

Title of Report	General Exception : External Advertising Contract Extension - CPC Report Business Case 2022	
Key Decision No	General Exception - Reason: A decision is required to agree to tender a new digital only concession contract for external advertising and it can not wait until the next meeting in September 2022.	
For Consideration By	Cabinet Procurement and Insourcing Committee	
Meeting Date	18 July 2022	
Cabinet Member	Cllr Kennedy, Cabinet Member for Health, Adult Social Care, Voluntary Sector and Leisure	
Classification	Open	
Ward(s) Affected	All	
Key Decision & Reason	Yes	The concession contract will contribute to the Council's short and medium term savings through revenue generation and business rates collection. There are no costs to the Council.
Group Director	Polly Cziok, Strategic Director Engagement, Culture and Organisational Development	

1. CABINET MEMBER'S INTRODUCTION

- 1.1. This report outlines a pragmatic approach to advertising units on our pavements. It balances the public benefit of information provision and revenue generation with the need for an uncluttered and accessible public realm. As a result of the work done through the Planning Performance Assessment we have arrived at a position where we are proposing removing the most obstructive boards and relocating some of the others. Once the appropriate procurement and planning processes have been completed we will have an Out Of Home advertising contract providing state of the art street information boards, funding two public conveniences and generating revenue.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1. Since their installation in the late 1990s, Hackney's Out Of Home advertising boards have become an important way of providing information to Hackney's

diverse communities, especially those who don't have easy access to online sources. In addition they have provided revenue which has funded a wide range of community engagement activity, and the contract also funded two additional public conveniences. The contract itself, which was let around 25 years ago, had a number of issues and was revised a number of times throughout its life to become more beneficial to the Council. When the contract ended, a decision was taken to extend it whilst options were explored to relet it, across a reduced number of sites. Since then, there has been a huge amount of work undertaken, in partnership with planning, with Members, and with partners such as TfL, to identify those boards which need to be removed or resited. This report details that extensive work, and asks for the approval of CPIC to proceed with a tender for a new contract.

3. RECOMMENDATION(S)

Cabinet Procurement and Insourcing Committee is recommended to:-

- a) Accept the assessment findings in this Report; and**
- b) Agree to tender a new digital only concession contract for external advertising for a maximum period up to 10 years, with the option to extend for a further 5.**

4. RELATED DECISIONS

- 4.1. In July 2021 CPIC agreed to the extension of the existing Concessions contract for 12 months and a further 6 months (subject to Director's approval without going to CPIC or HPB). This business case provides a summary below of feedback from internal and external stakeholders. It also provides a pre application report using the Council's PPA methodology as agreed in 2021.

5. OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

- 5.1. This paper seeks to provide updated findings to the committee as a result of assessment work undertaken by the Council during 2021 including;
 - 5.1.1. providing the assessment outcome of a Planning Performance Approach [PPA] review of all of the current external advertising sites
 - 5.1.2. Provide feedback from internal and external stakeholders in relation to the current and future contracts.

- 5.1.3. Provide an overview of the potential revenue this concession contract could generate.
- 5.1.4. Highlight the importance of the Out of Home [OOH] channel as part of the Council's communication mix, specifically focussing on emergency and service change information.

6. ASSESSMENT OUTCOME SUMMARY

- 6.1. In August 1997 the Council entered into a 25 year concession contract with JC Decaux, the OOH media supplier used by most councils at the time. The contract officially ended in August 2021, however in July 2021 CPIC extended the current contract for an additional 12 to 18 months. This was to provide sufficient time for proper political discussion and to ensure that all stakeholders are properly consulted and involved from the start and throughout any procurement process.
- 6.2. Given the length of the contract a number of changes have occurred in the borough from a planning and consent perspective. It was agreed that a planning performance approach was adopted to provide the necessary updates from planning on all the current sites. The planning service pre application report for all sites is highlighted in appendix 1.
 - 6.2.1. The assessment findings have indicated that there are 14 sites which will not be supported through new consent applications in future, 17 sites that need to consider a location move in order to be considered for future approval, and 22 sites which currently have no objections to consent renewal.¹
 - 6.2.2. 8 of the 14 sites above are located in Shoreditch which were provided planning consent in 2017 under the third variation of the contract. The express consent was approved for five years and has not been renewed as a result of the assessment work carried out. All sites were reviewed and refused further planning consent. Further information can be found in Appendix 2.
- 6.3. Hackney contains a number of red routes which are owned and managed by Transport for London. 37 of the 54 sites are located on TFL red routes. TFL are therefore the planning authority for these 37 sites, and will have the final say on whether the sites will be renewed or not.² As part of the assessment work, the Council engaged with officers and teams at TFL sharing the Master Data Sheet for advice. Feedback from TFL highlighted three sites which will be added to the

