

Cheltenham Borough Council
Cabinet – 17 July 2012
Corporate Advertising & Sponsorship

Accountable member	Councillor Andrew McKinlay, Cabinet Member for Built Environment
Accountable officer	Grahame Lewis, Executive Director
Accountable scrutiny committee	Overview & Scrutiny Committee
Ward(s) affected	All
Key Decision	Yes
Executive summary	The report recommends the introduction of a Corporate Advertising & Sponsorship policy and procedure. To achieve this aim the council will need to ensure appropriate governance and the best approach to progress any opportunities for advertising and sponsorship. The options here are to deliver this in-house or secure an advertising and sponsorship partner.
Recommendations	<ol style="list-style-type: none"> 1. The approval of the introduction of the proposed Advertising & Sponsorship policy and procedure. All sponsorship and advertising must fall within the policy. 2. At the next budget setting meeting, full Council resolves that additional funding from advertising and sponsorship opportunities, over and above existing arrangements currently in place within service areas, will have a maximum of 50% of the funds reinvested into the assets being used with the balance held for central distribution through the budget setting process to reduce the council's net cost of service, unless a specific corporate decision is made to reinvest a higher percentage. Funding already received from current advertising and sponsorship arrangements will remain within service areas. 3. A list of council assets that are appropriate for advertising and sponsorship opportunities be developed by the Advertising & Sponsorship Task Group and presented to the Cabinet Member for Built Environment for approval. 4. Cabinet delegates authority to the Director of Resources to tender for and select a specialist marketing agency to source and generate sponsorship opportunities for the council for a period of three to five years, to include options for review should there be under-performance in terms of delivery of the contract.

Financial implications	<p>As noted in the report.</p> <p>Contact officer: Nina Philippidis, Accountant nina.philippidis@cheltenham.gov.uk, 01242 775221</p>
Legal implications	<p>If the council wants to engage a company to generate sponsorship opportunities for the council it will need to comply with the contract procedure rules.</p> <p>Contact officer: Donna Ruck, Solicitor donna.ruck@tewkesbury.gov.uk, 01242 272696</p>
HR implications (including learning and organisational development)	<p>None directly arising from this report. Report and recommended approach assumes that recruitment advertising is currently outside scope.</p> <p>Contact officer: Amanda Attfield , Head of Human Resources, GO Shared Services amanda.attfield@cheltenham.gov.uk, 07920 284313</p>
Key risks	<p>The council is at risk from not having a corporately agreed policy in respect of its expectations and requirements from advertising and sponsorship, as this allows for inconsistencies across the organisation and the potential for arrangements to be made in silos that are not corporately acceptable.</p> <p>The council may also be missing out on key opportunities by not having adequate in-house resource to pursue advertising and sponsorship opportunities to their full potential.</p>
Corporate and community plan Implications	<p>Additional sponsorship opportunities could help maintain the council's assets.</p>
Environmental and climate change implications	<p>Consideration of the impact that advertising and sponsorship will have on the built environment will need to be made. It will be imperative that any progress is in keeping with the aesthetics of Cheltenham.</p>

Background

- 1.1** The council currently has an ad hoc approach to sponsorship; a more structured, committed and commercial approach to the advertising and sponsorship of the council's assets will generate a new revenue stream, support the maintenance of existing assets and can provide synergies between the council's corporate aims and objectives and the advertising needs of external organisations.
- 1.2** The council does not have a joined up approach to corporate sponsorship and advertising as there is no policy or strategy in place, which means opportunities could be lost, income may not have been maximised and the council's corporate attitude has not been established
- 1.3** Cheltenham Borough Council has a wealth of assets that can be utilised to generate sponsorship and advertising opportunities which could help fund specific activities and/or reduce the cost of service provision. In times of significant financial difficulties, new ways to support the services valued by Cheltenham's residents is essential.
- 1.4** Each year, savings are becoming increasingly difficult to identify and the council must look for innovative ways to reduce the cost of service provision.

