

SUBJECT: CONSULTATION PROPOSALS FOR COMMUNICATIONS SERVICE

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To seek Members' views as part of the consultation process in seeking to achieve savings with the Communications service.

2. SUMMARY

- 2.1 Contained within the report to Council on 24 February 2010, the Medium Term Financial Plan identified a potential indicative savings target for Communications, Marketing & Events of circa £200k as part of the Directorate of Corporate Services savings target of £2.1m.

3. LINKS TO STRATEGY

- 3.1 This report sets out how the Communications service will continue to contribute to delivering the priorities of the authority set out in its Improvement Plan 2009 – 2012.
- 3.2 The report also supports the Medium Term Financial Plan as set out in the Budget Report for 2010/11.

4. THE REPORT

- 4.1 The report sets out a number of options on how we can reduce the budget costs for the Council's Communications. In reconfiguring the service to deliver a complete Communications service a corporate communications strategy must be developed and embrace all of the priorities of the authority and promote the vision and values of the organisation.
- 4.2 This report provides an options appraisal for future communications service provision.
- 4.3 The current structure within Communications is split into discrete service areas of Print and Design; Media; Web; Advertising; and Events. These are described in Section 4.4 – 4.8 that follow. See current structure for Communications Unit (Appendix A and Appendix B) for a detailed breakdown.
- 4.4 The Design and Print Service**
- 4.4.1 Two specific areas of the Communications Unit - Design and Print, have been affected quite dramatically by the authority-wide cut in publicity spending last year and again in this financial year. Reflecting on these changes, a robust challenge to the services' current status has been undertaken via an options appraisal using an IDEA Service Delivery Option Appraisal Summary (see Appendix C).

- 4.4.2 This appraisal concluded a mixed economy approach (internal and external provision) could be considered and if implemented there should be, after 12 months, a further evaluation to ensure economic value as well as effectiveness has been delivered. Clearly certain aspects of the services lend themselves to this mixed economy approach more readily such as Print, Design and Advertising.
- 4.4.3 To take these services forward to be delivered in different ways would require a process to ensure improved service provision could be achieved this may take sometime. One of the options considered looked at joint provision and in the current climate whether this, through an investment of venture capital or delivery via private sector, could be achieved is not clear. Either of these options will require significant input in defining the services and understanding the market force.
- 4.4.4 Having set out the appraisal considerations and before considering the detail of the options, this report wishes to provide the current service position of each area of work.
- 4.4.5 **Print:** The unit is working below capacity because of reduction in budgets across the authority. It is projected further development of integration within the Council's applications which produce the majority of print output, eg Proactis could as a consequence require the staffing ratio to be adjusted to reflect the business activity.
- 4.4.6 The print service is currently provided as a trading account and delivers high volume photocopying, offset printing, inserting and finishing. This has generated a turnover of 14,316,353 sheets of paper and billed £308,057.55. The inserter business current generates 587,535 units at a billed cost of £263,343 the majority of its business is council bills and payslips. Salary costs are currently £139,673.
- 4.4.7 The service will, however need to adjust to further potential reduction in income and maybe consider how it will manage the peaks and troughs in work flow by offsetting part of the work to private companies
- 4.4.8 **Design:** The two areas involved in design are graphic and web. Most campaigns and marketing packages require a blend of the traditional graphic and new media and all of the proposed options look at combining these design disciplines into one team.
- 4.4.9 The past year has seen 317 graphic design jobs undertaken and placed £219,953.88 with external print suppliers. The salary costs are £169,523 equating to 4 graphic design posts and 2 web design posts one of which is wholly funded via income generated mainly from grant funded projects. In addition there is a Design Manager's post at a cost of £39,798 which is currently vacant.
- 4.4.10 Currently work is received via a variety of sources. In order to rationalise the throughput and focus on key Council objectives it will be necessary to prioritise work and this should be the function of a senior officer. If the designers are reduced in number outsourcing design projects will become the norm. External design charges usually start at £50 per hour and increase dependent on type of work up to £250 per hour, these costs will be borne by the service commissioning the work.

