

Generating Income from Advertising Partnerships

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Birmingham City Council



Advertising Partnerships

Ocean Outdoor

- Growth from £500k in 2014 to £2.5m forecast 2019/20
- ‘The Loop’ 20 x Digital Pavement Assets
- 10 Digital Large Format Screens
- 3 Banners – A45, Moat Lane, Paradise Circus
- £6.25m investment in advertising assets in Birmingham with a further £2.8m committed
- Current Builds – 175 Loop Expansion and Twin Towers

OCEAN

Bay Media

- 400+ Lamp post banner advertising located around major event venues, high footfall and arterial routes - £75k

Immediate Solutions

- 70 Roundabout and boundary sign advertising sold to local business – £60k

Considering bring in-house

Big City Dressing

- Portfolio of City Dressing assets managed in house and sold commercially to promote visitor economy, sporting and cultural events
- 118 Mobile Flags; 11 Static Flags; 2 Planter Displays; 34 Lamp Post Scrolls; 72 Cycle Stands; 8 Bridge Banners; 80 small format Poster Boards
- 2018/19 £183k Net income
- Opportunities from Commonwealth Games to build future legacy

Welcome

Our Big City Dressing portfolio comprises of flags, banners and bespoke signage located in the city centre and main commuter routes into and out of Birmingham.

With a population of over **1,100,000**, our City Dressing provides an ideal and affordable means of reaching and communicating with residents and visitors to our city.

FACT: 81% of people in the city commute to work by road

FACT: Over **34 million** visitors in 2017

FACT: Birmingham has a £94 billion economy

Big City Dressing is flexible, time sensitive and great value for money. Promoting events, festivals and businesses supporting our city and visitor economy.



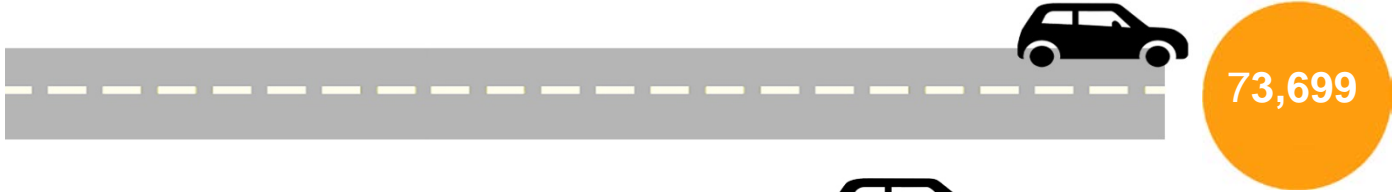
Procuring a Partner

- Quality not quantity
- Consult with the market to identify prime locations
- Identify high footfall and traffic flow areas
- Avoid competing portfolios so combine pavement and large format advertising
- Build a network
- Gain planning approval before going to market
- 10 – 15 year contract spreads capex
- Avoid ‘needy contractors’ and ensure they are responsible for all costs and administration associated with the contract

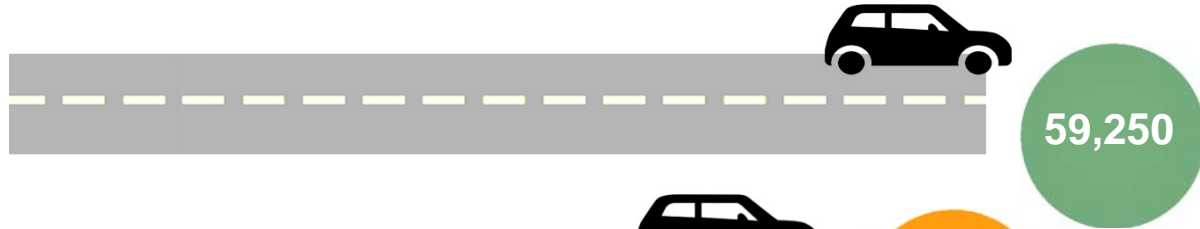
Traffic Flow

Birmingham's city dressing assets give maximum exposure to your campaign. These figures show (on average) the number of vehicles that pass by them each day:

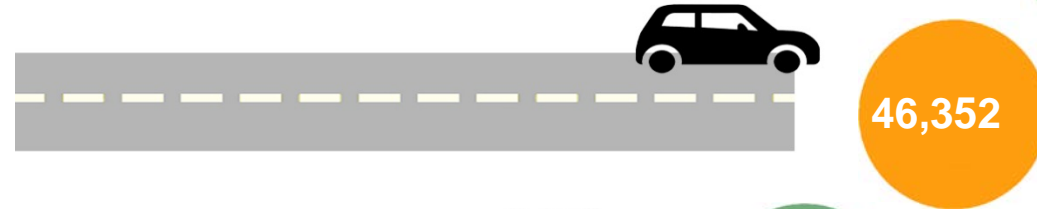
A38 Corporation Street
Big City Flags



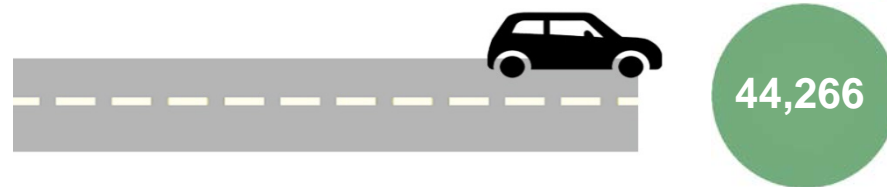
Belgrave Middleway
Big City Flags



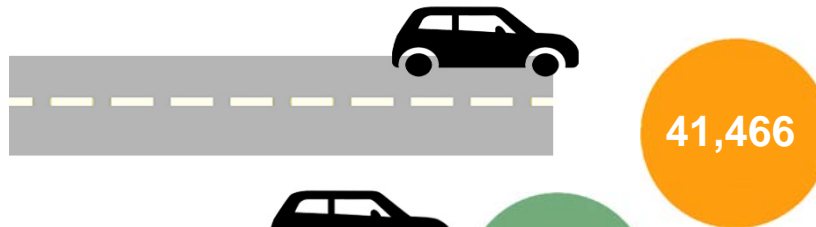
Islington Row Middleway
Big City Flags



Dartmouth Circus
Big City Flags



Heybarnes Circus
Static Flags



Coventry Road
Big City Welcome



Advertising Content

- Industry is regulated
- Advertising restrictions – Build additional restrictions on advertising content into the contract
- Location based restrictions e.g. Visitor Economy only in City Centre
- Public Health Agenda – Removal of fast food advertising will impact on revenue

Growth and Development



- Income doesn't grow exponentially with expansion
- Annual income goes down as well as up
- Don't assume portfolio expansion – it is dependent on market demand
- Allow a range of formats – digital isn't always cost effective to build
- Allow for growth and expansion in the contract
- Allow for changes in digital technology

Financials

- GLS and % profit share
- Profit share on Gross not Net income to avoid disputes on costs
- Set a voidage level for tender evaluations to avoid inflated forecasts
- If you have an existing Net profit share contract, look out for Business Rates accruals and claw profit back share

Adding Value

- Free public Wi-fi and working with stakeholders to improve connectivity
- Emergency planning, road closure messaging
- £350k free advertising across the core cities and national network (£980k in 2018/19)
- Support of Council Initiatives
- Birmingham promoted on a world stage



Meeting the Challenges

- Conflicting Council Priorities
- Income is subject to local, national and global economy. Brexit!
- 2018, record high for FTSE 100 Retail sector declaring profit warnings (20%)
- Competition from industry leaders, telephone kiosks, bus shelters and digitisation of key hoarding sites

Staffing and Resources

- Me (½) with 2 members of staff
 - Direct sales telephone and face to face, Social Media
 - Management of City Dressing Portfolio
 - Procurement of contracts
 - Contract management and negotiations
 - Stakeholder engagement – Planning, Highways, Amey
 - Photography design & production of marketing literature
 - Commercial advice to Directorates
- Technical support from Legal and Procurement
- SLA with Events Team for installation and removals of City Dressing

Any Questions?





**SERVICE
AWARDS
2019**

Best Commercialisation
and Entrepreneurship
Initiative

ACHIEVEMENT
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How commercial activities support place making



Tim Atkins

managing director place & growth



Paul Jones

executive director finance & assets



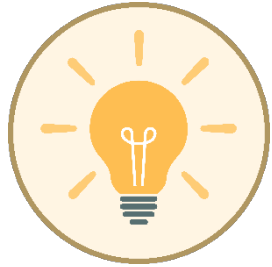


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The future – our ambitions

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Delivering service
enhancements through
commercial investments



Making Cheltenham the
Cyber capital of the UK



Continuing improvements
to vibrant town centre and
public spaces



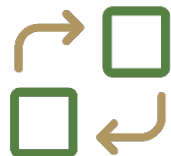
Achieving cleaner,
greener efficient
environmental services





Our journey so far

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Commercial Transformation
begins 2016



Cheltenham Borough Council
Commercial Strategy



Skilled treasury
management



Commissioned
services



Shared
services



Public realm
investment



Property
investment



“Rather than have cuts, we want growth. We need to be brave and bold to achieve that.”

