

East Herts Council Report

Executive

Date of meeting: Tuesday 3 September 2024

Report by: Councillor Carl Brittain Executive Member for Financial Sustainability

Report title: Advertising, Sponsorship and Donations Policy

Ward(s) affected: All

Summary – this report, which flows from the council’s Commercial Strategy, sets out the council’s policy for accepting advertisements on any of its assets in order to maximise income. As BEAM Hertford is due to open in August 2024 there is also a need to set out a policy on sponsorship and donations for staff to work to in developing their proposals in this area.

RECOMMENDATIONS FOR EXECUTIVE:

a) Approve the Advertising, Sponsorship and Donations Policy as shown at Appendix A.

1.0 Proposal(s)

1.1 The Commercial Strategy requires the council to be a more commercially minded organisation and therefore maximising income is expected. Selling of advertising space on council assets is not currently undertaken and this will be an easy to pursue income stream although it will have modest returns of about £35k per year.

1.2 The advertising policy sets out what the council will not permit to be advertised on council assets. There is a requirement to make exemptions for council services where the application of the restriction would lead to the council restricting its own income and in the case of the East Herts Community Lottery, depriving good causes of funding.

1.3 The exemptions are set out in the policy and where the council is operating and uses the commercial exemption there is a requirement for the reasons for using that exemption to be kept in a register that must be reported to the Executive at least once a year.

1.4 Exemptions apply for commercial reasons for the prohibition of alcohol advertising so that BEAM Hertford can promote its licensed bars and restaurants offer and also to cover any sponsorships, for example Budweiser sponsored comedy tours. Parks successfully let out space on Hartham Common for Oktoberfest which could not return without the exemption in place.

1.5 An exemption on gambling and betting is required to display the National Lottery funded logo in relation to projects funded from that source. A further exemption applies to Housing and Health to allow them to operate and promote the East Herts Community Lottery which benefits community groups.

1.6 An exemption is granted to Strategy, Policy and Communications to allow them to offer vouchers for completing questionnaires, consultation exercises and also other suitable incentives such as credits on customer accounts for participating in take up campaigns such as paying by Direct Debit.

1.7 An exemption is granted to the recognised trade union so that it can use internal noticeboards and the intranet to communicate with and seek the views of its members.

1.8 The Sponsorship and Donation policies set out the definitions and different VAT treatment between the two. The list of exclusions for advertising, including exemptions, applies to potential sponsors and donors. For example, the council would not accept a sponsorship or donations from Stanstead Airport Limited but it would accept them from the Greater Anglia Train Operating Company.

2.0 Background

2.1 The Commercial Strategy requires the council to be more commercial in its approach and to seek to maximise income.

2.2 The opening of BEAM Hertford requires this policy to be in place to guide the advertising shown on screens and in programmes/brochures and to set out the basic framework for the

development of sponsorship packages and donation schemes such as "name a seat."

3.0 Reason(s)

- 3.1 To maximise income from assets.
- 3.2 To ensure consistency across the council.
- 3.3 To prevent VAT penalties by ensuring that sponsorship and donations are correctly identified, and the correct VAT rate applied.
- 3.4 To ensure democratic oversight of the commercial exemptions for alcohol put in place a requirement to maintain a register of all commercial exemptions that must be reported to Executive at least annually.

4.0 Options

- 4.1 Recommended – adopt the policy to ensure consistency and that the council does not allow adverts for anything that would hamper delivery of the corporate plan or cause reputational damage.
- 4.2 Not recommended -not having a policy would preclude an income stream built into the budget and MTFP as no advertising on assets could be undertaken without a policy in place. There would be inconsistencies with Service Teams making different decisions about adverts. The council might be in danger of accepting unsuitable advertising causing offence to certain groups. The council may accept advertising which is directly in conflict with its stated aims and objectives and particularly with the declared Climate Emergency.

