

AGENDA SUPPLEMENT (3)

Meeting: Overview and Scrutiny Management Committee
Place: The Kennet Room - County Hall, Trowbridge BA14 8JN
Date: Tuesday 20 March 2018
Time: 10.30 am

The Agenda for the above meeting was published on 12 March 2018 Additional documents are now available and are attached to this Agenda Supplement.

Please direct any enquiries on this Agenda to Kieran Elliott, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line (01225) 718504 or email kieran.elliott@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225)713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

7 **Final Report of the Third Party Advertising Policy Task Group (Pages 3 - 36)**

The report to Cabinet for 27 March 2018 on income generation is attached.

DATE OF PUBLICATION: 19 March 2018

This page is intentionally left blank

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

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.

Laurie Bell (Director Communities and Communications)

Report Author: Laurie Bell, Director - Communities and Communication,
laurie.bell@wiltshire.gov.uk, Tel: 01225 713618

Date of report: 27 March 2018

Appendices:

Appendix 1 – Working for Mutual Benefits

Appendix 2 – Packages

Appendix 3 – Bay Media

Appendix 4 – Proposed Policy

Appendix 5 – OS Committee Report

Third Party Advertising Policy

Appendix 1

Wiltshire Council policy for generating income through third party advertising and sponsorship

The purpose of the policy is to set out the terms upon which advertising and sponsorship may be secured.

The council is committed to developing appropriate advertising and sponsorship opportunities to support its core activities and generate new and additional income. It will encourage commercial relationships which do not conflict with the delivery of the council's vision, priorities and values.

The policy aims to provide guidance on what is, and is not, acceptable advertising and sponsorship for the council.

The policy relates to advertising opportunities related to the council's assets, channels, services, events and other activities, for which it is responsible.

Advertising is defined as...

An agreement between the council and the advertiser, whereby Wiltshire Council receives money from a business, organisation or individual in consideration of which the advertiser gains publicity in the form of an advertisement.

All adverts must adhere to the codes of conduct laid down by the Advertising Standards Authority and must not conflict with the council's vision and priorities. All adverts must meet the national advertising standards code (CAP code) applied by the Advertising Standards Authority (ASA). The code covers taste and decency in the depiction of religion, race, gender, alcohol and products aimed at children. Advertising will also be subject to the Code of Practice on Local Government Publicity and the requirements of the Financial Services Authority.

The policy is not an exhaustive list.

Advertisements **must be:**

- legal, decent, honest and truthful
- not bring advertising into disrepute, in addition must not bring the council into disrepute
- must conform to the code
- must respect the principles of fair competition
- must be created with a sense of responsibility to consumers and society

Most products and services may be promoted on the council's assets and channels if the advertisements meet the criteria outlined above. However, the council has agreed some specific categories of products and services which are prohibited as defined below:

Advertisements **will not** be accepted if they are:

- inappropriate or objectionable

- may result in the council being subject to prosecution
- promote gambling
- promote payday loans and money lending
- promote, or refer to, tobacco or similar products
- charity appeals
- promote the misuse of alcohol or promote the use of alcohol to children
- inappropriate for children, for example violent films, pornography, adult entertainment
- appear to influence support for a political party/candidate
- appears to promote racial or sexual discrimination, or discrimination on the basis of disability, faith, gender or age
- are the subject of a complaint to the Advertising Standards Authority and upheld by the ASA as a legitimate complaint.

The above list is not exhaustive, and the council retains the right to refuse advertising on the grounds that, in the council's opinion, it is inappropriate, or it conflicts with services already provided by the organisation. Wiltshire Council reserves the right to remove advertising without reference to the advertiser.

Sponsorship is defined as...

An agreement between the council and the sponsor, where the council receives either money, or a benefit in kind, for an event, campaign or initiative from a business, organisation or individual which in turn gains publicity or other agreed benefits.

The policy aims to:

- maximise opportunities to attract commercial sponsorship for appropriate events, campaigns or initiatives
- ensure Wiltshire Council's position and reputation is protected
- ensure an appropriate return is generated from sponsorship agreements
- ensure a consistent and professional approach is adopted for the development of sponsorship agreements
- protect elected councillors and officers from potential allegations of inappropriate dealings or showing alleged favouritism to sponsors.

