

# Appendix 1

## Shropshire Council asset sponsorship scheme proposal

### 1. Introduction

The Council is considering the options to implement advertising and sponsorship opportunities across the county, to include the potential to use its assets to generate revenue, most likely via a specialist supplier. The supplier would be responsible for managing any such scheme in its entirety, except for the necessary interaction and approvals required from key stakeholders, e.g. Highways, Planning, Legal, as part of the ongoing process.

Note that sponsorship and advertising will be used interchangeably in this document, as councils often consider traditional sponsorship as less controversial than more ubiquitous advertising conceptually. However, the present reality is that businesses need to consider their return on investment, rather than a traditional sponsorship arrangement (e.g. a small sign to acknowledge a small amount of funding to maintain a flowerbed). So, the Council and any chosen supplier will need to use the language of advertising and approach clients on this basis.

Viewed in this way, advertising can generate significant sums for the Council if marketed and managed professionally and in accordance with the council's corporate objectives and industry expectations. There are many different advertising options for local and regional businesses, both on and off-line, so any scheme must provide a clear advantage over other options and be priced to balance accessibility and cost-effectiveness.

### 2. Site types in scope for this proposal

The proposal may ultimately cover a range of site types, which may or may not be developed over a certain period, such as:

- Roundabouts
- Lamppost banners
- Boundary signs
- Bridges
- Bus shelters
- Grass verge/flowerbed signs
- Car parks
- Buildings
- Digital screens
- Vehicles
- Uniforms
- Bins

The above list is not exhaustive, but for the purposes of this document, we shall focus on the following key site types, as being the most potentially lucrative and easiest to implement:

- Roundabouts
- Lamppost banners
- Boundary signs
- Grass verge/flowerbed signs

Selecting new locations and site types for any area should be carried out in conjunction with local businesses. This is because the success of any scheme is driven by what the local business market wants and is willing to pay for. So, there is no point flooding an area with new sponsorship sites without first consulting the market.

This research will be carried out by an appointed supplier as part of their service, including speaking to hundreds of local businesses, combined with the approach required by the Council to implement new sites.

It is expected that any implementation of sites from this shorter list will be phased in order to allow the local business market time to consider options, as well as providing residents and stakeholders the time to get used to the changes. This will also prevent a situation where the market is flooded with new sites to sell, and will mean a gradual introduction of advertising spaces.

### **Phase 1 – year 1 onwards**

For the first phase, we will look at roundabout and boundary signs, as well as potentially a small number of signs in grass verges. These sites are the easiest to take to market, in some cases use existing infrastructure (i.e. boundary signs).

### **Phase 2 – year 2 onwards**

For the second phase, we will look at lamppost banners.

Lamppost banners will require a degree of structural analysis and potentially testing. However, the banner bracket system available is of high quality and easy to install, once this work has been carried out. Also, this particular site type lends itself very well to Council and local event campaigns.

## **3. Detailed look at key site types**

### **i. Roundabouts**

Roundabouts will undoubtedly be a key asset in any advertising and sponsorship scheme due to their prominence and attractiveness to local businesses. They provide the opportunity for uncluttered advertising at locations with a large audience as vehicles and pedestrians make their way around the county.

A roundabout advertising scheme is already in operation in Shrewsbury managed by Shrewsbury Town Council involving various roundabouts that they maintain and there is evidence that a smaller-scale (likely traditional sponsorship scheme) was in place elsewhere in the county at some point.

The approach would be to create a new scheme, with standardised advertising signs generally with one sign facing each approach to the roundabout) at an approved size and position so as not to distract drivers but also be legible at a glance.

There are many roundabout advertising schemes in place across the UK, and there are various options for sign systems, examples of which are below:



The first example uses a slightly more expensive hardware system and the posts can be powder-coated to any colour, with the second example using a simpler and less expensive system, but one which is favoured by a larger number of councils.

