



Report to Policy Committee

Author/Lead Officer of Report: Nicola Allen,
Advertising & Sponsorship Officer

Tel:

Report of: *Director of Policy and Democratic Engagement*

Report to: *Finance Committee*

Date of Decision: *18 March 2024*

Subject: *Advertising and Sponsorship Policy*

Type of Equality Impact Assessment (EIA) undertaken	Initial <input type="checkbox"/>	Full <input checked="" type="checkbox"/>
Insert EIA reference number and attach EIA: 2488		
Has appropriate consultation/engagement taken place?	Yes <input type="checkbox"/>	No <input type="checkbox"/> n/a
Has a Climate Impact Assessment (CIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<p><i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i></p>		

Purpose of Report:

The report presents a draft Advertising and Sponsorship Policy for approval. If adopted the policy will govern how all advertising and sponsorship matters are managed across the Council.

Recommendations:

It is recommended that the Finance Committee approves the Advertising and Sponsorship Policy attached to this report at Appendix 1 for Council-wide implementation regarding all advertising and sponsorship matters with effect from 1st April 2024.

Background Papers:*Appendix 1 - Advertising and Sponsorship Policy 2024-2026*

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed.	Finance: <i>Matt Ardern</i>
		Legal: <i>Andrea Simpson</i>
		Equalities & Consultation: <i>Ed Sexton</i>
		Climate: <i>Victoria Penman</i>
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	SLB member who approved submission:	<i>James Henderson, Director of Policy and Democratic Engagement</i>
3	Committee Chair consulted:	<i>Councillor Zahira Naz</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Nicola Allen</i>	Job Title: <i>Advertising and Sponsorship Officer</i>
	Date: <i>26 February 2024</i>	

1. BACKGROUND

- 1.1 Opportunities to advertise and/or go into sponsorship with the Council are available to businesses and organisations to promote their brand, products and services.

Currently advertising and sponsorship agreements take place across various services, assets and contracts but the authority does not have a consistent model to manage these or set criterion to enable clear and fair decision making.

Advertising and sponsorship across the Authority is now being managed under a single service allowing for development of a wider plan to maximise the Council's assets and broaden the scope for opportunities in this area.

1.2 What is advertising and sponsorship?

- 1.2.1 While advertising and sponsorship are both used to promote and increase brand exposure the two are different and should be managed in a way that reflects those differences.

- 1.2.2 *Advertising* directly promotes a brand through messaging to chosen targets, they are paid, one-way marketing messages. To advertise with the Council means to pay for promotion of a business, product or service using the Council's assets or channels.

- 1.2.3 *Sponsorship* provides an implicit endorsement through ongoing affiliation with an external organisation, they are collaborations where brands fund events or activities in exchange for recognition. To go into sponsorship with the Council means to support (financially or by provision of service) a Council owned event, building, project or other activity in exchange for exposure/association of a brand or organisation. Packages are custom negotiated and individual contracts set out the agreed terms for both parties.

1.3 Legislation and policy

- 1.3.1 *National legislation* - There are national advertising laws and legislation that must be adhered to by advertisers and providers. These are governed by the Advertising Standards Authority (ASA) and the Committee of Advertising Practice (CAP).

The UK Code of Non-broadcast Advertising and Direct & Promotional Marketing (CAP Code) is the rule book for non-broadcast advertisements, sales promotions and direct marketing communications.

The Code covers a range of standards including misleading information, protection from harm, ads aimed at children, political ads, use of data, environmental claims, and more.

1.3.2 *SCC Policy* - Council advertising and sponsorship transactions and agreements are managed in-line with the CAP Code. However, the Council does not currently have an Authority-wide policy that sets out the standards and terms that must be followed. Nor does the Council have a policy that reflects its values and priorities beyond national requirements.

1.4 Plans and considerations

1.4.1 As the Council develops its wider plan to maximise assets for advertising and sponsorship opportunities, it is important that these opportunities are managed consistently and that they align with Council priorities, values and the commitments agreed in the Council Plan.

1.4.2 A broad range of assets are/will be available for advertising and sponsorship opportunities – these include as an example; online websites and email newsletter adverts, highway sponsorship, event sponsorship, naming rights for key facilities, vehicle fleet sponsorship, banner adverts, playground sponsorship and more.