The council will welcome all opportunities to work with sponsors where such arrangements support its core values. However, it will not enter into a sponsorship agreement if, in the reasonable opinion of the council, the agreement:

- may be perceived as potentially influencing the council, or its officers in the course of carrying out statutory functions, in order to gain favourable terms from the council for any business or other agreement
- aligns the council with any organisation or individual which conflicts with Wiltshire Council's values and priorities.

The council **will not** enter into sponsorship agreements with:

- organisations that do not comply with the council's Advertising Policy or the Advertising Standards Authority (ASA) code of practice
- organisations that are in financial or legal conflict with the council
- organisations with a political purpose, including pressure groups and trade unions
- organisations that demonstrate and/or support racial or sexual prejudice or discrimination on the basis of disability, faith or gender.
- The list above is not exhaustive and the council retains the right to decline sponsorship from any business, organisation or individual, or in respect of particular products which the council in its sole discretion considers inappropriate.
- Wiltshire Council will agree with the sponsor the type and content of the projected publicity generated by the sponsorship opportunity such as press launches, press releases, photo opportunities, interviews. The council retains the right to approve all advertising materials prior to public release. No materials will be released without the council's sign off.
- Wiltshire Council has a strong corporate brand identity and all materials relating to sponsorship agreements must comply with its branding requirements and most not be in conflict with the council's brand or compromise it in any way.

Procedures

Before agreeing to accept any advertising or sponsorship, the policy guidelines must be adhered to.

All potential advertisers and sponsors will be referred to the policy for information and guidance.

Advertising and sponsorship agreements will be referred to Legal Services for review, as appropriate.

Disclaimer

Acceptance of advertising or sponsorship does not imply endorsement of products and services by Wiltshire Council.

All advertising carried on any of the council's assets and channels including the website, print, digital screens, vehicles, publications, billboards (interior and exterior) or other media, will carry the following disclaimer:

'Every effort has been made to ensure the accuracy of the content of the advertisements displayed here. Wiltshire Council cannot accept any liability for errors or omissions contained in any advertisements provided by an advertiser.'

Wiltshire Council does not accept any liability for any information or claims made by the advertisement or by the advertisers. Wiltshire Council does not support or endorse any company or organization advertising on its website or in its premises. The council

is not responsible for the quality or reliability of the product or services offered within any advertisement. The council would never knowingly run an advertisement that is misleading, offensive, untrue or fraudulent.

This page is intentionally left blank

Example packages

Appendix 2

The packages below are examples of the assets and channels that could be used based on the price paid.



Packages offering localised advertising and smaller scale advertising.

Aimed at smaller companies and those wanting to support a localised campaign or a timed campaign such as recruitment, event, and specific promotion.

- Package 1: £500 – full colour advert on digital screens
- Package 2: £1,000 – combination of website (when able to accept third party advertising), digital screen, roadside billboard for a set period of days.
- Package 3: £2,500 – combination of assets and channels: website, digital screens, freighters/livery, community campuses and hubs, County Hall - atrium window and banner, roadside billboard, car park billboard.



Premium packages targeted at larger companies and organisations.

Ability to create bespoke campaigns using the client's chosen mix of channels within the price bands.

The determining factor of the different price bands is the length of time for advertisement.

- Package 1: £05,000 – 1 week
- Package 2: £10,000 – 2 weeks
- Package 3: £15,000 – 3 weeks
- Package 4: £20,000 – 4 weeks

Bay Media Case Study

Below is an example of a lamppost third party advertising that Bay Media delivers for Birmingham City Council.

Commenced in April 2014 to sell advertising on lampposts at 176 sites across 19 main roads.

Bay Media were procured to deliver planning, testing, sales, marketing and fulfilment based on a profit sharing arrangement.

Planning was granted on almost all sites submitted.

60% of the cost was charged to the advertiser; the council received 20% of the profit.

Bay Media lease and cover the costs of all fixings so there was no initial outlay.

The average price charged per lamppost is £200 - £300 a week.

Bay Media has looked at Wiltshire and estimated that with a similar scheme could realise up to £20,000 pa.

This page is intentionally left blank

Third Party Advertising Policy

Appendix 4

Wiltshire Council policy for generating income through third party advertising and sponsorship

The purpose of the policy is to set out the terms upon which advertising and sponsorship may be secured.

