

To: Cabinet
Date: 12 July 2023
Report of: Executive Director (Development)
Title of Report: Bus shelter infrastructure and advertising concession contract

Summary and recommendations	
Purpose of report:	To (i) seek approval for the tender of a contract to manage the bus shelter infrastructure; and (ii) to seek delegated authority for the Head of Corporate Property to enter into a long-term contract with a selected supplier to maintain city bus shelters and manage advertising on the shelters
Key decision:	Yes
Cabinet Member:	Councillor Ed Turner, Deputy Leader (Statutory) - Finance and Asset Management
Corporate Priority:	Enable and Inclusive Economy Pursue a Zero Carbon Oxford
Policy Framework:	Council Strategy 2020-24

Recommendations: That Cabinet resolves to:	
1.	Grant project approval to tender a contract to manage bus shelter infrastructure maintenance and advertising via a concession contract;
2.	Delegate authority the Executive Director (Development) to finalise the tender documents; and
3.	Delegate authority to the Head of Corporate Property in consultation with the Head of Law and Governance, the Head of Financial Services and the Deputy Leader (Statutory) - Finance and Asset Management to agree the final terms and enter into a contract with the preferred supplier.

Appendices	
Appendix 1	Risk Register

Introduction and background

1. The council has a long-standing contract in place with Clear Channel UK (CCUK) to provide cleaning and maintenance services to Oxford city bus shelters in exchange for the exclusive right to place advertising on the shelters and retain, for its own account, all advertising income generated.
2. The current contract expired on the 30 November 2022 and the Head of Corporate Property approved a procurement exemption to extend the existing contract for a maximum period of 12 months whilst a specification is developed to seek a supplier who can offer terms that are better aligned to the council's corporate objectives and secure revenue income from the advertising on the shelters for the council.
3. The following sets out the options considered in preparation to go to market.

Bus shelter estate and the current contract

4. There are 190 bus shelters in Oxford. 157 are owned by Clear Channel UK (CCUK), 33 are owned by the City Council. There are an additional 16 shelters in the city which are owned by Oxfordshire County Council. It is intended that the County Council Shelters will be included in the new contract arrangements.
5. 94 of the Clear Channel shelters include advertisements, 29 of these shelters include digital displays. 87 shelters include Real Time Passenger Information displays, which are managed by Oxfordshire County Council.
6. The shelters are maintained via the existing contracting arrangement with CCUK, which has been in place since 1987 when the council entered a Principal Agreement with CCUK. The terms of which were extended via a Supplemental Agreement for a period of 15 years in 2007.
7. The current arrangement is that CCUK clean, maintain and, where necessary, replace the bus shelters, at no cost to the council, in return they manage advertising on the shelters and retain all revenue generated through this. Whilst this contract has no direct cost to the council it is understood that the level of income generated by advertisements on the bus shelters is high and therefore the council should adopt an approach like other local authorities and secure a contract with a supplier whereby the council also takes a proportion of the advertising profit.
8. The shelters in Oxford have either digital advertising on them, or paper or a mixture of paper and digital. Most revenue is generated via digital panels which either feature two digital images or six, which rotate to share several different adverts. These are in the city centre and on main roads.
9. The actual amount of advertising income generated via the existing contract is not currently shared with the Council.

Market considerations

10. As well as CCUK there are other large providers operating in this market who manage the maintenance of the shelters as well as the advertising. To better understand the potential for a new contract, market engagement was completed. A Prior Information Notice (PIN) was launched on the 15th of March 2023 inviting suppliers to a market engagement session on the 13th of April 2023. This resulted

in eight organisations making enquires and six attending the market engagement session. A series of follow-up questions were asked to all the providers who attended the session. These were returned in writing on the 5th of May.

