



DERBY CITY COUNCIL

ENVIRONMENT COMMISSION

31 JULY 2006

Report of the Chair of the Commission

Sponsorship Topic Review – Executive Summary and Recommendations

RECOMMENDATION

- 1.1 To approve the final recommendations of the Commission's review of Sponsorship for Arts Events.
- 1.2 To ask the Chair to present the Commission's report to the Council Cabinet Member for Leisure and Direct Services.

SUPPORTING INFORMATION

- 2.1 At its meeting on 5 June 2006, the Commission resolved to meet to consider the draft report of the Sponsorship Topic Review and draft its recommendations.
- 2.2 A meeting was subsequently held on 13 June at which time the Commission discussed the draft report and made a number of recommendations. The coordination officer circulated the agreed recommendations and reasons to the Commission for comment following the meeting.
- 2.3 A copy of the executive summary and final recommendations is attached at Appendix 2.
- 2.4 If the Commission approves the executive summary, the coordination officer will arrange for copies of the full report to be printed and circulated to members of the Commission, the Council Cabinet Member for Leisure and Direct Services, relevant officers and the witnesses who contributed to the review. A copy will also be posted onto the Overview and Scrutiny section of the website.

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Background papers:	None
List of appendices:	Appendix 1 – Implications
	Appendix 2 – Sponsorship Topic Review - Executive Summary and Recommendations

IMPLICATIONS

Financial

1. None arising directly from this report.

Legal

2. None arising directly from this report.

Personnel

3. None arising directly from this report.

Equalities Impact

4. Effective Overview and Scrutiny will be of benefit to all Derby people.

Corporate Priorities

5. This report has the potential to link with all the Council's priorities for 2006-09.

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A Review of Sponsorship for the Arts Events Programme

Part 1 Executive Summary and Recommendations

1.1 Introduction

- 1 At its meeting on 5 December 2005 the former Culture and Prosperity Commission resolved to undertake a review of sponsorship for the Arts Events programme in Derby.
- 2 It was intended that the review would investigate how the Council could improve the way in which it seeks sponsorship for its Arts Events programme.
- 3 The Commission learnt that during the past ten years there has been a noticeable reduction in Derby's arts events programme. It is recognised that this is an inevitable consequence of the ever tighter budget constraints under which the Council has to work, but the reduction does have an adverse effect on the City and on the image of Derby that the Council wishes to promote.
- 4 There is good evidence that arts events can be extremely successful in attracting sponsorship, and in the past the Council has received sponsorship from organisations which include Rolls-Royce, Ram FM and the Derby Evening Telegraph. However the overall level of sponsorship that has been received has been much less than is necessary to deliver the sort of arts events programme that the Council would like to provide.
- 5 Derby's main events are:
 - Darley Park Concert/Darley Park weekend
 - The Fun Run
 - Markeaton Bonfire and Fireworks display
 - Caribbean Carnival
 - Chaddesden Carnival
 - Children's Theatre and Dance Festival
 - Photography Festival
 - Literature Festival
 - Saturday Market Place Concerts
 - Switching on the Christmas Lights
- 6 The Events programme falls under the remit of the Arts and Events team at Derby City Council. The Head of Arts and Events is particularly keen to develop those elements of the programme which could be specifically described as "arts events", for example, Darley Park and the Saturday Market Place Concerts. For this reason the Commission's review was focussed on sponsorship for arts events.

1.2 Structure and Objectives of the Review

- 7 The following objectives and methodology were agreed at the commencement of the review:

Objectives

1. To identify the previous levels of sponsorship/fundraising that have been obtained for arts and events and to compare the level of sponsorship that was obtained with the cost of delivering the event.
2. To find out how other local authorities obtain sponsorship/external funds for their arts and events programmes and compare the amount that they obtain with the cost of their events.
3. To investigate what has been done in the past to attract sponsorship and to identify what the Council is able to offer sponsors in return for their support.
4. To seek the views of companies in Derby as to their willingness to support arts and cultural events and find out what they would expect in return.
5. To identify any trust funds likely to benefit the Council's arts and events programme.

1.3 Original Methodology

- 8 In order to conduct this review it was initially suggested that the Commission could:
1. Meet with the appropriate Council Officers in 'scene-setting' meetings to establish:
 - What sponsorship was obtained in the past
 - What sponsorship was obtained last year
 - How sponsorship is pursued
 - The perceived barriers to obtaining sponsorship
 2. Meet with representatives of local companies to find out what they would expect to receive in return for providing sponsorship.
 3. Discuss with the relevant Council Cabinet members and Officers what the Council might offer to local companies in return for their sponsorship of its Arts and Events programme.
 4. Visit some local authorities that are known to have been successful in obtaining sponsorship.
 5. Examine the information obtained through 1-4 above and identify possible options and actions that the Council might pursue.