2. Current activity

- 2.1** The Bridging the Gap Programme Board recognised the opportunity to use the council's assets to reduce the cost of service provision. However, it was understood that for this to be successful it would need corporate support and resource input from all divisions.
- 2.2** A presentation was made to the Senior Leadership Team (SLT) outlining the benefits in developing this opportunity and requesting their commitment to:
 1. Identify existing sponsorship and advertising arrangements,
 2. Establish a corporate view on which types of assets should be used for advertising and sponsorship, and
 3. Freeze all existing and future ad hoc sponsorship arrangements.

They were also asked to support proposals to:

- Set up a task group to look at the opportunities for procuring an external company to use the council's assets for the generation of additional revenue through advertising, marketing and sponsorship.
 - Develop a Corporate Advertising and Sponsorship Strategy and Policy which sets out the framework within which the council will operate and sets the guidelines for future sponsorship and advertising deals.
- 2.3** SLT were happy to support the proposals and each Director suggested officers from their directorates that would be best placed to sit on the task group. The group has representatives from Planning, Legal, Property Services, Entertainments and Tourism, Licensing, Integrated Transport, Operations and Finance.
 - 2.4** The group has identified the current advertising and sponsorship arrangements within the council – this will form the basis of a corporate register recording arrangements around the council. The details of the current agreements can be found at Appendix 2.
 - 2.5** Working as a group highlighted the amount of good work being undertaken within service areas in respect of advertising and sponsorship. The revenue currently being generated within areas, such as the Art Gallery & Museum, Town Hall and Operations, is supporting the net cost of these

services.

- 2.6** This report does not advocate changing these arrangements to the financial detriment of the service areas, but focuses on a joined up corporate approach, an agreed operating framework and developing further opportunities available to the council.

3. Advertising & Sponsorship Policy

- 3.1** As discussed, the council could generate opportunities for advertising and sponsorship. The council currently receives income from arrangements such as roundabout sponsorship, which is currently organised through Marketing Force and generates approximately £20k per annum. This supports the maintenance of these roundabouts and reduces the cost of service. Although advertising and sponsorship activity has increased over the past few years it has not been part of any council-wide strategy to grow or manage the opportunity. Appendix 2 has details of all current advertising and sponsorship arrangements across the council.
- 3.2** Services have historically sought, and continue to seek out, sponsorship. For example to support council run events or campaigns. This report proposes to further develop this opportunity and as the prospect of activity increases it will be important to have in place the appropriate governance ensuring that the council's position and reputation are adequately protected.
- 3.3** It is proposed that the council introduces a Corporate Advertising & Sponsorship policy and procedure to ensure that the council adopts a consistent, co-ordinated and professional approach towards advertising and sponsorship, minimising the council's exposure to risk whilst supporting the opportunity. The policy and procedure can be found at Appendix 3.
- 3.4** The policy outlines that which is acceptable to the council in terms of advertisers and advertising. It details the procedures that should be undertaken by service areas should they wish to enter into an arrangement and makes clear where the responsibility for any decisions lies.

4. Financial arrangements

- 4.1** This report has clearly outlined that it is recommending the council work to further develop its advertising and sponsorship opportunities. This should not be to the financial detriment of service areas already in receipt of funds generated in this manner, but recognises that the council is in needs to reduce the cost of service delivery and prevent further budget cuts. The intention is not to interfere with existing contracts, but to work towards a common, cross-council contract for advertising and sponsorship as and when existing contracts expire.
- 4.2** Income generated internally within departments from advertising and sponsorship should comply with the policy and framework recommended in this report and should be retained within the service areas to continue to support the net cost of service.
- 4.3** Any additional revenue generated should be used in two ways. Firstly, a proportion should be used to maintain and potentially improve the asset being sponsored. Secondly, the balance of the funding received will be considered as corporate income and allocated as part of the budget setting process to reduce the cost of service provision within the council.
- 4.4** This report recommends that a maximum of 50% of any additional funding generated from the advertising and sponsorship of the council's assets be reinvested into the asset to maintain it at an acceptable standard, unless a specific corporate decision is made in particular cases to allow a higher percentage to be reinvested.

