



Officer Decision Report

Date:	5 th May 2022
Reference number:	
Title:	Extension to the Council's Roundabout Sponsorship Programme
Relevant councillor(s):	N/A
Author and/or contact officer:	Keith Carpenter, Highways Asset Manager
Ward(s) affected:	All
Recommendations:	That the Head of Highways grants a two-year extension for the Roundabout Sponsorship Programme to June 2024 on the original terms and conditions to Marketing Force Limited (MFL)
Reason for decision:	In the current economic climate and at a time when the Highways service more widely are being re-procured, an extension to the existing contract provides the best value for money for the Council in maintaining its roundabout assets as well as providing income to the Council.

1. Purpose of report

- 1.1 The purpose of this report is to recommend that the Head of Highways grants an extension to MFL for the Roundabout Sponsorship programme as allowed for in the 2017 contract. The reasons for this are set out below.

2. Content of report

- 2.1 The Council has a contract with Marketing Force Limited (MFL) to arrange sponsorship and provide maintenance of many roundabouts across the County. The contract pricing mechanism involves the supplier achieving an income from the sponsorship monies, which covers the maintenance, overheads for the supplier, profit and a payment to the Council of £40k per annum. The actual benefit to the Council of the contract also includes the maintenance of the roundabout central islands of which the cost is estimated to be £100k per annum. In June 2020 the Council agreed to reduce the income to £20k per annum as relief to the supplier MFL, due to the impact

on the cancelled and reduced sponsorships they had received, because of the government restrictions relating to Covid-19.

- 2.2 The contract is directly between the Council and Marketing Force. It was retendered in 2017 and runs until June 2022 with a possible two year extension. MFL have been an excellent partner to the Council and initiated the original sponsorship programme way back in 2007. The wording of the relevant contract clauses is repeated below.
- a) This Agreement shall take effect on Thursday 1st June 2017 (the “Commencement Date”) and shall continue for a period of five (5) years (the “Initial Term”) unless it is otherwise terminated in accordance with the provisions of this Agreement, or by operation of law or extended under Clause 1.3 below.
 - b) This Agreement may be extended beyond the Initial Term by a further period of two (2) years (“Extension Period”) by the agreement of both Parties in writing.
- 2.3 In the current economic situation with rising inflation, uncertainties over the war in Ukraine and the difficult situation for many businesses it is not a good time to retender the contract. The last tender in 2017 attracted limited interest and only two tenderers returned viable tenders. During the assessment the alternative supplier dropped out leaving MFL to be awarded the new tender.
- 2.4 MFL have been in contract with the Council for well over 15 years and have always provided an excellent level of service and prompt payment. Without the sponsorship contract the Council would face increased maintenance liability and a loss of income. It would take some time to re-procure the contract and it is very unlikely, in the current climate, that an arrangement as favourable as the existing contract could be secured.
- 2.5 MFL have offered in writing to return to the original £40k income per annum for the duration of the two year extension if it is awarded. They see this contract as one of their flagship contracts, having been heavily involved in setting up the original programme in 2007.

3. Other options considered

- 3.1 Allowing the contract to lapse would result in the loss of income and increased maintenance costs for the service provider. A new revised tender could be sought, but as 2.3 above this is not an optimal time for retendering. Retendering would take time and result in internal costs with the likely outcome that the retendered arrangement would result in a lower annual income. With the new Highway services contracts due to start in 2023, a retender in 2024 would seem to be an ideal time. Any new arrangement could then be integrated with the new service provisions.
- 3.2 This market has limited providers and so sufficient time and resource should be allocated to ensure any retender is attractive and caters for the needs of both the Council and potential tenderers. The previous tender in 2017 attracted limited interest and a demonstrable lack of understanding of the Council’s needs by prospective tenderers. Only two contractors made viable offers and one withdrew their tender at a late stage.

4. Legal and financial implications

- 4.1 The signed contract allows for an extension of two years with the agreement of both parties. MFL have already agreed to an extension with a return to the original income requirement (approx. £40k per annum)
- 4.2 The contract provides income and maintenance service to an estimated value of £120k per annum.

5. Consultation with local Councillors & Community Boards

- 5.1 The contract covers roundabouts across the County. The extension would continue an existing service which is already performing well. Given that there is no intended change to the service and there have been no complaints or comments regarding this existing provision, no consultation is considered necessary.

6. Next steps and review

- 6.1 The Head of Highways will write to MFL confirming the two year extension as allowed in the contract. The contract will be re-tendered as required in 2024.

7. Background papers

- 7.1 None

8. Exercise of Delegated Authority

I agree with the above recommendation and exercise my delegated authority to approve the two-year contract extension.

Signed:



5th May 2022

Dave Roberts

Head of Highways