

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 12 October 2015

<b>Portfolio:</b>	Streetscene
<b>Subject:</b>	Future Bus Shelter Provision
<b>Report of:</b>	Director of Environmental Services
<b>Strategy/Policy:</b>	
<b>Corporate Objective:</b>	To promote and maintain a safe, clean and healthy Borough

**Purpose:**

This report sets out the options for Executive consideration and decision concerning the future of bus shelter provision within the Borough. Dependent upon the Executive's decision there will be a need to secure capital and on-going revenue funding relevant to the chosen option.

**Executive summary:**

The existing 15 year bus shelter maintenance contract (between the council and Primesight Ltd) will expire in June 2016 and will require the Council to carry out a re-tendering exercise.

The Council has an inventory of 156 bus shelters, of which 44 (town centre and main bus routes) are owned by Primesight Ltd under the current agreement and as such can / will be removed by Primesight should they not be successful in any retender. These Primesight shelters are largely at least 15 years old and due for upgrading. The remainder of bus shelters (112) are owned by the Council and are located across the Borough on more local bus routes, with some (13) now redundant due to changes in bus route franchises.

Under the current agreement Primesight Ltd retain 100% of the advertising revenue in exchange for providing the Council a free of charge service to clean and maintain all 156 bus shelters. These provides for normal wear and tear only, not for vandalism or traffic damage.

Officers have recently carried out a "soft market test" to determine the state of the UK bus shelter manufacture, provision, advertising and maintenance market place. This exercise has identified the range of options now open to the Council to replace the existing contract from July 2016.

This report seeks a decision from the Executive on its preferred option and approval for the related capital and revenue funding. This will enable officers to commence a procurement tendering exercise to select and recommend award of contract for the chosen option.

**Recommendation/Recommended Option:**

The Executive is requested to approve the preferred option for bus shelter provision to be implemented from July 2016 and the relevant capital and revenue funding budgets.

Officers will then proceed to carry out the necessary procurement programme to seek tenders from interested parties for the preferred option. Following the tender a report to a future Executive meeting will document the outcome of the tender process, recommend an award decision and detail how the capital and revenue funding will be allocated.

**Reason:**

To set out the Council's strategy related to future bus shelter provision across the Borough.

The decision of the Executive will allow officers to plan and carry out the appropriate procurement programme.

**Cost of proposals:**

The capital and revenue funding requirements will be dependent upon the option chosen by the Executive as detailed in the attached briefing paper, and the outcome of a future procurement exercise.

The potential revenue funding requirement will result in an additional budget pressure and will also need to be considered as part of the budget setting process.

It is proposed that any capital requirements would be funded by the Community Infrastructure Levy.

**Appendices:**

**A:** List of bus shelters owned by Primesight that could be removed at the end of the current contract

**Background papers:**

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## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	12 October 2015
<b>Subject:</b>	Bus Shelters – Request for Capital Funding
<b>Briefing by:</b>	Director of Environmental Services
<b>Portfolio:</b>	Streetscene

#### INTRODUCTION

1. At the current time, there are 156 bus shelters across the Borough of Fareham. They are largely located along the main arterial routes.
2. The shelters are positioned at various stops to provide protection from the elements for users of the bus service predominately provided by First Bus, but other bus operators do pass by and stop if requested.
3. The provision of bus shelters is not a statutory requirement of the Council, although the Council seeks to encourage the use of public transport. Therefore, by providing shelter for bus users it does enhance the user experience, especially during the winter months.

