

basbof

Annual Report 2022-2023

advertisinglevy.co.uk

Contents

03 **Chairman's report**

A word from Mark Lund OBE

05 **Advertising Standards Authority (Broadcast) report**

07 **Broadcast Committee of Advertising Practice report**

09 **The Independent Reviewer of the Rulings of the ASA Council report**

A word from Hayden Phillips

11 **Financial results for the year**

13 **The Board of Directors**



A word from Mark Lund OBE, Chair



2022/23 marked another important step change in the continued evolution of Basbof and the way that self-regulation in the UK is funded. In the last two post pandemic years we have seen very advertising spend strong recovery, following the COVID slowdown. Over this time the growth in advertising expenditure comfortably exceeded GDP expansion, as the ad market continued to both draw in new advertisers and also demonstrate its efficiency in generating both brand and sales performance. This has allowed Basbof’s income to grow and for us to put into place a three-year budget that allows the ASA to continue investment in its digital transformation.

In the last year however external reality, in the shape of the Ukraine war, the resulting energy price shock and concomitant cost of living crisis has conspired to make both consumers and advertisers draw back. This has resulted in the second and third quarters of 2023 showing a less buoyant picture — particularly in linear TV. The growth of digital media has helped to balance this out on a macro scale, but the fact that more of digital media is sold in a way that bypasses Asbof’s traditional collection point of the big media agencies, means less of it reaches us and thus the ASA system.

To combat this we continue to develop and cultivate relationships with digital advertisers and media owners to generate compensating direct payments, and in 2023 we have also reached out to the new breed of media agencies who have grown up in the digital world. This is producing promising responses, and we believe this strand of work will be vital for us as the digital media world continues to expand and change.


This slowdown in spend has not, I’m glad to say, affected Basbof’s ability to continue to fund the ASA’s three year investment programme to create a still more proactive and digitally enabled regulator, able to cope with the huge number of different messages and channels that characterise the current media world. The ASA who continue to mix pragmatic experience with a fresh and innovative eye for the future, will in 2023 produce their next five year strategy, following a typically thorough and thoughtful process over the last months.

Basbof’s internal systems, under the guidance of CFO Robin Price continue to evolve. Robin’s strategy has been to focus on them becoming more efficient, transparent and accountable and as part of this our IT, accounting and security systems have all been reviewed and upgraded. As the next stage we will continue to look for ways of improving both our forecasting and reporting systems to enable us to be more agile and forward looking.

“ As the next stage we will continue to look for ways of improving both our forecasting and reporting systems to enable us to be more agile and forward looking.

Basbof’s ongoing relations with government and other regulators are crucial to our role as part of the ASA system (with ASAB and BCAP). As part of the government’s impending legislative programme affecting the UK advertising sector, I am deputy-chairing the Online Advertising Programme Task Force, assembled and chaired by Sir John Whittingdale of DCMS. This is a great opportunity for industry to demonstrate that it can stay ahead of the curve of public concern in relation to online advertising — particularly in the key areas of Scam advertising and the exposure of age-inappropriate products to under 18s, thus strengthening the role of the self-regulatory eco system in keeping the UK at the forefront of advertising regulation and commercial practice.

The strength of the system remains, though, its ability to function as a highly efficient, symbiotic partnership and in this I want to extend again my admiration and thanks to Basbof’s key partners — to David Currie and Guy Parker at the ASA, to James Best and Shahriar Coupal at BCAP and all those on the Basbof board who provide such consistent and strong counsel. And finally and importantly to the staff at Basbof who continue to work so well and so willingly in keeping us moving forward.



Mark Lund OBE
Chairman





Advertising Standards Authority (Broadcast)



2022 was the year when our growing in-house data science capability began to revolutionise the way we both gather intelligence about ads and monitor and enforce them, particularly online. Our data science tools and models, which we now call our Active Ad Monitoring System, helped us make progress in the following areas: influencer ad monitoring; IVF clinic ad monitoring; cryptocurrency ad monitoring; green claims monitoring; gambling ad monitoring and Botox ad monitoring. Meanwhile, we continued to work with third-party tech providers and research agencies to better understand exposure to age-restricted ads online and improve compliance, with our 100 Children report a key publication.

We secured the amendment or withdrawal of 31,227 ads, up 53% on 2021. 6% of those followed reactive complaints casework and 94% followed proactive work (often tech-assisted), testament to the success of our move to more proactive regulation. Importantly, c85% of the total related to organic ads for Botox and other prescription-only medicine, typically appearing in organic social media posts, from a multitude of sole or small traders. The increase in ads amended/withdrawn reflects our improved ability to tackle the scale and volume of online issues, which differ significantly between online channels, and not a general increase in non-compliance by advertisers.

We delivered to Ofcom intelligence-sharing reports on VSP ads, liaised closely with Ofcom, DCMS and DHSC on the new Less Healthy Food ad restrictions (the implementation of which was again delayed by Government, to October 2025) and worked closely with Ofcom and the CMA on influencer advertising monitoring and enforcement.

