
NORTH AYRSHIRE COUNCIL

27 June 2019

Audit and Scrutiny Committee

Title: **Maximising Opportunities from Advertising on North Ayrshire Land Assets**

Purpose: To allow the Committee to consider a Call In Request in respect of the decision taken by Cabinet at its meeting on 11 June 2019 to:-

- (a) approve the proposed approach to testing the market for maximising opportunities from advertising on Council land assets (roundabouts);
- (b) delegate authority to the Head of Service (Commercial) to progress with the pilot as outlined; and
- (c) note the advertising principles detailed within the report to protect the Council's interests and reputation.

Recommendation: That the Committee considers the terms of the Call In and agrees, or otherwise, to make a recommendation to the Cabinet.

1. Executive Summary

- 1.1 In terms of the Scheme of Administration (Section 24), the Audit and Scrutiny Committee has a remit to consider Call in Requests and invite at least one of the Members who has requested the reference to Call In to attend the Committee to explain the request.
- 1.2 This report sets out the background to the Call In Request in respect of the decision taken by Cabinet at its meeting on 11 June 2019 in relation to the report on Maximising Opportunities from advertising on North Ayrshire land assets.

2. Background

- 2.1 The Cabinet, at its meeting on 11 June 2019, considered a report on the proposed approach to testing the market for maximising opportunities from advertising on Council land assets (roundabouts);
- 2.2 A request was received in terms of the Call In procedure set out in the Council's Scheme of Administration and Standing Orders, that the Audit and Scrutiny Committee examine the decision taken by the Cabinet.

- 2.3 The Call In Request, which was signed by Councillors Brahim, Gurney and Larsen is in the following terms:-

Reason for Call In

Information provided does not satisfy concerns regarding traffic safety, landscape impact, potential future expansion of advertising into other public assets such as schools, justification of use of resources and staff for such relatively small and long term potential income gain at this particular point in time.

Desired Outcome

That the decision is called in and referred to Full Council for a decision.

- 2.4 A copy of the original report presented to Cabinet on 11 June 2019 is attached as an appendix to the report. An updated briefing note has been provided by the Head of Service (Commercial) and is attached at Appendix 2.
- 2.5 The Call In Request is valid for consideration by the Committee. The request was received within the appropriate timescale, it was signed by three Elected Members and details were provided on both the reason for the Call In and the desired outcome.
- 2.6 The Elected Members who have submitted the Call In will be invited to address the Audit and Scrutiny Committee to explain the Call In Request. The appropriate Cabinet Member, accompanied by senior officers, will then be invited to clarify the reasons for the decision. The Committee will have an opportunity to ask questions of both parties and of those officers in attendance.
- 2.7 The Committee will then debate the Call In Request and decide whether or not it agrees with the decision of the Cabinet.
- 2.8 Where the Committee does not agree with the decision of the Cabinet, the matter will be referred to the next meeting of the Cabinet with recommendations from the Audit and Scrutiny Committee for alternative action. The Audit and Scrutiny Committee therefore has to:-
- i) decide if it agrees or not with the decision of the Cabinet; and
 - ii) consider what alternative action the Committee would recommend to the Cabinet if it does not agree with the decision.
- 2.9 When the matter is considered by the Cabinet, the Chairperson or another member of the Audit and Scrutiny Committee will have the right to attend the Cabinet and speak in support of any recommendation.
- 2.10 In the event the Cabinet declines to accept the recommendation from the Audit and Scrutiny Committee, the matter will be referred to the next ordinary meeting of the Council for determination. The decision of the Council will be final.

3. Proposals

- 3.1 It is proposed that the Committee considers the Call In Request.

4. Implications/Socio-economic Duty

Financial

- 4.1 The financial implications are outlined in the Maximising Opportunities from Advertising on North Ayrshire Land Assets report attached at Appendix 1.

Human Resources

- 4.2 The human resource implications are outlined in the Maximising Opportunities from Advertising on North Ayrshire Land Assets report attached at Appendix 1.

