

Financial Performance and Direction
Report by Head of Finance

Summary: This report provides a strategic overview of current key financial issues and items for decision.

Recommendations:

- (i) That the income and expenditure figures to 30 September 2014 be noted.
- (ii) That the Advertising and Sponsorship Policy be approved subject to any amendments members wish to propose.
- (iii) That members provide their views on the principle of progressing the potential sponsorship in respect of Norwich Yacht Station, and whether it is appropriate for this opportunity to be more widely advertised.

1 Introduction

- 1.1 This report consolidates a number of items relating to the financial performance and direction of the Authority. The report covers:

Report Section	Item
2	Consolidated Income and Expenditure from 1 April – 30 September 2014
3	Advertising and Sponsorship Policy

2 Consolidated Income and Expenditure from 1 April – 30 September 2014

Summary

- 2.1 This report provides the Committee with details of the actual income and expenditure for the six month period to 30 September 2014, and provides a forecast of the projected expenditure at the end of the financial year (31 March 2015).

Introduction

- 2.2 This financial monitoring report summarises details of the forecast outturn for the year, which provides members with a picture of expected activity for the full financial year as well as supporting proactive budget management by budget holders. This report provides details of consolidated expenditure for the whole Authority (National Park and Navigation).

- 2.3 Paragraph 2.5 of this report and Appendix 1 provide details of actual income and expenditure to 30 September 2014.
- 2.4 Paragraph 2.14 and Appendix 2 provide details of the forecast 2014/15 outturn (the expected actual expenditure position at the end of the financial year), compared to the latest available budget (LAB). The LAB represents the original budget for the year agreed by the Authority in March 2014, adjusted for known and approved budget changes. Further details of the LAB are set out in paragraph 2.10 below.

Overview of Actual Income and Expenditure

- 2.5 Within this report, actual income and expenditure is reported at summary / Directorate level, providing members with an overview of the Authority's position as set out in Table 1 below.

Table 1 – Actual Consolidated I&E by Directorate to 30 September 2014

	Profiled Latest Available Budget	Actual Income and Expenditure	Actual Variance
Income	(4,526,901)	(4,508,936)	(17,965)
Operations	1,464,089	1,570,507	(106,417)
Planning and Resources	1,606,187	1,439,776	166,411
Chief Executive	202,520	207,403	(4,883)
Projects, Corporate Items and Contributions from Earmarked Reserves	0	(157,320)	157,320
Net (Surplus) / Deficit	(1,254,105)	(1,448,570)	194,465

- 2.6 Core income is slightly behind the profiled budget as at the end of month six, due mainly to investment interest income which has been received in October rather than September, and which is also slightly lower than budgeted. The variances within Private Tolls and Hire Tolls continue to offset one another. At the end of the financial year it is currently anticipated that the net position on Tolls will be broadly in line with the total budget (with Private Tolls up and Hire Tolls down), and this position has been reflected in forecast outturn figures.
- 2.7 A net £157,320 of expenditure within Directorate budgets has been funded from reserves at the end of September, including the Authority's new Fen Harvester, the second replacement wherry, the Planning Inspectorate Site Specific Policy inspection activity, works to Mutford Lock, and SDF grant payments. Once this expenditure has been accounted for, the Operations revenue budget remains in line with the profiled budget. However a significant underspend against profile within Planning and Resources directorate budgets persists due to:
- Project expenditure behind profile;

- The cancellation of the Whitlingham development project;
- Outstanding insurance and legal billing; and
- Significant success in securing additional income including planning fee income, strategy and projects grant and partnership income, and additional Visitor Centre / Yacht Station income.

2.8 Some of these variances will persist to the end of the year and have been reflected in forecast outturns as set out in Table 3. As a result of the above variances, the overall position as at 30 September 2014 is a favourable variance of £194,465 or 15.51% difference from the profiled LAB.

2.9 The charts at Appendix 1 provide a visual overview of actual income and expenditure compared with both the original budget and the LAB.

Latest Available Budget

2.10 The Authority's income and expenditure is monitored against a latest available budget (LAB) in 2014/15. The LAB is based on the original budget for the year, with adjustments for known and approved budget changes such as carry-forwards and budget virements. Details of the movements from the original budget are set out in Appendix 2.

2.11 The use of the LAB format ensures that there is better visibility of budgets, providing members with clearer information about approved changes to the original budget and minimising the risk of distortions arising from approved in-year changes to the budget. The LAB facilitates scrutiny of budget management in that members are able to distinguish between planned budget changes and unplanned outturn variances.

