

Review of government direct communication and the role of COI

Matt Tee, Permanent Secretary for Government Communication

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1. Executive summary

1.1. Review terms of reference

The Minister for the Cabinet Office, Francis Maude, has asked me to conduct a review of those parts of government communication that are currently covered by the marketing and advertising freeze and to consider the role of the Central Office of Information (COI).

My review makes proposals for the most effective and efficient way to plan, co-ordinate, procure and evaluate government's direct messaging campaigns (marketing and advertising).

This review does not cover communication such as media relations, which are traditionally provided in-house by departments.

Specifically, my review addresses the following:

- when, how and why government should use direct communication;
- what functions are required within government to deliver direct communication most effectively and at best value for money;
- how those functions should be organised;
- what should be the future role and organisational form of COI within these arrangements; and
- how the system should be funded.

1.2. Government direct communication: background

Most government communication has been used to inform people about government services or initiatives, to raise or maintain awareness about important issues and, more recently, to encourage people to adapt their behaviours.

Until recently, the approach government took towards direct communication was to 'own' all of its marketing activity in order to ensure tight management of the messages and of the media through which they were channelled.

In 2009/10 the total cost of communications to government was £1.01 billion, of which £540 million¹ was direct communication activity through COI, and £329 million

¹ COI (2010) *Annual Report & Accounts 2009–10*: London: The Stationery Office, <http://coi.gov.uk/documents/coi-annualreport2009-10.pdf>

was estimated staffing costs. Some 82% of the total spend on advertising was concentrated in the top 10 departments and arm's-length bodies (ALBs), with the majority (73%) flowing through central communication teams.² The total headcount (full-time equivalent (FTE)) within the Government Communication Network (GCN) was estimated at 6,848.³

In May 2010, a freeze was introduced on marketing and advertising activity. As a result, the annual volume of communication activity commissioned through COI fell to £125 million. COI reacted by reducing staff numbers by 40% from 737 to 450, and operating costs by 43% from £63 million to £36 million.⁴

COI was established in 1946, after the demise of the wartime Ministry of Information, when individual government departments resumed responsibility for information policy. It was created as a non-ministerial department, a status it still holds today. COI is also an executive agency of the Cabinet Office and a trading fund. As a trading fund, COI has no budget of its own. The budgets for marketing and communication activity sit with the 450 government departments, executive agencies, local authorities and wider public sector bodies which use COI's services.

1.3. The new context

Following the general election of May 2010, two new policies have shaped the approach to direct communication: the priority to reduce the deficit and the desire for a smaller role for government.

The priority to reduce the fiscal deficit has led to a tightening of control of communication expenditure. The marketing and advertising freeze approvals procedure has introduced close central scrutiny of how communication is scoped and how return on the investment is measured.

Government policy also envisages fewer but more effective communications with a greater role for partners, both civic and commercial.

These drivers will inevitably mean that government communication budgets and staff numbers will be smaller. They will also require government communicators to work in different ways and apply skills more effectively, i.e. to do better for less:

- To focus on priority issues and audiences, not on departments.
- To build new relationships and valuable partnerships.

² Cabinet Office/HM Treasury (2010) *Benchmarking survey September 2010* [unpublished]

³ Cabinet Office/HM Treasury (2010) *Benchmarking survey September 2010* [unpublished]

⁴ Source: COI

- To improve effectiveness through better evaluation and insight.
- To focus relentlessly on value for money and return on marketing investment (ROMI).

1.4. Evidence

To inform my review, I have sought evidence from a wide range of sources:

- Interviews have been conducted with over 40 leaders from across business and the public sector.
- Some 80 written submissions have been received in response to the call for evidence.
- A review of existing research has been conducted into the approach other governments and major marketing-led corporations take to marketing and communications activities.
- I have taken evidence and advice from the review's Roundtable Panel of Experts, which is drawn from the commercial sector and from government. The panel included senior representatives from communications and marketing organisations, brand owners and media owners.⁵

1.5. Conclusions

In conducting the review, it has become clear that what is required is not just a solution regarding the future of COI, but a different approach to government direct communication. While the reductions in public expenditure are one driver of this, it is also clear that some government direct communication has been unrelated to an overall sense of government priorities; has not always been based on the best evidence; has lacked good measures of impact or effectiveness; and has used a media mix which is skewed towards higher cost, less targeted channels. All of these need to be addressed in a new approach.

Many of these issues can be addressed through the central approvals process for direct communication. Most of those who gave evidence to the review supported the principle of these controls, but asked that they be applied in a more sophisticated way.

My conclusion is that, in considering a request to undertake a particular piece of direct communication, the Efficiency and Reform Group (ERG) should, in addition to current criteria, consider whether the proposal meets best practice for:

- alignment with government strategy and priorities;

⁵ For membership of the Roundtable Panel of Experts see Appendix 11.6.

- use of insight to develop the proposal;
- partnership;
- evaluation and return on investment;
- minimising spend;
- appropriate use of channels; and
- a payment by results approach.

In order to drive this new approach, however, there will be a need to not only bring some existing functions together, but to create some that do not exist.

Some of this has already happened in recent times. Before May 2010 there was no function that looked at direct communication proposals across government and decided whether they should proceed. This capability was created very quickly, and has successfully administered the marketing and advertising freeze; however, many respondents to the review have commented that consideration of proposals needs to become more sophisticated.

1.5.1. A more strategic approach

I also conclude that government direct communication will be more effective if a more strategic approach is taken where activity is concentrated in fewer areas of focus and target audiences for campaigns are clearly identified, so that government is not unwittingly aiming multiple messages at the same audience.

Government should agree a direct communication strategy, taking into account its priorities, the audiences it is trying to reach and the channels available to it. The strategy should brigade communication around a small number of themes.

The themes would represent government priorities, for which there is a clear and important role for communications. A theme may well contain campaigns, programmes and contributions from several departments.

A hypothetical example might be 'Britain in the World'. This might bring together and encapsulate work and activities from several departments:

- FCO looking after Britain's interests abroad;
- BIS encouraging inward investment into Britain;
- DFID providing international aid and support;
- MoD looking after Britain's security; and
- No. 10 on international leadership and reputation.

The result would be fewer but clearer, more focused activities, which avoid duplication and the bombardment of multiple, fragmented messages to key audiences and partners.

1.5.2. A Government Communication Centre

To enable this to happen, government needs functions for developing an overall direct communication strategy, audience insight and evaluation to happen in one place. These also link naturally with the controls over direct communication spend.

It would be possible for each of these functions to be hosted in different departments, but I fear that in that model there is a danger of the function being skewed towards working for the parent department and losing the synergy that should come from having such functions in one place.

I therefore conclude that these functions are best housed in one centre, which incorporates the new functions, which are necessary for conducting government direct communication in a different way, with those of COI's functions that will continue. I propose that this is called the Government Communication Centre (GCC).

The GCC should also include a pay-as-you-go unit that provides direct communication services, which will be self-funding.

1.5.3. Better partnership – a different relationship

A key strand of a different approach to direct communication will be to recognise that, for many of our objectives and audiences, other organisations, or brands, will already have strong relationships with the people we seek to reach. Many of these organisations, which may be commercial, voluntary or civic sector, recognise our goals and are prepared, indeed keen, to work with government on achieving them.

There are, however, key and consistent messages back to government on working in partnership:

- This involves real partnership, not an assumption that partners will pay for government advertising.
- Government must recognise that partners have objectives and imperatives that may not entirely align with government's, for example profit.
- Big brands are tired of multiple approaches from government and a lack of clarity about the Government's priorities.
- Government has few people who are skilled and experienced in this sort of partnership working.
- If the partnerships are to go beyond the ad hoc and tactical, government needs to plan as far ahead as its partners – at least 12 months and probably 18 months.

My conclusion is that there is great potential for government to build rich partnerships to great benefit for all partners. However, this will require a change of mindset for government, the development of skills and experience, and a central co-ordination of links with major partners by the GCC to prevent multiple approaches.

1.5.4. The common good – a different relationship with media owners and agencies

The terms of reference of the review specifically require an examination of the US Ad Council model, in which agencies work for free and media owners give media space for public campaigns. The model is covered in detail later in this review.

My conclusion is that it would not be workable, nor desirable, to attempt to wholly replicate the Ad Council in the UK. However, there does seem to be significant potential in asking agencies, media owners, government, and voluntary and community organisations to work together for free or near free on campaigns for the common good.

During the review, there was acknowledgement of the strong desire by government to examine the potential for this, but it was also clear that media owners and broadcasters were very wary of any impression that they would carry 'government messaging', feeling that this would undermine their independence.

My proposal is that government should invite agencies, media owners and voluntary and community organisations to join with it in forming a Common Good Communication Council, separate from but supported by government. The Council could agree the parameters of such a scheme; ensure propriety; and invite bids from the voluntary and community sectors and government for this sort of work.

1.5.5. The principles of government direct communication

Evidence from this review makes it clear that there are occasions when government direct communication is essential: when government has a legal duty to provide people with information, such as changes to legislation, or information about public services, or when marketing and advertising are critical to the effective running of government, e.g. Armed Forces recruitment.

My conclusion is that there is an opportunity to move the default position away from paid-for communications being seen as the solution to government marketing problems. A blend of options should be considered:

- **Common good:** Could elements of the activity be delivered through channels such as a Common Good Communication Council, facilitated by government, e.g. when providing public information on topics such as road safety or literacy?
- **Partners:** Could elements of the activity be delivered in partnership with commercial or civic organisations that have a strong interest and incentive to get involved, e.g. Green Deal, obesity?
- **Government:** Is government the only agent capable of delivering the activity, e.g. taxation?

The GCC should establish clear criteria to identify when government communication should be government-authored and when sole responsibility can be devolved.

1.5.6. Recognising what we own – exploiting government media space

During the review, evidence pointed to the inefficiency of government buying commercial media space while making very little use of the media space it already owns and could develop.

These owned assets include, for example, all the government websites, including Directgov, poster sites on government buildings and space in government leaflets. Analysis estimates that, properly exploited, these 'owned assets' could have an annual value of around £50 million.⁶

Exploitation of these assets will never replace paid-for space, as it is important to use the right mix of channels and locations to reach the target audience; however, it would give us significant free or low-cost options when planning campaigns.

Identifying, exploiting and managing such assets is a significant piece of work and should be the responsibility of a team within the GCC.

1.5.7. Digital

The evidence from the review demonstrates that there has been a significant shift in media consumption habits towards digital. Some submissions also indicated that government usage of digital channels might be lower than industry benchmarks.

My conclusion is that government should make greater use of digital channels in direct communication and that digital considerations should be built into all communication activity from the start.

Government's use of digital also extends beyond communication and marketing activity into areas such as digital policy, frameworks and contracts, customer services and hosting platforms. Digital policy leads will clearly retain responsibility for their specific remits, but would be able to outsource related marketing and communication services, just as the Cabinet Office has outsourced certain digital tasks to COI in the past.

1.5.8. Procurement

The benefits of aggregated central procurement for marketing and communication services are clear and quantifiable. A centralised procurement function would also provide the mechanism for the effective introduction of a payment by results regime across government direct communication activity.

It is also clear to me that a GCC central marketing-procurement function will need close professional links with the ERG government procurement team, and yet retain

⁶ COI for Cabinet Office (2010), *Valuing Owned Assets* [unpublished]

and build specific expertise for integrated media planning/buying and creative frameworks.

1.5.9. Payment by results

The idea of government communication being undertaken in such a way that part or all of the fee is based on the results of the campaign is supported in principle, but respondents within and outside government raised concerns about measurement and perverse incentives. The industry also indicated that there had to be upside opportunities if results were beyond expectation, as well as downsides if they were not.

My conclusion is that government communication and procurement experts should work with industry urgently to establish a common understanding so that payment by results becomes a common feature of government direct communication contracts during 2011/12.

1.5.10. Professional capability development

Evidence from the review makes it clear that government will need to become increasingly proficient and sophisticated at managing and co-ordinating contact with citizens and partners across a complex array of issues and channels.

To build high-level marketing capability coherently and consistently across GCN requires clear oversight of the quality, spread and scale of existing talent and of future requirements.

My conclusion is that, in future, a GCC would be best placed to provide leadership for GCN, and to oversee professional capability development, talent management, propriety and standards.

1.5.11. The future of COI

COI's status as an ALB and its trading fund model, in which its income is derived from the work it undertakes for departments, puts it at a distance from government and amplifies departmental agendas over cross-government priorities. This has kept COI from being as close to the development of government policy and communication strategies as it would like to have been. There has been no mechanism that incentivises the pursuit of cross-government priorities.