¹ It should be clearly stated that any new applications will still need to follow the Council's planning application process and are not guaranteed approval due to the findings in the pre application report or assessment.

² Applications for these sites will also need to meet Hackney planning criteria as part of any planning approval

relocation list. Two have been cited as potential pedestrian obstructions for commuters located near transport hubs. Another site location will be affected by a potential future cycle scheme. The third site is currently obstructing vehicle motion signage. Hackney Council External Advertising master site sheet highlights which sites are on TFL roads, and those on Hackney Council roads. (See Appendix 1)

6.4. The previous contract included provision to provide two automatic public conveniences, or superloos. The two units are currently operational and in use located in Dalston. The units are now 25 years old, and in need of replacement. This is supported by previous Councillor complaints about the condition both in terms of hygiene and operational usage of the units. Public conveniences are important to our residents and have been highlighted in feedback through the Council's ageing well agenda. Findings from consultations with charity groups and older people in the borough have clearly highlighted the need for these facilities across the borough.

6.4.1. The assessment work included consultations with Environmental Waste on the cost of investing in and maintaining two operational public toilets. Feedback from Hygiene services indicated an approximate capital investment of £75K per toilet, with a further £17K annual maintenance cost. The question to be answered is, should this concession contract cover these costs. If the answer is yes, then there will need to be two considerations taken into account.

- Any potential annual revenue will be reduced due to the supplier having to cover the capital investment and maintenance thereafter.
- Alternatively the lease period would need to increase in order to allow the supplier to spread the cost over a longer period.

6.4.2. An alternative to the above consideration would be to remove the toilets from any future contracts. The Council would determine if and where any future public toilets are needed and cover both the capital investment and maintenance costs. Should the concession contract be successfully rendered, an agreement could be reached where a financial contribution could be transferred from the revenue generated - to cover a portion of the lifetime costs over the period of the lease.

Financials relating to previous contract

6.5. Over the lifetime of the contract the Council generated approximately £700 - £900K, with up to 50% of the income being realised over the last five years, after the third variation in 2017 where we converted a small portion of the units to digital in the Shoreditch area.

6.6. In 2019/20 the current contract generated £115,000 of advertising at very little cost for the council. The figures below show the income generated between digital and print based units.

- Digital assets (**13 screens at £7,281/screen**) net £95,879 per annum
- Print based (**98 faces at £195.97/faces**) net £19,205 per annum
- Business rates on all units generate a further £20,570 p.a. in income.

6.7. The digital sites in Shoreditch had a separate planning consent approved through the third variation of the overall contract. Express consent was provided for five years, with a condition to remove at the end of the period. The sites located in the Shoreditch area have been deemed to be unsuitable in their current locations, and will be removed. It was the objective of the assessment work approved by CPIC in August 2021 to identify unsuitable sites to either remove or relocate. Given that the express consent has now expired, the sites will be removed in line with the terms of the contract. **It is important to highlight that these sites generated 85% of the annual income of the entire contract, which means the Council will lose upto £95K per annum, plus a portion of the business rates as a result.**

Potential Financial income

6.8. Prior to the energy crisis and inflation issues, a soft market indicated a clear shift to digital assets for suppliers, away from the paper-based units. This was supported by our current supplier, who also indicated that £5K³ per digital unit would be a reasonable average digital unit yield. With the financial loss in 6.7 in mind, it is important for any future contracts to be fully digitised in order to realise any serious return on investment. Other factors when forecasting income need to consider the following considerations; term of tenure, level of supplier capital investment required, location of assets, planning approvals, range of visibility, audience and terms of exclusivity and footfall data.