2.12 The LAB has not moved since the last report to the Authority as set out in Table 2 below.

Table 2 – Adjustments to Consolidated LAB

	Ref	£
Original budget 2014/15 – deficit	21/03/14 Item 17 (BA)	15,495
Approved budget carry-forwards	11/07/14 Item 14 (BA)	94,237
Additional budget approved in-year for Stakeholder surveys	11/07/14 Item 13 (BA)	37,355
Additional budget approved in-year for National Park sponsorship work	11/07/14 Item 18 (BA)	10,000
LAB at 30 September 2014 – deficit		157,087

- 2.13 Taking account of the budget adjustments, the LAB therefore provides for a consolidated deficit of £157,087 in 2014/15 as at 30 September 2014.

Overview of Forecast Outturn 2014/15

- 2.14 Budget holders have been asked to comment on the expected expenditure at the end of the financial year in respect of all the budget lines for which they are responsible. These forecast outturn figures should be seen as estimates and they will be refined and clarified through the financial year.
- 2.15 As at the end of September 2014, the forecast outturn indicates:
- Income is expected to be broadly in line with budget, with total forecast income of £6,233,961.
 - Total expenditure is forecast to be £6,369,774.
 - The resulting deficit for the year is forecast to be £135,813.
- 2.16 Full details of the forecast outturn are set out in Appendix 2.
- 2.17 The forecast outturn expenditure takes account of adjustments to the LAB and in addition reflects the changes shown in Table 3. The forecast outturn has increased from the last report to the Authority but still anticipates a lower deficit than the £157,087 allowed for in the LAB.

Table 3 – Adjustments to Forecast Outturn

Item	£
Latest Available Budget – deficit	157,087
Adjustments to forecast outturn reported 26/09/14	(65,737)
Reduce forecast Private Tolls for month six actuals	4,235
Increase forecast Hire Tolls for month six actuals	(1,640)
Increase costs for organisational restructure (one-off costs for Communications and HR)	36,500
Reduce forecast Ludham rental income for delayed tenancy start	7,868
Increase forecast for additional Fen Management income	(10,500)
Reduce forecast investment income for six month actuals	8,000
Forecast outturn deficit as at 30 September 2014	135,813

Reserves

- 2.18 The Authority's earmarked reserves were rationalised in 2013/14 into a smaller number of reserves. Navigation reserve balances continue to be maintained separately from national park reserves. The balance of earmarked reserves at the end of September 2014 is shown in Table 4 below.

Table 4 – Consolidated Earmarked Reserves

	Balance at 1 April 2014	In-year movements	Current reserve balance
	£	£	£
Property	(568,100)	(8,567)	(576,667)
Plant, Vessels and Equipment	(217,282)	5,435	(211,847)
Premises	(138,723)	(15,000)	(153,723)
Planning Delivery Grant	(454,172)	75,008	(379,164)
Sustainable Development Fund	(65,664)	17,240	(48,424)
Mobile Phone Upgrade	(7,567)	3,175	(4,392)
Upper Thurne Enhancement	(81,768)	0	(81,768)
Section 106	(12,069)	(24,464)	(36,533)
PRISMA	(244,954)	257,997	13,044
Total	(1,790,299)	310,825	(1,479,475)

2.19 £738,059 of the current reserve balance relates to navigation reserves.

2.20 The STEP reserve has been closed following the end of the project. Members will note that there is currently a debit balance within the PRISMA reserve. This relates to outstanding claim amounts.

Summary

2.21 The current forecast outturn position for the year suggests a deficit of £120,647 for the national park side and a deficit of £15,166 on navigation resulting in an overall deficit of £135,813 within the consolidated budget, which would indicate a general fund reserve balance of approximately £684,000 and a navigation reserve balance of approximately £275,000 at the end of 2014/15. This will mean that the navigation reserve balance is just below the recommended level of 10% of net expenditure during 2014/15. The impact of both the national park and navigation reserve balances have been taken into account when preparing the budget and medium term financial strategy.

3 Advertising and Sponsorship Policy

Summary

3.1 As part of the delivery of the 2014/15 strategic priority 4.1, officers are working at both national and local level to increase the Authority's income from sponsorship and advertising. A draft Advertising and Sponsorship Policy has therefore been prepared to guide the development of the Authority's work in this area, and to provide a framework that will help to ensure that best

practice and legislative requirements are followed. The draft policy is appended as Appendix 3 for members' comments and approval.

Draft Advertising and Sponsorship Policy

- 3.2 The appended draft Advertising and Sponsorship Policy has been prepared by the Head of Finance and the Head of Communications in consultation with the Management Team. The policy has been drafted to provide a framework for the Authority's activities in this area, and in particular sets out in section 4 the various responsibilities and associated levels of decision-making. The policy proposes that strategic decisions about sponsorship be referred to the Authority, and defines these in paragraph 4.1
- 3.3 The policy has been designed to complement work on sponsorship at the national level by National Parks UK, and sets out details of how these will interface with local activity, and the types of consideration that need to be taken into account in section 8.
- 3.4 It should be noted that the Authority has a number of existing sponsorship and advertising arrangements in place, including those set out in the policy at paragraph 1.3, which are considered to be working well. The policy therefore seeks to minimise its impact on these existing agreements, which it is proposed should be brought into the scope of this policy as and when they come to be renegotiated. Section 5 of the policy sets out the general principles and approach to be applied to the development of sponsorship opportunities but also recognises that this is a developing area for the Authority and that as a result there is a need to recognise the potential for opportunities to arise on an ad-hoc basis. This includes the potential for a prospective sponsor to identify an opportunity and approach the Authority directly. It is suggested that it may be appropriate in such cases to progress prospective sponsorship without advertising the opportunity, in order to maintain sponsor interest.

