

**Report to:** Corporate Issues Scrutiny Committee

**Date:** 28 June 2010

**Report of:** Director of Chief Executive's  
Department

**Report No:**

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**Report Title:** **Communications and Marketing Agency – Update Report**

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**Confidential**

(**Non-Confidential**) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public.

**Purpose:**

To update Committee Members on the work of the Communications and Marketing Agency for 2009/10, to include spend across the organisation, efficiencies realised, key initiatives and development of new opportunities in getting across the Council's message.

**Recommendations:**

The Committee is asked to note and comment on the report.

## 1.0 Introduction

This report updates on the work of the Communications and Marketing Agency for the year 2009/10 and follows on from the report presented to the Committee in December 2009 and an update report in April 2010. The report outlines the historic spend year on year for the council in totality on communications, marketing and consultation activity. In addition, figures for the last financial year are detailed by departments /areas showing an increase/decrease in spend. Details of the cashable savings and non-cashable efficiencies are listed in Appendix 1.

The non-cashable efficiencies relate to consultation/research activity and the table below provides an outline and comparison of in-house costs compared to the average for a number of external market leaders (e.g. MORI, MRUK, Quaestor, Vision 21 and MVA).

Method	Consultancy firm	Consultation and research team
Focus group	£1,800	No cost to client
Telephone surveys (per 500)	£8,700	£2,300
Face to face interviews (per 500)	£5,250	£723
Postal surveys (per 1,000 returns)	£14,000	£3,100

## 2.0 Background

The Communications and Marketing Agency was established to drive greater efficiencies, both qualitatively and quantitatively, across Bolton Council's consultation and research, marketing, design and communications activities. The Agency also has a key remit to raise the profile of Bolton through the evolution and management of the Bolton brand as a mechanism for continued regeneration and economic growth, working with partners across the borough.

Since the inception of the Agency and its role as Bolton's brand manager, the perception of Bolton as a forward looking place, with pride in what it does has been immeasurable. The investment in the brand has been proved to provide savings in concept development and in portraying a joined up approach by the council for the

range of services it provides. The Agency will continue to nurture and develop the brand to increasing the profile of the town and as a sign of quality assurance of council services.

The Agency is currently structured as four teams to provide a professional and efficient service across the organisation and to its partners, see Appendix 2. The added value provided through this structure has been realised in the quality and consistency of marketing and communications, and the fact that the Agency brings departments and staff together, making for a fully co-ordinated approach. The Agency has:

- Developed better inter and cross-departmental working in the above activities to deliver structured outcomes, both strategically and operationally
- Created best practice tools including brand guidelines, plain English guidelines, procurement systems, a suppliers framework agreement, planning mechanisms and benchmarking to maximise the effectiveness of Agency services in terms of return on investment
- Works across the organisation to champion professional standards in all the areas of expertise within the Agency
- Promotes and delivers the values of the Bolton brand visually, behaviourally and culturally across Bolton

The equivalent full time equivalents (FTE) staffing structure is 41.15. A breakdown of all costs for the Agency is detailed in Appendix 3. The figures include recharge income and income generation for 2009/10.

### **3.0 Financial information**

Overall spend by the council over a five year comparison is outlined in the following table. Departmental spend is allocated across divisions/service areas.

Points to note:

- Marketing and communication includes design, print, media, events management, photography, digital media and production and consultation and primary research focusing on the seeking of public opinion and not the re-analysis of existing data.
- The 2009/10 total of £1,234,039 represents a reduction of over £235,000 (16%) from the previous year and by over £1.88 million from 2005/06, a reduction of 61% in five years.
- There are reductions in spend across a number of departments. Increased spend is due to specific initiatives within the year, namely, Corporate Resources - Access Bolton rebrand to support accessible customer information and Environmental Services – Neighbourhood Services to support behaviour change.

### 3.1 Five year spend comparisons

- The first financial year of operation of the Communications and Marketing Agency is 2006/07. Spend on the above categories, through the Agency, is now measured using the Accura system, which links with Oracle.
- Prior to this, specific spend on the above categories was not commissioned centrally and thus not measured in one place. Other areas of spend across the council e.g. department-led events, public and highways notices, commissioning of any print, recruitment advertising – were also potentially coded against 'communications and marketing' budget codes.