That said, COI has successfully supported departments in carrying out effective and award-winning work over many years; and much of the skills and experience that will be needed for the GCC that I propose is present in the current staff of COI. I do also conclude that there is a place in the GCC for the sort of 'pay-as-you-go', direct service provision that parts of COI currently provide.

I have carefully considered whether to retain the COI brand, recognising its strengths, especially outside government. I have concluded that, because what I am

proposing in this review is a sufficient change in the way that government approaches direct communication, retaining the brand would suggest a greater continuity with the recent past than I think is helpful. I have therefore concluded that on establishment of the GCC, the COI brand should cease to be used.

1.5.12. The greater opportunity

The conclusions above – agreeing a government direct communication strategy, brigading communications in themes and the establishment of a strategic GCC – would change government’s approach to direct communication, but would do so largely by giving a strategic framework for departments and others to work within. The development and execution of individual campaigns would remain a departmental activity, albeit subject to controls.

In looking at how government might undertake direct communication most effectively, several respondents suggested that, as well as taking a more strategic approach around themes, government might also aggregate its staff resource in teams working on these themes for departments.

In looking at the opportunity, it is important to have some idea of the possible scope of such a proposal. In early 2010, the cross-government benchmarking exercise estimated that there were 6,848 staff in departments and ALBs. Leaving to one side communication staff that departments would want to keep in-house (press office, internal communications, policy communications and some digital), this leaves 3,233 staff undertaking the sort of communications activity covered by this review. Anecdotal evidence suggests that reductions in staff because of the Spending Review will reduce this by up to 40%, still leaving 1,940 staff employed on this sort of activity. In taking forward any option involving aggregation, this number needs to be tested robustly.

Given this background, I have concluded that there are three options for organising and funding the future model of direct communication:

- **Option 1:** Create the GCC from the existing COI and fund its estimated running costs of £10.5 million from a small top slice of departments.⁷ Adopt the strategic, themed approach described above and designate an appropriate departmental Director of Communications as the senior sponsor of each theme. Leave other resource in departments.
- **Option 2:** Establish the GCC and aggregate direct communications professionals around six priority theme teams. These teams would be hosted and employed by six lead departments. It is estimated that each theme team would have a complement of 80 FTE communications professionals. This would mean that, of the 1,940 FTE, 150 would move into the GCC and 480 (6 x 80) would move into

⁷ For details of the estimated running costs see Appendix 11.8.

the theme teams. The remaining staff would be retained by their department or ALB and either be redeployed or exited. It has been assumed that some staff would be retained. This option would offer a potential saving of £36 million per annum, over and above the 40% reductions already estimated for departments and ALBs.⁸

- **Option 3:** Establish the GCC and aggregate direct communications professionals around six priority theme teams. However, the theme teams would be employed by GCN. Individuals would be moved from across GCN (departments, ALBs and COI) into the one single employer: GCN. They would be a flexible resource drawn from the best talent across GCN and deployed against the six priority themes according to demand and need. Under Option 3, all of the estimated 1,940 FTE would transfer to GCN, after which approximately 150 would move into the GCC and approximately 480 (6 x 80) would move into the theme teams. The remaining staff would be surplus and could either be redeployed or exited. GCN would manage the process. This option would offer a potential saving of £54 million per annum, over and above the 40% reductions already estimated for departments and ALBs.⁹

After careful consideration of the options, I have concluded that Option 3 (in which staff working in direct communication in departments and ALBs would be aggregated into GCN as a single employer, and deployed as a flexible resource to staff the GCC and up to six theme teams hosted by departments) is my recommendation.

I do, however, recognise that the staff covered by this recommendation are currently subject to departmental restructuring and uncertainty. I also recognise that there are legitimate questions about the size of the centre and the theme teams. To resolve these matters I recommend that in 2011/12 we move to Option 1, to create the GCC out of existing COI staff, funded by a small top slice of departments. During 2011/12 GCC should work with departments to:

- develop the Government's marketing strategy;
- decide under what themes activity should be brigaded;
- confirm the size and functions of the GCC;
- scope the size and role of the theme teams and decide where they are best hosted;
- identify the staff to be aggregated from departments, ALBs and the GCC and ensure that the best staff are in the right jobs; and
- develop the business case for creating significant savings by moving to Option 3 for 2012/13.

⁸ For details of these potential savings see Appendix 11.8.

⁹ For details of these potential savings see Appendix 11.8.

The question of whether departments should retain digital teams is strongly linked to the implementation of the Lane Fox report, which recommended moving to a single domain for government. I would envisage that digital marketers would be part of the aggregate pool, while those that maintain corporate sites, especially those focused on information for professional audiences, might not.

1.5.13. Governance

Propriety and governance of government communication has often been a sensitive issue and was the topic of a substantial number of the recommendations of the Phillis review. In creating the GCC, it will be important that governance and scrutiny remain strong. Governance is important so as to ensure that the marketing and advertising which government undertakes meet four criteria:

- The activity undertaken matches government priorities.
- The activity undertaken is effective and good value for money.
- The activity undertaken is non-political.
- The activity undertaken is effectively planned and managed.

To ensure that the activity matches government priorities, and that the GCC is properly meeting the needs of its customers, requires ministerial oversight. I suggest that the Prime Minister should consider the establishment of a Cabinet sub-committee, chaired by the Minister for the Cabinet Office, but including Ministers from other departments, especially those that undertake significant marketing activity, e.g. the Department of Health. The Executive Director of the GCC should be secretary to the committee.

To provide reassurance to the public and Parliament that the activity undertaken is effective, good value for money and non-political, I propose the appointment of three people who have experience of and high credibility in the communications industry to form a Government Communication Oversight Panel. The panel would meet quarterly to consider the marketing and advertising work that government has undertaken in order to reassure themselves that it has been effective, good value for money and non-political. Its minutes would be published. The panel would submit a written report each year to the Public Administration Select Committee, containing a retrospective commentary on the activity during the year.

The Executive Director of the GCC should establish the GCC executive group, to oversee the day-to-day work of the GCC. It should include the departmental Directors of Communication who lead on each theme and the Director of Policy Communication Cabinet Office/No. 10.

1.6. Recommendations

1.6.1. Overarching recommendation

Government direct communication (marketing and advertising) should be undertaken within an overall government strategy and brigaded into themes. COI should be replaced with a GCC, based in Cabinet Office, which would:

- develop the Government's marketing strategy;
- operate the central controls on marketing expenditure;
- be the centre for activities that support marketing across government, such as insight, evaluation and partnerships;
- undertake procurement; and
- be responsible for the professional development of communicators.

The GCC would also have a pay-as-you-go direct service provision function, which would be self-funding.

The strategy should be delivered by teams corralled around the six themes, located in host departments but employed by one single employer, GCN.

Given the scale of such change, there is a need to fully evidence the business case for such a move. My recommendation, therefore, is to establish the GCC in 2011 and move to aggregation of staff in 2012.

Media and internal communication functions should remain within departments, providing direct and immediate ministerial support. Strategic communication advisers are key roles that should also remain within departments, acting as the lynchpin for policy colleagues and as expert commissioners of communication activity.

1.6.2. Specific recommendations

1. Create a new strategic Government Communication Centre (GCC) as a Crown Corporate Service within the Cabinet Office, based in the most cost-effective location.

2. The Executive Director of the GCC should be charged with producing a marketing strategy for government at the beginning of each Parliament, aligned with the Government's priorities. The strategy should be approved by a Cabinet sub-committee.

3. The GCC should have four functions:

- a. To be an intelligent gateway, providing controls on all government marketing and advertising spend. All proposed marketing and advertising activity over a limit of £100,000 should be subject to the GCC gateway, which should include the following in its criteria for approval:

- Alignment with strategy and priorities
- Robust use of insight
- Appropriate use of channels – common good, owned, partner, paid
- Proposed evaluation plan
- Demonstrable return on investment
- Value for money.

b. To develop the Government’s marketing strategy and co-ordinate its implementation, including being the lead for those functions that underpin strategic marketing. This includes setting the standards and providing the strategic capability to develop areas such as:

- Communication strategy development
- Evaluation and return on marketing investment (ROMI)
- Audience and behavioural insight, including segmentation
- Owned-asset management
- Strategic partnerships; commercial, civic and statutory groups
- Integrated communication support to the Common Good Communication Council.

c. To procure communications services and media space for government. This will include framework management, standards and procedures, and development of a payment by results regime.

d. To be the centre of leadership for the Government Communication Network (GCN), overseeing professional capability, talent management, propriety and standards.

The GCC should have an initial staff of around 150.

4. There should be a self-funding, pay-as-you-go unit providing those direct delivery services which are aggregated at the centre. These services will need precise specification but would cover activities directly related to the delivery of communications activity, such as design, print, production, copy, digital services, direct marketing, regional and local delivery, and events.

5. The Executive Director of the GCC should be the Head of the Government Marketing profession and joint head of the Government Communications profession, with one of the departmental Directors of Communication.

6. The GCC should have formal links with Cabinet Office/No. 10 communications, the Behavioural Insight Unit, the Office of Government Commerce (OGC) and Directgov.

7. Government marketing and advertising should be grouped into up to six themes, drawn from the overarching cross-government strategy, which reflect those of the Government’s priorities that can be most effectively supported by marketing and advertising.

8. Government direct communication should be carried out by the GCC and teams for each theme, staffed by aggregating all staff working in these areas in departments and ALBs (Option 3, as described above). Recognising the scale of change required and legitimate questions about the size of the centre and the theme teams, I recommend that in 2011/12 we move to Option 1, to create the GCC out of existing COI staff, funded by a small top slice of departments, as a transition point to Option 3. During 2011/12 the GCC should work with departments to:

- develop the Government's marketing strategy;
- decide under what themes activity should be brigaded;
- confirm the size and functions of the GCC;
- scope the size and role of the theme teams and decide where they are best hosted;
- identify the staff to be aggregated from departments, ALBs and the GCC, and ensure that the best staff are in the right jobs; and
- develop the business case for creating significant savings by moving to Option 3 for 2012/13.

For any proposed activity outside the themes, the default position should be to use low-cost channels such as digital and PR.

9. Government campaigns should reflect industry standard use of digital in their channel mix, and consideration of digital solutions should be built in from the start of programme activity.

10. Government should work with media owners, advertising agencies and civic society to establish a Common Good Communication Council to generate donated creative and media space for public interest or community campaigns. The Common Good Communication Council should have a separate governance structure from, but be supported by, the GCC.

11. The GCC, including the self-funding, pay-as-you-go unit providing direct delivery services, would replace COI in its current form and its brand should cease to be used.

12. The Prime Minister should consider the establishment of a Cabinet sub-committee to approve the direct communication strategy, oversee its implementation and oversee government marketing and advertising.

13. A small Government Communication Oversight Panel of external communications experts who do not have a financial stake in government communications work should be formed to provide reassurance to the public and Parliament that government direct communication is effective, value for money and non-political. It should report to the Public Administration Select Committee annually.

14. I endorse the ERG guideline that communication services should only be bought through government-approved frameworks, overseen by OGC.

A handwritten signature in black ink that reads "Matt Tee" with a horizontal line underneath the name.

Matt Tee

Permanent Secretary for Government Communication

2. Terms of reference

2.1. Context for the review

The following drivers make a review of government direct communication timely:

- Government's intent to have fewer, more effective communications, a greater devolution of responsibility to partners both commercial and civic, and a greater use of non-paid-for channels.
- The need to close the fiscal deficit – which necessitates greater control of communication expenditure and closer attention to how communication is scoped and measured in order to deliver a return on the investment made.
- The desire for a smaller Civil Service with lower administration costs – meaning that making the most efficient use of resource within a reducing government communication set-up becomes increasingly important.

2.2. Objectives for the review

To make recommendations as to the functions in relation to direct communication that government should exercise; the role, status and funding of COI; and the most appropriate governance of these communications.

Specifically, the review addresses the following:

- when, how and why government should use direct communication;
- the functions required within government to deliver direct communications most effectively and at best value for money;
- how those functions should be organised;
- the future role and organisational form of COI within these arrangements; and
- how the system should be funded.

The full review Terms of Reference can be found at Appendix 11.1.

2.3. In scope activity

In scope activity includes those parts of government direct communication currently covered by the marketing and advertising freeze, and the role of COI.

For a list of communication activity covered by the freeze, and therefore what constitutes direct communication in the context of this review, please see Appendix 11.3.

2.4. Out of scope activity

Out of scope activity includes media relations activity, which is traditionally provided in-house by government departments, and the announcement co-ordination role played by No. 10.

2.5. Governance

The review will report to the Minister for the Cabinet Office, Francis Maude.