*Cllr Rowena Hay, member for
finance*





Delivering service enhancements through commercial investments

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People investment - Inspiring, coaching, mentoring and training.



Commercial mindset - The council's commercial strategy included putting in place mechanisms for commercial mind set development for our people.



Commercial Forum - A report and toolkit will be published that will include the highest potential commercial opportunities to realise success for the council and includes a new commercial forum.





Our Commercial Forum

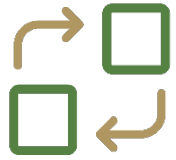
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Opportunity Summary:

- **Commercial Priority** – there is a large potential return and investment should be made to prioritise this opportunity as quickly as possible
- **Commercial Opportunity** – there is a strong opportunity that either requires a further feasibility study or considerable additional work in order to determine the true ROI
- **Service Priority** – a smaller scale opportunity that the service area should pursue
- **Business as Usual** – a commercial opportunity that the service should proceed with and turn into BAU
- **More work than it's worth** – the work required to see a meaningful return from the opportunity will reduce resources available to something that gives a better return
- **High risk opportunity** – the likelihood of seeing a return is small





Continuing the improvement of a vibrant town centre and public spaces

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- 20,000 sq ft
- 250 jobs
- Creative industries
- £600k pa rental income
- 22.5% profit share
- Business rates





Achieving cleaner, greener efficient environmental services

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Biggest capital project the council has undertaken in **20 years**



£8.5m redevelopment works offering first class bereavement services

Turnover - **£2.208m**

Financing - **£0.248m**

Surplus to general fund - **£0.842m**

Operating cost - **£1.118m**

Energy efficient - **heat recovery system**



Social value



99% project staff lived within 30 miles of the site

Locally sourced materials quarried less than **10 miles** from site

Local community engagement beyond our supply chain with **schools** and the **college**

Targeted recruitment and training gained

- 102** weeks of work experience
- 224** weeks of apprentice experience
- 319** school pupil interactions
- 23** student visits from local schools and college

Alternative service offering addressing funeral poverty

Legacy project included an development of the children's burial area, nature trail and a families reflective space.



Achieving cleaner, greener efficient environmental services

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CHELTENHAM

BOROUGH COUNCIL





Making Cheltenham the Cyber Capital of the UK

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Cyber Central Vision ■



“We have the opportunity to create something of international importance; a community based around the cutting edge and fast growing cyber industry. Our greatest risk would be letting that opportunity pass, the potential benefits to the region are simply too significant.”





Increasing the supply of housing and investing to build resilient communities

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Delivering a £100m Housing Investment Plan



The industry has failed to deliver, the range quality and numbers to support growth. Cheltenham Borough Council has made a £100 million investment to directly lead housing delivery with Cheltenham Borough Homes



“To achieve our ambitions Cheltenham Borough Council needs to test the boundaries and stand in the possibility of what could be achieved.”