6.9. Based on the assessment findings, and making some financial assumptions the table below provides three potential scenarios based on different planning authority decision regarding planning consent:

Scenario 1 - All sites are relocated and receive both TFL and Hackney planning consent		
Number of sites approved	Estimated value per site	Total value
40	£4,000 - £5,000	£160,000 - £200,000

³ This figure is indicative and subject to change when and if a new contract is re tendered.

Scenario 2 - Some sites are relocated, but others cannot find suitable locations. The remaining sites receive both TFL and Hackney planning consent		
30	£4,000 - £5,000	£120,000 - £150,000
Scenario 3 - A number of the sites are relocated, but others cannot find suitable locations. The remaining sites receive both TFL and Hackney planning consent		
15	£4,000 - £5,000	£60,000 - £75,000

6.10. The above scenarios are important as we will not know the true number of, and financial value of any sites until after a procurement and planning approval process is completed. Business rates income will also be generated as and when the final amount is decided.

6.11. The External Advertising sites have long been an important channel in the Council's communications portfolio, but the Covid pandemic has seen them come into their own as a vital tool for providing high impact public health messaging across the borough. [Appendix 4]

Communication Overview and importance

6.12. The sole advantage to the Council of the original contract was that it gave the Council access to very low-cost, high impact outdoor advertising, as one side of each freestanding board was given over to the Council for public information advertising. The Council has the ability to use the sites to put up new boroughwide or localised campaigns every fortnight, which have a huge reach, at a minimal cost to cover the printing of the posters. Over the years the Council has used the boards for a wide range of public information ranging from events such as Carnival and the Hackney Half, to behaviour change messaging on issues such as voter registration recycling service changes while also targeting social behaviour messages targeted at vulnerable residents, such as domestic violence campaigns. If this channel is lost, the Council will need to consider other channels which are not as cost effective such as printed letters, leafleting or other print based options - as a way to provide important information to residents. See [Appendix 5] for a list of campaigns pre and during the pandemic.

6.13. More and more of our residents are accessing information and messages from the Council via digital channels such as social media and e-newsletters, and after a decade of austerity public services with

reduced resources are relying more on these low-cost and increasingly sophisticated channels.

However, despite this long term channel shift, digital poverty is still a real issue, and the Council's need for low-cost non-digital communications is greater than ever before. The Covid pandemic has exposed and widened the digital divide and left more people in digital poverty. Library usage data shows us that more than half of all visits to our libraries pre-Covid were to access PC usage or printing, and we know from resident feedback that great hardship was caused to those without digital access when the libraries were forced to close in lockdown.

- 6.14. Our 2018 Ipsos MORI Residents Survey showed that Hackney has a high rate of digital exclusion, with 11% of residents unable to access digital channels. More than half of this group are over 65, a third have a long-term disability or illness and/or claim benefits, and 14% speak English as a second language.
- 6.15. There is strong crossover between those who are digitally excluded and those that are regular users of Council services, need support and are target audiences for much of the Council's communications work. These groups also say they feel less listened to by the Council. Print and outdoor media remain vital channels for the Council in reaching this audience, and ensuring its communications do not only reach wealthier residents and those that are able to be more vocal advocates for their needs.
- 6.16. The Ipsos MORI figures do not include Hackney's Orthodox Jewish community who tend not to participate in such surveys, but who represent around 10% of the adult population and most of whom do not access digital communications through religious requirement.
- 6.17. The Council has been forced by the central Government to reduce the frequency of its newspaper Hackney Today from fortnightly to quarterly, thus reducing our ability to reach residents in digital poverty or exclusion. This is currently being supplemented 8 times a year with an information sheet, Hackney Life, but this level of provision is financially unsustainable.
- 6.18. Outdoor advertising of the kind provided by the current JC Decaux contract provides an invaluable and financially sustainable means of

getting information about vital [public services](#) to those most in need, in every part of the borough. To remove this provision would have a damaging effect on the Council's ability to get vital service information to its most vulnerable residents.