#### BACKGROUND

4. On 27 March 2001, a contract was awarded to Primesight Ltd to maintain the bus shelters in Fareham. The contract is for a period of 15 years ending in 26 March 2016. However, as the contract requires 12 month notice by either party to terminate, Officers issued formal notice to Primesight Ltd in June 2015 confirming a contract expiry date of 30<sup>th</sup> June 2016.
5. Under the contract Primesight agreed to operate bus shelters in the Borough based upon exclusive advertising rights on their own shelters in return for undertaking maintenance of the remaining Fareham owned bus shelters. The Council does not receive any income or incur any costs in relation to this arrangement.
6. The table below identifies the current breakdown of bus shelter ownership:

<b>Owner</b>	<b>Type</b>	<b>No</b>
Primesight	Advertising	36
	Advertising – no longer on a First Bus route	1
	Non Advertising	7
	<b>Sub-Total</b>	<b>44</b>
Council	Advertising (new)	6
	Non Advertising	93
	Non Advertising - no longer on a First Bus route	13
	<b>Sub-Total</b>	<b>112</b>
	<b>Total</b>	<b>156</b>

7. When the existing contract expires in 2016, the Council will carry out a competitive tender for the chosen option of the Executive.
8. In the case of the incumbent supplier, Primesight, there would be two scenarios facing the Council in the tender process;

Scenario 1 – Primesight do not bid or their bid is unsuccessful;

- (a) removal of 44 advertising bus shelters by Primesight, potentially all at once from major bus routes (e.g. town centre, A27 and A32 routes),
- (b) an ageing stock of shelters of various shapes and sizes with no capital investment for renewals or new requests for bus shelter provision,
- (c) no revenue budget to pay for maintenance of the Council's stock of bus shelters currently covered by the outgoing contract.

Scenario 2 – Primesight bid and are successfully awarded the contract;

- (d) Assuming the Council decides to continue with advertising on bus shelters, the removal of 44 advertising bus shelters by Primesight would be subject to phased upgrade over a longer period
- (e) The Council would own the new advertising shelters, therefore capital and revenue funding would still be required as set out in this report, however it would be possible spread the capital investment over a longer period.
- (f) Primesight have indicated they would manage/maintain the advertising panels only (which would be the Council's property) with a contribution or share of advertising revenues (this will be subject to tender response).

## **SOFT MARKET TESTING**

9. In order to prepare for a tender to renew the current bus shelter maintenance arrangements, officers issued a request for information to seek input from interested supply companies. This generated responses from potential service providers under two headings;
  - i) advertising agencies
  - ii) bus shelter manufacturers / maintenance companies

10. Officers met with a number of the responding companies to discuss the current market trends with regard to bus shelter design, advertising, maintenance and repair. Views were also sought as to how they see future contracts working for local councils.

### **Responses from Advertising Agencies**

11. The market place for bus shelter maintenance linked to an advertising opportunity has radically changed in the last 10 years, with a move to digital advertising and a downgrade in the revenue earning potential for small scale printed media (as used in bus shelter panels).
12. The message was clear that advertising companies are no longer prepared to provide capital investment for new or improved bus shelter stock (unless in major city or prestige sites / projects).
13. They also clearly stated that they would not be interested in undertaking the maintenance of the shelters themselves regardless of whether they had advertising panels on them or not.
14. Their interest would be purely to insert advertising material into advertising panels installed on a council owned bus shelter in order to meet their clients' needs. They would be prepared to offer a small revenue share or off-set charge in return (but did not indicate the potential size of any share).

### **Responses from Bus Shelter Manufacturers / Maintenance Companies**

15. In the past, bus shelter manufacturers were typically a component of the supply chain of the large advertising agencies who won council contracts. However, driven by the drop in interest of advertising agencies in bus shelter service contracts, manufacturers have seen an opportunity to take a lead role in providing councils with an alternative solution.
16. Many manufacturers now offer a complete service from shelter design, manufacture, maintenance, cleaning and repair. Some have joined with advertising agencies (typically smaller more local agencies) in order to offer some form of advertising revenue to off-set a small element of the cost to councils.
17. The outcome of the soft market test clearly indicates that in future the Council will have to fully fund any replacement of the ageing advertising shelters (44 shelters currently owned by Primesight) and fund the maintenance, cleaning and repair of the whole inventory.
18. The extent of any capital or revenue funding requirement will depend upon the strategy chosen by the Executive based on the options presented below;

### **OPTIONS FOR FUTURE BUS SHELTER PROVISION**

As part of the Soft Market Testing programme bus shelter suppliers provided details of example shelters with approximate costs. These approximations have been used to set out the expected Capital and Revenue funding requirements for each of the Options outlined below. Once a competitive tender exercise has been undertaken, more precise figures will be available.