## ii. Lamppost banners

Lamppost banners provide one of the best opportunities for the Council to increase the generation of revenue from their assets. Lamppost banners can be used for commercial and non-commercial (i.e. Council campaigns, local events) messages and can add vibrancy and atmosphere to an area. They also provide a very targeted medium for potential advertisers, including for the Council's own messages and events.

Typical lamppost banner advertising campaigns can be flexible from one to twelve months and will attract a wider audience than roundabout sponsorship, including retailers and event organisers.



### iii. Boundary signs

Boundary signs are a useful addition to any roundabout sponsorship scheme and attract a similar type of business audience. Sites can be sold as one package to larger businesses, but they can also be split into individual signs and sold to smaller businesses in the locality.



In York, for example, the Council wished to replace all of their boundary signs but did not have the budget to pay for them, so they were all sponsored, and the revenue paid for this refurbishment.

#### iv. Grass verges/flowerbeds

Similar signs as those that might be used for the roundabout scheme might be also used in other areas of the city, such as flowerbeds, grass verges and in parks and gardens, along with other open spaces. These signs work best where traffic is coming to a standstill, e.g. near traffic lights, or where there are large gatherings of pedestrians, e.g. in parks or in town or city centres.



These signs can be a useful compliment to a roundabout sponsorship scheme as they can be located in areas where there is high traffic flow, but no nearby roundabouts to use.

#### 4. Rationale for developing a sponsorship and advertising scheme

The obvious benefit of implementing a scheme that is managed by a supplier is that the Council will effectively receive income for little or no expense to itself, other than some initial officer time to help facilitate the approval and implementation of the scheme in the first place. The income will represent new revenue as it will not have been generated previously, and so this could be used for a variety of purposes, e.g. to help maintain key assets, or to help fund front-line services.

However, there will be other benefits to the scheme, as follows:

- A formal opportunity for local businesses to advertise their services to key local markets – the businesses can access prime advertising space with no other adverts cluttering the view, whilst Councils can demonstrate that they are supporting local businesses
- Local businesses will hopefully experience increased trade as a result of their advertising, and this will help them grow and potentially provide more job opportunities to local people
- Depending on the nature of the scheme, this can help to improve the local environment for residents and visitors – for example, revenue could be used to help improve the maintenance of roundabouts and verges, which will provide a very visible benefit to the local community.

## **5. Factors that can affect the overall performance of an advertising scheme**

The revenue forecast in the next section is simply a forecast based on a set of factors that would need to be in place for the scheme to deliver to this level. Factors that could affect the success of a scheme are as follows:

- Local, regional and national economic situation – recessions, lack of economic confidence and recent pandemics can all affect the appetite of local businesses to advertise
- Maintenance of sites – if, for example, roundabout sites are very untidy and overgrown, then it is less likely that businesses will want to pay much to advertise on those sites or even use them at all
- Restrictions on advertising – aside from the national guidelines, if there are numerous and onerous restrictions on which businesses can advertise and the content they can use, then this will severely limit the scope of the scheme. At the very least, local businesses will want to include some or all of the following elements in their adverts: their logo, a strapline, web and phone contact details
- Proliferation of unlawful adverts and lack of enforcement – if there are lots of banners on railings, signs strapped to lampposts, etc., and these are not removed in a timely manner, then businesses will not pay significant sums to use the formal options available
- Location of sites – probably the most important element – if sites are in locations which do not benefit from high traffic or pedestrian flow, or are in less well-maintained areas, then the revenue that can be achieved for each site will be lower or potentially not viable at all
- Sign sizes – signs need to be in proportion to their surroundings and to take into account their location in proximity to the highway and related safety matters, but if the signs are not large enough to be noticed then they will likely remain unsold

## **6. Revenue forecast**

In this section, a basic forecast of revenue for the various site types is provided for the first four years. The figures are based on typical averages across the UK for similar site types but could vary significantly, depending on the prevailing factors in place when any scheme is launched.

Roundabout forecast is inclusive of all 57 Shropshire Council managed sites, 45 of which are deemed as saleable.