Potential Sponsorship Opportunity

- 3.5 The Authority has been approached by a local insurance broker regarding potential sponsorship of the Norwich Yacht Station and potentially Great Yarmouth Yacht Station and Reedham Quay. At this stage this represents an informal approach, and very limited details are available because it was felt appropriate to seek member guidance prior to undertaking negotiations due to the potential significance of Norwich Yacht Station as an asset. There are a number of potential issues around sponsorship of the sites including:
- there will be a need for negotiation with the landowners (Norwich City Council in the case of Norwich Yacht Station, Great Yarmouth Borough Council in the case of Great Yarmouth Yacht Station and Broadland District Council in the case of Reedham Quay) around the parameters for any advertising / sponsorship;
 - planning permission may be required for any signs or similar advertising; and

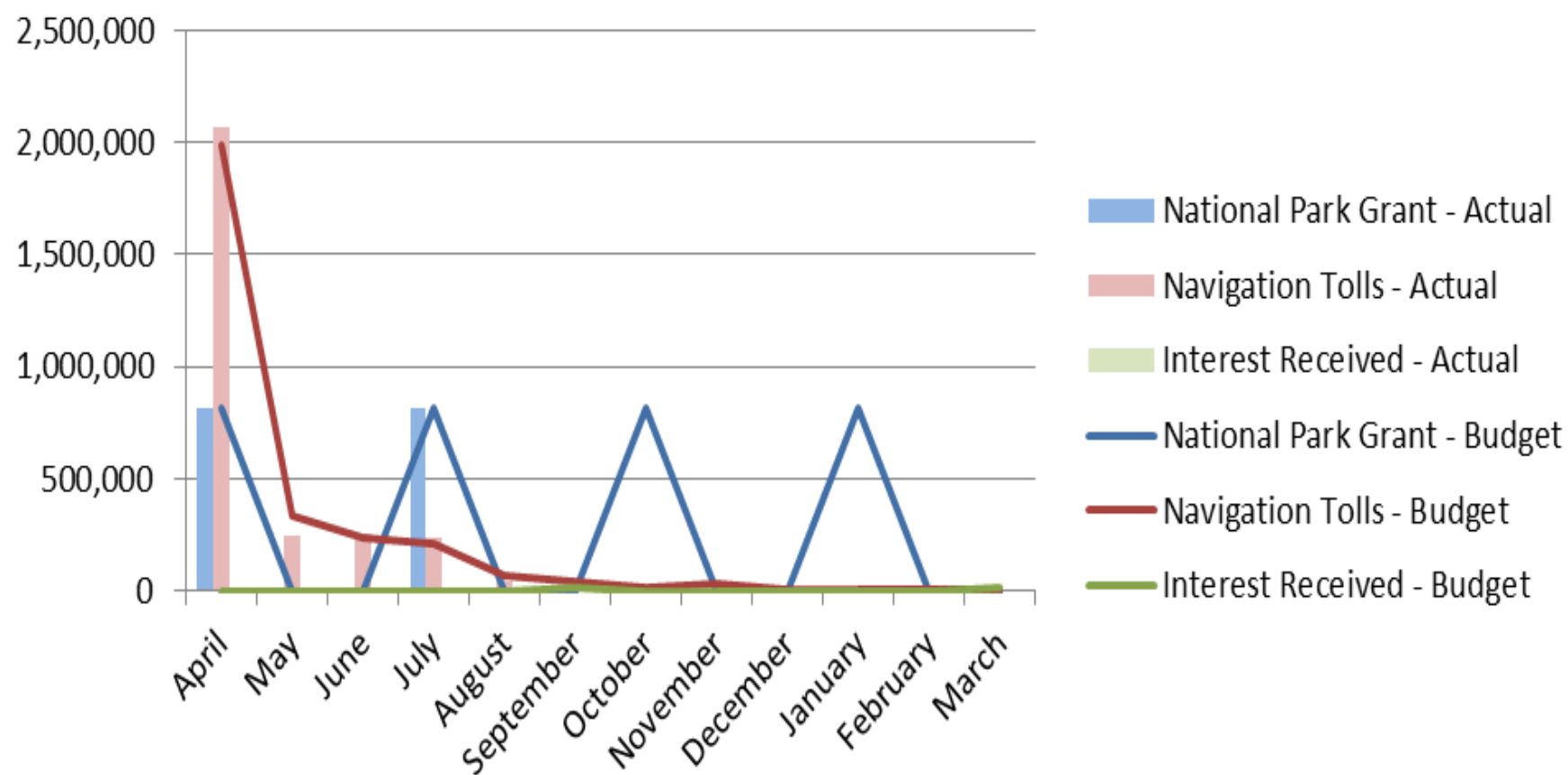
- it is difficult to “value” the sponsorship opportunity due to the lack of comparable sites.
- 3.6 Norwich Yacht Station does however represent an appropriate “test” asset for the exploration of local sponsorship opportunities, as it is not likely to be suitable for inclusion in a wider sponsorship deal with the whole National Park family due to its relatively unique nature when compared with other Tourist Information Centre sites.

