

**PROPOSAL FOR A SHARED COMMUNICATIONS SERVICE FOR THE LONDON
BOROUGH OF SOUTHWARK AND WESTMINSTER CITY COUNCIL**

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Introduction

Both Westminster and Southwark Councils have agreed that in the current climate of public sector spending we have an opportunity to radically rethink service design.

There is a strong business case for sharing communications services, and those that lead the way will attract the reputational and potential commercial benefits from being in the first wave.

The Leader of Southwark has already made clear his commitment to shared services:

“The challenges we face as inner city authorities will continue to grow in importance as the coming decade unfolds. More often than not they transcend borough boundaries. We need to work collaboratively and believe that there is significant potential for cross border working in order to make significant savings.”

This paper sets out how we could go about delivering a shared communications service between the London Borough of Southwark and the City of Westminster from April 2011. The proposed target operating model shows how one function could bring benefits to the two authorities in terms of improved communications and a more efficient service. It outlines how the new organisation will be accountable to the two authorities and how the new function will achieve agreed service standards. In short, how we will deliver better for less.

It is proposed that the new service will be delivered by a new Social Enterprise Company, provisionally called SW Communications (SWComms). This entity, with a single team, will deliver first class communications on behalf of both authorities.

The overriding purpose of SWComms is to provide a high quality, flexible function that offers a range of services to both organisations. By taking a phased approach to implementation, it will allow for capacity building to bring in additional services currently delivered by each authority, and then to look outwards to develop shared services with other local authorities or public sector bodies.

A vision for first class public sector communications

The sharing of communications resources between the two councils should not be seen merely as a short-term response to saving money to deal with the current spending restrictions. This would be an opportunity missed.

We have a long-term vision for shared communications that moves beyond delivering immediate objectives and moves to a fundamental change in the way the public sector engages with its publics and customers.

We will start locally and then bring other local authorities on board before moving towards the establishment of a public sector communications hub.

The Purpose

The purpose of a shared communication service would be to provide a higher quality of communications work across the two central London authorities by utilising the best staff, most effective campaigns and combined lobbying power of the councils.

This is possible because of the similarities between the two authorities in terms of their geography (central London), historic role in the capital, aspirations and concern over issues such as tourism, licensing, housing regeneration and crime and safety.

This is evidenced through the concerns expressed by residents of both areas in the Place Survey. The second question of the survey asks what residents' top priorities for improvement are in their local area. Respondents are asked to tick two or three boxes from the list of twenty provided, so if something is not on the list it is far less likely to be selected by the respondent and written in.

	Southwark order of priority	Southwark	Westminster	Westminster order of priority
The level of crime	1 st	45	35	1 st
Activities for teenagers	2 nd	36	25	5 th
The level of traffic congestion	3 rd	30	35	2 nd
Clean streets	4 th	29	22	7 th
Road and pavement repairs	5 th	28	24	6 th
The level of pollution	14 th	14	30	3 rd
Affordable decent housing	6 th	27	29	4 th

The top priority for residents in both areas is the same (the level of crime), with activities for teenagers and the level of traffic congestion in the top five for both. There is more of a priority in Southwark on the need for clean streets and better road and pavement repairs, while in Westminster there is more concern about pollution and affordable decent housing.

Overall, apart from the level of pollution, residents in Southwark and Westminster are in agreement on what the top seven priorities are.

Objectives

The new shared service will build on, develop and improve the current work of the two separate communications teams.

Its overall aim will be to inform and promote as follows:

REPUTATION: Build resident understanding to improve satisfaction ratings

RETENTION: Retain and recruit good staff by improving understanding of how and why the Council does things

RESOURCES: Win resources for the authority through public affairs work, and win inward investment by promoting the place

The new shared function must improve upon and add value to the current approach:

- deliver best value for both councils through economies of scale, shared campaigns and pooling resources
- by sharing professional expertise and knowledge, provide better outcomes for each authority than can be achieved acting alone
- while making the most from coming together as one team, ensure the team recognises and responds to local requirements for each council
- put in place proper governance and management controls to ensure proper accountability to the individual authorities
- provide a scalable model, if the participating authorities want to extend the reach of its work at a future date.

Shared service activities

The shared service would deliver activities within two major areas of work:

Corporate communications: media relations, website, internal communications, corporate publications and some public affairs work.