4.5 The Media Service

- 4.5.1 The service in embracing the requirements as set out in 2009 by CMT and Cabinet and recently reviewed, sees the team reinforced and ready to be able to respond and deliver an assertive, effective and cost efficient promotional tool in promoting the Council's policies and services.

4.5.2 The current salary cost in this area is £39,798. Future costs would embrace the agreed transfer of the Education and Leisure events posts budget of £56,466 and place two posts - a Media Assistant and an Events Assistant in this team together with the annual grant funded Community Safety Media Assistant.

4.6 The Web Service

4.6.1 The web service has during the last twelve months worked closely with the team in IT and to some extent has altered its remit in light of the new style website. However, the growth in new media communications requires the Council to consider how it manages this news and communication link with the web site as well as developing new cost effective marketing methods using the technology available.

4.6.2 Managing local government web sites and other e-communications channels has developed into a specialism itself requiring a varied set of skills ranging from information architecture, marketing, design and technical skills.

4.6.3 The transactional business process of the web serves only part of the organisation and the marketing and promotional element often drives additional business and the Big Cheese site is an excellent example of this type of web presence where in excess of 50,000 hits are recorded in the two weeks leading up to the event. The existing micro sites will need maintenance and support for the foreseeable future. The current salary costs for this service are £61,509 excluding the design element.

4.7 The Advertising Service

4.7.1 The advertising service continues to centrally co-ordinate activity across the Council but has seen a significant drop off in activity following previous Council decisions to cut expenditure on advertising.

4.7.2 The unit is placing approximately £175,000 value of advertising per annum.

4.8 The Events Service

4.8.1 There is a clear desire expressed by Cabinet for a single delivery of events for the entire authority. Communications does provide an events service for high profile activities but this is not formally resourced and relies on media, administration and advertising personnel to deliver corporate events. The recent transfer of the two posts from Education and Leisure are being used to fulfil these aspirations in addition the restructure options proposed will further support this work. The transfer of the education events officer post has been reconfigured to provide a corporate media assistant, the events assistant post remains unchanged. The current salary therefore is £24,673.

4.9 Options Appraisal for Future Service

4.9.1 Three distinctly different options are put forward for consideration. The grades associated with the posts in these proposals are based on our opinion and would need to be formally evaluated with the new job descriptions. Each option shows the overall impact on the salary cost and number of posts in all of the council's Communications team.

4.9.2 To restructure the Corporate Communication Unit currently has 23 posts five of which are vacant at the time of this report, we are putting forward three options. Each options gives an overview of the council's entire spending on posts, identified as working in the communications, and events fields. The Web Editor has been seconded into the IT Development team and the salary costs for this are still accounted for in the proposals, as is an ongoing pension contribution.

4.10 **Option 1 – Estimated Savings Target £178,169 (see Appendix D)**

4.10.1 Reduce current staffing by 7 posts to reflect reduction in workload and demand for the service.

4.10.2 The reduction in the current workload for the corporate communications would be minor with this option, but any desire for an improved, new communications strategy, centrally managed and co-ordinated, would be undeliverable with this model.

4.11 **Option 2 – Estimated Savings Target £ 260,900 (see Appendix E)**

4.11.1 This option would see a significant reduction across all communication work areas if this option is selected, with a reduction of 10 posts. A new communications strategy and action plan will need to be developed to reflect the capacity available and also be able to respond to the budget pressures over the next four years.

4.12 **Option 3 – Estimated Savings Target £ 434,932 (see Appendix F)**

4.12.1 This option sets out the most radical approach and would dramatically reduce the Communications Unit by 15 posts) as it would require outsourcing significant areas of work currently undertaken in-house, with only core media and internal printing (Committee papers, etc) retained in-house. This option will require work to be undertaken by the private sector at commercial rates. Officers are of the opinion less work would be able to be purchased when compared to running an in house service. The remaining staff would have a corporate co-ordinating role and would advise services on how to buy in more support.

5. **FINANCIAL IMPLICATIONS**

5.1 The financial implications show a possible saving of between £ 178,169 and £ 434,932, dependant upon the option chosen. The indicative pro rata savings target identified in the medium term plan was to produce a saving of circa £200k.