5. Available assets

- 5.1** The council needs to identify a list of corporate assets that it is comfortable in putting forward for advertising and sponsorship opportunities. Some assets may be specifically excluded from any proposals given their involvement in other projects. For example, it may be appropriate to exclude certain assets from within the Wellbeing & Culture division pending the outcome of the Leisure & Culture Review.
- 5.2** Initial suggestions are to include car parks, boundary signs, street light pennants, roundabouts, gardens, open spaces, specific buildings.
- 5.3** The Advertising and Sponsorship Task Group will develop a detailed list of suitable assets and present back to the Cabinet Member for Built Environment for approval.

6. Next steps

- 6.1** Research has identified a number of options available to the council in generating additional income from advertising and sponsorship:

6.1.1 Status Quo

Currently the council has advertising and sponsorship arrangements from a number of sources as detailed in Appendix 2. Although this activity has increased over the past few years, particularly with the introduction of sponsorship on roundabouts via an arrangement with Marketing Force, it has not been part of any council-wide strategy to maximise opportunities.

Risks

- The council continues to grow its advertising and sponsorship revenue on an ad hoc basis.
- The council fails to take account of the potential to increase its income generating opportunities

Benefits

- There are no additional benefits from this approach.

6.1.2 Manage in-house

For the council to take a significant step towards realising income from its assets this option would require, as a minimum, the creation of a full time Advertising & Sponsorship Manager post. The purpose of this post would be to identify potential advertising and sponsorship opportunities, manage the process of selecting potential sponsors / advertisers and the ongoing management of the contracts. As it is a specialist field it is anticipated that the successful candidate would need to have significant experience and a proven track record in order to maximise the opportunity.

The annual cost to the council, including salary and on-costs would be in the region of £40,000 per annum.

Risks

- The value of the opportunity is unknown. Other councils, such as Swindon Borough Council, Nottingham City Council and Bristol City Council, are generating significant income streams using internal marketing expertise. Coventry City Council's in-house marketing scheme which included billboards, payphones, roundabouts, boundary signs, events and publications generated over £500k, with some of this being ongoing revenue.
- The creation of a post initially as a fixed term 12 month contract would represent a significant investment with no guarantee of a return on that investment.

- Each opportunity would be progressed individually requiring a separate procurement process therefore delaying potential income.
- The expertise and contacts required to benefit from marketing campaigns with national organisations may not be accessible.

Benefits

- 100% of any income generated would come directly to the council, and as such may deliver higher income over the longer term.
- The council would develop an in house specialism in this area which may offer additional benefits over the longer term.

6.1.3 Partner with a specialist marketing agency

This option would require the council to tender for an advertising and sponsorship partner. Similar exercises have been undertaken by High Peak Borough Council and Staffordshire Moorlands District Council, who are currently entering into a procurement process for companies to work with them to identify and administer a project for income opportunities through the sale of advertising space on council assets and ensure the council receives a percentage income of the revenue generated. Their scope of assets includes buildings, vehicles and sign posts.

The partner's role would be to market agreed assets for advertising and sponsorship and allows a great deal of flexibility for the council to identify assets and offer them to the market. It will require a full procurement exercise as the value of the contract is unknown but has the potential to be significant. This option would require a revenue share; the market rate varies between 30% and 50% for the partner. It is anticipated that an invitation to tender would stipulate the lower end of a revenue share for the partner and an element of the scoring for selecting the successful tender submission would be based upon this.

It should be noted that a partner would only be paid on results via a revenue share arrangement. The tender would not involve any financial investment from the council and there would be no set fee or up front charges. It is difficult to forecast the level of income that would be derived from the opportunity as it would be dependent on a number of factors including market conditions and the council's approach to the opportunity. An initial view would suggest an income in the region of £25 -50,000 per annum would be achievable with a 60% allocation in favour of the council (£15-30,000 per annum).

