



EXECUTIVE MEMBER DECISION

REPORT OF:	Leader
LEAD OFFICERS:	Chief Executive
DATE:	10 November 2023

PORTFOLIO/S AFFECTED:	Departments
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WARD/S AFFECTED:	(All Wards);
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SUBJECT: Procurement of Bus Shelter Digital Advertising Services

1. EXECUTIVE SUMMARY

The council currently uses paper poster advertising throughout all 66 of its bus shelters across the borough. In an attempt to modernise the borough and increase revenue to the council, a concession contract for digital advertising services, which will require a supplier to provide, maintain and sell advertising slots on 25 digital boards within bus shelters across Blackburn with Darwen. Following consultations with other councils, it is estimated that this contract will bring an additional revenue of £75k per year to the council across the lifetime of the contract which is in addition to the existing revenue already generated by selling paper advertising slots to local companies.

2. RECOMMENDATIONS

That the Executive Member:

- Approve the procurement strategy for the provision of a Bus Shelter Digital Advertising Services Contract.

3. BACKGROUND

Last year, a requirement for a bus shelter advertising contract was identified to help fill some of the empty advertising space on the bus shelters throughout the borough and increase revenue for the council. Advertising slots of the two large digital screens located in the town centre and Barbara Castel Way were also included within the requirement. An expression of interest exercise was conducted through The Chest E-Tendering portal in order to get a better understanding of the market.

This process saw responses from 4 providers:

1. Alight Media
2. Clear Channel UK Ltd
3. Community Partners Limited
4. UK Partnerships Ltd

Following on from these responses, Teams meetings were held with Alight Media and UK Partnerships Ltd to discuss our requirement and the market in more detail. These discussions and EOI responses highlighted 2 major changes that needed to be made to our specification, these are below:

1. Digital advertising instead of paper.

2. A 10-year contract duration instead of 4/5 years.

Digital advertising is required in order to keep up with the rapid technology advancements in the advertising market, which has made paper advertising almost obsolete. A 10-year contract duration is required to ensure suppliers can make a return on their initial investment of installing the digital screens in the bus shelters across the borough. It is important to mention that the supplier, as part of the agreement, will cover all installation costs.

We recommend using a 'Flat-fee' payment option for this contract as it guarantees revenue to the council and reduces administrative burden. However, a summary of the 3 payment options are below:

1. Flat fee – Successful supplier pays the council a standard fee every month/quarter etc. regardless of the number of advertising slots sold. This option makes budgeting much easier and is proposes the lease risk to the council with a guaranteed revenue. However, there is the potential for the council to miss out on increased income if the revenue share figure exceeds the flat fee figure.
2. Revenue share – Successful supplier pays the council an agreed % of the revenue generated from the sale of BwD's advertising slots for that month/quarter etc. This is a higher risk payment option that can see payments fluctuate and rise above or fall below the flat fee figure. This method would require open book accounting and potentially increase internal administrative burden. However, there is the potential for increased revenue to the council.
3. Flat fee + Revenue share – Successful supplier pays the council a smaller flat fee along with a smaller revenue share % every month/quarter etc. A combination of the two methods above which combines the benefits and drawbacks of each.

Tenders will be evaluated against the following criteria:

- Price - 50%
- Quality - 35%
- Social Value - 15%

Quality will be evaluated based on a series of approximately 20 different questions. The 20 quality questions will be a combination of scored, information-only and pass/fails questions based on how important the Council views these elements to digital advertising in the borough. Some of the key questions will aim to gather information regarding suppliers' potential installation and maintenance plans, availability and accessibility of suppliers' content management systems and suppliers' security protocols.

In summary, the council is looking to award a concession contract for the provision of Bus Shelter Digital Advertising Services, which will require a supplier to provide, maintain and sell advertising slots on 25 digital boards across bus shelters across the borough and on the two large digital screens, in order to maximise revenue for the council.

4. KEY ISSUES & RISKS

- Using a 'Flat Fee' payment option. The flat fee payment option is the lowest risk payment option as it guarantees revenue to the council irrespective of the number of advertising slots that are sold. However, there is the potential for the council to obtain greater revenue, providing the sale of the advertising slots is performing well.

- Digitalisation of the council's bus shelters. This would involve removing the paper poster advertising which is currently present at the 25 bus shelters. The potential negative impact on local businesses has been recognised and we will be building in a contract condition that ensures 20% of advertising time can be reserved for council or local business advertising across the 25 bus shelters.
- Digitalisation of the council's bus shelters. The process of building digital screens into the existing bus shelters may result in the bus shelters being out of action for a short period of time, which may be seen as an inconvenience to residents of the borough. This has been recognised and we aim to reduce the time this construction process takes by scoring suppliers based on their installation plan.
- Inappropriate advertisements and cyber security. By passing over control to third party organisation, this increases the risk that something inappropriate is advertised as well as the constant threat of cyber-attacks. This has been recognised and suppliers will be scored (within their quality submission) on their ability to respond to emergency council requests to remove any advertisements as well as what cyber security systems they have in place to prevent cyber-crimes. The chosen supplier will also be required to comply with BwDBC's advertising policy, which should help reduce inappropriate advertisement.
- Digital bus shelters are more susceptible to the effects of power outages: revenue may need to be refunded to accommodate for lost time advertising in this scenario.

5. POLICY IMPLICATIONS

- The chosen supplier will be required to comply with BwDBC's advertising policy.

6. FINANCIAL IMPLICATIONS

- This concession contract will result in an increased revenue to the council at an estimated amount of £75,000 per annum.

7. LEGAL IMPLICATIONS

- No implications, the procurement process will be conducted in accordance with the Council's Contract and Procurement Procedure rules and the Public Procurement Regulations.

8. RESOURCE IMPLICATIONS

- Officers from the CAPS team and advertising team will need sufficient time to construct a suitable invitation to tender document and supporting schedules as well as evaluate the tenders that are received.
- Officers from the advertising team will need to develop a strong working relationship with the chosen provider to help ensure an efficient service is provided to the council. This is particularly crucial in the early stages of the contract, which will involve the installation of the digital screens and any 'teething' problems with the first few months of advertisement.
- Involvement will be required by IT to help ensure the chosen supplier has compatible systems to work with the council etc.
 - Involvement will be required by the planning department to support with the installation of the new digital screens.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

None

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded and published if applicable.

VERSION:	1
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CONTACT OFFICER:	Rob Dawson
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DATE:	22/8/23
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BACKGROUND PAPER:	N/A
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