


<p style="text-align: center;">Cabinet</p> <p style="text-align: center;">25 November 2020</p>	
Report of: Andreas Christophorou; Divisional Director for Communications	Classification: Partially exempt
G5373 Community Information Panels – Concession contract update and recommendation	

Lead Member	Mayor John Biggs and Cllr Asma Begum (Joint)
Originating Officer(s)	Adam Renvoize
Wards affected	All
Key Decision?	Yes
Forward Plan Notice Published	26.8.18 (Contract forward plan Q2 2018/10)
Reason for Key Decision	Financial Threshold - Approval to award a concession contract
Strategic Plan Priority / Outcome	Commercialisation

Executive Summary

A summary on the Community Information Panels tender process and recommendations on the concession contract award with reference to the income being considered for Medium Term Financial Savings, and ensuring the councils broader strategic objectives are met.

As part of this there is also an update with changes made to the proposed contract length previously signed off by cabinet, to enable the contract to be more attractive to potential bidders, in order to the council to maximise benefits and industry interest in response to changing market conditions in the advertising industry.

Reasons for urgency

The report was not published five clear days in advance of the meeting. This is due to the additional time needed to review the appendices in order to provide finance and legal clearance. If the recommendations are not considered at this meeting, this will have an impact in delaying commercial income for the council.

Recommendations:

The Cabinet is recommended to:

1. Approve the changing of the original approval for a contract length of 5 years as agreed in 2018, to a 10 year contract.
2. To approve the recommendations set out in the TG2 report to the procurement advisory board (supplied as an appendix) to award the 10

year CIPS contract to the highest scoring bid at an annual rental of £90,750.

1 REASONS FOR THE DECISIONS

1.1 Reasons for extending the contract to 10 years:

a) Further market testing with advertising suppliers showed that a 10 year contract would be more viable for potential bidders, as the contract length would allow suppliers to recoup the significant capital investment needed to mobilise both new digital advertising panels but also update existing static units to a modern standard.

b) The contract was benchmarked against 2 other London local authorities, Brent and Haringey, who had both completed their CIPS procurement and had done so with 10 year contracts – and felt this was the most applicable contract length to maximise benefits to the council.

c) With the current advertising market in a significant downturn due to COVID and the extended lockdown – the length of contract allowed made the contract more attractive to potential suppliers, allowing the council to react in a more agile way to the current short term market slump – a 5 year contract would not be appealing to potential bids in current market conditions.

1.2 Reasons to award the contract:

The proposed rental of £90,750 per annum would provide a guaranteed income for the Council over the next ten years of just short of £1million. The proposed contract will also expand our advertising infrastructure from 43 static units currently to approximately 60 units (subject to planning final approval) – of which we expect 20 to be digital units. This will extend our reach to residents to promote key council campaigns – we will have 50% (one side) of advertising space on static units and 10% advertising time on both sides of all digital panels. In addition, as part of the submission the supplier was instructed to include social value benefits to the council which will benefit the council in economic terms (3 month paid work experience placements), environmental (participation in Big Clean Up activities) and social (sponsorship of a Speaker's charity event), which support the broader strategic objectives of the council.

2 ALTERNATIVE OPTIONS

2.1 Renegotiate the terms of the current contract with current supplier to produce a concession agreement based on the current static units. Based on responses to this tender, initial projections would show that the value of this is likely to only be £25k to the council annually.

3 DETAILS OF THE REPORT

Tower Hamlets Council is re-procuring its Community Information Panels (CIPs) contract to maximise coverage across the borough and ensure the best value for money but also generate income to the Council through a concessionary arrangement.

The Council currently has 43 CIPs as static 6 sheet advertising sites across the borough.

Currently the exposure received from these is 50% for the Council via coverage wholly on one side while the other side is used entirely for external advertising by the contractor.

The Council is now looking for a 10 year contract (7 + 3) for the installation, maintenance, repair and cleaning of new CIPs. The Council believes that the contract duration is of sufficient length to enable the winning contractor to maximise their income and cover costs for new digital units as well as converted static units.

