

Wiltshire Council

Cabinet

27 March 2018

Subject: Income Generation - Advertising

Cabinet Member: Cllr John Thomson
Communities, Communication, Campuses, Area
Boards and Broadband

Key Decision: Yes

Executive Summary

This report sets out proposals to adopt a more commercial approach – in line with the council's 10 year Business Plan - to generate income through third party advertising opportunities.

A policy and the council's assets and channels available for third party advertising forms the basis of this report and consideration by cabinet.

Proposals

1. Cabinet is asked to approve the policy for third party advertising, noting that the draft policy has been shaped and developed by an Overview and Scrutiny Third Party Advertising Task Group to ensure that it reflects the vision, priorities and values of the council (Appendix 1).
2. Cabinet is asked to approve the procurement of an external provider to secure third party advertising, on behalf of the council:
 - a. Third party advertising income is a new venture for the council and to secure the income commercial expertise, specialist skills and capacity is required that the council does not currently have.
 - b. There is also the requirement to deliver the income generation targets in the budget timelines for 2018/19 (circa: £150,000).
 - c. The specification to contract an appropriate provider will require careful consideration to ensure that it can capitalise on the opportunities available and adhere to the vision, priorities and values of the council.

Reason for Proposals

Wiltshire Council has to become more business-like and find opportunities to generate additional income.

£25 million of savings have to be found in 2018/19 and the communities and communications department has a target to generate an additional £1.2 million, of which, £150,000 has been aligned to advertising and better utilisation of space in the council's community campuses and hubs.

The council has a substantial asset base; including buildings, livery, street scene facilities such as lampposts, roundabouts and digital channels. These assets provide an opportunity to reach a wide range of audiences through third party advertising and as an outcome generate additional revenue income.

Corporate Director: Dr. Carlton Brand

Wiltshire Council

Cabinet

27 March 2018

Subject: Third Party Advertising Policy

Cabinet Member: Cllr John Thomson
Cabinet Member for Communities, Communication,
Campuses, Area Boards and Broadband

Key Decision: Yes

1. Purpose of Report

2. This report sets out proposals for the council to adopt a more commercial approach generating additional income through third party advertising opportunities.
3. A policy and the council's assets and channels available for third party advertising forms the basis of this report and consideration by cabinet (Appendix 1).
4. Advertising is defined as an agreement between the council and the third party advertiser, where the council receives money from a business, organisation or individual in return for an approved advertisement.

5. Relevance to the council's Business Plan

6. The proposals support the council's commercialisation agenda – as set out in the 10 year Business Plan – and are based on the identified opportunities to generate additional income that can be aligned to support the council's priorities.
7. One of the council's three priorities is to grow the local economy. The proposals present an opportunity to support local businesses; raising awareness, improving reputation management and promoting products and growth; including the recruitment of staff.

8. Background information

9. Wiltshire Council has to become more business-like and find opportunities to generate additional income. £25 million of savings have to be found in 2018/19 and the communities and communications department has a target to generate £1.2 million of income, of which £150,000 has been aligned to third party advertising and better utilisation of space in the community campuses and hubs.
10. The council has a substantial asset base, including buildings, livery, street scene facilities such as lampposts, roundabouts and digital channels. These assets provide the opportunity to reach a wide range of audiences across the county.
11. This report sets out proposals to capitalise on this opportunity and generate additional and a new income stream for the council.

12. Current position

13. The council's assets are not currently used to generate income through third party advertising.
14. Businesses focus on cost effective methods and channels to reach audiences and the maximum impact. The council - through its range of assets and channels - can access and target all audiences across Wiltshire.
15. There is currently no policy in place for third party advertising.
16. The council does have experience of securing significant local business sponsorship. This includes the established annual Wiltshire Business and Sports Gala Dinner – now in its fifth year (circa. £100,000 pa in total and circa. £50,000 pa of fundraising to support the county's future Olympians and Paralympians), and the recently launched Clean up Wilts campaign (circa. £20,000 to support awareness raising of litter issues and products such as bags for life and reusable cups - to reduce litter and the £2.5m pa spent on litter clearance). This income enables the delivery of the dinner and positive campaigns at minimal cost to the council.
17. A third party advertising policy will enable additional income to be secured and build on the successful approach to sponsorship income.

18. Main considerations for the council

19. Opportunity for third party advertising

20. This report sets out the opportunities available to generate income through third party advertising.
21. The council has enormous audience reach and interacts with every Wiltshire resident through the delivery of its services.
22. The council's buildings are community spaces benefiting from high footfall; some in the thousands (Five Rivers in Salisbury averages 2,500 visitors per day). The estimated income potential through third party advertising in the council's campuses and hubs is attached at Appendix 4.
23. Other locations such council owned car parks and household recycling centres benefit from high traffic and visitor flow and offer additional advertising opportunities.
24. The council's livery is a significant advertising opportunity. Whilst some of the livery is outsourced, or being outsourced as part of the service outsourcing, there is a contractual agreement that the council retains the right for display and advertisements on the vehicles.
25. It is proposed that bespoke packages are tailored to meet business need; enabling third party advertising with both small local businesses (SME's) and large national brands and organisations. Packages offered will be monitored and evaluated to measure the Return on Investment (ROI).
26. An example of proposed bespoke packages are highlighted - Appendix 2.
27. Digital channels can also be used for third party advertising. Whilst the website is not currently able to facilitate third party advertising this will be reviewed as the council develops its digital strategy. Other channels; such as the audio visual

screens in all the community campuses and hubs; including the three main administrative hubs can be utilised.