Financial year	2005/06	2006/07	2007/08	2008/09	2009/10
Overall spend	<b>£3,123,064</b>	<b>£1,585,515</b>	<b>£1,764,240</b>	<b>£1,469,472</b>	<b>£1,234,039</b>

The differential between 2005/06 and 2006/07 is due to the introduction of the Agency and Bolton brand and the realisation of its overall aims and objectives in creating significant cost efficiencies.

Further year on year reductions in spend can be attributed to a number of factors including:

- Growing expertise and experience within the Agency.
- Continuous savings created by the Agency delivering in a cost efficient and effective manner, as illustrated in Appendix 1 for 2009/10.
- A shifting emphasis in work, away from production of collateral to providing project management and advice for marketing, communications and consultation e.g. savings and efficiency recommendations.

### 3.2 2009/10 spend on communications, consultation, marketing and research by department

Department	Total Spend 08/09	Total spend 09/10	Variance
Adult & Community Services	212,201	145,751	66,450 decrease
Children's Services	465,614	378,952	86,662 decrease
Chief Executive's	193,205	150,101	43,104 decrease
Corporate Resources	40,497	72,514	32,017 increase
Development & Regeneration	323,055	252,962	70,093 decrease
Environmental Services	85,705	116,908	31,203 increase
Partnerships	149,195	116,851	32,344 decrease
Totals	1,469,472	1,234,039	235,433 decrease

Adult & Community Services	Director	Culture and Community Services	Strategy and Commissioning	Health and Social Care
145,751	7,849	86,142		51,760

Children's Services	Director	Positive Contributions	Inclusion and Engagement	Staying Safe	Planning, Performance and Resources	Educational Improvement	BSF	360 Substance Misuse	14-19
378,952	6,005	133,400	3,385	106,450	26,474	74,677	21,563	716	6,282

					Mayoralty	Elections	Members			
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Chief Executive's	Chief Executive	Policy, Performance and Partnership	Human Resources and Organisational Development	Legal and Regulatory				Scene Adverts & Notices	Bolton Life	Neighbourhood Management
150,101	44,131	8,294	7,309	9,150	2,303	1,606	3,160	16,470	44,265	13,413

Corporate Resources	Customer Services	Corporate Property	CICT
72,514	32,797	21,549	18,168

Development and Regeneration	Director	Housing and Regeneration	Policy and Performance	Planning	Special Projects	Community and Private Sector Housing	REDD
252,962	19,303	13,115		4,044		6,396	210,104

Environmental Services	Director	Neighbourhood Services	Community Services	Policy and Performance	Highways and Engineering	Waste and Fleet Management
116,908	7,289	29,918	39,076		430	40,195

Partnerships	Farnworth Neighbourhood Mgt	Great Lever Neighbourhood Mgt	Community Safety	Bolton at Home	NHS Bolton	Others
116,851	12,004	29,157	47,671	6,468	10,665	10,886

## **4.0 Bolton Scene**

Bolton Scene is one of the many ways in which the council communicates its key aims, priorities and services to residents by direct distribution to over 120,000 households. In a recent survey (January 2010), 72% of those asked have indicated that Bolton Scene is their principal source of information about the council. Of those who recall receiving Scene, 74% think it is a cost effective way of finding out about the council, 73% prefer a monthly edition, with 70% (up from 44% in 2008) preferring the newspaper style format. Only 10% of respondents wished to read it on-line only. The figures are based on 618 out of 2,363 members of the citizens panel. This gives a confidence interval of + or- 3.4% i.e. we can be 95% certain that had everyone responded the figures would have ranged from 3.4% lower and 3.4% higher than presented above.

### **4.1 Tenders**

Each year design, print and distribution contracts are awarded through a tendering process. The tender process for 2009/10 generated approximate savings of £60,000 across these areas but most significantly in distribution costs.

However, the savings in distribution made by moving to a different company affected the number of complaints about non-delivery that were received by the council, and had a knock on effect to the value of Bolton Scene.

