

<b>Subject:</b>	<b>Award of Advertising &amp; Sponsorship Contracts</b>		
<b>Date of Meeting:</b>	<b>29<sup>th</sup> November 2012</b>		
<b>Report of:</b>	<b>Interim Lead Chief Executive's Services</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jake Barlow</b>	<b>Tel:</b> <b>290395</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

Note: The special circumstances for non-compliance with Council Procedure Rule 23, Access to Information Procedure Rule 5 and Section 100B (4) of the Local Government Act 1972 (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that negotiations were ongoing and could only be completed after the despatch deadline.

## **FOR GENERAL RELEASE**

### **1. SUMMARY AND POLICY CONTEXT:**

- 1.1 In late 2008 a spend-to-save initiative was agreed to carry out a two stage audit and review of the opportunities for advertising and sponsorship across the city. The review highlighted that there were opportunities for the city to increase its income from advertising and sponsorship, particularly in view of the number of visitors to the city, its unique seafront and cultural & tourism offer.
- 1.2 Cabinet approved the recommendation set out in a report dated 27<sup>th</sup> May 2010 to commence a tendering process for the management of a range of city wide advertising and sponsorship opportunities to increase the council's income, based on six lots as detailed in the report.
- 1.3 Since the Cabinet decision mentioned in paragraph 1.2, a procurement process has been carried out which resulted in a number of companies bidding to manage the range of advertising and sponsorship opportunities which were tendered. Having evaluated all offers for both quality and cost, a company has been identified as providing the best value.
- 1.4 The proposals for large format advertising (Lot 1) only includes financial offers for the management of existing advertising sites which are already in place. This would include the refurbishment of some existing sites as well as a significantly improved financial offer.
- 1.5 There is the potential for an increase in future revenue as the management contract for Lot 1 requires the successful company to identify potential new opportunities and sites for large format advertising in the city. These would be looked at by the council on a case by case basis and will require advertising consent. This includes planning & highways approval and land owner's consent

to access the site. The management company would be responsible for the submission of all planning applications.

## **2. RECOMMENDATIONS:**

- 2.1 That the Committee delegates authority to the Interim Lead Chief Executive's Services to award the advertising and sponsorship contract for the management of large format advertising sites (Lot 1) in accordance with those parties' proposals set out in Part 2.
- 2.2 That the contract includes existing large format advertising sites and a requirement for the management company to identify and seek advertising and all other necessary consents for new potential large format advertising sites.

## **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 An audit of all existing and potential advertising and sponsorship opportunities in the city was completed in 2010. The findings of this report were reviewed by Cabinet in May 2010 and approval was given to undertake a tendering exercise for advertising and sponsorship. In January 2011 an OJEU notice was published and a competitive dialogue procurement process was undertaken to evaluate potential suppliers.
- 3.2 The tender process included a range of different advertising and sponsorship opportunities. Informal feedback has been sought from planning throughout the procurement process. Having reviewed and evaluated the viability of the different advertising and sponsorship opportunities, the management contract now includes Lot 1:

Management, implementation & sales services of iconic gateway structures incorporating large format advertising on the 5 main routes into Brighton & Hove, plus 48- and 96-sheet advertising on council-owned land at roadside junctions, on roundabouts, and on the periphery of regeneration construction sites.

- 3.4 Part 2 of this report includes the income the council might expect to receive as a result of letting the contracts. This excludes any potential income from new large format advertising sites which would only be included following the application and approval of advertising consent. In deciding whether to approve an application, the planning authority would consider each site in the interests of amenity and public safety which includes the visual effect on the immediate area and highways safety.
- 3.5 The new contract is due to commence in January 2013 and have a contract duration of 10 years as defined in the OJEU advertisement published in January 2011 reference 2011/S 22-035939.

