

**TO: ENVIRONMENT, CULTURE & COMMUNITIES OVERVIEW & SCRUTINY PANEL  
17 MARCH 2015**

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**REVIEW OF COMMERCIAL SPONSORSHIP TRIAL  
Director of Environment, Culture & Communities**

**1 PURPOSE OF REPORT**

- 1.1 To update the Overview and Scrutiny Panel following the recent meeting of the Commercial Sponsorship Member Reference Group (the notes of which are attached at Appendix 4).

**2 RECOMMENDATION(S)**

- 2.1 **That the Environment, Culture and Communities Overview and Scrutiny Panel note the content of the report;**
- 2.2 **That the Environment, Culture and Communities Overview and Scrutiny Panel endorse the Director's decision, having consulted the Commercial Sponsorship Member Reference Group, to undertake a full procurement in order to implement a permanent commercial sponsorship contract; and**
- 2.3 **That the Commercial Sponsorship Member Reference Group be stood down having completed its work for the time being.**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 The existing commercial sponsorship trial expires in October 2015 and if further income is to be derived from commercial sponsorship then a new contract must be tendered to be legislatively compliant.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The alternative is not to have a sponsorship contract meaning that the Council will have to offset current commercial sponsorship income with other budget reductions.

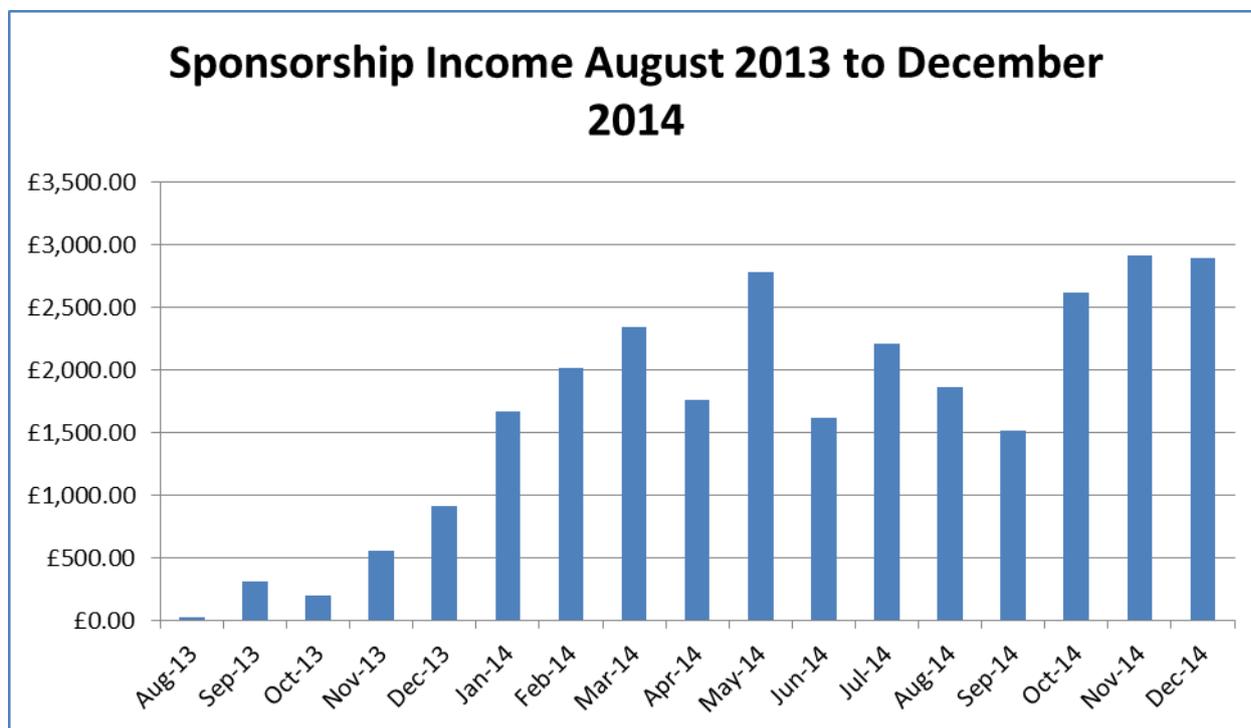
**5 SUPPORTING INFORMATION**

**5.1 Existing trial scheme**

- 5.1.1 The current pilot for commercial sponsorship has been in place since May 2013 although the first sponsorship income was not received until August 2013. This three month gap was due to sponsorship sales having a lead in time as well as a setup and installation interval. Income has been derived every month since August 2013 and this is broadly in line with expectations.
- 5.1.2 The existing trial is with Community Partners ([communitypartners.co.uk](http://communitypartners.co.uk)) who have helped implement the scheme. Community Partners source potential sponsors through their own advertising and agree contracts, prices and installations with the sponsor.

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- 5.1.3 Community Partners take the cost of design, print, supply and installation from revenue and the remaining sum is split 50/50 between Community Partners and the Council. The costs allow for an annual refresh of the artwork for the sponsor.
- 5.1.4 All artwork is approved by the Chairman of the Environment, Culture and Communities Overview and Scrutiny Panel along with the Director of the Department and colleagues in the Traffic section prior to sponsorship acceptance. Some examples of recently approved artwork are shown in Appendix 3.
- 5.1.5 Contracts with sponsors are let on a one, two, three or four year basis depending on requirement. Sponsorship is for the total roundabout which can contain two, three, four or five signs depending on the size and approaching roads. A list of roundabouts currently sponsored is shown in Appendix 1.