Campaign communications: Campaigns aimed at the main audiences that Westminster and Southwark serve. The starting point for this would be the fifteen audiences that Westminster identified as part of its 2010-11 planning process.

It would have the potential also to deliver two further areas of work:

Research: as a minimum the tracker of resident and stakeholder opinion, with the option of extending to all survey-based and opinion research.

Events: two major and four minor events delivered across both authorities every year.

Requirements

A shared service would require the following:

- A robust evidence base using Westminster's Reputation Tracker – regular polls of residents, staff and stakeholders to track progress.
- Strong core corporate campaigns (currently Living City and Fairer Future) to promote the story that the political leadership of Westminster and Southwark are trying to tell to demonstrate operational independence.
- Regular political and managerial dialogue to ensure that the project remains on track.

For this approach to work it will require:

- Clear political backing
- A clear work plan which recognises the need for greater efficiency from service departments in dealing with communications
- A highly organised approach with daily reporting and regular reviews with the political and managerial leadership on each side to avoid problems developing

We see the shared service developing in three distinct phases:

- 1) The two councils' communications resources come together as one team and deliver on agreed campaign outcomes. This will be achieved through the implementation of the proposed Target Operating Model, which we have called SW Communications (SWComms) for the purpose of this paper.
- 2) Extending the offer to other London councils, if this brings benefits to the two lead authorities and new members in terms of increased efficiencies and better communications.
- 3) Extending the model to the wider public sector, particularly in line with the new policy framework, such as place based budgets or changing health responsibilities in the capital. The goal would be to establish a public sector communications hub in central London.

Target Operating Model

The target operating model (TOM) describes how the communications function should be configured to deliver the communications remit defined by each authority.

The operational structure

The TOM we are proposing assumes that we have one team to serve the needs of both councils. One team can provide economies of scale in terms of cost but also depth of expertise and resources to ensure that requirements are met.

The proposed structure is based on a total combined team of 38 staff providing expertise across specialist areas but with a campaign team at its heart to lead on the new, audience-focussed campaign approach. This approach is summarised at Appendix 1.1.

It is important to note that it may be necessary to have some flexibility around staff numbers as both authorities move in to the shared service, and there may be more than 38 staff at the target start date. Conversely, there may be less than 38 in future years, depending on the communications needs of the two councils and the continuing efficiency drive.

A flat structure would ensure that resources are primarily focussed on delivering the communications outputs to generate the outcomes identified in the communications planning process at the beginning of each new financial year.

This requires internal discipline on behalf of both authorities to ensure that the planning process is right first time and that non commissioned and unauthorised communications is curtailed. There will be flexibility within the team and the workplan, but currently a significant amount of time is expended recalculating the objectives and tactics of individual campaigns. This will have to cease to ensure maximum efficiency from the shared service.

The proposed shared service would be structured as follows:

Senior Management

FUNCTION: Lead advisor for Westminster and Southwark, including public affairs. Cover will be provided by the Director of Communications and Strategy at WCC or the MD of Westco.

Campaigns Team

FUNCTION: Deliver audience based campaigns that change behaviour for the public good. We deploy marketing communications to inform and increase access to services.

Media and Digital

FUNCTION: Deliver a proactive media relations and e comms service to build or protect reputation and to support the audience led campaigns.

Internal Communications

FUNCTION: Improve customer satisfaction by supporting the transformation within each organisation, improving advocacy by explaining the vision and values of the authorities and keeping people informed about the issues that concern them the most.

Administration

FUNCTION: Providing administrative support to the communications service, including a new dedicated 'forward planner' that would ensure the work is efficiently coordinated and delivered across both authorities.

Creative and design

FUNCTION: Provide a full service from generating concepts, visualising ideas and project management through to design, layout and provision of print-ready and web-ready artwork. It will support both audience-led campaigns as well as core communications.

The operational approach

There are a number of key principles for the way we will work in the new TOM:

- (i) With a team of 38 we can broadly deliver the current requirements of both councils, within an agreed and closely-managed programme of campaigns. If further financial savings are necessary then the team's capacity to deliver will be affected and priorities will have to be reviewed.
- (ii) Resources will be directed to wherever they are needed by management to deliver an agreed communications workplan. There will no longer be a dedicated Southwark or Westminster communications team, but specialists working to agreed objectives across both authorities.