2.6. Timings

Evidence gathering and analysis for the review took place between December 2010 and February 2011.

3. Methodology

3.1. Gathering an evidence base

Evidence gathering took place as follows:

- **Witness interviews:** 42 face-to-face interviews were conducted by the review team with leaders from across the marketing and advertising industry and the public sector. Interviews were conducted in January and February 2011. See Appendix 11.4 for a list of witnesses.
- **Call for evidence:** 80 written responses were received from a general call for evidence which ran from 22 December 2010 to 21 January 2011, and was published on the Cabinet Office website and in the marketing trade press. See Appendix 11.2 to view the questions posed and list of respondents.
- **Analysis of existing evidence:** Taking into account previous reviews conducted into HM Government communication; the approach taken by other governments (including the USA Ad Council model); and approaches that major commercial organisations take to organising marketing and communications activities.
- **Roundtable Panel of Experts:** A group of prominent experts drawn from the commercial sector and from across government took part in an open discussion at No. 10 on 31 January 2011. The discussion was chaired by the Minister for the Cabinet Office, Francis Maude. The panel included senior representatives from communications and marketing organisations, brand owners and media owners. See Appendix 11.6 to view the list of attendees.

3.2. Analysis

The accumulated evidence base was analysed to establish the principles that should guide government direct communication, and the functions that are required to meet the Government's need for direct communication within the principles.

This review sought qualitative views from witnesses, summarised in Chapter 8 of this report and outlined in greater detail in Appendix 11.9. To indicate levels of support for particular views, the following terms are used:

- 'Most'/'majority'/'many'/'strong'/'widely'/'broadly' for a widely held point.
- 'Some'/'several'/'minority'/'few'/'one' for a point mentioned by less than the majority of participants.

4. A brief history of government direct communication

4.1. The changing face of government communication

Government's first use of direct communication in the mass media was through a dedicated publicity unit set up by the Post Office in the 1850s. The first wide-scale publicity campaign was carried out in 1876, with a million handbills issued to inform the public about the virtues of government savings schemes, life insurance and annuities.

By 1918, direct communication was deemed important enough for the establishment of the first central Ministry of Information, which grew out of the Home Office Information Bureau and other Whitehall units.

After the outbreak of World War II, the Ministry of Information mobilised public opinion through iconic campaigns, such as *Make do and mend* and *Dig for victory*.

COI was established in 1946 following the demise of the Ministry of Information, when individual government departments resumed responsibility for information policy. It became a 'common service agency, concentrating expertise to avoid a wasteful duplication of specialists throughout Whitehall and taking advantage of centralised purchasing'.¹⁰

By the 1950s, COI produced archetypal public service films, such as *Watch your meters* and *Coughs and sneezes spread diseases*. The rapid growth of television offered a new platform for public communication. After the success of a *Drink-drive* campaign in 1964, COI focused more heavily on this medium, alerting the public to the dangers of smoking, encouraging them to drive carefully and reminding them to *Watch out! There's a thief about!*¹¹

Although strong roots in this past activity can still be seen, changing lifestyles and the proliferation of interactive technology have had a dramatic impact on the nature and practice of government direct communication today.

¹⁰ Original COI remit. See: COI (2002) *Annual Report & Accounts 2001–02*: London: The Stationery Office, <http://coi.gov.uk/documents/coi-annualreport2001-2.pdf>

¹¹ Details of the history of government communication and the role of COI are available at: <http://coi.gov.uk/aboutcoi.php?page=86>

Recent developments in the tools and techniques used by government communicators include the increasing use of behavioural insight, an area of activity that crosses boundaries between communication, policy making and service design and delivery.

Other emerging disciplines include greater sophistication in developing brands and, for example, down-playing the provenance of government when communicating to young people about the dangers of substance misuse with FRANK. Partnership working, evaluation and ROMI, database-driven relationship management and the use of digital engagement are growing rapidly.

4.2. The reputation of government communication

Today, UK government direct communication has a globally held and long-established reputation for being effective and innovative.

Its campaigns have a history of success at the Institute of Practitioners in Advertising (IPA) Effectiveness Awards. Open to agencies, media owners and clients worldwide, these awards celebrate activity that demonstrates return on marketing investment. In 2010, government campaigns won five of the ten Gold and Special awards and three Silver awards.¹²

Each year COI is host to numerous delegations from foreign government, most recently from China and Ukraine, and plays a significant role in Europe through the Club of Venice meetings of the heads of communication of member states and European institutions.

4.3. The role and status of COI

4.3.1. Role and remit

Since 1946, COI has worked closely with government departments and the marketing and advertising industry to develop government communication. It was created as a non-ministerial department, a status it still holds today.

COI currently offers strategic advice, procurement, delivery and project management across the communications and marketing mix, with the aim of ensuring effectiveness and value for money. A list of its services is available at Appendix 11.7.

COI can work with any government organisation in receipt of public funds. These include central government departments, ALBs, non-departmental public bodies, local government organisations and police forces.

¹² See: www.ipa.co.uk/Content/2010-IPA-Effectiveness-Awards-winners-announced

4.3.2. Funding

Until the mid-1980s, COI was funded by Parliamentary Vote. Departments wishing to run publicity campaigns bid for a share of the central budget held by COI.

In 1984, funds were devolved to departments and the requirement to use COI was ended.

In 1990, COI became an executive agency. Since 1991, COI has also operated as a trading fund.¹³ As a trading fund, COI has no budget of its own. The budgets for marketing and communications activity sit with the 450 government departments, executive agencies, non-departmental public bodies (NDPBs), local authorities and wider public sector bodies that make up COI's client base.

COI does receive a small Parliamentary Vote of £700,000 for Common Good activity.¹⁴

4.3.3. Governance

COI's Chief Executive reports to the Minister for the Cabinet Office, who sets the organisation annual targets for:

- efficiency (to achieve a 2.5% reduction in the unit cost of outputs);
- quality (to achieve an average customer satisfaction score of 8.25 out of 10); and
- financial performance (to break even).

Details of COI's performance can be found on its website.¹⁵

4.3.4. Savings through centralised procurement

The value of media buying undertaken by COI gives it a strong centralised buying position for advertising, which enables it to secure significant savings for government.

¹³ Trading funds are statutory bodies which recover their costs by charging other statutory bodies for services. They also have other obligations to fulfil (see Section 4.3.3 on COI governance). The other trading fund in central government is the Treasury Solicitor's Department (TSoL).

¹⁴ The Common Good programme is designed to benefit all government departments and agencies. It looks at specific cross-cutting topics or audiences in detail to gain insight designed to improve communication effectiveness. The latest Common Good project is Communications and Behaviour Change (2009). Previous projects have explored Older People (2006); Small and Medium Enterprises (2003); and Black and Minority Ethnic groups (2003). For more information see: <http://coi.gov.uk/aboutcoi.php?page=61>

¹⁵ For details of COI's trading status and performance see: <http://coi.gov.uk/aboutcoi.php?page=53>

In 2009/10, COI secured a 47.7% reduction in media costs, measured using the approved OGC benchmarks for COI services.¹⁶

4.3.5. Other reviews into the role of COI

Over the years, COI has been subject to several reviews, including statutory quinquennial reviews in 1997 and 2002.

These reviews concluded that COI ‘adds significant value in procurement, project management and strategic consultancy’ and confirmed that COI should remain as government’s ‘independent centre for expertise and excellence in marketing communications’.¹⁷

4.4. Previous reviews into government communication and the role of the Government Communication Network

4.4.1. Previous reviews

Of particular significance for this review are the findings of the following reviews into government communication:

- Mountfield Report on the Government Information Service, 1997
- Phillis review of government communications, 2004
- House of Lords Select Committee on Communications (HOLSCC) report on government communications, 2008
- McArthur COI Future of Media Buying Project, 2007.

Mountfield, Phillis and HOLSCC considered government communication in its broadest sense, including direct communication together with certain areas that are out of scope of this review (such as press office functions and the relationship between civil servants and special advisers).

¹⁶ COI (2010) *Annual Report & Accounts 2009–10*: London: The Stationery Office, <http://coi.gov.uk/documents/coi-annualreport2009-10.pdf>

¹⁷ Source: letter from Mavis McDonald CB (Permanent Secretary, Office of Deputy Prime Minister and Cabinet Office) to Sir Hayden Phillips KCB (Permanent Secretary, Lord Chancellor’s Department), 26 March 2002

Nonetheless, four key themes emerge across these reviews which are useful to note:

<p>Integration</p>	<p>In particular, the need to ensure integration:</p> <ul style="list-style-type: none"> • between departmental policy, delivery and communications functions;¹⁸ • between government and civic sector bodies and stakeholders in the development of communication activity;¹⁹ and • across communication channels.²⁰
<p>Centralisation</p>	<ul style="list-style-type: none"> • Phillis foresaw an increased central function whose responsibilities included co-ordination across departments on cross-government issues (though not at the expense of departments).²¹ • HOLSCC recommended a central body to report to the Head of the Home Civil Service on the size and cost of communication functions and activities across departments.²² • A more recent review by Martha Lane Fox recommended a central authority responsible for citizen experience across government digital

¹⁸ Phillis B (2004) *An Independent Review of Government Communications* (the Phillis review). London, www.ppa.co.uk/legal-and-public-affairs/ppa-responses-and-evidence/~media/Documents/Legal/Consultations/Lords%20Communications%20Committee/final_report.ashx

¹⁹ House of Lords Select Committee on Government Communications (2008), *First Report of Session 2008–09: Government Communications, Report with Evidence*. London: The Stationery Office, www.publications.parliament.uk/pa/ld200809/ldselect/ldcomuni/7/7.pdf

²⁰ McArthur D for COI (2007) *COI Future of Media Buying Project*. Douglas McArthur [unpublished]

²¹ Phillis B (2004) *An Independent Review of Government Communications* (the Phillis review). London, www.ppa.co.uk/legal-and-public-affairs/ppa-responses-and-evidence/~media/Documents/Legal/Consultations/Lords%20Communications%20Committee/final_report.ashx

²² House of Lords Select Committee on Government Communications (2008), *First Report of Session 2008–09: Government Communications, Report with Evidence*. London: The Stationery Office, www.publications.parliament.uk/pa/ld200809/ldselect/ldcomuni/7/7.pdf

²³ Lane Fox M for Cabinet Office (2010) *Directgov 2010 and Beyond: Revolution not evolution*. <http://download.cabinetoffice.gov.uk/digital/directgov-2010-and-beyond.pdf>

	channels, to reduce fragmentation and improve user experience standards. ²³
Professionalisation	<ul style="list-style-type: none"> • Mountfield pointed to varying standards in skills and practice between departments.²⁴ • Phillis perceived a need for greater professionalism across the government communication profession, leading to the creation of GCN (see below). • HOLSCC recommended that the centre provide training and guidance to regional and local communicators to improve quality and professionalism.²⁵
Evaluation	<ul style="list-style-type: none"> • McArthur identified a greater need for a learn–refine loop in communications planning and delivery.²⁶ • Phillis and HOLSCC highlighted the need for government to be accountable in spend and in effectiveness as an essential requirement.

4.4.2. Professionalisation and the role of GCN

Following the Phillis review in 2004 and subsequent review by the HOLSCC in 2008, efforts were made to harmonise skill-sets and improve opportunities for development across government communicators.

This is effectively the role of GCN, which links all professional communicators across government and supports them in gaining the skills and knowledge they need to carry out their roles.

GCN provides a link for sharing expertise, experience and training for communication staff across different departments, although it has no directive or policy function. COI is part of GCN.

