

**CABINET**  
**20 OCTOBER 2009**

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**ADVERTISING AND SPONSORSHIP POLICY**

**Executive summary**

This report proposes policies for developing advertising and sponsorship across council services and facilities, and managing the placement of external advertising and sponsorship. The aim of this work is to maximise income, control expenditure and ensure that advertising and sponsorship is appropriate and contributes towards the delivery of corporate priorities. It is proposed that this activity will be coordinated centrally to ensure that advertising and sponsorship expertise can be applied across the organisation to deliver consistency and the fullest realisation of the opportunities available.

**Proposal**

That the Cabinet:

1. approve the 'Policy for generating income through advertising and sponsorship'
2. approve the 'Policy for the placing of advertisements and the sponsorship of third party events'
3. support the establishment of a corporate approach to the management of advertising and sponsorship, coordinated by the Policy, Research and Communications (PRC) service directorate

**Reason for proposal**

1. The potential exists to generate additional income from advertising and sponsorship activity, by exploiting new advertising and sponsorship channels and through the introduction of corporate coordination and expertise, working closely with services.
2. The approach to the management of advertising and the sponsorship of external events and activities is currently fragmented. Central coordination of external advertising and sponsorship will ensure that such activity is cost effective and consistent with the delivery of corporate goals and priorities.

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**ADVERTISING AND SPONSORSHIP POLICY**

**Purpose of Report**

1. To highlight the potential benefits that are available from developing commercial advertising and sponsorship (A&S) activity across the council's services and facilities
2. To seek consideration of draft advertising and sponsorship policies
3. To seek consideration for the development of a corporately led approach to the management and development of advertising and sponsorship within the organisation.

**Introduction**

4. Wiltshire Council currently engages in a variety of advertising and sponsorship activity. This includes advertising that the council places (eg, in newspapers), as well as advertising that it accepts (eg, product/service advertising in council facilities). The council also sponsors various public events that take place around the county, and the potential for inward sponsorship of council events or facilities also exists.
5. PRC is leading on the identification of £300,000 in corporate savings with respect to A&S for 2009/10. With a single council it is anticipated that an opportunity exists to deliver A&S activity in a more efficient and economical way through a more developed corporate approach. At the same time as developing the potential of increased advertising, it is considered that the opportunity exists to develop a clearer understanding of existing A&S right across the organisation with a view to maximising the efficiency and effectiveness of such activity.
6. The delivery of advertising and sponsorship is currently uncoordinated within the organisation. All departments are involved in advertising in various forms, from providing service information to service promotion, with some also engaged in the sponsorship of events or activities. Some services have statutory responsibilities to provide information about their services eg, planning applications. Decisions relating to A&S will be largely under the control of departments themselves at the present time. Whilst this may represent the most effective mechanism in some cases, it is considered that a corporately led approach will introduce valuable A&S expertise and experience, will enable the exploitation of a wider range of income generation opportunities and

therefore represents the best way forward for the organisation as a whole.

### **Inward advertising and sponsorship**

7. Wiltshire County Council looked at developing the potential for greater commercialisation in 2008, when it commissioned a review. The review identified the potential for £1.47m in net benefit over five years, which took into account a 30% charge that would be levied by a private sector provider for managing the service on behalf of the council. That piece of work did not lead to an agreement, but since that review was produced the potential for expanding the scope of this work has emerged following the creation of the unitary council. This has resulted in a greater number of facilities and assets being available for consideration as part of a new approach to advertising and sponsorship.
8. Key areas that are recognised to offer commercial revenue opportunity include:
  - Council website
  - Intranet
  - Large circulation council publications (eg, council magazine, council tax leaflet etc..)
  - Advertising within facilities (eg, leisure centres, libraries, contact centres
  - Council assets (eg, roundabouts, highways etc..)
  - Plasma screens
  - Sponsorship opportunities from existing or new partners (eg, Steria, Ringway, DC Leisure)
9. **It is estimated that between £200-300k of additional annual revenue could be generated from developing the above mentioned opportunities. See Appendix I.**
10. **It is proposed that PRC lead on the development of A&S across the organisation, providing the coordination and expertise necessary to fully exploit the opportunities available.**

### **External advertising and sponsorship**

11. The council uses advertising widely, to promote services and inform customers of service standards or changes. There is however a lack of overall coordination which creates the risk that the most cost effective approach for the organisation as a whole is not being adopted.
12. The council supports a range of events through sponsorship. In the past these have included the following:
  - Bath and West Show - £35k
  - West Wilts Show - £45k
  - Chippenham River Festival - £9k

13. Sponsorship has evolved over time and the new council has inherited commitments from all five previous authorities. Within the new council the rationale for agreeing sponsorship is not supported by policy and is consequently unclear. It is therefore important that clarity is established and existing sponsorship arrangements are reviewed in light of the new council's priorities and pressures. Concern exists that unless expenditure on these activities is controlled the benefits of increased income from advertising and sponsorship could be negated.
14. **It is proposed that PRC provides an overall coordination role in respect of external advertising, providing the focus and expertise necessary to ensure service departments are using the most appropriate and cost effective channels for delivering their advertising messages.**
15. **All sponsorship of third party events and activities will be coordinated and agreed by PRC in consultation with relevant service directorates. Where the criteria for corporate sponsorship is not met, the option for area boards to use their delegated funding to support local events and activities remains, subject to meeting the general requirements laid out in the policy.**

