

basbof

Annual Report 2021-2022

advertisinglevy.co.uk

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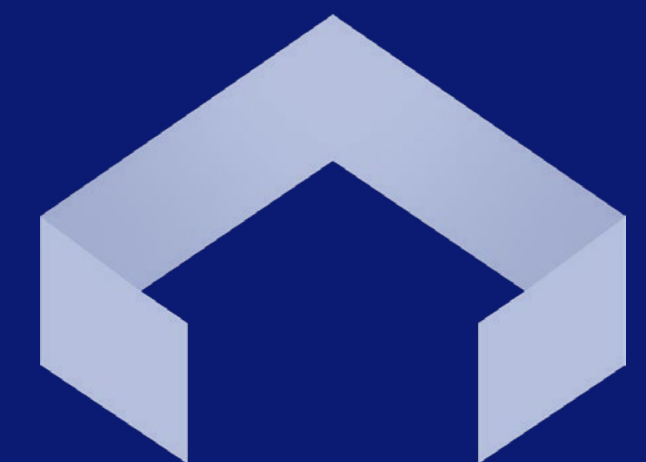
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A word from Mark Lund OBE, Chair



Following the pandemic created upheaval of 2020 and 2021, the year 2021/22 has seen a period of welcome recovery and forward motion for the self-regulation system, with a recovery of income, rebuilding of reserves and further balancing of representation in both funding and governance. Nonetheless we remain highly vigilant to the future threat of both an advertising recession and the imposition of overly onerous government regulation.

2020/21 was characterised by preparation for and reaction to the effects of the pandemic shutdowns on commercial activity and advertising spend. In 2021/22 the UK advertising market demonstrated great resilience and its underlying strength as a valued and trusted commercial tool by getting back to growth, reaching record levels of £30bn. The recovery we were seeing in H1 2021 continued into the second half of the year and the first quarter of 2022 in a very encouraging way.

These changing market fortunes are borne out by the recovery in the Basbof levy income for the year to June 2022 showing an annual increase of 24%.

This allowed the Board to do three things to bolster the ongoing health of the self-regulation system; to facilitate a longer-term strategic view of the ASA’s financial planning, to invest in the ASA’s longer-term evolution as a digitally enabled, proactive regulator, and to allocate modest funds towards the overhaul and modernisation of the accounting and information systems that underpin Basbof’s efficiency, all without endangering a prudent level of financial reserves.

Moving the ASA’s budget planning to a three-year cycle to correspond to their longer-term strategic planning process has allowed the management team, so ably led by Guy Parker and David Currie, to plan more proactively as to how the digital transformation of the ASA’s regulation will be achieved and in turn this has created a more detailed and co-ordinated view of how AI will be used to cope with the ever-proliferating numbers of channels and messages. This shift to a more automated and proactive regulation is vital in an advertising world where more and more activity happens at digital speed.

On an internal basis Robin Price, our new COO/CFO, has initiated a very thorough review and overhaul of all information and processing systems to make them more accessible, faster and efficient. This process will have completed its first key stage by the middle of 2022 making us a still very lean, but even more productive organisation.

We have also sought to continue with our progressive modernisation of governance to reflect the current media and marketing world. As a result, our board structure has

“ During the last three years the proportion of the overall annual revenue derived from digital channels has risen from 35% to more than 50% and the amount derived from direct relationships has doubled.

been updated to reflect the much greater number of digital players and to simplify our decision-making processes. The continuing move to a digital dominated advertising world underlines the great importance of the direct relationships that Basbof forms with digital advertisers and platforms, to counteract the move towards direct commercial relationships between brands and platforms and the bypassing thereby of the traditional levy collection point — the media agencies.

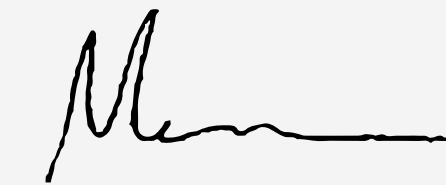
During the last three years the proportion of the overall annual revenue derived from digital channels has risen from 35% to more than 50% and the amount derived from direct relationships has doubled. This is encouraging but given the trend of spend in the market we will continue to pursue this activity with all our energy.

