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**REPORT OF THE DIRECTOR OF CITY DEVELOPMENT**

**EXECUTIVE BOARD**

**Date: 19 DECEMBER 2007**

**Subject: ADVERTISING ON LAMP POSTS**

**NOT FOR PUBLICATION:** The Appendix of this report is Exempt/Confidential under access to Information Procedure Rule 10.4 (3)

**Electoral Wards Affected:**

ALL

Ward Members consulted  
(referred to in report)

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

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**EXECUTIVE SUMMARY**

A trial of up to ten lamp post adverts in the city centre was initiated towards the end of 2006 to assess the planning, highway and income generation issues relating to potential sites and to survey opinion. Advertising applications were submitted for a variety of sites. However there were a number of Planning concerns and none of the sites received consent.

The procurement of an advertising contract to include supply, installation and maintenance of lamp post advertising panels across the city has consequently progressed with the city centre excluded from the contract area.

The contract was subject to EU open tender procedures. The tender analysis is now complete and this report seeks authority to award the contract.

**1.0 PURPOSE OF THIS REPORT**

- 1.1 To provide an update on the lamp post advertising - city centre trial and its findings.
- 1.2 To provide an update on the existing lamp post advertising sites
- 1.3 To seek approval to award a contract for lamp post advertising across the city (excluding the defined City Centre area) for the period 2008-2023.

## **2.0 BACKGROUND INFORMATION**

- 2.1 The street lighting PFI contract has been procured within the affordability threshold contained within the Final Business Case without the need for support from advertising income.
- 2.2 Concurrent with the above PFI procurement a trial of advertising on lamp posts was initiated. This showed that there is public support for raising income from this form of advertising, provided that the adverts are not located in residential areas. Issues relating to planning advertising consent, highway safety and visual impact of the adverts were also addressed by the trial and the full results were presented to Executive Board on 15 November 2006. The trial concluded that the city could sustain some lamp post adverts but the likely number of sites was reduced from initial suggestions for 2000 down to the mid-hundreds.
- 2.3 The trial also showed that significant income streams could be achieved. However the most financially attractive sites were confirmed to be in city centre locations. Without the inclusion of city centre sites estimates of potential income based on market data ranged from £200k to £400k pa dependent on number, locations and distribution of sites. The city centre could double the value of lamp post advertising income to the council.
- 2.4 Soft market testing carried out as part of the trial identified significant commercial interest in tendering to deliver street lighting advertising in Leeds.
- 2.5 52 '6-sheet' double sided advertising panels were installed under the street lighting advertising trial contract ('6-sheet' is a standard size of outdoor advertising material, the same size as the panels commonly used to advertise on bus shelters). None of these sites were in the city centre.
- 2.6 On 15 November 2006 the Executive Board gave approval in principal to a policy of advertising on lamp posts with authority to commence procurement. It also gave authority to for the trial contract arrangement to be extended and varied to enable up to ten trial sites to be installed in the city centre.
- 2.7 The Advertising Design Guide was approved as Supplementary Planning Documentation by the Executive Board at the same meeting. A further document giving guidance on advertising content was appended to the lamp post advertising report. All lamp post advertising is required to comply with both these documents.

## **3.0 CITY CENTRE TRIAL**

- 3.1 The trial contract arrangement was extended to 31 December 2007 and further extended up to 31 March 2008, allowing for adequate time for the award and formalisation of a long term contract.
- 3.2 Site visits were undertaken jointly with the staff from Highways and City Centre Management and the service provider and a small number of potential sites were identified, including on Briggate, the Headrow and Boar Lane.

- 3.1 The Service Provider submitted applications for advertising consent for these sites. This initiated various discussions on the suitability of the city centre for this style of advertising and associated development issues including the aspiration for much of the lighting in the core city centre area to be building mounted. In consequence it was agreed that City Development would review all city centre advertising options, including solutions outside of the remit of the lamp post trial. A separate report regarding City Centre Advertising will be presented to the Executive Board for consideration at a later date.
- 3.4 This delay meant that it was no longer possible to trial city centre sites under the existing trial contract. The situation was reported to the Street Lighting Project Board meeting on 19 April 2007.