#### **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 Existing large format advertising sites would not require advertising consent or public consultation. Public consultation will take place as part of the planning approval process for any potential new large format advertising sites.
- 4.3 Permission was granted at Cabinet on 27 May 2010 to proceed with a tender process. At that time, and subsequently throughout the tender process there has been input from legal services, procurement, property services and corporate communications. Additionally advertising & sponsorship proposals have been discussed with planning, conservation and highways teams.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 As part of the procurement process, companies have been asked to provide offers of guaranteed revenue to the council plus a percentage of revenue share therefore there is some uncertainty over the total amount of revenue that will be generated each year. Details of the financial offers are contained within the Part 2 report. The existing sites are currently generating some revenue for various internal departments and the first call on the guaranteed income will be compensation to the departmental budgets where revenue has been foregone.
- 5.2 The revenue budget currently assumes that additional income of £250,000 per annum would be generated by these contracts. The guaranteed income is sufficient to cover existing income streams and there will be further opportunities to generate additional income from the income sharing arrangements and new large format advertising sites mentioned in paragraph 3.4. There will be a shortfall in the current year which needs to be covered from in-year risk provisions and the position for future years will need to be taken into account in the setting of the 2013/14 budget.
- 5.3 Publitas Consulting have advised the council during the procurement process. Their role has primarily been to complete the initial review of possible advertising and sponsorship opportunities and to use their experience with other local authorities to ensure the council receives best value for money.

*Finance Officer Consulted: Mark Ireland*

*Date: 23/11/12*

##### Legal Implications:

- 5.4 This report comes before Policy & Resources Committee partly because the original approval to commence a procurement exercise for advertising and sponsorship was given by Cabinet, and partly because P & R has a general power to discharge any function not specifically delegated to another council committee, of which advertising and sponsorship is an example.
- 5.6 For the purposes of the Public Contracts Regulations, the resulting contract will be Service Concession and therefore outside the full ambit of the Regulations.

Nevertheless, EU Treaty objectives of non-discrimination and openness in the procurement of the contracts still apply.

- 5.7 The contract to be awarded will require the contractor to obtain all necessary approvals for new sites (including, where appropriate, planning, highways and land owner consent) before accessing each site for the installation, repair, maintenance or removal of any advertising material or structure there.

*Lawyer Consulted:*

*Oliver Dixon*

*Date: 19/10/12*

Equalities Implications:

- 5.8 The tender documentation and specification will explain the council's approach and policies in respect of equalities and we will expect all successful companies to observe and respect these policies.

Sustainability Implications:

- 5.9 The tender documentation and specification will explain the council's approach to sustainability and we will expect all successful companies to observe and respect this approach and our sustainability policies.

Crime & Disorder Implications:

- 5.10 There are no crime and disorder implications to consider.

Risk and Opportunity Management Implications:

- 5.11 It is clear that the quality of inventory for advertising and sponsorship in the city is poor, compared to many other cities and our income from this inventory is also minimal. This project aims to increase this income without compromising the city's heritage and physical environment and infrastructure. To this end we are working closely with planning regarding advertising consent.

Public Health Implications:

- 5.12 There are no public health implications

Corporate / Citywide Implications:

- 5.13 As described earlier the completion of the tendering processes should enable the council to increase its income from advertising and sponsorship which in turn will support the council's revenue budget. Any potential visual impact from the installation of new advertising structures in the city will be minimised by carefully evaluating each new site over time. In addition any new installation will be subject, where appropriate, to planning and advertising consent. Other locations that are not subject to planning approval will be agreed by the relevant conservation and highways colleagues.

## **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 Alternative options were evaluated at the inception of the project in 2008 when a waiver of standing orders was agreed to appoint Publitas Consulting to work with the council on this project mainly because of their unique position and expert knowledge in this specialist field.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The recommendation should be approved so that we can complete the tendering process and ensure delegated authority to award contracts to the successful companies. This project will ensure that the council receives value for money from advertising and sponsorship of its highways and other infrastructure, land and property portfolio.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. OJEU Notice

### **Documents in Members' Rooms**

- 1.

### **Background Documents**

- 1.

