

28 June 2021

Wards: All Wards

Media Advertising and Marketing Services
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Report of the Director of Legal Services and Partnerships

This item is not exempt
Therefore exempt reasons are not applicable

This is a key decision. The matter is in the Forward Plan
Forward Plan Ref. 0037/21

1. Purpose of the Report and Summary

- 1.1 To seek approval to tender a contract for the provision of Media Advertising and Marketing Services by means of an EU restricted tender process for a period of 2 years with the option to extend for a further two 12 month periods subject to satisfactory performance.

2. Recommendations

- 2.1 That the Director of Legal Services & Partnerships is authorised to invite tenders for a framework contract to cover the provision of media advertising and marketing services following an EU restricted process.

The framework shall be split into 4 lots as follows:

- Lot 1 – Media Advertising
- Lot 2 – High Value Marketing, Design and PR Services
- Lot 3 – Low Value Marketing, Design and PR Services
- Lot 4 – Marketing and Design Services for Theatres and Halls

2.2 That Lot 1 and 4 are awarded as single supplier frameworks and Lot 2 and 3 are awarded as multi supplier frameworks.

2.3 That the evaluation criteria for the award of each lot be based on 40/60 price quality split with quality including a social value element.

2.4 That the Director of Legal Services and Partnerships, in consultation with the Portfolio Holder for Corporate Services, be authorised to appoint to the framework the most economically advantageous bidder or bidders for each lot.

2.5 That the Director of Legal Services and Partnerships, in consultation with the Portfolio Holder for Corporate Services, be authorised to extend the framework contract, subject to satisfactory contract performance, for up to a further two 12 months periods and being satisfied that the contract continues to deliver best value, following completion of the initial 2 year term.

3. Reasons for Recommendations

3.1 The Communications and Marketing team do not have sufficient resources to be able to deliver all of the Council's marketing, design and PR requirements therefore a contract is needed to resource requirements that cannot be delivered internally.

3.2 Not all Officers of the Council have sufficient knowledge of media buying to ensure that when arranging advertising direct that best value is obtained. The Communications and Marketing team do not have sufficient resources to be able to deliver the advertising requirements of the whole Council therefore a contract is needed that service areas can be directed towards when advertising is needed and that will ensure that adverts placed achieve the desired outcomes i.e. reach target audiences and deliver best value.

3.3 Appointing a single contractor to the Media Advertising lot to deliver the Council's advertising requirements shall ensure that the Council has greater buying power than if it were to undertake this role internally. Media buying agencies buy on behalf of a number of other organisations which enables them to negotiate higher discounts than a standalone organisation. Added value shall be obtained as the media buying agency shall be able to provide advice to service areas on the most beneficial places, formats, timings to place adverts to achieve the outcomes desired.

- 3.4 Splitting the wider Marketing Services of design and PR by value will enable smaller independent companies, who may not be able to deliver higher value requirements, to submit tenders and, if successful, work with the Council. This also addresses the EU procurement requirement to tender contracts in lots, where appropriate, unless there is a strong rationale for not so doing.
- 3.5 As part of the Theatres and Halls service, Hull Culture and Leisure Limited (HCAL) is responsible for presenting and promoting an annual programme of performing arts and entertainment events. This involves working in partnership with producers to deliver productions for the venues. As part of these partnerships there is a need to deliver marketing, media and advertising activities to assist in reaching the financial targets in respect of ticket sales. It is imperative that the brand/artwork requirements of each touring production are adhered to and all activity achieved within the required challenging timescales due to these productions being part of national tours.

A single supplier for the HCAL services lot will enable a fully managed marketing, media advertising and design service allowing for continuity across the service which enables HCAL to work collaboratively on a daily basis, building a relationship with one dedicated service provider that understands the specialist needs of the service. This model will also provide administrative benefits such as single point of contact, reduction in the number of orders and invoices to be paid.

- 3.6 The current contract ends on 31st August 2021, after which if a new contract is not procured it would leave the Council with no contract from 1st September 2021. Procuring these services on an ad hoc basis would lead to an aggregation of expenditure that exceeds the relevant EU threshold for services and therefore place the Council in breach of the Public Contracts Regulations 2015 and the Councils CPR's.

4. Impact on other Executive Committees (including Area Committees)

- 4.1 There is no direct area impact.

