

Report to Cabinet

Subject: Advertising and Sponsorship Policy

Date: 2 August 2018

Author: Sales & Marketing Manager

Wards Affected

All Wards

Purpose

- 1.1. The report requests the approval to promote advertising and sponsorship opportunities on council-owned assets to third parties. Approval is also sought to open up new channels for advertising and sponsorship for both the council and third parties, working with the Finance department to set fees and charges and gaining approval for the fees from the relevant Portfolio Holder.
- 1.2. Approval is sought for the Advertising and Sponsorship Policy (Appendix A) which will provide the framework by which advertising and sponsorship can be accepted.
- 1.3. Approval is also sought for appropriate Officer delegations to manage and determine advertisement and sponsorship proposals.

Key Decision

This is not a key decision.

Background

- 2.1. Cabinet approved the Dynamic Council framework on 12 October 2017. As part of the framework's Commercialisation Strategy the Council aims to increase external funding by seeking sponsorship for and advertising on Council-owned assets. Advertising and sponsorship can deliver a range of benefits, including;
 - enhancing the Council's reputation and service take up, by providing platforms for advertising Council services and other public sector messages and services to the public

- generating income to support the financial sustainability of services
- supporting economic growth by providing value for money advertising and sponsorship opportunities for businesses
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2.2. The UK has the world's 4th largest advertising market valued at £22.1bn and has reported growth for the last consecutive 17 quarters on top of 8 years of consecutive growth. This growth has predominantly been driven by spend in digital advertising which accounts for half of all of the UK's advertising spend.

2.3. It is reported that local advertising was valued at £2.6bn per year with small businesses on average spending £1,630 on advertising per year. Gedling's business counts for 2017 indicated that there are 3,875 small businesses in the borough. By simple extrapolation, this suggests a potential local annual advertising market value in excess of £6m.

2.4 **Current Advertising and Sponsorship Powers and Practices**

The Council has a range of statutory powers to provide and charge for advertising and sponsorship, including the following. The Local Government Act 1972 gives a general power to authorities to publicise information concerning the services available within the area of the authority provided either by the authority or by other authorities or by government departments or by charities and other voluntary organisations, and other information relating to the functions of the authority. The Secretary of State has issued guidance under s.4 of the Local Government Act 1986 in relation to the content of Local Authority publicity which needs to be taken into account when advertising and is referenced in the proposed policy document at Appendix A.

Under Section 139 of the Local Government Act 1972, the Council may accept any gifts of property for the purposes of discharging any of its functions.

The Localism Act 2011 provides authorities with the power to charge for advertising and sponsorship opportunities, and s.38 of the Local Government (Miscellaneous Provisions) Act 1976 gives the authority the power to sell, under agreement, spare computer capacity, for example web space. In addition, the Local Authority (Goods and Services) Act 1970 provides local authorities with the power to provide goods and certain services and facilities to other public authorities by agreement for a reasonable charge. So the Council could sell advertising space and offer sponsorship opportunities and recover the costs of so doing, the income from such activities to be used in supporting Council services.

The Council currently advertises its own services via traditional offline

channels including:

- Internal print publications (contacts magazines, leaflets, posters, booklets)
- External print publications (local newspapers and newsletters)
- Out of home advertising (bin lorries, posters in parks and posters sites)

The council also makes use of other channels for promotion of it's services, although this is not undertaken as traditional advertising. These include:

- Digital channels (email, website)
- Traditional PR
- Organic social media
- Face-to-face and events

In relation to the provision of advertising opportunities for third parties, the council currently permits partner organisations and other local authorities to advertise in its Contacts magazine on an ad hoc basis. The use of the council's TV screens, located at the Civic Centre, Leisure Centres and Gedling Country Park for partner and local authority advertising has also been approved.

2.5 **Advertising & Sponsorship Processes**

In order to formalise the current ad hoc arrangements the Council would need to introduce a process for the booking, payment and delivery of advertising and sponsorship opportunities for third parties.

An approved Advertising & Sponsorship Policy, along with the creation of a structured booking process, including terms and conditions for advertising, would enable the council to more effectively and prudently run its advertising and sponsorship activities in the same way that other media outlets do whilst ensuring compliance with the statutory code of practice for local authority publicity and ensuring that all advertisements have appropriate content.

2.6 **Advertising Opportunities**

Alongside the current advertising opportunities being used, there are a number of council print publications and assets that could be opened up to advertising for not only the council's own services but also the services

of partners, local authorities and external businesses.

Print

Print advertising could include:

- Printed newsletters/magazines
- Calendars
- Leaflets and information cards

Out of Home

Out of home advertising is advertising that people are exposed to whilst 'out of the home'. In terms of council assets this could include:

- Poster/Banner sites (indoor and outdoor)
- Advertisements on council vehicles
- Leaflets
- TV Screens

Digital Advertising

There are a number of opportunities for the council to open up its digital advertising channels for promotion of its own services and external advertisers.

Digital Advertising includes:

- Website Advertising
- Email Advertising
- Social Media Advertising

With over 88% percent of the UK adult population now having access to the internet at home and over 40% of internet users using smartphones to surf the web, the UK's uptake of digital media is booming. Having overtaken print and broadcast advertising, digital accounts for more than half of all UK advertising spend.

Not only does digital advertising give businesses the opportunity to precisely target their customers (and it's not just a market for younger audience's, OFCOM reported in 2017 that over half of over 74 year olds

are internet users) it also allows detailed analysis of performance that isn't as easily derived from its offline counterparts, making it an extremely accountable advertising channel.

