

<b>Item No.</b> 9.	<b>Classification:</b> Open	<b>Date:</b> 31 March 2016	<b>Meeting Name:</b> Health & Wellbeing Board
<b>Report title:</b>		Council Owned Large Format Advertising Hoardings – Influence on type of Advertisements	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Eleanor Kelly, Chief Executive	

## RECOMMENDATIONS

1. That the Health & Wellbeing Board:
  - 1) Note the council's limited ownership of large format advertising sites, acknowledging that the impact of direct intervention through this medium will be correspondingly low, but nevertheless would contribute along with other council initiatives to signal council priorities and policies;
  - 2) Note that the leases the council grants to large format advertising site operators already prohibit content to which the council might reasonably object;
  - 3) Note that a mechanism (IDM approved report "Promoting a Vibrant, Sustainable Retail Estate Aligned to Local Need") exists for identifying undesirable uses in the letting of commercial premises, which could be extended to specific large format advertising hoardings content;
  - 4) Direct on any specific prohibitions in new leases, or at lease renewals as they fall due, noting the potential commercial impact of these restrictions;
  - 5) Instruct officers to monitor and review the commercial impact of any additional controls adopted, and to review practice and experiences in other local authorities.

## BACKGROUND INFORMATION

2. According to the Valuation Office Agency website, looking at business rates paid in the borough, there are in the region of 300 commercial advertising rights in Southwark. These range from simple advertisements on bus shelters to major digital installations.

3. Amongst these the council owns a small number of large format sites (five in total), which are held as part of the investment portfolio managed by Property and let out to third party operators commercially at a rent:

Unit Address	Post Code	Tenant Name	Use
Advertising Right Land adjacent 280 Borough High Street (Redman House)	SE1	Outdoor Plus Ltd	Large format advertising only
Seven Islands Leisure Centre Lower Road	SE16	Clear Channel UK Ltd	Large format advertising
Site at 563-571 Old Kent Road	SE1	Primesight Limited	Large format advertising (digital media)
Advert Hoarding 1-5 West Lane	SE16	Primesight Limited	Large format advertising (digital)
Advert Hoarding Tower Bridge Road	SE1	Daylite LED	Large format advertising (digital)

4. The council owned sites currently in use advertise (as at the second week of March) the following:
- Arla semi-skimmed milk;
  - Virgin Media Football;
  - Movies, holiday operator, missing persons;
  - TV & music.
5. It should be noted that the council also licences advertising through a number of other media outside the direct scope of this report, including publications and promotional materials, small format highways based advertising and any bus shelter advertising not controlled by Transport for London.

## KEY ISSUES FOR CONSIDERATION

### Statutory controls on Advertising

6. In Planning terms the advertisement control system is set out in the Town and Country Planning (Control of Advertisements) Regulations 2007. Primarily this deals with the format in which outdoor advertising is presented.
7. Other consumer orientated regulations are geared at protecting the public from unfair advertising, dealing primarily with what might or might not, legitimately be said in advertisements. The Advertising Standards Authority has established a code of practice to which leases granted by the council for large format advertising require the operating companies to adhere.

### Landlord's Restrictive use of Lease Terms

8. The above regulations control advertising in general terms. Where it owns a large format advertising site the Council (and partner agencies) can exercise an additional level of influence, through the drafting of the user clause contained in the lease or licence granted to the operator. This opportunity arises when new

leases are agreed either at inception or when lease are renewed (all the leases referred to above will come to an end within the next few years).

9. The council's standard lease for large format advertising requires that the tenant is *"in any event not to post any advertisement which is directly or indirectly of a political racial or religious nature nor any advertisement which the Landlord may reasonably object"*.
10. The clause has been in place for some years and has been relied on in the past to seek the immediate removal of inappropriate advertising, with the operator's full and responsible cooperation. This follows from a well established landlord and tenant relationship through which the tenant has been made fully aware of the council's expectations.
11. Therefore operating companies are normally happy to accept a small number of additional restrictions to protect against ethnic, religious and political sensitivities. Any such additional restrictions need to be easily definable (so that process can easily be put in place to exclude them and the requirement policed) but not to restrict the market for advertising space in any significant way. Nevertheless the council has a free hand to revise or extend this clause in new leases. It may decide to make the requirement more stringent; having regard, however, to potential impacts on rents received and the possibility of creating further large format advertising opportunities in the future (see Financial Considerations, below).
12. Our initial enquiries suggest that the only products specifically prohibited to date by other local authority landlords are payday loan shops, gambling and e-cigarettes. It would be prudent to try and list the specific products and Health and Wellbeing Board may wish to direct on the specific exclusions it would wish to see.

