

Corporate Policy and Strategy Committee

10am Tuesday 14 May 2019

Draft policy on advertising and sponsorship

**Executive/routine
Wards
Council Commitments**

1. Recommendations

- 1.1 It is recommended that Corporate Policy and Strategy Committee:
- 1.1.1 notes the work on a draft policy on advertising and sponsorship is underway and requires further development to take cognisance of the impact on income maximisation;
 - 1.1.2 requests the draft policy and a report outlining the impact on income maximisation as a result of any changes to current practice is brought to Corporate Policy and Strategy Committee on 6 August 2019
 - 1.1.3 recognises that the policy will be amended in future to reflect any changes to legislation brought about by the UK Government's and Scottish Government's consultations relating to the impact of food and drink advertising.

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2. Executive Summary

- 2.1 On 25 October 2018, Council agreed a motion by Councillor Main on sponsorship and advertising and requested that officers draft a policy on sponsorship and advertising and bring it to Corporate Policy and Strategy Committee within three cycles.
- 2.2 This report provides an update of progress to date on developing a draft policy and outlines the consultations on the impact of food and drink advertising which UK Government and Scottish Government have in progress. It also notes the impact that changes in legislation, industry codes and policy will have on the Council's previously agreed income maximisation targets.

3. Background

- 3.1 On 25 October 2018, Council agreed a motion by Councillor Main on Council sponsorship and advertising requesting that officers draft a policy on sponsorship and advertising and bring it to Corporate Policy and Strategy Committee within three cycles. A copy of the text of the motion is included in Appendix 1 to this report.
- 3.2 If the Council was to adopt an overarching policy on advertising and sponsorship, it would help to protect the Council financially, legally and reputationally as well as making sure that there is a consistent approach taken across the Council to such arrangements. It would also provide clarity to those engaged in the advertising industry, and potential sponsorship partners.
- 3.3 In assessing current legislation, industry codes and public sector policies on advertising and sponsorship to inform a draft policy, it is noted that Scottish Government and the UK Government are both concerned about the impact of food and drink advertising in relation to health and well-being of citizens. Both governments are consulting on the impact of advertising food and drink and will consider possible changes to legislation in relation to this.

- 3.4 Under current contracts, the Council generates substantial income from sponsorship and advertising on its assets. In 2018/19, the income was in the region of £2.5 million from advertising-related contracts.

4. Main report

- 4.1 The Council fully supports well-managed advertising and sponsorship arrangements which both contribute to the delivery of its services and support achieving its objectives, including income maximisation.
- 4.2 The proposed policy will provide guidance on proposals for advertising and sponsorship covering the Council as an owner of a platform/medium on which advertising may appear or when considering sponsorship opportunities. Any policy should:
- 4.2.1 establish a corporate approach and standards to guide advertising and sponsorship agreements;
 - 4.2.2 make sure the Council complies with legislation, nationally recognised industry codes and other Council policies;
 - 4.2.3 support the Council securing Best Value, income maximisation and the development of commercial partnerships; and
 - 4.2.4 uphold the Council's reputation and brand as well as safeguard citizens and the image and environment of the areas within the Council's boundaries.
- 4.3 In any advertising and sponsorship policy, the Council must:
- 4.3.1 adhere to the terms of current legislation including the Local Government Act 1986, the Town and Country Planning Act and various regulations on supply of goods and services, consumer and business protection;
 - 4.3.2 adhere to nationally-recognised strict industry codes, particularly those of the Advertising Standards Authority; and
 - 4.3.3 take cognisance of existing Council policies, which impact on advertising and sponsorship or regulate the installation of structures on which advertising is placed including: the Council's Contract Standing Orders; Policy for Advertising on On-street Structures; Street Design Guidance; Advertisement, Sponsorship and City Dressing Policy; and Policy and Procedures on sponsorship of events targeted at school pupils.
- 4.4 In assessing current legislation, industry codes and public sector policies on advertising and sponsorship, it was noted that both the UK Government and the Scottish Government are consulting on the impact of food and drink advertising. The [Scottish Government's consultation](#), part of the Diet and Healthy Weight Delivery Plan, sought views on restricting the promotion and marketing of food and drink high in fat, sugar or salt with little or no beneficial nutritional value where they are sold to the public (closed on 9 January 2019). The UK Government launched a consultation on [proposals](#) which include future advertising restrictions focused on

HFSS products that are linked to childhood obesity (closes on 10 June 2019). The findings of both consultations are still to be published but it is expected they will inform further advertising restrictions and changes to legislation, and therefore impact on the draft Council policy on advertising and sponsorship.