Summary

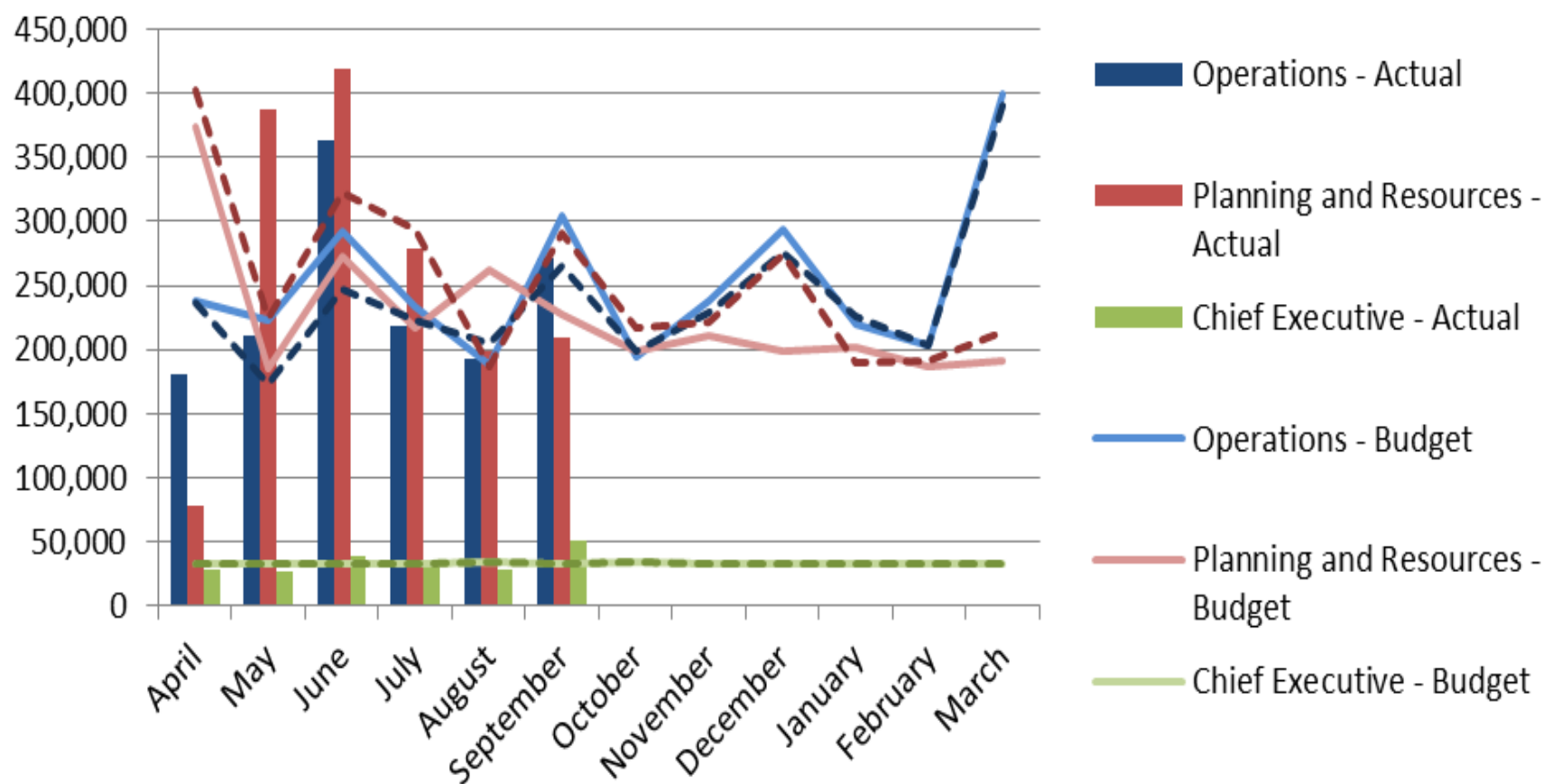
- 3.7 There are a number of issues which would need to be explored prior to meaningfully progressing this sponsorship opportunity. In particular members’ guidance is sought as to whether it is felt appropriate in this case to engage directly with one potential sponsor in the context of the fact that this is the only approach the Authority has received..
- 3.8 In view of the issues set out above, and the significance of Norwich Yacht Station as a high-profile and sensitive asset, members’ views are sought on an in-principle decision as to whether this potential sponsorship opportunity should be explored further at this stage, in line with the draft Advertising and Sponsorship Policy.