6. Agree a report and recommendations to the Council Cabinet member.
- 9 In January 2006 the Commission held a 'scene-setting' meeting with The Head of Arts and Events, Pete Meakin (PM) and Events and Projects Officer, Barbara Whieldon (BW). The detailed notes of this meeting can be found at Appendix 1.
- 10 Members of the Commission were offered the opportunity to attend a sponsorship seminar held by Arts & Business in February 2006, which was subsequently attended by the Chair and the Coordination Officer. The seminar proved to be very useful and a report was taken to the Commission's next full meeting. A copy of this report can be found at Appendix 2.
- 11 Shortly after the Arts & Business seminar the Coordination Officer met with the manager of the Council's Consultation Team about the suggestion made at the scene setting meeting to send a questionnaire to local companies. The Consultation Team Manager told the Coordination Officer that a general questionnaire to a large number of organisations would be of limited value in gathering information. She said that a focus group would be a better way to do this, but explained that this would involve considerable work. Indeed the process she described was much the same as the process outlined by Arts & Business at their seminar.
- 12 The Coordination officer also contacted a number of local authorities regionally and nationally by telephone to try to find out their experience of seeking sponsorship for Arts Events. No areas of best practice were identified, which was a view supported by Barbara Whieldon, who had discussed the issue with members of a Local Authority Events Group. The general feedback was that other local authorities seem to be in a similar situation to Derby with regard to Arts Events Sponsorship.
- 13 When the findings of this initial research were presented to the Commission at a scheduled meeting, they resolved to not proceed with the suggestion identified in the original methodology of a general questionnaire to local companies or other local authority Arts Officers.

1.4 Methodology and Timetable for the Review

- 14 The methodology of the Commission's review was therefore revised to include the following:
 1. Meetings with the appropriate Council Officers in 'scene-setting' meetings to establish:
 - What sponsorship was obtained in the past
 - What sponsorship was obtained last year
 - How sponsorship is pursued
 - The perceived barriers to obtaining sponsorship

2. An interview of the Sponsorship Directors from Arts & Business and Leicester Comedy Festival.
 3. An interview with Colin Tunnicliffe, the former Sponsorship Consultant for Derby City Council.
 4. Discussion with the relevant Council Cabinet member and Officers about what the Council might offer to local Companies in return for sponsorship of its Arts and Events programme.
 5. Consideration of the information obtained from 1-4 above and identification of possible options and actions that the Council might pursue.
 6. Agreement of a report and recommendations to the Council Cabinet member.
- 15 Table 1 below sets out the timetable for the review and lists the witnesses who were interviewed by the Commission.

Witness/Action		Date
a.	Scene Setting Meeting with Head of Arts and Events, Pete Meakin (PM) and Barbara Whieldon (BW), Events and Projects Officer	16 January 2006
b.	Arts & Business' Sponsorship Seminar	2 February 2006
c.	Presentation from the Leicester Comedy Festival's Sponsorship Director, Tricia Kelly	14 March 2006
d.	Follow up Meeting with Arts & Business East Midlands' Business Development Manager, Andrea Carver	6 April 2006
e.	Interview with Colin Tunnicliffe, former Sponsorship Consultant for Derby City Council	22 May 2006
f.	Presentation from Mike Brown – Arts Projects Officer, Format '06 Photography Festival	5 June 2006

Table 1

1.5 Outcomes of the Review

- 16 From the evidence heard by the Commission in the course of its review, members identified a number of issues associated with the way in which the Council sought sponsorship of arts events, which they considered needed to be addressed.
- 17 During the initial stages of its review the Commission learnt that:
 - a. Sponsorship for arts events is not generally well understood by local authorities. The Commission did not identify any areas of best practice within the sector.
 - b. There would have been little value in the Commission sending a general questionnaire to a number of companies in the city as this method was likely to yield little response nor useful information.
 - c. There is currently no dedicated officer within the Arts Team who is responsible for seeking sponsorship for arts events. Sponsorship is not part of the arts team's job description, although two arts team officers have attended the one-day sponsorship seminar held by Arts & Business. One of the Officers has sought advice from Arts & Business subsequently, with regard to sponsorship for the Format Photography festival.
- 18 The evidence considered by the Commission in the course of its review showed that:
 - a. The definition of what sponsorship constitutes is not generally well understood and is often mistaken for a donation.
 - b. The sponsorship received by Derby City Council for its events has decreased in the last few years and that much of this has been 'in-kind' rather than cash sponsorship.
 - c. Derby City Council has a large number of events to plan and manage each year, and this work is in addition to seeking sponsorship for any of them.
- 19 During its evidence gathering interviews the Commission was told that:
 - a. Not all events will be capable of attracting sponsorship and careful consideration needs to be given to the unique selling point of a particular event before deciding whether to develop a sponsorship package for it.
 - b. In order to pursue sponsorship successfully, an organisation needs to have in place a committed person who is capable of building long term relationships with organisations.
 - c. Considerable work is involved in seeking sponsorship correctly

and that in the majority of cases an approach for sponsorship will not be successful.