²⁴ Cabinet Office (Office of Public Service) (1997), *Report of the Working Group on the Government Information Service* (the Mountfield report), www.publications.parliament.uk/pa/cm/199798/cmselect/cmpublicadm/770/77006.htm

²⁵ House of Lords Select Committee on Government Communications (2008), *First Report of Session 2008–09: Government Communications, Report with Evidence*. London: The Stationery Office, www.publications.parliament.uk/pa/ld200809/ldselect/ldcomuni/7/7.pdf

²⁶ McArthur D for COI (2007) *COI Future of Media Buying Project*. Douglas McArthur [unpublished]

5. Government direct communication: the current scenario

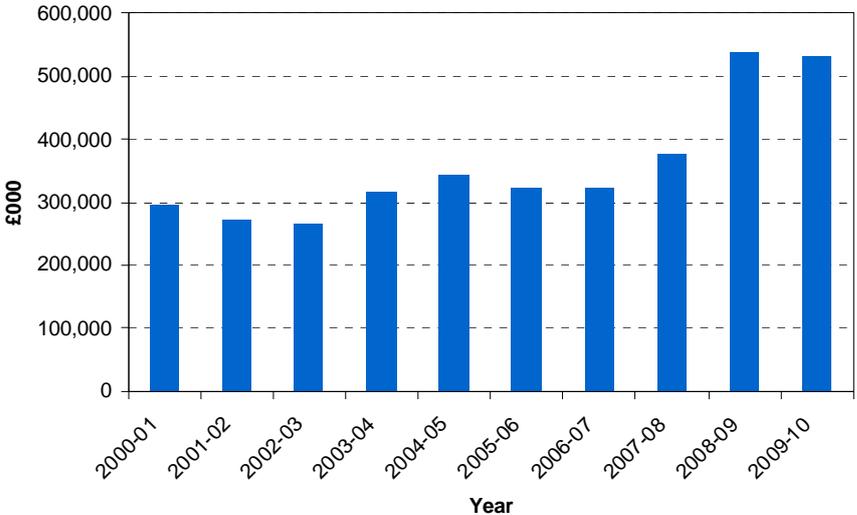
5.1. Analysis of recent spend on communication

In 2009/10, the total cost of government communication was estimated at £1,01 billion, of which £650 million was spend from central government departments, £240 million was spend by NDPBs and £93 million was spend by government agencies.²⁷

The total £1.01 billion was made up of communication spend and running costs: £540 million²⁸ was direct communication activity through COI and £329 million was estimated staffing costs. Some £146 million was other activity not commissioned through COI.

The total headcount (FTE) within GCN was estimated at 6,848.²⁹

Figure 1: COI turnover 2000–10³⁰



²⁷ Cabinet Office/HM Treasury (2010) *Benchmarking survey September 2010* [unpublished]. Please note: staff numbers are based on self-reported numbers and categorisation.

²⁸ COI (2010) *Annual Report & Accounts 2009–10*: London: The Stationery Office, <http://coi.gov.uk/documents/coi-annualreport2009-10.pdf>

²⁹ Cabinet Office/HM Treasury (2010) *Benchmarking survey September 2010* [unpublished]

³⁰ Source: COI

5.2. Concentration of spend

According to the benchmark analysis, the overall spend of £1.01 billion was concentrated in a few organisations. Just five departments accounted for 44% of all spend, while 75% was concentrated in 13 departments and 7 ALBs.

5.2.1. Advertising and marketing spend

Some 82% of the total spend on advertising was concentrated in the top 10 departments and ALBs, with the majority (73%) flowing through central communication teams.³¹

Most of the £540 million spent on communication in 2009/10, through COI, went on a relatively limited number of large-scale campaigns. Of the 440 named campaigns coming through COI, just 52 accounted for 62% of total spend.³²

However, there was a considerably long tail of low-value campaign activity. Of the 440 named campaigns conducted through COI in 2009/10, 352 (80%) were of a value of less than £1 million.³³

Similar data for campaigns not conducted through COI is unavailable.

5.2.2. Staff numbers³⁴

In 2010, there were approximately 6,848 FTE members of government communication staff, of which 54% were based in central government departments.

After excluding press, media, internal communications and strategic communications adviser roles, the 2010 Cabinet Office/HM Treasury benchmarking data indicates there was a population of approximately 3,233 direct communication professionals who can be considered to be within the scope of this review.

These 3,233 direct communication professionals have been distributed across a large number of organisations, with an estimated 40% being spread across 87 different ALBs.

³¹ Cabinet Office/HM Treasury (2010) *Benchmarking survey September 2010* [unpublished]

³² Source: COI

³³ Ibid.

³⁴ Cabinet Office/HM Treasury (2010) *Benchmarking survey September 2010* [unpublished]

5.3. The new agenda

Following the general election of May 2010, two new policies have shaped the approach to direct communication: the priority to reduce the deficit and the desire for a smaller role for government.

5.3.1. Reducing the deficit

The priority to reduce the fiscal deficit has led to a tightening of control of communication expenditure. The marketing and advertising freeze has introduced close central scrutiny of how communication is scoped and how return on the investment is measured.

- In May 2010, the freeze on marketing and advertising established firm controls upon which government marketing and advertising activities are undertaken and how expenditure is directed. Only essential activity, for which there is a clear and cost-effective role for direct communication, has been passed (e.g. *Fire kills* public safety campaign, DCLG, September 2010).³⁵
- As a result, the annual volume of communications activity commissioned through COI fell to £125 million. COI has reacted by reducing staff numbers by 40% from 737 to 450, and operating costs by 43% from £63 million to £36 million.³⁶
- Departments and ALBs are currently working through a series of headcount reduction programmes, and it is estimated that there will be reductions in direct communications staff of up to 40%. This would reduce the 'in scope' population of direct communication professionals from 3,233 to 1,940 FTE.³⁷

5.3.2. A smaller role for government

It is also envisaged that there will be fewer but more effective communications, with a greater role being passed to communities and to partners, both civic and commercial.

This means that paid-for communications will not be the only solution to government marketing problems. There may be others who are better placed to achieve its goals.

³⁵ Source: ERG

³⁶ Source: COI

³⁷ As stated, the numbers and calculations for this review are based upon the 2010 Cabinet Office/HM Treasury benchmarking survey. The survey relied upon ALBs and departments to submit their own figures. We have made an informed estimate of how much those figures are likely to have fallen; however, if some form of aggregation was to take place it would need to begin with an exercise that identified and baselined the appropriate staff. The final levels of headcount reduction would be scoped on the basis of this new baseline.

The implication of this is that government needs to change its approach to direct communication and consider whether other means of delivery might be more appropriate. For example, are there commercial, voluntary or civic sector partners with whom government could work? Such partners may often have a closer relationship with the target audience through existing channels.

Government could also examine the potential of media owners donating media space or time for communication that is for the common good. Such space might be used by voluntary and community groups as well as government.

It is important to recognise, however, that there will also be communication which government will wish to pay for directly, such as Armed Forces recruitment. This is because partners may be difficult to identify or their involvement may be inappropriate.

<p>Conclusion</p>	<p>In 2009/10, government direct communications spend was £1.01 billion.</p> <p>Some 82% of spend was concentrated in 10 departments.</p> <p>There was a long tail of 352 campaigns conducted through COI valued at under £1 million.</p> <p>Some 3,233 direct communications professionals within the scope of this review have been widely spread, 40% in 87 ALBs.</p>
	<p>The priority to reduce the deficit and the role for government in direct communication activity means budgets and staff numbers, in future, will be smaller.</p> <p>This will require government communicators to work in different ways and apply skills more effectively:</p> <ul style="list-style-type: none"> • To focus relentlessly on value for money and ROMI. • To build new relationships and valuable partnerships. • To improve effectiveness through better evaluation and insight.

6. Putting the review into a broader context: international and corporate perspectives

This chapter summarises the findings of a brief review into organisational structures used for marketing and communication within other governments and commercial sector organisations.

6.1. International models for government direct communication

The review team compared the UK government direct communication context with the situation in other countries and administrations. The focus was on major nations comparable with the UK on economic and political terms, such as the USA, Canada, Australia, France and the Netherlands, as well as the UK devolved administrations. The full analysis is available at Appendix 11.10.

This work revealed a number of key themes for analysis:

- Organisational structures
- Funding structures
- The balance of direct communication spend and other communication activity
- Models for partnership and donated media time/space (including the Ad Council model in the USA)
- Themes for partnership.

6.1.1. Organisational structures

While the organisation and funding of government direct communication varies internationally, analysis suggests that a trend exists (with the exception of the USA) towards greater centralisation in the areas of:

- **cross-government communication strategy, planning and evaluation**, with countries including Canada and the Netherlands developing and pre-approving an annual communication campaign strategy and work plan;
- **concentrating communication activity on core themes**, for example in the Netherlands and Scotland, where most activity is fitted to and managed in a limited number of theme areas;
- **procurement**, with many countries now operating single agency media buying contracts supported by multi-agency communication services frameworks;

- **co-ordination, oversight and approval**, often operated through some or all of a central communication department, a ministerial and/or inter-departmental senior civil service committee and the Treasury/Finance ministry; and
- **professionalisation**, for example the launch in January 2011 in France of a new National Institute of Communication, similar to the already established Academy of Government Communication in the Netherlands. In addition, many countries claim that their central communication service facilitates the professionalisation of communication and adherence to standards of best practice.

Of particular note here is the theme-based model in Scotland, of which more detail is provided below:³⁸

- The Scottish Government Communications Directorate provides strategic and tactical communication advice and services across all channels and methods. It covers five main areas: corporate communications; media relations; marketing; digital communications; and events and speech writing.
- The Directorate is allocated an annual budget each year by the Scottish Government.
- It provides a shared service to the Directors General and individual departments within the Scottish Government's five strategic objectives (which serve as 'brands'): 'Wealthier and Fairer', 'Healthier', 'Safer and Stronger', 'Smarter' and 'Greener' Scotland.
- The majority of Scottish Government communications officers are employed in the Directorate. There are a limited number of embedded officers within departments, usually performing a specialised function rather than a wider communications remit.
- Five of the Directorate's communications teams directly mirror the five strategic objectives. Each team develops an annual communication strategy, in discussion with officers, Directors General and Ministers within that team's portfolio, and incorporating a review of the previous year's plans. Cross-cutting issues and campaigns involving more than one theme are also incorporated into these strategies and teams will work co-operatively with the Directorate for such campaigns.
- All the teams report upwards within the Directorate to the Director of Communication; with a dotted line to the respective Directors General of their portfolio client departments.
- Campaign spending recommendations from the Directorate need to be approved by the respective Ministers before being implemented.

³⁸ Sources: www.scotland.gov.uk, and Team Lead, Communications Directorate, Scottish Government

- The Directorate runs its own frameworks but also makes use of COI's on occasion. Media buying takes place through a centralised buying agency (Mediacom Scotland), operated under a single agency framework.

6.1.2. Funding structures

Funding of government direct communication varies significantly internationally, with a range of models in existence.

COI is the only trading fund that the review team found among the international community. The Department for Public Service and Communication in the Netherlands is the closest equivalent, operating on a time-based recovery basis with a levy against specific campaigns that is agreed annually.

6.1.3. Comparative analysis of UK government direct communication spend

A comparison of paid-for expenditure by the UK government in 2009/10³⁹ indicates that, in a near-record year for UK government direct communication expenditure,⁴⁰ spend per head appears no higher than, and is consistent with, a range of comparable administrations.

In particular:

- the level of direct communication spend in the UK is most similar to that in the Netherlands; and
- by comparison, Australia, the USA and Canada have proportionately more regionally funded expenditure administered through federal states.

6.1.4. Models for partnership and donated media time/space

- Analysis indicates that donated media time/space, and in some cases donated creative resources, is a significant component of a number of government direct campaigns globally.

³⁹ UK data includes direct marketing, fees, etc. and amalgamates the UK's devolved administrations as there is little overlap between national and devolved administration spend. Data from overseas is mainly above-the-line (i.e. media) only. Data for regional spend in the US and Australia is estimated. See Appendix 11.10.

⁴⁰ COI turnover data suggests that (excluding non-COI spend) 2009/10 and the preceding year were records for UK government spend on communication, both a fifth more than previous years.

- In the UK, this consists of ‘TV Fillers’, COI-created public information films about health, welfare and safety which benefit from airtime donated by the media.⁴¹

USA – the Ad Council

- The terms of reference specifically called upon the review to examine the applicability to the UK market of the US Ad Council model for partnership and donated media time/space. Analysis of the model is outlined below. It combines research from secondary sources with primary feedback gathered from expert witness interviews with senior Ad Council executives (conducted either prior to, or as part of the review).
- The witnesses outlined the benefits of the Ad Council model and identified a number of weaknesses, both in general terms and in applying the model to the UK context.
- These views tally strongly with those of respondents to the call for evidence, whose perspectives are outlined in Chapter 8 of this report.
- Further analysis of US government direct communication and the Ad Council model can be found in Appendix 11.10.