The council is committed to developing appropriate advertising and sponsorship opportunities to support its core activities and generate new and additional income. It will encourage commercial relationships which do not conflict with the delivery of the council's vision, priorities and values.

The policy aims to provide guidance on what is, and is not, acceptable advertising and sponsorship for the council.

The policy relates to advertising opportunities related to the council's assets, channels, services, events and other activities, for which it is responsible.

Advertising is defined as...

An agreement between the council and the advertiser, whereby Wiltshire Council receives money from a business, organisation or individual in consideration of which the advertiser gains publicity in the form of an advertisement.

All adverts must adhere to the codes of conduct laid down by the Advertising Standards Authority and must not conflict with the council's vision and priorities. All adverts must meet the national advertising standards code (CAP code) applied by the Advertising Standards Authority (ASA). The code covers taste and decency in the depiction of religion, race, gender, alcohol and products aimed at children. Advertising will also be subject to the Code of Practice on Local Government Publicity and the requirements of the Financial Services Authority.

The policy is not an exhaustive list.

Advertisements **must be:**

- legal, decent, honest and truthful
- not bring advertising into disrepute, in addition must not bring the council into disrepute
- must conform to the code
- must respect the principles of fair competition
- must be created with a sense of responsibility to consumers and society

Most products and services may be promoted on the council's assets and channels if the advertisements meet the criteria outlined above. However, the council has agreed some specific categories of products and services which are prohibited as defined below:

Advertisements **will not** be accepted if they are:

- inappropriate or objectionable

- may result in the council being subject to prosecution
- promote gambling
- promote payday loans and money lending
- promote, or refer to, tobacco or similar products
- charity appeals
- promote the misuse of alcohol or promote the use of alcohol to children
- inappropriate for children, for example violent films, pornography, adult entertainment
- appear to influence support for a political party/candidate
- appears to promote racial or sexual discrimination, or discrimination on the basis of disability, faith, gender or age
- are the subject of a complaint to the Advertising Standards Authority and upheld by the ASA as a legitimate complaint.

The above list is not exhaustive, and the council retains the right to refuse advertising on the grounds that, in the council's opinion, it is inappropriate, or it conflicts with services already provided by the organisation. Wiltshire Council reserves the right to remove advertising without reference to the advertiser.

Sponsorship is defined as...

An agreement between the council and the sponsor, where the council receives either money, or a benefit in kind, for an event, campaign or initiative from a business, organisation or individual which in turn gains publicity or other agreed benefits.

The policy aims to:

- maximise opportunities to attract commercial sponsorship for appropriate events, campaigns or initiatives
- ensure Wiltshire Council's position and reputation is protected
- ensure an appropriate return is generated from sponsorship agreements
- ensure a consistent and professional approach is adopted for the development of sponsorship agreements
- protect elected councillors and officers from potential allegations of inappropriate dealings or showing alleged favouritism to sponsors.

The council will welcome all opportunities to work with sponsors where such arrangements support its core values. However, it will not enter into a sponsorship agreement if, in the reasonable opinion of the council, the agreement:

- may be perceived as potentially influencing the council, or its officers in the course of carrying out statutory functions, in order to gain favourable terms from the council for any business or other agreement
- aligns the council with any organisation or individual which conflicts with Wiltshire Council's values and priorities.

The council **will not** enter into sponsorship agreements with:

- organisations that do not comply with the council's Advertising Policy or the Advertising Standards Authority (ASA) code of practice
- organisations that are in financial or legal conflict with the council
- organisations with a political purpose, including pressure groups and trade unions
- organisations that demonstrate and/or support racial or sexual prejudice or discrimination on the basis of disability, faith or gender.
- The list above is not exhaustive and the council retains the right to decline sponsorship from any business, organisation or individual, or in respect of particular products which the council in its sole discretion considers inappropriate.
- Wiltshire Council will agree with the sponsor the type and content of the projected publicity generated by the sponsorship opportunity such as press launches, press releases, photo opportunities, interviews. The council retains the right to approve all advertising materials prior to public release. No materials will be released without the council's sign off.
- Wiltshire Council has a strong corporate brand identity and all materials relating to sponsorship agreements must comply with its branding requirements and most not be in conflict with the council's brand or compromise it in any way.