19. **Option A – Phased Removal of all Bus Shelters**

**Existing Primesight Shelters:** On expiry of the existing contract, Primesight remove their shelters and make good ground works at their cost leaving the bus stop without

a shelter. As we have no statutory requirement to provide bus shelters the Council does not reinstate.

Funding requirement: No capital or revenue expenditure required.

**Council Owned Shelters:** Via a tender exercise the Council selects and awards a maintenance and repair contract to a bus shelter maintenance company against the following specification:

- Remove 13 shelters currently not on a First Bus route.
- Basic service to clean and maintain the remaining shelters only.
- Operate to a phased removal programme when each shelter deemed to be beyond economic repair.

Funding requirement: No capital expenditure, revenue of £14,850 p.a. reducing to zero over phased removal period.

## 20. **Option B – Council Own all Shelters but with no Advertising Panels**

**Existing Primesight Shelters:** On expiry of the existing contract, Primesight remove their shelters and make good ground works at their cost leaving the bus stop without a shelter. Via a tender exercise the Council's preferred shelter manufacturer replaces and maintains up to 43 shelters installing a new basic fit for purpose shelter with no advertising panel or electricity supply.

Funding requirement: Capital expenditure £150,000 and revenue of £12,900 p.a.

**Council Owned Shelters:** Via a tender exercise the Council selects and awards a replacement, maintenance and repair contract to a bus shelter manufacturer against the following specification:

- Remove 13 shelters currently not on a First Bus route.
- Basic service to clean and maintain the remaining shelters.
- Potential for new supply (including replacement if shelter is deemed beyond economic repair) or relocation of bus shelters depending on customer usage or bus route changes.

Funding requirement: Capital expenditure £175,000 spread over 10 years and revenue of £29,700 p.a.

## 21. **Option C – Council Own Mixture of Advertising and Non-Advertising Shelters**

**Existing Primesight Shelters:** On expiry of existing contract, Primesight remove their shelters and make good ground works at their cost, leaving the bus stop without a shelter. Via a tender exercise the Council's preferred shelter manufacturer replaces up to 43 shelters installing a new Council specified advertising shelter.

Funding requirement: Capital expenditure £276,500 and revenue of £12,900 p.a.

**Council Owned Shelters:** Via a tender exercise the Council selects and awards a replacement, maintenance and repair contract to a bus shelter manufacturer against the following specification:

- Remove 13 shelters currently not on a First Bus route.
- Basic service to clean and maintain the remaining shelters.
- Potential for new supply (including replacement if shelter is deemed beyond economic repair) or relocation of bus shelters depending on customer usage

or bus route changes.

Funding requirement: Capital expenditure £175,000 spread over 10 years and Revenue of £29,700p.a.

## TENDERING OF BUS SHELTER CONTRACT

22. Once the Executive have considered and approved their preferred option, officers will commence an appropriate tender programme allowing sufficient time for suppliers to bid and for mobilisation to ensure a smooth transition between outgoing and incoming contracts. Once this exercise has been completed, Officers will be able to set out the relative characteristics of tenders received and recommend the most beneficial proposal to the Council.
23. Although the soft market testing exercise portrays a challenging picture for the future, it is still hoped that the actual retendering process will provide a few positive opportunities, either in the form of income generation, small capital injection or maintenance offers.