5.2 Clearly, there is a need to consider the practical implications should employees not be redeployed, which could result in redundancy payments, the costs of which would need to be borne by the Council as a one off payment on an invest to save basis

5.3 The cost of each option is summarised below:-

Option 1

Current	23 posts	£695,585	
Proposal	16 posts	<u>£517,416</u>	-posts to be deleted: 7
Salary Saving		£178,169	

Option 2

Current	23 posts	£695,585	
Proposal	13 posts	<u>£434,685</u>	-posts to be deleted: 10
Salary Saving		£260,900	

Option 3

Current	23 posts	£695,585	
Proposal	8 posts	<u>£260,653</u>	-posts to be deleted: 15
Salary Saving		£434,932	

6. PERSONNEL IMPLICATIONS

- 6.1 All changes would require consultation with staff and trade unions. Any restructure would need to be ring-fenced to maximise savings. None of the employees involved are suitable for considering early retirement, given their age.
- 6.2 All employees posts will need to be redefined and where appropriate apply for the position. There will be employees who will be entitled to salary protection.

7. CONSULTATIONS

- 7.1 This report is presented to Policy and Resources Scrutiny as part of the ongoing consultation process.
- 7.2 Staff and their trade unions were formally provided with this report on 8 September 2010 at the Chief Executive's JCC. A meeting with staff also took place that week. The trade unions feedback to date will be presented on 5 October 2010 as part of this report.

8. RECOMMENDATIONS

- 8.1 Members' views are sought on the options contained within the report, prior to submission to Cabinet for consideration.

9. REASONS FOR THE RECOMMENDATIONS

- 9.1 This area has been identified for potential savings, as part of the Medium Term Financial Planning savings target.

10. STATUTORY POWER

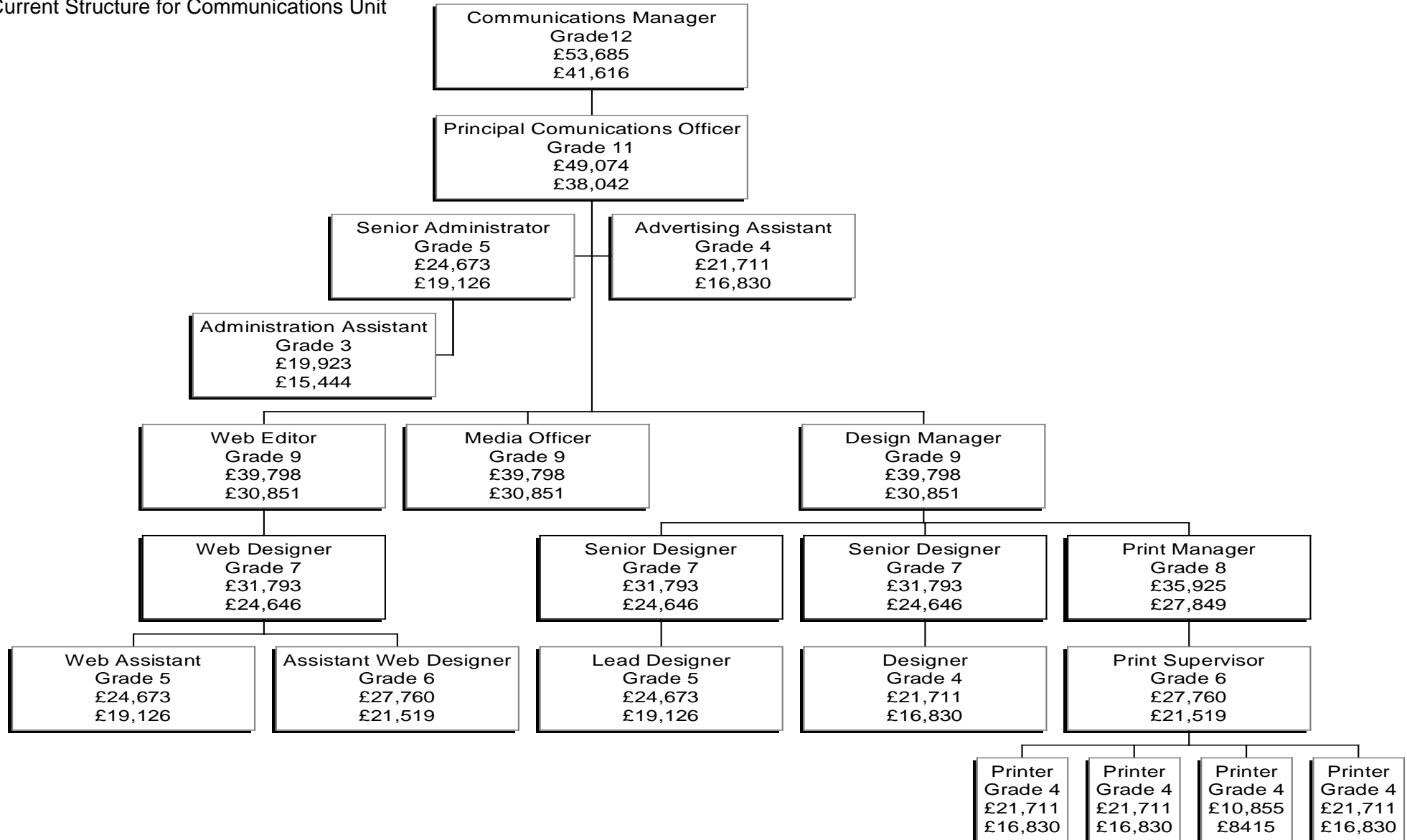
- 10.1 Local Government and Housing Act 1989