Legal

- 4.3 The human resource implications are outlined in the Maximising Opportunities from Advertising on North Ayrshire Land Assets report attached at Appendix 1.

Equality/Socio-economic

- 4.4 The equality/social-economic implications are outlined in the Maximising Opportunities from Advertising on North Ayrshire Land Assets report attached at Appendix 1.

Environmental and Sustainability

- 4.5 The environmental and sustainability implications are outlined in the Maximising Opportunities from Advertising on North Ayrshire Land Assets report attached at Appendix 1.

Key Priorities

- 4.6 The key priorities are outlined in the Maximising Opportunities from Advertising on North Ayrshire Land Assets report attached at Appendix 1.

Community Benefits

- 4.7 The community benefits are outlined in the Maximising Opportunities from Advertising on North Ayrshire Land Assets report attached at Appendix 1.

5. Consultation

5.1 No further consultation has been undertaken in compiling this report.

Craig Hatton
Chief Executive

For further information please contact **Angela Little, Committee Services Officer**, on **01294 324132**.

Background Papers

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NORTH AYRSHIRE COUNCIL

11 June 2019

Cabinet

Title:	Maximising Opportunities from Advertising on North Ayrshire Land Assets
Purpose:	To seek Cabinet approval on the proposed pilot approach to maximising our resources from the sale of advertising opportunities on Council assets – land assets (roundabouts).
Recommendation:	That Cabinet agrees (a) the proposed approach to testing the market for maximising opportunities from advertising on our land assets (roundabouts); (b) the Head of Service (Commercial) be delegated to progress with the pilot as outlined; and (c) notes the advertising principles detailed within the report to protect the Council's interests and reputation.

1. Executive Summary

- 1.1 Municipalisation continues to feature as a key component of the new developing Council Plan and is a fundamental strand of our transformation aspirations. Many Councils are already maximising their assets from advertising opportunities. The type of assets being utilised are varied. Examples include lamp post banners, bus shelters, car parks, ferry posters, service points, roundabouts, council fleet, e-payslips, council publications and intranet.
- 1.2 In order to determine whether advertising on our assets would be appropriate, significant research has been completed. The research findings (which are detailed further in this report) concluded that the best approach was to:
 - Assess and understand the potential benefits and any risks associated with the sale of advertising opportunities on Council assets;
 - Agree which asset to consider first for advertising and then roll out on a phased approach. (This will allow the council to test the market);
 - Complete an options appraisal on how the Council could implement a scheme going forward
 - Develop a Policy to protect the Council's interests and reputation by defining what will and will not be considered appropriate advertising on Council assets
 - Test the market by carrying out a pilot advertising trial on specific assets to inform future appropriate advertising potential.
- 1.3 Several benefits were highlighted including contributing to economic growth and potential additional opportunities. However, the assessment of risks revealed that any maximising of our resources would be a longer-term endeavour and would depend on local factors such as local market demands, the local economic climate, market forces

and the attractiveness and type and location of assets (roundabouts). These risks are to an extent outwith the Council's direct control and will have a key influence on whether advertising opportunities are sought by prospective customers. Work has been completed on how to mitigate a number of these risks as part of an options appraisal.

1.4 An options appraisal was carried out which considered three different methods of delivery:

- Contracted out
- Delivered inhouse
- A mixture of both – partnership

The outcome of the options appraisal showed the preferred option is to take a partnership approach. This has the maximum benefits with the minimum risk.

1.5 North Ayrshire Council will need to procure a supplier who has established networks of contacts and has expertise in sales and advertising. The Council's Procurement Team has confirmed this type of contract can be procured through a quick quote.

1.6 A draft set of guiding advertising principles has been created which are designed to protect the Council's interests and reputation during the pilot and which can inform the creation of a longer-term Council Advertising Policy. In addition, and to ensure transparency and clear understanding of what will be delivered by the "Partnership" approach during the pilot, a set of responsibilities has been developed detailing the different roles and the expectations required from the partner appointed which also outlines the role of Council officers. These defined roles will ensure that any advertising signage infrastructure meets Planning and Roads legislative requirements and that all permissions are sought.