- 6.19. A new contract would lead to more of the sites being digitised, which has a clear communication benefit - images can be changed more regularly with no print costs. They can also be changed at very short notice and very locally, allowing the Council to respond with messages in emergency situations such as flash flooding.
- 6.20. Whilst the boards on A roads are aimed at passing motorists, the majority of the sites are in pedestrian areas, and those with the highest foot traffic are deemed the most valuable both in terms of income and impressions.

7. BENEFITS REALISATION / LESSONS LEARNED

There are several benefits a contract of this type can yield.

1. The nature of these contracts provides an existing and agreed precedent which generates a guaranteed annual income over the period of the contract.
2. It provides an existing infrastructure to deliver service related and emergency information to our residents.
3. As part of the assessment work we have identified a minimum of 14 sites to be fully removed, and a further 17 sites to be relocated to provide better accessibility for residents and commuters.
4. Potential revenue generated by this contract could provide a mechanism to fund Council managed public toilets over the term of the lease.

7.1. Strategic Context:

This paper meets a number of strategic objectives including;

- rebuilding a greener Hackney through the reduction of these assets will help to reduce clutter in the public realm.
- adopting a digital first approach to help the Council to communicate more quickly and effectively with our residents and businesses. The pandemic has demonstrated the strategic importance of maintaining clear communications through a number of different channels including outdoor media.
- changing remaining asset infrastructure to modern digital units, which generates significantly higher income, than our existing paper and backlit based units. Changing to digital assets will help the Council

meet its considerable financial savings, at very little cost to the organisation itself.

7.2. **Preferred Option:**

Based on the outcome of assessment work and consultations with internal and external stakeholders, the preferred option would be to accept the findings in the pre planning report. This currently includes:

- 7.2.1. 14 sites not supported for planning application renewal
- 7.2.2. 17 sites subject to a location move
- 7.2.3. 23 sites with no objections

Subject to agreeing the assessment summary and pre planning report, to agree to move to re tender this concession contract for upto 40⁴ locations across the borough, as highlighted in the previous CPIC report.

7.3. **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

7.3.1. **Do nothing and remove all sites. [Not recommended]**

The Council would lose a considerable amount of sustainable income over the lease period, including any opportunity to potentially fund any future public toilets. It would also lose an important low cost, high impact communications channel, which we have consistently used over the last 20 years.

7.4. **Success Criteria/Key Drivers/Indicators:** The main success criteria and key drivers include; recovering a sustainable income over a specific lease period by digitising the current print based infrastructure across the borough; maintaining an efficient and effective communication channel to ensure the Council provides clear communications to our residents and businesses (especially in emergency periods).

7.5. **Whole Life Costing/Budgets:** No significant costs will arise as a result of implementing this decision to extend the current contract. Annual revenue based on 40 locations could generate up to £200K⁵ to the Council could be realised through a new contract. The final amount will only be determined once TFL and Hackney Planning have determined planning consents.

7.6. **Policy Context:** Council policies and strategies that are relevant to these services include Rebuilding a greener Hackney, Public Realm decluttering approach, and the Sustainable Procurement Strategy. Keeping residents informed and safe during the 2020 pandemic was a clear gold priority.

⁴ The final amount of locations will be dependent on both Hackney and TFL planning approval.

⁵ Based on indicative £5K figure, which is subject to change

Councils have huge and challenging responsibilities, which require effective communications, and delivering information in the right channel. The external advertising units provide the Council with infrastructure, which is maintained by a supplier, requires no future capital investment from the Council, and generates good revenue in return.

7.6.1. Hackney's Transport Strategy (HTS) is committed to a movement hierarchy that prioritises pedestrian movement⁶. The Council's Streetscene department is supportive of the wider social benefits that are outlined in this report. It is important to ensure that proposed advertising sites do not adversely affect pedestrian comfort or safety levels.

7.6.2. Council Officers will consider advertising sites on a case-by-case basis. Officers will work to ensure that potential and existing site proposals meet with local and regional policies to create healthier streets and protect the pedestrian environment. This will involve considerations of pedestrian flows and acceptable footway and doorway widths for potential sites.