- (iii) For the proposal to deliver the tangible communications benefits that both authorities want, at a time of diminishing resources, it will be necessary not only to change the structure, but to change the way the team will work.
- (iv) We will build our campaigns around specific audiences, rather than around services. The shift will benefit our customers and our organisation as it will not only increase the relevance of the information our audiences receive but also improve the efficiency with which we deliver it. For instance, rather than running a campaign to promote library services we could include this activity in the campaign for council tax payers.
- (v) The service would also utilise the same sources for media monitoring, campaign evaluation, framework for internal communications campaigns, staff development (negotiating packages with suppliers), media buying, media training and publication production to achieve efficiencies. This should offer further scope for efficiencies. For example, Southwark currently spends around £30,000 per year on media monitoring and licensing services.
- (vi) In delivering better for less, the communications service should be situated at whatever practical location can offer the best value. This does not necessarily mean either within Victoria Street or Tooley Street.
- (vii) Initially it is proposed that there is a media and digital team present within each authority. In our experience, it is the media team who are likely to have daily contact with members and are often in the front line of a communications response to an emergency or crisis situation. For this reason we have allowed for the creation of two media relations manager posts.
- (viii) The campaigns, creative and internal communications teams should be based in whichever location provides the best value. It is less important these teams are based in any particular local place and more important they are working closely together to deliver campaign outcomes (and communication with client contact in planned face to face meeting, or by phone/email).

Client account management

We understand that moving to a shared service model does demand an even greater focus on accountability and client account management to ensure that each authority is content with the level of service it is receiving from the new joint organisation and that the function remains responsive to local requirements. It is important that there is openness and transparency and that both organisations are able to see that the service is offering value for money.

There will be a number of important mechanisms and processes to ensure that the required service is delivered:

- (i) A service level agreement will be drawn up and agreed between all parties to identify the delivery standards for SW Communications. This will include an agreed resolution process for any disputes, however unlikely, and how each authority could withdraw. A notice period (to be agreed e.g.

six months) if one authority wished to terminate the agreement will be incorporated into the memorandum and articles of the new operation.

- (ii) The authorities should set up a client management board of senior officers from both councils that will provide overall operational direction for the new team.
- (iii) The annual communications workplan will be the vehicle that will enable total transparency in terms of communications outputs and outcomes and also budget. Delivery against the workplan will be the method that the management board will hold the shared service to account. It will detail all major agreed communications activities that the team will deliver over a twelve month period, as well as the agreed communications outcomes (such as informed levels).
- (iv) The overall strategy and strategic outcomes will be reviewed quarterly by the management board, but will be monitored weekly and monthly by the Lead officer, who will produce monthly reports for each client.
- (v) The communications planning process will run simultaneously within both authorities and will be coordinated by the senior management. There will be one workplan which will identify the strategy and overall objectives of the shared service communications team and the audience led campaigns. There will then be an appendix for each authority with the agreed corporate communications outputs and the tailored campaigns specific to each council.
- (vi) The budget will be clearly identified and no work will be undertaken unless there is an established budget. The workplan will be signed off by the management board in March each year, in addition to signing off an annual delivery report prepared by the senior managers.
- (vii) A joint planning grid will be maintained to ensure coordination of activities and no duplication or clashes. Effective planning will be critical in ensuring the shared service works well.
- (viii) The daily issues will be sent out each morning by senior management to the Cabinet and CMT of each council, identifying the main communications outputs for each day. It will only identify activities relevant to the individual authority.
- (ix) A weekly meeting (either on line or conference call) will take place with senior management and the media relations managers, senior campaign officers, studio manager, senior internal communications officer and the forward planner to agree a schedule of weekly outputs. Delivery against this checklist will be monitored at a weekly wrap up conference call. The managers and senior officers will be responsible for the day to day supervision of the team to deliver the agreed communications outputs.
- (x) All work will be undertaken in line with the Code of Recommended Practice on Local Authority Publicity, a revised version of which is currently out for consultation.

Other operational issues

Unplanned communications work

We recognise that there will always be more demand for communications support than there is capacity. However, through our organisational push on 'more for less' it should be agreed that the focus will remain on agreed campaign work and that additional projects should be the exception rather than the norm.

We envisage that around 80% of communications activity should be planned, having been identified by both councils through the organisational business planning process and in discussion with members. Where unforeseen projects arise and there is a clear case for communications support, we aim to absorb them within our built-in contingency allowance. For example, we estimate the Westminster marketing team undertook around 70 ad hoc projects in the 2008/09 business year and billed £24,000 of staff time.