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Recognised Trade Unions
Employees employed within the service

Appendices:
Appendix A Current Communications Unit (Structure)
Appendix B Current Communications Unit (Costs)
Appendix C IDEA Service Delivery Option Appraisal Summary
Appendix D Option 1
Appendix E Option 2
Appendix F Option 3

Current Structure for Communications Unit



APPENDIX B

No.	CURRENT STRUCTURE Post Title	Current Grade	Total costs Incl 29% on cost
1	Communications Manager	12	53,685
2	Principal Communications Officer	11	49,074
3	Web Site Editor	9	39,798
4	Media Officer	9	39,798
5	Design Manager	9	39,798
6	Print Manager	8	35,925
7	Senior Designer	7	31,793
8	Senior Designer	7	31,793
9	Web Designer	7	31,793
10	Printing Supervisor	6	27,760
11	Assistant Web Designer	6	27,760
12	Snr Administrator	5	24,673
13	Lead Designer	5	24,673
14	Printer	4	21,711
15	Printer	4	21,711
16	Printer	4	10,855
17	Printer	4	21,711
18	Assistant Designer	4	21,711
19	Web Assistant	5	24,673
20	Advertising Assistant	4	21,711
21	Administration Assistant	3	19,923
			622,329
	Pension Costs		16,790
	Total cost Communications Unit		639,119
22	Events Officer	7	31,793
23	Events Assistant	5	24,673
	Total cost Education Team		56,466
	Total Current Salary Costs	23 posts	695,585

An options appraisal using an IDEA Service Delivery Option Appraisal Summary

1. The cessation of the service, in whole or part.

The council requires a services which enables it to communicate regularly and effectively with all of its public audiences. Therefore cessation of the service is not an option.

2. The creation of a public-private partnership, through a strategic contract or a joint venture company for example.

Clearly aspects of the service lend themselves to this mixed economy approach such as Print ,Design and Advertising. To take these services forward would require quite a lengthy process to ensure improved service provision and in the current climate whether joint provision through an investment of venture capital would be an attractive option to the private sector.

3. The transfer or externalisation of the service to another provider (with no in-house bid).

As before there is clearly some aspects of the service which lend themselves to out sourcing and would provide a good mix of provision. In all of the options proposed this work could still be undertaken to test the market.

4. The market testing of all or part of the service (where the in-house provider bids in open competition against the private or voluntary sector).

Each aspect of the service should be market tested and through a benchmarking process be assessed for value for money. This has been undertaken over the past few years particularly with partner organizations and partner projects and in the main the service has successfully won the business. The most recent being the Heads of the Valleys waste programme.