1.4.3 With such a large range of opportunities available it is essential that a Council-wide Advertising and Sponsorship Policy is introduced, to ensure that all opportunities are handled in a fair and equitable way and that the values the Council has committed to are being upheld. A Policy also allows the Council to go further than national regulations which do not address or contribute to tackling some of the issues and challenges faced locally in terms of health and our environment.

1.4.4 An advertising and sponsorship policy for the Council must take in to account potentially conflicting aims of supporting a wider plan to generate income and maximise potential revenue, against priorities around health and the environment. A balance is required to allow a progressive approach to improving lives while embracing opportunities for the city to attract the best and most commercially viable prospects.

1.4.5 The absence of a Council-wide Advertising and Sponsorship Policy leaves the Council in a position with no clear guidance for managing bookings and relationships, open to challenge in decision making, at risk of contradicting Council campaigns and leaving the Council at reputational risk through association.

2. **PROPOSAL**

2.1 It is proposed that the Council adopts a new Advertising and Sponsorship Policy, as shown at Appendix 1, to govern advertising and

sponsorship opportunities/outputs across the City Council's assets and land.

The policy will support the values and priorities of the Council, with restrictions included to support commitments and priorities on health and the environment, while allowing for increases in income generation within the set criteria.

The policy states that it is subject to review in 2026. This will allow for assessment of city, industry and national developments.

2.2 Development

2.2.1 The policy has been developed over a two-year period taking in to consideration what the Council aims to achieve, best practice and learnings from other organisations, stakeholder experience, commercial viability and maximum opportunity.

2.2.2 Advertising and sponsorship influence the way we think, and how and what we consume. The overall aims of this policy are to support residents in making better choices that will support improvement of health and our environment and create long-term benefits and savings for the Council. In addition the policy also supports the wider plan to maximise income opportunities while maintaining the standards that contribute to better outcomes for people and planet.

2.2.3 The advertising and sponsorship industry is dominated by products, services and brands that are harmful to health and environment such as high fat, salt, sugar (HFSS) food and drinks, and fossil fuels. This policy aims to reduce the promotion of these types of products in the city, contributing to strategic plans around improving health and environment.

2.3 Best practice and considerations

A best practice approach and inter-departmental liaison has taken place to establish a progressive yet balanced position.

2.3.1 This has included looking at other Local Authorities and Governing Bodies to compare terms and scope, and measure outcomes; several other authorities have already introduced restrictions against HFSS products and many more are in the process of developing policies.

2.3.2 As the introduction of a policy will impact many services engagement with internal departments across the Authority, including Public Health, Climate, Transport, Legal, Business Sheffield and Events has also taken place, to address requirements and concerns.

Concerns have included:

- attracting major events that might have sponsors we are restricting – in this case we have considered the risk of missing out and the

benefits of being a city host both economically and for resident experience;

- securing commercially viable terms for third-party operators – in this case we have considered the importance of being able to attract operators that can deliver the best for the city, supporting our leisure, health and inclusivity aims;
- supporting local businesses and industries that fall within restricted categories – in this case we have acknowledged the difference between small businesses providing services, and large corporation mass influential marketing, specific terms have been included to assess where it might be appropriate to allow restricted small businesses to advertise.
- decreasing the Council's potential to generate income – we have considered that while policy restrictions will result in saying no to some income opportunities, to address this a supporting marketing plan will be developed.

2.3.3 External stakeholders with expertise and vested interest in this sector, such as Sustain (a charity alliance advocating for better food) and Adfree Cities (a network of groups concerned about corporate advertising), have also been consulted with support the development of the most progressive position possible for the Council, while recognising and addressing commercial impacts. Sustain has worked with numerous Local Authorities on policy development and provided relevant data from those who have implemented policies, outlining the benefits in improving health, and reassuring that revenue has not been affected.

2.4 Key points of the policy

The proposed policy covers all Council assets, including digital (online) and out of home adverts, as well as sponsorship opportunities.

While it includes advertising and sponsorship on Council land, it does not regulate decision making around applications for new advertising structures – these continue to be governed by national planning regulations.

The policy outlines who and what can be promoted across Council owned assets and land.

Where existing contracts are in place, adopting the policy restrictions would be encouraged where possible.

The policy terms and restrictions would relate to all new agreements.

Restrictions that go beyond national legislation have been voluntarily included in line with key Council priorities and commitments.