Our experience tells us that during the year services may require support with straightforward information provision (as distinct from campaign activity). We believe that the majority of this type of work should be delivered through our existing channels such as the magazines, corporate website and other e comms or printed channels.

It is only in exceptional cases, where there is a clear case and the support of the management board, will we agree to deliver additional projects. In order to keep this to a minimum, we will develop a proforma that asks the submitting officer to provide information including a clear rationale, objective, and budget for the work, as well as approval from a strategic director. We will review these criteria, and if we agree to take on the piece of work but cannot absorb it within our contingency allowance we will levy a charge for communications staff time and services.

Additional capacity

The communications challenge for local authorities is likely to be exceedingly difficult over the coming months due to the pressure being placed upon council finances and services. Therefore it would seem sensible to plan and seek agreement that additional capacity could be provided to both authorities, should they need it, through the Westco trading company. Westco has already been operating successfully for several years and provides communications advice and services to numerous local authorities. It is highly expert in deploying resources quickly and effectively to deal with any emerging issue or changing priorities for local councils. This service would be supplied at very competitive rates to both councils.

Emergency scenarios

In an emergency or crisis situation, each authority will have the ability to draw on the resources of the full SW Communications team to support the emergency and recovery response to any incident. There will sometimes need to be a short suspension of 'normal' campaign communications in these times, which will be agreed with the management board.

HR issues

Regardless of the shared service proposal, both communications teams will be reducing in size in response to public sector spending cuts. Westminster City Council is already in the process of reorganisation and Southwark plans to move on its budget reductions within the DCE department over the coming weeks, including the communications division.

SWComms would offer staff the potential for career opportunities that would be difficult for the individual councils to match with reduced services. Staff would move to SWComms under TUPE arrangements. Whilst there are differences, Westminster and Southwark's terms and conditions of employment have a level of commonality which means that there are unlikely to be significant problems for people operating on Westminster conditions alongside Southwark TUPE'd staff and vice versa. Westminster's broad grading structure in particular has the potential to offer career opportunities.

This proposal does not envisage either Westminster or Southwark being the lead authority in a shared service, rather it advocates the creation of a new body to run communications on behalf of both councils, i.e. a Social Enterprise Company (SEC). This offers clarity to staff in terms of lines of management and clarity to both councils in terms of accountability. It is felt that as a Social Enterprise Company (SEC), a future SWComms would have the ability to re-look at terms and conditions that suited the operations and the market. This could help to attract and retain the best staff whilst offering both authorities the flexibility to drive maximum efficiency from their communications.

The establishment of the final staffing structure in the SEC would be achieved through appropriate reorganisation and consultation processes under the overall direction of the Management Board.

Savings from the shared service

Phase 1 Saving

The cost of the proposed new structure, based on a total combined team of 38 staff, would be approximately £1.6m. Combined staff expenditure across both organisations is currently £2.3m (based on current 2010/11 establishments). Not including start-up costs, this would give each council a saving of £350k per annum.

It would be reasonable to expect further savings on operational costs, once both organisations have fully identified their annual communications expenditure on publications etc. In terms of achieving these savings it will be up to each organisation to identify the relevant expenditure, centralise it and achieve the reduction.

For example, the total corporate communications spend in Southwark is projected to be £2.65m in 2010/2011. Whilst we have already identified substantial savings in staff costs in a shared service, there are further efficiencies to be gained by pooling campaigns, publications budgets and looking at overheads.

A realistic future scenario would see Southwark contributing £750k per annum to SWComms for staff costs and a further £1m per annum for its campaigns and publications budget. This would total £1.75m, compared to £2.65m for the projected corporate communications spend for 2010/2011. Clearly, for these additional savings

to be realised, there would need to be a centralisation of the councils' communications budgets.

Phase 2 Saving

There are potential further savings for both authorities on overheads, such as accommodation, which are relatively expensive. There is certainly scope to reduce this by identifying alternatives to achieve most from the new operation in terms of economies of scale, with the team co-located in the most cost effective location.

The current overheads for the Westminster Council communications team are £1m per annum. This suggests that there are potentially significant savings to be made, but this will need to be balanced against support for the fledgling SEC.

It should also be recognised that both authorities are aware of spend on communications related issues outside the allocated budgets, although these have not yet been fully quantified.

