

<b>Public Account Select Committee</b>			
Report Title	Strategy & Communications Budget Briefing		
Key Decision	No		Item No. 4
Contributors	Director of Strategy & Communications		
Class	Open	Date: 16 December 2019	

## 1. Purpose

- 1.1. To provide Public Accounts Select Committee with a report on changes in budget and structure of the Strategy & Communications division over the previous 5 years - including information about the 2016/17 trial of a shared communications service with Lambeth and budget growth agreed for 2019/20.

## 2. Strategy & Communications Overview

- 2.1. The Strategy & Communications service comprises of three distinct service areas, Communications, Economy & Partnerships and the Mayor's Office (including the Young Mayor's office).
- 2.2. This structure has been in place since January 2017 when Economic Development & Enterprise Team was transferred from the Planning division merging with the Strategy & Partnerships team to form Economy & Partnerships.
- 2.3. The current budget for Strategy & Communications is shown in Table 1 below.

**Table 1: 2019/20 Strategy & Communications Division Budget**

Service Area	Expenditure Budget £	Income Budget £	Net Budget £
Communications	1,122,680	(76,000)	1,046,680
Economy & Partnerships	3,520,579	(2,711,159)	809,420
Mayor's Office	731,020	(35,000)	696,020
<b>Strategy &amp; Communications division</b>	<b>5,374,279</b>	<b>(2,822,159)</b>	<b>2,552,120</b>

- 2.4. The budget for the division for the previous five years is shown in Table 2 below. Note that prior to 2016/17 the Economy & Partnership budget figures are the sum of the Strategy & Partnerships and Economic Development & Enterprise team budgets.

**Table 2: Strategy & Communications net budget over last five years**

	Communications	Economy & Partnerships	Mayor's Office	Total
2019/20	1,046,680	809,420	696,020	2,552,120
2018/19	827,447	806,587	527,487	2,161,520
2017/18	729,400	779,500	518,200	2,027,100
2016/17	704,933	935,333	513,533	2,153,800
2015/16	745,933	1,121,633	520,133	2,387,700

- 2.5. Over the last ten years the Council has undertaken a major budget reduction programme to manage the difficult financial challenge it has been faced with.
- 2.6. The budget cuts agreed for the Strategy & Communications division over the last five years and for the next financial year are set out in table 3 below.

**Table 3: Strategy & Communications Division Budget Reductions**

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
<b>Saving</b>	£90,000	£210,000	£163,500	-	£30,000	£135,000	<b>£628,500</b>

- 2.7. Over the last two years growth has been added to the Communications and Mayor's Office budgets to reflect pressures in these areas.

**Table 4: Strategy & Communications Division Budget Pressures**

Year	Proposal agreed	£,000
2018/19	Ongoing non-staffing cost to support upgraded website	85
2019/20	Pressures on Communications staffing budget	200
2019/20	Pressures on Mayor's Office budget	150

## Communications

- 2.8. The purpose of the communications team is to inform, engage and influence a range of external and internal audiences in support of the council's vision, key priorities and policies as set out in the Corporate Strategy.
- 2.9. The service manages a number of the council's key communication channels including Lewisham Life - currently published four times a year - the corporate website [www.lewisham.gov.uk](http://www.lewisham.gov.uk), a range of subject specific email lists, social media accounts and digital channels.
- 2.10. The team also manages the council's reputation and provides a media relations service 365-days per year.

- 2.11. Each year the team responds to requests for thousands of website improvements and content updates, around 400 reactive media enquiries, issues more than 100 proactive news release and produces 50 Lewisham Life e-newsletter and four editions of Lewisham Life magazine each year.
- 2.12. The team provides an in-house design, brand and print management service for the authority and supports at least 20-30 marketing campaigns per year relating to council services and events.
- 2.13. The service generates income through service level agreements to provide media support for local authority schools and out of hours media relations service for Lewisham Homes and as well as advertising income from Lewisham Life magazine and e-newsletters.
- 2.14. Between 2010 and 2018 Council agreed to a series of savings in the communications budget representing a reduction in budget for communications of more than 50%. The established team reduced in size from 27 FTE posts in 2010 to 12 FTE posts and there have been significant reductions in expenditure on publications and marketing.
- 2.15. In January 2016 the Mayor & Cabinet agreed to the appointment an interim joint head of communications with Lambeth Council and to explore a fully shared service for communications. It was anticipated that the appointment of a joint head of communications could save £45k per annum and that further savings might be achievable from a fully shared service. A joint appointment was made in March 2016, with the joint Head of Communications formally employed by Lambeth Council.
- 2.16. Following a trial period the councils concluded that a joint head of communications was not a sustainable solution and not to pursue a fully shared service. In January 2017 the shared Head of Communications was replaced by a full time Head of Communications in each borough. For Lewisham this was initially via a member of staff seconded from Lambeth Council. This arrangement continued until the beginning of September 2017.
- 2.17. Over the period March 2016 to September 2017 Lewisham Council paid £80,983 to Lambeth Council for these services. As a comparator, if over this period Lewisham Council had appointed its own Head of Communications it would have incurred salary and on costs of up to £131,750.
- 2.18. As the arrangements with Lambeth Council were a trial which was effectively over by the time of agreeing the 2017/18 budget, the potential savings were never agreed by Council and there was no impact on the Communications budget.