The ongoing management of the contract would require resource to be allocated from the council; and the source of this would need to be identified.

Risks

- Revenue over the long term could potentially be less due to the revenue share approach.
- The cost of the procurement exercise could exceed the additional income generated.
- Current annual one off sponsorship arrangements income could be adversely effected by the revenue share arrangement.

Benefits

- No investment required up front as this could be initially progressed internally through the Advertising & Sponsorship Task Group, with support from Procurement, and payment would be results based only.
- Options to build in an "opt out" condition if the partner does not perform under the terms of the contract.
- Greater potential for high end sponsors thus improving the quality of potential sponsors / advertisers.

- Greater potential for opportunities and to meet the challenges of the council as:
 - A minimal level of resource would be required;
 - There would be a depth of expertise and understanding of the market.
 - There would be contact base in the market and subsequently access to larger organisations and their respective sponsorship and advertising budgets.

6.2 Conclusion

6.2.1 Giving due regard to all the factors, it is considered that the appropriate option for the council to progress the opportunity is to partner with a specialist marketing agency for the following reasons:

- It is considered that even with an advertising and sponsorship manager in place this option would be unlikely to realise the benefits that could be achieved by a specialist agency.
- This option represents the lowest investment risk due to there being no upfront charges and payment is based upon successful performance.
- Whilst this option does involve a revenue share, an agency would have the ability to generate more income thus producing a net gain for the council.

6.2.2 It is noted that the council's expertise and knowledge of the area and its citizens will need to be utilised to ensure that sponsorship or advertising is sensitive to local issues.

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Appendices	1. Risk Assessment 2. List of current Advertising & Sponsorship arrangements 3. Draft Corporate Advertising & Sponsorship policy and procedure

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	Without a policy, the council fails to have a joined up approach and is open to challenge and inconsistencies.	Director of Resources	June 2012	2	3	9	Reduce	Implement proposed Corporate Advertising & Sponsorship policy.	July 2012	Nina Philippidis	NA
	The council's reputation is damaged by not having a consistent framework to operate within.	Director of Resources	June 2012	2	3	9	Reduce	Implement proposed Corporate Advertising & Sponsorship policy.	July 2012	Nina Philippidis	NA
	By not taking a corporate approach to pursuing opportunities, the council misses out on income generating opportunities	Director of Resources	June 2012	2	3	9	Reduce	Pursue a specialist marketing agency to work towards new income generating opportunities for the council.	March 2013	Mark Sheldon	NA
	Without a policy, the council selects an inappropriate partner for advertising and sponsorship.	Director of Resources	June 2012	2	3	9	Reduce	Implement proposed Corporate Advertising & Sponsorship policy.	July 2012	Nina Philippidis	NA
Explanatory notes Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical) Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability) Control - Either: Reduce / Accept / Transfer to 3rd party / Close											

ADVERTISING & SPONSORSHIP: CBC's CURRENT ARRANGEMENTS

Area	Media		Details	Value	Length of contract	Contract end date
Town Hall	Brochures	Advertising	Adverts in quarterly event brochures e.g. Big Sleep, Cheltenham Festivals, AG&M, Cheltenham Food & Drink Festival, Wychwood, Everyman.	Varies	3 months	Quarterly
	Folk Festival	Sponsorship	Severnprint - 50% discount on print; Artworks - discounted design work on Festival programme; Goffs Brewery - cash given for every barrel bought by Fosters (Town Hall caterers) for the Festival; Big Sleep Hotel - limited number of free rooms & discounted rates for the rest; Fosters Event Catering - cash discount from hospitality invoice.	Varies	Short term	Annual
Leisure@	Various	Partnerships Partnerships Partnerships Partnerships Accreditations Chelt Creative	Sport Governing Bodies University of Gloucestershire NHS - Physiotherapy, Cardiac, Falls Prevent, CF, Respiratory Failure 2gether Trust, Mental Health RLSS / IQL, ASA, Eng Squash, Bad Assoc Eng, AAA, FIA, ISPAL, BTS Web Management linked through to marketing and promotion support, Google You tube & Social Media Sites, Print design & print, SEO optimisation	Varies	12 months	2013/14
Parks & Gardens	Benches	Sponsorship	Public sponsor commemorative benches around the town.	Varies	Varies	Varies
	Roundabouts	Sponsorship	Marketing Force – sponsored boards on various roundabouts around town.	£31k pa	3 years	31/03/14
Royal Well Bus Station	Bus Shelter	Sponsorship	Adshell – annual sponsorship of bus shelters	£7,500	20 years	2021
	Hanging baskets	Sponsorship	National Express – hanging baskets	£850	1 year	2013



