

Finance and Budget Committee

10.00 a.m., Thursday 29 November 2012

Update on CEC Advertising Contracts

Item number	7.8
Report number	
Wards	City wide

Links

Coalition pledges	P40, 45 and 45
Council outcomes	C17, C18, C19 and C21
Single Outcome Agreement	S01 and S04

Mark Turley

Director of Services for Communities

Richard Willson, Estates Surveyor

E-mail: richard.willson@edinburgh.gov.uk | Tel: 0131 529 4624

Update on CEC Advertising Contracts

Summary

To inform Committee that a co-ordinated and updated contract for bus shelter advertising and associated street furniture provision is being developed with implementation in August 2014 when existing contracts expire. A second upgraded advertising contract for billboards, leisure centres and gateway locations is also being developed.

Advertising contracts are commonly used by local authorities to offset the cost of the provision and maintenance of street furniture items, in particular bus stop shelters, and this is the case in Edinburgh.

The existing situation in Edinburgh is quite piecemeal, with two main contracts covering the provision and maintenance of around 38% of the city's bus shelters and a number of automatic public toilets (APT's) (funded by advertisements on the bus shelters and some billboards), plus a small number of solely income-generating contracts from billboards.

As these contracts are all due to terminate in 2014, this presents an opportunity to:

- Develop new, updated and co-ordinated advertising and street furniture contracts which provide a better and more comprehensive street furniture offer and reduce the Council's installation, maintenance and cleaning costs for a number of street furniture items, and
- Improve the existing billboard offer, identify new types of advertising which would be suitable for Edinburgh, and develop new advertising contracts which bring in greater revenue for the city.

A cross-departmental working group was set up to assess the existing situation, investigate the various options and make recommendations as to the best way forward.

The group's research showed that there is significant potential for improvement of the street furniture offer, for upgrading existing billboard sites, and for the addition of new advertising sites in appropriate parts of the city.

These actions would have extremely positive financial implications for the Council, through reduction of street furniture installation, maintenance and cleaning costs, and through additional advertising revenue.

Furthermore, it would result in a more coherent appearance to the city's street furniture, particularly in regard to bus shelters. It may also enable the city to provide public amenity items which would otherwise be very costly.

The Working Group's outcomes were endorsed by the Council Management Team (CMT) in June 2011. Full details of the existing situation and recommended actions are set out in this report.

Recommendations

- (a) A co-ordinated and updated contract for bus shelter provision maintenance and advertising together with enhanced associate street furniture provision be developed which would be implemented on termination of the current three contracts in August 2014.
- (b) A new and upgraded advertising contract is developed for billboards, leisure centres and gateways to bring in additional revenue.

Measures of success

Contracts are delivered to provide the quality of street furniture one would expect in the capital city with improved sustainable advertising.

The Street Furniture contract becomes a benchmark for other Local Authorities given the contract is being let at a time of change with the introduction of digital advertising.

Financial impact

The proposal to develop an integrated street furniture contract would have positive financial implications for the Council, although at this stage it is not possible to quantify the amounts as this will depend on which items of street furniture are determined to be priority items and revenue that can be generated from advertising. These implications would be:

- Provision and maintenance of all 1,452 bus shelters in the city. This could save the Council annual maintenance and cleaning costs and rates of £295,000 per annum
- Provision and maintenance of additional APT's that could contribute to the Council's aim to reduce the costs of public toilet provision without reducing availability of public conveniences. There could also be an increase in income associated with their use from the present £4,000 per annum
- Provision and maintenance of additional street furniture, such as bespoke way finder signage
- Provision and maintenance of a shared bicycle scheme.
- Upgrade of pedestrian underpasses at no cost to the Council.
- £90,000 per annum of billboard income currently tied up in the Street Furniture contract would be released to provide additional revenue

Additionally, new and upgraded advertising contracts for other types of advertising could have the following positive financial implications:

- Increased income from upgrading all the billboard sites and identification of suitable new sites to possibly include digital advertising.
- Reduction in the subsidy paid by the Council to Edinburgh Leisure through 6-sheet advertising on Edinburgh Leisure sites.
- A new income stream through new gateway advertising sites and where appropriate incorporate digital facilities.
- Contribution towards a city bike scheme

Equalities impact

There are no negative equalities impacts arising as a result of this report.