As a result of distribution concerns and the actions taken to mitigate this in the future requirements in the 2010/11 tender process were revised to become tighter. This resulted in the contract returning to the previous, more expensive, distributor.

The results of the 2010/11 tender were:

- Design: £850 per issue which is the same as last year.
- Print: £4,700 per issue which is £324 more expensive than last year.
- Distribution: £9,882 per issue which is £3,782 more expensive than last year but with guaranteed service standards.

The table below shows the results for the tenders over the last three years. This differs from the income and expenditure table overleaf in that it shows the cost per



issue for a 16 page edition. In reality, the actual costs can vary due to factors outside the tender process such as additional supplements, design costs for key features and supporting photography. The cost per edition here allows like for like comparisons to be made.

<b>Cost per edition</b>	<b>2008-9</b>	<b>2009-10</b>	<b>2010-11</b>
Design	950	850	850
Print	5,650	4,536	4,700
Distribution	10,400	6,100#	9,882
<b>Total per edition</b>	<b>16,550</b>	<b>11,486</b>	<b>15,432</b>

# Reduction in cost due to cheaper distribution contract

## 4.2 Budget, Income and Expenditure

As indicated in previous reports, the costs of Bolton Scene have been met both by income from external and internal advertisers and an allocation from the council budget. It is the council's policy not to attract general private sector advertising so as to avoid competition with the Bolton News. However, we have used a very limited number of adverts from private sector partners related to specific projects i.e. NCP for the opening of the two new multi storey car parks. Key partner organisations utilise Bolton Scene and find it a useful tool for communicating their messages, a range of testimonials is detailed in Appendix 4.

The £60k savings achieved through the tendering process in 2009/10 have been passed through to the budget available from the council in 2010/11 i.e. the budget in 2009/10 was £107,000 and in 2010/11 it is £48,500. This will cover around a third of the direct costs with the remainder met from income generated by advertising – both internal and external.

To mitigate against the cost increase it has been agreed to reduce to 10 editions per year which still gives us enough editions to continue to sustain existing advertising revenues. So the indicative costs for 2010/11 will be: £154,320.

This figure of £154,320 relates to the core costs although overall expenditures will be higher as are other costs which are not subject to the tender process, such as the design of the 'meet your councillor' and 'performance' pages and photography, which is kept to a minimum. Costs can also increase if departments or partners pay for supplements within the paper (which are then covered by the income brought in).

The following table reflects costs, income and staff costs for the years 2008/09 and 2009/10, projections for 2010/11. Projections are based on actual income and expenditure for May and June's editions, known commitments for supplements and adverts booked in future months and estimates based on previous years.

	2008-9	2009-10	2010-11 (Projected)
Distribution	124,369	84,614	108,494
Design	11,954	22,529	13,940
Printing	98,595	71,364	66,817
Internal Income	-63,675	-62,999	-45,526
External Income	-69,241	-77,903	-56,296
<b>Net Direct Cost of Scene</b>	<b>102,002</b>	<b>37,605</b>	<b>87,429</b>
Budget from Council	110,000	106,900	48,500
<b>Net Direct Cost of Scene less Budget</b>	<b>-7,998</b>	<b>-69,295</b>	<b>38,929</b>
Staffing Costs	51,496	49,586	46,146
Other Costs	4,399	3,790	3,815
<b>Total Cost of Scene</b>	<b>157,898</b>	<b>90,981</b>	<b>137,390</b>

## 5.0 Efficiencies

The full year efficiencies for 2009/10 total £466,319 with £168,515 of direct cashable savings and the remainder of £297,804 in non-cashable, value for money projects and initiatives. The Agency has a 20% rate of migration to cheaper channels this year through reduction in print and transferring marketing and communications activity to e-communication channels which is fundamental to reaching wider audiences, whilst continuing to realise the greater efficiencies and value for money.

The drive to identify further efficiencies, as detailed in Appendix 1, is continuous in line with the council's overall objectives, with officers identifying savings through the development of cross-cutting marketing, communications and consultation plans and activity, increased usage of web based technologies and co-ordination of work across partner organisations and other councils.