Corporate Advertising & Sponsorship Policy

1. Introduction

- 1.1 The purpose of the policy is to set out the terms upon which advertising and sponsorship may be sought and accepted by Cheltenham Borough Council (the "council").
- 1.2 The council is committed to developing appropriate advertising and sponsorship opportunities, to support its core activities either directly or indirectly. It will encourage commercial relationships which do not conflict with the delivery of its strategic goals.
- 1.3 The policy aims to provide a clear steer as to appropriate advertisers and sponsors, and forms of advertising that are acceptable to the council, without being overly prescriptive.
- 1.4 The policy relates to advertising and sponsorship opportunities connected to the council's physical sites (e.g. buildings/gardens/roundabouts etc), publications, website, services, events and other activities for which it is formally responsible.

2. Definition

- 2.1 For the purposes of the policy, advertising is defined as:

"An agreement between the council and the advertiser, whereby the council receives money from an organisation or individual in consideration for which the advertiser gains publicity in the form of an advertisement on council controlled physical sites, publications, website, services, appropriate events, campaigns or initiatives."
- 2.2 Sponsorship is defined as:

"An agreement between the council and the sponsor, where by the council receives either money or a benefit in kind for a physical site, publication, event, campaign or initiative from an organisation or individual in consideration of which the sponsor gains publicity or other benefits."

3. Objectives

- To ensure the council maximises opportunities to obtain commercial sponsorship and advertising for its physical sites, publications, website, services, appropriate events, campaigns or initiatives.
- To ensure the council's position and reputation are adequately protected in sponsorship/advertising agreements.
- To ensure the council adopts a consistent and professional approach towards sponsorship and advertising.
- To ensure best value is obtained and provided in sponsorship and advertising arrangements.
- To protect members and officers from allegations of inappropriate dealings or relationships with sponsors and advertisers.

4. General Principles

- 4.1 The council will actively seek opportunities to work with both local and national organisations by identifying sponsorship and advertising opportunities of mutual benefit which are in keeping with its strategic priorities and core values.
- 4.2 The council will not put itself in a position where it might be said that a sponsor or advertiser has, or might be thought to:
- have influenced the council or its officers in carrying out its statutory functions.
 - be in order to gain favourable terms from the council in any business or other agreement.
 - align the council with any organisation which conducted itself in a manner which conflicts with the council's values.
- 4.3 The policy is not designed to be an exhaustive list of rules regarding advertising behaviour, the starting point is that all advertising falls within the guidelines laid out by the Advertising Standards Authority (ASA) www.asa.org.uk and the Code of Recommended Practice on Local Authority Publicity www.communities.gov.uk/publications/localgovernment/coderecommended
- 4.4 In line with the codes referred to above, advertisements should be:
- Legal, decent, honest and truthful.
 - Created with a sense of responsibility to consumers and society.
 - In line with the principles of fair competition generally accepted in business.
- 4.5 The council does not take a 'white listing' approach (which is when specific permitted advertising is defined), but rather follows a 'black listing' approach which is when the basic assumption is that advertising is permitted unless it falls into a number of prohibited categories, as defined below.
- 4.6 The basic approach taken by the council is to maximise the number of advertisements and advertisers which are permitted and encouraged to advertise using the council's assets and minimise the number that are prevented from doing so by any policy controls or restrictions.
- 4.7 Although there are some specific categories of products and services which may not be promoted using council assets, as defined below, most products and services may be promoted.
- 4.8 The council reserves the right to remove advertising without reference to the advertiser.
- 4.9 The council will agree with the sponsor/advertiser the nature and content of the publicity and will retain the right to approve all advertising material.
- 4.10 The council reserves the right develop a partnership working arrangement for the delivery of advertisement and sponsorship opportunities. It must comply with the council's procurement policy should it wish to proceed down this route.