A huge amount of our public affairs work focused on the Online Safety Bill and, particularly, the Online Advertising Programme (OAP), where we argued that any legislative changes should strengthen and not undermine the ASA system, signalled our in-principal willingness to work with Ofcom in any enhanced co-regulatory system and countered the suggestions of some stakeholders that the ASA system should be held responsible for the prevalence of scam ads. On the last of those, we continued to contribute to the disruption of scam ads, including through our Scam Ad Alert system, but called for a more strategic national response (now in place through the Government's National Fraud Strategy).

We launched the Intermediary and Platform Principles (IPP) pilot in June, a world first, and published our Interim Report in December. We see our work with platforms and intermediaries, including but not limited to the companies that participated in the pilot, as central to delivering better outcomes for the public. And given the cross-party support

“ We made good progress on our Racial and ethnic stereotyping in ads and Body image in ads projects

for holding platforms in particular to greater account for the role they play in protecting their users, and the OAP’s focus on that alongside the role of other online intermediaries and publishers, the ASA system has an opportunity to get ahead of any legislation and put in place more proportionate, targeted and effective protections that tackle the most important ad-related harms.

We made good progress on our Racial and ethnic stereotyping in ads and Body image in ads projects, including publishing our research findings on the former and an interim statement on our call for evidence on the latter.

Our Climate change and the environment project was central to much of our work, with the completion of our first issues-led review into energy, heating and transport, the publication of our research into carbon neutral/net zero/electric and hybrid vehicle claims and the publication of multiple rulings, including HSBC in a watershed ‘misleading by omission’ case that garnered extensive national and international media coverage. We made more gradual progress on our ASA Net Zero plans, though importantly we committed to achieve net zero by 2030 at the latest.

We launched our own opinion-former ad campaign in June and our full UK-wide public ad campaign in October. We delivered 1,037,037 advice and training Touchpoints, easily our record ever. And we introduced our 40/60 (office/remote) hybrid working policy.

After playing catch-up on rulings after a slow first half, we comfortably exceeded the 250 minimum target by the year end. We improved our case turnaround KPIs to 4/6 after another slow start (the two we missed were close). But with rising staff costs due to the cost of living crisis, our productivity targets proved beyond us: we missed two out of three (albeit one only just).

CAP and BCAP tightened the gambling rules, restricting gambling ads from having strong appeal to under-18s. The impact of that change, coming before the men’s World Cup, was dramatic, preventing ads from featuring high profile footballers. (Such ads were prevalent at the time of the previous World Cup.)

We secured positive and widespread media coverage through key announcements, high-profile rulings and publishing batches of rulings related to our project work. Our ratcheting-up of sanctions against influencers also prompted significant media interest.

We produced our first Three-year Forecast 2023-25, secure in the knowledge that our and particularly Asbof’s growing success in closing the ‘online funding gap’ and the quicker-

than-forecasted rebound in the UK ad market, means our short- to medium-term funding is now more secure. Basbof approved our 2023 budget, delivering the first year of significantly above-inflation investment over that period, despite the unhelpful economic climate. Despite another very busy year, we again struggled to spend our budget, spending 93.9% against a minimum target of 97.5%. We hope that our move to more realistic budgeting and forecasting in 2023 will improve that.

Our data science plans involve further developing our capability, including by continuing to grow the team, scaling up our Active Ad Monitoring System and also tackling access to data (i.e. ads), which revealed itself to be a particular challenge in 2022 (and remains so, although we are making some progress). OAP continues to be a priority, as well as influencing major parties in the run up to the next General Election. And we are making good progress developing our new five-year strategy, which will run from 2024-2028.



Guy Parker
Chief Executive – Advertising Standards Authority



Committee of Advertising Practice



As the part of the ASA system representing those who commission, make and distribute advertising, BCAP has three essential functions, each with its own dedicated team working across all facets of the industry.

First, Regulatory Policy, keeping the Codes of Advertising up-to-date, comprehensive and effective in an always-evolving world of commercial communications, which is also the principle concern of the Committee; second, Advice, giving practitioners clear and practical guidance on developing and running advertising that will accord with the rules; and third, Compliance, ensuring that those advertisers or others in the chain who have been instructed to amend their communications by the ASA do so.

All three arms have been busy over the past year, each playing their part in fulfilling the ASA’s objectives and, as ever, covering a very wide range of topics and issues.

To take them in turn, Advice had a record year. No fewer than a million touchpoints were logged, delivering online guidance and help to practitioners right across the advertising ecosystem. This total is nearly double that of 2019 and shows both the appetite for quick, authoritative, practical advice in a diverse and dynamic industry, and the ability of BCAP’s expert people to produce quality material in volume. From the Metaverse to buy-now-pay-later services, pet influencers to dark patterns, our Insight Articles, Bitesize videos and Advice Online entries supported significant ASA adjudications, new rules and developing policies.

Compliance stepped up enforcement in some key areas of concern, including cryptocurrencies, cosmetic procedures, e-cigarette promotions and debt management. Their impact has been revolutionised by the increasing capability of the ASA’s data science resource, enabling their net to be cast over many more influencers and other market participants than previously possible, quickly and effectively.