2.7 **Sponsorship Opportunities**

The Council run a number of activities and services that could be offered for sponsorship in order to recover costs of the activities. These include:

- Council run events
- Buildings and fixed assets
- Parks, planters and floral displays

Sponsorship implies a deeper connection between the sponsor and council than normal advertising and would normally include a range of advertising and branding opportunities. It is therefore important that careful consideration is given before sponsorship is offered or accepted by the council.

Each sponsorship agreement would be looked at on an individual basis and the council and potential sponsor would normally work together to agree what a sponsorship package would include. A contract detailing the offer would then be created and signed by both parties.

The Advertising and Sponsorship Policy aims to set the guidelines by which sponsorship negotiations can take place.

2.8 **Promotion Of Advertising And Sponsorship Opportunities**

If approval for external advertising and sponsorship is given, the council would need to have a compelling sales document to convey information about the opportunities to potential/advertisers and sponsors. A media pack detailing opportunities would be created and promoted.

Opportunities would be promoted via digital platforms, printed materials and face to face and any opportunities would be subject to a written agreement with the advertiser/sponsor.

2.9 **Fees and Charges**

Once the Advertising and Sponsorship Policy has been approved, approval to set fees and charges will be sought from the Portfolio Holder.

Proposal

- 3.1 In order to maximise awareness of the Council's services and enable the Council to run more effective promotional campaign, it is proposed that Cabinet approves the advertising of Council services on council-owned assets and in council-owned media, including those not currently used for advertising.
- 3.2 It is proposed that Cabinet approves advertising on and sponsorship of council-owned assets and media by third parties, enabling the council to recover costs and provide an effective platform for businesses and public sector organisations to promote their services. A framework for future advertising and sponsorship activity is contained within the Advertising and Sponsorship Policy at Appendix A, which Cabinet is asked to approve.
- 3.3 To ensure that there is a consistent approach across the Council to advertising and sponsorship which complies with legal requirements, it is proposed that authority is given to the Director responsible for Sales and Marketing to put formal processes in place for the booking, management and delivery of advertising and sponsorship, including the preparation of appropriate terms and conditions for advertisers and sponsors.
- 3.4 To ensure that Officers are able to secure advertising and sponsorship opportunities in a timely fashion, it is proposed that Cabinet delegates the responsibility for managing and determining advertisement and sponsorship proposals to the Director responsible for the relevant service area, in consultation with the Sales and Marketing Manager. Where the advertising or sponsorship proposal relates to a number of services areas it is proposed that responsibility is delegated to the Director responsible for Sales and Marketing, in consultation with the Director(s) of the relevant service area.

Alternative Options

- 4.1 An alternative option would be to continue to only permit advertising from partner organisations and other local authorities rather than opening up opportunities to external businesses. However, this is not recommended as it will severely limit the opportunities to secure external funding from advertising and sponsorship.

There is also the option to not allow the introduction of advertising and sponsorship on new channels. Again, this is not recommended as the main market for advertising lies in digital channels.

Financial Implications

5.1 Approving advertising for the Council's services on Council owned assets and media, including those not currently used for advertising will enable more effective promotion of the Council's commercial services and support the Council's messaging. This has the potential to not only generate extra income for the Council's commercial activities but also to facilitate cost savings by supporting promotion of cost saving initiatives. As the Council have not yet implemented advertising on some of the proposed channels it is difficult to forecast income, however, a previous Council Tax email to reduce avoidable contact resulted in £7,000 worth of savings

Approving advertising for third parties on Council owned assets will open up new income generation streams. As a guide, if all advertising capacity on the Council's emails, website and Contacts magazine (capped at three pages) were to be sold to third parties it would have the potential to generate an income of £51,426.

Contacts Magazine - £9,036

Email Advertising - £26,040

Website Advertising - £16,350

However, it is unlikely that we would be able to sell all of our advertising space immediately and once the effectiveness of promoting our own services is ascertained it is likely that the amount of advertising offered to third parties would be limited, in order to find the best balance for maximising return from our own advertising and that of third parties.

The figures above are only based on a small number of advertising income streams. However, if more advertising opportunities for third parties are introduced, financial targets would be assigned to them as part of the budget process.

The setting up of channels and assets for the purpose of advertising and sponsorship can be met from existing resources.

The costs associated with the fulfilment of advertising and sponsorship will be recovered from the sale of advertising and sponsorship. Any additional income will be used to support the Council's services. The setting up of channels and assets for the purpose of advertising and sponsorship can be met from existing resources.

Appendices

6.1 Appendix A - Advertising and Sponsorship Policy

Background Papers

None

Recommendations

THAT Cabinet:

- 1) approves advertising of the council's services on council-owned assets and media, including those not currently used for advertising, enabling the Council to run more effective promotional campaigns.
- 2) approves the advertising on and sponsorship of Council-owned assets from third parties, thereby providing an effective platform for businesses and public organisations to promote their services.
- 3) authorises the Director responsible for Sales and Marketing to put formal processes in place for the booking, management and delivery of advertising and sponsorship, including the preparation of appropriate terms and conditions for advertisers and sponsors.
- 4) approves the Advertising and Sponsorship Policy at Appendix A which provides a framework for future advertising and sponsorship activity.
- 5) delegates authority for managing and approving advertisement and sponsorship proposals to the Director responsible for the relevant service area, in consultation with the Sales and Marketing Manager. Where the advertising or sponsorship proposal relates to a number of services areas authority is delegated to the Director responsible for Sales & Marketing, in consultation with the Director(s) of the relevant service areas to manage and approve such proposals.

Reasons for Recommendations

To enable the Council to generate income from third parties from advertising on and sponsorship of Council-owned assets and media, and to ensure effective promotion of Council Services.

To ensure that advertising and sponsorship activity is undertaken consistently, in

line with agreed processes and in line with the Government's Code of Practice for publicity and to ensure that the Executive are not over burdened with operational decision making in relation to advertising and sponsorship.