28. Delivery model proposal

29. Third party advertising income is a new venture for the council and to secure the income commercial expertise, specialist skills and capacity is required that the council does not currently have. There is the requirement to deliver the income generation targets in the budget timelines for 2018/19 (circa: £150,000). It is therefore proposed that this additional and new income is contracted to an external provider.
30. The specification to contract an appropriate provider will require careful consideration to ensure that the opportunities available can be fully utilised.
31. It is proposed that the specification focuses on contracting a Wiltshire based company that has an established network of local and national businesses. The specification will be based on the advertising policy.
32. A profit share agreement will be set out as part of the specification and negotiation.
33. It is anticipated that an external company can generate income more quickly and effectively than the council resourcing internally. An example of a specialist company securing advertisements on lampposts is attached at Appendix 3. The example highlights Birmingham City Council and the procurement of Bay media to generate this income.

34. Third Party Advertising Policy

35. Cabinet is asked to approve the policy for third party advertising. The draft policy has been considered and developed by an Overview and Scrutiny Third Party Advertising Task Group to ensure that it reflects the vision, priorities and values of the council.
36. The policy sets out the terms for third party advertising and sponsorship and the guidelines for what is acceptable, or conversely unacceptable, to ensure there is no conflict with the council's vision, priorities and values.
37. The policy includes the advertising codes of conduct and sets out the criteria for the advertising materials that are deemed appropriate.
38. The policy is attached as Appendix 1.

39. Overview and Scrutiny Task Group

40. Following an invitation from the cabinet member; communities, communications, campuses and area boards, to the Overview and Scrutiny Management Committee, a Third Party Advertising Policy Task Group was established to contribute to the development of the policy.
41. The Overview and Scrutiny Third Party Advertising Policy Task Group presented its report and recommendations to the Overview and Scrutiny Management Committee on 20 March. The draft report is attached as Appendix 5.

42. Safeguarding implications

- 43. The Third Party Advertising policy ensures that any advertising material is appropriate and adheres to the advertising code of conduct.
- 44. More specifically the policy states that any advertisements must be deemed appropriate for children.

45. Public health implications

- 46. The Third Party Advertising policy states that advertisements will not conflict with the council's vision and priorities. The council retains the right to refuse advertising if it conflicts with services provided by the organisation, or in any way undermines the council's business and service delivery.

47. Procurement implications

- 48. A provider will be contracted based on a specification to secure third party advertising, based on a competitive model, on behalf of the council.

49. Equalities impact

- 50. An equalities impact will be carried out.

51. Environmental and climate change considerations

- 52. The advertising policy states that advertisements will not conflict with the council's vision and priorities. The council retains the right to refuse advertising if it conflicts with services provided by the organisation, or in any way undermines the council's business and service delivery.

53. Risk assessment

54. Risks that may arise if the proposed decision and related work is not taken

- 55. Not pursuing third party advertising based on an approved policy will reduce the council's opportunity to generate additional and new income.
- 56. Other local authorities have successfully capitalised on third party advertising opportunities to generate significant additional annual revenue income.

57. Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

- 58. There are inherent risks associated when working with third party organisations. The policy provides a framework to assist in determining whether a business is an appropriate advertiser. The policy makes it clear that acceptance of advertising or sponsorship does not imply endorsement of the products and services of that company, by the council. All advertising on the council's assets and channels will carry a disclaimer.
- 59. The income potential at this stage is estimated. Whilst other authorities have adopted third party advertising, we have yet to fully test the market place. This

presents an element of risk. This risk is being mitigated by procurement of a third party provider.

60. There is a potential risk that large national companies could secure advertising opportunities over smaller local businesses. The scope of the council's assets and channels allows advertising opportunities for both large and small businesses.

61. Financial implications

62. The council has to become more business-like and find opportunities to generate additional income. £25 million of savings have to be found in 2018/19 and the communities and communications department has a target to generate an additional £1.2 million of income, of which £150,000 has been aligned to advertising and better utilisation of space in the community campuses and hubs.
63. The advertising market is difficult to quantify at this stage but other local authorities are generating significant income through third party advertising: as indicated in the research undertaken by the Overview and Scrutiny Third Party Advertising Policy Task Group.
64. There is the opportunity to build an income stream from third party advertising. The value is an estimate at this stage, but a target of £150,000 for 2018/19 has been allocated. The estimated income potential through third party advertising in the council's campuses and hubs is attached at Appendix 4.
65. To fully test the market the council needs an approved policy. This report requests cabinet to approve the policy so that the market can be tested.
66. To mitigate the financial risk and to deliver the income required in the tight timeline, it is proposed that third party advertising income is secured by an external company; based on clear terms including adherence to the policy and an agreed and appropriate profit share.

67. Legal implications

68. The advertising policy prohibits any agreement being made that is conflict with the council's legal obligations.
69. The policy also states that all advertisements must be legal.
70. All advertising carried on the council's assets and channels will include a disclaimer, as set-out in the policy.

71. Conclusion

72. This report recommends that cabinet approve the Third Party Advertising policy so that the opportunity to generate significant income can be tested and realised.
73. The council already generates income from business sponsorship arrangements. This policy would provide the mandate and a clear policy to expand this opportunity and increase income generation.

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Appendices:

Appendix 1 – Working for Mutual Benefits

Appendix 2 – Packages

Appendix 3 – Bay Media

Appendix 4 – Proposed Policy

Appendix 5 – OS Committee Report