The Council's objectives are to:

- Increase the number of the CIPs to gain increased exposure across the borough
- Convert as many of the existing static 43 CIPs to digital as possible
- Guarantee larger coverage in the borough for key council communication campaigns, and more advertising impressions.
- Guarantee a significant portion of advertising space on any digital panels for council campaigns
- Ensure reasonable remuneration for site rental
- Ensure adequate access to advertising time for the Council's own needs

Prior to issuing the tender, the Council used its existing relationships to make several major outdoor advertising agencies aware of the upcoming contract.

The deadline for the Community Information panel tender ended at 12noon on Tuesday 15 September. Submitted bids were evaluated in accordance with procurement guidelines and matrix scoring sheet and a TG2 form was presented to the procurement review panel for approval to award the contract to Clear Channel (see appendix). The panel highlighted a discrepancy between the the length of the contract (10 years – 7 + 3) advertised was different to the initial contract proposal of 5 years (3 + 2), on the documentation submitted at the Q2 2018/19 Contracts forward plan and thus would be subject cabinet approval before the contract can be awarded

There are several reasons why the amended contract length would benefit the council:

1) Further market testing with advertising suppliers showed that a 10 year contract would be more viable, as the contract length would allow bidders to recoup the

significant capital investment needed to mobilise both new digital advertising panels but also update existing static units.

2) We benchmarked the contract length with 2 other London local authorities, Brent and Haringey, who had both completed their CIPS procurement and had done so with 10 year contracts.

3) With the current advertising market in a significant downturn due to COVID and the extended lockdown – the length of contract allowed made the contract more attractive to potential suppliers, allowing the council to react in a more agile way to the current short term market slump – a 5 year contract would not be appealing to potential bids in current market conditions.

In addition to the above, a request was made at the 2018/19 Q2 Contracts forward plan to feedback the contract results to Cabinet for information to ensure that council's broader strategic objectives are met and potential benefits are maximised.

In addition to the annual income generation for the council, as part of the submission suppliers were asked to submit additional social value benefits to the council which will benefit the council in economic terms (3 month paid work experience placement), environmental (participation in Big Clean Up activities) and social (sponsorship of a speakers charity event).

The reason we are seeking a timely decision requesting a decision at the next Cabinet meeting (25/11/20), is to be in a position to award the contract as soon as viable, allowing the Council to bring in income immediately. The timeline of the normal process of sign-off would result in a loss of 3 months of revenue.

4 EQUALITIES IMPLICATIONS

- 4.1 Securing advertising space on the high streets of Tower Hamlets as part of the CIPS contract allows the council to maximise engagement and communicate its key campaigns across the borough, providing information and equality of opportunities to all its residents.

5 OTHER STATUTORY IMPLICATIONS

- The advertising space can be used to promote engagement of statutory duties such as consultations, and promote environmental, health, crime reduction and equality messaging
- 5.1 [Report authors should identify any other specific issues relevant to consideration of this report. Including, but not limited to, the issues noted above. This section of the report can also be used to re-emphasise particular issues that Members must have considered before taking the decision (for

example issues that may come up if an objection was taken to court). Note – Paragraph 5.1 MUST NOT be deleted.]

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This contract will provide income of £90,750 per annum to the Council which contributes towards the achievement of the Greater Commercialisation MTFS savings of £2.5m.

7 COMMENTS OF LEGAL SERVICES

- 7.1 This contract has been advertised to the market on a 10 year basis. Therefore, amending the authorisation as recommended would be both within the Mayor's power to do so and within the prevailing Procurement Law relating to concession contracts.
- 7.2 There are no other legal implications arising from the recommendations
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Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- CIPS tender summary presented to MAB
- Tollgate 2 Contract award report (exempt)
- **Contracts forward plan Q2 2018/19 (page 20-22)**

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE

Officer contact details for documents:

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