Making Cheltenham the Cyber Capital of the UK

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CHELTENHAM
BOROUGH COUNCIL



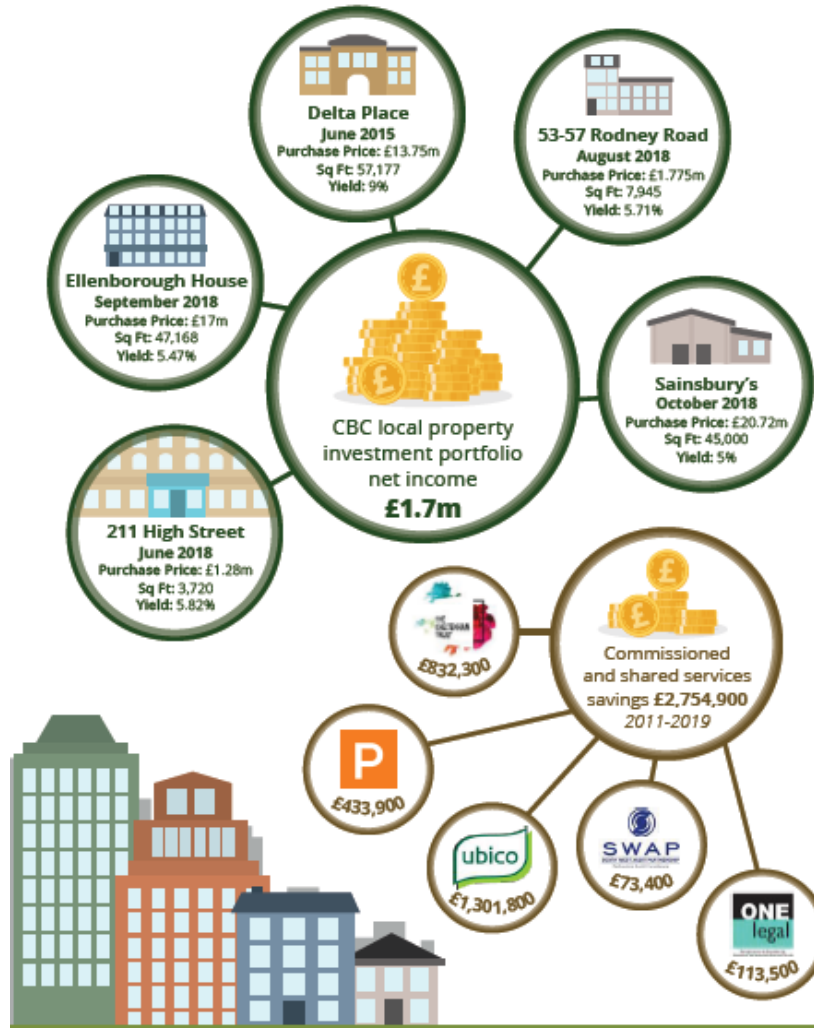
#CheltCyberCentral





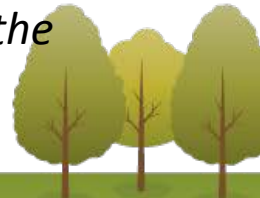
CBC is in the top 10 local authority property acquisition ratings for 2018

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Local Government Association

“The Council’s finances are in a good position to withstand the uncertainties that lie ahead.” –
2018 LGA Peer Review





Peer to Peer Lending & Community Lottery

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FOLK 2 FOLK
The Local Lending Movement

www.folk2folk.com



www.cheltenhamlottery.co.uk





Innovative new service

“Marketing Cheltenham is a new marketing service which is led by Cheltenham Borough Council, in collaboration with Cheltenham BID and the Cheltenham Tourism Partnership”





#LoveCheltenham

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Any questions?





Commercialisation Workshop

APSE Commercialisation, Income Generation and Trading Advisory Group

Agenda

Commercialisation, Commercial ventures strategy, innovation and entrepreneurialism development

- Driving change to achieve commercial projects, how we developed a portfolio of commercial services
- Efficiencies, savings and income generated
- What does the Council of the future look like?

Speaker: Hilary Morris, Commercial Director

Commercial definitions

Commercial

Concerned with or engaged in commerce

Commerce

the activity of buying and selling, especially on a large scale

Making or intended to make a profitmarketplace

Having profit rather than artistic or other value as a primary aim

Commercialism

Principles and practice of commerce

Emphasis on the maximizing of profit

Commerciality

Ability to produce a profit

Commercialisation

Developing and taking a new product or service to the

Non-commercial

Used to describe something that is not used in order to make money

Used to describe something that does not make a profit or does not have profit as it's primary objective

Private sector commercialisation context

Continually looking for efficiencies
driving costs down

Increasing total revenue
driving up profit

Increasing productivity
driving up pure profit

Taking greater market share
spreading overheads wider

Improve company image
building the brand to trade on

Investing in research and development
conveyor belt of future income lines

Local authority context

Are we outcomes focused?

Are we getting the best value from our procurement?

How do we address under-performance?

Are we measuring our outcomes?

Are we generating Social Value

Do we understand the market/environment we operate in?

Are they the right outcomes?

Are we consolidating spend?

What is our threshold for risk and what is our risk management strategy?