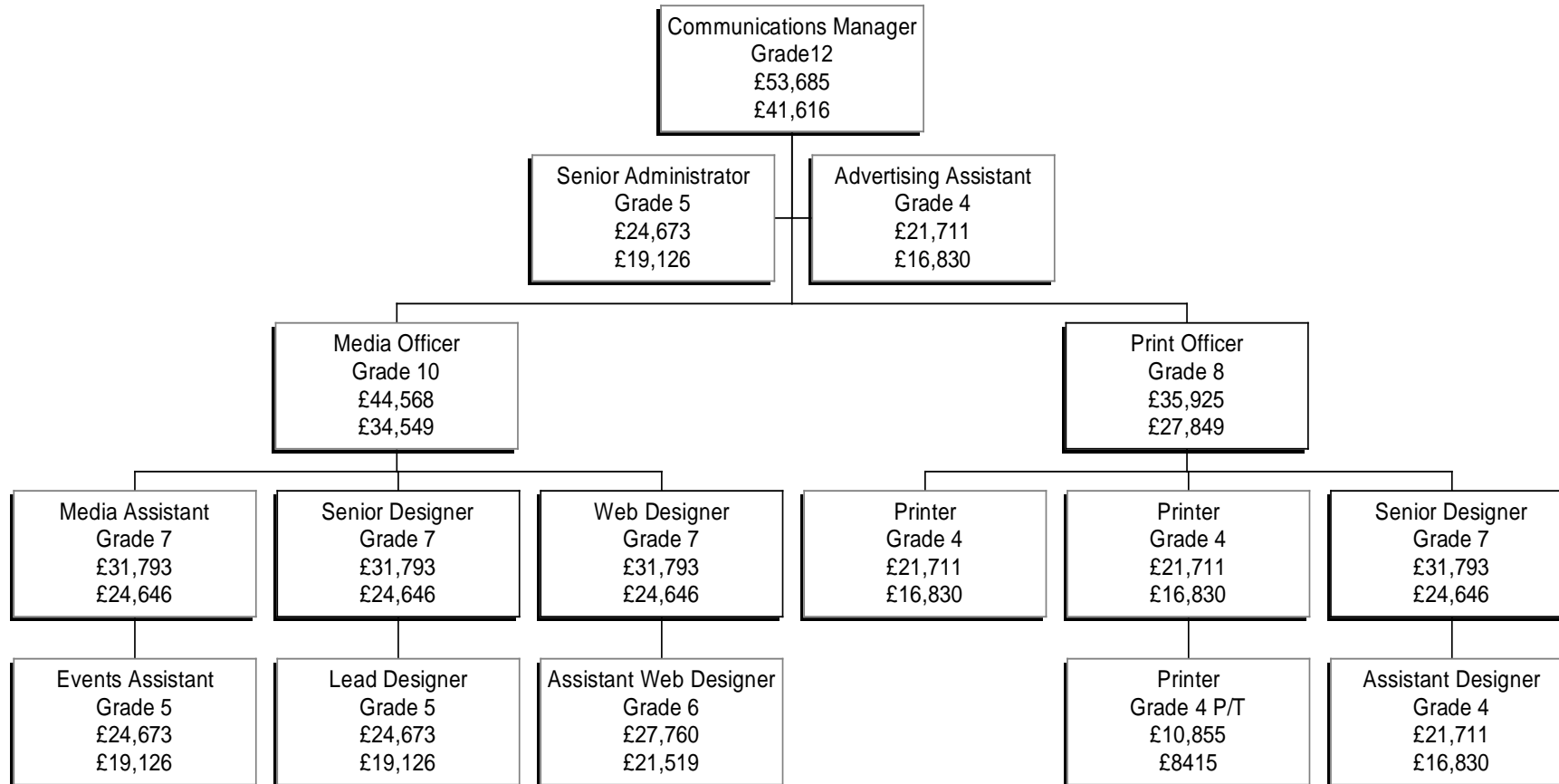
5. The contribution or restructuring or repositioning of the in-house service.