## 6.0 Key findings

The Agency plays a pivotal role in the strategic delivery of services, products, events and activity, constantly reviewing and challenging its processes and plans, working

with departments and external organisations to deliver key outcomes.

Key findings for 2009/10 are as follows:

## **6.1 Media monitoring**

The Agency monitors all print, radio and TV coverage of the council and Bolton as a whole. This coverage is evaluated and monitored in a number of ways. The evaluation includes the number of press releases issued per month; type of publication whether local, regional or national; the tone of the coverage; the position of the article within the publication and the total equivalent advertising value, or EAV, of the coverage.

EAV is a tool used by the public relations industry in tracking the impact of press articles and items of broadcast news. EAVs measure the size of the coverage gained and calculate what the equivalent amount of space, if paid for as advertising, would have cost. The advertising rate varies depending on the media outlet.

The Agency measures the value of the editorial coverage generated, per article. The coverage could have been gained either through issuing press releases or dealing with press enquiries. Adverts, advertorial coverage or sponsored supplements are not included in the analysis.

The monthly EAV figures below include positive, balanced and neutral articles. Some months have a higher value and this can be attributed to factors such as major events e.g. the Ironman event generated worldwide coverage in September 2009.

The following table shows a monthly breakdown of EAV:

<b>Month</b>	<b>Total value</b>	<b>Total negative coverage</b>
Apr-09	£129,986.04	£998.25
May-09	£199,857.30	£0.00
Jun-09	£684,443.01	£584.10
Jul-09	£217,570.45	£30845.58
Aug-09	£382,952.96	£995.66
Sep-09	£3,098,002.82	£3650.00
Oct-09	£201,762.88	£0.00

Nov-09	£537,101.79	£759.00
Dec-09	£108,131.49	£361.00
Jan-10	£516,723.94	£481.00
Feb-10	£285,851.97	£627.40
Mar-10	£1,094,954.38	£48,657.00
<b>Total</b>	<b>£6,940,615.09</b>	<b>£87,958.99</b>

The total EAV of positive, balanced and neutral coverage in 2009/10, is: £6,852,656.10. Negative coverage only makes up 1.3% of the total figure.

The EAV figure does not account for the negative stories that have not been covered in the press, due to the Agency's involvement.

## **6.2 Tender Framework Agreement**

From August 2009, as part of the drive to secure efficiencies and reduce costs, alongside a requirement to comply with EU procurement regulations in accordance with council standing orders, the Agency implemented a three year agreement for the commission of design, print, digital media and media buying (the Lots).

The framework is extremely efficient for the council and the 24 companies appointed as preferred suppliers. Effective processes and dialogue has achieved both a reduction in officer time spent on sourcing and communicating with suppliers and savings across the Lots.

## **6.3 E-communications**

Developing new media and migrating to cheaper channels of communication is a continuing priority for the Agency. E-communications covers the internet, intranet, social media, e-publications, texting, digital, etc. Following approval of the report around using social media environments for business advantage, the Agency will continue to develop and manage projects and campaigns incorporating social media and electronic communications related activity as appropriate.

## **6.4 Communications and Marketing Agency**

Recognising the evolving business and environment, the Agency will be conducting a service review during 2010/11. This is in order to support the organisation and the

challenges it faces and to secure and realise the current level of savings over the next few years.

In addition, the Agency recognises the importance of its role in communicating challenging and complex messages to all stakeholders now and in the future.

## **7.0 Conclusions**

This report shows year on year the Agency, whilst continuing to raise the profile of Bolton and the services delivered both by the council and partner organisations, is also identifying and securing efficiencies in meeting these objectives. It describes the effectiveness and savings made by centralising communications and marketing activity through specialist channels. These include new and cheaper ways of getting the council's message across to all sectors of the Bolton community, including residents, businesses and visitors.

Working closely with departments and stakeholders at both strategic planning and operational levels has been one of the key objectives for the Agency. Developing and delivering marketing communications, consultation strategies and plans, whilst looking to reduce costs and manage the level of changes and messages will continue and increase during 2010/11 and beyond.

## **8.0 Recommendations**

The Scrutiny Committee is requested to note and comment on this report.