2.5 What's in scope and why

Restrictions included in the policy that go beyond national legislation include:

- High Fat, Salt & Sugar (HFSS) food and drinks
- Alcohol
- Gambling
- Vaping
- High Carbon/fossil fuels

2.5.1 HFSS food and drinks and alcohol have been included on the restricted list due to the harmful influence such advertisements and endorsements can have on people's lives, particularly those who are already in a more disadvantaged position. Advertising is successful in increasing consumption so the removal of adverts and promotion of unhealthy brands decreases consumption of unhealthy products, leading to healthier lifestyles.

2.5.2 Gambling has been included because advertising encourages action. Gambling ads contribute to more people taking up gambling and more people being unable to control gambling habits – the removal of ads encouraging people to gamble will contribute to a reduction in gambling habits and related issues.

2.5.3 Vaping has been included because, while a switch from smoking to vaping is a useful step in helping people quit, vaping ads encourage non-smokers and non-vapers to start vaping, especially in young people. Vaping ads will only be permitted where they are directly linked to a stop-smoking alternative.

2.5.4 High carbon/fossil fuel organisations and products have been included because ads not only encourage consumption, but they also influence opinion. Many fossil fuel organisations use greenwashing in adverts to impress misleading values about business operations. In addition as a city working towards NetZero targets it is important that we do not promote increased use of high carbon products and services such as petrol and diesel cars and flights.

3. HOW DOES THIS DECISION CONTRIBUTE?

3.1 The proposed policy contributes to the Council's values, priorities and commitments, as outlined in the Council Plan, including:

3.1.1 **People** – the restrictions that we have chosen to adopt support healthier lives and communities by restricting the advertising/sponsorship of products and services that are harmful to health and our environment.
Careful consideration has been given to ensure we are still able to support 'fulfilling lives', by including specific clauses to manage leisure, events and third-party contracts, thus ensuring that Sheffield can compete for the best opportunities.

- 3.1.2 **Prosperity** – establishing an authority wide policy allows us to explore potential opportunities that we may not have been able to or hadn't considered before. Specific criteria has also been included that differentiates the impact of small local businesses against large corporations and allows us to work with our local SMEs where it is appropriate to do so – helping them to thrive and supporting our economy. The specific clauses for leisure and events contracts also support the prosperity of the city in attracting the best operators and high-profile events.
- 3.1.3 **Planet** – the policy outlines restrictions that directly relate to the impact of climate change, with fossil fuel companies/products, non-electric cars, and flights all being listed as not-permitted. Thus, contributing to a reduction in the promotion of polluting products/services and preventing greenwashing adverts from appearing across the Council's estate.
- 3.1.4 The clear terms of the policy ensure that fair, inclusive and transparent decision making happens across the Council when dealing with advertising and sponsorship agreements.

4. HAS THERE BEEN ANY CONSULTATION?

- 4.1 Public consultation is not required.
- 4.2 Consultation and engagement have taken place with other local authorities to understand what policies they have in place and the impact of these. We have also met quarterly with a Yorkshire and Humber group of Local Authorities to discuss developments in advertising policy specifically in relation to unhealthy food and drink products.
- 4.3 Throughout policy development we have engaged with external stakeholders including Sustain (an alliance for building healthier food systems) and Ad Free Cities (a network that challenge corporate advertising) to establish terms that will best support health and climate improvements for the city.
- 4.4 At every stage of policy development internal stakeholders across many Council services have helped to shape the terms and restrictions included in the policy to enable the best outcomes, and for concerns to be managed.

5. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

- 5.1 Equality Implications
 - 5.1.1 An EIA has been completed to assess the impact of introducing an authority wide Advertising and Sponsorship Policy.

- 5.1.2 Many of the restricted products and services are often targeted at the most vulnerable groups, who are generally more at risk from harmful adverts.

The restrictions have been included to support the council's efforts in protecting from harm, improving lives/environment and contributing to essential long-term health care savings.

- 5.1.3 The assessment has highlighted that the impact for local people is positive and that the risk to health of our population and environment is greater if we do not introduce the policy.

- 5.1.4 A separate clause has been included in the policy relating specifically to businesses that fall in to the restricted categories, to enable, where possible, working with local SMEs.

Fair, clear and transparent processes have and will continue to be developed to allow equal opportunity across the Council's offer.