11. Key insights offered are as follows

- a. Suppliers prefer a minimum 15-year contract, this is because bus shelters have a 20-year lifetime
- b. There is appetite to increase the digital advertising capability, subject to planning approval
- c. Providers are committed to the Zero Carbon agenda the potential increase in the number of green roofs, the use of sustainable energy and materials for the new shelters
- d. Transition period (to install new bus shelters) likely to be between 12-18 months

Options considered

12. In February 2023 Development Board reviewed the options and agreed the recommended procurement route to retender the contract on the existing basis, and seek an external operator to manage the repair, maintenance, cleaning, and advertising whilst in addition, providing a share of the profit from advertising revenue to the Council. The mechanism for this will be Fixed Fee and Profit Share payment per advertising bus shelter on which advertising consent is granted.
13. **Purchase of the existing CCUK owned shelters-** most of the city shelters are in CCUK ownership. The existing contract includes an option for the council to purchase from CCUK all bus shelters provided and installed under the terms of the existing agreement at their 'net book' value. This was not considered a feasible option given the capital investment required for this, though the tender will test whether it is feasible for the new providers to acquire existing shelters, where these are in good condition, from the current provider.
14. **Extending the current contract term** – given the total duration of the existing contract term it is necessary to test the market to seek more favourable terms and therefore this option is not recommended.
15. **Take back management of the shelters** – early consideration was given to this option which would see the council take back the management of the shelters and for ODS, under an SLA, to undertake this role. This option was rejected as the council and ODS do not have the skills and experience to be able to manage the advertising and therefore generate the revenue needed to offset the cost to supply and maintain the shelters. This was discussed with the Director of Operations at ODS and was not considered a viable option for the council or ODS.
16. A **competitive dialogue tendering** approach was considered though given the result is fixed in terms of the provision of bus shelters, it is believed an open FTS tender is most suited.
17. It is recommended that a concessionaire contract will be offered for 15 years initially with the option to extend for a further period of five years.

Proposed procurement timeline

18. Indicative timeline for the process:

- Development Board approval of procurement route- 13th Feb 2023
- PIN Notice launched – 15th March
- Market engagement – 13th April
- Cabinet approval – 12th July
- Tender launched – 21st July
- Evaluation and recommendation for contract award – September
- Contract implementation period – October
- Contract start – November

Policy implications

19. Through the proposed contract the council is seeking high quality, safe and secure waiting and interchange facilities that are kept clean and well maintained throughout the contract term, to encourage passenger growth and meet Zero Carbon Oxford objectives. The contract will also support the achievement of the [Oxfordshire Bus Service Improvement Plan](#), which has been produced by Oxfordshire County Council in part-fulfilment of the requirements of the National Bus Strategy and the Oxfordshire [Enhanced Partnership](#) Plan and Scheme.
20. In return, the council is offering the supplier the exclusive advertising rights on these assets in accordance with Office of Fair-Trading guidance on Street Furniture Advertising issued in May 2012. The contract will also include provision to ensure the council receives a proportion of free advertising space on the shelters throughout the duration of the contract.
21. The council has set the [Zero Carbon Oxford](#) goal to achieve zero emissions across the city by 2040, which is ten years ahead of the legal deadline set by government. It is predicted that by 2040 action taken through this approach will have reduced Oxford's emissions by 88% from 2018 levels. This means reduced emissions across 5 key areas (domestic, commercial, industry, institutional and transport) with transport related emissions being reduced by 88%. Encouraging more people to choose to use to travel by bus, rather than car, will play a large part in contributing to this. Improving street furniture, like bus shelters, and the facilities available at those shelters will make this mode of travel more attractive.
22. We will work with Oxfordshire County Council to explore the use of their Climate Emergency Fund to secure new green roof shelters in the city. If funding is made available to purchase additional shelters through this route these shelters will form part of the new contract.
23. Oxfordshire County Council manage the Real Time Passenger Information (RTPI) available at bus shelters in the city. The new contract will ensure bus shelters have the capability of being fitted with the current RTPI displays and that the new contract provider works with the County Council's RTPI suppliers to enable the supply and maintenance of the RTIP. We will continue to work with the County Council to enhance this offer where possible and will use the tender process to explore the cost to expand this offer via the contract.

