

Corporate Policy and Resources Committee



Monday 9 September 2024

Title	<i>Bus Shelters Maintenance Contract</i>
Purpose of the report	To seek approval to enter a new contract with Clear Channel
Report Author	<i>Catherine Munro Deputy Group Head Neighbourhood Services</i>
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	<i>Not applicable</i>
Corporate Priority	Community Environment Services
Recommendations	Committee is asked to: <i>Agree a direct award contract with Clear Channel to maintain the bus shelters in the borough. This equates to Clear Channel spending £90K p.a. in Spelthorne. Authorise the Group Head Corporate Governance to enter a contract for a period of 3 years with a 2 year extension option (3+2) and any ancillary documentation with Clear Channel.</i>
Reason for Recommendation	<i>To ensure that all bus shelters in the borough are maintained and in a good condition</i>

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> Clear Channel are currently responsible for maintaining all bus shelters at no cost to the Council. They fund this by keeping the advertising revenue from the bus shelters. 	<ul style="list-style-type: none"> Our current contract with Clear Channel expires in January 2025.
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> Agree a direct award contract to Clear Channel for the maintenance of bus shelters and receive a percentage of advertising revenue 	<ul style="list-style-type: none"> Conclude negotiations and award contract

1.1 This report seeks to obtain agreement from the Committee to enter into a contract with Clear Channel for the maintenance of bus shelters for a term of 3 years with the option of extending the contract for a further 2 years (3+2). This should commence in February 2025.

2. Key issues

2.1 The Council has a statutory responsibility to maintain all of the bus shelters in the borough.

2.2 The current contract with Clear Channel has been in place for 3 years plus a 2 year extension and has no cost to the Council. This ends in January 2025.

2.3 Clear Channel are the market leaders in providing and maintaining bus shelters in the country and have contracts to do this in the majority of Surrey's boroughs and districts.

2.4 Clear Channel maintain and repair all the bus shelters in the borough at no cost but currently keep all the advertising revenue from the shelters.

2.5 To date, this has worked extremely well and Clear Channel have been very responsive in fixing shelters resulting from vandalism or accidents.

2.6 As this contract has been in place for some time, the Council has tentatively agreed with Clear Channel (if they are successful) a percentage of the revenue, see paragraph 4.1 below, that they obtain as well as maintaining the bus shelters and, in some cases, installing solar panels and green roof systems to make them more sustainable in the new contract.

3. Options analysis and proposal

3.1 Option 1 (preferred)

Enter into a 3+2 year contract with Clear Channel and receive a percentage of the advertising revenue (see 4.1). This will ensure continuity of service for residents and Spelthorne's streetscene.

3.2 Option 2

Go out to procurement to seek another provider. Previous investigations have proven that there are a very limited number of providers, and they will always charge for maintaining the bus shelters which demonstrates that Clear Channel are the only provider which will ensure no cost to the Council. This market is generally very monopolised with only a handful of providers out there. Clear channel the most prominent provider across the country.

3.3 Option 3

Do nothing and let the contract expire. This will mean that all the bus shelters in the borough will not be maintained.

4. Financial management comments

4.1 The proposed terms of the contract (subject to negotiation) would be:

- Term of new contract – 3+2 years
- 10% share of net revenue on digital screens. This will result in an estimated value of between £1,500 to £2,500 per screen per annum.

- 15 screens are currently live. This means an estimated revenue of £22,500 to £37,550 per annum to the Council.

4.2 The Council does not currently receive any revenue from the current contract, albeit there is no cost associated with it either.

5. Risk management comments

5.1 There is no risk in entering into this contract as there is no cost to the Council.

5.2 Due to the lack of other providers, there is no procurement risk.

5.3 The risk in not entering a contract is that all of Spelthorne's bus shelters will be unmaintained.

6. Procurement comments

6.1 This is a concession contract, and our estimate shows that the total contract value is below the threshold of £5.3 million. The Council can let all contracts below the threshold according to their own internal contract standing order.

6.2 Now we consider this option as the most appropriate route which will present value for money when compared to possible gain should a full procurement exercise be undertaken. This is the case when we factor in the staffing time, the contract value and the market characteristics where the supply base is very limited.

6.3 The Council previously had no income from this contract and securing £22,500 to £37,000 per year for the next 5 years brings additional value, given that the council does not own the asset. The new plan is to work with Clear Channel while undertaking some benchmarking exercise, coupled with a soft market testing to understand the level of interest and possible competition before doing a full procurement exercise. If the market sounding exercise is completed within 3 years, the Council reserves the right not to activate the two year extension clause. The long-term plan is to generate more income from this service via a competitive tender.

7. Legal comments

7.1 Contract award by the Council must comply with the Contract Standing Orders set out in paragraph 22 of part 4(e) of the Constitution.

7.2 The Council has a statutory duty to deliver best value under the Local Government Act 1999.

7.3 Legal Services (g.legal@spelthorne.gov.uk) will provide advice and assistance on the preparation of the contract terms and conditions and will approve the final form of the contract and any other ancillary documentation.

8.0 Other considerations

The Council will also have access to unsold space across digital screens to help support the Council local messages. This will be in the new contract with Clear Channel.

9.0 Equality and Diversity

9.1 This report has no equality or diversity implications.

10.0 Sustainability/Climate Change Implications

- 10.1 The proposed contract would also include proposed replacements of up to fifteen shelters which will all have Landmark Living Roofs, commencing January 2025.
- 10.2 In addition, all the shelters will be replaced with smart lighting which will improve the sustainability of the shelters and reduce energy costs paid by SCC.
- 10.3 As an added value incentive to the Council, there would also be available £10,000 Social Value Fund set up by Clear Channel. As the contract negotiations progress, the way in which this fund can be used can be discussed and agreed e.g., trees or planting. This will be monitored by the Deputy Group Head Neighbourhood Services via quarterly contract meetings.

11.0 Timetable for implementation

- 11.1 If agreed, the contract will commence 1 February 2025

12.0 Contact

- 12.1 Catherine Munro Deputy Group Head Neighbourhood Services
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Background papers: There are none.