This report is examining these options

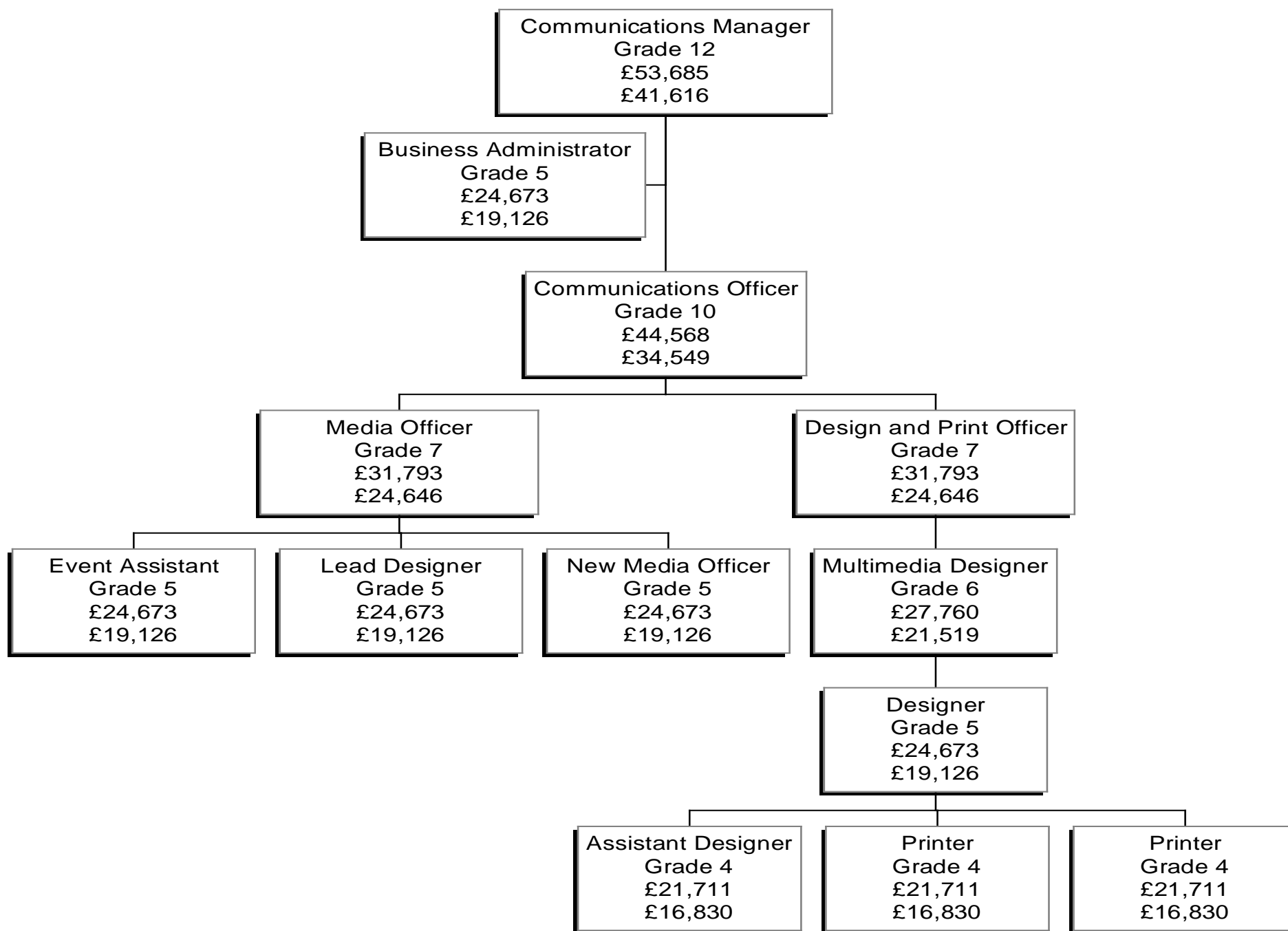
6. The joint commissioning or delivery of the service.

The Public Service Wales programme of Meeting the Challenge of Change will enable the communication team to consider opportunities for joint commissioning or delivery with neighbouring public sector bodies.

Option 1



Option 2



Option 3