- d. The capability and resource to pursue sponsorship probably exists within the arts team, although they need training and guidance in order to do this successfully.
- e. Sponsorship training and guidance is available from Arts & Business as part of its business membership scheme and additional consultation advice can be sought for specific projects.

20 The Commission also learnt that:

- a. Unlike most other forms of income, which arts organisations can use as they wish, sponsorship is given in exchange for one or more business benefits upon which the arts event is expected to deliver.
- b. In order to have a reasonable chance of securing sponsorship, any organisation must follow a defined process, research potential sponsors carefully and gather information about them before approaching them for sponsorship.
- c. In order to avoid underselling themselves or their 'product', arts organisations need to carefully assess the value of any sponsorship package. This includes being careful not to offer a sponsorship package that commits more resource than the organisation can make available either prior to or at the actual event itself.
- d. If significant sums of sponsorship are to be sought for an event, sponsors must be approached well in advance, as timing with regard to a business' financial cycle is often critical.

1.6 Recommendations

- 21 The following recommendations have been developed by the Commission to address the issues that it has identified in the course of its review of sponsorship for arts events.
- 22 For the purpose of the review, the Commission focussed on sponsorship for arts events, but it should be noted that many of the recommendations made here could be applied to sponsorship for any event.

Recommendation 1

To address the fact that there is currently no dedicated officer within the Arts Team who is responsible for seeking sponsorship for arts events. This should be done in one or a combination of the following ways:

- a. To create a post for an Arts Events Sponsorship Officer, that should be self-financing from the sponsorship obtained.
- b. To employ a sponsorship agency, the fee for which would be based upon a percentage of the income received.

Reasons 1

- 23 The Commission noted that in March 2006 the Council Cabinet agreed to finance a post for a funding officer within Sports and Leisure. A funding officer post created in 2002 within Parks, has attracted over £1m per year from external funds that are being invested in parks and other facilities. It is considered that a similar approach could be taken to seeking sponsorship for arts events.
- 24 The Commission learnt that at its meeting on 6 June 2006 the Council Cabinet had agreed to authorise the Director of Corporate and Adult Social Services, in consultation with the Directors of Regeneration and Community and Resources and the Cabinet Member for Planning and Transportation, to negotiate and complete a contract with a sponsorship company to raise income on highway infrastructure through sponsorship by partnering a company called Immediate Solutions.
- 25 There is currently no dedicated officer within the Arts Team who is responsible for seeking sponsorship for arts events. Sponsorship is not part of any arts team members' job description, although two arts team officers have attended the one-day sponsorship seminar held by Arts & Business.

- 26 The Commission has been told that in order to pursue sponsorship successfully, an organisation needs to have in place a committed person who is passionate about the Arts and capable of building long term relationships with organisations.
- 27 There is a need to avoid a repeat of the situation experienced between November 2004 and 2005 when a Sponsorship Consultant, who was employed on a fixed fee contract, failed to develop any new sponsorship relationships for the Arts Events programme.
- 28 The Commission recognises that the Arts Events Team has continued to secure sponsorship for many of its events, including Darley Park Weekend, the Family Fun Run and the Christmas Lights. However it has learnt that the amount of cash contributions have been increasingly replaced by 'in-kind' support and considers that in reality much of the sponsorship received could be classed as a donation.

Recommendation 2

The Arts Events Team should adopt a more professional approach to seeking sponsorship by developing an arts events sponsorship strategy. The strategy should include the following elements:

- a. a structured and defined process, like the ones advocated by Arts & Business and Leicester Comedy Festival
- b. the strategy should make clear that any sponsorship income will be in addition to the Council's core funding for arts events and set out how the income could be used to develop the events programme
- c. improving the understanding of and training in sponsorship development for the Council's Arts Team Officers
- d. to make suitable arrangements which would ensure that different departments across the Council are aware of what others are doing with regard to seeking sponsorship
- e. fully evaluating the market value of events to identify the sponsorship potential
- f. investing in the business membership offered by Arts & Business.