### **Policy development**

16. In order to support the successful development of A&S within the organisation it is considered vital that policy should be established to clarify what the organisation expects from potential A&S partners, and specifically the types of relationships that it would not want to enter into. Clearly, the potential exists for engaging in A&S activity that risks compromising the wider aims or values of the organisation, which in turn could have long lasting and damaging implications for the reputation of the council. This risk cannot be removed entirely, but it can be effectively managed through robust policy development and a greater level of corporate coordination.
17. There has been opposition expressed from various organisations to the increase in A&S activity by local authorities generally, although concerns are often specific to an opponent's interests. Elsewhere, for example, local newspapers have expressed concerns over the increased use of council newspapers, due to the potential impact on their advertising revenues from increased competition. The Campaign for the Protection of Rural England (CPRE) has also expressed opposition to roundabout sponsorship in some areas. Whether due to concerns over aesthetic impact or the perception that sponsors will gain unfair advantage in respect of their other business relationships with the Council, it must be recognised that not everyone will support the development of A&S activity by the Council.
18. To build confidence in the role that A&S can play in contributing to the wider priorities of the council it is important that A&S decisions do not appear to be at odds with the organisation's values and goals. For example, tobacco advertising would conflict with the promotion of

healthy and active lifestyles. Similarly, some advertising may undermine the delivery of the council's own services eg, commercial waste management, private fostering services etc..The draft A&S policies for inward and external A&S activities provide clarity on the commercial relationships that the council would not want to develop, and it is important to review these policies on a regular basis to ensure they remain aligned with the organisation's objectives, and reflect the sensitive issues that emerge from time to time. **See Appendix II for the draft 'Policy for generating income through advertising and sponsorship' and Appendix III for the 'Policy for the placing of advertisements and the sponsorship of third party events'.**

### **Gaining organisational support**

19. With income from A&S already being generated across the organisation, it is important to clarify which income will be counted against A&S 2009/10 savings targets, and which remains part of existing service income budgets.
20. It is not the intention of this initiative to jeopardize the sustainability of existing service budgets, and so it is anticipated that only new income derived from advertising will count against the £300k A&S target. This is justified on the basis that a more centralised approach to the management of A&S is desirable, and that PRC will provide the expertise and capacity to explore new opportunities, and develop the wider income generation potential of the organisation. The new approach will be flexible enough to agree specific exceptions to central coordination, where existing arrangements are considered to be more appropriate, subject to agreement between the PRC service director and the relevant Corporate Director.
21. Whilst it is anticipated that services with a history of attracting A&S may consider that the financial benefits connected to developing future opportunities will now be taken from them, it is vital that the incentive to exploit A&S opportunities remains, and that services continue to seek additional income of this type.
22. **In order to retain the incentive for services to look for new income generation opportunities it is proposed that additional new income, over and above the £300k target, is divided as follows: Corporate 40% / PRC 30% / Service directorate 30%**

### **The way forward**

23. The opportunities for increasing income from A&S are clear, but the current fragmented approach within the organisation is considered to be a barrier to fulfilling the potential of this work. The keys to success are considered to be:
  - Developing centralised expertise to maximise income potential and achieve cost reductions
  - Focus on longer term, higher value relationships with commercial partners

- Seek to capitalise upon commercial relationships with existing contractors, for mutual benefit
  - The development of robust and responsible A&S policies to guide and support staff and potential advertisers/sponsors, and through which risk can be mitigated
  - Establishing clarity and buy-in from council departments, in order to ensure continued incentive to identify opportunities
24. Whilst the development of this initiative may result over time in a more centralised advertising and sponsorship service, in the first instance it is considered that existing service involvement should be built upon, through the introduction of central coordination of A&S activity within PRC.

### **Impacts**

25. Environmental impact  
The development of advertising and sponsorship is not expected to create any adverse environmental impacts.
26. Equalities impact  
This report is not anticipated to compromise the council's work with respect to equalities. The proposed policies contain a requirement for compliance with advertising industry standards which ensures that advertising does not conflict with goals relating to equalities.
27. Risk assessment  
Activity which links the council to private companies has the potential to create reputational risk for the council. This will be mitigated by developing a more central coordinating role for PRC, which will offer the relevant expertise in building and maintaining mutually productive relationships with commercial partners. The agreement of A&S policy will establish the underpinning conditions necessary to minimise risk and protect the council's position.
28. An increased reliance on generating income from advertising and sponsorship leaves the council more vulnerable to economic and market related volatility. This risk will be mitigated by focusing on developing long term and reliable relationships where commercial partners recognise the value that working with Wiltshire Council provides them.
29. Financial impact  
The 2009/10 budget for PRC has been set based on the expectation that £300k can be generated from advertising and sponsorship activity. Given that policy is being considered mid way through the year, it is anticipated that this target will not be entirely met given the time remaining. It is considered achievable in future years as commercial relationships are established and opportunities are fully explored. Alternative measures will be needed to address any shortfall on the £300k income target, to ensure that overall PRC remain in budget for 2009/10.

30. Legal impact

The policies attached to this report contain a requirement that legal advice is sought in preparing sponsorship agreements. Furthermore, no advertising or sponsorship activity will take place involving companies which the council is in legal dispute with.

**Conclusions**

31. Advertising and sponsorship can offer the organisation a valuable income stream which will contribute to the wider delivery of essential council services in the future. It is critical however, in considering how the service should be developed, to ensure that it is driven to deliver the best possible returns for the organisation as a whole. This means that the current fragmented approach could be improved upon through the development of corporate expertise and capacity, which will strengthen the Council's ability to attract and retain commercial partners, and realise the full potential of those relationships.

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**Background papers**

None

**Appendices**

Appendix I – Table detailing income generation opportunities from advertising

Appendix II – Policy for generating income through advertising and sponsorship

Appendix III – Policy for the placing of advertisements and the sponsorship of third party events