- 5.1.6 Values for sites are calculated on how major a route the roundabout is sited on. For example a sponsor will pay more for sites located on the main A322 than a smaller B class road. A map of all roundabouts is shown in Appendix 2.
- 5.1.7 Levels of net income received by the Council from the current contract since August 2013 are shown in the chart below.



- 5.1.8 Income has been received from the current trial every month from August 2013 to December 2014 (seventeen months). Community Partners are invoiced quarterly.
- 5.1.9 Total net income received by the Council over the seventeen month period is £28.2k. Average monthly income has been £1.6k although for the last twelve months this has increased to £2k per month.
- 5.1.10 It is anticipated that by the end of the current trial in October 2015 the Council will have received a net income of around £46k or £25k per annum based on the last twelve months.

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- 5.1.11 The report and presentation given to the Member Reference Group by Community Partners in June 2012 estimated that in an ideal situation the total sponsorship value of the Borough's roundabouts could be in the region of £276k over the life of a sponsorship contract prior to set up costs and commission being deducted.
- 5.1.12 Set up costs average 15% (circa £41k) and the remaining income (£235k) is split 50/50 between Community Partners (£117.5k) and the Council (£117.5k) over a three year contract.
- 5.1.13 However, Community Partners Limited did stress that in reality, income would start in tens of thousands of pounds with the potential to reach a 6 figure sum. As stated previously, the actual figures achieved during the trial of £25k per annum (£75k over a three year contract) meant that Community Partners cautionary comments were well placed. However, whether income from sponsorship could ever reach a 6 figure sum as estimated by Community Partners is difficult to envisage, but then perhaps the fact that this was a trial only may have had an impact on income levels. For example, the contract did allow for sponsorship in wider Council business (leisure centres, car park tickets etc.) but the focus was on roundabouts only.
- 5.1.14 The total value of the income generated by the agreement within the 18 months trial will be significantly below the EU procurement threshold for services which is currently £172,514.

### **5.2 Internal sponsorship scheme**

- 5.2.1 Prior to the trial some sponsorship was secured by the Landscape team direct with external organisations. This generated around £12-13k of income but did not appear to take into account any design or installation costs so was not a true net income figure whereas the current figures are truly representative.
- 5.2.2 Although the staff involved should be commended for this success, the non-market led approach to pricing differences and that staff are expected to focus on their substantial roles means that effort and income is not maximised. This internal approach to market took considerable resource.