- 4.5 The advertising industry operates under a heavily legislated and regulated landscape with strict industry codes. The Advertising Standards Authority (ASA) is the UK's independent regulator of advertising across online and offline media. The regulations cover a wide range of guidance including: misleading advertising; political advertisements; alcohol; tobacco; and electronic cigarettes. The codes also include specific rules where children are concerned and on food or soft drink products that are assessed as high in fat, salt or sugar in accordance with the Department of Health nutrient profiling model. ASA monitors government consultations closely and will amend their codes as required to reflect the any amendments to legislation. Section 8 of this report has more detail on the role of the ASA, and the current regulatory regime.
- 4.6 The committee should also note that the Council generates a substantial income from sponsorship and advertising on its assets. In 2018/19, the income was in the region of £2.5 million from advertising-related contracts as noted in section 6. Any additional controls on what may be the subject of advertising or sponsorship opportunities will have a negative impact on the Council's ability to maximise income. Further investigation is required in order to report accurately to committee on this impact.
- 4.7 It is to be noted that the budget approved at a meeting of the full Council on 21 February 2019 seeks to maximise income including generating additional income from the advertising.
- 4.8 It is recommended that Corporate Policy and Strategy Committee:
 - 4.8.1 notes the work on a draft policy on advertising and sponsorship is underway and requires further development to take cognisance of the impact on income maximisation;
 - 4.8.2 requests the draft policy and a report outlining the impact on income maximisation as a result of any changes to current practice is brought to Corporate Policy and Strategy Committee on 6 August 2019
 - 4.8.3 recognises that the policy will be amended in future to reflect any changes to legislation brought about by the UK Government's and Scottish Government's consultations relating to the impact of food and drink advertising.

5. Next Steps

- 5.1 The draft policy on advertising and sponsorship will be submitted to Corporate Policy and Strategy Committee on 6 August following engagement with current

contract partners to estimate the potential financial impact of any changes to legislation, industry codes or policy might have on income from advertising on Council assets or through sponsorship.

- 5.2 Further amendments will be required in future following publication of the results of the UK and Scottish Government consultations and any legislative changes which may emerge from that.

6. Financial impact

- 6.1 There may be a legal cost associated with implementing a policy on advertising and sponsorship.
- 6.2 Attention is drawn to the potential loss of advertising income depending upon the terms of the policy.
- 6.3 Under current contracts, the Council generates a substantial income from sponsorship and advertising on its assets. In 2018/19, the income was in the region of £2.5 million.
- 6.4 Further analysis on the potential impact to income and future income maximisation is required to fully assess the consequences of any potential change to current practice and to any conditions in a proposed advertising and sponsorship policy. Engagement with current contract suppliers will also inform this analysis.
- 6.5 It should be noted that if a policy on advertising and sponsorship resulted in any material change in the Council's approach to such matters, then legal advice would need to be taken as to whether the policy could be applied to existing contracts.

7. Stakeholder/Community Impact

- 7.1 The Council will engage with current contract partners to estimate the potential financial impact of any changes to legislation, industry codes or policy might have on income from advertising on Council assets or through sponsorship.

8. Background reading/external references

- 8.1 The Advertising Standards Authority (ASA) is the UK's independent regulator of advertising across all online and offline media. The UK advertising codes lay down rules for advertisers, agencies and media owners to follow. The ASA proactively monitors advertising for compliance as well as responding to complaints, and issues rules on its investigations. The ASA codes of practice are the 'rule books' which cover two areas:

- 8.1.1 non-broadcast advertising and direct and promotional marketing ([CAP code](#)): the central principle of this code for all marketing communications is that they

should be legal, decent, honest and truthful. All marketing communications should be prepared with a sense of responsibility to consumers and society and should reflect the spirit, not merely the letter, of the code.

- 8.1.2 for broadcast media ([BCAP code](#)): the overarching principles of this code are that advertisements should not mislead or cause serious or widespread offence or harm, especially to children or the vulnerable.

8.2 Current legislation and regulations which have impact on advertising and sponsorship currently includes:

- 8.2.1 Local Government Act 1986;
- 8.2.2 the Town and Country Planning Act which includes regulations to control displaying advertising such as billboards. The Council has the duty to make sure all advertising on Council-owned platforms falls within this legislation;
- 8.2.3 the Communications Act 2003 also specifies strict rules to which media service providers must adhere;
- 8.2.4 Supply of Goods and Services Act; and
- 8.2.5 consumer protection from Unfair Trading Regulations.
- 8.2.6 business protection from Misleading Marketing Regulations.

9. Appendix 1: Council sponsorship and advertising policy

The following motion by Councillor Main was submitted in terms of Standing Order 16:

“Council notes:

The Council does not have in place a city branding and advertising policy to inform decisions made about sponsorship and advertising by the council or those contracted to do so on its behalf.

Schools policy on sponsorship was agreed by the Education, Children and Families Committee in 2016.

Under the 2013 Planning Committee decision under ‘planning for the city’, decisions are informed by the Code of the Advertising Standard Agency only. However also notes further development including, ‘neighbourhood plans’, referred to in the report have not been brought forward.

Agrees that:

Council advertising and sponsorship should support the strategic aims of the Council, including the health and well-being of citizens.

Where sponsorship and advertising has a direct association with the Council, there is a risk of impact on the Council and city reputation.

Agrees that draft policy on sponsorship and advertising is brought to Corporate Policy and Strategy Committee within 3 cycles.”

Motion

To approve the motion by Councillor Main.

- moved by Councillor Main, seconded by Councillor Booth