5.0 Risks

- 5.1 There is the risk that not all exemptions that should have been identified have been so there may be a loss of an opportunity because of the restrictions.
- 5.2 There is a risk that Development Management Committee refuse planning permission for advertising boards/hoardings/displays leading to a loss of income and additional savings requirements.
- 5.3 There is a risk that work on Sponsorship and Donations at BEAM does not progress sufficiently quickly because it is seen as just part of a Membership Scheme that will generate very low amounts of

income. This needs to be progressed at pace as there is the opportunity to raise an additional £400k.

5.4 There is a risk that donations and sponsorship are not correctly identified and the incorrect VAT treatment applied. Discovery internally will require a voluntary declaration to HMRC, payment of the correct VAT, interest from when the payment was due plus potentially a penalty of up to two times the VAT amount, although HMRC usually forego this for voluntary disclosures.

6.0 Implications/Consultations

6.1

Community Safety

Yes – not allowing adverts that cause damage to community relations should assist with maintaining community safety.

Data Protection

None arising from this report. Incentivisation competitions and take up campaigns are already covered by our Privacy Policy and in order to be entered into the competition then the customer has to opt in

Equalities

Yes – included in the policy is a prohibition on any advertising that could cause a negative impact on people with protected characteristics. Initial scoping of the policy indicates that there are no areas where reasonable adjustments are required and given the protection against any advertising that harms people with protected characteristics it is considered a full Equalities Impact Assessment is not required.

Environmental Sustainability

Yes - the policy excludes advertising on or by anything that principally consumes fossil fuels and harms the environment.

Financial

Yes – any lender with interest rates higher than the norm - so called pay day lenders - may not advertise protecting people against unscrupulous lenders.

By permitting advertising on assets and the websites the council will gain additional income of c.£35k per annum.

BEAM opens late August and the team have been concentrating on opening the building and getting the theatre and cinema programme together. They have not had the capacity to look at sponsorship and donations and insist that they must undertake research and design packages suitable to the facility and its audiences. Once the facility is open then the section 151 officer would urge work on sponsorship and donations to be prioritised. Using the Cambridge Arts Theatre as an example, their tiered sponsorship packages for individuals brings in more than £106k per year (we cannot find complete information so we cannot include the lowest tier of sponsorship income). Corporate sponsorship, based on the minimum package amount, brings in, more than £75k per year and this is very likely to be a much higher figure. Of note is that one corporate sponsor is GSK who have a substantial campus in Ware and may very likely be open to sponsorship opportunities. There is further potential income from selling the naming rights to parts of the building e.g. The [Sponsor) Stage One, to bring in around another £200k per annum. Finally, the introduction of a name a seat donation package, used by most commercial theatres, and basing sales on 50 seats a year, has the potential to bring in another £20k per year. The potential sponsorship and donation income totals at least £400k per year.

Health and Safety

None arising directly from this report.

Human Resources

Administration and sales of advertising on the council's assets will be outsourced to an agency with the Communications Team being the client. As such it is felt that there should be minimal impact on workload over the year. BEAM has marketing and communication staff in place, but they have argued that a dedicated fundraiser should be appointed as they don't have the skills to sell sponsorship and donations.

Human Rights

Yes – the policy will protect the human rights of residents by preventing adverts that could lead to them being targeted because of a protected characteristic.

Legal

Yes - English district councils have several powers to sell advertising space on their assets. There are also some restrictions about advertising and its placement. In summary:

1. **Local Government Act 1972:** This act provides councils with the general power to dispose of land and property, which can include selling advertising space on these assets.

2. **Localism Act 2011:** This act gives councils the power to do anything that individuals generally may do, which includes generating income through advertising.
3. **General Power of Competence:** Under the Localism Act 2011, councils have the power to engage in commercial activities, provided they are not explicitly prohibited by other legislation.
4. **Planning and Highways Regulations:** Councils must comply with planning and highways regulations when placing advertisements, especially on public highways or in conservation areas.
5. **Advertising Consent:** Councils may need to obtain advertising consent under the Town and Country Planning (Control of Advertisements) Regulations 2007, depending on the nature and location of the advertising.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 Appendix A - Advertising, Sponsorship and Donations Policy

Contact Member

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