Other implications

24. The Council intends to include in the new contract, an ongoing obligation on the operator to identify new or potential improvements to the bus shelter estate. For example, the emergence of new and evolving relevant technologies which could improve the service, improvements to the integration of services provided by third parties or the Council which might result in efficiency or productivity gains or changes in ways of working which would deliver greater benefits to the council.
25. Given Oxfordshire County Council are the lead transport authority and own several shelters, as well as manage the RTP1, they have been involved in the development of this contract. They have provided advice and guidance and will be part of the tender evaluation panel. They will continue to be a partner in the delivery of the contract.
26. The new contract also gives the council the opportunity to specify the standard of bus shelter/stop and consider carbon reduction initiatives where appropriate and potentially increase the proportion of green roofs across the city. In line with wider plans to introduce a new electric bus fleet across the city's SmartZone in early 2024 there will be opportunities to work with the Enhanced Partnership to brand bus stop infrastructure.
27. The main bus companies operating in Oxford; Oxford Bus Company and Stagecoach have been informed for the plans to tender for this new contract. The Oxford Bus Company, along with Oxfordshire County Council, supported the market engagement event and have supplied passenger data. They will be consulted on the proposed shelter design and provision included in the tenders.
28. There is potential to include contract 'add-on's which could see smaller areas, such as neighbouring district or Parish councils, utilise this contract to secure shelters in their areas. This could result in further income to the council either via an agreement to utilise our terms and conditions, or through securing additional advertising revenue.
29. Advertisements used on the shelters must adhere to Adhere to the Advertising Standards Authority (ASA) Code of Practice. The contract will also make clear that the advertising for certain products of, or companies dealing in, the tobacco industries; gambling, pay day loans, junk food and petrol/diesel vehicles for example will not be accepted.
30. Information panels will be included in the shelters for timetables and information about the Smartzone. We will also seek to include a proportion of free advertising space for the council and partners to promote campaigns and services.
31. The following factors have been considered and are relevant:
 - **Crime and disorder** – durable materials, improved lighting and connectivity will be used for the new shelters. Regular checks (at varying times of the day) will be conducted, and a simple reporting system will be put in place to ensure the public can report any faults.
 - **Sustainability** – sustainable materials will be used for the new shelters and there is potential to introduce additional green roofs such as the one the council have installed in East Oxford. These improve biodiversity and support the council's Zero Carbon agenda.

- **Environmental** – increased bus patronage is a key aim of the proposed contract, encouraging more people to make an active choice to use a bus rather than a car to make a journey.
- **Social Value** – the tender requires the bidders to include proposals for how they will provide social value through this contract such as paying staff the Oxford Living Wage and providing job/apprenticeship opportunities to residents.

Plans for moving between the old and new contract

32. The existing shelters will be removed by CCUK and the new provider will supply and install new shelters, at their own cost. Officers are working with the existing provider to develop a comprehensive exit plan for their contract. Once a new provider is appointed, the council will coordinate meetings between the two parties to ensure a smooth transition between the two contracts. Tenders will be asked to supply their implementation plan as part of the tender process. These plans will ensure the removal and replacement of the shelters over the initial contract implementation period keeps the impact on bus shelter users to a minimum, though it is possible there will be periods of time when some stops are without shelters.
33. Although it is industry standard for new providers to replace the existing shelters, though the tender process we will ask how the providers will work with the existing provider to adhere to sustainability standards/zero carbon agenda to come to an arrangement that limits unnecessary shelter replacement.
34. The new contract will include key performance indicators to track the installation plan for the new shelters and monitor response times in terms of cleaning and maintenance. Regular meetings will take place to ensure a partnership approach to the delivery of the contract is achieved.

Financial implications

35. This contract approach is financially sustainable as it means it covers damage, cleaning, and maintenance of the shelters from the advertising income. There may be surplus generated through the advertising to be shared with the council, resulting in an income stream.
36. A capital budget (feasibility) of £31, 500 has been approved by Development Board for staff time (project management and Legal advice) to develop the procurement process and tender documentation. This is thought to be sufficient to enable the council to enter the new contract. No other costs are envisaged as the capital cost of the shelters will be covered by the new supplier.

Legal issues

37. Current staff may be eligible to TUPE over to the new provider. Details of eligible staff will be made available via the tender process so costs can be considered. It is thought only one member of staff would be eligible to transfer.
38. Legal assistance is required for the final contract agreement. We will also need to liaise with legal officers at Oxfordshire County Council to finalise the terms of the agreement, as the County Council will be a party to this. It is expected that each authority will be responsible for their own legal costs associated with the negotiation of the agreement.

Level of risk

39. Please see attached Risk Register at Appendix 1.

Equalities impact

40. Through the tender process the suppliers will be asked to demonstrate how they have considered equalities in their proposals for bus shelter improvements. Accessibility, signage, and lighting will be key issues for consideration. Social value provides options for suppliers to demonstrate how they could offer opportunities for greater inclusion to be achieved through this contract.

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Background Papers: None

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