

Item No. 7	Classification: Open	Date: 06/05/04	MEETING NAME Overview and Scrutiny Committee
Report title:		Communications	
Ward(s) or groups affected:		All	
From:		Finance & Economic Development Scrutiny Sub-Committee [7 April 2004]	

RECOMMENDATION(S)

1. That further contributions to communications savings, on top of the proposed £50,000 reduction from departmental baseline budgets, be considered from procurement and changes suggested in paragraph 7 of this report.
2. That the style of the Council Tax and Business Rate Demand brochures be revisited with the aim of achieving cost savings and making them more user-friendly.

BACKGROUND INFORMATION

3. At Council Assembly on 26 November 2003, the following motion was proposed and carried:

“That with regard to the Council’s “communications strategy” Council Assembly notes with concern that, notwithstanding that the Executive’s interim decision on this matter (14th January 2003) included the requirement that:

“the published strategy include clear analysis of the Council’s past communications and publicity spend (across all departments) as a priority so that future efficiencies arising from the implementation of the strategy be identified”

the final decision of the Executive on 4th November 2003 and the strategy agreed on that occasion contained no such analysis or any information as to efficiencies on a total budget of well over £3 million (Best Value Review December 2002). Council Assembly also notes that:

- a. according to the item’s audit trail the Chief Financial Officer’s comments were neither sought nor given; and,
- b. the item states that “there are no financial or legal implications” arising from the strategy.

Council Assembly accordingly calls for urgent scrutiny.”

4. The resolution was referred to the Overview and Scrutiny Committee, which, at its meeting of 15 December 2003, subsequently referred the scrutiny of the Communications Strategy to the Finance and Economic Development Scrutiny Sub-Committee for consideration as part of the 2004/05 budget scrutiny.
5. The Finance and Economic Development (FED) Scrutiny Sub-Committee considered information on the Communications Strategy on 7 April 2004. The report presented to the Sub-Committee is attached as Appendix 1.

KEY ISSUES FOR CONSIDERATION

6. At the FED Scrutiny Sub-Committee meeting, Members asked how £50,000 reduction in Communications spend was to be achieved in 2004/05. Officers were unable to advise at the time. Subsequently, Officers informed Members that there would be a £10,000 reduction in the base budget for the following departments: Education and Culture, Environment and Leisure, Regeneration, Social Services and Strategic Services.
7. However, in the report given to the Sub-Committee, the Head of Communications outlined steps being taken to move towards greater cost effectiveness, better quality and greater efficiencies. These steps are quoted below:
 - *Expenditure code review* – as part of the 2004/05 budget process, expenditure codes have been reviewed to enable us to account for communications spend in more detail, allowing for more informed analysis of spend across the council. The appointment of professional and experienced communications managers in departments (as opposed to a variety of ad hoc temporary and freelance arrangements) means that the head of communications has been better equipped to identify budget codes that work across all the council's communications activities.
 - *Publications schedule* – each of the communications managers is working with their departments to produce a definitive schedule of all the core publications the council is required to produce. It is very likely that the number of publications will be reduced as a result.
 - *Enhancement of corporate identify and house style* – work to establish a tighter house style is almost complete. The new standardised design suite will be used for a large proportion of the council's communications. Not only will this achieve a stronger visual presence for council materials, it will also pave the way for the council to establish framework contracts with just a few design and print agencies for a significant proportion of the council's work.
 - *Framework contracts for straightforward design and print* – with strong design and style guidelines in place, it should be relatively straightforward to work with the procurement team in achieving this. As a result we ought to see some significant reductions in costs, design and print in particular.
 - *Strengthened role for communications managers* – the volume of materials the council must produce is such that the departmental communications managers could not possibly project manage each production entirely. However to achieve economies of scale and the savings that should accrue, they must have an overview and some involvement in all activities within their area of responsibility. New rules for planning and commissioning communications are in final draft and a briefing session for those design agencies on the preferred suppliers list is planned for later this month.
8. While the Sub-Committee were encouraged that steps are being taken to improve the Communications spend, Members believe further savings could be achieved from these steps (on top of the £50,000 from departmental baseline reductions). Further areas of savings particularly highlighted by Members included procurement of services and the style of the Council Tax and Business Rate Demand brochures. The recommendations given in paragraphs 1 and 2 above reflect these thoughts.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Finance and Economic Development Scrutiny Sub Committee: Agendas and Minutes	Scrutiny Team Rm 3.16, Town Hall, Peckham Road, London SE5 8UB	Carina Kane Scrutiny Project Manager Tel: 0207 525 4393

APPENDIX A

Audit Trail

Lead Officer	<i>Shelley Burke</i>	
Report Author	<i>Carina Kane</i>	
Version	<i>Final</i>	
Dated	<i>26/04/04</i>	
Key Decision?	<i>No</i>	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	No	No
Chief Finance Officer	No	No
Chief Officers	No	No
Executive Member	No	No
Date final report sent to Constitutional Support Services	23/04/04	

APPENDIX 1:

Item No. 1	Classification: Open	Date: 7 April 2004	MEETING NAME Finance & Economic Development Scrutiny Sub-Committee
Report title:		Communications	
Ward(s) or groups affected:		All	
From:		Assistant Chief Executive (Strategy & Performance) and Head of Communications, Strategic Services	

BACKGROUND INFORMATION

1. At Council Assembly on 26 November 2003, members agreed that Scrutiny should consider the budget for communications.
2. This follows the best value review of external communications and the subsequent strategy 'Building Better Communications' that was agreed by Executive in November 2003.