Background Papers:	Nil
Author:	Titus Adam
Date of Report:	4 November 2014
Broads Plan Objectives:	None
Appendices:	APPENDIX 1 – Consolidated Actual Income and Expenditure Charts to 30 September 2014 APPENDIX 2: Financial Monitor: Consolidated Income and Expenditure 2014/15 APPENDIX 3: Draft Advertising and Sponsorship Policy

Consolidated Actual Core Income against Original Budget



Consolidated Net Actual Expenditure against Original and Latest Budget



To 30 September 2014

Budget Holder	(All)
A/C	(All)

Values					
Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(6,242,264)		(6,242,264)	(6,233,961)	(8,304)
National Park Grant	(3,245,393)		(3,245,393)	(3,245,393)	0
Income	(3,245,393)		(3,245,393)	(3,245,393)	0
Hire Craft Tolls	(1,118,300)		(1,118,300)	(1,072,296)	(46,004)
Income	(1,118,300)		(1,118,300)	(1,072,296)	(46,004)
Private Craft Tolls	(1,792,100)		(1,792,100)	(1,837,800)	45,700
Income	(1,792,100)		(1,792,100)	(1,837,800)	45,700
Short Visit Tolls	(37,721)		(37,721)	(37,721)	0
Income	(37,721)		(37,721)	(37,721)	0
Other Toll Income	(18,750)		(18,750)	(18,750)	0
Income	(18,750)		(18,750)	(18,750)	0
Interest	(30,000)		(30,000)	(22,000)	(8,000)
Income	(30,000)		(30,000)	(22,000)	(8,000)
Operations	3,030,715	30,113	3,060,828	3,068,802	(7,974)
Construction and Maintenance Salaries	1,074,770		1,074,770	1,074,770	0
Salaries	1,074,770		1,074,770	1,074,770	0
Expenditure			0		0
Equipment, Vehicles & Vessels	405,000		405,000	405,000	0
Income			0		0
Expenditure	405,000		405,000	405,000	0
Water Management	67,500		67,500	66,185	1,315
Income	0		0	(1,315)	1,315
Expenditure	67,500		67,500	67,500	0
Land Management	(41,000)	11,750	(29,250)	(39,750)	10,500
Income	(90,000)		(90,000)	(100,500)	10,500
Expenditure	49,000	11,750	60,750	60,750	0
Practical Maintenance	339,035	7,170	346,205	345,627	578
Income	(7,000)		(7,000)	(7,000)	0
Expenditure	346,035	7,170	353,205	352,627	578
Ranger Services	663,010		663,010	663,010	0
Income	(35,000)		(35,000)	(35,000)	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	580,010		580,010	580,010	0
Expenditure	118,000		118,000	118,000	0
Pension Payments			0		0
Safety	76,900		76,900	76,900	0
Income	(9,000)		(9,000)	(9,000)	0
Salaries	51,900		51,900	51,900	0
Expenditure	34,000		34,000	34,000	0
Asset Management	104,650		104,650	117,150	(12,500)
Income	(1,000)		(1,000)	(1,000)	0
Salaries	37,900		37,900	37,900	0
Expenditure	67,750		67,750	80,250	(12,500)
Volunteers	61,340		61,340	61,340	0
Income	(1,000)		(1,000)	(1,000)	0
Salaries	42,340		42,340	42,340	0
Expenditure	20,000		20,000	20,000	0
Premises	151,970	11,193	163,163	171,030	(7,867)
Income	(11,200)		(11,200)	(3,333)	(7,867)
Expenditure	163,170	11,193	174,363	174,363	0
Operations Management and Administration	127,540		127,540	127,540	0
Income			0		0
Salaries	115,040		115,040	115,040	0
Expenditure	12,500		12,500	12,500	0
Planning and Resources	2,729,004	111,479	2,840,484	2,779,832	60,652
Development Management	224,910		224,910	224,910	0
Income	(60,000)		(60,000)	(60,000)	0
Salaries	259,910		259,910	259,910	0
Expenditure	25,000		25,000	25,000	0
Pension Payments			0		0
Strategy and Projects Salaries	231,575	8,546	240,121	219,121	21,000
Income	(27,500)		(27,500)	(39,000)	11,500
Salaries	249,075	8,546	257,621	248,121	9,500
Expenditure	10,000		10,000	10,000	0
Biodiversity Strategy	35,000	42,298	77,298	77,298	0
Income			0		0
Expenditure	35,000	42,298	77,298	77,298	0
Strategy and Projects	84,900	2,020	86,920	86,920	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	44,900		44,900	44,900	0
Expenditure	40,000	2,020	42,020	42,020	0
Waterways and Recreation Strategy	84,920		84,920	81,868	3,052
Salaries	69,920		69,920	66,868	3,052
Expenditure	15,000		15,000	15,000	0
Project Funding	101,780	46,615	148,395	148,395	0
Income	(19,000)		(19,000)	(19,000)	0
Salaries	41,780		41,780	41,780	0
Expenditure	79,000	46,615	125,615	125,615	0
Pension Payments			0		0
Partnerships / HLF	50,000		50,000	0	50,000
Expenditure	50,000		50,000	0	50,000
SDF	12,000		12,000	12,000	0
Expenditure	12,000		12,000	12,000	0
Finance and Insurance	336,569	10,000	346,569	346,569	0
Income			0		0
Salaries	133,970		133,970	133,970	0
Expenditure	202,599	10,000	212,599	212,599	0
Communications	316,260		316,260	329,660	(13,400)
Income			0		0
Salaries	241,260		241,260	254,660	(13,400)
Expenditure	75,000		75,000	75,000	0
Visitor Centres and Yacht Stations	235,660	2,000	237,660	237,660	0
Income	(213,000)		(213,000)	(213,000)	0
Salaries	317,660		317,660	317,660	0
Expenditure	131,000	2,000	133,000	133,000	0
Collection of Tolls	113,660		113,660	113,660	0
Salaries	100,960		100,960	100,960	0
Expenditure	12,700		12,700	12,700	0
ICT	267,820		267,820	267,820	0
Income			0		0
Salaries	127,120		127,120	127,120	0
Expenditure	140,700		140,700	140,700	0
Legal	120,000		120,000	120,000	0
Income			0		0
Expenditure	120,000		120,000	120,000	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Premises - Head Office	240,000		240,000	240,000	0
Expenditure	240,000		240,000	240,000	0
Planning and Resources Management and Administration	273,950		273,950	273,950	0
Income			0		0
Salaries	146,750		146,750	146,750	0
Expenditure	127,200		127,200	127,200	0
Chief Executive	405,040		405,040	428,140	(23,100)
Human Resources	133,140		133,140	156,240	(23,100)
Salaries	73,140		73,140	96,240	(23,100)
Expenditure	60,000		60,000	60,000	0
Governance	170,410		170,410	170,410	0
Income			0		0
Salaries	109,210		109,210	109,210	0
Expenditure	61,200		61,200	61,200	0
Chief Executive	101,490		101,490	101,490	0
Salaries	101,490		101,490	101,490	0
Expenditure			0		0
Projects and Corporate Items	93,000		93,000	93,000	0
PRISMA	0		0	0	0
Income			0		0
Salaries	10,410		10,410	10,410	0
Expenditure	(10,410)		(10,410)	(10,410)	0
STEP			0		0
Expenditure			0		0
Corporate Items	93,000		93,000	93,000	0
Pension Payments	93,000		93,000	93,000	0
Contributions from Earmarked Reserves			0		0
Earmarked Reserves			0		0
Expenditure			0		0
Grand Total	15,495	141,592	157,087	135,813	21,274

