

REPORT OF THE LEADER OF THE COUNCIL

INCOME GENERATION THROUGH ADVERTISING AND SPONSORSHIP PROGRESS REPORT

Purpose of the Report

1. To provide an update on progress since Policy Committee approved a whole council approach to income generation through advertising and sponsorship on 18 September 2013 and to gain approval for next steps of the project.

Information and Advice

2. The Communications and Marketing team has explored the potential of maximising revenue from council-owned assets such as publications, the website, lamp-post banners, roundabout sponsorship and digital TV screens etc.
3. Early testing of the market has shown that some assets are more attractive than others and in many of the cases there is a significant cost to generating the income. It is important that the cost does not exceed the potential revenue which has been one of the main inhibitors of progress in the past. It is clear that taking a whole council approach offers the best chance of maximising any revenue through the ability to package up assets and share costs.
4. For this reason, in September members approved the principle that income generation opportunities would be prioritised according to four criteria:
 - a. The strength of potential to generate income and savings
 - b. Any budget required to deliver income generation
 - c. The cost/impact of the human resources required to deliver income generation
 - d. The potential to protect or enhance the Council's reputation (managing risk)
5. All advertising or sponsorship must adhere to the Advertising and Sponsorship Policy (background paper) that includes a list of clear standards and clarifies what is likely to be deemed as unacceptable types of advertising.
6. While Communications and Marketing have led on all the arrangements to generate income since the new Corporate approach was approved, it has been agreed that the income will go to the relevant service area, depending on which service owns the assets used to generate income. The Communications and

Marketing team get a 10% management share of any income generated for any new arrangements. This percentage has been determined following benchmarking with similar sized authorities.

What has been achieved?

7. For the first time, corporate advertising and sponsorship targets have been set, to ensure that there are clear expectations for income generation and momentum to achieving these is maintained.
8. Members approved the following increasing targets for Communications and Marketing as part of the budget proposals that were taken to November's Policy Committee:
 - Year 1 (2014/15) - £24,000
 - Year 2 (2015/16) - £48,000
 - Year 3 (2016/17) - £72,000

As these are targets for the Communications and Marketing team, the total amount generated for the Council is likely to be higher as 90% of the income will go to the service that owns the assets.

9. While no targets were set for the current financial year, since September, a total of **£15,770** has been generated for the County Council as part of the set-up phase.
10. The following table illustrates which asset generated the income and which service received the income as a result. In terms of lamp-post banners, the asset is deemed to be owned by Communications and Marketing as it bears the cost of the banner infrastructure and any change-over costs.

Asset	Owned	Income
Publications (County Life)	Communications	£11,653
Lamp-post banners [135 across all of the districts]	Communications (banner infrastructure)	£1,785
Digital screens (6 of the main libraries and Mansfield Bus Station)	Libraries/transport	£2,332
Total		£15,770

11. **PUBLICATIONS** - The most lucrative asset to date has been selling advertising in the Council's new publication, County Life. As part of the transformation of communications and to meet its outline business case to save £178,000, the previous publications (County News, Council Tax leaflet and What's On) are being replaced by three new audience based publications. The allocated advertising space in County Life was sold to the Council's partners Fire, Police

and the Language Shop. This advertising generated **£11,653**, to help offset the total £62,000 for production of the publication.