### **5.3 Administration of commercial sponsorship scheme**

- 5.3.1 The administration of the contract is undertaken by the Head of Performance and Resources within EC&C.
- 5.3.2 The procurement process will take resource to implement but this will only take place every three to five years depending on the length of the contract.
- 5.3.3 The daily management of the contract takes up minimal time and can be absorbed within the current role with little impact.

### **5.4 Promotion of local businesses**

- 5.4.1 One of the key drivers for the trial was to help support and promote local businesses through improved sponsorship opportunities.
- 5.4.2 There are currently (as at January 2015) twenty two different companies sponsoring roundabouts within the Borough. Sixteen (73%) of these companies are based within the Borough.

5.4.3 If the sponsorship was stopped it would remove a valuable route for local companies to publicise their businesses.

## **5.5 Scheme enquiries**

5.5.1 There have been three enquiries since the trial has been started. These have been –

- Why the Council was allowing sponsorship of roundabouts
- A complaint that the signs were ugly and dangerous
- FOI 731 asking various questions on the scheme

## **5.6 Trial scope**

5.6.1 The scope of the existing contract allows for a variety of sponsorship such as roundabouts, car parks, leisure centres and welcome signs although all current sponsorship income is derived from roundabouts. Whilst there may not be a significant demand for additional sites to be sponsored (no enquiries have been put forward) this would increase income if any were identified.

## **5.7 Conclusion and next steps**

5.7.1 The Director has reviewed the benefits of the trial and concluded that a tender process should be undertaken in order to have a permanent contract in place from October 2015.

5.7.2 The Commercial Sponsorship Member Reference Group have also reviewed the trial and endorsed the Director's decision to undertake the above action and suggested a contract length of five years (3+1+1).

5.7.3 The anticipated five year contract value based on the trial is £125k + set up costs for Community Partners (see 5.1.12) totalling £144k. This is below the EU Procurement threshold of £172k.

5.7.4 In order to undertake a tender of this value a procurement plan will need to be signed off by the Director.

5.7.5 The tender will be advertised on the South East Business Portal and will be one stage with no pre-qualification allowed due to the recent changes in EU Procurement legislation.

5.7.6 The contract award will be made by the Director.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

6.1 The value of the proposed contract is below the services threshold for the purposes of the Public Contracts Regulations, so there is no risk of a non-compliance with those regulations. It will be necessary to comply with the requirements of the Council's Contract Standing Orders and Procurement Manual.

Borough Treasurer

6.2 The financial implications are set out in the supporting information.

Equalities Impact Assessment

6.3 N/A

Strategic Risk Management Issues

6.4 Additional budget savings to offset the lack of sponsorship income would be required if the scheme was not tendered.

Other Officers

6.5 Corporate Procurement comments are incorporated in section 5.7.

**7 CONSULTATION**

Principal Groups Consulted

7.1 Commercial Sponsorship Member Reference Group and the EC&C Overview and Scrutiny Panel.

Method of Consultation

7.2 Meeting and report.

Representations Received

7.3 None.

Background Papers

Commercial Sponsorship Report to Conservative Group September 2012.

Contact for further information

Vincent Paliczka, Environment, Culture & Communities - 01344 351751  
Vincent.paliczka@bracknell-forest.gov.uk