7.7. Consultation/Stakeholders:

7.7.1. As part of the assessment work the Council has carried out over the last 9 months, the following stakeholders have been consulted with:

It was agreed in the previous CPIC report that a Planning performance approach would be adopted in order to assess all of the current sites located across the borough. Planning officers from planning and street scene were part of a project group who met and carried out specific desktop research including identifying new conservation areas which have been approved during the 25 year lease period. Hackney Council External Advertising master site sheet [Appendix 1].

7.7.2. A Planning Performance Agreement (PPA) is an essential tool when dealing with large scale or important projects that require planning permission <https://www.gov.uk/guidance/before-submitting-an-application#planning-performance-agreements>. It allows for timeframes to be agreed and dedicated officers to be assigned to the project. This proved to be all the more vital in this proposal as Hackney's Planning Service encountered serious staffing issues from summer 2021 which crippled the service and reduced staffing levels down to 50%. As a result of the PPA, a permanent planning officer was able to be assigned to focus specifically on the project.

7.7.3. A series of meetings took place between relevant officers in order to understand the background and rationale for the project, as well

⁶ <https://hackney.gov.uk/transport-strategy>

as to set out the planning process, including the requirements for planning permission, the pre-application advice process, the material planning considerations, the assessment criteria, and the decision making process. Based on previous, similar multi-site PPA projects, it was recommended that a live working spreadsheet be formulated to set out the sites in question; this allowed the project team, including officers from Planning Enforcement as well as Conservation, Urban Design & Sustainability teams, in addition to the case officer and senior officers, to reviews each site. From the initial meetings, it was established that the main considerations would be that of siting and design as well as the impact of the proposal on the highway. In addition, planning history would be a relevant consideration, in light of potential enforcement concerns as well as any previous assessments of the proposal (including appeal decisions).

- 7.7.4. In terms of planning history, the October 2020 cyber attack on the Council meant that retrieving information was more challenging than usual. A combination of archived files, enforcement files as well as what remained of the digital files eventually allowed officers to establish information on historic cases as well as those relevant to the proposed sites.
- 7.7.5. The gathering of the above information allowed the Planning Service to provide a 'pre-application report' on the sites, which set out its assessment of each proposal and provide a recommendation as to whether a site would be likely to be supported should a formal planning application be submitted.
- 7.7.6. Colleagues in planning enforcement were consulted to better understand the types of complaints the Council receives. Over the lifetime of the contract there has not been one complaint from the public, residents or businesses, to where these sites are located on our pavement. Complaints the Council has received have been about content displayed on the units. Light pollution from digital units is another complaint that has been recorded. All of the digital units currently in operation have built in brightness technology, which can be automatically adjusted. Light levels can be built into future contracts, to mitigate future light pollution complaints.
- 7.7.7. Environmental [Hygiene] operations have indicated that there is still an important requirement to continue providing the public conveniences in the two locations. The two locations are within Dalston and have helped the Council manage anti-social behaviour in the area over the last 20 years. If the contract is not renewed all operational and maintenance costs will need to be transferred to other internal services. Renewing the contract will allow the Council to work with Hygiene services to ensure upgrading the existing infrastructures, and repair standards are included in the tender

document.

7.7.8. The Council's public realm approach and policies have changed considerably over the length of the contract. Decluttering of our public realm is an important policy objective, and has been addressed through two actions. Firstly, 14 sites have been recommended for removal, and secondly, a further 17 sites recommended for relocation. Nine sites have no objections. The assessment work has therefore met its main objective, which was to identify problematic sites following the Council's Planning performance approach [PPA]. It should be noted that any future sites will still be subject to both Hackney and TFL planning processes if the Council agrees to tender this contract.

7.8. Risk Assessment/Management:

This paper provides findings of assessment and stakeholder engagement work carried out over the last 9 months. The summary findings are highlighted in point 6 above. The summary is supported by the pre planning advice [appendix 2], the Hackney Council External Advertising master site sheet [appendix 1]. Stakeholder feedback includes consultation meetings with Hygiene Services in Environmental Waste, Street Scene in Public Realm, Communications and Legal Services.