The commercial mindset

Know your strengths



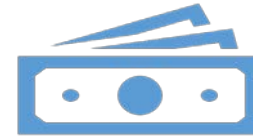
Be strategic about commercial activity



Understand your market



Get the basics right



Think outside the box

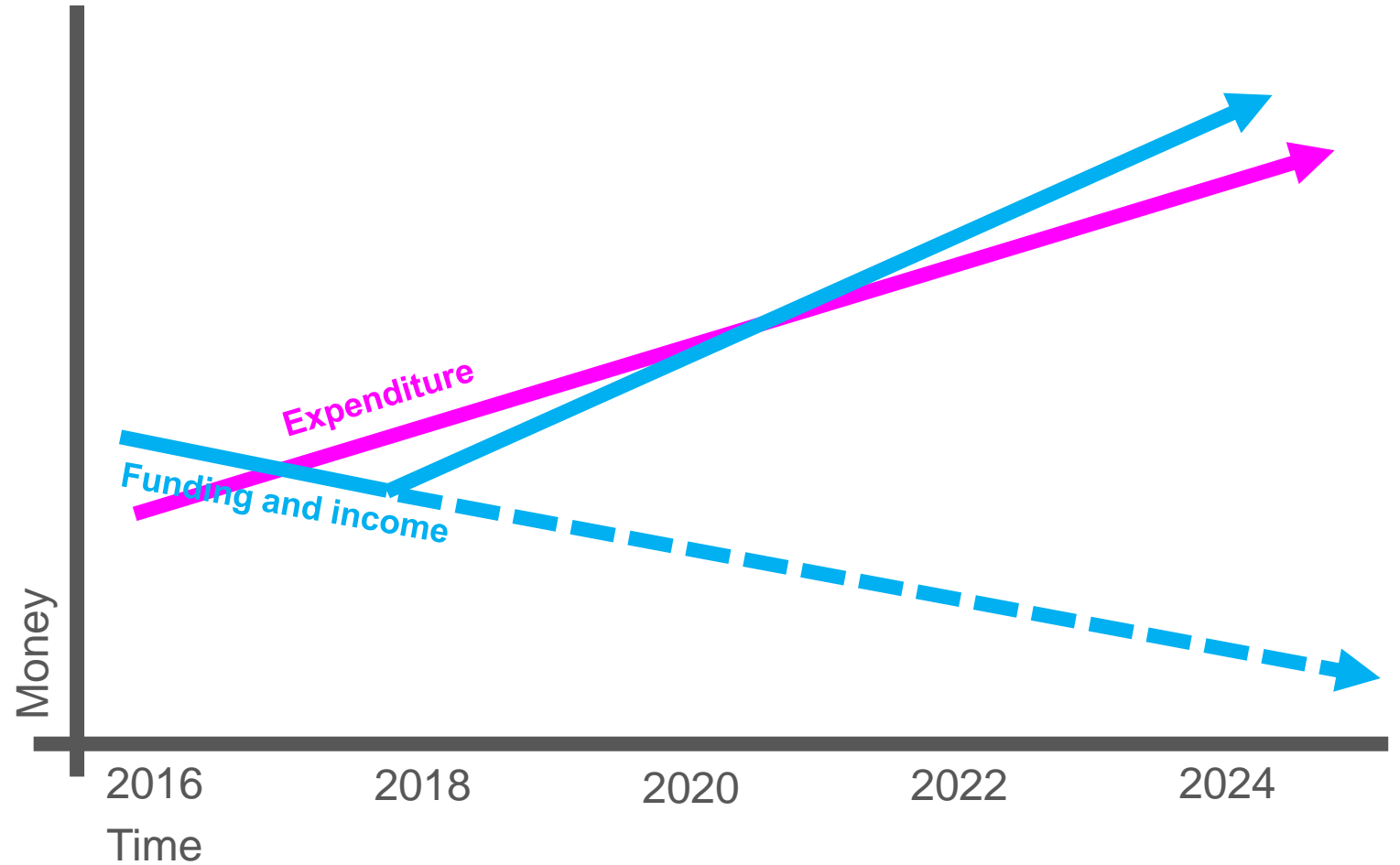


B&D entrepreneurship imperative

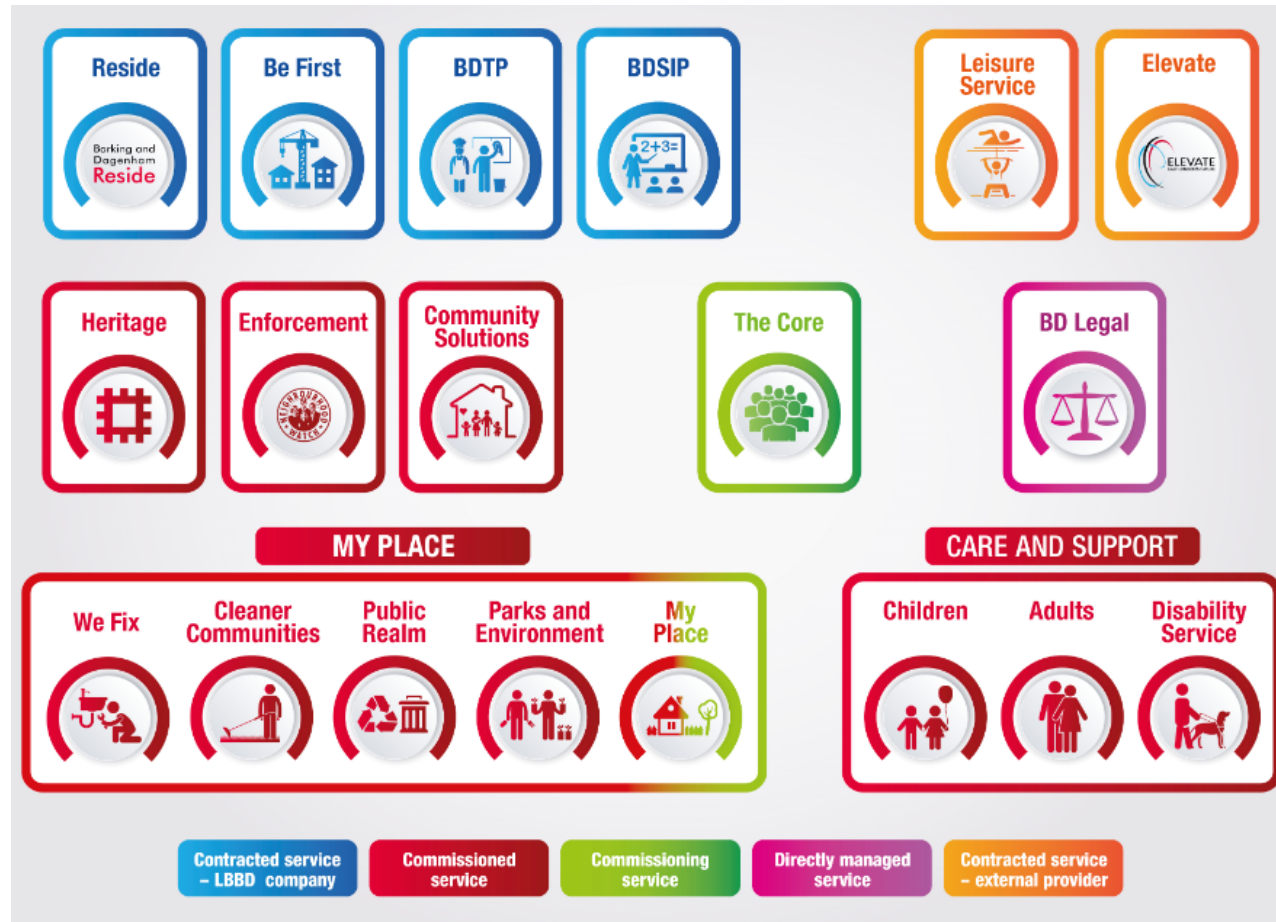
--- Do nothing
— Commercialisation

We must close the *scissors of doom* as early as we can for the long term solvency and financial sustainability of the Council

We are doing this through growth focussed transformation and maximising all elements of our diverse commercial portfolio



Our new structure



Improving outcomes

But what is really important is the wider suite of benefits and social value outcomes



Social impact for residents

1,382 affordable new homes, improving the look and feel of the borough, apprenticeship opportunities

40 apprenticeships, Local LLW employer, upskilling literacy and numeracy

100% green, and affordable electricity to 5.5k households

Low carbon heat energy for new property developments

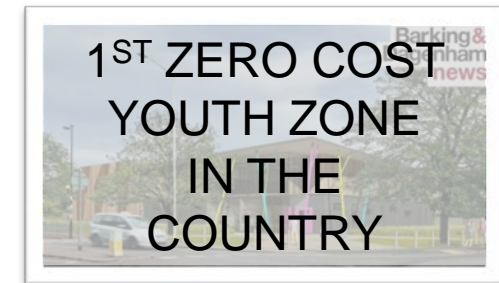
Catalyst for creative industries moving in, new job opportunities and increased business rates