KEY ISSUES FOR CONSIDERATION

Analysis of communications spend in previous years

3. Like other support services such as finance, HR and IT, responsibility and budget for communications has been devolved to business managers within departments.
4. Whilst SAP has improved the council's overall accounting and budgeting considerably, the necessary refinements to specifically identify communications spend are only just taking place. This absence of a clear and unambiguous set of costs codes for communications makes detailed historic analysis of council-wide spend not possible.
5. However, during the best value review process, officers from strategic finance were able to interrogate SAP at a high level to arrive at an approximate figure of £3.03million in 2001/02. Investigations showed that this compared favourably with Camden (£3.9million) and Westminster (£3.3million).
6. Interestingly, similar accounting difficulties were encountered in other authorities, including Westminster, because of inconsistencies in the way that communications spend was accounted for.
7. In preparation for the 2004/05 budget cycle a communications audit was undertaken by the departmental communications managers. This revealed a figure for the 2003/04 financial year of £3.06million. This figure includes staff costs (included in the BV figure for 2001/02), and core funding for the council's events programme (not included in the BV figure for 2001/02). In addition to this a further £259,457 of ring-fenced government funding was spent on specific public information and communications activities.

Achieving greater cost effectiveness

8. The best value review and subsequent communications strategy each recognised the need to achieve better cost effectiveness and a consistent and higher quality across all of the council's communications activities. Undertaking the communications audit was the next stage in this process. As a result, we are able to put into place a series of steps to move towards greater cost effectiveness, better quality and greater efficiencies.
9. *Expenditure code review* – as part of the 2004/05 budget process, expenditure codes have been reviewed to enable us to account for communications spend in more detail, allowing for more informed analysis of spend across the council. The appointment of professional and experienced communications managers in departments (as opposed to a variety of ad hoc temporary and freelance arrangements) means that the head of communications has been better equipped to identify budget codes that work across all the council's communications activities.
10. *Publications schedule* – each of the communications managers is working with their departments to produce a definitive schedule of all the core publications the council is required to produce. It is very likely that the number of publications will be reduced as a result.
11. *Enhancement of corporate identify and house style* – work to establish a tighter house style is almost complete. The new standardised design suite will be used for a large proportion of the council's communications. Not only will this achieve a stronger visual presence for council materials, it will also pave the way for the council to establish framework contracts with just a few design and print agencies for a significant proportion of the council's work.
12. *Framework contracts for straightforward design and print* – with strong design and style guidelines in place, it should be relatively straightforward to work with the procurement team in achieving this. As a result we ought to see some significant reductions in costs, design and print in particular.
13. *Strengthened role for communications managers* – the volume of materials the council must produce is such that the departmental communications managers could not possibly project manage each production entirely. However to achieve economies of scale and the savings that should accrue, they must have an overview and some involvement in all activities within their area of responsibility. New rules for planning and commissioning communications are in final draft and a briefing session for those design agencies on the preferred suppliers list is planned for later this month.

RESOURCE IMPLICATIONS

14. From the figures contained in the main body of the report, it appears that communications spend has been relatively stable at around £3million over the last couple of years.
15. However, from 2004/05 onwards, the introduction of new SAP codes should facilitate more accurate and detailed accounting for communications spend.
16. Due to the audit and the other points outlined above, we anticipate far greater cost effectiveness around communications.

17. Whilst we do not have detailed information on communications spend for this year, departments are committed to achieving total savings of £50,000 on their communications spend in the current financial year (2004/05). This will be reviewed again on the basis of more detailed information being available as part of the 2005/06 budget process.

CONSULTATION

17. The public has not been consulted as part of this report.

LEGAL IMPLICATIONS

18. The council is legally obliged to provide the public with certain information about its performance and the way it spends council tax payers money. The law governing communications in local authorities is enshrined in the Local Government Acts 1986 and 1988 and the Government's 'Code of Practice on Publicity'. The latter has recently been amended to take account of political modernisation. These set out the restrictions councils - and the groups funded by councils - work under. All of the council's communications activities are governed by this legislation and the borough solicitor is regularly invited to talk to the communications team about specific issues relating to elections, for example, and to remind them more generally about the legal framework they must work within.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
<i>Building Better Communications – A Communications Strategy for Southwark</i>	<i>Communications Unit, Strategic Services, Town Hall, Peckham Road, SE26 6NR</i>	<i>Amanda Hirst 0207 525 7312</i>

APPENDIX A Audit Trail

Lead Officer	<i>Sarah Naylor, Assistant Chief Executive (Strategy and Performance)</i>	
Report Author	<i>Amanda Hirst, Head of Communications</i>	
Version	<i>Final</i>	
Dated	<i>30 March 2004</i>	
Key Decision?	<i>No</i>	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	No	No
Chief Finance Officer	No	No
Chief Executive	Yes	No
Executive Member	Yes	
Date final report sent to Constitutional Support Services	30 March 2004	