Figure 2: Analysis of the US Ad Council model

<p>About the Ad Council</p>	<ul style="list-style-type: none"> • The Ad Council is a private, non-profit organisation that ‘marshals volunteer talent from the advertising and communication industries, the facilities of the media, and the resources of the business and non-profit communities to deliver messages to the American public’.⁴² • The Ad Council produces, distributes and promotes public service campaigns on behalf of non-profit organisations as well as government agencies in issue areas such as improving the quality of life for children, preventative health, education, community wellbeing, environmental preservation and strengthening families. • Media owners donate space, agencies donate talent and time, and private sector corporations donate towards running costs.
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⁴¹ Estimate provided by COI Fillers team February 2011 for 2009/10. Used by all major TV channels in the UK, fillers are distributed to over 120 terrestrial and digital stations and, increasingly, screens in shopping malls, GP surgeries and local authority outlets. The combined donated equivalent media value for TV and radio was £35.6 million in 2009/10. For more information see: <http://tvfillers.coi.gov.uk/about.cfm>

⁴² Source: www.adcouncil.org/

	<ul style="list-style-type: none"> • Government departments pay for membership of the Ad Council. They act as the 'client' on a campaign and cover costs of production, distribution and evaluation. The Ad Council then creates advertising content (primarily TV commercials) in collaboration with agencies, and delivers them to media owners which place them for free as public service announcements (PSAs).
Context	<p>The Ad Council is one of three ways that US federal government direct communication is conducted, the other two being:</p> <ul style="list-style-type: none"> • government departments commission external agencies and pay for media placement direct; and • government departments commission agencies to create 'joint campaigns' – where departmental funding is matched by other organisations (non-governmental organisations (NGOs), commercial interests, media owners). <p>In addition, substantial (but hard to enumerate) activity is conducted by individual state and city administrations, which pay for direct communication and where, on a local or state basis, media owners donate airtime for public service announcements – largely outside of peak hours and not necessarily containing content controlled by the administration.</p>
Scale	<ul style="list-style-type: none"> • Ad Council campaign development and production is primarily funded by 'member' government departments (at \$0.8 million each per annum), totalling \$6.9 million in 2008, and it has received contracts totalling \$72.6 million from the US federal government since 2000.⁴³ • The Ad Council claims its campaigns benefit from \$1.8 billion of the total of \$7 billion in airtime donated by US broadcasters annually.⁴⁴
Benefits ⁴⁵	<p>The expert witnesses suggest that it is possible to see the Ad Council's approach working in the UK and that it could significantly</p>

⁴³ FedSpending.org

⁴⁴ Kaiser Family Foundation (2008), *Shouting To Be Heard (2): Public Service Advertising in a Changing Television World*

⁴⁵ Interviews conducted August 2010 with Andrew Robertson (Vice-Chairman, Ad Council) and James Baumann (SVP, National Accounts & Media Marketing, Ad Council); and January 2011 with George Perlov (former EVP, Research & Innovation, Ad Council)

	<p>lower the cost of government communications:</p> <ul style="list-style-type: none"> • By acquiring donated time and media time/space for its campaigns, the Ad Council model directly lowers the cost of US government communications. • It has also driven a positive culture of private sector involvement in delivering public sector direct communication. • Partners (media owners, agencies and private sector corporations) see supporting the Ad Council as a significant corporate social responsibility (CSR) opportunity. Involvement confers status.
<p>General risks⁴⁶</p>	<p>However, the witnesses acknowledge that the model has limitations:</p> <p>Uncertainty of message delivery</p> <ul style="list-style-type: none"> • As with the Canadian model, media owners choose which Ad Council campaigns they want to run, meaning there is no certainty that messages will be delivered or delivered effectively. • Additionally, donated airtime or space is not subject to the same planning and placement quality criteria as bought airtime/space. A 2008 study⁴⁷ found that the most frequent time period for donated time PSAs to air in the USA is between midnight and 6am (accounting for 46% of donated PSAs across all stations). Broadcast stations (as distinct from cable) run 60% of donated PSAs overnight. The time period with the least donated PSAs was during prime time (8–11pm) – with only 13% of donated PSAs. <p>Lower quality of output</p> <ul style="list-style-type: none"> • The Ad Council acknowledges that its campaigns do not acquire as much of the best creative talent as it would like, as talent follows paying clients. <p>Less effective output</p> <ul style="list-style-type: none"> • Witnesses perceive that when agencies donate time they want an opportunity to make outstanding, award-winning work. The consequent risk is that creativity is at the expense of

⁴⁶ Ibid.

⁴⁷ Kaiser Family Foundation (2008), *Shouting To Be Heard (2): Public Service Advertising in a Changing Television World*

	<p>effectiveness.</p> <ul style="list-style-type: none"> • Editorial control lies with the Ad Council, not the responsible department, and the use of the content is not controlled to meet media planning imperatives.
<p>UK-specific risks⁴⁸</p>	<p>These limitations are perceived to be greater in the UK context:</p> <p>Lower CSR motivation</p> <ul style="list-style-type: none"> • US business is motivated by a much more deeply engrained CSR culture than in the UK. • Donations of free airtime, creative talent and donations may be less forthcoming in the UK than in the US. <p>Smaller scale</p> <ul style="list-style-type: none"> • With lower levels of support, the UK version of the Ad Council may not have the capacity to deliver all the government's messages. <p>More restricted commercial airtime</p> <ul style="list-style-type: none"> • US broadcast media has significantly more commercial airtime than the UK, where supply is more tightly regulated. • The creation of an inventory of free media time/space will be much more difficult in the UK, as donated free space will have a higher opportunity cost of revenue sacrificed. <p>Cultural and financial considerations</p> <ul style="list-style-type: none"> • The Ad Council model has operated in the US since World War II. Introducing the model to the UK requires media owners to take a significant reduction in established revenue, and to sacrifice additional revenue by donating media time/space.

A short review follows of models for partnership and donated media time/space used in other countries.

⁴⁸ Interviews conducted August 2010 with Andrew Robertson (Vice-Chairman, Ad Council) and James Baumann (SVP, National Accounts & Media Marketing, Ad Council); and January 2011 with George Perlov (former EVP, Research & Innovation, Ad Council)

- In some countries, including the Netherlands and several new European Union member states, state-owned public service broadcasters are required to carry unpaid, government messaging.

Australia

- Government direct communication benefits from a considerable donation of airtime from media owners.⁴⁹ Campaigns such as ‘Sun Smart’ use a mix of federal, state, NGO and commercial operators to reach target groups with key messages.⁵⁰

Canada

- The bulk of partner activity is with trade associations, a much smaller contribution is through a non-profit organisation called CCA (Concerned Children’s Advertisers), which produces PSAs. Topics have included drug abuse, conformity, self-esteem and bullying.
- CCA operates on a corporate membership basis. Members are mainly commercial companies that market to children/families and media providing children’s content, including: McDonald’s, Disney, Mattel, PepsiCo, Kellogg’s, Kraft and Nestlé.
- The CCA is ‘supported’ by television networks, stations and specialist channels that donate airtime.⁵¹
- The Canadian Government has no control over content or copy rotation of commercials used.

6.1.5. Themes for partnership

A brief analysis of the themes and sectors where partnership or donated media time/space are typically used by other governments identifies three main areas:

- **public health**, for example EPODE in France and Drugfree in the USA;⁵²

⁴⁹ At the time of writing the review team has been unable to source a reliable estimate for the total value for a given year.

⁵⁰ In this case the State of Victoria has been paying for the campaign evaluation to help shape and improve it. See: www.sunsmart.com.au/news_and_media/media_campaigns/a_history_of_sunsmart_media_campaigns

⁵¹ See www.cca-kids.ca/english/about_cca/index.html

⁵² For details of EPODE, a community initiative supported by the French Government and commercial sector partners, see: www.bmj.com/content/335/7632/1236.full; for details of Drugfree, a US resource to help reduce the impact of drug misuse, see: www.drugfree.org/about/our-partners

- **youth participation**, for example Telefónica’s pan-European ‘Think Big’ social action programme;⁵³ and
- **the environment**, for example the proposed EU traffic noise campaign, currently seeking partners.⁵⁴

In other countries, more general partnership working often extends beyond communication and into service delivery, activity trial and product formulation.

6.2. Trends in corporate organisational design

The review team investigated trends in corporate organisational design over the last 20 years, with a focus on how major marketing-led corporations organise their marketing and communication capability.

6.2.1. Organising marketing and communication capability

Research in 2005 outlined 10 possible organisational approaches a communication function might follow, from the centralised to the decentralised:

Figure 3: Structural options for commercial communication functions⁵⁵

1	Service Centre Model	Central Department as Service Centre, with technical support to the rest of the organisation.	<p>Centralist</p> <p>Decentralist</p>
2	Centre of Expertise Model	Central Department as Centre of Expertise, with technical and strategic services.	
3	Account Executive Model	Central Department with account executives HQ located, co-located and/or co-owned.	
4	Cost Centre Model	Central Department Cost Centre: negotiated contracts supplying own services or as broker of services.	
5	Profit Centre Model	Central Department as a Profit Centre: in-house agency competing on the street.	
6	Independent Department Model	Independent Central Department with one HQ client and large, independent, sectoral/line dept Comms units.	
7	Overarching Committee Model	Many Comms depts planning integration by overarching committee and use of implementation teams.	
8	Shared Services Model	Shared Services: independent depts pooling admin or other common aspects.	
9	Insourcing Model	Insourcing with assignment of management processes or common functions to one of the many depts.	
10	Outsourcing Model	Outsourcing either complete sub-functions or the total function.	

⁵³ See: www.csreurope.org/news.php?type=&action=show_news&news_id=3980

⁵⁴ See: www.transportenvironment.org/News/2011/2/Call-for-partners-EU-traffic-noise-campaign/

⁵⁵ Melcrum Publishing (2004), *How to structure Internal Communication*. Note: the scale reproduced here refers to structures for communication functions in general, not specifically to functions for internal communication.

Within the management literature covered by the review team, there does not appear to be a consensus on the selection of one superior structural design and it is rare for organisations to adopt a single model, more often adopting a combination of approaches.

In the last decade there has been a shift towards stronger central control in the structure of large corporate marketing and communication functions. The drivers have been an increasing focus on corporate reputation, a need for cost reduction and a desire for greater integration and brand and message consistency:

- For example, P&G, Unilever, Nestlé, Vodafone and Kellogg's have all consolidated their marketing functions in the last 10 years.⁵⁶
- They have strong central marketing leadership and use global brand marketing strategies, albeit with local variations in execution. This is in part due to the reduction in perceived local market differences, which require different packaging, product and promotional solutions.

6.2.2. Shared services

The review team examined corporate models of shared service organisation to assess the role shared services might play in any future structure for government communication capability.

The use of shared services is relatively well established in the UK public sector, in particular local government, where it is usually confined to back office functions such as IT, finance, HR and legal.

The government HR function is currently undergoing a significant transformation programme (including headcount reduction) through the 'Next Generation HR' scheme. Key features of the redesign include the creation of a strong strategic centre, with three Directors General heading up specific leadership functions in addition to their departmental duties.

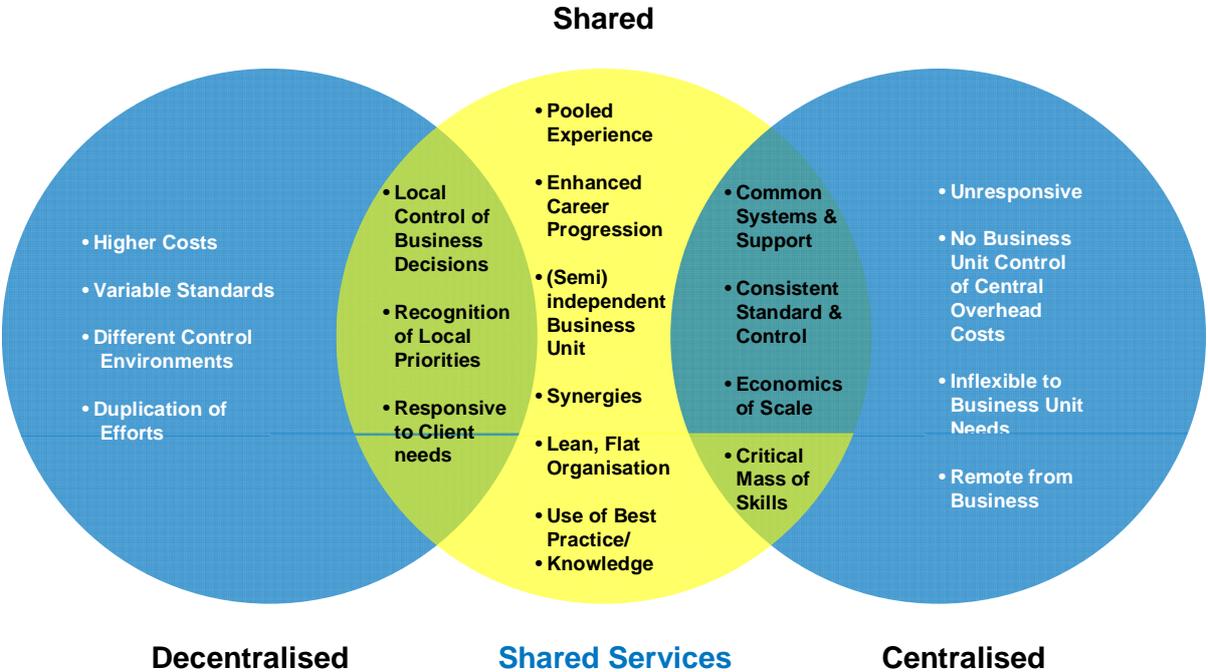
These trends in organisational design are important to note, albeit in the context that the government communication function, compared with back office functions, tends to work in closer proximity to Ministers and faces an external rather than an internal audience.

