



SPECIAL POLICY AND RESOURCES SCRUTINY COMMITTEE – 29TH NOVEMBER 2010

**SUBJECT: PROPOSAL TO MEET MEDIUM TERM FINANCIAL PLAN FOR
COMMUNICATIONS, MARKETING & EVENTS SERVICE**

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To recommend to Cabinet proposals to achieve £200,000 savings within the Communications, Marketing and Events 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 as 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 three options on how we can reduce the budget costs for the team responsible for the council's communications function. In reconfiguring the service to deliver a complete Communications, Marketing and Events Service it will be important to develop in the coming months a corporate communications strategy which embraces all of the priorities of the authority and promotes the vision and values of the organisation.
- 4.2 The report only looks at the corporate communications role, there is further expenditure in other parts of the authority on marketing and events.
- 4.3 The current structure within Communications is split into discrete service areas of Print and Design; Media; Web; Advertising; and Events. Details of these services can be found in the background papers used during the consultation preparation of this report.

4.4 The Current Service Situation

- 4.4.1 **Print Service:** The print service is currently provided as a trading account and delivers high volume photocopying, offset printing, inserting and finishing. This is working below capacity

because of general reduction in budgets across the authority and the introduction of electronic applications for traditional internal stationery such as Proactis ordering system, multi functional printers capacity and the move towards a higher ratio of electronic communications with residents.

- 4.4.2 **Design Service:** 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 two of the proposed options look at combining these design disciplines into one team.
- 4.4.3 An options appraisal has concluded a mixed economy approach (internal and external provision) could be further developed if the council wished to significantly reduce the design and print element of the communications service.
- 4.4.4 **Web Service:** The growth in new media communications is a key element of developing the communications structure to be fit for purpose. The opportunities for developing new cost effective marketing methods using the technology available are an essential ingredient in the response to the Medium Term Financial Plan. Currently the web team is split in the division with IT supplying mainly the back office functionality and Communications providing the front facing corporate media content.
- 4.4.5 **Media Service:** 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.
- 4.4.6 **Advertising Service:** 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. The unit is placing approximately £175,000 value of advertising per annum as oppose to £622,079 in 2007/08. The majority of the advertisements placed in 2009/10 were public notices.
- 4.4.7 **Events Service:** There is a clear view expressed by Cabinet for a single delivery of events for the entire authority. Communications does provide a corporate 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 marketing and events posts from Education and Leisure are being used to fulfil these aspirations in addition the restructure options proposed will further support this work.
- 4.5 The Web Editor has been seconded to the IT team and for the purpose of this report this salary remains intact and does not form part of the proposal. Therefore in each option the reference of twenty three posts includes the seconded post.
- 4.6 Option 1 – Estimated Savings Target £178,169 (see Appendix 3)**
- 4.6.1 This option takes advantage of the five existing vacancies in the unit and reduces current staffing level of twenty-three by six posts to sixteen. However it means one person would be moved to the redeployment pool. This option does not deliver the £200,000 savings.
- 4.6.2 The service would remain very similar to that delivered currently. However this option does not respond to the future business projection of the reduction in design and print business and the need to embrace new media. It is the preferred option of employees and Trade Unions.
- 4.7 Option 2 – Estimated Savings Target £ 241,876 (see Appendix 4)**
- 4.7.1 This option would reconfigure the service to provide a new structure designed to reflect the growing demand for a more robust media and events service, whilst still delivering a core design, print and advertising service. If this option is selected, this would mean a total reduction of nine posts, from twenty three posts to fourteen posts with three people to be

redeployed. 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. This does exceed the £200,000 savings requirement.

- 4.7.2 The service would be redefined in line with the preference indicated by Cabinet and Corporate Management Team. They wish to have a more proactive media stance across the authority and introduce a corporate co-ordination of events and promotional activities, which meet a corporate standard. This option also seeks to respond to the anticipated downturn in design and print and the use of new media as a cost effective PR and marketing tool. It also allows the exploration of collaboration with other public sector partners to offer to supply to them media, event, design and print services.
- 4.7.3 This option is not totally rejected by employees and Trade Unions, but employees have suggested alternative structures, none of which reduce the number of design and print personnel to reflect the projected reduction of workload.