Potential to broaden the scope

Public Affairs

Not only is there a big overlap in many of the issues that concern local residents between the two authorities, there is also an overlap in issues that both councils would want to influence amongst regional or national government politicians or their agencies.

As key central London authorities, both councils wish to ensure that there is the right infrastructure in the economic climate to drive the capital out of recession and to maintain the city's place as the engine room of economic activity and prosperity. One proposal to deliver a joined up programme of work would be to employ a public affairs officer for the shared service, coordinating activity and horizon scanning for prospects and opportunities or threats. The cost of this work would be £80,000 which would be split evenly across the two councils. This would pay for the cost of the post and £40,000 for project costs.

Research and events

It is clear that there is the potential for developing further efficiencies and savings in phase one by drawing in services such as events and research in to SWComms.

We already continuously monitor outcomes and undertake meaningful evaluation that helps us refine our methods. This will be embedded within the shared service.

Southwark Council's residents' research is currently conducted by Westminster City Council in an ongoing arrangement to deliver a regular tracker of resident opinion. There are no current proposals to change this arrangement as this provides a robust and meaningful way to monitor performance across both councils and identify individual authority issues or general trends for inner London authorities.

The shared service will have access to the resident opinion research generated through the tracker. This will be used to evaluate the team's delivery against the workplan, but can also be used to drive performance within each authority by identifying and tracking issues.

It would make sense to include resident research activity within the shared service, as this would allow the authorities to make a saving in this area, whilst ensuring that both authorities had access to frequently update data and strong data analysis and insight that Westminster City Council currently provides to Southwark for a fee.

A shared research and insight team

Westminster's Research and Customer Insight Team have established themselves at the forefront of local government research. They seek to understand the reasons behind public opinion, rather than just benchmark and report it, and actively drive communications and council activities by using insight from their research. As we have said, Southwark has commissioned work from the Westminster team, through Westco, in the form of the Southwark reputation tracker.

The team is organised on the structure of a market research agency so can be scaled up or down depending on the number of projects to be managed. A shared service between Westminster and Southwark could at its core consist of a Head of Research and Customer Insight, a R&CI Manager, a Senior R&CI officer and three R&CI officers.

Core work could include ad hoc online staff; stakeholder and business surveys; stakeholder database management; insight/investigative reports on key topics of interest to both councils; working to extract value from Southwark's MOSAIC license; analysis or initiation of any call-back survey of customers calling the call centre and analysis of call centre data; presentations to senior manager/members meetings; and advice on consultations and facilitation of strategic working with local partners such as the NHS.

The agreement as to the exact nature of some of the ad hoc work, for example surveys or focus groups among an audience group such as parents, would be agreed within the annual communications plan.

This staff structure would also include running existing Westminster projects in the form of the City Survey (2,500 residents interviewed face-to-face) the quarterly reputation tracker (500 interviews by telephone) and the Safer Westminster Partnership survey (1,000 interviews by telephone). If Southwark wished to commission surveys of this nature the staff cost would have to increase. Our assumption for our costs on additional projects are that Southwark would be looking to commission two waves of the face-to-face reputation tracker each year.

The proposed staff budget for a research and insight shared team is £275,500. There would likely need to be a shared research team budget of £50,000 to cover resources such as SPSS, online survey hosting and small ad hoc research projects of joint interest. Southwark's reputation tracker budget for external fieldwork would be £25,000. Westminster's budget for the City Survey and Reputation Tracker fieldwork would be £160,000.

The budget for the Safer Westminster Partnership survey is not held by the current team. As the team might necessarily be doing more work for Westminster than Southwark (due to the greater amount of survey data to process) the balance in staff costs could be 30% Southwark to 70% Westminster, with half the shared research team budget. Obviously this would need to be subject of further detailed discussion, should it prove attractive to both councils. But moving forward, the balance would then be reviewed on an annual basis. Therefore Southwark's total cost could be

£132,650 and Westminster's £377,850. The total projected cost in this scenario would potentially be £510,500.

It should be noted that the first activity of a new function being developed in Southwark through this team will be to identify any research work within the council which could be brought under the responsibility of the team. This should also offer up the prospect of further efficiency savings by avoiding duplication or improving the way it is done.

