**POLICY AND RESOURCES COMMITTEE – 12 SEPTEMBER 2016**

**PART I - DELEGATED**

**10. ADVERTISING REVENUE GENERATION**

(CED)

1. **Summary**

1.1 This report outlines progress on the advertising revenue generation project. Progress was reported to this Committee at its meeting on 13 June 2016. A copy of that report, together with an update, was sent to the Strategic Services Review working group for their meeting on 25 July 2016 at their request.

2. **Details**

2.1The framework agreement and individual call off contracts have been sent to the three appointed suppliers. Officers anticipate that the framework will be signed by the beginning of September. Contractual matters have been guided by the legal team and the head of procurement. A verbal update can be provided at this meeting.

The framework was designed in discussion with advertising agencies to ensure that it was comprehensive and fit for purpose. Many of the items on the framework will not therefore be called off by Three Rivers District Council itself but will offer value to other client councils and social landlords. All set up costs are the responsibility of the advertising agencies and are deducted from the net revenue estimates.

2.2 The corporate net revenue figures for Three Rivers were agreed at Budget Setting in February: £30,000 Year 1 (current year); £40,000 Year 2 (2017/18); £50,000 Year 3 (2018/19). There are no quarterly revenue targets.

The scheme enables an extra edition of Three Rivers Times per year to be produced from this year, at the same time as reducing the overall annual budget cost of the magazines. The extra edition is a non-cashable efficiency gain. *See Point 2.3.5.*

The A to Z directory has been funded by advertising for many years and also represents a non-cashable efficiency gain.

Officers are optimistic that £30,000 can be generated from assets during the second half of this year, subject to the statutory permissions being provided. *See 3.2.*

2.3 The communications team have continued with implementation on a pilot basis and have remained in contact with Members of the Editorial Working Party as the project has progressed:

2.3.1 Advertising on the Three Rivers’ corporate website has now commenced in pilot phase. The Editorial Working Party is being consulted during the pilot with the aim of ensuring that revenue generation is balanced against the need for ensuring the website is clear and easy to use.

2.3.2 A new Three Rivers intranet is currently being built by the communications team, in parallel with the new Watford Council intranet. Intranets are included in the advertising framework. The Editorial Working Party will be consulted on whether to host advertising on the new intranet after it launches in beta phase in October.

2.3.3 Test planning applications have been made by Immediate Solutions for roundabout advertisement boards. These will be decided by the Planning Committee.

2.3.4 Legal action has been taken by Officers following the identification of unauthorised advertising on several roundabouts in the district. Following guidance from the Editorial Working Party, existing roundabout advertising clients will be offered options on the Three Rivers District Council scheme, subject to authorisations being in place.

2.3.5 The Editorial Working Party is being consulted on the implementation of the new advertising-funded Three Rivers Times magazine. The first ad-funded edition will be published at the end of November. An additional edition will be published at the beginning of March within the existing budget as a result of the savings made from the new funding model. This brings Three Rivers Times back to its old frequency of three per year. The contractor, CIS, currently produces the Council’s advertising-funded A-Z directory of services, which will also continue to be published.

2.4 Publicity flyers have been produced and the framework is being actively promoted nationally to councils and social landlords – as well as locally through local networks.

2.5 Guidance will be included in the Procurement Toolkit on the intranet by the Head of Procurement to enable all Officers to consider scope for advertising revenue generation when procuring any new or replacement items.

2.6 Second phase

An inventory of festivals and events is being produced in consultation with Ward Councillors and Officers.

In addition, potential scope for establishing partnerships with local media organisations and other businesses by providing advertising sponsorship on Council assets are being discussed with Editorial Working Party. Implementation will be considered for 2017/18 once the project is established.

3. **Financial Implications**

3.1

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **CASH IMPLICATION** | Current Year 2016/17 £ | 2017/18 £ | 2018/19 £ | Future Years per annum £ |
| Revenue |  |  |  |  |
| Expenditure | 0 | 0 | 0 | 0 |
| Income/savings | -30,000 | -40,000 | -50,000 | 0 |
| Net Commitment | 0 | 0 | 0 | 0 |

3.2Contingency budget planning for the current year and for the following two years is being included in the autumn service planning as part of a general review of communications budgets.