4.8 Option 3 – Estimated Savings Target £ 434,932 (see Appendix 5)

- 4.8.1 This option sets out the most radical approach and would dramatically reduce the Communications Unit by seventeen posts to six posts providing a minimal communications and events service. The procurement of design, print, advertising and web design would require contractual negotiations with either other local authorities or the private sector to be managed by the unit. 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 the council on procuring the required support. This option substantially exceeds the required £200,000 saving.
- 4.8.2 This option moves the communication service into commissioning role for the council. This will also be for the service departments to decide on the level of expenditure they allocate to pay external suppliers. The structure would rely upon the officers' ability to source appropriate skills from the private sector or to work in collaboration with other public bodies who still have a broad range of communication services. It is anticipated there would only be a core in-house responsive team and in crisis times this would need to be supplemented with private sector support.
- 4.8.3 Both employees and Trade Unions have rejected this option, because the reduction in employees is significant and the associated costs of delivering the current service level cannot be simply measured by the reduction of the salary cost. It is unquantifiable whether services would use the money saved from their budget to pay outside agencies to provide a similar level of service. Within the consultation responses there were a number of concerns raised regarding this option and the management of the corporate identity and other corporate standards currently policed by the communications unit.

5. FINANCIAL IMPLICATIONS

- 5.1 The financial implications are set out in paragraphs 4.6, 4.7 and 4.8.

6. PERSONNEL IMPLICATIONS

- 6.1 The structural change proposals have been consulted with both staff and trade unions. Any restructure will need to be ring-fenced to maximise savings. None of the employees involved are suitable for early retirement.
- 6.2 All employee posts be subject to re-evaluation and where appropriate staff will apply for positions. Also where appropriate new job descriptions will be created to reflect the responsibilities and competencies required. This may result in employees being entitled to

salary protection.

- 6.3 The following table summarises the number of employees who would enter the redeployment pool:

Option	Current posts	Vacancies	New Structure	Seconded posts	Redeployment
1	23	5	16	1	1
2	23	5	14	1	3
3	23	5	6	1	11

7. CONSULTATIONS

- 7.1 Staff and their trade unions were formally provided with the consultative report on 8 September 2010 at the Chief Executive's JCC. A meeting with staff also took place that week. Another meeting took place on 20th October with employees and Trade Union representatives followed by the formal Corporate JCC on 26th October. The employees and Trade Unions feedback have been reflected in this report.
- 7.2 Extensive consultation has taken place with employees and Trade Unions and the documents associated with this are contained in the background papers. In design and print there were particular concerns regarding the levels of work. Further discussions took place and the activity level figures in Appendix 6 have been agreed.
- 7.3 During the consultation Trade Unions raised concerns regarding outsourcing the service. To clarify our proposal regarding "looking at a mixed economy of service delivery" in this area as described in 4.4.4. this does not imply or mean outsourcing the service.

8. CONCLUSION

- 8.1 Taking into account all of the views expressed via the consultation process together with the requirements of the medium term financial plan Option 2 is deemed to provide the optimum solution. It allows a reconfiguration of the service to meet the demands of the future requirements of the organisation and maintains the variety of service provision currently enjoyed by the council but reflects the reduction in resources being spent on publicity and promotion across all areas.

9. RECOMMENDATIONS

- 9.1 The recommendation is to:-
- (i) Implement Option 2
 - (ii) The council will make every effort to ensure those who are not included in the new structure are given training and opportunities to re-skill whilst in the redeployment pool.
 - (iii) The new structure be implemented by 1st April 2011

10 REASONS FOR THE RECOMMENDATIONS

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

11. STATUTORY POWER

- 11.1 Local Government and Housing Act 1989

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Background papers:

P & R 05/10/10 Report - Consultation Proposals for Communications, Marketing and Events Service
Response to Employee and Trade Union comments

Appendices:

Appendix 1	Current structure
Appendix 2	Current Salary Costs
Appendix 3	Option1 Organisational Chart
Appendix 4	Option 2 Organisational Chart
Appendix 5	Option 3 Organisational Chart
Appendix 6	Précis of response to consultation responses
Appendix 7	Background Papers Requested at Policy and Resources Committee