers to group themselves prior to boarding which reduces time spent at boarding, some bus shelters are lit at night and the provision of bus shelters reduces the fear of crime among users.

Consultation Undertaken:

The Council entered into the contract in 2000 when it was the agent for the Highways Authority. Essex Highways have been consulted and they have expressed no interest in taking over the bus shelters or the contract and have advised that it would be for the Council to decide if it wanted to terminate or extend the contract. The Council could be criticised if it terminated the contract which would result in significant inconvenience to the users.

Neighbouring authorities have been consulted for identifying suitable alternative providers.

Legal Services have been consulted while considering the options available.

Background Papers:

None.

Risk Management:

Extending the contract for another 4 years with some service enhancements offers the lowest risk option, the Council can test the market before the end of the 4 year extension.

If the Council undertook a procurement exercise knowing that there is no interest in the market place then there is a risk that the cost of the service could increase and the Council will need to fund significant capital expenditure for the installation of new bus shelters.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

The bus shelters offer a safe, sometimes lit and with seats, dry place for users to rest and wait before boarding a bus. This is especially helpful to elderly and disabled users.