Affordable private rents – 50% to 80% of market value

Raising school standards and improving education outcomes

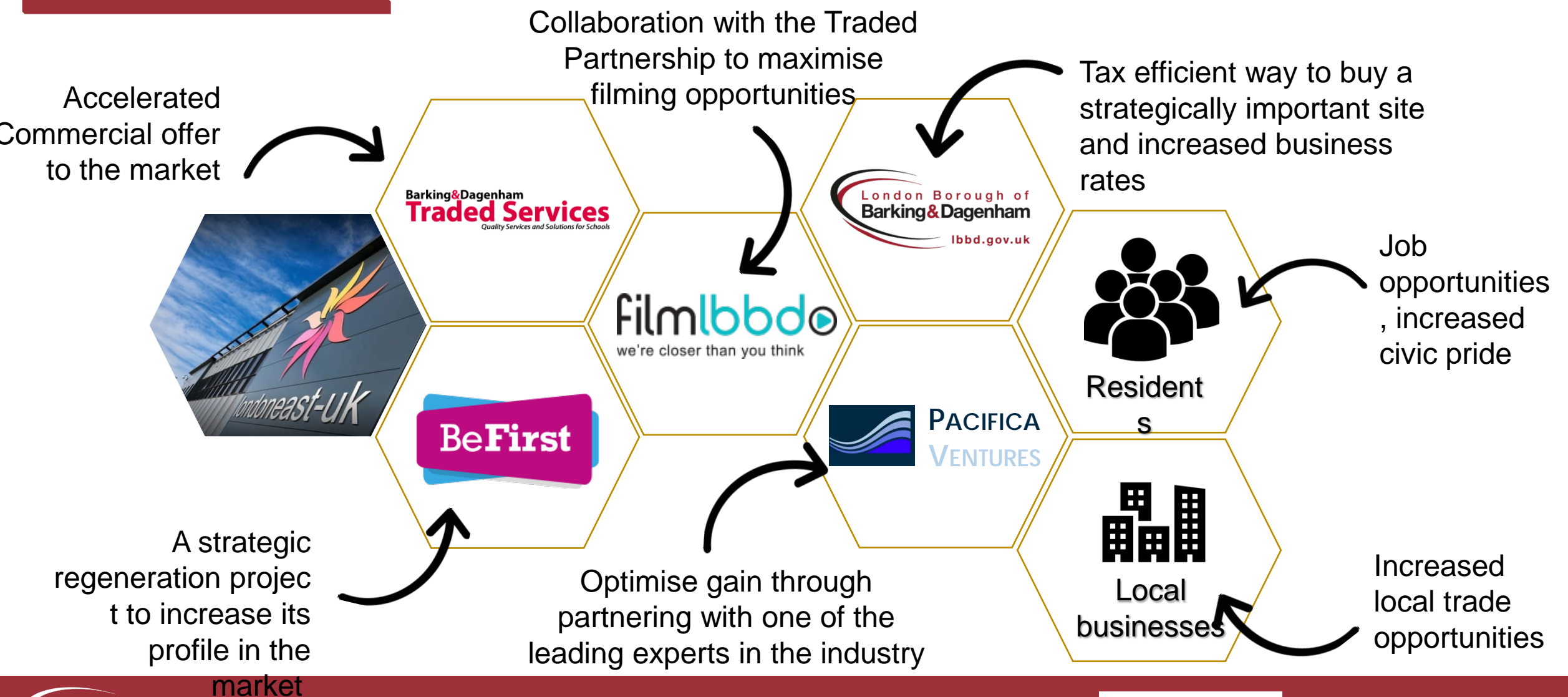
2,000 participations from Year 5, Investment in leisure centres and increased levels of physical activity

Value of partnerships



ALL OF THAT AT A LOWER REVENUE COST TO THE COUNCIL

Win, win!