Procedures

Before agreeing to accept any advertising or sponsorship, the policy guidelines must be adhered to.

All potential advertisers and sponsors will be referred to the policy for information and guidance.

Advertising and sponsorship agreements will be referred to Legal Services for review, as appropriate.

Disclaimer

Acceptance of advertising or sponsorship does not imply endorsement of products and services by Wiltshire Council.

All advertising carried on any of the council's assets and channels including the website, print, digital screens, vehicles, publications, billboards (interior and exterior) or other media, will carry the following disclaimer:

'Every effort has been made to ensure the accuracy of the content of the advertisements displayed here. Wiltshire Council cannot accept any liability for errors or omissions contained in any advertisements provided by an advertiser.'

Wiltshire Council does not accept any liability for any information or claims made by the advertisement or by the advertisers. Wiltshire Council does not support or endorse any company or organization advertising on its website or in its premises. The council

is not responsible for the quality or reliability of the product or services offered within any advertisement. The council would never knowingly run an advertisement that is misleading, offensive, untrue or fraudulent.

This page is intentionally left blank

Final Report of the Third Party Advertising Policy Task Group

Purpose

1. To present the conclusions and recommendations of the Third Party Advertising Policy Task Group for endorsement and referral to the Cabinet Member for Communications, Communities, Leisure and Libraries.

Background

2. On 31st October 2017 the Chairman and Vice-Chairman of OS Management Committee met with the Cabinet Member to discuss OS engagement on key projects within the 'Communities and Communications' portfolio. The Cabinet Member invited OS to help develop the council's Third Party Advertising Policy, which was then scheduled for Cabinet approval in December 2017.

Terms of Reference

3. The task group was subsequently established by OS Management Committee on 28 November 2018 with the following terms of reference:
 - a) To support the development of the council's Third Party Advertising Policy, by considering,
 - Legal and commercial issues
 - The ethos, values and reputation of the council
 - Supporting local businesses and economic development
 - Opportunities for income generation
 - b) To submit findings and recommendations to the Cabinet Member prior to the Policy's consideration by Cabinet in 2018.

Membership

4. The opportunity to take part in the task group was offered to all non-executive councillors and the following were appointed:

Cllr Stuart Wheeler (Chairman)
Cllr Alan Hill

Cllr George Jeans
Cllr Nick Murry
Cllr Graham Wright

Methodology

5. The task group met on 6 occasions between November 2017 and March 2018. It is grateful to the following witnesses who contributed to its review:

Laurie Bell	Service Director for Communities and Communications, Wiltshire Council
Cllr John Thomson	Cabinet Member for Communications, Communities, Leisure and Libraries, Wiltshire Council
Helen Burnett	Head of Business and Commercial Development, Birmingham City Council
Susan Fleming	Senior Account Executive, Birmingham City Council
Kerry Carpenter	Marketing and PR Co-ordinator, Dorset County Council
Mark Fortune	Commercial Manager, Dorset County Council
Angela Redman	Commercial Business and Marketing Manager, West Sussex County Council
Susanne Sanger	Scrutiny Officer, West Sussex County Council

Evidence

Context

6. The council's Business Plan 2017-27 (scrutinised by OS Management Committee in June 2017) set out the objective of taking an "efficient, commercial and long term approach with an increase in trading of our services." The council's Financial Plan update 2018/19, also scrutinised by Committee and agreed by Full Council, included an income target of £0.150M specifically from advertising and sponsorship opportunities for the next financial year.
7. The task group contacted approximately 30 other councils with a view to learning from their experiences of developing advertising functions, with particular focus on 10 councils considered to be Wiltshire's close comparators. Overall the responses suggested that a large majority of councils are in their infancy in terms of developing this area or have not yet developed it at all.
8. Research also suggests that, of those councils that are pursuing some form of advertising, few have had significant Executive or non-Executive councillor involvement in the development of their advertising policies or functions.