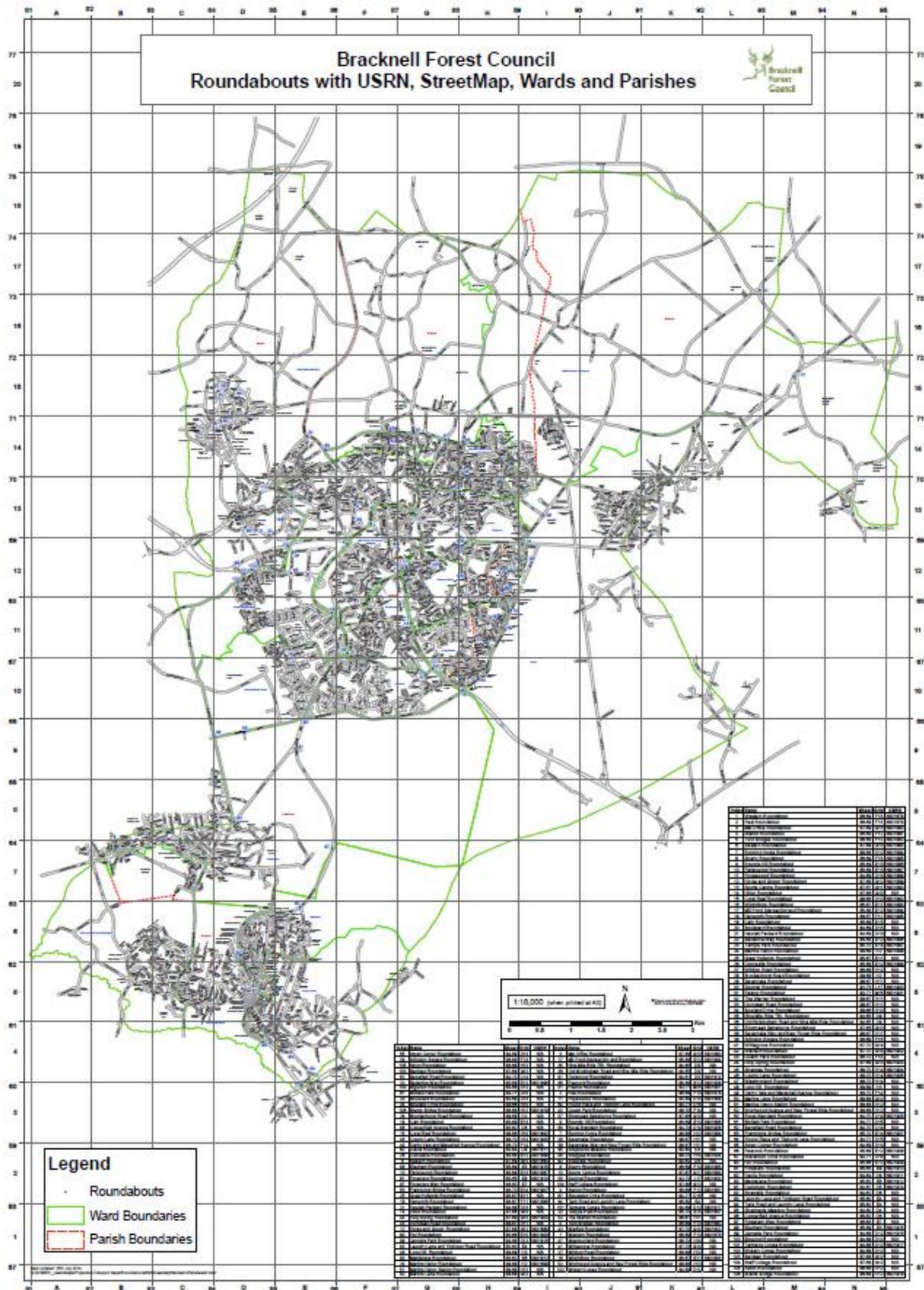
Damian James, Environment, Culture & Communities - 01344 351325  
Damian.james@bracknell-forest.gov.uk

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**Appendix 1 – List of roundabouts currently sponsored December 2014**