Events

There are similar opportunities to make savings within the events offer of both councils. For example, the LBS budget book identifies a budget of £188,000 for culture "services" in 2010/2011 and that "these costs are associated with running a programme of events that runs throughout the year including The Event at Southwark Park, and Carnaval del Pueblo and The Mix (for young people) during the Burgess Park Weekend." In addition, there is estimated film income of £208k and £43k from events hire.

One proposal for events would see both councils contribute £100,000 each to a shared events team. With this budget, it is felt that the shared service events team would be equipped to deliver two major events (one each) and four minor events (two each) every year. As we have identified from the Southwark budget book, this could generate an initial saving to Southwark of £88,000 pa.

Before events could be brought in to a shared service it will be vital to seek agreement from both authorities as to what parts of the service are to be included. For example, for the purposes of this paper, when we are talking about events, we are talking about the role of event organisers for a limited number of corporate council events, as agreed in the annual workplan. What is not being considered is the development and governance of any council's event policy (e.g. see LBS Events Policy at www.southwark.gov.uk) or any kind of monitoring or licensing activity on events that do not form part of the shared service's workplan.

However, by including events within SWComms, it would allow for a rationalisation of the offer to focus on some core, high quality, outputs, that support the councils' overall communications objectives, whilst also delivering savings. It would also be possible to do some joint marketing of the events and filming offer from these iconic central London locations, which is likely to be particularly attractive in the run up to 2012. The link with the research and insight team would be invaluable to ensure that all events are properly evaluated so that successful events can be supported and events which have little impact can be retired.

Another area for consideration is the respective film offices of the two authorities as there are clear advantages in joint marketing and promotion of two key central London boroughs.

Financial risks

A Social Enterprise Company is unlikely to be cash rich in the first years of operation. There is a potential risk that it would not have sufficient reserves if the company suffered from any loss of work, however unlikely that may seem at the current time.

The mitigation is that the risks and liabilities would be jointly shared by the two authorities, which would need to be clearly articulated in the company's Articles of Establishment.

The Articles would also need to include the mechanism through which either, or both, authorities wished to reduce (or increase) their expenditure in SWComms in future years. This would include the amelioration, for example, of unplanned staffing costs, which would have to be shared by both councils.

As we have said, in setting up a SEC, there is a need to quantify the savings that can be made in support costs. These would arise by disassociating SW Comms from the local authorities in due course.

Legal vehicle

We have examined a number of options for delivering the Target Operating Model of the proposed shared service, and the option being recommended is a Social Enterprise Company (SEC). These are bodies (which can be of various legal structure, including charities, unincorporated bodies, trusts and limited liability companies) whose primary function are to deliver social objectives, with the body being run for the benefit of the community, and where profits (if any) are put back into the community, rather than being used for the benefit of the shareholders.

A summary of the different types of model that have been considered are included in the table below:

TYPE	COMMENT	RECOMMENDED
Joint working	With the existing connections and similarities in ways of working between both teams, there is already a constant drive towards better and joint workings to improve communications outcomes.	NO – although this has been an effective approach in the short term, in the medium to long term this does not deliver the maximum efficiencies and flexibilities that both authorities require.
Shared service, two (existing) employers	Merging the teams, whilst retaining existing employers would be very difficult to manage, with blurred lines of accountability and officers in the same post with different T&Cs and with different working cultures and practices.	NO – too much time would be devoted to highly complex management arrangements, rather than nimble delivery of quality communications.
Shared service, one (existing) employer	This is the proposed interim stage to bridge the existing arrangement and the formation of the social enterprise company. It will ensure a continuity of	MAYBE – as an interim stage before the transfer of staff and budget to the SEC this is recommended to both councils as a staging post.

TYPE	COMMENT	RECOMMENDED
	<p>service, making for a smoother transition to the SEC.</p>	
<p>Limited Liability Company</p>	<p>A Community Interest Company (CIC) is a limited liability company which is subject to additional regulation and a commitment to a social purpose.</p> <p>A company can only become a CIC if it passes the community interest tests of the CIC regulator.</p> <p>To become a CIC the company is restricted in the use of assets and issuing shares, and must file an additional public report once a year. There is also a restriction on having a CIC carrying out political activities.</p> <p>Insofar as it may be relevant, there is no preferential tax treatment for limited liability companies. To the extent that a 'profit' was generated, this would be subject to corporation tax in the usual way.</p>	<p>NO – This vehicle does not reflect the non-profit aims of the service, nor would it emphasise the social benefit to be gained from the company's work.</p>
<p>Social Enterprise Company</p>	<p>This structure better reflects the fact that the vehicle will be acting for the benefit of the communities of Westminster and Southwark, and that no profit will be arising from it.</p> <p>It will merely be performing the required services on the basis of the contributions of LBS and WCC – if there are surplus funds beyond those needed for basic services, then additional services can be provided,</p>	<p>YES - Its primary function are social objectives, with the body being run for the benefit of the community, and where profits (if any) are put back into the community, rather than being used for the benefit of the shareholder.</p> <p>It also offers opportunities for councils, or other public bodies, to join in the future.</p>