The ethos, values and reputation of the council

9. The Advertising Policy proposed to Cabinet sets out the terms for third party advertising and sponsorship and the guidelines for what is acceptable, or unacceptable, to ensure there is no conflict with the council's vision, priorities and values. The policy includes the advertising codes of conduct and sets out the criteria for the advertising materials that are deemed appropriate.
10. Having considered advertising policies from a number of other councils, Wiltshire's is the most detailed in terms of defining what will, and will not, be considered acceptable. Birmingham City Council has a well-developed advertising function generating substantial income for the authority, but so far it has not adopted an advertising policy. Guidance on what advertisements are acceptable to the authority are instead set out in the template contract used with its advertising agencies.
11. Other councils spoken to by the task group have reported many instances where their advertising policy has required a degree of interpretation. For example, when an advert is submitted by a national 'fast-food' outlet, but promoting one of its healthier options; or an established local brewery wishing to advertise on a council roundabout, something potentially and arguably in conflict with that council's substance abuse agenda.
12. This council's proposed Policy and those considered from other councils are similar in terms of the criteria outlining which adverts and organisations will be considered acceptable or prohibited. It is noted that some local authorities' policies also consider adverts selling defence products or 'fast food' unacceptable; neither are referred to in this council's proposed Policy.
13. The draft Policy states that all adverts run by the council will carry a disclaimer, absolving council liability for errors or omissions in the content, and clarifying that the council does not support or endorse the advertiser.

Delivery model

14. The proposal in the report to Cabinet is to procure an external provider to secure third party advertising on behalf of the council.
15. Other councils spoken to by the task group reported a range of models for the delivery of their advertising functions. This included Dorset County Council delivering aspects of their the function entirely inhouse (having previously contracted an external agency); and Birmingham City Council having a small internal team that contract-manages a selection of agencies responsible for different advertising formats.
16. All of the councils spoken to reported advantages in retaining a strong element of internal management:
 - a) Doing so maximises the development of skills and experience within the council, which better enables the function to expand into the longer

term. The commercial acumen within the relevant officer teams was considered to be crucial.

- b) The income generated is not shared with another organisation and can be used to further develop internal capacity, creating greater income potential in the future;
- c) The council is more able to assure itself that the maximum possible revenue is being generated from its estate. One of the councils spoken to identified that income from roundabout advertising was not reaching its potential under external management and generated significantly more having brought the service inhouse.
- d) Potentially a greater ability to ensure that the council's advertising policy is applied and that the council's values and reputation are being protected.

17. In terms of the function's delivery, other councils have offered the following 'lessons learned' drawn from their own experiences of developing an advertising function:

- a) Any contract with an advertising agency should be on a Guaranteed Lump Sum (GLS) percentage profit-share model to ensure the risk is shared with the agency. This should be on a gross income basis to avoid disagreements about cost;
- b) Advertising that requires more significant capital investment (for example, new billboards) should point to longer contract terms (10-15 years);
- c) All of the upfront costs, such as capital expenditure and rates, should fall on the contractor;
- d) Advertising estate always has periods of dis-use ("voidage") and the "voidage" percentage agreed in the contract should be carefully considered;
- e) Localities will only attract and sustain finite amounts of advertising investment, i.e. More assets don't mean exponentially more investment. It is unwise to dilute one's offer by scattering it too thinly and better to identify the key opportunities and maximise those;
- f) The advertising market can be fickle and unpredictable in terms of income potential, even with the benefit of years of experience. The local, national and international economy has a significant effect on advertising investment and it can diminish it very suddenly.

Opportunities for income generation

18. The draft report to Cabinet outlines some potential areas of the council's estate that could provide advertising opportunities, **though it does not set out which areas will be taken forward first**. By speaking to other councils the task group has identified some potential avenues, and the advantages and challenges presented by each:

- a) **Website:** While some council websites do host adverts from partners or local VCS groups (e.g. for forthcoming community events) the task group is not aware of any council websites generating income through adverts. Some councils have previously explored this area, but have then stepped away and

focused on opportunities considered more straight-forward. This was due to the time investment and specialist skills required when implementing and managing web adverts. There are companies that specialise in managing this service for councils, but the usual downsides such as profit-share and loss of full control apply.