Environmental impact

There is not a negative environmental impact arising from this report. The actions proposed aim to improve Edinburgh's public realm environment.

Consultation and engagement

"Pedestrian signage in the World Heritage site" group has met on three occasions with stakeholders from Essential Edinburgh, Marketing Edinburgh, Edinburgh World Heritage and the Council service areas to discuss city centre signage.

Planned consultation on the proposed 'digital advertising trial' in Princes Street with Stakeholders.

Background reading / external references

Not applicable

Update on CEC Advertising Contracts

1. Background

- 1.1 The Council currently has a number of contracts with the providers of advertising facilities, ranging from large format advertisement hoardings to smaller formats such as panels on bus shelters.
- 1.2 A cross-departmental short-life working group was set up to develop proposals to ensure that the Council fully explores the opportunities for advertising on its assets. The group looked at existing and potential opportunities across the city with a view to developing a co-ordinated approach which will achieve the best value outcome.
- 1.3 The group comprised of representatives from the following areas:
 - Planning
 - Property
 - Transport
 - Road/Street Lighting
 - Waste Services
- 1.4 The Group presented its findings and recommendations for progressing to an improved, co-ordinated advertising strategy to CMT in June 2011. CMT were content with the report, although they asked that the Group ensures the environment of the city is not harmed and a representative from Corporate Governance be included in the group.
- 1.5 After presentation of the report to CMT, an Advertising Working Group was formed to take forward the procurement of enhanced street furniture and other advertising opportunities. This Group has evolved to become the Advertising Project Team comprising a similar cross section of members as the original working group. Additional members and stakeholders are called in to assist as and when expertise is required during the procurement process.

2. Main report

Current advertising situation

- 2.1 Advertising contracts are commonly used by local authorities to offset the cost of the provision and maintenance of street furniture items, in particular bus stops,

and this is also the case in Edinburgh. Details of the city's current advertising contracts and street furniture provision are set out below:

Bus shelters

- 2.2 Bus shelters in Edinburgh have incorporated advertising since the 1970's. There are currently two contracts for provision and maintenance of bus shelters, both with Clear Channel, that expire in August 2014.
- 2.3 The first provides and maintains 422 bus shelters within the city in return for commercial advertising on the shelters. This contract also generates about £130 of income per shelter per year (£54,200 approx per annum).
- 2.4 The second contract is a wider street furniture agreement dealing with the provision and maintenance of 130 bespoke bus shelters, mainly in the city centre and five APT's. This provision is offset by commercial advertising on 50% of the shelters, together with a small number of stand-alone large format advertising sites. The remaining 50% of these shelters are in sensitive sites and have no advertising.

Billboards

- 2.5 The Council currently has one major billboard contract, also with Clear Channel. This incorporates 28 billboards on 12 Council-owned sites and brings in between £4,200 and £13,230 per billboard, a total of £194,040 per annum. This contract expires in December 2014.
- 2.6 In addition, there are three other one off sites around the city, let under three separate contracts to Primesight, providing an annual income of £25,500.
- 2.7 It should be noted that there are other billboards around the city on non Council-owned land.

Street furniture provision

- 2.8 The city's street furniture is currently provided on a piecemeal basis.

Bus shelters

- 2.9 552 city bus stops are provided and maintained by the two Clear Channel contracts; the remaining 900 bus shelters are provided and maintained by the Council. These 900 shelters cost some £255,000 in annual maintenance and cleaning costs plus an additional annual rates bill of some £40,000. These shelters tend to be at stops that are not in locations of interest to commercial advertisers or where permission for adverts would not be obtained.

As a result of the two contracts and the Council providing the balance of shelters, a number of different designs and style of bus shelter are found around the city.