<b>Site Reference</b>	<b>Address/Location</b>
BR1	Western RAB, Millennium Way/Skimped Hill Lane
BR3	Met Office RAB, Church Road/Millennium Way
BR4	Station RAB, Station Way/Market Street
BR5	Twin Bridges RAB, Downshire Way/Berkshire Way
BR8	Sperry RAB, Wokingham Road/Downshire Way
BR11	Popeswood RAB, Temple Way/Popeswood Road
BR12	Horse & Groom RAB, Downshire Way/Bagshot Road
BR13	Sports Centre RAB, Bagshot Road/Harmans Water Road
BR15	Coral Reef RAB, Bagshot Road/Nine Mile Ride
BR16	Wildridings RAB, Mill Lane/Wildridings Road
BR18	Hanworth RAB, South Hill Road/Crowthorne Road
BR22	Berkshire Way RAB, Berkshire Way/Doncastle Road
BR27	Whitton RAB, Whitton Road/New Forest Ride
BR34	Bowland Drive RAB, Bowland Drive/New Forest Ride
BR35	Nine Mile Ride RAB, Nine Mile Ride/TRL
BR36	Old Wokingham Rd RAB, Old Wokingham Road/Nine Mile Ride
BR37	Ringmead Sainsburys, Ringmead/Sainsbury
BR41	Whitegrove RAB, Maize Lane/Harvest Ride
BR51	Martins Heron RAB/Baldocks, London Road/Long Hill Road
BR65	Amen Corner RAB, John Nike Way/Beehive Road
BR80	Hut RAB, Crowthorne Road/Nine Mile Ride
BR81	Foresters RAB, Foresters Way/Bracknell Road
BR90	Magdalene RAB, Foresters Way/Magdalene Road
BR97	Cranbourne Roundabout
BR98	Peanut Roundabout

Appendix 2 – Location of roundabouts



Appendix 3 – Examples of artwork from sponsorship signs

Bracknell Forest Council

In partnership with Bracknell Forest Council

AYGO



TOYOTA

ALWAYS A BETTER WAY

GO FUN  
YOURSELF

Jemca Bracknell  
Opposite the John Nike Ice Rink  
Tel: 0844 234 7154

Bracknell Forest Council

In partnership with Bracknell Forest Council

**Titan**

**Home & Business Storage**

01344 266 805    [www.titanstorage.co.uk](http://www.titanstorage.co.uk)

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**SELF  
STORAGE**

BRACKNELL

[bracknellselfstorage.co.uk](http://bracknellselfstorage.co.uk)    t. 01344 20 30 49

**Appendix 4**

**COMMERCIAL SPONSORSHIP MEMBER REFERENCE GROUP  
TUESDAY 24 FEBRUARY 2015 (Fifth Meeting)  
(6:00 pm to 6:45 pm)**

Present: Councillors Finnie (Lead Member), Brossard, Gbadebo and Leake

In Attendance: Vince Paliczka, Director of Environment, Culture and Communities  
Damian James, Head of Performance and Resources  
Andrea Carr, Policy Officer (Overview and Scrutiny)

**1. Apologies for Absence**

Apologies for absence were received from Councillor Ward.

**2. Notes**

The notes of the last meeting of the Commercial Sponsorship Member Reference Group were received as an aide memoire.

**3. Commercial Sponsorship Scheme**

The Head of Performance and Resources introduced his report concerning the review of the commercial sponsorship trial. Large scale maps indicating the location of roundabouts in the Borough were provided. As the existing trial was due to expire in October 2015, the Commercial Sponsorship Member Reference Group was invited to consider whether a re-tender of the contract should be pursued. Community Partners, the company appointed by the Council to undertake the trial, had been successful in letting advertising contracts and generating income during the trial period. £46k was the anticipated level of net Council income to be generated during the trial following deduction of advertising production and installation costs, equating to approximately £25k income per annum. Some officer resources were required to manage the contract but did not detract from income. There was potential to increase the level of income by expanding the amount of sponsorship. The in-house system of commercial sponsorship pursued prior to the trial had an income target of £12-13k per annum which had been challenging to meet owing to the additional demand on staff resources. Working with a commercial sponsorship company was felt to be a more efficient and lucrative alternative.

A key driver of the commercial sponsorship trial had been to support local businesses. As at January 2015, 25 roundabouts in Bracknell Forest were sponsored by 22 different companies, of which 16 were based in the Borough. The public response to the trial consisted of one query as to its purpose, one complaint on the grounds of unsightliness and one Freedom of Information request from a competing organisation seeking information in respect of the scheme. There was a robust approval process in place to avoid inappropriate advertising and to require signs and artwork to receive the approval of the Highways Team, the Director and the Chairman of the Environment, Culture and Communities Overview and Scrutiny Panel before production and use. All advertising signage had been approved to date.