12. **LAMP-POST BANNERS** – The council is half way through a 3 year contract which is due to end in June 2015. To date **£1,785** has been generated through the commercial sale of some sites and the supplier is working on a proposal to identify the most potentially lucrative sites and an income forecast. Advertising has so far been sold in-house in an area with pre-existing planning approval; however for all other areas this will need to be sought and cannot therefore be guaranteed. Use of the Council's 135 banner sites for commercial advertising also needs to be balanced with the Council's own messages and campaign priorities.
13. **DIGITAL SCREENS** – Income generated to date has totalled **£2,332** since the contract was established 10 months ago. This figure has not been as high as the suppliers' initial forecasts which they estimated in the tender exercise. Ongoing work is being carried out with the supplier on how to improve the offer and maximise revenue from this asset.
14. Significant progress has also been made on scoping and researching future opportunities around other Council's assets. This includes a tender process for roundabout sponsorship that went live on 14 April, which over the term of the contract (4 years) annual guaranteed income to the Council is expected to reach between £50,000 and £100,000 per annum.
15. For the first time, the Council has created a media pack (Appendix A) which details the complete advertising and sponsorship offer, including rate cards, key demographics and artwork specifications. The media pack includes information on publications, lamp-post banners, digital screens, and sponsorship of the 2014 Robin Hood Festival.
16. The media pack was distributed to key local businesses and organisations on 2 March 2014 and has also been promoted to local businesses through the Economic Development team. Initial responses have been positive with businesses recognising this unique offer and considering it for their future marketing plans.
17. **SPONSORSHIP** – The new media pack provides a professional presentation of the Robin Hood Festival sponsorship offer, in order to maximise its potential to generate income in the highly competitive field of event sponsorship. It also creates an opportunity to add and promote further Council events in the future. Expectations for this income source however need to be considered in relation to the current market environment where businesses have limited funds for sponsorship during these difficult financial times.

Resources and delivery model

18. For advertising and sponsorship there is an ongoing 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.
19. The Communications and Marketing team currently supports services to generate income through promotion to achieve service take-up and also helps services makes savings. This activity generates significantly more income for the authority than the promotion of advertising and sponsorship opportunities. Just a couple of examples of this include: **School meals** - total income generated was £312,000 = for every £1 spent on promotion, £39 income was generated. **County Enterprise Foods** - total income generated was £125,000 = for every £1 spent on promotion, £2.50 income was generated.
20. It is important to note that the Communications and Marketing team does not have any designated capacity with regards to selling advertising or forming sponsorship packages. Also this is a specialised role. To date all the work achieved has been resourced by the Communications and Marketing team. This may not however become sustainable as the offers extend and as the team has increasing priorities to support service take-up and savings, and therefore needs to be kept under review.
21. As part of the maximisation of advertising income going forward, the authority will need to consider all options for selling platforms including:
 - In house (the Communications and Marketing team)
 - External suppliers who sell assets on the authority's behalf in return for a management fee (ranges between 55% and 80%)
 - A combination of in-house and contracted suppliers/other commercial arrangements
 - Working in partnership with other public sector bodies

Next steps

22. Promotion will target the next two new publications this year: Family Life, which is targeted at families and will be distributed during June 2014, and Your Life, which is targeted at older residents and will be distributed during September 2014.
23. Communications and Marketing team will continue to work closely with the Council's suppliers of lamp-post banners and digital screen advertising, to improve the offer and maximum revenue from these assets.
24. The Council's wider event offer to be reviewed and considered as possible sponsorship opportunities, with a package created for those selected and included in the Council's media pack and promoted to suitable sponsors.
25. As part of the Digital Development Plan, the Communications and Marketing team is currently reviewing the systems used to deliver the Council's internet. This provides an opportunity for incorporating the facility for web advertisements. These technical requirements are being considered in tandem with a procurement exercise to identify the most profitable supplier. This research and procurement

is due to conclude with a supplier and contract in place before the end of the calendar year.

26. The Council's new 'emailme' system for sending out emails has recently reached over 19,000 subscribers in the space of 6 months. As the system becomes more established it provides a further opportunity for advertising, with ability to target specific audiences. Once further established and thereby more attractive to potential sponsors, the offer will be detailed and included in the media pack and/or included in the procurement of the supplier for the web advertising.

Reason/s for Recommendation/s

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

Statutory and Policy Implications

28. 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

29. Communications and Marketing proposed income generation target will come from income generated from their own assets and a 10% commission from assets owned by other areas of the 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

30. An Equality Impact Assessment has been produced (background paper).

RECOMMENDATION/S

- 1) Policy Committee notes the progress made to date and approves the next steps for the whole-council approach to generate income from advertising and sponsorship.
- 2) A report on income generation is presented to Policy Committee in April 2015.

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Leader of the Council

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Constitutional Comments (SLB 20/03/2014)

31. Policy Committee is the appropriate body to consider the content of this report.

Financial Comments (SEM 21/03/14)

32. 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.