

Gloucester City Council

Meeting:	Cabinet	Date:	17 June 2015
Subject:	Council Advertising Network		
Report Of:	Cabinet Member for Performance & Resources		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Wendy Jones, Contact Centre and Customer Services Manager		
	Email: wendy.jones@gloucester.gov.uk	Tel:	396101
Appendices:	1. Screen shot of example advert		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 This report seeks Cabinet approval for a proposal to introduce advertising to the Council's website via the Council Advertising Network for a 1 year pilot, working with CapacityGrid, who offer an end-to-end solution for Councils. It details the benefits of introducing this new approach, including potential revenue opportunities.

2.0 Recommendations

2.1 Cabinet is asked to **RESOLVE** that:-

- (1) The proposal to work with the CapacityGrid for a minimum of 1 year to pilot income-generating advertising on the Council's website be approved.
- (2) The project be monitored on a regular basis with a report produced after 1 year with findings and proposals for the future.

3.0 Background and Key Information

3.1 Gloucester City Council is always looking to lead the way to improve processes, make savings and create additional income for the authority.

3.2 Analysis shows that 5% of local authorities in the UK are currently pursuing some form of revenue generation through their websites and this is growing year on year. It's recent popularity recognises that local authorities are looking to find income generating solutions that don't involve Council Tax increases.

3.3 Officers have spoken to other local authorities who have implemented advertising on their websites who confirm that there have been no complaints from local residents, that the content has been suitable and that projected revenue targets have been met. One authority we have spoken to confirm they made £40,000 in the first year.

- 3.4 Website advertising is a recognised way of generating income but can be resource-heavy. Councils that have undertaken an in-house activity report that the income generated did not exceed the salary costs of specialist advertising officers.
- 3.5 Previously, the Council has expressed concerns about a third party having access to the website. Solutions have been developed by the market that do not require such access to be provided - instead the adverts are hosted on external websites through an 'ad server'.
- 3.6 Intrusive adverts and pop ups can often reduce the quality of user experience and can distract customers from completing tasks. By their very nature, adverts are intended to distract, but through avoiding pop-ups in particular it is possible to balance out the risks and rewards.
- 3.7 Advertising need not be negative. Making advertising space available would provide the Council with the opportunity to meet the corporate priority of promoting local businesses, which in turn could boost the daytime & evening economy.
- 3.8 The Council has been provided with the opportunity to offer businesses in Gloucester reduced or free advertising through the website and this opportunity could encourage new business into Gloucester City.
- 3.9 The Digital Communications team could offer local businesses that choose to advertise on the Council's website, design services at an agreed fee. The design of the advert is an important function and not all businesses will have resources at their disposal to do this. This might provide a further revenue stream for the Council.

4.0 Capacity Grid Solution - Proposal

- 4.1 CapacityGrid is a service exchange for local government. Its purpose is to create value by making it easier for authorities to work collectively. CapacityGrid gives local authorities access to services that have been designed using assets from within local government. The assets could be spare capacity, new processes or re-usable technology.
- 4.2 CapacityGrid enables its members to exploit the potential power of collective digital estate developed by the Council Advertising Network (CAN). It's only through the collective power of the network and the scale it brings, that the CAN is able to offer access to national advertisers that would typically only ever buy ad-space in the 'millions-of-page-views' bulk. This collective force also allows costs to be pooled across the network ensuring financial viability for the individual councils involved.
- 4.3 The CAN splits advertising inventory between national advertisers and the Council. In the first instance the suggested split is 80/20 with Gloucester City retaining 20% of ad space. This 20% inventory can be used in a number of ways; including 'house ads' (e.g. election reminders, event promotion, local campaigns) or even as an income stream. Councils are welcome to sell their share of advertising space to local businesses, retaining 100% of the revenue generated from such sales. Each month, the CAN would manage approximately 16 adverts (10,000 page impressions per advert). The Council would have 4 adverts (10,000 page impressions per

advert). The number of adverts is changeable though dependant on the number of page impressions per campaign.