## FINANCIAL IMPLICATIONS

24. Dependent upon the preferred and approved option of the Executive, the following capital and revenue funding streams will be required commencing 2016/17:

<b>Bus Shelter Provision Options</b>	<b>Capital Budget 2016/17</b>	<b>Capital Budget 2017-27</b>	<b>Capital Budget TOTAL</b>	<b>Revenue budget p.a. 2016/17 Onward</b>
Option A - Phased Removal of all Bus Shelters	£0	£0	£0	£14,850
Option B - Council Own all Shelters but with no Advertising Panels	£150,000	£175,000	£325,000	£42,600
Option C - Council Own Mixture of Advertising and Non-Advertising Shelters	£276,500	£175,000	£451,500	£42,600*

*\* Under Option C the revenue budget may benefit from an advertising revenue share. This will only be known once the Council tenders the contract.*

### Revenue budget

25. Depending on the Option approved by Executive an increase in revenue funding will be a requirement as indicated in table above. This will result in an additional budget pressure and will also need to be considered as part of the budget setting process later in the year.

### Capital funding

26. There is currently no capital funding allocated for a bus shelter replacement or renewal programme.
27. If Primesight were to remove all of their shelters at the end of the contract period, it would require capital expenditure in 2016/17 of approximately £325,500 (for Option B) and £451,500 (Option C) to procure new ones and have them installed based on figures provided above.

28. Since the Community Infrastructure Levy was introduced in May 2013, £3 million of demand notices have been issued, £2.4 million of which has been earmarked to fund Holly Hill Leisure Centre.
29. The Council's Regulation 123 list outlines the infrastructure projects or types of infrastructure that will be, or may be, wholly or partly funded by the Community Infrastructure Levy. The provision of transport infrastructure and facilities such as bus shelters is included in this list. It is therefore proposed that any capital requirements would be funded by the Community Infrastructure Levy.

#### **Other potential funding**

30. As members will be aware, there are many significant road improvements currently being undertaken by Hampshire County Council in Fareham and some that are still at the planning stage. In many cases, these road schemes include for new or replacement bus shelter provision, for example 6 new shelters have been included in the Newgate Lane improvement scheme.
31. Officers will make every effort to maximise all opportunities that arise to ensure that other sources of funding can be utilised to maintain, improve or increase bus shelter provision in Fareham.

#### **RECOMMENDATION**

32. Members are asked to approve their preferred option (A, B or C) and the respective capital and revenue funding as set out in table above.
33. Officers will prepare a report to a future Executive meeting following the retendering of the bus shelter exercise which will outline the outcome of the tender process and also detail how the capital funding will be allocated.
34. Depending upon the preferred option selected by the Executive, Officers will need to undertake a further condition survey into the Fareham's existing owned bus shelters so that a longer term new/replacement programme can be planned. The Council would include this in the tender specification if either options B or C are selected by members.

#### **CONCLUSION**

35. The report outlines the impact of the expiry of the existing contract, the current state of the bus shelter market place and the range of options available to the Council for future bus shelter provision in the Borough.