TYPE	COMMENT	RECOMMENDED
	<p>rather than a dividend to shareholders.</p> <p>A social enterprise company may also prove more inviting to any potential future partners, regardless of political affiliation.</p> <p>Due to essentially being a limited liability company, the company would still be subject to the normal tax regime, albeit that there should be no profits of the company subject to tax where the monies are all invested in the provision of services. Other taxes may apply.</p> <p>In addition to the benefits above for being a social enterprise company, CICs have an additional level of regulation, and so are likely to be an acceptable vehicle to all parties. The restriction on the use of assets gives third parties the reassurance that funds cannot be misapplied.</p>	

Establishing the Social Enterprise Company

It is felt that a phased approach should be taken to establish the Social Enterprise Company. This will allow for a good transition to the new way of working that minimises any effect upon the delivery of communications outputs. This is critical as all local authorities face very challenging communications landscapes, where the need to maintain two way communication and trust with our respective audiences has never been so important.

Consideration also needs to be given to the support functions which will no longer be available to SW Comms were the SEC route followed; in terms of financial demands, and timing. There are dangers in withdrawing support functions at a period when SWComms is newly established so both authorities would need to share these costs (and risks) in an equitable fashion. This should however release a further saving at a future date as both council's corporate overheads are reasonably high as a percentage of the cost of the actual service.

In order to ensure that this is done in a totally transparent fashion, it was felt that a phased approach is best:

Proposed Timeline for the creation of SWComms

January 2011 – April 2011

- Start to prepare the Articles of Establishment for the SEC.
- Develop and agree detailed business case.
- Identify joint budgets for communications, including identifying all communications budgets within directorates so they can be centralised.
- Develop the first combined LBS/WCC communications workplan.
- Begin to look at the governance principles, including the management board.

April 2011 – March 2012

- SW Communications runs as a shadow organisation in preparation for the SEC being established and fully funded.
- In this interim phase, communications is delivered by a team who are all solely employed by one of the councils entering in to the shared service.
- Consideration is to be given to broadening the scope and sharing additional services, namely events and research functions, as appropriate; develop a business case with a view to bring these functions in to the SEC by the end of the financial year.

January 2012 – March 2012

SW Communications is fully established as a social enterprise company. The annual workplan is agreed by the newly installed management board.

Other deliverables during this phase include:

- Agree the Articles of Establishment.
- Agree the governance principles.
- Establish the budget.
- Complete any outstanding recruitment to SWComms

April 2012 – March 2013

SW Communications delivers communications (and additional services, as agreed) for the London Borough of Southwark and the City of Westminster.

April 2013 to March 2014

It is during this year that further savings could be delivered through locating the team in new accommodation and with the back office support functions, which provides the best value. Invites will be extended to other local authorities and public bodies to join.

Conclusion

The proposed Target Operating Model, operating as a Social Enterprise Company, offers an immediate and exciting opportunity to meet the financial challenges of the new era of austerity, provide value for money to our residents and provide a better service to each council. It also gives us an opportunity to innovate and pioneer a new approach to public sector communications.

Appendix 1.1

Audience based campaigning

In 2010-11 Westminster changed its approach from running campaigns based on requests from service departments to an approach which analysed the needs of citizens and customers and then directed council activity towards addressing those needs. Our research identified 15 audiences, listed below whose needs the campaigns address. A shared service would require agreement that campaigns to encourage inactive people to live healthier lives, engage older people and divert younger people from crime were common audiences.

The fifteen audiences identified by Westminster are:

- Council tax payers and their families
- Staff
- Older people
- Parents and guardians
- Young people
- Healthier people
- Key influencers
- Visitors
- Planning community
- Businesses
- Unemployed
- Motorists
- Engaged citizens
- Tenants and lessees
- Adult social care users