**Table 5: Savings agreed to Communications budget since 2010**

<b>Year</b>	<b>Proposal agreed</b>	<b>£,000</b>
2016/17	Restructure of Communications after voluntary redundancies	60.0
2015/16	Reduction in corporate management and professional support services	50.0

2013/14	1. Staffing reorganisation - Communications unit 2. Reduced spend on printing, advertising and publicity and increase income from advertising in Lewisham Life	141.0
2012/13	A reduction in the marketing budget as a result of standardising the quality of certain publications.	8.0
2012/13	The proposal is to restructure the Communications Unit.	284.0
2011/12	The proposal is to reduce spending on publications funded by the corporate marketing budget	97.0
2011/12	To reduce spending on publications	34.0
2010/11	Reduction in the web development budget	39.0
2010/11	Reorganise the corporate communications management structure.	42.0

- 2.19. In 2018/19 the non-staffing expenditure budget grew by £85k pa to fund the need for new software and IT support service to underpin the new corporate website. This additional expenditure was required to improve the data security of council's website.
- 2.20. In February 2019 Council agreed additional expenditure pressure of £200k for communications. This funding was agreed to cover the ongoing staffing pressures on the Communications Service, which by late 2018 included a number of temporary roles which had been added to the team funded by corporate reserves.
- 2.21. These included additional posts to support the council's website, organisational transformation projects, new Corporate Strategy priorities and the Local Democracy Review.
- 2.22. To ensure efficient use of resources new communications objectives have been agreed to set a clear direction for the Council's communications service and as a basis for a restructure of the service. The objects set out to sustain and accelerate improvement in the service and support key council's priorities, such as tackling the climate emergency, becoming a borough of sanctuary and improving engagement with seldom heard groups of people.

### **New Communications Service Objectives**

1. Deliver a strategic & collaborative communication service that
  - 1.1 supports the delivery of the Corporate Strategy through an agreed campaign plan aligned to the corporate priorities,
  - 1.2 improves the council's reputation,
  - 1.3 makes more effective use of a range of social media and other digital channels
  - 1.4 and supports organisational transformation
2. Continuously improves the service – with disciplines and processes that deliver impactful strategic communications over a three year period.
3. Promote the strategy – raise awareness of it internally and to be a respected, advisory service which empowers and enables services areas to communicate effectively.

2.23. In accordance with the Management of Change Guidance HR policy we are currently consulting staff and trade unions on proposals to restructure the team. The proposed restructure would expand the team from 12 FTE posts to 14.8 FTE posts. The proposals include:

- a stronger management team to support a more strategic approach to communications activity attuned to the Corporate Strategy,
- an upskilled marketing team to support key corporate priority programmes identified by the Corporate Strategy,
- a stronger media relations and social media function in line with the recommendations of the Local Democracy Review,
- enhanced internal communications support for organisational transformation programmes

2.24. No changes to the Communications budget are proposed for 2020/21. The focus for the service will be to establish the new staffing structure, to improve the service and to work with Digital Services to develop and embed new management arrangements for the corporate website, which is currently split across the two services.

2.25. Looking to the future we will examine the effectiveness of our communications channels, particularly print channels such as Lewisham Life and other printed materials. We will also explore communications related expenditure across the authority and consider the opportunities for greater cost effectiveness.

### **3. Economy & Partnerships**

3.1. The Economy & Partnerships Team was formed in January 2017 within the Strategy and Communications division. It brought together the Strategy & Partnerships Team and the Economic Development & Enterprise Team service (which had previously sat within the Planning division).

- 3.2. The merger of these two services and the effective use of s106 and other external funding streams have enabled significant synergies and a reduced call on the core council revenue budget whilst also expanding employment and enterprise support services. The savings agreed over the last five years are set out in table 6 below.