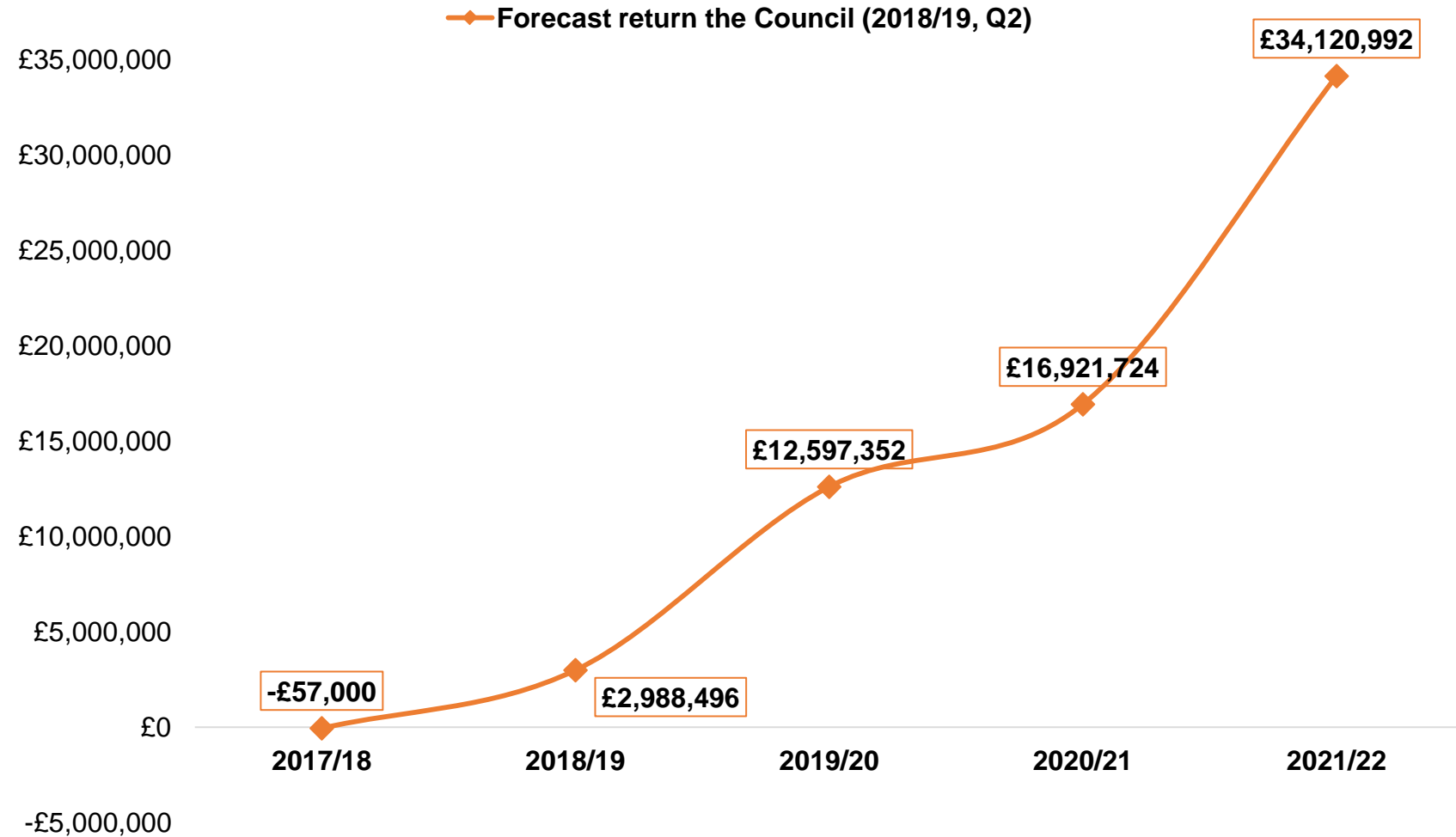


Smashing our financial targets!

The commercial portfolio is exceeding expectations.

If we deliver against our latest forecast a total of **£34.1 million** will be returned to the Council in 2021/22. **This is £15.57 million more than the original estimates!**

We credit the improved position to the opportunities and benefits we have unlocked through the whole council approach and eco-system model



Strategy and stewardship

Whole council approach

Commercial strategy is closely aligned to wider strategic objectives. Our operating model design and workforce objectives are to deliver good outcomes for the borough and facilitate entrepreneurship

Self-sufficiency and collaboration

The interplay and collaborative working between trading companies is unique and aimed at maximising use of our diverse service provision, thus keeping the money in the borough to transform service delivery to our local residents and businesses

Oversight and influence

Internal governance has been engineered to ensure accountability. A Shareholder Panel monitors overall financial health and risk across the commercial portfolio. It joins the dots and identifies collaboration opportunities



Questions ?



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