

NORTH LINCOLNSHIRE COUNCIL

**COMMERCIAL ENTERPRISE AND
GOVERNANCE AND TRANSFORMATION
CABINET MEMBERS**

INCOME GENERATION FROM ADVERTISING

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To recommend a way forward for maximising income generation from assets through advertising and sponsorship as part of the council's commercial strategy.
- 1.2 To approve an updated advertising and sponsorship policy.
- 1.3 The key points in this report are:
 - In February 2016 the council commenced a soft market testing exercise to help determine the best way to maximise income through advertising and sponsorship
 - In April 2016 the Cabinet Member for Policy and Finance approved the procurement of a managed services contract under the Eastern Shires Purchasing Organisation (ESPO) framework.
 - A way forward has now been determined and the associated implementation and policy implications are set out in the report.

2. BACKGROUND INFORMATION

- 2.1 In October 2015 the Cabinet Member Policy and Resources approved a Commercial Strategy 2015-19.
- 2.2 The strategy detailed our vision, aspirations and ambition for future income generation.
- 2.3 The changing landscape for local government demands innovation in service delivery in order for councils to achieve their financial plans and corporate strategy objectives. Funding reductions from central government require councils to re-think their traditional approach to service delivery and design new and innovative solutions which will meet future needs.

- 2.4 Following the soft market testing exercise in February 2016 the Cabinet Member for Policy and Finance approved the procurement of a managed services contract under the ESPO framework to increase income through advertising and sponsorship.
- 2.5 Lot 5 of the ESPO framework '*Management of Advertising Space for Commercial Sponsorship*' is now live and councils are able to either directly award contracts or run further mini competitions to appoint a suitable supplier.
- 2.6 Under the framework sponsorship arrangements are managed by a service provider who will source and manage suitable sponsors in line with the council's approved policy. In return the sponsor will then pay a sponsorship fee either by fixed fee or by percentage of revenue return to the service provider.
- 2.7 The service providers awarded under the lot will be responsible for actively marketing the contract, securing sponsorship and establishing arrangements such as landscaping, maintenance, signage and managing the administration of the arrangements including invoicing the sponsors.
- 2.8 There are two approved suppliers on the framework. Following analysis of the framework specification it is clear that only one of the two suppliers can fulfil the council's requirements.
- 2.9 Alongside the ESPO enquiry an exercise was undertaken to review opportunities for generating additional income from carrying paid for advertising on the main council website. This exercise identified the Council Advertising Network (CAN). CAN was launched on 1 May 2014 to source socially responsible advertising as the exclusive partner of Local Authorities. Over 50 Local Authorities have become members of the CAN network.
- 2.10 In order to maximise potential advertising revenue from our assets it is proposed that the following steps be taken:
- a) Subscribe to the Council Advertising Network (CAN) for a trial period to pilot the generation of income by carrying paid for advertisements on the council's main website.
 - b) Directly award a contract to Community Partners via the ESPO framework to provide a managed solution for advertising via the following assets (excluding website advertising) subject to confirming suitable market potential:
 - Roundabouts
 - Boundaries
 - Bridges
 - Car parks

- Billboards and signage
- Digital signs
- Bus shelters
- Roadside verges, central reservations and traffic islands
- Barriers, waste bins and street furniture
- Hanging baskets and flower beds
- Streetlight banner advertisements
- Vehicles
- Buildings
- Printed publications

2.11 Feedback acquired through supplier dialogue indicates that the most viable assets are roundabouts, boundary signs, lighting columns and it is therefore proposed that these be pursued first.

2.12 An updated Advertising and Sponsorship Policy is attached at appendix 1 to support the implementation of the proposals outlined above. Minor changes to procedures set out in the policy have been made following organisational changes. Whilst the scope of the current policy explicitly includes web advertising, this has not been actively pursued to-date recognising a historical scrutiny recommendation that paid for advertising should not be carried on the council website.

3. OPTIONS FOR CONSIDERATION

The following options are suggested for consideration

- 3.1. Option 1 – To approve the implementation plan set out in paragraph 2.10.
- 3.2. Option 2 – Do nothing and retain the existing ad hoc arrangements for advertising and sponsorship.