**Table 6: Savings agreed to Economy & Partnerships budget since 2016/17**

Year	Proposal agreed	£,000
2020/21	Reduce corporate apprenticeships budget	55.0
2020/21	Review the Economy and Partnerships Function	80.0
2019/20	Review the Economy and Partnerships Function	30.0
2017/18	Savings achievable from a corporate approach to and restructure of employment services.	163.5
2016/17	Review of programmes	150.0

- 3.3. Table 7 below sets out the Economy & Partnership budget over the last five years in greater detail. In large part the staff team and programmes are now funded by New Homes Bonus, European Regional Development Fund, the GLA and DWP. These projects include the DEK enterprise hubs and growth programme, the Creative Enterprise Zone, Small Business Advice, the South London Innovation Corridor, the Lewisham Construction Hub and the Better Placed Partnership.
- 3.4. Detail on these programmes and the work planned to develop future priorities for the service, within a new Inclusive Growth Strategy, was presented to Sustainable Development Select Committee on 11 September 2019. This report is appended.
- 3.5. The introduction of the Apprenticeship Levy has also enabled some savings in the budget for the Mayor's Apprenticeship Scheme as the training costs for Apprentices is now funded by the levy.

**Table 7: Economy & Partnership expenditure and income budget since 2015/16**

Year	Expenditure Budget £	Income Budget £	Net Budget £
2019/20	3,520,579	-2,711,159	809,420
2018/19	3,487,746	-2,681,159	806,587
2017/18	994,200	-214,700	779,500
2016/17	1,150,033	-214,700	935,333
2015/16	1,626,333	-504,700	1,121,633

- 3.6. A key financial challenges for next year is the end of the New Homes Bonus funding for the DeK Enterprise Hubs and Lewisham Construction Hub projects. It is anticipated that these projects or similar projects will continue using alternative

funding such as s106, although this may need to be at a reduced level of expenditure.

- 3.7. It is also worth noting that once the Apprenticeship budget is excluded the net budget for the Economy & Partnerships function now stands at just over £300,000. The £80,000 saving was agreed for 2020/21 to be delivered through a longer term review of the overall function and evaluation of the scope for closer working across different service areas of the Council with an objective of salaries savings of up to £80k. This represents reduction in the net Economy & Partnerships budget (excluding apprenticeships) of more than 25%.
- 3.8. Going forward the Chief Executive is looking at options for realigning some of the roles and functions across the Council to ensure they are effectively and efficiently focused on delivering corporate strategy priorities.

#### **4. Mayor's Office**

- 4.1. The Council employs a team of officers in the Mayor & Cabinet Office to provide organisational and executive support to the Mayor, Deputy Mayor, Cabinet Members and Councillors to enable them to fulfil their leadership roles within the Council, across the community, and regionally and nationally in organisations like the LGA and London Councils.
- 4.2. In 2018 two additional Cabinet Support officers were recruited to the team increasing the size of the team from four to the current six. In addition to the core team of six officers supporting the Mayor and Cabinet the service includes the Political Assistant to the Majority Group, the Mayor's Political Advisor and the team of two officers supporting the Young Mayor programme. The budget also includes the Young Mayor's discretionary budget.
- 4.3. The increased staffing level reflects the fact that the team's responsibilities have changed and workload has increased significantly as the Mayor and Cabinet take an increasingly active role in decision-making.
- 4.4. In May 2018 the Council agreed a new scheme of delegation in which the Mayor delegated powers to Cabinet in order to fulfil the commitment to a greater level of collaboration and sharing of power. The Mayor & Cabinet Office team ensure that all 11 Cabinet Members are fully briefed before they are asked to make decisions.
- 4.5. The new administration set new expectations that the Council would strive to be open and transparent in the decisions it makes. The Mayor & Cabinet Office team support councillors to ensure that decisions are well-communicated and understood by residents.
- 4.6. The incoming Mayor also made commitments that the new administration would lead a "campaigning council". The Mayor & Cabinet Office team help to ensure that Lewisham's voice is heard by residents and decision-makers as the Council campaigns on a variety of issues including Brexit, refugees, clean air and social housing.

- 4.7. The adoption of a new Corporate Strategy, and a new Council-wide focus on delivering the commitments made in the Corporate Strategy has added new responsibilities to the Mayor & Cabinet Office, who have designated responsibility to fulfil commitments around campaigning and influencing regional and national government.
- 4.8. The Mayor has a significant community engagement programme, to ensure he is visible to residents in Lewisham. A key part of this activity is the introduction of Mayor's Question Time events where residents can ask questions directly to the Mayor and councillors. The Mayor & Cabinet Office team support this work by organising public engagement events.
- 4.9. Overall the budget for the Mayor's Office was increased by £150k to cover pressures on staffing costs and to fund a £20k budget gap in the Young Mayor budget relating to election costs which was previously funded by underspends in the Mayor's Office budget due to staff vacancies.
- 4.10. In 2018 a number of posts within the Mayor's Office, both existing and new, were filled on temporary contracts in anticipation of a review of the service. As part of that process we will be reviewing the budgets, team structure and job descriptions within the service to ensure they reflect current priorities and roles and responsibilities. In line with the Corporate Strategy commitment to high quality work we are working towards ensuring we have a permanent staff team in place.