4. **Legal Implications**

4.1 Procurement and contracts have been overseen by the procurement and legal teams.

4.2 Action on the illegal roundabout adverts has been guided by the legal and sustainability teams.

5. **Equal Opportunities Implications**

5.1 **Relevance Test**

|  |  |
| --- | --- |
| Has a relevance test been completed for Equality Impact? | No |
| Did the relevance test conclude a full impact assessment was required? | No |

5.2 **Impact Assessment**

All advertising will comply with planning, highways and building control regulations.

6. **Staffing Implications**

6.1 None specific.

7. **Environmental Implications**

7.1 None specific.

8. **Community Safety Implications**

8.1 None specific.

9. **Public Health implications**

9.1 None specific.

10. **Customer Services Centre Implications**

10.1 None specific.

11. **Communications and** **Website Implications**

11.1 The Council is publicising the framework to the local government and social housing sectors.

12. **Risk Management and Health & Safety Implications**

12.1 The Council has agreed its risk management strategy which can be found on the website at http://www.threerivers.gov.uk. In addition, the risks of the proposals in the report have also been assessed against the Council’s duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

12.2 The subject of this report is covered by the corporate services service plan***.*** Any risks resulting from this report will be included in the risk register and, if necessary, managed within this plan.

12.3 The following table gives the risks if the recommendation(s) are agreed, together with a scored assessment of their impact and likelihood:

|  |  |  |  |
| --- | --- | --- | --- |
| Description of Risk | | Impact | Likelihood |
| 1 | The project does not meet its revenue target | III | D |

12.4 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood, detailed definitions of which are included in the risk management strategy. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Likelihood** | A |  |  |  |  |  | Impact | Likelihood |
| B |  |  |  |  |  | V = Catastrophic | A = >98% |
| C |  |  |  |  |  | IV = Critical | B = 75% - 97% |
| D |  |  | x |  |  | III = Significant | C = 50% - 74% |
| E |  |  |  |  |  | II = Marginal | D = 25% - 49% |
| F |  |  |  |  |  | I = Negligible | E = 3% - 24% |
|  | I | II | III | IV | V |  | F = <2% |
| **Impact** | | | | | |  |  |

12.5 In the officers’ opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of treatment plans are reviewed by the Audit Committee annually.

13. **Recommendation**

13.1 That the report be noted.

*Report prepared by: Kevin Snow, Head of Communications, Corporate Services*

***Source: updated from Appendix, Policy and Committee Resources Committee report 23 March 2015.***

**Background papers**

Policy and Resources Committee – Advertising Revenue Generation - 23 March 2015 (Pt 2)

Policy and Resources Committee – Tender Proposal for Advertising Revenue Generation – 6 July 2015

Policy and Resources Committee – Tender Proposal for Advertising Revenue Generation 21 September 2015

Policy and Resources Committee – Advertising Revenue Generation – 13 June 2016

Three Rivers District Council inventory of assets for advertising revenue generation

http://www.threerivers.gov.uk/egcl-page/trdcinventoryxyz

**Appendix A - Estimates from the appointed advertising agencies**

*Note: actual figures are expected to be significantly lower (the total corporate revenue targets quoted above reflect a realistic expectation). All figures include any set up costs deducted.*

|  |  |
| --- | --- |
| **Infrastructure type** | **Guideline total achievable revenue** |
| **Corporate website and intranet** | £1,000 pa (one leader board advert per page) |
| **Three Rivers Times – 3 editions** | Provision of cost of printing three editions @ £3,000 - £3,500 per edition. In addition, £6,000 annual total financial contribution to distribution cost @ £2,000 per edition  Total revenue and revenue-in-kind: £15,000 - £16,500 pa |
| **Bus shelters @ £1,500 per shelter** | £7,500 pa (12 bus shelters) |
| **Sports fields and pavilions** | £3,000 pa |
| **Watersmeet** | £2,000 pa |
| **Fleet vehicles** | £5,000 pa |
| **County-owned roundabouts** | £12,000 pa for 20 roundabouts |
| **Public car parks** | £10,000 pa for 16 car parks |