4. ANALYSIS OF OPTIONS

- 4.1 Option 1 – Implementing the proposals set out in paragraph 2.10 enables the council to generate maximum revenue from advertising and sponsorship. Analysis of proposals are detailed below:
 - a. Managed solutions are attractive to the council in that there is no initial outlay to the council and require minimum staff input. Set up/infrastructure costs are deducted from any income and the remaining funds result in an agreed shared income split between the company and the council. This model adopts a risk and reward model of payment and provides an incentive to the company to continuously seek additional income through sale of advertising space. Pursuing this option through the ESPO framework would be more cost effective and quicker for the council.

- b. Carrying paid for advertising on the council's main website via the Council Advertising Network carries no cost to the council and therefore all income generated contributes to the council's budget. If adopted this would be a change in policy as council previously resolved that the council website would not be used to carry paid for advertising. Councils signed up to CAN are expected to give home page prominence to appropriate third party adverts. The council is one of 43 rated as a 4 star SOCITM Better Connected councils. (Currently two 4 star authorities are signed up to CAN). Whether to accept advertising on other council websites would need to be considered further.
- 4.2 Option 2 – Doing nothing could impact on the council's ability to deliver its commercial vision and result in a potential loss of income through commercial trading.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 In February 2016 Full Council approved the council's budget and spending priorities for the next four years. The financial plan recognises the positive contribution of commercial income as traditional funding sources reduce.
- 5.2 It is thought that a small amount of income is currently generated from advertising using council assets e.g. some roundabouts, car parking tickets, North Lincs News Direct. Further analysis will be required to establish the extent of this income.
- 5.3 Initial dialogue with CAN have indicated that based on our current website statistics advertising on the council website via the Council Advertising Network could generate circa £9k in year 1 and £14k in year 2
- 5.4 Totally managed solutions contracts work on a risk and reward model with an agreed split of income being agreed between the council and the supplier. Under the ESPO framework the income share is based on a 60/40 split, in the councils favour.
- 5.5 It is not known at this stage what potential total level of income the council could expect. It needs to be borne in mind though that income will increase incrementally and that the income in year 1 will be limited due to preparation time, testing the market, marketing the scheme, securing relevant planning permissions and lead times for signage construction and advert design.
- 5.6 It is proposed that any advertising and sponsorship contract/s be managed within the commercial unit with the income being re-distributed to service areas in line with the current arrangement for services to schools income.

6. OUTCOME OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 An initial analysis of impacts has identified a number of positive outcomes which include:
- Would increase additional income to the council with very little or no expenditure
 - Greater engagement with businesses in the area
 - Advertising sites could also be used to market the place and promote key council messages e.g. prevention agenda initiatives, public health, fostering and adoption, council events etc
 - Advertising sites could also be used to promote the council's commercial service offers to drive income up further.
- 6.2 Any potential negative impacts would be managed and mitigated where possible through the procurement of a risk and reward model and by ensuring alignment with the following existing policies will need to be considered as part of any contract negotiations:
- Traffic signs, road markings and road studs on the public highway
 - Local Planning Policy and Regulations
 - Visual Identity Manual
- 6.3 Any solution adopted would also need to integrate with any developments in relation to the wider strategic priorities and key messages the council wishes to promote e.g. place marketing, public health and prevention agenda, events and the councils own commercial services.

7. OUTCOMES OF CONSULTATION & CONFLICTS OF INTEREST

- 7.1 Consultation has taken place with a number of key stakeholders including services who manage the assets, Communications Team, Procurement, the Commercial Programme Board and the Council Management Team. There is general support for the proposals set out in this report.
- 7.2 Should approval to proceed be granted service areas with specialist technical knowledge will be involved in assessing the viability of assets for carrying paid for advertising and also in the development of any contractual arrangements.

8. RECOMMENDATIONS

- 8.1 That the Governance and Transformation Cabinet Member approves the updated advertising and sponsorship policy as set out in appendix 1, including the active pursuit of web advertising.

