

## EXECUTIVE

16 MARCH 2006

## SPONSORSHIP OF COUNCIL SERVICES AND FACILITIES

**SUMMARY**

This reports looks at delivery of the sponsorship element of the Council's Key Delivery Target (KDT) to seek external funding. A separate report to the Executive in March 2005 looked at funding bids. This report:

- (a) reviews progress on the targets set in the sponsorship strategy and action plan which the Executive agreed in January 2005;
- (b) considers some of the wider issues influencing sponsorship activity including reputation, impartiality and economic climate;
- (c) recommends a new sponsorship policy and checklist which aims to address some of the issues raised in (b) above; and
- (d) considers the resource implications of increasing sponsorship revenue.

**1. INTRODUCTION**

- 1.1 In January 2005, the Executive approved a sponsorship strategy, guidelines and action plan. The aim of the Strategy was to: "Introduce a more co-ordinated approach to sponsorship activity at corporate level to maximise opportunities and reduce reputation risk". Actions set out in the action plan have been achieved including the creation of a network of internal, Council sponsorship contacts and the sharing of good practice. Promotion has increased and there is an overall increase in sponsorship target revenue in 2005/06 of £16,785 against the 2003/04 figure, as set out in paragraph 2.1 (a) below.
- 1.2 Sponsorship is defined in the Council's Strategy as: "*an agreement between the Council and the sponsor, where the Council receives either money or a benefit in kind for an event, campaign, or initiative from an organisation or individual which in turn gains publicity or other benefits*". Sponsorship is widely seen by commercial organisations as a business deal, which forms part of an organisation's marketing activity. Businesses, therefore, expect a measurable return on their investment in terms of advertising or other forms of publicity; sponsorship is not a philanthropic process. It is equally important that the resources the Council puts into developing and maintaining sponsorship deals is exceeded by the net benefits it obtains as a result.
- 1.3 Consideration also needs to be given to the nature of any sponsor and the type of sponsorship that is acceptable and appropriate for the Council to be associated with. The Council will doubtless wish to be associated only with companies whose ethics, products and services are in sympathy with its values and policies. A new draft external policy statement has been created in an effort to deal with these issues.

**2. MAIN CONSIDERATIONS**

- 2.1. **Progress on the Action Plan to-date.** Implementation of the Action Plan became the responsibility of the External Communications Group. All the priorities which were outlined in the January 2005 report (highlighted below) have been achieved as follows:

- (a) **Determine which services and projects might attract sponsorship and develop financial targets.** Every Service Unit Head within the Council has been asked to consider if their service is appropriate for sponsorship and to set appropriate sponsorship targets. In the year 2003/04 previous research shows that the total sponsorship raised by the Council was £81,750. This included £67,000 from Spectrum (£14,750 from the rest of the Council). In 2005/06 the total target figure is £58,535. The apparent drop is accounted for by a reduction in sponsorship revenue at Spectrum Leisure Services from £67,000 to £27,000, which is due to the reduction in funding from one major sponsor because of a change in the sponsor's strategy. Across the rest of the Council, target income has increased to approximately £31,535 (an increase of £16,785 (50%) on the 2003/04 figure).
- (b) **Promote the strategy and guidelines internally/produce further guidance and advice on raising sponsorship on the intranet.** The guidelines have been promoted via: the Council's staff newsletter, By The Wey; The Loop; and the Corporate Communications Group. The latter comprises staff across the Council with marketing elements in their role. Good practice, ideas and problems are shared and new opportunities for sponsorship explored at meetings of the Group. Training opportunities are also being investigated.
- (c) **Develop an internal sponsorship database.** A spreadsheet detailing sponsorship bids is available on The Loop for updating regularly by Service Units. It provides a record of corporate activity on sponsorship and monitors reviews of cost effectiveness/sponsor satisfaction. It identifies existing sponsors to avoid repeated bids to the same organisation. It also keeps track of sponsorship targets year on year and encourages forward planning of sponsorship activity.
- (d) **Review the suitability of the J4B database for voluntary groups** The J4B database is not able to assist with sponsorship targeting. However a number of other sponsorship tools have been identified and will be promoted to Officers. BITC.org.uk gives information on companies with social responsibility policies. The Hollis Sponsorship and Donations yearbook gives useful reference material. The Directory for Social Change produces A Guide to Company Giving. The Council's business directory lists potential target companies. Arts in Business is an organisation whose purpose is to forge links between business and the arts to the benefit of both.
- (e) **Develop web pages for sponsorship opportunities to communicate with businesses.** Promotion of the Council's portfolio of sponsorship opportunities has begun with the setting up of web pages which promote the Council's sponsorship opportunities, and the Borough's population as a target group. Officers are encouraged to develop this by adding information on specific sponsorship packages.

