

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	OPERATIONAL MANAGEMENT COMMITTEE	16 MARCH 2021	5
BUS SHELTERS - CONTRACT			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

This report is a Decision Item requesting the extension to the existing agreement with the bus shelter operator Clear Channel whilst officers undertake a formal procurement process for a new bus shelter contract within the borough.

RECOMMENDATIONS

1. That the council seek an extension to the existing agreement with Clear Channel for the provision and maintenance of bus shelters in the borough to the earlier of 2 years or formal contract award, following a procurement exercise, to be on similar terms on the expiry of the existing Deed of Variation on 10 May 2021.
2. That officers undertake a formal procurement process for the provision and maintenance of bus shelters throughout the borough.

SUMMARY OF PREVIOUS DECISIONS

Operational Management Committee at its meeting on 19 January 2016:

1. To continue providing and maintaining the 68 bus shelters the council is directly responsible for.
2. To recommend the proposed capital bid of £30,000, for additional/replacement Bus Shelters, for consideration by the Budget Working Group.
3. To extend the existing agreement with Adshel/Clear Channel for a further 5 years on the same/similar terms and as part of this renegotiation ask Adshel/Clear Channel to review all 66 existing shelters in light of current bus routes and seek the provision of additional shelters where possible.
4. That Lancashire County Council be formally advised of the concerns of the borough council in relation to the lack of proper maintenance of shelters it has erected and that LCC be asked to put in place immediate arrangements to repair and maintain those shelters.

Operational Management Committee 24 November 2015

It was RESOLVED to: 2. To note that the Bus Shelters Capital bid is an agreement in principal pending the findings of a detailed report on all bus shelter provision in the borough that will be presented to the next meeting of the committee.

Operational Management Committee – 15 September 2015

The Committee RESOLVED to:

1. Note the intention to utilise the sum of £7,780 secured from the development of the approved residential development at Highbury Road East for the purposes of providing 2 bus shelters on Leach Lane, St Annes.
2. Request approval by the Chief Financial Officer, in consultation with the Chair of the Finance and Democracy Committee, for a fully-funded revenue budget increase in the sum of £7,780 to provide for a payment of this amount to LCC for the provision and installation of the works as described within the report, to be funded by the use of a portion of a S106 developer contribution for this purpose in the total sum of £20,000 which has been previously received by Fylde Council.

CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

REPORT

BACKGROUND

1. The Council entered into an agreement with Clear Channel UK Limited (previously Adshel Ltd) for the provision and maintenance of bus shelters within the borough on 11 May 2000. The term agreement was extended by a Deed of Variation dated 8 June 2016, for a further 5 years, which expires on 10 May 2021.
2. The terms of the agreement require Clear Channel to provide, operate, clean and repair the shelters and pay for any electricity consumed including inspection, insurances and business rates payable. Within the contract there are minimum response times for Clear Channel to respond to repairs or any problems reported.
3. The agreement provides for a nominal consideration to Fylde Borough Council of £1 per annum with provision for Clear Channel to terminate if in its opinion the shelters are no longer commercially viable, and for the Council to terminate if clear Channel becomes insolvent.
4. There are currently 66 shelters covered within the agreement's schedule, plus an additional new shelter at Mill Farm Wesham installed just over a year ago.
5. There are a further 68 bus shelters throughout the borough that the council owns and is directly responsible for their management and maintenance which are outside of this agreement with Clear Channel.
6. In that time, Clear Channel have performed well against their contract as any damage or repairs reported to them has been dealt with in a timely manner. In addition, Clear Channel maintain the cleanliness of the shelters. Recently they have begun an upgrade to some of their shelters and introduced new digital screen formats to replace the paper-based advertising panels. Some of these are located in St Annes Square.
7. Any new operator would need to meet the cost of providing new shelters which is estimated would be in excess of £335,000, as Clear Channel would remove their infrastructures upon the expiration of their agreement with the council.

CLEAR CHANNEL PROPOSAL FOR EXTENSION

8. Clear Channel have offered to honour the existing contract terms with Fylde and propose to secure the shelter number (67) for a further 5-year term and would continue to clean and maintain all the contractual shelters.
9. There are only 2 minor alterations proposed to the agreement, is that given the fall in advertising income, Clear Channel have requested the right to remove the paper advertising panel from any under-performing advertisement shelter and make good the shelter, if they remove the panel. They will continue to operate the bus shelter as a non-advertising shelter for the remainder of the agreement and guarantee the existing service provision & maintenance on all shelters. The benefit to the council is that the shelter is retained for bus users whilst Clear Channel do not incur business rates.
10. The second proposed variation to the agreement is that they would be permitted to replace a bus shelter type in the event that any required replacement of existing shelter design is not in stock or is obsolete.

COMPETITIVE TENDER APPROACH

11. There has been a general fall in Out-of-Home advertising income during the pandemic. It is noted that there is a limited market with other outdoor media players; notably Global (previously Primesight) and J C Decaux, neither of whom list the Fylde coast as areas of interest for advertising billboards in any format. Instead they are focussing their attention on sites in major cities where their advertising customers will pay a higher premium which in turn covers the cost of the bus shelters, maintenance and business rates.
12. However, an alternative potential competitor Alight Media, has very recently approached the council. They were established, 3 years ago in 2018 and operate over 1,200 sites. Alight Media have a wealth of experience in the Out-of-Home market with some senior staff having worked previously with Clear Channel and Decaux.
13. As a result, officers recommend undertaking a formal procurement exercise and to seek competitive bids for the bus shelter contract. This could also be extended to include a number of the remaining 68 shelters that are outside this contract and are directly managed and maintained by Fylde Council.

CONCLUSION / RECOMMENDATIONS

14. Notwithstanding the proposal from Clear Channel to extend the existing agreement for a further 5 years, it is proposed that in consideration of the council's Contract Procedure Rules, that the opportunity is offered to the market by way of a formal procurement process and that this to include all the council's bus shelters.
15. In the interim, to provide continuity of infrastructure provision, an extension to the existing agreement with Clear Channel for the provision and maintenance of bus shelters in the borough to the earlier of 2 years or formal contract award, following a procurement exercise, to be on similar terms on the expiry of the existing Deed of Variation on 10 May 2021. Clear Channel will be invited to bid for the new contract.
16. A further report will be brought to members on the outcome of the procurement exercise in due course.

IMPLICATIONS	
Finance	There are no implications arising directly from the report.
Legal	An extension to the existing agreement with Clear Channel for the provision and maintenance of bus shelters in the borough will be provided to the earlier of 2 years or formal contract award, following a procurement exercise, to be on similar terms on the expiry of the existing Deed of Variation on 10 May 2021.
Community Safety	There are no implications arising directly from the report.
Human Rights and Equalities	There are no implications arising directly from the report.

Sustainability and Environmental Impact	There are no implications arising directly from the report.
Health & Safety and Risk Management	There are no implications arising directly from the report.

LEAD AUTHOR	CONTACT DETAILS	DATE
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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
	2017	
	2020	

Attached documents

Appendix 1 – letter from Clear Channel UK Limited

Appendix 2 – list of bus shelters provided and maintained by Clear Channel