- b) **Roundabout sponsorship and county boundary signs:** Dorset County Council has been successful in increasing their annual income from adverts on roundabouts year on year. It now has 81 sponsored roundabouts in place, generating around £0.150million per annum, with a target of £0.500M income within 5 years from all advertising and sponsorship. The service was previously contracted out to an external provider, but the council saw an opportunity to improve the income stream and profit-share by bringing it inhouse (including creating and installing the signs themselves). Some councils are also now considering introducing adverts near or attached to their county boundary signs.
 - c) **Refuse vehicles:** The other councils spoken to had mixed views on the commercial appeal and income potential of adverts on refuse vehicles. One council had previously developed a business case for this area, but was unable to generate interest from the market. Conversely, two other councils were optimistic regarding its potential and one is actually now implementing advertising on 30 of its fleet of 200 refuse lorries.
 - d) **Bus stops and lampposts:** For Birmingham City Council, small format digital advertising, such as in bus stops with digital screens, is a key growth area for generating income from advertising. Telephone kiosks are also popular.
 - e) **Council payslips:** West Sussex County Council enclose advertisements with their staff's payslips, which reach over 15,000 employees across the county.
 - f) **Council publications:** West Sussex County Council also offers adverts in its various publications, which include its Bereavement Guide, Buy With Confidence Directory, Taste West Sussex and West Sussex Connections.
19. West Sussex County Council has a [webpage](#) presenting its advertising offer, setting out the options to potential advertisers in detail, including an indication of cost. Dorset County Council is now developing a webpage through which potential advertisers can search those roundabouts available for commercial sponsorship by certain criteria.
20. The [Cross Council Revenue Group](#) is a national network that has been operating for over a decade and shares ideas and best practice regarding local authority income generation. Its members are typically officers working in marketing, communications, sponsorship and advertising roles. The Group's overall strategic aim is to achieve better commercial outcomes for its members, including the ambition to bolster return on investment rates and value for money, responding to the challenges of austerity. A fundamental element of this is through improving collaborative opportunities, grow business minded innovation and entrepreneurial thinking in local government.

Legal issues

21. Several of the local councils spoken to emphasised the importance of councils' planning strategy being in alignment with the its objectives regarding income from advertising. With both roundabouts and boundary signs, gaining planning permission is obviously an essential part of the process. Several years ago one council agreed a large advertising contract and then its planning department refused permission for the relevant sites. Obtaining planning consent for specific sites before seeking contractors also increases the value of, and interest, advertising contracts.

Conclusions

Context

22. As the report to Cabinet sets out, the council continues to operate in a challenging financial climate with significant budget pressures and increasing demand for some services. In this context and with the income generating potential evident within the council's asset base, the task group supports taking forward a programme to generate revenue through the provision of third party advertising opportunities. (**Recommendation 1**)

The ethos, values and reputation of the council

23. The task group supports the adoption of a robust advertising policy to guide this work. The policy will be essential in ensuring that the council's approach to advertising reflects its vision, priorities and values. It will help mitigate the risk of the council incurring reputational damage, being exposed to legal challenge, causing conflicts with existing service priorities or negating the council's public service role. Finally, the Policy will support councillors and officers to take fast, consistent decisions in terms of the advertisers and adverts that are appropriate for the council's estate. (**Recommendation 2**).
24. The task group is grateful for the Executive's proactive engagement with Overview and Scrutiny on this topic (**Recommendation 3**). Ongoing councillor input on the Policy is to be welcomed, given the importance of protecting the council's role and reputation as the more 'commercial' approach outlined in the Business Plan 2017-27 takes shape. It will be important that this council's Policy is reviewed regularly, including by overview and scrutiny, to ensure any lessons are learned from the criteria's practical application. (**Recommendations 4 and 5**)
25. The task group welcomes the clear statement in the proposed Policy that the council will retain the right to refuse advertising when it considers it inappropriate or in conflict with services already being provided. The clear disclaimer absolving the council liability for errors or omissions in advertisement content, and clarifying that the council does not support or endorse the advertiser, is also welcomed. It may be that adverts in certain media (such as web, if this is pursued in the future)

are more likely to be misinterpreted as representing endorsement by the council and consideration will need to be given to this.