A significant development that could aid this greatly is the creation and implementation of the IPP (Internet Platform Protocol) Pilot, the initiative of CAP and ASA that has been led by Shahriar Coupal and supported strongly by CAP Chair James Best. This highly creative and world leading initiative is now an important part of the government’s Online Advertising Programme consultation and may help to shape the inevitable legislative reform of the online ad regulatory framework in a way that is more conducive to the interests of the self-regulatory system.

So, despite the economic and political uncertainty of the next years, we can look ahead not only with caution but a degree

of positive hope and optimism. As ever this and the successful functioning and funding of self-regulation depends on the efforts of many talented and hardworking people and bodies. The ASA and CAP have had a highly innovative and productive year, Hayden Phillips as Independent Reviewer continues to hit the highest standards and the Basbof secretariat have worked tirelessly and well.

I personally would like to give thanks for the continuing efforts and support of the Board without whose sage counsel and advocacy none of this would be possible.



Mark Lund OBE
Chairman



Advertising Standards Authority (Broadcast)



2021 saw us picking up the pace in delivering year three of our More Impact Online strategy, despite the ongoing pandemic. The environmental factors remained similar to 2020: pressure for tighter HFSS restrictions; political interest in regulating online; industry interest in turning around low trust in advertising and putting ASA system funding on a more sustainable basis; and the impact of Brexit, albeit that masked somewhat by the unexpectedly positive rebound in the UK economy.

We continued to use prioritisation and partnership—working to drive efficiencies, delivering reductions in website claim cases. We made big strides using data science in a number of projects, on top of our continued investment in third-party technology. And we successfully recruited our first Head of Data Science, who is building our in-house data science capability.

Rulings were lower than we would have liked, we were not able to repeat 2020’s case turnaround performance and we missed our NAICD customer satisfaction target, but our performance against our other quality, customer satisfaction and productivity targets was good.

And crucially, we made excellent progress on our regulatory projects, including: Racial and ethnic stereotyping in ads; Climate change and the environment; Tech4Good online ad targeting; Influencer compliance; Body image; Finance ad-related issues; and Scam ads. We improved the balance between reactive and proactive casework, spending 27% of our direct service resource on proactive regulatory project

work (target: ≥20%) and 50% on reactive complaint casework (target: ≤55%).

We continued to invest substantial time on both HFSS ad and gambling regulation, particularly the former following the Government’s decision to introduce TV and online ad restrictions, which, following Ofcom’s anticipated designation of the ASA, we will look to weave into ASA system regulation as seamlessly as we can.

Our Intermediary and Platform Principles (IPP) initiative was a key priority, and an important plank in both our representations to DCMS that the ASA system should remain the frontline ad regulator of legitimate businesses and in our campaign to raise awareness of our online ad regulation to parliamentarians. We were appointed by Ofcom to co-regulate video sharing platform ads. And our post-Scottish ad campaign research made a sufficiently compelling case for rolling-out our ad campaign to the rest of the UK.

¹ Foods and drinks high in fat, salt or sugar

² NAICD = No Additional Investigation after Council Decision

“ We will continue to use our rolling three-year financial planning to secure appropriate investment in technology as well as people.

Our performance on our two priority KPIs was good: we secured the amendment or withdrawal of 20,456 ads, the second highest ever; and we exceeded our target of 750,000 pieces of advice and training, delivering 866,161.

We continued largely to work from home and planned well for a post-pandemic hybrid working future. And most importantly, we kept our staff safe and secure.

Our good performance should not over-shadow the risks we face. There are strategic, reputational and, now, operational risks in the government’s HFSS interventions, which we will likely need to mitigate, including by integrating those interventions, some aspects of which are still opaque, into the Codes as seamlessly as possible. Although ASA system funding is secure in the short- to mid-term, securing long-term funding security remains a key objective for us and (B)asbof. The scale and design of the online environment makes effective enforcement a challenge for all regulators, us included; continued investment in data science and our IPP initiative are key mitigations. And last but not least, the risk of more legislation affecting online advertising via the Online Advertising Programme is a growing one.

Making a success of the IPP pilot and following it up with a more comprehensive, enhanced programme is a key objective. As are working with the CMA and Ofcom to tackle influencer ad labelling, continuing to develop our online ad targeting regulation and tackling financial ad related issues like cryptoasset advertising. Those will be key to demonstrating that the ASA system should be strengthened, not undermined, by any

statutory regulation of online advertising, whether from legislation coming out of the Online Advertising Programme, modifications to the Online Safety Bill to capture scam ads or enhanced powers for the CMA/Digital Markets Unit or FCA.