In 2010, the Chartered Institute of Public Finance and Accounting (CIPFA) published research which looked at the role, in the public sector, of collaboration and shared

⁵⁶ ANA/Guideline (2008), *The Marketing Organization: Recent Trends and Future Directions*. Summarised at: www.marketingcharts.com/topics/media-department/efforts-to-centralize-integrate-marketing-function-falling-short-3781/

services in improving cost-effectiveness. CIPFA used the following model as its rationale:

Figure 4: The benefits of shared services⁵⁷



This model supports the view that most benefit can be gained by clearly determining those services that require local management or direct input and those that can be delivered more effectively through a centralised or shared services approach.

<p>Conclusion</p>	<p>Most comparable administrations reviewed are increasingly moving towards greater centralisation in marketing and communication, while working with partners and benefiting from donated media time/space.</p> <p>The corporate context demonstrates a clear trend towards the centralisation of marketing and communication functions focused on a clear set of objectives and priorities.</p>
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⁵⁷ Source: cipfa.org.uk, © CIPFA

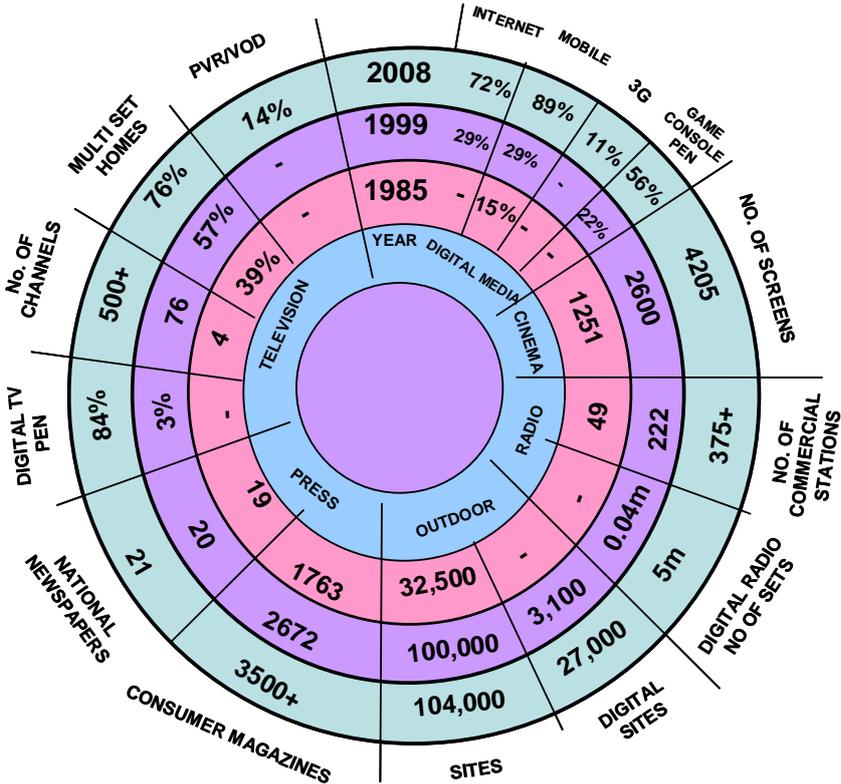
7. Putting the review into a broader context: the changing communication environment

7.1. Trends in the communication environment

This is a dynamic time in communications, largely driven by developments in technology and their impact on citizen attitudes and media consumption behaviour.

7.1.1. Communication channels

Figure 5: The proliferation of communication channels in the last 25 years⁵⁸



For government communicators, many of whom have obligations to reach large sections of the population, the proliferation of communication channels seen in recent years presents significant challenges.

⁵⁸ Source: COI

The pace of change continues: even in the last two years penetration of home wi-fi networks has increased from 13% of homes to 36%,⁵⁹ and digital television from 77% to 91% over the same period.⁶⁰ Meanwhile, the UK leads European countries in smartphone usage, with more than 11 million subscribers in March 2010. These are no longer early adopter technologies.

7.1.2. Media consumption

The way citizens interact with communication channels has changed:

- In April 2007, social networks and blogs accounted for less than 9% of all UK internet time, but over the last three years the sector has grown to account for almost 23%, the largest single segment.⁶¹
- Some 77% of citizens say that they like to skip through advertising breaks when watching recorded programming.

The way in which media is consumed has changed from a largely self-contained activity to one of multiple activities at the same time:

- This varies by age group, with 16–24-year-olds spending 29% of their media time consuming more than one channel simultaneously. For the 55+ age group this drops to just 12%.⁶²
- Different media channels have higher rates of simultaneous activity, with 62% of computer usage being simultaneous with other activity as opposed to TV, where only 17% of time spent watching it is simultaneous.⁶³
- This growth of simultaneous consumption of channels implies a declining level of attention to traditional advertising channels, particularly among younger audiences.

Television remains the dominant medium consumed by all age groups, however. For older and less affluent audiences, who are key targets for many government messages, traditional channels remain dominant. For example:

⁵⁹ IPA Touchpoints 3 vs. Touchpoints 2008. Any household ownership of home wi-fi.

⁶⁰ IPA Touchpoints 3 vs. Touchpoints 2008. Any household ownership of digital set-top box, integrated digital TV.

⁶¹ Nielsen (2010), see: <http://blog.nielsen.com/nielsenwire/global/u-k-web-use-up-65-since-2007-social-networking-more-than-doubles/#>

⁶² Ofcom (2010), *The Communications Market 2010*

⁶³ Ibid.

- The average person in Britain today still spends 3 hours and 44 minutes watching broadcast television every day.
- Traditional channels remain fundamental to online search choices made, with TV, magazines and national press being the three most important drivers of online search among all age groups.⁶⁴

7.1.3. Implications

The result of these changes in technology and attitudes is an evolution of what can be considered a possible channel for communication – from traditional advertising channels, to all potential touchpoints with the citizen.

To be successful in this changing landscape, government will need to be able to expand the range of communication channels that it uses to encompass these potential touchpoints.

It will also have to develop its understanding of and capabilities in the way people engage with digital media. The use of channels will have to be planned in the context of changing consumption and attitudes.

Doing this while remaining cost-effective is a significant challenge, and will require rigorous use of evaluation and sharing of good practice and lessons learned.

7.2. Government-owned channels

7.2.1. Defining and identifying government-owned assets

A study by COI⁶⁵ for the Cabinet Office has set out the wide range of potential government assets which could be used as channels for messages to citizen audiences, including workforce audiences (for example NHS staff) as well as the general public.

These assets were defined as:

- online assets, including websites, e-newsletters, mobile apps and YouTube channels;
- printed assets, such as government publications, poster sites and leaflet dispensers within government-owned buildings;

⁶⁴ IPA Touchpoints 3. Rank order within age-group of def/tend to agree '<medium ads> often lead me to search the internet for information on products and services'.

⁶⁵ COI (2011) *Valuing Owned Assets: A recommended approach to realising the value of Government communications assets from COI*. London: COI/GCN

- call centres and face-to-face services (e.g. Jobcentre Plus);
- direct mail, including tax credits and pension slips or public sector workers' payslips; and
- causes and issues that government is perceived to own, where the value is made tangible through motivating partner organisations for contribution to government activities.⁶⁶

7.2.2. Leveraging owned assets

At present these channels are controlled by the owning department, which means that access to them on any strategic level is exceptionally difficult due to the disparate nature of their structure, and the lack of clear measurement, currency or access.

However, the extensive reach offered by some of these assets could represent significant value to the public sector, within the parameters and constraints established by the COI study.

On their own, the relative value of owned assets could be substantial.

Figures developed for Cabinet Office suggest that managing these assets in an integrated and strategic way could deliver significant value to government direct communication (see Figure 6).

Figure 6: Projected value of government-owned assets⁶⁷

	2009/10	2010/11 freeze	2011/12	2012/13	2013/14
Government-owned asset value	<£5 million	<£5 million	£30 million	£45 million	£50 million

These figures were based on an assumption that activity would begin from April 2011 and are dependent on certain preconditions being met, that is:

- that government creates a central authority which has responsibility for developing, administering and activating the vast array of untapped assets;

⁶⁶ Ibid.

⁶⁷ COI for Cabinet Office (2010), *Valuing Owned Assets* [unpublished]

- that it creates a universal planning currency across owned and paid-for media and establishes a comprehensive evaluation and measurement system that embraces them;
- that in 2011/12 the critical milestones are that an inventory is created with digital assets up to the value of £10 million and niche owned assets of £20 million – this assumes that government takes back and expands the inventory of commercially sold, outsourced owned assets, for example those within the educational marketing sector;
- that in 2012/13 these opportunities continue to develop up to the value of £45 million; and
- that by 2013/14 the niche assets continue to develop up to £50 million.

<p>Conclusion</p>	<p>The trend towards simultaneous consumption of media channels implies a declining level of attention to traditional advertising channels.</p> <p>This means that government must expand its range of communication channels to encompass the many potential points of contact with citizens.</p> <p>To achieve the most effective balance of communication options, government must make better use of its 'owned' assets as channels of communication, and seek to create new owned assets.</p> <p>Managing these elements in an integrated and strategic way could deliver significant value to government direct communication.</p>
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8. Call for evidence

This chapter summarises in short form the views expressed in the face-to-face interviews and responses to the call for evidence (Sections 8.1–8.5) and the headline perspectives from the Roundtable Panel of Experts (Section 8.6).

For a full analysis of the responses to the call for evidence please see Appendix 11.9.

8.1. General views and experiences of government direct communication

Respondents from both inside and outside of government regard government direct communication activity as being of high quality. Nonetheless, it is seen at times to be fragmented and short term in its approach.

Views can be summarised as follows:

Current strengths of government direct communication	Weaknesses to be addressed
<ul style="list-style-type: none"> • Use of communication to change behaviour in difficult policy areas • Commissioning • Planning • Execution 	<ul style="list-style-type: none"> • Lack of co-ordination leading to duplication and competition for attention among audiences • Excessive focus on short-term priorities • Integration (e.g. of digital) • Evaluation and ROMI • Inconsistent delivery across departments

Conclusion	While much of what government does in direct communication is highly regarded there is a need to reduce duplication and improve co-ordination and integration, and for a stronger focus on effectiveness.
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8.2. Views on the marketing and advertising freeze

Views among government respondents on the current marketing and advertising freeze can be summarised as follows:

Benefits	Risks
<ul style="list-style-type: none"> • Greater rigour, control and oversight of communication activity • Increased focus on communication outcomes, effectiveness and value for money • Encourages ALBs to work more collaboratively with parent departments 	<ul style="list-style-type: none"> • Current Gateway process is a ‘blunt instrument’ designed only to stop spending. Clearer criteria and priorities for communication activity are required • Negative impact across government on perceived value of communication as a policy lever

Conclusion	<p>The marketing and advertising freeze has brought welcome control to departments and the centre, but a more intelligent gateway is required.</p> <p>Although paid-for communication may not be the default in the future, respondents point out that it will still offer significant value and effectiveness to government.</p>
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8.3. Principles that should guide government’s use of direct communication

In the context of government’s desire for a new approach, respondents outline principles which should guide government’s use of direct communication.

They also recommend that effectiveness should be the currency for decisions on whether to use direct communication. This requires a more rigorous approach to evaluation, measurement and outcome planning.

Government should use direct communication when:	Government should not use direct communication when:
<ul style="list-style-type: none"> • It has a duty of care or statutory duty to provide citizens with information 	<ul style="list-style-type: none"> • A message is suitable for delivery by a credible third party

<ul style="list-style-type: none"> • It needs to retain control of the message, channel or timescale • Public confidence in a message depends on government being the sole author • Direct communication is the most cost-effective (or only) tool able to deliver the desired outcome • Rapid dissemination of information is required • No credible and willing third party is able to deliver the message • An asset needs to be created and leveraged to appeal to partners (e.g. Change4Life) • Direct communication can provide an overall cost saving to government 	<ul style="list-style-type: none"> • A suitable, willing partner exists which can provide sufficient reach/targeting • Direct communication is not the most cost-effective lever able to deliver the desired outcome • The message can be delivered with equal effectiveness using owned and earned channels
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<p>Conclusion</p>	<p>There is broad agreement that partners will often be appropriate for delivering communication on behalf of or in conjunction with government.</p> <p>Yet in the new environment there will remain a wide range of circumstances in which government must use direct communication.</p> <p>Clear criteria are therefore needed to identify when communication should be government-authored and when it can be devolved.</p> <p>This in turn requires a sharper focus on evaluation.</p>
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8.4. Partnerships

8.4.1. Making partnerships work

There is broad support for a greater emphasis on partnership working.