**Other activities:**

- 2.2. A network of sponsorship contacts has been established for the first time across the Council, which should increase the efficiency with which any sponsorship requests are dealt with. These contacts are promoted in the web pages.
- 2.3. There will be further promotion of sponsorship opportunities in About Guildford and through the Tourism and Business Partnership Manager's promotional work such as the Business Newsletter and the Business News Extra spread in The Surrey Advertiser. Use of the Guildford Cricket Festival as a forum for cultivating new sponsors is also under investigation.

- 2.4. **Influences on sponsorship activity.** Following consultation with counsel and further work on sponsorship by Officers, the issues are outlined in paragraph 2.5 below. The policy referred to in paragraph 2.6 and outlined in **Appendix I** seeks to address some of these issues.
- 2.5. **Sponsor reputation.** The Council is an, “excellent and improving authority,” which has high resident satisfaction levels among local people and a strong reputation. In most cases a sponsorship arrangement with a reputable company should, therefore, be to the benefit of both parties. However, it is important to consider that there may be instances where being allied to a particular sponsor would not be good for the Council’s reputation. This is particularly the case because of some of the sensitive enforcement responsibilities with which the Authority is charged. The ethical and political risks involved in sponsorship can be high:
- (a) *Inappropriate sponsors.* For example when a company has policies which are contrary to our own or are not appropriate for a Council to support. Problems could also occur where a potential or existing sponsor was in dispute with the Council.
  - (b) *Maintaining independence.* The Council must retain its independence and impartiality. This could come into question should an existing sponsor apply for a Council service (for example a planning permission). Some services have, therefore, indicated that sponsorship is not appropriate as it may open the service up to challenge.
  - (c) *Perception of Council Taxpayers.* In some circumstances (e.g. planning) the public could question the propriety of a publicly funded body seeking sponsorship from the commercial sector. This would particularly be the case if seeking funding for statutory services. The advice (outlined in paragraph 7) is that we should not seek funding for such services.
  - (d) *Corporate identity* The Council’s own branding and consequent recognition of our services is extremely valuable and should not be marginalised by sponsor branding and logos.

## 2.6 Addressing the influences on sponsorship.

- 2.7 A strategy and guidelines on sponsorship intended for would-be sponsors have already been produced and promoted internally. A public policy statement, (a draft of which is set out in **Appendix I**) would complement these internal documents and help to address some of the important issues outlined in paragraph 2.5. In support of this policy a new checklist has been created which will be incorporated into the existing staff guidelines and promoted via The Loop and other means.

## 3.0 INCREASING SPONSORSHIP REVENUE

- 3.1 The Council has a strong reputation and its sponsorship strategy identifies a range of great strengths which the authority can offer sponsors. These include: the range of services; a large customer base; a high level of awareness of the Council within the Borough; good relationships with other organisations and its influential role in the community. The Council’s potential benefits to sponsors are now being promoted via the new web pages and by other means as set out in paragraph 2.
- 3.2 Increasing sponsorship revenue should also, however, be considered in the wider financial context.
- 3.3 **External funding bid success:** On 17 March 2005 in the report to the Executive on seeking new external funding it was reported that: since April 2003 approximately 60 bids had been made, totalling approximately £4.4m. The value of successful bids was

approximately £3.6m whilst approximately £0.5m was awaiting a decision. In addition to this, £250,000 came from the ODPM to fund the Council's Homelessness Prevention Strategy in 2005/06 with the same amount anticipated for 2006/07. A further £100,000 from ODPM was obtained to fund a sub-regional choice based lettings scheme with Waverley, Rushmoor and Hart. In 2004-2006 the Housing Corporation's award was £12,766,735. The Council has a high success rate with well-crafted, targeted applications for known allocations of funds from grant agencies.

- 3.4 **Economic Climate:** Sponsorship is now being raised in a tougher economic climate in which companies are much less willing to invest. The field of sponsorship is highly competitive and with shrinking budgets, it is likely that sponsorship of high profile national organisations such as charities will be chosen ahead of local authorities which are locally based and, regrettably, suffer from a poor reputation nationally. Figures collated by the Directory for Social Change show that corporate funding to charitable organisations rose steadily throughout the 1990s. However the figures also show that this trend peaked in 1997/98 and has consistently fallen ever since. The Charities Aid Foundation estimates that a drop in funding between 2000 and 2003 was equivalent to a real term drop of 21% and predicts that this trend will continue. In this context, the Council is doing well by increasing its overall target figure on sponsorship revenue.