Toilets

- 2.10 Five APT's are currently provided by Clear Channel as part of the street furniture contract. The APT's are functional 24 hours a day 7 days a week, fully accessible, cleaned and maintained at no cost to the Council and currently deliver an average annual income of £4,000 (30p per customer).
- 2.11 The kiosks are monitored remotely and incorporate automatic door opening after a maximum period. This is generally effective, although there have been complaints of faulty units swallowing customer's money. Of the five units, only that in the Grassmarket has been subject of several enquiries from police relating to anti-social behaviour.

Litter bins

- 2.12 The Street Furniture Agreement originally included provision of city centre litter bins, however the quality was poor and they had to be removed. The bins were replaced within the contract by further non-advertising bus shelters. All litter bins in the city are currently provided and maintained by the Council.

Tourist signs/Wayfarers

- 2.13 A relatively small number of these are provided and maintained by the Council.

Proposal

- 2.14 The potential exists to combine the existing street furniture and bus shelter advertising contracts to create a single integrated bus shelter and 6-sheet advertising contract. This contract can offer best value to the city through:
- Upgraded quality of existing and proposed advertising structures
 - Adoption of more sustainable methods of street advertising including digital
 - Provision of a high quality and comprehensive street furniture offer
 - Potential additional revenue for the city
 - Minimisation of negative amenity impacts in sensitive parts of the city
- 2.15 In identifying potential advertising sites and appropriate structures on existing and new sites, planning, amenity and road safety impact will be key considerations.
- 2.16 In addition to the integrated street furniture contract, it is proposed the existing billboard contracts become a single expanded and upgraded billboard offer. Options are also being explored for extending advertising on other Council assets like Culture & Sport sites, Bus Station, Bridges and public underpasses that would bring in additional revenue or offset street furniture.

Integrated Street Furniture Contract

Advertising structures

- 2.17 It is proposed that the main integrated advertising/street furniture contract would incorporate the following small-format advertising opportunities:

Bus shelters

Advertising would be available on all suitably located bus shelters in the city. This is likely to be a similar number of bus shelters to those in the two existing contracts.

- 2.18 The suitability of a location is determined according to the impact of the advertising on the amenity of the area, having particular regard to residential street and architecturally or historically sensitive sites. High quality advertising options are now available which will help improve both appearance and revenue from the advertising.
- 2.19 A trial is starting in late November, the first outside London, involving two bus shelters in Princes Street, to gauge the benefits of digital advertising. This will include provision for the Council to display messages for a percentage of the time. If successful, digital advertising could be included at additional sites across the city in the new contract and the additional revenue generated will assist an operator in delivering the street furniture required.

6 sheets on Council assets

- 2.20 Other than on bus shelters, there is currently no 6-sheet advertising on Council land or assets. However, the new generation advertising structures are higher quality and can now be tailored to the characteristics of the particular site. As a result, there is potential to identify a number of suitable sites, in places such as the side of main roads. Such sites could help offset the provision of a greater number of non-advertising bus shelters. Prior to going out to tender it would first be necessary to provide a detailed brief for advertising providers on the locations that will be considered suitable.

Tram stops

- 2.21 The tram business case assumes there will be advertising on tram stops; however, there is currently no contract or delivery mechanism in place. Any income from tram stop advertising would go to the tram operating company and not the Council. Given the relatively small number of tram stops that may be attractive to and suitable for commercial advertising, best value might be achieved by having this delivered under the same contract as the bus shelters.

Potential street furniture provision

- 2.22 Advice received from the Outdoor Media Centre (trade body for outdoor media owners) and other local authorities indicates that a combined bus shelter advertising, tram stop advertising and 6-sheet contract would be a sufficiently valuable commercial asset to ensure the Council did not have to subsidise street furniture provision.
- 2.23 The Council's street furniture priorities and minimum requirements have been researched and continue to be finalised. It is envisaged a menu of options for street furniture provision be provided that will include:
- Bus shelters – upgrading and maintenance of all Edinburgh's 1,452 bus shelters, those in appropriate locations would incorporate advertising including digital in appropriate locations.
 - Tram shelters – investigate provision of tram contract, it may provide better value for money to incorporate maintenance in this contract
 - Way finder signage – upgrading and maintenance of existing Way finder signage and potential addition of new signage locations. There would be no advertising on this signage as it would compromise appearance of the signs
 - Public toilets – upgrading and maintenance of existing APT's and potentially addition of new APT's in appropriate locations
 - City bike scheme – these are generally expensive, but the costs and visual impact of bike stations will be considered in the light of benefits that accrue from such a facility. Location of and the construction programme for Bike Stands would require to be agreed with the operator should this option proceed.
 - Pedestrian Underpasses – the upgrading and maintenance of underpasses by provision of advertising to offset the cost