Commercial respondents report a genuine desire to participate if government can put the right conditions in place.

There is consensus on the critical success factors which will determine whether government can make partnerships work, but some scepticism as to whether government is prepared or able to cede sufficient levels of control to partners.

In order to be successful, partnerships should be:

Planned and co-ordinated from centre	<ul style="list-style-type: none"> • Current arrangement is inconsistent, unpredictable and frustrating for partners
Owned by relevant departments	<ul style="list-style-type: none"> • Relationships themselves should be brokered, owned and managed by the relevant department (for cross-government activity this may mean more than one department) • Policy teams want to deal with partners directly; partners want access to policy teams
Mutually beneficial	<ul style="list-style-type: none"> • Brand owners support the new approach but call for government to recognise and define the quid pro quo • Government should consult with potential partners to understand their needs and wants
Long term	<ul style="list-style-type: none"> • Partners do not wish to invest in schemes that are not genuine government priorities • Genuine partnerships therefore rely on government making a long-term commitment to its strategic priorities • Priorities must be shared with partners so that they can be linked to brand and CSR plans (12–18 months in advance)
Defined by a set of strategic principles	<ul style="list-style-type: none"> • Clear objectives, outcomes and parameters for both parties • Criteria for when government can and cannot cede control of the message
Integrated with paid-for communication	<ul style="list-style-type: none"> • Lack of evidence that partnerships are a more cost-effective way to drive behaviour change than paid-for communication • Government will often need to build an asset which partners can support
About more than just advertising	<ul style="list-style-type: none"> • Should involve working with partners at national, regional and local level in an integrated way

Fair and proper	<ul style="list-style-type: none"> • Should not challenge editorial integrity of media owners, or portray government as under influence of media owners
Wide ranging	<ul style="list-style-type: none"> • Encompassing the civic and community sector • Government should up-skill civic and community partners

Conclusion	<p>While the view overall is positive, respondents urge government to exercise caution in its expectation of what partnerships can achieve without clear priorities and long-term investment.</p> <p>Partners are ready and willing to work in a more collaborative way with government in order to help to achieve its policy outcomes. In return they call for government to share and commit to its strategic priorities, and to recognise that partnerships should be long term, properly planned and, critically, mutually beneficial.</p> <p>The centre should have a role in co-ordinating partnerships in order to ensure that government takes a strategic approach.</p>
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8.4.2. Views on the Ad Council model

Opinion among respondents to the call for evidence is split on the viability of a public communication body following the example of the Ad Council in the USA.

For analysis of the Ad Council model please see Section 6.1.4.

Limitations of the US Ad Council model

The majority of respondents (commercial respondents and some government respondents) identify limitations with the wholesale transfer of the Ad Council model to the UK:

It would deliver lower quality campaign outputs than the current model	<ul style="list-style-type: none"> • Ad Council activities are perceived to be simplistic in their approach • UK creative agencies are unlikely to mobilise best talent for pro bono work • Agencies working pro bono have less incentive to develop effective or innovative solutions • Donated time/space is likely to be low quality
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<p>Government would lack control over campaign effectiveness and outcomes and may not achieve significant financial savings</p>	<ul style="list-style-type: none"> • Reliance on donated media time/space makes effective planning and targeting impossible • Media owners can veto Ad Council campaigns they do not support • US government invests heavily in paid-for communications despite Ad Council's output
<p>Significant cultural and market differences exist between the UK and US</p>	<ul style="list-style-type: none"> • In particular attitudes to public service broadcasting and corporate philanthropy • US media market is unregulated; easier to 'donate' media time/space by creating new slots • US industry is more profitable than UK • UK industry already uses other mechanisms to donate time and resources to social good (e.g. Media Trust)
<p>The existence of an Ad Council will adversely impact on the industry in the UK</p>	<ul style="list-style-type: none"> • Imposing the model on a market where government is traditionally one of the biggest spenders on advertising is widely seen as problematic • Pro bono work in the UK is currently usually performed as a loss leader as opposed to a 'donation' • Mandating media owners and creative agencies to donate free space/time will have an adverse financial impact on the industry

Applying the model to the UK context

Some government communicators suggest that rather than seeking a full adoption of the Ad Council model, government should explore which elements could be adapted to suit the UK marketplace and used to complement paid-for communications.

This approach would require:

- clear definition of the types of campaign appropriate for this model of communication;
- careful trials at local level, ideally in partnership with local government;
- government mandating that media owners provide high quality time/space; and
- retention by government of resources to produce, distribute and evaluate the activity.

Conclusion	<p>Participants do not believe that wholesale adoption of the Ad Council model would be appropriate or effective in the UK context.</p> <p>However, some suggest that elements of the model could be transferred to the UK, providing a range of specific points are addressed.</p>
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8.4.3. Views on payment by results

While recognising that there are some complex challenges in implementation and management, most respondents are in favour of wider and more consistent use of payment by results by government in its contracts with suppliers of communications services.

Several significant challenges are perceived:

- measurement of results, especially of long-term behaviour change outcomes;
- attributing results between channels, suppliers and policy levers;
- incentivising suppliers, and the level of payment risk suppliers will accept;
- payment structures, and the implications posed by long-term outcomes;
- increased control and autonomy needed by suppliers;
- administration costs of a payment by results mechanism; and
- applying a payment by results (outcome-based trading) model to media buying

Conclusion	<p>Payment by results is supported in principle, but government is urged to consider carefully the challenges posed by incentivisation, measurement, attribution, payment, control and efficiency.</p>
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8.5. Views on the most appropriate way to organise and structure government's communication capability

This section explores responses to questions concerning how best to structure the centre of government communications and its relationships with departments in order to meet the challenges of the new environment.

8.5.1. Role of the centre/functions to be provided by the centre

There is broad consensus that government communications would benefit from a stronger centre which:

- conducts procurement;
- acts as a spending control gateway for direct communication activity;
- co-ordinates activity across departments and acts as an expert hub; and
- acts as a centre of profession for government communications/communicators.

Views are more mixed on the extent to which the centre should provide:

- Strategy
- Planning
- Delivery services
- Regional services.

	Centre should (consensus)	Centre could (no consensus)
Procurement	<ul style="list-style-type: none"> • Remain central, aggregated buying point 	<ul style="list-style-type: none"> • Review its procurement frameworks in view of difficulties in building integrated campaigns
Co-ordination	<ul style="list-style-type: none"> • Have strategic oversight of all direct communication activity • Direct and plan cross-government activity • Host expert hubs for specialist expertise (e.g. evaluation, digital, behavioural insight) • Share knowledge and ensure best practice across government • Co-ordinate external partnerships on behalf of government • Audit and manage access to government-owned communication assets 	<ul style="list-style-type: none"> • Host expert hub for research/customer insight • Drive greater co-ordination between central and local communication to prevent unnecessary duplication, or conflict of message

<p>Spending control gateway</p>	<ul style="list-style-type: none"> • Establish clear criteria for the role and remit of direct communication • Judge activities based on their contribution to government's long-term priorities for strategic communication • Perform a challenge function – ensuring that all proposed activities have proved the need for direct communication • Set and disseminate minimum criteria for communication (e.g. evaluation, channel plans) 	<ul style="list-style-type: none"> • Provide more senior and expert resource to review and judge gateway submissions
<p>Centre of profession</p>	<ul style="list-style-type: none"> • Provide training and development opportunities • Provide a head of profession 	<ul style="list-style-type: none"> • Become the central employer of all government communicators • Ensure that the voice of government communicators is heard across government • Become government's voice in the industry
<p>Strategy</p>	<ul style="list-style-type: none"> • Assist smaller and mid-sized departments and ALBs in developing campaign strategy 	<ul style="list-style-type: none"> • Develop a cross-government marketing strategy which identifies government's mid/long-term strategic priorities, themes and/or audiences (these should be non-political) • Aggregate departmental activity in support of these priorities • Restrict activity which falls outside the strategy

Planning	<ul style="list-style-type: none"> • Assist smaller and mid-sized departments and ALBs in audience and channel planning 	<ul style="list-style-type: none"> • Co-ordinate departments which are communicating with the same audiences • Maintain a central database of audience insight to support planning activities
Delivery services	<ul style="list-style-type: none"> • Provide access to shared delivery resource for ALBs and smaller departments which do not have in-house capability: <ul style="list-style-type: none"> – Content design/production including digital, film, print and translations – Media monitoring – Regional services – Training 	<ul style="list-style-type: none"> • Only provide delivery services at centre when it represents a more cost-effective or expedient option than procuring them externally • Although the centre could be the procurer
Regional services	<ul style="list-style-type: none"> • Provide access to COI regional news and PR network 	<ul style="list-style-type: none"> • Prevent unnecessary duplication of activity between centre and local areas • Prevent conflicts of message • Reduce poorly executed and unevaluated local activity • Spread good practice • Encourage shared procurement • Franchise out communications created at centre

Conclusion	<p>A stronger centre of government communications is required in the new environment.</p> <p>It should be a procurer, spending control gateway, co-ordinator and centre of profession, and could own a marketing strategy based on key cross-government themes.</p> <p>There is less of a consensus on the extent to which the centre should provide strategic, planning or delivery capabilities.</p>
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8.5.2. Views on structuring government communication capability

Respondents agree that existing relationships need to evolve to meet the challenges of the new environment:

- The centre should have greater authority (smaller departments are generally more enthusiastic exponents of a stronger centre than larger departments).
- Departments should become more collegiate.
- Some form of shared capability will continue to be required (although larger departments require this to a much lesser extent than smaller departments).

But there is no consensus on the most appropriate structure:

- Support is strongest for a mixed economy model with shared capability based both in departments and the centre.
- There is little agreement as to which party should be responsible for the resource.
- There is, however, strong agreement that any structure must ensure that close in-department links are retained between communication and policy teams.
- Some respondents recommend leaving senior ‘intelligent commissioners’ or ‘strategic communication advisers’ in departments to provide this link

Views on structural models

	Views	Considerations
Shared capability based in departments	Preferred by larger departments as it keeps marketing close to policy teams and enables departments to retain their in-department capability	<ul style="list-style-type: none"> • Risk of duplication • Co-ordination of co-located capability • Equitable access to capability – ensuring that department where capability resides does not have priority access to that capability

<p>Shared capability based in the centre</p>	<p>Preferred by smaller departments, which are reliant on a shared central capability</p> <p>Larger departments suggest only delivery and specialist functions should reside at centre, with strategy and marketing expertise left in departments</p>	<ul style="list-style-type: none"> • Supports delivery of cross-government marketing strategy if capability is organised in hubs aligned with priority issues or audiences • The need to retain close links to policy • Equitable access to capability – ensuring that capability is allocated based on government priorities, not on departmental buying power • Prioritisation of activity • Accountability for activity (department vs. centre)
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<p>Conclusion</p>	<p>In the new environment government capability in communication should be accessible on a shared basis.</p> <p>There is no consensus on how to structure this model or whether the centre or departments should be responsible for the resource, though a mixed economy model with shared capability based both in departments and the centre may be preferred.</p>
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8.5.3. Views on COI

COI appears to enjoy a stronger reputation outside of government than within.

There is consensus, with one or two exceptions, that a key strength of COI is its high quality procurement and buying capability.

Its status as a trading fund is perceived to be COI's key limitation, and is said to:

- create perverse incentives and promote negative behaviours (cross-selling and up-selling), by rewarding COI for conducting activity rather than taking a strategic overview; and
- place distance between COI and departments, making for a restrictive, supplier-client relationship; and meaning that COI is distanced from policy making and struggles to add strategic value.