7.9. Using the RAT [Appendix 6] this procurement has been identified as low risk. This is predominantly as there is no cost to the Council for this type of contract. All infrastructure, once approved by planning authorities, is wholly owned and maintained by the supplier. Income is generated through the lease of these sites to brands via the supplier.

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
Planning approval for up to 40 sites		M		A supplier workshop will take place during the tender process where bidders will be able to meet with the Council to better understand our planning criteria
TFL planning authority approval. Of the potential 40 sites, 24 are located on TFL red routes. 11 of the 24 sites		M		While we have consulted with the relevant teams at TFL, there is no guaranteed we will receive planning approval if we tender the contract

are recommended for relocation.				
Financial forecasting While figures in this report have been provided using internal recharges for the Shoreditch sites, and in consultation of current supplier, they are indicative and will only be determined once the procurement has taken place		M		The Council still has the option of not awarding the contract if the revenue generated is not worth our while. As there are no costs to the Council, it is unlikely that we would not consider bidders options.

7.10. Market Testing (Lessons Learnt/Benchmarking Marking):

7.10.1. Market testing was carried out in November and December 2020. As part of the brief, and in line with its sustainable procurement strategy, the Council asked current market suppliers to respond to improved ways of developing and managing Outdoor Advertising Infrastructure contracts. Specifically we wanted to consider options delivering more revenue, less clutter on the pavements and along roadways, more relevant and acceptable content, and a better environmental and social impact for all parties and stakeholders.

Responses from the soft market testing indicated two types of procurement options we can consider:

1. Multiple lots split into different specialist suppliers
2. Single supplier

7.10.2. Both models are viable options, however we must consider what the two options mean for officers managing and monitoring the contract. A single supplier concession contract is considerably easier to resource, monitor and manage over long periods of time, and reduces overall costs to the Council.

Using multiple suppliers means working with different supplier operating systems, which makes delivering digital communications processes more complex to manage in terms of content distribution.

7.10.3. To supplement the soft market test, we also considered how other Councils and organisations approached and implemented the same form of contracts. Feedback from other Councils shows two models that are being used to manage a portfolio of outdoor

assets:

- 7.10.4. Councils with much larger road networks and spaces, allows them to consider investing and owning their assets outright. Adopting an upfront capital investment approach, enables those Councils to negotiate a higher percentage of revenue split with any suppliers in a contract. Inner city councils have limited options in terms of land space, and concession contracts where suppliers invest in the infrastructure are more common. Hackney Council uses this model and leases selected spaces on our public highways across the borough. Business rates are also applicable on all sites, and generate £20,000 plus per year in revenue.
- 7.11. **Savings:** No identified savings will arise as a result of this contract extension. This concession contract will however generate income for the Council over the lifetime of the lease period. As the current contract included two public conveniences, options above in points have set out options for the Council to consider, which could provide a viable financial mechanism to contribute to future public conveniences.

8. SUSTAINABILITY ISSUES

8.1. Procuring Green

The assessment summary and findings in the Adverts preapp report have highlighted a number of actions to be taken forward in any future procurement. 14 sites have been identified for removal, reducing the overall asset infrastructure to 40 sites, which will be put forward for planning consent should the Council wish to tender. The tender intends to convert all the approved sites to digital units, removing the need for suppliers to physically change paper-based sites, thereby reducing the carbon footprint of supplier vehicles. The specification will address issues such as light pollution through ensuring light intensity is time sensitive and managed through a schedule to reduce intensity at specific times.

8.2. Procuring for a Better Society

One of the Mayor's key priorities is to ensure the Council is well run and efficient in delivering services to our residents and businesses. Over 10 years of austerity have had a significant impact on the Council's financial position. External advertising concession contracts are an extremely low cost, high value way of generating sustainable income for the Council. The financial option identified in point 6.4 above in relation to public conveniences highlights the value of this contract if a suitable arrangement can be met between services, which could allow a mechanism to contribute to the capital cost of providing these services over the life of the contract.

