



Contract Award for the provision of Bus Shelter Advertising

Committee Operations

Date of meeting 23 August 2019

Date of report 01 August 2019

Report by Assistant Chief Executive

1. Object of report

To recommend to the Committee the approval of a revenue generation contract for the sale of advertising rights in the advertising shelters located in eight council areas.

2. Background

Within East Ayrshire, East Dunbartonshire, East Renfrewshire, Inverclyde, North Ayrshire, South Ayrshire, South Lanarkshire and West Dunbartonshire council areas there are currently 212 advertising bus shelters managed by SPT. The shelters are owned by the individual local authorities.

Since December 2014, Primesight has provided the advertising in these bus shelters, with the sale of advertising space funding the maintenance of the bus shelters and providing a net revenue stream. This current contract expires on 30 November 2019 requiring the service to be competitively tendered.

SPT has agreements with these 8 local authorities to manage a consolidated advertising/maintenance contract to maximise income generation from these advertising sites.

3. Outline of proposals

SPT seeks to appoint a suitably qualified Contractor with the required and proven experience to manage and sell advertising within the advertising bus shelters.

The contract was advertised Europe wide by SPT via the OJEU process indicating the evaluation methodology of MEAT (Most Economical Advantageous Tender). A contract for the period 1 December 2019 to 31 March 2024, with the option to extend beyond 31 March 2024 for up to 1 plus 1 year, was proposed.

A tender evaluation model was developed with a weighting of 80% commercial 20% technical; with a Health & Safety questionnaire also having a pass/fail criteria applied. The technical evaluation reflected: experience, forward selling advertising space and shelter defect reporting format.

Only one tenderer responded to the tendering invite.

The technical, commercial and overall combined scores are detailed in the table below:

Supplier	Technical (Quality Score)	Guaranteed income (52 months)	Commercial (Price Score)	Additional shared profit	Combined Technical & Commercial Score %
Primesight Ltd	20	£750,734.40	80	50% profit share	100

Based on inventory of 212 shelters, Primesight will provide a guaranteed income for the 52 month period, 1 December 2019 to 30 March 2024, subject to increases/decreases in shelter numbers.

Primesight also offer a 50/50 profit share, net of servicing costs, when the overall contract advertising sales income exceeds £1,501,468.80.

4. Conclusions

The Most Economically Advantageous Tenderer is Primesight Ltd.

The revenue from Primesight is intended to fund the cleaning, maintenance, power, electrical checks, payment of non-domestic rates and the SPT staff management fee. The cost to maintain the shelters in 2018/19 was £155,524 which includes £78,883 non domestic rates charge which was paid to the councils involved.

The advertising income offered is 28% less than the current contract. Primesight were asked for an explanation about this reduction. Primesight advised the market for “classic” paper and paste 6 sheets continues to decline with advertisers seeking to invest in digital sites and high audience delivery and bespoke destinations including high streets, shopping malls, railway stations, cinemas and airports. Primesight does not consider the current guaranteed fixed revenue per shelter can be maintained as there will be further downward pressure on revenue while costs of sale will increase, hence the reduction in the bid.

With the reduced offer, it is possible the guaranteed advertising income will not be sufficient in future years to meet all the shelter maintenance costs. The agreements with the councils state that in the event the income received by SPT from the advertiser is insufficient to meet the costs in full, the Council will provide the required financial support relating to the maintenance of the Council’s owned advertising bus shelters.

5. Committee action

It is recommended the Committee approve the award of the contract to Primesight Ltd for 52 months with SPT reserving the right to extend for up to 1 plus 1 year.

6. Consequences

Policy consequences	<i>None within this report.</i>
Legal consequences	<i>A formal contract will require to be concluded with Primesight</i>

Financial consequences	<i>The award of the contract will have a nil effect on SPT'S revenue budget as the service will be provided to the councils on an agency basis</i>
Personnel consequences	<i>None within this report.</i>
Equalities consequences	<i>None within this report.</i>
Risk consequences	<i>None within this report.</i>

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