Table showing the shelters owned by Primesight

No	Type	Location	Postcode
167	Advertising	(B/S) WEST STREET O/S HOLLY BROOK HOUSE	PO16 9FH
168	Advertising	(B/S) WEST ST; O/S SWINTONS	PO16 0EH
169	Advertising	(B/S) HIGHLANDS RD OPP HAMPSHIRE ROSE	PO15 6HG
170	Advertising	(B/S) BISHOPSFIELD ROAD; O/S MITRE COURT	PO14 1LN
171	Advertising	(B/S) PORCHESTER ROAD O/S NO 81	PO16 9TP
172	Advertising	(B/S) PORCHESTER RD; NR CAMS BAY CLOSE	PO16 8BA
173	Advertising	(B/S) GOSPORT ROAD; C/O HAROLD ROAD	PO14 2AX
174	Advertising	(B/S) REDLANDS LANE O/S NO 33	PO14 1EZ
175	Advertising	(B/S) GOSPORT ROAD; O/S NO 278	PO16 0QF
176	Advertising	(B/S) WEST STREET O/S NO 173	PO16 9UD
177	Advertising	(B/S) ST MICHEALS GR O/S ST JOHNS CHURCH	PO14 1DN
178	Advertising	(B/S) ST MICHAELS GROVE O/S NO 68A	PO14 1EB
180	Advertising	(B/S) CORNERWAY LANE; O/S KIA MOTORS	PO16 9DD
182	Advertising	(B/S) PORCHESTER RD C/O CONRNERWAY LANE	PO16 9TJ
183	Advertising	(B/S) STUBBINGTON GREEN	PO14 2JQ
184	Advertising	(B/S) WARSASH ROAD O/S ALLDAYS	SO31 9ES
185	Advertising	(B/S) EAST STREET O/S GARDEN COURT	PO16 8BE
186	Advertising	(B/S) GOSPORT ROAD OPP NO 145	PO16 0PZ
187	Advertising	(B/S) GOSPORT RD O/S ST GEORGES COURT	PO16 0LL
188	Advertising	(B/S) THE AVENUE / BISHOPSFIELDS ROAD	PO14 1PH
189	Advertising	(B/S) THE AVENUE / HEATHFIELDS AVENUE	PO15 5SQ
190	Advertising	(B/S) PORCHESTER ROAD NR ROUNDABOUT	PO16 8UP
191	Advertising	(B/S) WEST ST PROCHESTER SHOPPING CENTRE	PO16 9XA
192	Advertising	(B/S) A32 GOSPORT ROAD; O/S HOEFORD	PO16 0SS
194	Advertising	(B/S) THE AVENUE OPP FAREHAM RAIL STA	PO16 0AJ
195	Advertising	(B/S) THE AVENUE CO CATISFIELD LANE	PO15 5NX
196	Advertising	(B/S) BROOK LANE O/S SHOPS	SO31 9FH
201	Advertising	(B/S) WEST STREET; O/S SOLENT MOBILITY CENTRE	PO16 0EF
202	Advertising	(B/S) THE AVENUE; OPP HIGHLANDS ROAD	PO14 3AA
203	Advertising	(B/S) HIGHLANDS ROAD; O/S NO 234	PO15 5BG
205	Advertising	(B/S) PORCHESTER ROAD; NR SWANCOPE DRIVE	PO16 8BA
206	Advertising	(B/S) GOSPORT ROAD AT TOWN QUAY	PO16 0BQ
207	Advertising	(B/S) THE AVENUE C/O BRISHOPSFIELD ROAD	PO14 1PH
208	Advertising	(B/S) BRIDGE ROAD PARK O/S INDESPENSION	SO31 7GE
209	Advertising	(B/S) LONGFIELDS AVE OPP HMS COLLINGWOOD	PO14 1BZ
179	Advertising - not on bus route	(B/S) LONGFIELD AVENUE C/O CHEVIOT WALK	PO14 1DZ
16	Non Advertising	East Street, Fareham, north side, outside Wykeham House Sch,	PO16 0BW
30	Non Advertising	Gudge Heath Lane, west side, opposite number 1 , N of A27 The Avenue	PO15 5AB
32	Non Advertising	A27 The Avenue, south side, west of Redlands Lane	PO14 1NU
36	Non Advertising	St Michael's Grove, west side, outdide St John's Church opp.	PO14 1DN

72	Non Advertising	Warsash Road, north side, adjacent west boundary of no 263	SO31 9NY
73	Non Advertising	Centre Way,north side of bus road , opposite the Youth Centre	SO31 6DX
80	Non Advertising	A27 Bridge Road, north side at Sarisbury Green in lay by adj shops	SO31 7EH
166	Advertising - demolished	(B/S) WEST ST OPP THE FAIRWAY	PO16 9UF