8.3. Procuring Fair Delivery

This procurement has no or very low risks associated with issues such as in terms of delivery like slavery or corruption and fraud. Standard questions within the procurement will provide satisfactory information from the suppliers. This concession contract does provide a public benefit by providing the Council an easy out of home infrastructure to communicate public information to residents and businesses. This will include emergency, service change, events and specific campaigns to ensure the Council has a balanced and integrated approach to keeping residents and businesses informed.

The nature of this format means we will share airtime with advertisers promoting their own brands, products and services. In order to ensure advertisers keep their advertising aligned with Council policies and cultural community sensitivities, the specification will clearly outline what brands and adverts will be acceptable, addressing public health, addiction and religious issues.

8.4. Equality Impact Assessment and Equality Issues

An issue which has long been thought to affect this contract is the location of the actual units within the public realm. All units in the current contract are located on pavements throughout the borough, apart from the two public toilets. The summary findings of the assessment work carried out in section 6 above has highlighted 14 sites for removal due to accessibility issues, and a further 17 sites are recommended for relocation to align better with planning and public realm approaches. The new tender will also look to identify site relocations on walls of buildings if possible, but this will be dependent on availability and suitability of the Council's building stock.

Even though there have been very few complaints in the past, the specification will include information about past content complaints, and quarterly KPIs which will help to inform what type of content is not in line with Council policies, and cannot be displayed.

9. PROPOSED PROCUREMENT ARRANGEMENTS

9.1. **Procurement Route and EU Implications:** The contract is valued below the relevant UK Public Procurement threshold (Concession Contracts Regulations 2016). An open competitive tender procedure will be carried out in accordance with Hackney Contract Standing Orders.

9.2. Resources, Project Management and Key Milestones:

Key Milestones	
Business Case Report to CPIC	18/07/2022
Contracts Finder Advert placed/ITT Issued	01/09/2022
Tender Returns Deadline	06/10/2022
Tender Evaluation	October 2022
Contract Award Report considered at CPIC	05/12/2022
Standstill Period	12/12/2022-22/12/2022
Start on site / Contract start	01/02/2023

9.3. Contract Documents: Anticipated contract type

The contract is a concession type contract, and we would want to include quarterly monitoring meetings, which will allow us to initially address the conversion to digital units, which will take around 7 months from award of the contract. We will also include a quarterly contract monitoring meeting, which will monitor and address other related issues, such as content, light schedules and any other technology associated with the units.

Deliverables will be communications campaigns and revenue, which will be monitored through our External Advertising schedule sheet, and monthly or quarterly budget monitoring. Equalities and environmental issues will be managed through the Council's complaints procedure, with relevant services such as planning enforcement and street scene available to provide information into contract monitoring meetings.

9.4. Sub-division of contracts into Lots

During the soft market testing in 2020 we recognised the value of different lots, however, working with multiple suppliers on different platforms, brings additional costs, and more operational processes for officers to have to work with. The benefits of working with a single supplier, means more control over the running and operation of the contract, with a single set of KPIs and regular contract monitoring. The tender however will allow opportunity for joint bids from smaller suppliers to ensure we provide a fairer opportunity to all market suppliers.

9.5. **Contract Management:** Success will be an efficient set of digital sites which will provide relevant advertising aligned to Council policies and

programmes. We will be able to easily and quickly update our own campaigns within our shared airtime, without relying on a supplier to change these for us. The contract will provide sustainable income over the period of the contract. Within the contract period, the supplier will be aware of the Council's policies in terms of advertising standards, what can and cannot be advertised, and will be sensitive to the cultural diversity of the borough residents.

- 9.6. **Key Performance Indicators:** Quarterly contract monitoring meetings will take place between the supplier and contract manager. Internal stakeholders such as planning enforcement, public health, street scene and member/customer services [complaints] will be able to contribute to the contract log, which will monitor all issues throughout the life of the contract.