1.7 A trial pilot advertising on land assets (roundabouts) is proposed which will inform future potential advertising opportunities by testing the available markets.

2. Background

2.1 To fully understand the potential opportunities available from offering advertising on North Ayrshire Council's assets, significant research including surveys and visits, has been collated over the last few months. The purpose of this research was:

- To learn from Councils who were already maximising their assets and to identify the different delivery approaches that are being taken;
- To gather information on the types of assets being offered for advertising;
- To ensure that officers understand all the complexities involved (including legal, procurement, road and planning regulations);
- To identify any benefits and risks for North Ayrshire Council;
- To explore best practice and understand the different delivery models.

2.2 Research Findings

Information was gathered from several Scottish local authorities and through an information request circulated round UK authorities via APSE – Association of Public Service Excellence.

Councils who are successfully seeing the benefits from this type of activity were found to have researched the benefits and risks and then tested the market, by adopting a pilot approach before rolling out to another asset. This allows clear direction of travel by setting out guiding principles together with a framework for how advertising decisions will be made. In addition, it allows for clear definitions of what type of advertisement will and will not be accepted by any Council to ensure reputation and core values are protected.

2.3 Benefits and Risks

Advertising can deliver a range of benefits including:

- Local economic growth – resulting from offering value for money advertising opportunities to local businesses and directing potential customers to local suppliers;
- Enhanced reputation – providing advertising platforms to help other anchor institutions to communicate;
- Income generation to offset costs – this can help ensure future sustainability of services.

In contrast there are risks to be considered:

- Income generation is a long-term endeavour;
- Depending upon size and type of organisation or business, some of the assets will be more attractive and advantageous than others.

2.4 Adopting a pilot approach – land assets (roundabouts)

Best practice across several authorities showed that they tested their advertising markets first by adopting a pilot approach. Consideration was given to which of the Council's assets would be best placed to test the market within North Ayrshire and the preferred option was to consider land (roundabout) assets.

The rationale for considering advertising on roundabouts as a first step:

- it does not compete directly with our local advertising companies i.e. roundabout advertising is a new market and arguably is viewed as having unique selling points of audience reach, traffic flows and footfall.
- Roundabouts, unlike the Council's vehicle fleet, are not being utilised for internal opportunities for advertising Council services. It is proposed that advertising on Council vehicle fleet is considered in due course.

2.5 Advertising Pilot Principles

The following principles will be an integral part of the proposed pilot. They have been developed to ensure that our values are protected, and that the integrity of the Council's operations are not compromised. The Head of Service (Commercial) will be delegated to implement the proposed pilot and will ensure that the following principles are adhered to when making decisions on any roundabout advertisement during the pilot:

- The Council's delegated officer will seek legal, planning or other professional advice where necessary, from the Head of Democratic Services, Head of Planning and Senior Roads Manager to ensure all necessary permissions are obtained.
- Advertising agreements must include a statement that the North Ayrshire Council's functions will continue to be carried out fully and impartially, notwithstanding the existence of an advertisement arrangement.
- The reputation and credibility of North Ayrshire must not be damaged by making agreements with unsuitable third parties and the form of advertising must be consistent with the stated objectives and values of the Council.
- Agreement can be terminated by the Council's delegated officer if any of the pilot principles are not met.
- Agreement must be in the form of a written agreement.
- North Ayrshire Council will not permit advertising that represents a conflict of interest or is likely to cause serious or widespread offence. There should be no real or apparent conflict between the objectives and community goals of the Council and those of the advertiser. Care will be taken to avoid causing offence on the grounds of race, age, religion, sex, sexual orientation or disability.
- Content that is not permitted for advertising, but is not limited to, is content that contains, infers or suggests any of the following:
 - i. Advocacy of, or opposition to, any politically, environmentally or socially controversial subjects or issues;
 - ii. Political publicity, (being material which in whole or in part, appears to be designed to effect political support of a political party) or campaigning materials;
 - iii. Disparagement or promotion of any person or class of persons;
 - iv. Promotion or incitement of illegal, violent or socially undesirable acts;
 - v. Promotion of availability of tobacco, alcohol products, weapons, gambling or illegal drugs;
 - vi. Advertising of financial organisations and loan advancers with punitive interest rates;
 - vii. Promotion or availability of adult or sexually orientated entertainment materials;
 - viii. Advertising that infringes on any trademark, copyright or patent rights of another company;
 - ix. Claims or representations in violation of advertising or consumer protections laws;
 - x. Companies who are linked to arms sales or have previously been blacklisted;
 - xi. Display of campaign materials, canvassing and flyposting.