Broads Authority

Advertising and Sponsorship Policy

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1. Introduction

- 1.1.The Broads Authority recognises the significant potential for income generation through advertising and sponsorship, and will seek opportunities to maximise revenue from these sources where this does not conflict with other organisational priorities and activities. This Policy sets out the parameters for advertising and sponsorship, and outlines the considerations the Authority will take into account when offering or assessing advertising and sponsorship opportunities.
- 1.2.Advertising and sponsorship should be seen as two distinct areas of activity, although they are linked in terms of many of the skills, considerations and approaches required to maximise income for the Authority. Therefore except where explicitly stated, they can be considered to be interchangeable throughout this policy.
- 1.3.The Authority currently carries advertising within many of its general publications, and has accepted sponsorship of events such as the Broads Outdoor Festival. This Policy formalises the Authority's general approach to advertising and sponsorship issues, but is not intended to supersede any specific established arrangements which may already be in place.

2. Purpose

2.1.The purpose of this Policy is to:

- establish the parameters of the Authority's advertising and sponsorship activities;
- define a general framework for decisions about advertising and sponsorship opportunities;
- explain how the Authority's advertising and sponsorship initiatives are coordinated with activity undertaken by National Parks UK; and
- set out how the Authority's activities comply with legislative and regulatory requirements.

3. Definitions

- 3.1.Advertising encompasses two elements, firstly how the Authority promotes and markets its own services and brand (and indeed the wider National Park brand), and secondly the sale of advertising space by the Authority to third parties in order to raise revenue.