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The following points arose as a result of questions and discussion:-

- The sponsorship income table on page 6 of the report required adjustment to reflect accurately the correct income amounts quoted in the supporting text.
- A roundabout was exclusive to an advertiser although companies could, and some did, sponsor more than one roundabout. The number of advertising signs situated on a roundabout could vary from 1 to 5 depending on its size and the number of approaching roads.
- Although sponsorship had been limited to roundabouts during the trial period, it was possible to expand it to include other means such as Borough entry welcome signs, car parking tickets and bridges. The latter would require different signage treatment. As the Coral Reef roundabout was likely to become a traffic light junction in the future it would be lost from roundabout sponsorship. However, in theory, advertisements could be displayed on or near traffic lights if safe locations were identified.
- When agreeing to pursue the commercial sponsorship trial, the Executive had decided that no concessions to promote local organisations, events or activities would form part of the trial. However, with the approval of the advertiser, this could be undertaken in future.
- Although sponsorship cost concessions could be made as an incentive to local businesses, this was not strongly supported as 73% of current advertisers were local businesses; all sponsors had indicated that they were content with the existing terms; and charges were set to match market rates to protect the Council's income, varied according to the location of sponsorship and fixed across the length of the contract.
- The Council had decided to appoint Community Partners to undertake the trial after its approach to the Council as it was an experienced company which appeared realistic and convincing in its income forecasts. The Council was in regular contact with the company which was keen to continue to work with the Borough, however, it would be necessary for Community Partners to submit a tender for a new contract in competition with other firms.
- Although commercial sponsorship advertising contracts could be of a 1, 2, 3 or 4 year duration, 2 years was the length of the majority of the current contracts which could be terminated in the event that contract re-tendering did not occur or be left to complete their term.
- Whilst advertisers with contracts under the former in-house commercial sponsorship scheme had the option to renew their contract under the trial, none had done so.
- On the basis of the trial, the price of a re-tendered commercial sponsorship contract was expected to fall below the European Union (EU) procurement threshold for services which was currently £172,514. Accordingly, a tender process followed by sign-off by the Director of Environment, Culture and Communities was a possible way forward. Thought needed to be given to future aggregated income growth over the length of a contract as a clause concerning the splitting of unexpected income may be beneficial in the event that the amount increased to the EU threshold. In terms of the length of a new

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contract, it was felt that a longer relationship between commercial sponsorship partners would benefit all parties, particularly as new contractors could take some time to become fully operational. Conversely, economic factors could change over a period of time and contract length should reflect this.

Accordingly, a contract of 3 years plus a 1 or two 2 year extension following review was suggested as an appropriate length. Should a break in contract occur, the Council would retain the contracted funds for the remaining duration of the contract that had been received up to break point.

Members expressed their support for the re-tendering of the commercial sponsorship contract as it was a source of income for the Council, benefited local businesses and had not had a detrimental effect in the Borough. However, some concern was expressed over the standard wording on existing advertising signage 'In partnership with Bracknell Forest Council' as it was felt to imply that the Council was connected to, and endorsed the advertiser, which was not the case. Alternative wording along the lines of 'Supporting local economic development' was preferred for new signage although it was acknowledged that existing signs would not be altered.

It was agreed that the best and robust route to progress the re-tendering of the commercial sponsorship contract was to report the outcome of this meeting to the Environment, Culture and Communities Overview and Scrutiny Panel at its meeting taking place on 17 March giving the Panel an opportunity to comment on the proposed contract re-tender and recommend that it be pursued by the Director / Executive Member as appropriate. The outcome would then be reported to the Overview and Scrutiny Commission on 19 March. The Commission would be informed that the Group had completed its work for the time being and would be stood down.

#### 4. **Future Meetings and Activities**

No further Group meetings or activities were planned.

#### 5. **Any Other Business**

There was no other business.