2.6 Assessing Proposals.

In addition to ensuring that the above principles are met, each advertising proposal will be subject to an assessment by North Ayrshire Council's delegated officer. This includes assessing and evidencing:

- That planning permission has been granted for any advertising arrangement;
- How any advertisement opportunity links to the promotion or improvements or the well-being of North Ayrshire communities (this assessment is a legislative requirement under The Local Government in Scotland Act 2003);
- That the type of advertising is consistent with the pilot principles;

- That any advertising proposal does not contravene North Ayrshire's standing orders relating to transparency, equal treatment, non-discrimination, endorsement and proportionality;
- Whether the advertiser has a current planning application or planning matter before the Council which may cause a conflict of interest;
- Whether any advertiser is subject to or likely to be subject to a dispute with the Council's regulation or planning services or who owe North Ayrshire Council a debt. (It is expected that any individual or organisation entering into an advertising agreement will disclose whether there is a current planning application or planning matter relating to them, or if the individual or organisation is involved in any current dispute with the Council);
- That advertising rates comply with the terms of the Disposal of Land Regulations.

Only those cases which meet all the above principles and qualifying criteria will be progressed for further consideration during the pilot. In cases where the advertisement opportunity does not meet the criteria the Council's delegated officer will notify accordingly.

In addition, the pilot outcomes will be fully evaluated and will aid and assist:

- Any future roll out of advertisement opportunities on other assets
- Any longer-term advertisement policy development

2.7 Land Assets (roundabouts)

North Ayrshire owns twenty-six (of the 35) roundabouts across the area. These assets are varied in their size, location and road infrastructure and traffic volumes. Each roundabout and any potential for advertising will require to be considered on a case by case basis to maximise any potential market demand.

Advertising signage on roundabouts will require planning permission for each individual location and there is a risk that planning permission is not approved. Planning have advised that the size, nature and location of any signage would need to be considered on a case by case basis to ensure planning regulations are met. Planning will be consulted on each proposed location going forward.

Furthermore, roadside advertising must not compromise road safety. Signs must not obscure or hinder the interpretation of official road signs. They should not be placed in any location that would obstruct driver visibility splays and must not cause sun glare which can distract road users. They must be safe and securely fixed but take consideration of minimising risk in the event of vehicle impact. The Roads Service will be consulted on any proposals.

2.8 Delivery method – Options appraisal

An options appraisal was completed to assess the preferred model for delivery. This work considered the level of investment needed against any financial return, benefits and risks and the timescale of any income to be realised. Three options were considered:

- i. In-house delivery
- ii. Contract out to an external supplier
- iii. A partner approach with in-house delivery of certain aspects supported by specialist advertising sales expertise by contracted supplier

The preferred option was identified as the third option – ***adopting a partnership approach***. This option gave the maximum benefit with the minimum of risk and could be delivered within existing resources. In addition, it would ensure:

- that the Council's reputation was protected;
- that there was no risk of planning permissions and road safety legislation not being adhered to as the Council would still have full responsibility and Planning and Roads will be consulted when proposals were made;
- any potential advertising opportunity is compliant with the advertising pilot principles detailed above.

2.9 Responsibilities between Council officers and partnership contractor

The following identifies a desired set of roles and responsibilities between Council Officers and partnership contractor. These will be negotiated fully and supported by Procurement.