#### 4. STAFF RESOURCES

- 4.1 Some Council services more naturally appeal to potential sponsors – the best example being leisure-orientated services.
- 4.2 Across the Council, and in accordance with the Strategy, Officers have worked hard to identify new targets for sponsorship revenue. Officers do, however, consider that potential sponsorship rewards are more limited than those for external funding bids and it is important that the amount of staff time dedicated to bringing in relatively small amounts of money is not disproportionate to the net results gained. The search for sponsorship is highly labour intensive. It can, for example, take a year of cultivation to bring in a small amount of money or in some cases, despite significant work, no funds at all. There is a hidden cost in staff time involved in raising and servicing sponsorships, which needs to be considered when setting targets. Some services realistically have little potential sponsor appeal. In such cases a very significant input of staff time and effort would be needed to achieve a positive result.
- 4.3 Sponsorship is a specialist area. Many staff currently working on sponsorship deals seek sponsorship in addition to their main duties. The new policy and systems should help these staff but will not be a replacement for having access to a specialist officer dedicated to raising sponsorship income and co-ordinating activity.
- 4.4 In an effort to address the issues raised in paragraphs 4.2 and 4.3, Officers have explored the possibility of using a sponsorship agency to raise funds on a more commercial basis. Such companies are most likely to take on what they have identified as the most commercially viable sponsorship opportunities, most of which are linked to outdoor advertising such as roundabouts and signage. The agencies will not charge the local authority for their services but take commission on sponsorship income of up to 50%. This pays for their resources in proactively seeking out and servicing clients. These agencies have the advantage that they are experts in the field, and can tap into organisations at national level (which is how sponsorship is often organised) by offering packages with a number of local authorities across the country. Despite taking commission, they argue that local authorities can obtain more net revenue from sponsorship by working with them because of their expertise in this area. There could be distinct advantages to the

Council in accessing a wider range of funds and opportunities. In addition, such a relationship would free up Officer time spent in obtaining sponsorship and administering the relationship post contract.

4.5 With this in mind, Officers have identified a number of potential ways forward:

(a) Service Unit Heads to continue being responsible for setting realistic sponsorship targets, which are achievable within existing resources. With the new corporate policy, systems, support group and additional promotion in place, it is hoped that sponsorship revenue will be maximised in the most cost effective way.

(b) To further investigate using a suitable agency to attract sponsorship revenue. This could complement (a) as not all aspects of sponsorship currently carried out would be likely to be covered by this agency.

## **5. THE COUNCIL'S STRATEGIC FRAMEWORK**

5.1. One of the Council's Key Strategic Priorities is to maintain value for money by providing efficient, cost effective and relevant public services. Increased sponsorship income could help achieve this.

## **6. FINANCIAL IMPLICATIONS**

6.1. There may be a cost implication in developing or buying in software for a database of sponsorship information as data grows and this is being further investigated. There would be no direct costs in working with an agency, which would work on a commission basis, other than the cost of Officer time in procuring their services.

## **7. LEGAL IMPLICATIONS**

7.1 Local Authority powers are derived from statute. There are powers under the Local Government Act 1972 and Local Government Act 2000 to undertake activities to promote and improve the economic, social and environmental wellbeing of the community. These powers will cover sponsorship arrangements. This is provided that the powers are not seen to be used to breach the restrictions on all Councils from raising monies other than by "precepts, borrowing or otherwise".

7.2 This restriction will not apply where the Council enters into partnership with commercial organisations to provide sponsorship, provided that the funds raised by such agreements are identified and used for specific projects and are not used as a source of general funding for statutory services.

7.3 All sponsorship arrangements must be open and transparent. Further, the Council must avoid bias or the appearance of bias in the carrying out of its functions, most particularly those of a semi-judicial nature, by reason of any sponsorship arrangements.

7.4 Planning and advertisement consent must be sought and obtained as necessary.

## **8. CONCLUSIONS**

8.1. The actions set out in the guidelines and Strategy which were adopted in January 2005 have been achieved. With the newly established systems, a more co-ordinated and efficient approach to sponsorship across the Council is being developed. Promotion of sponsorship has increased. It is hoped that all these measures and the

continued efforts of Officers will help to attract further sponsorship within existing resources. The economic climate is tough and there are a number of issues specific to local authorities' reputation and standards, which make sponsorship a more complex area than is, perhaps, the case for other organisations. The new draft policy will address these areas in the context of a fast-changing operational and business environment.