### **Policy implications**

13. The council has previously agreed user clause restrictions which prohibit particular activities in its shops and business units. These are identified in the June 2014 IDM report "Promoting a Vibrant, sustainable Retail Estate Aligned to Local Need". The policy provides a mechanism for including additional uses to be prohibited and can be extended simply to cover the content of advertising hoardings when new leases are granted.

### **Community impact statement**

14. It is envisaged that the proposals set out in this report will have a positive impact on a wide range of groups and the wider community, regardless of age, disability, faith, gender, ethnicity or sexual orientation.
15. There are no specific equality implications arising directly from this report. Indirectly the decision to eliminate the uses referred to from the council's portfolio will signal that the Council does not support products that contribute to unhealthy lifestyles and the potential impact they may have on vulnerable parts of the community.

## Financial Implications

16. The combined rental income from the five large format advertising sites mentioned above currently stands at approximately £150,000 per annum (a capital value in the region of £2.25 million). The figures exclude revenues from small format highways based advertising which are believed to be of a similar value and from other sources. The income received is directed to fund council services and priorities.
17. Although the current income from this source is relatively small, it becomes more significant when it is considered that it relates to only five assets, include analogue advertising displays. Analogue is now seen to be a dated format – the future being digital displays. The tenants at two sites are in the process of upgrading their displays to digital formats which is likely to enhance the council's rental receipt considerably on a profit share basis. Furthermore there is additional opportunity to increase the total income from this source by bringing other sites into advertising use where it is feasible to do so.
18. Excessively limiting advert content, or being ambiguous about what can be advertised will adversely impact these incomes. Whilst the restriction advised by the Director of Public Health below provides some clarity about content that would be unacceptable to the council, commercial advertising consultants have advised that the proposals may render the entire media estate commercially unviable, with a strong risk that no operating company would be interested in taking on contracts with unilateral local restrictions of the nature now proposed.
19. In practical terms this would mean that each of the council's current sites would be terminated on expiry of contract over the next 5 years, as there would be no interest in renewal or retender. The operating companies would be likely to replace the advertising opportunities lost through the establishment of additional sites with private landlord.
20. In view of these commercial considerations and since the changes will be introduced over time, lease-by-lease, as new leases are granted, it will be possible to monitor the commercial impact of any new restrictions and agree any revisions as appropriate.

## SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

### Director of Public Health

21. The Director of Public Health recommends that in relation to Council owned advertising hoardings, the following is adopted:

*Southwark Council will not accept advertising that conflict with our residents living healthy lifestyles and is not complementary to the Council's aims and objectives. Examples of goods and services the council will not accept include:*

- *Tobacco / tobacco products*
- *Alcohol*
- *Fast food*
- *Unhealthy foods\**
- *Weaponry*

- *High interest lending*
- *Gambling*
- *Messages of a sexual nature*

*\*the Council actively promotes healthier living and will not support the advertising of foods that are not complementary such as fast foods, sugary foods and drinks and foods high in calories and saturated fats. For more information on healthy eating:*

<http://www.nhs.uk/LiveWell/Goodfood/Pages/goodfoodhome.aspx>

22. The Director of Public Health will continue to work with Events and Communications to ensure other advertising and sponsorship relating to publications, promotional materials and sponsorship of council events are appropriate and in line with council policies to promote and protect health and wellbeing.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Case file  IDM report "Promoting a Vibrant, Sustainable Retail Estate Aligned to Local Need" (June 2014)	Property Davison, 160 Tooley Street	Matthew Jackson 020 7525 1332

## APPENDICES

No.	Title
None	

## AUDIT TRAIL

Lead Officer	Eleanor Kelly, Chief Executive		
Report Author	Matthew Jackson, Head of Property		
Version	Final		
Dated	18 March 2016		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Director of Law and Democracy		No	No
Strategic Director of Finance and Governance		No	No
Cabinet Member		No	No
Date final report sent to Constitutional Team			18 March 2016