



## Mayor and Cabinet

### Provision of Bus Shelters and On-street Advertising Contract Extension

**Date:** 08 March 2023

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Director of Public Realm, Head of Highways, Head of Public Realm Improvement and Delivery

### Outline and recommendations

The Council currently has a fifteen-year contract with JC Decaux to provide bus shelters, street furniture and on-street advertising from 12 October 2015 to 11 October 2030 with an option to extend for a further period of 5 years until 2035.

The report sets out the proposed expansion of digital advertising at 8 sites in the Borough and the resulting financial benefits increasing income by £497k to 2030. The report also asks to extend the contract until 2035 in order to generate a further £838.5k over that period.

JC Decaux's ability to invest in the additional digital advertising is constrained by the remaining length of the Contract. The report details a five-year contract extension and recommends approval.

### Timeline of engagement and decision-making

n/a

## 1. Summary

- 1.1. Request to execute J C Decaux contract extension and include provision for additional screen capacity in specified locations in the borough to generate additional income for the council.

## 2. Recommendations

It is recommended that Mayor and Cabinet:

- 2.1. Approve the five year extension to the Bus Shelters, Street Furniture and On-street Advertising Contract with J C Decaux.

## 3. Policy Context

- 3.1. Improving the quality of bus services is key to the Council's transport strategy and supports many of the goals and objectives of the Council's Local Implementation Plan (LIP). Bus stop design and location is recognised as a crucial element in the drive to improve the quality of bus services.
- 3.2. On 21 January 1991 the London Borough of Lewisham entered into a long-term contract with JCDcaux UK Ltd, (JCD) the contract was for the supply of:
  - Bus shelter advertising panels
  - Street advertising
  - Variable information signage
  - Public Automated Conveniences (APCs)
  - Toilets
  - Car Parks advertising
  - Free information space provided within the above advertising
- 3.3. This Contract came to an end in February 2015.
- 3.4. At this time an options appraisal was undertaken. The preferred option was for the Council to re-procure the provision of Bus Shelters, Street Furniture and On Street Advertising only.
- 3.5. Following this process the current contract for the provision of Bus Shelters and On-Street Advertising was awarded to JCD starting on 15<sup>th</sup> October 2015.
- 3.6. The Contract was for an initial fifteen years with a five-year extension option.
- 3.7. In the Borough JCD manage and maintain 129 bus shelters and 42 street furniture advertising panels. These assets currently use 12 digital screens.
- 3.8. JCD refurbish the bus shelters and panels every five years.

## 4. Background

- 4.1. In 2015, following an open procurement process, the Authority entered into a fifteen-year contract with JC Decaux (JCD) to refurbish and upgrade bus shelters across the Borough. The contract included an option to extend for 5 years at the end of the original fifteen-year term. In addition JCD were required to install new street furniture with advertising displays at existing sites as specified.
- 4.2. The Contract allows JCD to advertise on the bus shelters and furniture, subject to them gaining planning approvals from Lewisham's Planning Service, which results in an advertising fee being payable to the Council.
- 4.3. JCD have acquired approvals from Planning to add an additional fifteen digital advertising screens at eight existing sites listed in 5.5.
- 4.4. JCD's ability to invest in the additional screens is restricted by the remaining term of the

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Contract. Investment in the additional hardware and connections would not see the financial return the contractor requires for them to be viable. Hence a contract extension of five years is sought as allowed under the terms of the Contract.

- 4.5. Extending this contract for five years combined with additional digital displays will generate an increase of £497K income over the remaining term to 2030, with a further £838.5k income generated from the five-year extension to 2035.