Our Climate change and the environment, Racial and ethnic stereotyping and Body image projects are high on the public policy agenda. And our regulatory policy work on gambling is vital, as DCMS progresses its Gambling Act review.

We will continue to use our rolling three-year financial planning to secure appropriate investment in technology as well as people. With the fundamental nature of online advertising regulation currently up for debate, the ASA system must demonstrate that it is able to adapt rapidly and deliver more effective online regulation, with data science at its heart. Weathering the difficult economic climate and delivering significantly above-inflation investment in the ASA will put the ASA system on a sustainable path to being a more effective online ad regulator and show stakeholders that the advertising industry is committed to paying for effective ad regulation. It will require digital players to contribute more to the cost of the ASA system regulating them, closing the ‘online funding gap’. And it will likely also involve the ASA system moving to more of a hybrid funding model, with



Guy Parker
Chief Executive – Advertising Standards Authority



Committee of Advertising Practice



As the UK economy emerged blinking into the sunshine of the post-lockdown spring of 2021, the advertising industry was quick to recover and, indeed, roar ahead again. Its regulators moved fast, too. B/CAP's work, which had not much diminished in 2020 despite constrained resources and unfamiliar working methods, accelerated as commercial and political activity revived.

Responding to Government initiatives was a theme of the year. A great deal of executive time and effort was spent responding to the Government's evolving plans for further HFSS advertising restriction. B/CAP's close working with — and between — both Whitehall and industry has followed to enable the resulting Health & Care Bill's intentions to be realised, but despite a delayed timetable and widespread industry anxiety over crucial detail, at the time of writing we still await the secondary legislation necessary for implementation for broadcast and online advertising alike.

The Online Safety Bill similarly moved gradually towards fruition, with lengthy consideration of its (relatively modest) advertising-related clauses and, more recently, the Online Advertising Programme has engaged B/CAP's members and executives in considerable debate and consultation. Both promise more to come.

What all these initiatives have in common, of course, is society's grappling with the consequences of the now-established dominance of online advertising formats and the global platforms supplying them. National governments across the world have struggled to contain what they see as

the harms arising from aspects of social media, influencer marketing, online video platforms and the like, especially in the light of their young audience profiles, their speed of movement, their impact on other media including broadcast and press, and their pervasiveness in fields like gambling and financial services.

Some legislative intervention may be necessary, but for the vast bulk of online advertising our self- and co-regulatory system works really effectively. Our rules cover the entire legitimate advertising waterfront and advertisers' and media owners' commitment to them enables the ASA to provide swift justice. Vanishingly few abuses of the privilege to advertise last long and, in the context of a vast and diverse advertising ecosystem, remarkably few even surface through complaints to the ASA or through its own monitoring.

The development of the new Intermediary and Platform Principles with the UK Internet Advertising Bureau and its members is a great example of how B/CAP can bring all parties to the table to ensure that the ASA has the tools to do its job of consumer protection successfully. Piloting the IPP this year with the full co-operation of the biggest

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Extensive work on body image, greenwashing, in-game purchasing, delayed payment providers and many more aspects of the wide world of marketing and communications accompanied the projects described above. Again, and as ever, I must thank B/CAP’s (growing, I am glad to say) executive team for the quality and quantity of their output across advice, compliance and policy; always so impressive!



James Best
Chairman of the Committee of Advertising Practice (CAP)



A word from Hayden Phillips



In the year to the end of June 2022 I dealt with seven requests for reviews of rulings or decisions on broadcast ads. This was a sharp return to normality after the crazy year of 2021 when people’s behaviour in response to daytime TV during lockdown was to complain about ads in record numbers. I returned no cases to Council for reconsideration. But I will describe two which have some intrinsic interest.

The first was a video on demand ad for Dairy Lea cheese which featured two young girls hanging upside down from a 5-a-side football goal post and having a conversation about where food went when you eat when hanging upside down. One of the girls opened a Cheese Triangle and proceeded to eat it upside down. When I decided to reject the review request I explained to the advertiser that, in my personal view, the ad had great charm but I understood why the Council had decided, that although there was an ex-kids restriction in place, this was not in itself enough to exonerate the ad from showing a dangerous practice.

The second set of ads was on behalf of the Agriculture and Horticulture Development Board for their “Eat Balanced” campaign. This attracted many complaints.