- 4.4 The CAN give a minimum of 50% of the revenue generated by the collective back to network partners. The other 50% is absorbed by the CAN for all ad serving, sales and personnel costs associated with delivering the service. The share offered to the councils within the network will increase as further scale is established.
- 4.5 CapacityGrid estimate a level of income generation through the website and Intranet of approx £5,259 a year (based on a validated 170,000 monthly website & intranet impressions) with no outlay to the authority. The initial estimate is recognised as modest and likely to increase month-on-month.
- 4.6 The CAN would provide:-
- A centralised advertisement server to manage campaigns across the network.
 - A dedicated team to approach councils and generate network growth thus achieving greater scale. This can create higher yields due to the size of the network and inevitable access to larger, more prestigious advertisers.
 - A dedicated team to target advertising agencies and secure revenue for the network partners.
 - A secure IT infrastructure and 3 tiers of security (IL3 accredited server) to ensure only appropriate advertising ever appears on local authority web sites.
 - A key account manager as client liaison.
 - A 24/7 customer help desk
- 4.7 The CAN do not require any up front investment for councils joining the network. There is no management fee or minimum threshold. There are no costs at any time.
- 4.8 Each month, the CAN will provide a list of advertisers for the Council to approve. It should be noted that the CAN only approach advertisers who they deem appropriate for local government advertising e.g. Charities, Public Services, utilities. The approval process is in place for the 80% inventory maintained by CAN and is available through an online web portal enabling approval/veto and real time management information/reporting. The local authority will have 2 working days to approve or veto adverts. In most instances the adverts proposed will be 'community value', for example; offers of free home insulation, public health campaigns and national charities. The adverts are intended to be 'community value' to reduce the reputational risk to the Council. The reputational risk is further mitigated through the offer of 100% content control. There are no limitations on the number of monthly veto's. Veto's can be retrospective, with councils offered the opportunity to remove any advert at any time.
- 4.9 Advertising campaigns are handled by the CAN ad server requiring no work on Gloucester City Councils part.

- 4.10 By only dealing with larger advertisers and agencies with good reputations the CAN substantially mitigate the risk of malware (software used to disrupt computer software) being served.
- 4.11 Adverts are not intrusive and will appear on every page of the web site on a rotation basis (see Appendix 1 for example page layout).

5.0 Alternative Options Considered

5.1 Build In House

5.1.1 Having discussed this proposal with the Web Manager and other local authorities designing and running the service in house would require:-

- Dedicated resource to sell advertising space
 - Dedicated resource to design and amend adverts
- This work has proven to be time consuming and often the revenue generated does not cover the cost of the work involved.

5.2 Using Other Advertising Suppliers

5.2.1 The CAN offers advertising suitable for local authorities. Speaking to other local authorities (e.g. Birmingham) suggests that other potential suppliers demonstrated little care and attention to reputational risks. No attention was given to the suitability of adverts and standards often fell short of what would be expected by the relevant local authorities.

6.0 Future Work and Conclusions

- 6.1 The recommendations contained within this report have been prepared to ensure Council services operate efficiently and intelligently; achieving better value for money for local residents, and assisting the Council in obtaining another revenue stream while ensuring no impact on targets outlined for budget savings.
- 6.2 There would be no additional cost to the Council to implement the proposals. Any work involved with the set up will be completed by the Digital Communications team.
- 6.3 If Cabinet agrees the recommendations in the report, officers can analyse the findings after the 12 month pilot and review the project for the following years.

7.0 Financial Implications

- 7.1 There is no initial outlay or ongoing costs.
- 7.2 A minimum of 50% of advertising revenue to network members means projected earnings of £5,259 annually assuming page impressions remain the same, percentage share stays at 50% and less than 10% of adverts are veto'd.
- 7.3 Helping local businesses by selling the 20% + of advertising space available to the Council would bring the Council another £4,800 income per year, all of which would be retained by the Council. The Council would control discounts and rate card

7.4 The project does provide the opportunity to extend the revenue projection through network growth and for the Council to generate income by selling design services and advertising space to local businesses.