Regulatory Policy’s year was unusual. Continued political turmoil stalled several government initiatives expected to come to fruition during 2022; we can now see legislation and reviews coming with a rush in 2023. But plenty was achieved: work on environmental claims and ‘greenwashing’, online ad-targeting, gambling, telecoms pricing, body image and alcohol alternative drinks resulted in, or is soon bringing, new rules or guidance, whilst the launch of the IPP pilot signalled unprecedented engagement with the ASA on the part of key online actors.

“ All three arms have been busy over the past year, each playing their part in fulfilling the ASA’s objectives and, as ever, covering a very wide range of topics and issues.

Across the board, then, the depth and scope of engagement between regulator and industry was illustrated by the BCAP Executive’s constant dialogue with individuals, companies and trade organisations to ensure that UK advertising remains responsible and trustworthy.



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



A word from Hayden Phillips



In the year to end of June 2023 I received 15 requests for review of broadcast ad decisions made by the ASA Council of which only 2 were formally investigated by the ASA and one case was ineligible as the decision it involved had not been made by the Council. All the requests save 2 were from complainants. Of the two from advertisers one, a Coral ad for betting on horse-racing, took a massive 77 days to complete partly because the need to analyse one of the longest legal submission I have received. The case turned on the degree of excitement viewers would consider the ad generated and whether this was as much about the excitement of gambling as about horseracing itself. Although it was a finely balanced judgement in the end, I agreed with the Council that the ad fell on the wrong side of the line. The other formal investigation case has yet to be completed.

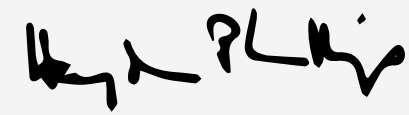
There were a number of complaints about ads for EE. I will describe one of these which upset a lot of people.

This was a TV ad for EE's phone check service. It showed an actor, Kevin Bacon, buried in a coffin-like structure underground. He was using his phone as a torch, which then went out and, at the end of the ad, he burst out of the coffin into the open. The ad made allusions to circumstances being tight, no doubt a reference to the cost of living crisis. Twenty one people objected to the ad, saying it was distressing and irresponsible because it depicted a man buried alive in a grave. Some argued that it would encourage emulation by children and that it had been inappropriately scheduled. Seven complainants, who suffered from claustrophobia, objected that the ad caused them distress and anxiety or that it could be upsetting for the recently bereaved.

I explained to those who had written to me that the test I had to apply was whether or not the Council's decision was irrational or indefensible. I said that I could not see it was either. The Council recognised that some people would find the ad distasteful and it was self-evident that the twenty one who complained had their own personal reasons for finding it to be distressing to them. However, the actor is seen to be unharmed and, in my view, the ASA Council placed most weight on that fact. In addition, they took the view that the creative elements in the ad would be understood to be references to the current cost of living issues and the nature of the service being offered by EE. The target audience was adults and bill payers and they would not seek to emulate the actions of the actor so it did not need a scheduling restriction. I further explained that the fact that twenty one people were offended or distressed by the ad did not weigh with the Council which assesses the intrinsic nature of an ad not the number of complaints.

“ Decided that the ad was a general brand promotion and puffery which was unlikely to be taken literally.

There is one other ad worth mentioning which is a well-known ad for Lloyds Bank with their black horses being “By Your Side”. A complainant challenged the “By your side” claim on the grounds that his local branch had closed and that more closures were planned. He also argued that the claim was misleading on the grounds that the Bank was not supporting elderly or vulnerable customers. I explained that the Council both in this case and in a previous precedent case had decided that the ad was a general brand promotion and puffery which was unlikely to be taken literally. I said I agreed with that view and told him that I did not think he was an average consumer in the context of this ad as he had taken it literally.



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 30 June 2023

	2023	2022
	£000s	£000s
Fixed Assets	-	-
Current Assets		
Prepayments	18	7
Cash at bank and in hand	278	214
	296	221
Less Current Liabilities	84	29
Net Current Assets	212	192
Total Assets	212	192
Reserves		
Profit & Loss Account	212	192

Profit and loss account

For the year ended 30 June 2023



	2023 £000s	2022 £000s
Income:		
Basbof Levy	2,941	3,566
Interest	27	–
Total Income	2,968	3,566
Payments to Self-Regulatory Bodies:		
The Advertising Standards Authority	2,610	3,252
Independent Reviewer	30	27
Broadcast Committee of Advertising Practice	36	36
Other Self-Regulation costs	3	10
Total Self-Regulatory Payment	2,679	3,333
Administrative Costs:		
Staff costs	194	161
Other operating costs	69	46
Total Admin Costs	263	207
Total Costs	2,942	3,540
Profit (Loss) before Tax	26	26
Corporation Tax	6	4
Profit (Loss) after Tax	20	22

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

Directors as at 30 June 2023

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 2023 are:

**ADVERTISING
ASSOCIATION**



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

Registered office:

12 Henrietta Street
London WC2E 8LH

Email: info@basbof.co.uk

Website: advertisinglevy.co.uk

Registered in England No. 1195756

basbof

Supporting Trust in Advertising