8.2 That the Commercial Enterprise Cabinet Member supports the proposed implementation process as set out in paragraph 2.10

DIRECTOR OF POLICY AND RESOURCES

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Date: 30 September 2016

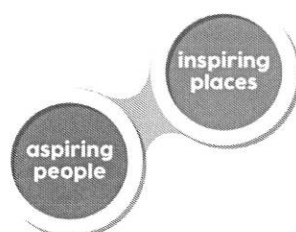
Background Papers used in the preparation of this report:

Cabinet Member Report: Advertising & Sponsorship Policy July 2013

Cabinet Member Report: Advertising Update April 201



Commercial Advertising & Sponsorship Policy



Document History

Document developed by	Rachel Johnson Business Strategy & Transformation Manager
Document location	The document is located on the councils website and on the internal network
Revision Date	September 2016
Next review date	September 2019

Introduction

This policy sets our guidance and standards on the type of advertising and sponsorship that will be accepted by the council. This includes advertisements which appear in our publications, on our website, intranet and other physical sites (including but not limited to notice boards, billboards, vehicles, buildings etc).

This policy is aimed at providing positive advice to employees and prospective advertisers on what is and what is not acceptable forms of advertising for the council without being too prescriptive or detailed.

It is not an exhaustive list and takes as its start point that all advertising falls within the rules and guidelines laid out by the Advertising Standards Agency (ASA) and upholds the rules laid out in the British Codes of Advertising and Sales Promotion and the Code of Recommended Practice on Local Authority Publicity.

The basic principles of the codes are that advertisements should be:-

- Legal, decent, honest and truthful
- Created with a sense of responsibility to consumers and society
- In line with the principles of fair competition generally accepted in business and that:
 - The codes are applied in the spirit as well as the letter
 - A full copy of the codes is available on the ASA website

We **will not** accept advertising of a racial, religious or political nature, any advertising, which may be, construed as offering services of a sexual nature, gambling organisations, manufacturers of tobacco or alcohol products. Neither will we permit advertising, which we may consider reasonably objectionable.

Advertising definition

For the purposes of this policy, advertising is defined as: *“an agreement between North Lincolnshire Council and a commercial organisation, where we received payment for advertisements that promote the sale of commercial products or services”*

Sponsorship definition

For the purposes of this policy, sponsorship is defined as: *“an agreement between North Lincolnshire Council and the sponsor, where we receive either money or benefit in kind for an event, campaign, or initiative from an organisation or individual which in turn gains publicity or other benefits”*.

Principles

We will actively seek opportunities to work with both local and national organisations by identifying advertising and sponsorship opportunities of mutual benefit and which are in keeping with our strategic priorities and vision.

We welcome all opportunities to work in such partnerships. We will not, however, put ourselves in a position where it might be said that such a partnership has or might have or may be thought to have:

- influenced the council or its officers in carrying out its statutory functions in order to gain favourable terms from the council in any business or other agreement
- aligned the council with any organisation which conducts itself in a manner which conflicts with our vision and priorities

We reserve the right to decline advertisements or sponsorship from any organisation or individual or in respect of particular products which we, in our sole discretion consider inappropriate.

We will agree with the organisation the nature and content of the publicity and will retain the right to approve all advertising material.

We have a strong corporate identity and advertising and sponsorship materials must not detract from this.

To ensure that sponsorship arrangements are transparent and not open to misinterpretation of preferential treatment by suppliers we will at all times comply with our contract and procedure rules and may, accordance with these procedures advertise a sponsorship opportunity to potential sponsors.

Disclaimer notice

Acceptance of advertising or sponsorship does not imply endorsement of products and service by North Lincolnshire Council. In order to make this clear all council publications which includes advertising or sponsorship should carry the following disclaimer:

“Whilst every effort has been made to ensure the accuracy of advertisements or sponsorship contained in this publication, North Lincolnshire Council cannot accept any liability for errors and omissions. We will not accept any responsibility for claims made by advertisers and their inclusion in (name publication) and this should not be taken as an endorsement by North Lincolnshire Council”

Advertisers and sponsors will be required to sign to accept that it is not permitted to:

- duplicate content from North Lincolnshire Council's website except where copyright licence has been obtained
- use any of the councils trademarks without prior written consent
- infringe on any third party intellectual property rights
- create a link on any council website content in a way which would make it seem it is another organisations website
- imply that the council is endorsing products or services without express permission from North Lincolnshire Council