3.2.Sponsorship in contrast can be defined as *“the payment of a fee or payment in kind by a company in return for the rights to a public association with an activity, item, person or property for mutual commercial benefit.”*¹

3.3.Sponsorship generally represents a deeper relationship than the advertiser relationship, where the Authority may simply be acting as a platform for an advertiser. As such, a higher level of scrutiny should be applied to a sponsorship agreement due to the greater potential impact on the Authority’s own brand identity and reputation.

4. Responsibilities

4.1.Decisions about large scale², or potentially controversial sponsorship will be referred to the Full Authority, for example in the case of potentially controversial partners, or where a significant or sensitive asset is identified for sponsorship.

4.2.Significant decisions³ about the acceptance of advertising and uncontroversial sponsorship opportunities will be taken by the Management Team, taking account of the criteria set out in this Policy. Care needs to be taken about the cumulative value and impact of individual sponsorship arrangements.

4.3.Day to day decisions about advertising will be taken by officers (generally within the Communications Team). The sale of advertising space in publications and / or on websites may be outsourced to third parties, although ultimate editorial control will always be retained by the Authority.

5. Key principles

5.1.The Authority will apply the following principles when making decisions about entering into advertising or sponsorship agreements:

- Advertising and sponsorship support should only be considered where it is expected to deliver a significant net benefit with no detriment to the Authority or wider public interest.

¹ *Guidance to Departments on Sponsorship of Government Activities*, Cabinet Office, 2007.

² For the purposes of this policy, “large scale” sponsorship is considered to include any sponsorship arrangement worth more than £100,000 annually.

³ For the purposes of this policy, “significant” sponsorship is considered to include any sponsorship arrangement worth more than £5,000 annually.

- Advertising and sponsorship opportunities should be offered or sought in an open and transparent manner. In particular, a chosen advertiser or sponsor's competitors should not be given grounds to complain that they were not given a fair chance to identify an opportunity or compete for one identified by the Authority.
- The Authority will aim to publicise any major sponsorship / advertising opportunities that it identifies on its website, and bids received will be assessed to establish the proposal which offers the Authority the best value for money. However this is a developing area of activity and it is recognised that to start with, opportunities may arise on an ad-hoc basis. To avoid creating an overly bureaucratic system demanding significant resource input, requests will be considered on their own merits in line with the general principles set out in this Policy.
- The Authority will seek to demonstrably act with impartiality, honesty and integrity when entering into a sponsorship agreement.
- The Authority will seek to ensure that sponsors do not receive returns that are greater than is appropriate and that any sponsorship agreement is able to withstand public scrutiny. Some of the considerations which could be applied in identifying whether a sponsor is deriving "inappropriate" returns are set out in section six below.
- Advertising and sponsorship should not be accepted where it will dilute the Authority's brand, campaign or message or be visually detrimental to the natural or built environment.
- The Authority will not, and must not appear to, endorse the advertiser / sponsor, or their products, beyond the natural level of partnership implied by a sponsorship arrangement.

5.2. Any advertising or sponsorship agreement must be in writing, clearly setting out the expectations of both parties. Where a financial consideration is involved, it will generally be appropriate for the sponsorship agreement to be prepared as a contract.

6. Specific issues when considering sponsorship

6.1. Sponsorship represents a deeper relationship between the Authority and the sponsor than the simple carrying of third party advertising. Therefore the level of sponsor involvement in the Authority's activities needs to be treated with a degree of caution. The Cabinet Office has issued guidance on the role sponsors can play in the public sector, which is to assist in "extending" an organisation's message. Sponsors should not receive ownership rights and their support must always be seen as secondary to the aims of the Authority. Furthermore, sponsors should operate within clearly defined parameters, and behave with propriety at all times.

6.2. The Cabinet Office's recommended parameters for sponsor involvement in the public sector are that:

- sponsorship should be seen as adding significant benefit to an existing Authority service, message or campaign;
- there should be no overt commercial advantage to the sponsor in terms of the direct sale of products or brands as a result of their association with the Authority;
- sponsors should not be permitted to use a communications campaign or Authority event as a direct sales channel for any products or services; and
- key activities should not be dependent on sponsorship support for their funding (in other words sponsorship may add to, but should not replace, core funding for statutory functions).

6.3. The Authority will therefore only accept sponsorship of specific assets, publications, activities or events, and will not accept sponsorship which might place (or appear to place) any individual Members or Officers under an obligation to the sponsor. There must be no suggestion whatsoever that sponsors receive privileged access, or have any influence over the Authority's strategies and policies. Particular care needs to be taken when considering large amounts of individual sponsorship, or in the case of repeated sponsorship.

6.4. The Authority will not seek or accept sponsorship from organisations that are involved in significant commercial negotiations with it (whether or not these are linked to the event or activity to be sponsored). However, advertising from such organisations may be considered. Care needs to be exercised when accepting sponsorship from organisations which may be affected by the Authority's role in setting tolls or enforcing legislation to be clear that no influence on these processes is obtained through, or as a result of, the sponsorship arrangement.