7.5 Creating another income stream will contribute to future Council budgeting and savings.

(Financial Services have been consulted in the preparation of this report).

8.0 Legal Implications

8.1 It is proposed that there be a contract duration of 12 months for the pilot period subject to a 6 month notice period. Notice can be given at any time during the contract period if the Council chooses to veto all adverts, this wouldn't end the contract but it would end the service. Capacity Grid advise they would be likely to walk away at this point and agree to terminate although this is not specified in the proposed contract.

8.2 Strict protocol on 'acceptable' content is outlined within the contract although the content described is highly unlikely to ever be present on a Council website. The Council must agree not to show content that might damage the reputation of the advertisers and must agree to perform certain other obligations in respect of its website to enable the advertising to be carried out.

8.3 Capacity Grid use some programmatic advertising for unsold inventory and to highlight potential advertisers for the network. The programmatic advertising has very strict controls but there is a risk an advert might appear that wasn't pre-agreed. Capacity Grid have confirmed that these adverts will not be harmful in anyway but will not have been agreed. The wording of the proposed contract reflects this.

8.4 There are some further changes required to Capacity Grids standard contract to meet the Council's Contract Procedure Rules and, subject to Cabinet's decision, these will need to be finalised.

(Legal Services have been consulted in the preparation of this report).

9.0 Risk & Opportunity Management Implications

9.1 If the Council does not agree to the advertisers on the white list (the list is controlled by the local authority having direct access to a portal where adverts can be veto'd from appearing on their web site) this may impact on the amount of revenue received.

9.2 If the Council has issues with a particular advert following the agreed monthly advertising list it can contact the CAN and request removal of a specific advert.

9.3 If the Council does not manage to sell its 20% advertising space to local businesses this will impact on the amount of revenue received. Unsold inventory would be used to promote local events and initiatives.

9.4 IT Security issues have been raised with Civica IT who confirm that this proposal does not provide a route into our data. We will be pulling images from their secure

server onto our website. The CAN proposal provides IL3 level security where the standard for Local authorities is IL2 so they are offering a higher level of security than we could offer.

10.0 People Impact Assessment (PIA):

10.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

11.0 Other Corporate Implications

Community Safety

11.1 None

Sustainability

11.2 There will be positive impact on the Council's day to day operations.

Staffing & Trade Union

11.3 None

Background Documents: None

Example screen shot of web page with advert.

Gloucester City Council
Transforming Your City

Search Our Site

Home Resident Business The Council

StayConnected Sign up to e-alerts

9/10 homes that need insulating will get it for free. Yours could too! Find out more **British Gas** Looking after your world

Most Used Services

- REPORT IT
- APPLY
 - Housing Application
 - Garden Waste
 - Change of Address
- PAY

Housing Benefit
Electoral Registration
Planning

My Gloucester
Locate your nearest services by entering your postcode below
Enter Your Postcode

Council Events

July 2014

Su	Mo	Tu	We	Th	Fr	Sa
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Click on a date to view an event

You may need to know about...

- Have your say**
 - > Current Consultations
 - > Have Your Say
- What's On**
 - > Guildhall
 - > Events in Gloucester
 - > Organise an Event
- Local Information**
 - > Council Tax - How to Pay
 - > Future of Indoor Market
- City and Folk Museums**
 - > Gloucester's Museums
 - > Blackfriars Priory
- Bins and Recycling**
 - > Sign Up for Garden Waste
 - > Collection of Food Waste
- Register to vote**
 - > How to register
 - > Elections 2014
 - > Elections results
- Rugby World Cup 2015**
 - > Find out more
 - > Ticket Prices / Kick-off Times
- Parking & Open Spaces**
 - > Car Parks
 - > Parks & Open Spaces

IMPROVE YOUR PROSPECTS WITH AN OPEN UNIVERSITY QUALIFICATION See how working Mum Lucy achieved her degree Request a prospectus