Alongside the policy a marketing and communications plan will support this work in ensuring people and businesses from a diverse range of sectors, backgrounds, abilities and so on are able to access these opportunities to work with the Council.

5.2 Financial and Commercial Implications

- 5.2.1 The terms of the policy will impact on the existing contracts with external advertising providers. However, because we are part way through legal contract periods, providers would be encouraged, but not forced to adopt the terms/restrictions until current contracts expire/are due for renewal.

- 5.2.2 External advert providers have indicated that they expect HFSS advertising restrictions to result in a 20-30% reduction in revenue. However, the income from contracts in place is predominantly fixed rental based for land use. The Council does receive some revenues-based income, but this income would not be affected in the medium to long term due to contract dates, unless the terms of the new policy are adopted sooner. If the prediction is accurate, a 20-30% reduction would result in approx. £14,000-£21,000 per quarter revenue loss. However see 5.2.3.

- 5.2.3 Data from other authorities that have adopted similar policies has shown no loss in revenue. Ads have instead been repurposed by brands, and/or ad space been bought by alternative organisations. As more authorities adopt similar policies, brands are becoming more used to having to adapt to restrictions and the industry landscape indicates that it will continue in this direction.

5.2.4 A new Council-wide policy will support wider plans to maximise the Council's assets in developing new advertising/sponsorship opportunities. The policy will work alongside a communications and marketing strategy to increase income generation.

5.3 Legal Implications

5.3.1 There is no legal requirement to have an Advertising and Sponsorship Policy but to do so sets out the Council's conditions for permitting advertising on its land and assets, and for entering into sponsorship arrangements, clearly. The terms outlined within the policy will ensure that the Council is acting within legislation and is operating fairly.

5.3.2 Clear and specific contracts/agreements will be completed for individual transactions to ensure all parties concerned have a clear understanding of their obligations.

5.4 Climate Implications

5.4.1 Policy terms include restrictions on fossil fuel companies/products, and non-electric cars and flights/flight companies. The aim is to restrict promotion of these types of products and services to contribute to a reduction in polluting vehicles, supporting the Council's plans to reduce the impact of climate change and aligning to the steps being taken to achieve NetZero. As per the Climate Impact Assessment, the policy will have either positive or neutral climate implications.

5.5 Other Implications

5.5.1 One of the main implications of the policy is on public health. High Fat Salt & Sugar, alcohol, gambling, vaping and fossil fuel restrictions have all been included to protect residents from harmful adverts that have a negative impact on health and wellbeing, and life circumstances.

5.5.2 Reducing exposure to these types of adverts or brand association helps to reduce consumption of products/services that are bad for our health. As the health of our population worsens, this puts added pressure on NHS and Council services, having a direct impact on resources and funding.

5.5.3 Reducing this type of consumption supports a preventative approach to health and wellbeing improvement, resulting in less support and intervention being needed, and ultimately reducing pressure on health & social care services.

6. **ALTERNATIVE OPTIONS CONSIDERED**

6.1 **Bring in a policy with fewer restrictions** – the Council could adopt a policy that provides the framework for all advertising and sponsorship outputs but does not voluntarily adopt restrictions that go any further

than national legislation. This could however leave the Council in a position of entering into agreements with organisations that do not align to our values, and promoting products and services that are counter-productive to Council priorities, having a negative impact on people's health, lives and our environment.

- 6.2 **Do nothing** – the Council could continue to manage advertising and sponsorship outputs and relationships on an adhoc basis. This could however leave the Council in a position of entering into agreements with organisations that do not align to our values, and promoting products and services that are counter-productive to Council priorities, having a negative impact on people's health, lives and our environment. It could also result in an inconsistent and unfair approach to decision making.

7. REASONS FOR RECOMMENDATIONS

- 7.1 The draft Advertising and Sponsorship Policy will ensure that the Council acts consistently and fairly in managing Advertising and Sponsorship outputs/relationships, with restrictions as proposed.
- 7.2 Mitigations have been considered in terms of financial and commercial impact and to allow a managed transition across sectors that will be affected by the terms of the policy, including support for local businesses, and managing third-party agreements.
- 7.3 The long-term predicted savings and impact present benefits across health and environmental related issues.
- 7.4 The restrictions included in the policy reflect the commitments in the Council Plan, the values of the authority and the priorities that the Council is working towards.

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