5. Background

- 5.1 In 2016 a media advertising and design framework was procured. The framework was divided into 5 lots:

Lot 1 – Media Advertising

Lot 2 - Design Framework

Lot 3 - Management of press adverts for Theatres and Halls & the

design of seasonal brochure

Lot 4 - Exhibition Stand Design for Green Port Hull

Lot 5 – Marketing & PR Activities for Green Port Hull / Green Port Growth

Contracts were awarded for each lot. Subsequently funding for Green Port Hull has ended and these lots are no longer needed.

- 5.2 The estimated annual value of the contract is c£300,000.00
- 5.3 Lot 1 was awarded as a single supplier framework to a media buying agency to book the advertising requirements of the Council. Prior to this contract being awarded officers made their own arrangements for advertising. The contract covers booking of various media advertisements in various media outlets i.e. radio, print, outdoor, recruitment, and television. Additionally the contract provides service areas with media expertise in compiling recommendations, hence maximising return on investment made. The contract has been well received with savings being identified
- 5.4 Lot 2 was awarded as a multi supplier framework, 5 suppliers were successful in securing a place on the contract. The framework covers all general marketing campaigns and design work. Work is awarded by further competitions or direct award. The contract is utilised when the communications and marketing team do not have the resource to deliver the requirements themselves.
- 5.5 Lot 3 was awarded as a single supplier framework to manage the press adverts and design of seasonal brochures for the Theatres and Halls. Prior to this contract Theatres and Halls utilised the services of one marketing agency. The single supplier model has worked for theatres and halls as it has been able to provide continuity across design and advertising requirements and enabled a relationship to be built so the supplier understands the needs of the service.
- 5.6 Following consultation with service areas it has been identified that there is an ongoing need for these services but that the ability to deliver smaller bespoke work needs to be considered in any future contract.

6. Issues for Consideration

- 6.1 Frameworks that exist nationally do not cover the requirements of the Council. The previous framework demonstrated value for money in comparison to other national frameworks.

- 6.2 The Council currently spends approximately £300K per annum with various suppliers and will need to undertake a procurement exercise to ensure compliance with Public Contracts Regulations 2015 (PCR2015) and the Council's own Contract Procedure Rules and to best manage cost and risk associated with these services on a larger scale.
- 6.3 It is recommended that the restricted procedure in the PCR2015 is utilised . The media advertising and marketing industry is vast with a high number of suppliers. The use of this procedure will enable the pre-qualification of appropriate service providers to ensure the most suitable service provider is engaged to deliver these services for each lot.

7. Options and Risk Assessment

- 7.1 Option 1 – Undertake a procurement process as described above using the Restricted Procedure to allow for pre-qualification of service providers.

This option is recommended for the reasons described in section 3 of this report. It will ensure that the Council's award of contracts for the media advertising and marketing and design services continues to be compliant with the Public Contracts Regulations 2015 following the end of the current contract.

Through the pre-qualification of suppliers for tender the quality of the supply chain, including commitment to the delivery of social value outcomes, can be assured.

Although this is the recommended option there is a risk that Lot 4, as a single managed service provider model, delivering all media and marketing requirements, may not provide best value. This type of model can reduce the number of suppliers that are able to deliver the service and may deprive smaller suppliers from being able to tender for this work. There are organisations that offer a full marketing service, however most tend to specialise in either media buying or marketing & PR. Full service agencies are likely to not be able to achieve the same economies of scale on advertising as a media buying agency due to buying powers of the specialist media buying agency.

This is the recommended option as Hull Culture and Leisure Limited despite the risks detailed above are confident that this model will deliver the services required to achieve their outcomes.

- 7.2 Option 2 - Undertake a procurement process as described above, without Lot 4. Requirements of Lot 4 would need to be delivered through Lots 1, 2 and 3. The procurement process

would also be the Restricted Procedure to allow for pre-qualification of service providers.

The risks associated with this option are that the continuity and ability to work collaboratively, building a relationship to understand the specialist needs of the theatres and halls service that can be provided by a single managed service provider model are lost as work would be required to be split between potentially 2 or more different service providers. Any administrative benefits will also be limited.

- 7.3 Option 3 - Undertake a procurement process as described above using the Open Procedure.