## **5. Proposals**

- 5.1. The contract for the provision of Bus Shelters and On-Street Advertising requires JCD, to design, supply, install, refurbish and upgrade, clean and maintain bus shelters and street furniture.
- 5.2. The Contract grants JCD the right to sell up to six sheet advertisements on bus shelters and street furniture for which they pay the Council for these rights.
- 5.3. The Out of Home advertising market is now recovering following the unprecedented downturn experienced following the imposition of restrictions on trade by the Government, due to the COVID pandemic.
- 5.4. To capitalise on the recovery JCD have secured planning consents from the Planning Service to upgrade eight sites to digital screens. The upgrades deliver a potential 15 additional screens.
- 5.5. The existing sites to be upgraded to digital screens are all situated on the public highway and are listed below:
  - Outside Catford Bridge Tavern, Catford Road, SE6 4RE x 2
  - Outside Civic Offices, Catford Road SE6 4RU
  - Outside Broadway Theatre, Catford Road SE6 4RU
  - Outside Primark, Lewisham High Street SE13 7JL
  - Outside 252, Lewisham High Street SE13 6JU
  - Outside 262/274, Lewisham High Street SE13 6AD
  - Outside Lewisham Shopping Centre Entrance, Molesworth Street SE13 7EP.
- 5.6. The upgrades will result in additional income for the Council, detailed in Section 6 of this report.
- 5.7. JC Decaux's ability to invest in these additional screens is constrained by the remaining term of the Contract. Investment in the additional hardware and connections would not see the financial return the contractor requires for them to be viable. Hence a contract extension of five years is sought. This will benefit the council by our increasing revenue during the end of the current contract period and from a higher return in the extension period.

## **6. Financial implications**

- 6.1. Financial implications are commercially sensitive and can be viewed in Section 6 of the Part 2 report.

## **7. Legal implications**

- 7.1. The Council's Constitution contains requirements about how to procure and manage contracts. These are in the Contract Procedure Rules (Constitution Part IV), some of which are requirements based on the Public Contracts Regulations 2015 and the Concession Contracts Regulations 2016 with which the Council must comply. Those requirements were complied with when the contract was awarded.
- 7.2. The current contract was procured on the basis of a 15 year contract with the option to extend for 5 years. The recommendation in the report is to extend the contract with the extension period. This is a 'Permitted Extension' under the Contract Procedure Rules, being one which was clearly provided for in the original procurement and contract documents (as

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set out in Rule 17 of the Contracts Procedure Rules).

- 7.3. The report sets out the reasons why this extension is proposed.
- 7.4. Equalities implications
- 7.5. The Council's Equalities objectives were addressed in the contract documentation and formed part of the criteria used during the original pre-tender evaluation.

## **8. Equalities implications**

- 8.1. The Council's equalities objectives were addressed in the contract documentation and formed part of the criteria used during the original pre-tender evaluation.
- 8.2. The upgrading of existing advertising screens is not considered to have a detrimental or adverse impact on any of the protected groups or categories. This is equally so for the proposed contract extension.

## **9. Climate change and environmental implications**

- 9.1. The Council's environmental objectives were addressed in the contract documentation and formed part of the criteria used in the tender evaluation for the original award.
- 9.2. Since the award the Authorities move to carbon neutral is in line with JCD's business, promoting sustainability as a core principle.
- 9.3. All the energy used at bus shelters and the current and proposed digital advertising will be from 100% renewable sources. The company moved to 100% renewable energy this year.
- 9.4. LED lighting is installed on all JCD street furniture, which are more energy efficient, providing more light at low power. This also increases lux levels at bus stops increasing safety.
- 9.5. JCD are ISO14001 (resource use, waste management and pollution) and ISO50001 (energy performance) certified.

## **10. Crime and disorder implications**

- 10.1. There are no specific crime and disorder implications resulting from the extension of this contract.

## **11. Health and wellbeing implications**

- 11.1. We have reached a voluntary agreement with JCD that all advertising will be restricted to healthy and ethical products.
- 11.2. Investment and maintenance of the highway infrastructure will have an indirect impact on health as a result of the positive impact on the economic and environmental living conditions of the borough. Providing high quality public realm, improving access for all and delivering infrastructure for sustainable and active modes of travel will contribute to encouraging people to walk and cycle more and will contribute to providing the positive conditions for growth.

## **12. Social Value Implications**

- 12.1. There are no specific social value implications resulting from the extension of this contract.

## **13. Background papers**

- 13.1. Current JC Decaux Contract documentation.

## **14. Report author(s) and contact**

- 14.1. James Guckian, Transport Programme Manager
- 14.2. Joe Turner, Head of Public Realm Improvement and Delivery
- 14.3. Comments for and on behalf of the Executive Director for Corporate Resources - Shola Ojo

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14.4. Comments for and on behalf of the Director of Law, Governance and HR - Mia Agnew

## **15. Appendices**

15.1. Appendix 1 JC Decaux income forecast (commercially sensitive)

## **16. Approval**

I approve / do not approve the extension as per the details set out in this report

**Signed:**



**Name:** Jennifer Daothong Executive Director of Housing, Regeneration, & Public Realm

**Date:** 10 February 2023

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