5. Prohibited advertisers/sponsors

- 5.1 The council will not enter into agreements for sponsorship or advertisements from:
- Organisations not complying with the council's Advertising policy or the Advertising Standards Authority Code of Practice
 - Organisations in financial or legal conflict with the council
 - Organisations with a political purpose, including pressure groups and trade unions
 - Organisations involved in the production and sale of weaponry including firearms
 - Organisations involved in the production of tobacco and cigarettes
 - Organisations involved in discrimination, victimisation, harassment or other unlawful conduct that is prohibited under the Equality Act 2010 against people on the grounds of age, disability,

gender reassignment, pregnancy and maternity, race, religion and belief, sex, sexual orientation, marriage and civil partnership.

- 5.2 The above list is not exhaustive, and the council retains the absolute right to decline sponsorship and/or advertising from any organisation, group or individual or in respect of particular products which the council in its sole discretion considers inappropriate.

6. Procedures

- 6.1 Before seeking advertising or sponsorship, officers must consider the council's Corporate Advertising and Sponsorship policy and consult with the officer responsible for advertising and sponsorship within the Resources Division.
- 6.2 Sponsorship bids above £30,000 must be approved by the Director of Resources in association with the appropriate Cabinet Member, and all bids must comply at all times with the council's procurement policy, which may require the advertising of a sponsorship opportunity to potential sponsors.
- 6.3 All advertising and sponsorship opportunities will be progressed in accordance with the Development Control team and relevant planning legislation.
- 6.4 The council will maintain a central advertising and sponsorship register. The register will be controlled and maintained by the Commissioning Division. It will be the responsibility of the Corporate Governance, Risk & Compliance Officer to enter advertising and sponsorship opportunities and completed agreements on this register.
- 6.5 Sponsorship agreements must be referred to One Legal for review, prior to signing.

7. Approvals

- 7.1 Advertising and sponsorship valued at £1,000 or under (and relating to only one financial year or event) can be agreed by the relevant cost centre manager (unless there are any special circumstances which make a second authorisation desirable e.g. if the issue might be politically sensitive, or the sponsor has requested unusual conditions).
- 7.2 Advertising and sponsorship agreements for deals valued between £1,001 and £30,000 (or covering more than one financial year with an aggregate total of between £1,001 and £30,000) must be agreed and countersigned by the relevant service Director. The relevant Cabinet Member should also be informed of all deals valued between £10,000 and £30,000.
- 7.3 Deals valued at over £30,000 should not be agreed without consultation with the relevant Cabinet member and should be signed by the relevant Director.

8. Disclaimer

- 8.1 Acceptance of advertising or sponsorship does not imply endorsement of products and services by Cheltenham Borough Council. In order to make this clear all publications, or other media, with advertising or sponsorship should carry the following disclaimer:

"Whilst every effort has been made to ensure the accuracy of the content of the advertisements contained in this publication, Cheltenham Borough Council cannot accept any liability for errors or omissions contained in any of the advertisements provided by an advertiser. Cheltenham Borough Council does not accept any liability for any information or claims made by the advertisement or by the advertisers. Any inclusion of Cheltenham Borough Council's name on a publication should not be taken as an endorsement by Cheltenham Borough Council."