26. Although certain restrictions on the adverts and advertisers the council will do business with are vital, excessive restriction can make it more difficult to find an advertising agency willing to market the council's assets. Birmingham City Council had planned to ask fast-food advertisers to state their products' sugar and fat content, but had subsequently not found an agent interested in marketing the space.
27. As well as generating income for the council, which is emphasised in the report to Cabinet, advertising opportunities can be for wider community benefit and support the local economy. West Sussex County Council suggested that while some of its commercial activities may only generate small profits for the authority, they have been worth investment for their wider community impacts. (see Recommendation 1)

Delivery model

28. The task group recognises that advertising is a new venture for the council and it may not currently have the commercial expertise, specialist skills and capacity to develop this function from a standing start. The procurement of an external agency may therefore be sensible in the short term to get the function up and running. *It will also enable the council to learn from its initial experiences of advertising while sharing the challenges and risks with a partner organisation.* However, if the external route is chosen, retaining control regarding both our Policy's application and the ability to bring the function inhouse without significant complication or delay (through an appropriate contract) must be considered. **(Recommendation 6)**
29. The task group supports the proposal that the contract specification focuses on procuring a Wiltshire-based company that has an established network of local and national businesses. However, undertaking a difficult tendering process to potentially not find a willing or suitable agency may also be a risk to be considered and was experienced by one of the councils spoken to. The task group supports the market analysis already undertaken in terms of assessing potential advertising income, but likely interest from Wiltshire-based advertising agencies should be determined before this route is agreed. **(Recommendation 7)**

Opportunities for income generation

30. The various opportunities and challenges highlighted by other councils are outlined under paragraph 18 are referred to Cabinet for consideration to support the development of this council's advertising function. **(Recommendation 8)**
31. *To be successful, the council's advertising offer will need to reflect Wiltshire's characteristics. While Birmingham City Council has been able to generate significant income from its inner-city billboards and bus stops the footfall at equivalent locations in Wiltshire will not compare, thus neither will their income*

potential. The highest yielding opportunities in Wiltshire will need to be identified and balanced with the complexity and risk involved in taking them forward. **(Recommendation 9)**

32. Success will also rely on the effective promotion of the council's advertising offer, including through a clear and informative webpage presenting the options and packages available (see West Sussex County Council).
33. The task group has found its conversations with other councils extremely informative and is grateful to all those who contributed. It hopes the council takes all opportunities to collaborate and learn from other local authorities when taking this area forward, including through active participation in the Cross Council Revenue Group. The collective knowledge and experience of other local authorities will be a valuable resource as local government's interest in generating income through commercial opportunities gathers pace across the country. **(Recommendation 10)**

Proposal

34. To endorse the following recommendations and, where appropriate, refer them to Cabinet for consideration and response:
 1. **In light of the financial challenges faced by the council and of wider potential benefits to the local economy, to begin using the council's asset base to begin to generate revenue income through the provision of third party advertising opportunities.**
 2. **To adopt the proposed Advertising Policy in order to guide the council's choice of advertisers and adverts and its development of an advertising function.**
 3. **To welcome the Executive's proactive engagement with Overview and Scrutiny on the development of the council's Advertising Policy and function.**
 4. **To review the Advertising Policy regularly to ensure any lessons are learned from its application in practice and that the council's core purpose, values and reputation are protected.**
 5. a) **To ask the task group to reconvene and receive an update on the development of the advertising function on a date to be agreed with the Cabinet Member;**

b) **In light of that update, the task group to bring a recommendation to OS Management Committee regarding appropriate further scrutiny of this area.**
 6. **To note,**

- a) The advantages of managing the council's advertising function internally when the necessary skills and knowledge are in place, and therefore...
- b) The advantages of being able to bring the function inhouse when appropriate without significant complication or delay (through an appropriate contract).
7. To support the focus on procuring a Wiltshire-based company with established network of local and national businesses, but that likely interest from such agencies is assessed before committing to external management of the function.
 8. To consider the 'lessons learned' offered by the other councils spoken to and reported under paragraph 18.
 9. To ensure that Wiltshire's specific characteristics are considered when selecting the key opportunities to pursue and assessing the council's advertising income potential.
 10. To take all opportunities to collaborate and learn from other local authorities in developing the council's advertising function, including through participation in the Cross Council Revenue Group.
 11. To ensure that the councils' planning strategy is in alignment with the its objectives regarding advertising.

Cllr Stuart Wheeler, Chairman of Third Party Advertising Task Group

Report author: Henry Powell, Scrutiny Lead, 01225 718052,
henry.powell@wiltshire.gov.uk

Appendices

Appendix 1 Report to Cabinet, 27 March 2018: "Third Party Income Generation - Advertising Policy" plus appendices

This page is intentionally left blank