

## **REPORT OF THE LEADER OF THE COUNCIL**

### **INCOME GENERATION THROUGH ADVERTISING AND SPONSORSHIP**

#### **Purpose of the Report**

1. To recommend a whole council approach and core principles for income generation that will maximise revenue from council owned assets through sponsorship and advertising.

#### **Information and Advice**

##### What is advertising and sponsorship?

2. Advertising is the promotion of a product, service, or message using paid-for media. Council-owned advertising platforms could include publications, its website, lamp post banners, digital TV screens etc.
3. Sponsorship is a mutually beneficial form of sales promotion. A company will help fund an event or support a business venture usually in return for publicity.

##### What can advertising and sponsorship achieve?

4. The Council's primary purpose is not to generate income but to deliver value for money services. However, advertising and sponsorship can deliver a range of benefits, including:
  - **Income to offset costs** – for example: service running costs; money for service development; income to offset subsidy shortfalls; redistribution of overheads; and money to offset against savings targets. Basically, to help support the financial sustainability of services.
  - **Local economic growth** – resulting from offering value for money advertising and sponsorship opportunities to local businesses.
  - **Enhanced reputation** – providing advertising platforms to help other public services to get their messages across.

##### What approach should the Council take?

5. A one-Council approach to income generation should be taken. This means establishing the following principles:
- Compliance with the Council's Advertising and Sponsorship Policy (approved by Policy Committee in July 2012 and attached as a background paper) and procedures. This gives a list of clear standards which must be adhered to and clarifies what is likely to be deemed as unacceptable types of advertising and sponsorship.
  - Prioritise income generation opportunities according to a professional judgement which equally balances four criteria:
    - The strength of potential to generate income and savings
    - Any budget required to deliver income generation
    - The cost/impact of the human resources required to deliver income generation
    - The potential to protect or enhance the Council's reputation (managing risk)
  - Use a SWOT (strengths, weaknesses, opportunities and threats) analysis to inform income generation strategy. This will take account of the Council's financial position, Strategic Plan objectives and market conditions and will be done at least annually.
  - Clear governance arrangements for income generation through advertising and sponsorship are already set out in the Council's Advertising and Sponsorship Policy. This highlights the role of the Communications and Marketing service to provide expertise and be the guardian of the Advertising and Sponsorship Policy.
  - The Communications and Marketing service will manage relevant advertising contracts and sponsorship arrangements, working closely with procurement and service colleagues. This central approach will ensure best value for money, transparency, consistency, fair fees and charges.
  - The Communications and Marketing service will normally lead negotiations with and any potential advertiser or sponsor. Exceptions to this may be desirable – for example, an individual or service which is not part of Communications and Marketing could lead on negotiations – but this must be agreed from the outset by the Service Director Communications and Marketing.

#### What is the Council currently doing?

6. Some income has been generated from adverts in corporate publications and a pilot to sell advertising on digital TV screens in libraries.

#### How much income could be realised?

7. For the first time it is proposed that corporate advertising and sponsorship targets should be set, to ensure that there are clear expectations for income generation and momentum to achieving these is maintained.
8. Realistic targets (as market factors will be variable) are proposed as:
  - Year 1 (2014/15) - £24,000
  - Year 2 (2015/16) - £48,000
  - Year 3 (2016/17) - £72,000
9. Any income generated will be paid to the relevant service area, depending on which service owns the assets used to generate income. The Communications and Marketing team will receive a 10% share of any income generated for any new arrangements (with any existing arrangements being honoured until end of March 2014) which will be used to resource ongoing contract management or direct delivery of selling advertising and supporting sponsorship packages. This percentage has been determined following benchmarking with similar sized authorities which have established income share ranging from 5 – 25%.

### Risks

10. Income generation through advertising and sponsorship is a long term endeavour. Expectations around the potential for income generation need to be realistic, given the range of variable factors on which this depends – many of which the Council cannot control.
11. Factors affecting income generation include the current economic climate, market forces and the attractiveness of the type and location of a platform (considering things such as audience reach, traffic flows and footfall). Depending upon the size and type of organisation or business, some of the Council's assets and locations will be more attractive and advantageous than others.
12. Another major risk is planning permission. Partners such as the District Councils could significantly influence the Council's ability to generate income through sponsorship and advertising where planning permission is needed. Currently, deemed consent is granted for Council messages, but this doesn't apply where the Council is selling space for commercial purposes.
13. It is also important to consider that income generated needs to be balanced against the rate of the return on investment. It takes resources to sell advertising and sponsorship opportunities, manage contracts and administer financial payments.

### Resources and delivery model

14. As set out in paragraph 5 above, there is the need to balance the amount of potential income and the timescale for income to be realised, with any financial investment in advertising platforms and the human resources needed.

15. The Council does not have any dedicated resources to generate income from advertising and sponsorship.
16. The Communications and Marketing team currently supports services to generate income through promotion to achieve service take up and also helps services makes savings. It did this successfully and this was outlined in a report to Policy Committee in June 2013 on marketing campaigns in 2012-13. However, the team does not have any designated capacity with regards to selling advertising or forming sponsorship packages.
17. In terms of a delivery model to sell advertising and sponsorship there are three options:
- In-house (the Communications and Marketing team)
  - External suppliers who are contracted to do this
  - A combination of in-house and contracted suppliers
18. The option of a combination of in-house and contracted suppliers is recommended, to ensure a mixed approach to maximise return on investment.
19. If Policy Committee approves the approach set out in this document, then further consideration will need to be given to how the Council's income generation targets should be best resourced.

### Next steps

20. The items listed below have been identified as priorities based on a scoping exercise:
- Advertising in key Council publications
  - Advertising in Council email marketing
  - Advertising on the Council's website
  - Advertising on the Council's lamp post banners
  - Advertising on the Council's digital tv screens
  - Roundabout sponsorship
  - Event sponsorship

### **Other Options Considered**

21. Not to maximise the Council's platforms to generate income from advertising is not an option given the budget position. Many other Councils are already achieving significant income from advertising and the learning from other local authorities has been used to inform this document.

### **Reason/s for Recommendation/s**

22. To maximise income from Council-owned assets through advertising and sponsorship, to assist with the Council's budget position.

## **Statutory and Policy Implications**

23. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Financial Implications**

24. Communications and marketing proposed income generation targets are on behalf of the whole council. Currently projects and work related to income generation has been done without additional resource, any additional investment needed to achieve the proposed income generation targets will be confirmed depending on the chosen model of delivery.

## **Equalities Implications**

25. An Equality Impact Assessment has been produced. This is attached as a background paper.

## **RECOMMENDATION/S**

- 1) Policy Committee notes the benefits and challenges around the maximisation of income generation through advertising and sponsorship.
- 2) Policy Committee approves the one-Council approach to income generation through advertising and sponsorship.
- 3) Policy Committee approves the commencement of work to achieve income through the channels outlined in paragraph 20 above, in order to begin to build a foundation to achieve the income generation targets set out in paragraph 8.
- 4) A report on income generation is presented to Policy Committee in April 2014.

**Councillor Alan Rhodes**  
**Leader of the Council**

**For any enquiries about this report please contact:**

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## **Constitutional Comments (NAB 21.08.13)**

26. Policy Committee has authority to approve the recommendations set out in this report by virtue of its terms of reference.

### **Financial Comments (SEM 23/08/13)**

27. The financial implications are set out in the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Advertising and Sponsorship Policy  
Equality Impact Assessment

### **Electoral Division(s) and Member(s) Affected**

All.