#### **4.0 CONTINUITY OF THE SITES INSTALLED FOR THE TRIAL**

- 4.1 The value of the 52 sites installed under the trial outside the city centre was acknowledged in the November 2006 Executive Board report. The advertising consents on these sites were due to have expired on 31 December 2007. This would have deprived the council of potential income from the sites while a new contract was procured. Application was therefore successfully made to extend the advertising consents to give the council continuity of lamp post advertising income. The current consents have no termination date and can be transferred to another service provider as operational sites.
- 4.2 The service provider for the trial has continued to operate these sites and provide the council with an income. The contract has recently been extended to ensure there is no gap between this contract and the new city wide contract.

#### **5.0 CONTRACT PROCUREMENT**

- 5.1 A contract has been tendered for the supply, installation and maintenance of street lighting advertising apparatus including the services necessary to sell, install and manage advertising content. The contract will cover the whole of Leeds but excludes the city centre area as bounded by the Inner Ring Road to the West and North, Marsh Lane to the East and the river to the South.
- 5.2 The procurement does not grant advertising exclusivity over any form of advertising except for advertising on lamp posts.
- 5.3 The Advertising Design Guide helps to eliminate uncertainty from the planning process by identifying locations which are generally unsuitable for advertising on aesthetic or highway safety grounds, eg residential and conservation areas and roads with a safety history. None the less, obtaining advertising consents continues to be the main area of risk. Tenderers were therefore required to bid on the basis of a fixed income to the council per site for each site where advertising consent is granted. The council is therefore effectively carrying the planning risk while the service provider carries the risk on installing and marketing the sites. The service provider will identify the potential sites in compliance with the Design Guide and submit the advertising consent application. Copies of the Advertising Design Guide and the Advertising Content Guidance are appended to this report.
- 5.4 The contract period has been fixed at 10 years with an optional extension of up to a further 5 years

- 5.5 12 firms initially expressed interest, with only 3 firms returning bids. Tender analysis was based on quality and guaranteed levels of income per site. Of the 3 firms, 2 firms failed to meet the stipulated minimum 60% scoring level for quality as defined by clause 2.3.5 of the tender evaluation criteria.
- 5.6 The remaining firm qualified their bid, but have subsequently withdrawn the qualification.
- 5.7 The bid recommended for acceptance is from the existing service provider, who has stated that a maximum of 800 sites is viable. This will be dependent on obtaining advertising consent for each of the sites.

## **6.0 TIMETABLE**

- 6.1 Subject to approval of this report, the contract will be awarded early in 2008. Applications will then be submitted for the first additional advertising sites and these should be installed during the summer and be contributing to the council's income stream by Autumn 2008

## **7.0 CONSULTATION**

- 7.1 The Street Lighting PFI Service Provider has been kept fully informed of developments on lamp post advertising

## **8.0 RESOURCE IMPLICATIONS**

- 8.1 Staff: It is anticipated that the procurement and management of a street lighting advertising contract will be delivered by Highways Services within existing resources with support from the Public Private Partnerships Unit.
- 8.2 Budget: The minimal costs to the council associated with delivery of street lighting advertising will be funded from the income generated and will generate a significant net income to the council.

## **9.0 RISK ASSESSMENT**

- 9.1 The Council will take the risk of obtaining planning advertising consent for the sites. The service provider will take the risk of installing and marketing the sites.
- 9.2 Failure to award this contract will adversely affect income for the Council.

## **10.0 IMPLICATIONS FOR COUNCIL POLICY AND GOVERNANCE**

- 10.1 This report is consistent with the council's policy on advertising on lamp posts as established by the Executive Board on 15 November 2006.

## **11.0 RECOMMENDATIONS**

- 11.1 The Executive Board are requested to:
- i) note that a further report will be presented to Executive Board in the future regarding advertising sites in the City Centre;
  - ii) note the basis of the contract procurement; and
  - iii) approve the award of contract for advertising on street lighting columns 2008-2023.

## **12.0 BACKGROUND PAPERS**

- Report to Executive Board, 15 November 2006 “Advertising on Lamp Posts” and associated confidential addendum on income generation.
- Advertising Design Guide and Advertising Content Guidance.