The successful tender will have an established working relationship with other Scottish Council's as their advertising and sponsorship agents, with expertise on revenue generated from roundabout and land assets.

The service delivery advertising partner responsibilities during the pilot will be to:

- Have a dedicated project manager and sales team delivering the project
- Assist the council to take these opportunities to a stage where they can be sold
- Assessing the value of each opportunity and discussing this with the council
- Report progress monthly
- Deliver a forecast of revenue each year
- Allocate sales personnel to each opportunity
- Identify and secure customers for live opportunities
- Create sales materials for each opportunity
- Market opportunities within our portfolio of assets
- Arrange the delivery and installation of agreed signage
- Deal with customer care
- Identify new advertising opportunities
- Aim to secure agreements for each location on a minimum contract period of 6 - 12 months
- Ensure that the signage is durable, and its location and content meet all roads and planning regulations

The Council responsibilities will be to:

- Ensure that signage type and location that are identified for possible opportunities meet all the necessary planning and roads legislation. This will be completed before any opportunities are sold
- Agree the potential asset value of each roundabout

- Ensure the advertising pilot principles are met fully
- Obtain required approvals from Planning and Roads
- Agree and negotiate any necessary arrangements for the display of the signage

2.10 A temporary post of Business Development Manager has separately been established to oversee and co-ordinate the Council's Municipalisation aspirations. This post will support the development and introduction of the advertising on land assets pilot. This additional resource will manage the pilot, procure and manage any subsequent contract, oversee opportunities, and monitor compliance with the principles detailed in this report with a view to developing a longer-term approach to advertising on further Council assets.

2.11 If Cabinet agrees to progress with the pilot advertising opportunity and recommendations included in this report, further work can be taken forward by:

- Procuring the services of a supplier with proven advertising skills and experience to allow North Ayrshire an opportunity to test the market within a managed risk environment.
- Developing a partnership with the supplier which will ensure that each opportunity going forward will meet pilot principles, legislative responsibilities and can evidence financial return which will contribute to the well-being of the local community.
- Evaluating the outcomes of the pilot and, if appropriate, consideration will be given to rolling out further advertising opportunities on other council assets, with opportunities for fleet vehicles and other land assets being further developed.

3. Proposals

3.1 That Cabinet agree the proposed approach to testing the market for maximising opportunities from advertising on our land assets (roundabouts).

3.2 That Cabinet agree the Head of Service (Commercial) be delegated to progress with the pilot as outlined.

3.3 That Cabinet note the advertising principles detailed in the report to protect the Council's interests and reputation.

4. Implications/Socio-economic Duty

Financial:	The Council's budget setting process agreed that as part of the development of Municipalisation opportunities that an income of £20k is to be achieved through advertising on the Council's assets.
Human Resources:	Any additional resource requirements will be met from existing resources.

Legal:	Planning regulations, road safety regulations and Local Government Scotland Act 2003 will be considered as part of the development of advertising opportunities. Advertising rates will require to be let in accordance with the Disposal of Land Regulations
Equality/Socio-economic Duty:	None.
Children and Young People:	None.
Environmental & Sustainability:	Any advertising structures/signage will be considered in terms of impact when Planning consent applications are submitted for approval.
Key Priorities:	Income generation through the development of opportunities for offering advertising on land assets (roundabouts) will contribute to the developing Municipalisation aspirations being incorporated into the new draft Council Plan as well as ensuring sustainable and effective Asset Management.
Community Benefits:	Local advertisement for local services.

5. Consultation

- 5.1 Corporate Communications, Planning, Procurement, Legal, and the Roads Service have been consulted on this proposal.

RUSSELL McCUTCHEON
Head of Commercial Services

For further information please contact **Louise Beattie, Business Manager, Place Directorate**, on **01294 324344**.