The risk associated with this option is the award of contract may be delayed if there is a high number of tenders are received which in turn will lengthen the evaluation process. Due to the nature of the market this risk is likely to occur. This risk can be mitigated by applying option1.

- 7.4 Option 4 – Do nothing – This is not a viable option as the Council would soon be in breach of the Public Contracts Regulations 2015 because the value of the service requirement would quickly exceed the levels above which a legally compliant Procurement Process must be undertaken.

- 7.5 Risks are limited as suppliers will be evaluated through a competitive tender process. This will involve evaluating providers' financial standing, insurance levels, experience, quality, environmental and health & safety procedures, business continuity plans, compliance with terms and conditions, as well as their proposals on service delivery and ability to deliver social value and price. Financial accounts will also be monitored during the course of the contract to reduce the risk of suppliers going into administration

8. Consultation

- 8.1 Consultation has been undertaken with service areas to understand their requirements and determine if the current model can meet the ongoing needs of the Council. It is clear that the majority of the Council needs can be met through the existing model with some changes to specifications to ensure any wider needs will be accommodated. Consultations have identified the need for a contract that covers smaller needs of the Authority which will give access to work to smaller independent companies.

- 8.2 Work is ongoing with the NHS Hull Clinical Commissioning Group to capture any similarities with their arrangements and need to avoid duplication and consolidate contractual arrangements where appropriate.
 - 8.3 Consultation with HCAL is ongoing to ensure expectations will be met.
 - 8.4 Consultation with current suppliers and current users of the existing contract will take place with the use of feedback questionnaires and face-to-face meetings. This will help develop the specification.
 - 8.5 Consultation with the wider market will take the form of a supplier engagement expression of interest to raise awareness and provide the opportunity for suppliers to meet with key staff to discuss the future procurement.
9. Comments of the Monitoring Officer (Director of Legal Services and Partnerships)
- 9.1 Regulation 33 of the Public Contracts Regulations 2015 allows contracting authorities to establish framework contracts with one or more service providers. The restricted procedure can be employed for the procurement process. The Council's existing framework contract appears to have been successful in delivering efficiencies and best value. It is therefore appropriate to consider renewal. Where a framework is created with multiple lots and multiple suppliers, consideration must be given prior to commencement of the procurement procedure as to how the call-off of services will be undertaken and criteria set out. For the lots which will have a range of suppliers, mini-competitions will need to be run for individual commissions unless all of the terms governing provision of the services are set out in the tender documents. The Public Services (Social Value) Act 2012 will apply to this framework.
[CA]
10. Comments of the Section 151 Officer (Director of Finance and Transformation)
- 10.1 The Section 151 Officer notes the report and supports the recommended option (Option 1) for the reasons described in Section 3 of the report.
The costs of the contract need to be contained within the allocated Budget for Media Advertising and Marketing Services.

11. Comments of Assistant Director of HR & OD and compliance with the Equality Duty

11.1 There are no staffing or equality issues arising for the Council from tendering for the media and marketing services.

12. Comments of Overview and Scrutiny

12.1 This report is due to be considered by the Finance and Value for Money Overview and Scrutiny Commission at its meeting of Friday, 25 June, 2021. Any recommendations or comments made by the Commission will be tabled at Cabinet alongside the report. (Ref. Sc6341 (FH))

13. Comments of the Portfolio Holder Corporate Services

13.1 I support the re-procurement of a new framework contract , in accordance with current procurement legislation , to ensure best value is achieved for these services

Director of Legal Services and Partnerships

Contact Officer: Peter Allen Telephone No.: 613291

Officer Interests: None

Background Documents: - A list of background documents must be included. These documents are then available (if not exempt) for public inspection.

Implications Matrix

This section must be completed and you must ensure that you have fully considered all potential implications

This matrix provides a simple check list for the things you need to have considered within your report

If there are no implications please state

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	Yes
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant Assistant Director	Yes
I have included any procurement/commercial issues/implications within the report	Yes
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	Yes
Any Health and Safety implications are included within the report	Yes
Any human rights implications are included within the report	Yes
I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	Yes
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	Yes

I have included information about how this report contributes to the City Plan/ Area priorities within the report	Yes
I have considered the impact on air quality, carried out an appropriate assessment and included any resulting actions or opportunities necessary to improve air quality in the report.	Yes