**9. DECISION**

- (I) That the draft Sponsorship Policy, as set out in **Appendix I** to this report, be adopted by the Council.
- (II) That options (a) or (b) or a combination thereof as outlined under paragraph 4.5 be pursued in addressing the issue of sponsorship resources.
- (III) That Officers be authorised make such amendments to the existing Procurement Policy and associated Procedure Rules as may be necessary to ensure that the Council's sponsorship activity complies with them.

Reason for Decision:

To maximise the potential for sponsorship in compliance with clear policy guidelines.

Background Papers:

Sponsorship in local government – External Funding Unit, Kent County Council  
Guildford Borough Council Strategy and Guidelines

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# DRAFT

## GUILDFORD BOROUGH COUNCIL

### SPONSORSHIP POLICY

*This policy document sets out the Council's definition of 'sponsorship' and the terms upon which the sponsorship may be both sought and accepted by the Council.*

#### 1 DEFINITION

For the purposes of this policy, sponsorship is defined as: “an agreement between the Council and the sponsor, where the Council receives either money or a benefit in kind for an event, campaign, or initiative from an organisation or individual which in turn gains publicity or other benefits”.

#### 2 OBJECTIVES

- 2.1 To ensure the Council maximises opportunities to obtain commercial sponsorship for appropriate events, campaigns or initiatives whilst also offering sponsors attractive packages offering value for money for both parties.
- 2.2 To ensure that the Council's position and reputation are adequately protected in sponsorship agreements.
- 2.3 To ensure that the Council adopts a consistent and professional approach towards sponsorship.
- 2.4 To ensure best value is obtained and provided in sponsorship arrangements.
- 2.5 To protect Members and Officers from allegations of inappropriate dealings or relationships with sponsors.

#### 3. GENERAL PRINCIPLES

- 3.1 The Council will actively seek opportunities to work with both local and national organisations by identifying sponsorship opportunities of mutual benefit and which are in keeping with its Core Values and Key Strategic Priorities.
- 3.2 The Council welcomes all opportunities to work in such partnerships. It will not, however, put itself in a position where it might be said that such a partnership has or might have or may be thought to have:
  - (a) influenced the Council or its Officers in carrying out its statutory functions.
  - (b) been entered into in order to gain favourable terms from the Council in any business or other agreement
  - (c) aligned the Council with any organisation which conducted itself in a manner which conflicted with the Council's Core Values.
- 3.3 **The Council will not, therefore, be able to entertain agreements for sponsorship from:**

- (i) organisations not complying with the Council's Advertising code or the Code of Practice of the Advertising Standards Authority.
- (ii) religious organisations.
- (iii) organisations in financial or legal conflict with the Council.
- (iv) organisations with a political purpose, including pressure groups and trade unions.
- (v) organisations involved in the production and sale of weaponry including firearms.
- (vi) organisations involved in racial, or sexual prejudice or discrimination on the basis of disability.

- 3.4 The above list is not exhaustive and the Council retains the right to decline sponsorship from any organisation or individual or in respect of particular products that the Council in its sole discretion considers inappropriate.
- 3.5 Consideration for sponsorship will take the form of an opportunity for publicity and advertising, thus raising the profile of the sponsor within the Borough. The Council will agree with the sponsor the nature and content of the publicity and will retain the right to approve all advertising material. The Council has a strong corporate identity and materials must not detract from this.
- 3.6 The Council will at all times comply with its Procurement Policy and Procedure Rules and may, in accordance with those procedures, advertise a sponsorship opportunity to potential sponsors.

#### **4 PROCEDURES**

- 4.1 Before seeking sponsorship, Council Officers must consider the Council's Sponsorship Strategy, this policy document and follow the Guidelines and checklist provided.
- 4.2 The Council will maintain a sponsorship register on the Council's website and The Loop. It will be the responsibility of each Officer responsible for the sponsorship agreement to enter the completed agreements on this register.
- 4.3 The Council has in place a Sponsorship Strategy and Guidelines for Officers, which must be complied with (see paragraph 4.1 above).
- 4.4 All sponsorship bids shall be approved by the relevant Service Unit Head, Director and Lead Member.
- 4.5 Sponsorship agreements must be referred to Legal and Property Services for review prior to signing.
- 4.6 It is recommended that all potential sponsors are referred to this Policy.