The TV ad began with a scene of an empty central London Street followed by a shot of metal shutters on a closed store and then green open fields with tractors and cows grazing, and an open field with pigs, with a voiceover which stated “We’ve all got a lot on our plates right now, but here’s something you’ll want to make room for. The story of a food

so natural, it takes the rain from the sky and plants we humans cannot eat, and turns it into something wonderful.” Rain falling on long blades of grass appeared on-screen. Superimposed text stated “Red meat and dairy are a source of B12 and protein ... B12 helps reduce tiredness and fatigue”. The ad contained many further scenes and ended with a voiceover stating “Enjoy the food you eat. Eat balanced”.

The Vegan Society had complained and then asked for a review. They focused on their view of the ASA’s responsibility under the Public Sector Equality Duty. During the investigation they had already been told by the ASA that “veganism has been recognised as a protected belief in specific circumstances... but it is not enough for someone to follow a vegan diet for them to have a protected characteristic. They need to be following that diet as part of a philosophical belief, ethical veganism. The ads in question promoted the consumption of meat and dairy products.

The broadcast ad did not mention vegans. The online ads did, but in the context of promoting beef, pork and lamb and milk as containing vitamin B12 ‘an essential nutrient not naturally present

“ They did not appear to be an attack on vegans, let alone an assault on veganism likely to imperil good relations between adherents to ethical veganism and non-adherents.

in the vegan diet’. The ads appeared to be consistent with NHS advice, and not inconsistent with the requirements for health and nutrition claims for foods. They did not appear to be an attack on vegans, let alone an assault on veganism likely to imperil good relations between adherents to ethical veganism and non-adherents.”

It seemed to me this was an entirely fair statement and I told the complainants that I had not come across a better example of such thorough consideration of the ASA’s decision-making obligations under PSED than in this case.



Hayden Phillips
The Independent Reviewer of the Rulings of the ASA Council





Financial results for the year

The statutory accounts in the format required by the Companies Act 1985, and including the auditors’ report, which was unqualified, have been lodged with the Registrar of Companies and are available on request from the Secretary.

The Balance Sheet and Profit and Loss Account which follow have been extracted from the statutory accounts.

Robin Price
Secretary & Treasurer

Balance Sheet at 31 March 2022

	2022	2021
	£000s	£000s
Fixed Assets	-	2
Current Assets		
Prepayments	7	6
Cash at bank and in hand	214	198
	<hr/> 221	<hr/> 204
Less Current Liabilities	29	35
Net Current Assets	<hr/> 192	<hr/> 169
Total Assets	<hr/> 192	<hr/> 170
Reserves		
Profit & Loss Account	<hr/> 192	<hr/> 170

Profit and loss account

For the year ended 31 March 2022



	2022	2021
	£000s	£000s
Income:		
Basbof Levy	3,566	2,877
Interest	–	–
Total Income	3,566	2,877
Payments to Self-Regulatory Bodies:		
The Advertising Standards Authority	3,252	2,595
Independent Reviewer	35	33
Broadcast Committee of Advertising Practice	36	30
Other Self-Regulation costs	10	16
Total Self-Regulatory Payment	3,333	2,674
Administrative Costs:		
Staff costs	161	136
Other operating costs	46	47
Total Admin Costs	207	183
Total Costs	3,540	2,857
Profit (Loss) before Tax	26	20
Corporation Tax	4	4
Profit (Loss) after Tax	22	16

The Board of Directors of the Broadcast Advertising Standards Board of Finance Limited

Directors as at 30 June 2022

Mark Lund OBE
Chair

Yvonne Kintoff
RC

Martin Telling
IPA

Paul Bainsfair
IPA

Niamh McGuinness
CLEARCAST

Stephen Woodford
AA

James Best
CAP

Robin Price
basbof

Magnus Brooke
CLEARCAST

Phil Smith
ISBA/EASA

The seven associations represented are shown above by their initials.

basbof is an independent body set up by the main organisations of those involved in advertising, and the associations now represented on the Board of Directors as at 30 June 2022 are:

**ADVERTISING
ASSOCIATION**

CAP ✓
broadcast


CLEARCAST


European Advertising
Standards Alliance

I S B A

IPA

 **RADIOCENTRE**

(company limited by guarantee and not having a share capital)

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Website: advertisinglevy.co.uk

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Supporting Trust in Advertising