Background Papers

N/A

Municipalisation

Maximising Opportunities from Advertising on North Ayrshire Land Assets

Overview

At the Council's budget setting meeting in February 2019, it was agreed that as part of the development of Municipalisation opportunities that an income of £20,000 is to be achieved through advertising. A proposal was therefore prepared and submitted to Cabinet on 11 June 2019 for consideration. Cabinet considered the attached report seeking approval on a proposed pilot approach to maximising resources from the sale of advertising opportunities on Council assets. Municipalisation forms a key strand of the Council's ambitious transformation journey and is designed to contribute to the Council's wider social and economic policy priorities and objectives whilst also contributing to financial and economic sustainability.

Proposal

Approval was sought for a proposed pilot approach to maximise resources from the sale of advertising opportunities on Council assets – land assets (roundabouts).

In order to determine whether advertising on Council assets would be appropriate, significant research has been completed and the findings are detailed in the Cabinet report. It is clear that this proposed approach is an opportunity to:

- Test the market;
- Learn from a limited pilot or trial;
- Assess potential benefits;
- Establish how financial returns can be maximised in the future;
- Understand risks;
- Assess phasing options and potential roll out opportunities;
- Enhance reputation;
- Assess future economic impact.

Supporting information

The proposal was considered at the Policy Advisory Panel to seek Member views. There were some concerns expressed regarding road safety and an assurance given at the Panel that each site would be specifically considered from a road safety perspective by professional Roads Officers. It was thereafter confirmed at Cabinet that other Councils (Dundee and Renfrewshire) had been contacted and who run similar schemes to the one that is proposed. There is no evidence to suggest any increase in road safety incidents associated with their advertising schemes on roundabouts.

The Council's officers will ensure all necessary consents such as Planning Advertisement Consent, are obtained. This will also ensure control over the design, look and type of sign infrastructure to be erected. There is also an assurance that the Roads Service are engaged to consider the suitability of locations from a road safety perspective.

There are local benefits associated with this proposal in addition to income generation. It is expected there will be a possible positive effect on local economic growth through the provision of new, value for money advertising opportunities for local businesses and directing potential customers to local suppliers.

It was therefore proposed a trial approach to advertising on Council land assets/26 roundabouts and thereafter potentially on fleet vehicles as appropriate. This will allow testing

of the concept and available markets. Outputs and learning from this will allow us to further develop advertising potentials.

Further information

Each proposed site will require Planning “Advertisement Consent”. When applying for consent from Planning, the Planning Service will consider each “Advertisement Consent” from two perspectives. These are:

Public safety: Consultation with Roads would be undertaken to ensure that safety was paramount in decision making. There is no evidence from other Scottish Local Authorities when following this approach to site consideration that advertising on roundabouts had any impact on road safety.

Public amenity: Visual appearance will be a key element of Planning decision making.

With regards to the potential future expansion of advertising: The purpose of the Cabinet paper was stated as “to seek Cabinet approval on the proposed pilot approach to maximising our resources from the sale of advertising on our land assets (roundabouts)” and sought approval to “testing the market for maximising opportunities from advertising on our land assets (roundabouts)”. The intent was to pilot the approach, and as per section 2.11 of report, 3rd bullet point, to evaluate the outcomes of the pilot, and if appropriate, consideration will be given to rolling out further.

In terms of resources and staff required to implement the proposed pilot, the proposal was developed in line with the agreed Council budget setting decision to generate income from advertising. The purpose of the pilot is to test the market and to then assess and evaluate any further potential. The procurement of the partnership to implement the pilot is predicated on generating a net income for the Council and will facilitate the necessary learning to then consider future potential.

Conclusion

The proposed pilot approach ensures that the interests, values and reputation of North Ayrshire Council is always protected by being clear regarding how and what can and cannot be advertised. This will be achieved by following clear guiding principles and ensuring all staff involved are fully briefed.

The proposed pilot approach affords the opportunity to test the market, to evaluate and learn from the outcomes to then consider an appropriate way forward which will meet our objectives.

Russell McCutcheon
Head of Commercial Services
North Ayrshire Council

20 June 2019