7. Criteria for identifying suitable advertisers and sponsors

7.1. It is not possible to define strict criteria to categorise potential advertisers and sponsors, however the following general principles should be applied to identify partners which would have a positive, negative or neutral impact on the Authority's reputation. In all cases an individual assessment should be undertaken to take account of any specific circumstances surrounding a particular partner organisation.

General criteria for considering suitability

- Is there any potential for conflicts of interest, or any other perception of inappropriateness?
- Is there a risk of adverse publicity arising from the relationship?
- Is the partner financially viable?

- Does the partner demonstrate appropriate business practices, policies and customer and media profiles?
- Do the partner's messages demonstrate synergy with those of the Authority? Is there any risk of dilution of the Authority's key messages?
- Is there any existing commercial relationship or negotiation between the Authority and the partner?

7.2. The list below provides an indication of the types of organisation which might be generally expected to fall within each category. This should not be seen as definitive.

Positive Partners

- Government / other Public Sector bodies;
- UK tourism and leisure promoters;
- Brands associated with "green" and environmentally friendly activities;
- Sustainable travel brands;
- Leisure and outdoor equipment brands, including boating;
- Promoters of cultural activities, festivals and similar;
- Local media; and
- Charities (although care needs to be taken in respect of lobbying / pressure groups and political activism).

Neutral Partners

- Science and Technology industry;
- National media; and
- General advertisers (cars, travel, retailers, supermarkets, utilities, insurance).

Negative Partners

- Political parties and campaigning, lobbying or pressure groups;
- Organisations with a reputation for environmentally damaging practices;
- Organisations with a reputation for poor corporate responsibility or unethical practices;
- Tobacco / alcohol;
- Payday loan providers / irresponsible lenders

- “Adult” entertainment; and
- Gambling

8. National initiatives

- 8.1. National Parks are working collectively to develop a more commercial approach to income generation and sponsorship. National Parks UK (NPUK) has developed a Sponsorship Policy which sets out guidelines for sponsorship at national level and the process by which sponsorship offers will be assessed. A National Park Commercial Group has been established for officers to share information and to help to deliver progress in income generation activity.
- 8.2. NPUK will be seeking sponsorship and partners at national level to provide funding and other in-kind support across the National Park family. Care therefore needs to be taken to ensure that any local agreements do not negatively impact on existing or potential national negotiations. In particular, an assessment of any local sponsorship offer should be undertaken to determine whether the proposed sponsorship relates to an asset or event which could be better “marketed” at the national level, and if so, whether the current sponsorship proposal has the potential to be escalated to NPUK. Advice and support in this area can be sought from the National Park Commercial Group.

9. State Aid considerations in the provision of sponsorship by the Authority

- 9.1. Where the Authority is to be the provider of funding or sponsorship to a third party organisation, the issue of State Aid must first be considered. State Aid may arise where the Authority gives money to a commercial organisation and relates to state resources being used to provide assistance which gives organisations an advantage over others. Within the scope of the Authority’s activities, this has the potential to occur in the provision of grant and other project funding, and also if the Authority were to establish any schemes to provide financial support or assistance or which were intended to stimulate growth in a target sector or region.
- 9.2. The initial considerations when determining whether funding represents State Aid have been defined by the Department for Business, Innovation and Skills⁴ as follows:
1. Is the assistance granted by the state or through state resources?
 2. Does the assistance give an advantage to one or more undertakings over others?

⁴ *State Aid: The Basics*, Department for Business, Innovation and Skills, 2013.

3. Does the assistance distort, or have the potential to distort competition?
 4. Does the assistance affect trade between EU Member States?
- 9.3. In the event that sponsorship or funding is considered likely to be State Aid, guidance should be sought from the Finance Team. The fact that a project constitutes State Aid does not necessarily mean that it cannot be undertaken, but does mean that care needs to be taken to ensure that activities comply with State Aid rules, and remain legal.

10. Dealing with complaints

- 10.1. In the event of any complaints regarding advertising or sponsorship, the Authority will adopt the following approach:
- The Authority will be clear about the general rationale for accepting advertising and sponsorship, and in particular the need for the Authority to adopt a more commercial approach to income generation.
 - Any concerns raised about a specific advert, advertiser or sponsor will be considered by the Authority's Management Team. If following review the advertising / sponsorship is considered appropriate, it will be continued with an explanation provided to the complainant. If the advertising / sponsorship is deemed to be harming, or potentially harming, the Authority's brand or reputation, then the advertising / sponsorship should be ended immediately (or as soon as reasonably practicable in the case of a sponsorship arrangement), with communications issued to explain the decision if necessary.

11. Review

- 11.1. This Policy will be reviewed every three years, or more frequently where there are significant changes in the environment within which the Authority operates. Responsibility for ensuring that regular reviews are carried out lies with the Head of Finance.

November 2014