KPI	Description	Priority
1	The contract will provide consistent levels of income on a monthly or quarterly basis. These will be provide in a report by the supplier at each contract monitoring meeting	An ambitious and well-run council that delivers financial stability, and communicates first class-local facilities
2	The supplier will provide a list of content and advertiser for the previous period which officers will be able to check against policies and programmes the Council has highlighted to be important not to advertise.	Tackling Inequalities and prioritising the environment
3.	Provide the Council sufficient airtime and ensure public campaigns are scheduled and delivered at appropriate times to ensure maximum exposure	Connecting with Hackney's communities
4.	Relevant services such as complaints, planning enforcement and streetscene will actively contribute to a quarterly complaints sheet, which will form the master document to be addressed at each contract monitoring meeting. These will include issues such as light pollution and content complaints.	Tackling inequalities and prioritising the environment

5.	Repairs and maintenance will be reported by the supplier at each meeting to ensure all sites are in operation, or if not working have been included on a timely PPM program to ensure revenue is not impacted.	An ambitious and well-run council that delivers financial stability, and communicates first class-local facilities
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10. COMMENTS OF THE GROUP DIRECTOR FINANCE AND CORPORATE RESOURCES

- 10.1. This report is seeking approval to tender for a commission contract for the provision of a digital only concession. The expected income to the Councils from this concession contract, dependent on planning consent, is up to £200K per annum.
- 10.2. Based on the current concession arrangements there is an income budget of £115K per annum which supports existing services. There is also an approved saving of £50K for additional advertising income that has already been factored into the Council's financial planning from 2023/24 onwards. This procurement, if successful, will deliver that saving and contribute to the Council's budget strategy. It should be noted that should the upper end of the estimated income be achieved that this can deliver more savings for the Council.
- 10.3. Conversely it should also be noted that if the tender is not successful or the income from the concession falls below the current income budget and saving target there will be a budget pressure which will need to be addressed in medium term financial planning.

11. COMMENTS OF THE DIRECTOR, LEGAL DEMOCRATIC & ELECTORAL SERVICES

- 11.1 Paragraph 2.7.6 of Contract Standing Orders states that all procurements with a risk assessment of "High Risk" will be overseen by Cabinet Procurement Committee (now Cabinet Procurement and Insourcing Committee) and therefore this Business Case Report is being presented to Cabinet Procurement and Insourcing Committee for approval.
- 11.2 The proposal in this Report is to procure the appointment of a long term partner for the delivery of external advertising in the Borough. The proposed contract would be classified as a services concession contract under Regulation 3 of the Concession Contracts Regulations 2016. However the value of the contract will be lower than the threshold amounts set out in such Regulations, currently the sum of £5,336,937, and so it will not be necessary

to publish a high value notice in respect of the procurement. The Council will follow a procurement process which meets both the requirements of the Council and is compliant with its Contract Standing Orders.

12. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

- 12.1. The proposed concession contract is valued below the relevant UK public concessions threshold. The Council's Contract Standing Order 2.5.2 requires that the Business Case for a High Risk procurement be approved by CPIC.
- 12.2. Procurement of the contract via an Open competitive tender process is supported as an appropriate route, compliant with Contract Standing Orders as set out in the report.
- 12.3. The procurement offers a number of opportunities to deliver environmental, social and economics benefits in support of the Council's Sustainable Procurement Strategy. These are set out in the Business Case and will be incorporated into the specification and tender documents.
- 12.4. The timeline for the procurement process is achievable to ensure contract commencement in February 2023 and will be fully supported by the Central Procurement Team.

APPENDICES

[Appendix 1 - Hackney Council External Advertising Master Site Sheet](#)

[Appendix 2 - Adverts Preapp Report](#)

[Appendix 3 - External Advertising contract report - CPIC report](#)

[Appendix 4 - Public health campaigns run during the 2020 COVID pandemic](#)

[Appendix 5 - Communications campaigns list pre and during pandemic](#)

[Appendix 6 - RAT](#)

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Description of document (or None)

The below contract extension papers were prepared and provided to the relevant committees and groups for review and approval.

1. [External Advertising Contract Extension - CPIC Report - \[CPIC committee\]](#)
2. [172 - Outdoor Advertising Contract - \[Labour Group Sept 21\]](#)
3. [Outdoor Advertising PSG briefing final - \[Political Strategic group\]](#)

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