Management and timescales

- 2.24 The proposed new integrated contract is being led by the Property Management and Development Section of Corporate Property working in conjunction with Transport. A contract of this nature involves early planning and negotiation with existing operators to ensure a seamless transition from existing contracts, whilst a new operator requires to be appointed through a formal procurement process.
- 2.25 Ongoing development work for the proposed street furniture contract includes liaison with the Connected Capital Programme to ensure compatibility between contracts and opportunities to share apparatus. It also ensures that all planned street furniture will not clutter the streets and pavements whilst at the same time meeting Equality guidelines.
- 2.26 The new contract would start on the expiry date of the existing contracts, and would require the new contractor to take on and maintain the existing stock during the transition to the new contract.

The timetable for achieving this is as follows:

- Late 2012: Finalise shape of future contract and determine with Clear Channel how termination of existing contract is to be managed
- January 2013: Prior Information Notice (PIN) issued
- February 2013: Finalise development of advertising and street furniture specifications involving relevant stakeholders
- March 2013: Determine final specification/options for procurement
- August 2013: Issue Tender documents
- January 2014: Political sign-off and award of contract
- August 2014: Commencement of new contract

Other advertising contracts

2.27 The following opportunities to generate income from advertising have been investigated; the outcome for each is shown:

Billboards

2.28 There is significant scope to increase income from billboards around the city to make the most of the asset, whilst there is potential for identification of new sites. The current structures are in urgent need of modernisation with the majority of sites being paper and paste, as opposed to the modern back lighter structures. The new generation of billboards can be designed to impact less on adjoining property; this has the potential to develop new sites whilst existing sites could generate increased income.

2.29 Billboards currently included in the Street Furniture contract could be released to generate an additional £90,000 per annum prior to upgrade.

Leisure centres

2.30 Potential to provide 6-sheet and billboard advertising has been identified on Edinburgh Leisure sites, Edinburgh Leisure could receive the income which would reduce the subsidy required from the Council.

Artworks/Gateway advertising

2.31 The project team is exploring suitable sites on the main approach roads to the city on which to locate large format advertising in a sculptural and/or high impact form. Sites are difficult to find as locations require to be high profile, high traffic sites which in turn means planning, amenity and road safety considerations will be key in identifying appropriate sites. It is expected gateway sites will be limited in numbers.

Sponsorship (e.g. roundabouts)

- 2.32 Sponsorship to cover the cost of maintenance of roundabouts tends to be small scale. After review, a separate contract is likely to be let by Parks.

Lamppost advertising

- 2.33 A study has been undertaken using one of the market leaders, Bay Media; this has indicated that the market is only interested in placing commercial advertising along main residential streets which is not acceptable on planning grounds.

3. Recommendations

- 3.1 A co-ordinated and updated contract for bus shelter provision maintenance and advertising together with enhanced associate street furniture provision be developed which would be implemented on termination of the current three contracts in August 2014.
- 3.2 A new and upgraded advertising contract is developed for billboards, leisure centres and gateways to bring in additional revenue.

Mark Turley

Director of Services for Communities

Links

Coalition pledges

P40. Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city's built heritage.

P44. Prioritise keeping our streets clean and attractive

P45 Spend 5% of the transport budget on provision for cyclists

Council outcomes

C17- Edinburgh's streets and open spaces are clean and free of litter and graffiti

C18. Green – We reduce the local environmental impact of our consumption and production.

C19. Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards.

C21. Safe – Residents, visitors and businesses feel that Edinburgh is a safe city.

Single Outcome Agreement

SO1. Edinburgh's economy delivers increased investment, jobs & opportunities for all.

SO4. Edinburgh's communities are safer & have improved physical & social fabric.