	Annual average gross income per unit*	Estimated no. viable sites	Estimated gross revenue Year 1	Estimated gross revenue Year 2	Estimated gross revenue Year 3	Estimated gross revenue Year 4
<b>Phase 1</b>						
Roundabouts	£4,000	45	£45,000	£70,000	£95,000	£130,000
Boundary signs	£2,000	20	£15,000	£30,000	£36,000	£37,000
Verge signs	£1,750	15	£12,000	£18,000	£22,000	£25,000
<b>Phase 2</b>						
Lamppost banners	£500	200	N/A	£35,000	£78,000	£100,000
Income total	-	-	£72,000	£153,000	£231,000	£292,000
Less contractors' costs	-	-	£20,000	£25,000	£25,000	£25,000
Gross surplus	-	-	£52,000	£128,000	£206,000	£267,000
Less contractor's share (@40%)	-	-	£21,000	£51,000	£82,000	£107,000
Total income to the Council	-	-	£31,000	£77,000	£124,000	£160,000
Less admin costs (@ £10K pa)	-	-	£10,000	£10,000	£10,000	£10,000
Net income to the Council	-	-	£21,000	£67,000	£114,000	£150,000

\*Gross revenue (excludes costs for hardware/installation – many of these costs will fall in year one and come out of the income generated from the overall cost of sponsorship. This has already been factored into the forecast above) Inflation will also influence gross revenues as the contract proceeds. This has also been factored into the forecast above. All hardware will be owned by Shropshire Council.

The revenue is not guaranteed but is a forecast, based on experiences elsewhere. Note that in year one the full annual value for each site sold will not be achieved as sites will be sold across the year and so not all the revenue will fall into the first 12 months. Thus, the revenue will increase significantly from year two onwards, and this also reflects the fact that there will be a range of initial costs to be funded in year one – e.g. planning, sign manufacture, etc. However, these costs will then reduce from year two onwards. Inflation will also influence the gross revenues as the contract builds over 4 years.

Please note the following assumptions inherent in the above table:

1. In year 1 it will take time to set up and market the new sites/site types and get the first campaigns in the ground. Therefore, it will not be possible to run a campaign for the whole of year one, but rather a percentage of the year that is left once the preparation work has been completed.
2. Lamppost banners tend to be sold during the period March to September and are not always suitable for use during the winter months.
3. All information contained above is indicative only and the actual number of sites sold and revenue may vary, depending on what is available to sell and how the business community responds to the opportunities.

## **7. Implementation period and monitoring**

Assuming all the key stakeholders support the implementation of a scheme, then it can be implemented in a matter of weeks, once a supplier has been selected and any planning requirements for advertising consent are met.

Effective monitoring can be carried out by requiring the supplier to provide regular reports on the list of sites included in the scheme along with all the sponsorship details – campaign start and expiry dates, client business name, sites sponsored and revenue attributable. The Council can then invoice quarterly for monies owed for each quarter.

## **8. Ensuring sponsors and artwork adhere to Council advertising guidelines**

An important part of any wider Council advertising policy will be the need to retain control over which businesses are permitted to advertise on any asset and the content of their proposed adverts. **Appendix 2** sets out the council's advertising policy in this regard. The Sponsor will ensure that any supplier managing this element will firstly adhere to the **ASA** (Advertising Standards Authority) [Non-broadcast Code](#), which covers some of the key areas, such as restrictions on:

- Alcohol
- Political or religious organisations
- Sexual references
- Drugs and associated products
- Gambling

In addition, the Council have developed its own 'Advertising Guidelines', forming part of its policy, and will cover off more localised potential restrictions on areas such as:

- Fast food
- Pay-day loans
- No win, no fee accident and injury claim organisations

Any supplier will be required to adhere to these guidelines and a process will be established whereby the supplier will forward proposed sponsor artwork to a nominated individual in the Council to approve, prior to the advert being printed and installed. In addition, the Council will have the right, always, to request the removal of any advert, even if already installed, should there be any issues or complaints resulting in a decision to withdraw approval.