

## REPORT TO CABINET

Title: **CAR PARK ADVERTISING PROCUREMENT**

Date: 28 January 2010

Member Reporting: Councillors Burbage, Leader of the Council, Mrs Quick, Lead Member for Children's Services & Rayner, Lead Member for Highways & Streetcare.

Contact Officer: Neil Walter 01628 796485 & Jonathan Adams - 01628 792945

Wards affected: All

### 1. SUMMARY

- 1.1 A detailed review of the potential for the Council to increase income generation through advertising is currently being undertaken, with the support of specialist consultancy advice.
- 1.2 The first priority has been given to the generation of income through car park advertising. An additional opportunity is also available with street banner advertising on the lamp columns, which is the subject of a separate Cabinet report.
- 1.3 There is the potential to generate an annual income of between £35,000 to £40,000 through car park advertising. There is also the potential for this income to increase as economic conditions improve.
- 1.4 The approach identified to achieve this level of income is through the award of contracts to suppliers to install and operate advertising equipment, as well as manage and sell advertising, using the Council's car parks.
- 1.5 Our legal team has confirmed that, because the contract will generate income for the Council, European procurement regulations do not apply. They have also confirmed that the Council's contract rules are applicable and accordingly a competitive process should be run to identify and appoint suppliers to ensure best value.

### 2. RECOMMENDATION: That:

- a. **The Strategic Director of Environment in consultation with the reporting Lead Members be authorised to proceed with the procurement of suppliers for the installation and operation of advertising equipment/structures for the Council's car parks, with a view to becoming operational in May 2010.**
- b. **A press release be issued at an appropriate time.**

What will be different for residents as a result of this decision?
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The Council will benefit from an increase in the income generated from car park advertising, supporting the Council's commitment to residents to set low levels of Council Tax.
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### 3. SUPPORTING INFORMATION

#### 3.1 Background

- 3.1.1 The Royal Borough currently generates some revenue income through sponsorship using council assets such as roundabouts and council publications. Individual service areas have historically been responsible for generating this type of income where possible.
- 3.1.2 In order to ensure that the Council adopts a strategic approach to advertising, specialist consultants have been appointed to undertake a detailed audit of the Council's advertising inventory, with the objective of identifying the opportunities available to maximise the amount of income generated from advertising on the Council's assets.
- 3.1.3 The outcome of the advertising audit will be the definition of an inventory of "advertising assets" owned by the Royal Borough that can be commercially exploited, including a forecast of the potential annual income that could be generated if offered to the market place.
- 3.1.4 The approach to realising the income potential of the advertising assets is to undertake a procurement, with the objective of identifying appropriate suppliers to provide a managed service for the installation and operation of the advertising equipment. Income would be provided to the Council either as a flat annual fee or as a percentage of the advertising income being generated by the suppliers.
- 3.1.5 The procurement approach will enable the Council to ensure value for money and maximise income generation through competition.
- 3.1.6 The first phase for this has focussed on the potential for generating income through advertising in the Council owned car parks.
- 3.1.7 The following advertising types (see Appendix 1) have been identified as being available for the Council's car park portfolio, with the potential within the current economic climate to generate annual revenues of between £35,000 to £40,000:
- **6-sheet posters (120 x 180 cm)** - Primarily sited by pay stations, at pedestrian entry / exit to the car parks, and at lifts.
  - **Advertisements on car park barriers** - Primarily in multi-storey car parks.
  - **Small-format posters (42 x 57 cm)** - Primarily sited within lifts and in multi-storey pedestrian entrances/exit areas.
  - **48-sheet posters (240 x 129)** - Either affixed to exterior of multi-storey buildings (planning permitting), or freestanding in outdoor car parks.

- **Digital/plasma screens** - Primarily sited within CCTV covered entrance and exit points to the multi storey car parks, or where appropriate security is in place to minimise the risk of vandalism.

All of the above will be subject to review with planning colleagues and planning applications submitted where appropriate.

- 3.1.8 The different advertising types will be identified as separate lots within the tender documentation and suppliers will be required to submit tenders for each lot they wish to bid for.
- 3.1.9 Following the submission of tenders, negotiations will take place with potential suppliers. This procurement approach ensures competition and provides the opportunity for flexibility and innovation within the contracts for each of the tendered lots, as well as the potential to maximise the offers we receive from suppliers. It will also ensure that appropriate specialist suppliers are contracted to support each of the different types of advertising available.
- 3.1.10 The Council already generates income through advertising on the back of the car park tickets, which produces an annual income of circa £9,000 per annum. This amount includes the cost of Pay and Display Tickets, which would cost approximately £8,000 per annum; accordingly this does not form part of the proposals for generating additional advertising income.

#### 4. OPTIONS AVAILABLE AND RISK ASSESSMENT

##### 4.1 Options

	Option	Comments	Financial Implications
1.	Do nothing	An opportunity for the Council to generate additional income would not be realised.	Revenue
2.	Undertake a procurement to identify suppliers to install advertising equipment and sell advertising for the Council's car parking assets.	Contributes to the council's objectives to deliver value for money for residents.	Revenue

##### 4.2 Risk assessment

- 4.2.1 There is a risk that residents will object to the increase in advertising media. The conditions of the contracts with suppliers will mitigate risks associated with inappropriate advertising.

- 4.2.2 Other local authorities that have undertaken similar procurements have followed European procurement procedures; however, based on the fact that contract will generate income for the Council, the legal team has advised that EU procurement rules do not apply in this instance.
- 4.2.3 There are risks associated with the performance of individual suppliers. These risks will be mitigated through the contract documentation, which will include robust KPI's so that the Council can effectively performance manage suppliers.
- 4.2.4 The contract documentation will also require suppliers to be responsible for operational costs such as installation, obtaining planning consents, non-domestic business rates and electricity supplies.

**5 CONSULTATIONS CARRIED OUT**

5.1 None

**6 COMMENTS FROM THE OVERVIEW AND SCRUTINY PANEL**

6.1 To be reported verbally to Cabinet following the Planning & Environment Overview & Scrutiny Panel on Monday 25<sup>th</sup> January.



**7 IMPLICATIONS**

7.1 The following implications have been addressed where indicated below.

Financial	Legal	Human Rights Act	Planning	Sustainable Development	Diversity & Equality
✓	✓	N/A	✓	N/A	✓

## Appendix 1

Overview of the main advertising types suitable for car park use

Advertising Type	Visual
<p><b>6-sheet poster systems</b> – can have bespoke surrounds depending on the location.</p> <p>Types available:</p> <ul style="list-style-type: none"><li>• Static (i.e. single printed sheet).</li><li>• Scrolling (i.e. 3-4 posters in 1 housing).</li><li>• Can be illuminated</li></ul>	 A digital advertising display in a car park at night. The display is illuminated and shows a Tesco advertisement for a razor. The background is a blurred city street at night with light trails from cars and buildings.
<p><b>Small format posters</b> - often 42 x 57 cm size</p>	 A row of small format posters mounted on a wall in a car park. The posters are illuminated and show various advertisements, including one for Aveda. The background is a blurred car park interior.

**48-sheet poster systems** – can have bespoke surrounds depending on the location

Types available:

- Static (i.e. single printed sheet).
- Scrolling (i.e. 3-4 posters in 1 housing).
- Can be illuminated



**Digital advertising screens**