Procedure

1. In order to ensure a consistent approach, all sources of potential advertising will be considered on an individual basis by a small panel made up of members of the Commercial Programme Board and the Communications Team.
2. This panel will see and approve all advertising copy before any council publication goes to press or any advertisement is displayed in any part of the council.
3. The layout, content and placement of any advertising features or supplements will also be approved by the panel.
4. In all circumstances the council retains the right to reject any advertisement or editorial related to advertisements.
5. All contracts for corporate sponsorship will be managed centrally through the commercial unit to ensure that the best terms are negotiated, that standing orders/financial instruments are not breached and to ensure continuity.
6. Where directorates are approached directly for sponsorship and advertising purposes or where they are holding events linked to a particular company or product, these principles still apply.

Advertising Opportunities

Opportunities
Printed media – posters, leaflets, flyers, staff payslips, parking tickets etc
Event spaces in council venues
Banners on lighting pillars/columns
Car parks
Bus shelters
Bridges
Council vehicles
Billboards
Roundabouts and green spaces
North Lincolnshire boundary signs
Advertisements on street furniture
Advertisements in council publications
Advertisements on council website/s
Christmas lights
Event sponsorship
Filming and location

NORTH LINCOLNSHIRE COUNCIL

GOVERNANCE AND TRANSFORMATION AND COMMERCIAL ENTERPRISE CABINET MEMBERS

15 November 2016

- 1 (1) **INCOME GENERATION FROM ADVERTISING** – The Director of Policy and Resources submitted a joint report which recommended a way forward for maximising income generation from assets through advertising and sponsorship as part of the council's commercial strategy.

In October 2015 the former Cabinet Member for Policy and Resources approved a Commercial Strategy 2015-19. The strategy detailed the council's vision, aspirations and ambition for future income generation.

Following a soft market testing exercise in February 2016, the former Cabinet Member for Policy and Finance approved the procurement of a managed services contract under the Eastern Shires Purchasing Organisation (ESPO) framework to increase income through advertising and sponsorship.

Lot 5 of the ESPO framework 'Management of Advertising Space for Commercial Sponsorship' was now live and councils were able to either directly award contracts or run further mini competitions to appoint a suitable supplier.

Under the framework sponsorship arrangements were managed by a service provider who would source and manage suitable sponsors in line with the council's approved policy. In return the sponsor would then pay a sponsorship fee either by fixed fee or by percentage of revenue return to the service provider.

The service providers awarded under the lot would be responsible for actively marketing the contract, securing sponsorship and establishing arrangements such as landscaping, maintenance, signage and managing the administration of the arrangements including invoicing the sponsors.

There were two approved suppliers on the framework. Following analysis of the framework specification it was clear that only one of the two suppliers could fulfil the council's requirements.

Alongside the ESPO enquiry an exercise was undertaken to review opportunities for generating additional income from carrying paid for advertising on the main council website. This exercise identified the Council Advertising Network (CAN). CAN was launched on 1 May 2014 to source socially responsible advertising as the exclusive partner of Local Authorities. Over 50 Local Authorities had become members of the CAN network.

In order to maximise potential advertising revenue from the council's assets it was proposed that the following steps be taken:

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- a) Subscribe to the Council Advertising Network (CAN) for a trial period to pilot the generation of income by carrying paid for advertisements on the council's main website.

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Feedback acquired through supplier dialogue indicated that the most viable assets were roundabouts, boundary signs, lighting columns and it was therefore proposed that these be pursued first.

An updated Advertising and Sponsorship Policy was attached to the report as an appendix. The Policy would support the implementation of the proposals outlined previously. Minor changes to procedures set out in the policy had been made following organisational changes. Whilst the scope of the current policy explicitly included web advertising, this had not been actively pursued to-date recognising a historical scrutiny recommendation that paid for advertising should not be carried on the council website.

Resolved – (a) That the updated advertising and sponsorship policy, including the active pursuit of web advertising as set out in Appendix 1, be approved, and (b) that the proposed implementation process, as set out in paragraph 2.10 of the report, be agreed.