Reasons 2

- 29 Derby City Council has a large number of events to plan and manage each year, and this work is in addition to seeking sponsorship for any of them. The Council must be realistic about what resources can be allocated to seeking sponsorship for an event over and above organising it in the first instance.
- 30 The Commission learnt that one of the most important aspects of a sponsorship strategy is to develop and maintain accurate records about potential sponsors. In order to retain such valuable information about sponsors, the database should be owned by Derby City Council and not by an individual within the Arts Team.
- 31 Without an understanding of what sponsorship is, it will not be possible to either make a successful approach for sponsorship or develop the relationships necessary to maintain a long term partnership with a sponsor.
- 32 During the course of its review the Commission learnt that successful sponsorship is the result of an equal partnership between an arts organisation and its sponsor, which results in mutual benefit for both parties.
- 33 Securing sponsorship involves considerable effort and sponsors will

expect delivery from the event.

- 34 The implementation of part (d) this recommendation would avoid duplicating any approach made to a business as this might project an uncoordinated image of the authority. The organisation is large and there are other departments across the Council that seek sponsorship, for example, the revenue from the sponsorship of roundabouts by Parks.
- 35 A steering group could also provide a forum within which departments could share their sponsorship ideas, examples of successful partnerships and any lessons learnt with regard to sponsorship.
- 36 The Commission learnt that not all events will be capable of attracting sponsorship and that careful consideration needs to be given to the unique selling point of a particular event before deciding whether to develop a sponsorship package for it. In addition, sponsorship should only be sought to enhance an existing event and is not supposed to pay for it to happen. This should avoid the risk of underestimating the potential value of an event, which in most cases will be greater than the cost to stage it.
- 37 Derby City Council is a member of the Arts & Business (A&B) Development Forum, which costs £70 per year. The development forum membership entitles its members to invitations to A&B's quarterly development forum meetings, free training opportunities, regular e-Bulletins and invitations to events. A&B also gives surgery style advice on particular sponsorship proposals.
- 38 Arts & Business also offers a business membership package, which costs £1,500 per year (plus VAT) and entitles members to:
 - 3 days specialist advice
 - Professional Development Programme placement opportunities
 - Membership of the Arts Development Forum
 - A dedicated account manager
 - Annual review of arts/business activity
 - Company profile on Arts & Business' website with hyperlink to own
 - Invitations to all local Arts & Business events and relevant national events
 - Publications (annual report, newsletter, reports etc.)
 - Discount at Arts & Business fee-paying events

The Commission considers that this could be a cost effective way of seeking professional advice and accessing up to date information on sponsorship opportunities.

Recommendation 3

For the Council to fully exploit the sponsorship potential of the biennial Format Photography Festival.

Reasons 3

- 39 The Commission commends the Arts Events Team on the success of the Format '05 photography festival and recognises the significant sponsorship opportunity that Derby's Photography Festival presents for the Arts Team.
- 40 The Commission recognises that the photography festival has several unique elements to it. Derby has significant historic links with the development of photography and photographic artists. The University's photography MBA has an excellent reputation.
- 41 Derby's photography festival is one of only three in the UK and the only one in the East Midlands.
- 42 As a result of the success of the Format'05 photography festival Derby City Council officers were invited to take part in research trips to European photography festivals, which were funded by the University of Derby and Arts Council England. The information obtained as part of the research should be valuable when planning Format'06 and subsequent photography festivals.
- 43 The Commission considers that the Format '08 photography festival will be a great opportunity to showcase the opening of QUAD planned for the same year. To this end the Commission feels that work on securing sponsorship for the 2008 photography festival should start immediately. An approach for a significant sum must be well planned and take place well in advance of the event, as timing with regard to a business' financial cycle is often critical to the success of an approach.

Recommendation 4

If the Arts Events programme is to be developed any income received from sponsorship should be retained within the Arts Team's budget in order to build the portfolio.

Reasons 4

- 44 The Commission chose to pursue this review as it recognised that there had been a decline in the number of arts events in the Council's programme. The Commission's intention was to understand the way in which sponsorship for arts events had been sought previously and to identify ways in which successful sponsorship is pursued in order that it might be used to expand the Arts Events programme.
- 45 During the course of its review the Commission learnt that it was important for an organisation to understand the 'product' being offered to a potential sponsor and the benefits to them. The Commission were informed by Arts & Business that at the approach stage of selling sponsorship an arts organisation must identify the benefits that the business would receive for their sponsorship, rather than those for the arts organisation.
- 46 The Commission also learnt that as well as being clear about the business benefits that an event could offer a sponsor, it was important to price the sponsorship package appropriately. The package should be priced with regard to its value rather than just the cost of staging an event. This view was supported by Leicester Comedy Festival who cautioned the Commission against seeking sponsorship for an event simply to plug a funding gap.
- 47 The Commission considers that well designed and appropriately priced sponsorship packages have the potential to result in a significant income stream for the Arts Events programme.