Summary of views on COI

<p>Non-government respondents</p>	<ul style="list-style-type: none"> • Mostly view COI as a professional, broad thinking and high calibre 'client' • Often see COI as a source of best practice in communication • Value COI's industry understanding and agency relationships (but acknowledge that its account management function can be duplicative) • Often suggest COI procurement frameworks and processes require updating • May believe COI should be more media-neutral (less reliant on traditional media) and should consider more non-communication interventions • Value the expertise of COI's regional news and PR network (where they have encountered it)
<p>Larger departments and larger ALBs</p>	<ul style="list-style-type: none"> • Typically see COI as neither a part of government, nor a supplier • Usually develop marketing strategy in-house; use COI mainly for procurement • Find quality of COI service/advice is variable, can depend on individuals • Often consider COI a source of duplication with in-house capability (especially its account management function) • Usually find COI to be expensive • Often critical of COI's ability to add strategic value
<p>Smaller departments and other ALBs</p>	<ul style="list-style-type: none"> • More likely to view COI as a partner • Often use full range of COI services; including its strategic, delivery and regional capability

<p>Conclusion</p>	<p>COI and its capabilities are viewed positively by the industry in which it resides.</p> <p>Opinion of COI within government is mixed, but is heavily influenced by the limitations imposed by trading fund status.</p>
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8.5.4. Views on the future role of COI

The general view among respondents is that COI (or its functions) should continue to operate, but that its role and status should evolve to meet the challenges of the new environment and overcome the current limitations.

Opinion on the future role for COI largely tallies with respondents’ views on the role that should be played by the centre of government’s direct communication capability (see Section 8.5.1).

<p>Role and responsibilities</p>	<ul style="list-style-type: none"> • Procurement and buying; frameworks; payment by results • Co-ordination of cross-government activity (possibly in line with an overarching marketing strategy) • Centre of excellence and knowledge sharing (e.g. evaluation, planning, digital, behavioural insight) • Co-ordination of partnerships, including with civic and community sector • Management of government-owned channels • Provision of essential delivery functions (including regional network) • Government’s representative body in the industry • Professional leadership and talent management (including GovGap)
<p>Status and governance</p>	<ul style="list-style-type: none"> • COI, or what it becomes, should be positioned further upstream in the policy making process in order to make a more telling strategic contribution • Cabinet Office is seen as the most appropriate home for a repurposed COI
<p>Funding</p>	<ul style="list-style-type: none"> • Respondents suggest two broad alternatives to the trading fund: <ol style="list-style-type: none"> 1. COI, or what it becomes, is entirely funded, abolishing the trading fund 2. COI, or what it becomes, is part funded, part trading fund. Centre functions (procurement, strategy and expert hubs) become funded. Delivery functions remain accessible on a trading fund, pay-as-you-go basis • There is no clear preference between choices

	<ul style="list-style-type: none"> Any funding solution where access to COI (or what it becomes) is a cost-neutral transaction would be welcomed.
COI brand	<ul style="list-style-type: none"> Responses suggest the COI brand holds greater resonance in the industry than it does within government Some government respondents call for a change in brand, or bringing COI and GCN together into a single entity

Conclusion	<p>COI has played a key role in government direct communication for over 60 years and is acknowledged to be highly regarded in many of its functions. However, its trading fund model has skewed its activities and has led to it being too distant from government communication.</p> <p>This, coupled with the desire to approach direct communication in a different way and the reduction in public expenditure, means that COI must transform into a strategic centre for government direct communication.</p> <p>In order to signal the change in purpose and role for COI, there is a strong argument for rebranding, although the COI brand has significant value outside government and internationally.</p>
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8.5.5. Funding

Overall, respondents recommend that funding options are discussed and agreed by departmental Permanent Secretaries, and possibly mandated by the Minister for the Cabinet Office, No. 10 and HM Treasury.

A minority believe that it will be difficult to gain departmental agreement on a funding mechanism, and that it might prove necessary to go ahead without 100% consensus.

Preferred funding mechanism

There is no strong consensus on an appropriate mechanism to fund a stronger centre.

A proportional top slice from departmental budgets, though not universally appealing, appears to offer the path of least resistance if it can offer a compelling value proposition for departments.

However, there is no agreement on how relative departmental contributions would be calculated (e.g. whether past or forecasted communications spend should be used).

Respondents recommend that delivery functions provided at the centre should be accessible on either a subscription or pay-as-you-go basis.

Key considerations

- **Departmental context** – existing budget cuts and staff reduction schemes should be taken into account.
- **Value for money** – departments will seek to get back in tangible business benefits what they contribute in funds.
- **Prioritisation** – smaller departments are concerned that if they make a smaller funding contribution their activities will have lower priority at the centre.
- **Incorporating ALBs** – ALBs would need to be accounted for together with their sponsor department.

Conclusion	<p>Funding options for any new structure are contentious and require buy-in at Permanent Secretary level.</p> <p>Although a proportional top slice may be the most effective mechanism there is no clear view on how it should be calculated.</p>
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8.6. Discussion with the Roundtable Panel of Experts

For details of attendees at the Panel, see Appendix 11.6.

The discussion provided a clear perspective on six areas:

Develop a central strategy/business plan for government communication	<ul style="list-style-type: none"> • Set by and driven from the centre • Clear, long-term objectives • Subject to robust measurement and evaluation
Select priority themes as an overarching framework for strategy	<ul style="list-style-type: none"> • Five or six cross-cutting themes through which all messaging is routed • Within themes, prioritise key audiences and citizen behaviours • Reduce duplication of targeting and messaging; stop competing for attention
Aggregate resource	<ul style="list-style-type: none"> • Aggregate resource by theme, audience and capability

Make partnerships more efficient and valuable	<ul style="list-style-type: none"> • Work with partners to support the priority themes • Invest in long-term relationships which offer a clear exchange
Develop a strategy for evaluation across government	<ul style="list-style-type: none"> • Make evaluation and ROMI integral and long term
Focus on digital	<ul style="list-style-type: none"> • Build digital in from the start; move towards an industry standard use of digital in campaign channel mixes

9. Conclusions

In conducting the review, it has become clear that what is required is not just a solution to the future of COI, but a different approach to government direct communication. While the reductions in public expenditure are one driver of this, it is also clear that some government direct communication has been unrelated to an overall sense of government priorities; has not always been based on the best evidence; has lacked good measures of impact or effectiveness; and has used a media mix which is skewed towards higher cost, less targeted, channels. All of this needs to be considered in a new approach.

Many of these issues can be addressed through the central approvals process for direct communication. Most of those who gave evidence to the review supported the principle of these controls, but asked that they be applied in a more sophisticated way.

My conclusion is that, in considering a request to undertake a particular piece of direct communication the ERG should, in addition to current criteria, consider whether the proposal meets best practice for:

- alignment with government strategy and priorities;
- use of insight to develop the proposal;
- partnership;
- evaluation and return on investment;
- minimising spend;
- appropriate use of channels; and
- a payment by results approach.

In order to drive this new approach, however, there will be a need to not only bring some existing functions together, but to create some that do not exist.

Some of this has already happened in recent times. Before May 2010 there was no function to look at direct communication proposals across government and decide whether they should proceed. This capability was created very quickly, and has successfully administered the marketing and advertising freeze; however, many respondents to the review have commented that consideration of proposals needs to become more sophisticated.

9.1. A more strategic approach

I also conclude that government direct communication will be more effective if a more strategic approach is taken where activity is concentrated in fewer areas of focus and

target audiences for campaigns are clearly identified, so that government is not unwittingly aiming multiple messages at the same audience.

Government should agree a direct communication strategy, taking into account its priorities, the audiences it is trying to reach and the channels available to it. The strategy should brigade communication around a small number of themes.

The themes would represent government priorities for which there is a clear and important role for communications. A theme may well contain campaigns, programmes and contributions from several departments.

A hypothetical example might be 'Britain in the World'. This might bring together and encapsulate work and activities from several departments:

- FCO looking after Britain's interests abroad;
- BIS encouraging inward investment into Britain;
- DFID providing international aid and support;
- MoD looking after Britain's security; and
- No. 10 on international leadership and reputation.

The result would be fewer but clearer, more focused activities, which avoid duplication and the bombardment of multiple, fragmented messages to key audiences and partners.

9.2. A Government Communication Centre

To enable this to happen, government needs functions for developing an overall direct communication strategy, audience insight and evaluation to happen in one place. These also link naturally with the controls over direct communication spend.

It would be possible for these functions to be each hosted in different departments, but I fear that in that model there is a danger of the function being skewed towards working for the parent department and losing the synergy that should come from having such functions in one place.

I therefore conclude that they are best housed in one centre, which incorporates the new functions which are necessary to conduct government direct communication in a different way, with those of COI's functions that will continue. I propose that this is called the Government Communication Centre (GCC).

The GCC should also include a pay-as-you-go unit providing direct communication services, which will be self-funding.

9.3. Better partnership – a different relationship

A key strand of a different approach to direct communication will be to recognise that, for many of our objectives and audiences, other organisations, or brands, will already have strong relationships with the people we seek to reach. Many of these organisations, which may be commercial, voluntary or civic sector, recognise our goals and are prepared, indeed keen, to work with government on achieving them.

There are, however, key and consistent messages back to government on working in partnership:

- This involves real partnership, not an assumption that partners will pay for government advertising.
- Government must recognise that partners have objectives and imperatives that may not entirely align with government's, for example profit.
- Big brands are tired of multiple approaches from government and a lack of clarity about the Government's priorities.
- Government has few people who are skilled and experienced in this sort of partnership working.
- If the partnerships are to go beyond the ad hoc and tactical, government needs to plan as far ahead as its partners – at least 12 months and probably 18 months.

My conclusion is that there is great potential for government to build rich partnerships to great benefit for all partners. However, this will require a change of mindset for government, the development of skills and experience, and central co-ordination of links with major partners by the GCC to prevent multiple approaches.

9.4. The common good – a different relationship with media owners and agencies

The terms of reference of the review specifically require an examination of the US Ad Council model, in which agencies work for free and media owners give media space for public campaigns. The model is covered in detail earlier in this report.

My conclusion is that it would not be workable, or desirable, to attempt to wholly replicate the Ad Council in the UK. However, there does seem to be significant potential in asking agencies, media owners, government and voluntary and community organisations to work together for free or near free on campaigns for the common good.

During the review, there was acknowledgement of the strong desire by government to examine the potential for this, but it was also clear that media owners and broadcasters were very wary of any impression that they would carry 'government messaging', feeling that this would undermine their independence.

My proposal is that government should invite agencies, media owners and voluntary and community organisations to join with it in forming a Common Good Communication Council, separate from but supported by government. The Council could agree the parameters of such a scheme; ensure propriety; and invite bids from the voluntary and community sectors and government for this sort of work.

9.5. The principles of government direct communication

Evidence from this review makes it clear that there are occasions when government direct communication is essential: when government has a legal duty to provide people with information, such as changes to legislation, public services, or when marketing and advertising are critical to the effective running of government, e.g. Armed Forces recruitment.

My conclusion is that there is an opportunity to move the default away from paid-for communications being seen as the solution to government marketing problems. A blend of options should be considered:

- **Common good:** Could elements of the activity be delivered through channels such as a Common Good Communication Council, facilitated by government, e.g. public information such as road safety or literacy?
- **Partners:** Could elements of the activity be delivered in partnership with commercial or civic organisations that have a strong interest and incentive to get involved, e.g. Green Deal, obesity?
- **Government:** Is government the only agent capable of delivering the activity, e.g. taxation?

The GCC should establish clear criteria to identify when government communication should be government-authored and when sole responsibility can be devolved.

9.6. Recognising what we own – exploiting government media space

During the review evidence pointed to the inefficiency of government buying commercial media space while making very little use of the media space it already owns and could develop.

These owned assets include, for example, all the government websites, including Directgov, poster sites on government buildings and space on government leaflets. Analysis estimates that, properly exploited, these ‘owned assets’ could have an annual value of around £50 million.⁶⁸

⁶⁸ COI for Cabinet Office (2010), *Valuing Owned Assets* [unpublished]

Exploitation of these assets will never replace paid-for space, as it is important to use the right mix of channels and locations to reach the target audience; however, it would give us significant free or low-cost options when planning campaigns.

Identifying, exploiting and managing such assets is a significant piece of work and should be the responsibility of a team within the GCC.

9.7. Digital

The evidence from the review demonstrates that there has been a significant shift in media consumption habits towards digital. Some submissions also indicated that government usage of digital channels might be lower than industry benchmarks.

My conclusion is that government should make greater use of digital channels in direct communication and that digital considerations should be built into all communication activity from the start.

Government's use of digital also extends beyond communication and marketing activity into areas such as digital policy, frameworks and contracts, customer services and hosting platforms. Digital policy leads will clearly retain responsibility for their specific remits, but would be able to outsource related marketing and communication services just as Cabinet Office has outsourced certain digital tasks to COI in the past.

9.8. Procurement

The benefits of aggregated central procurement for marketing and communication services are clear and quantifiable. A centralised procurement function would also provide the mechanism for the effective introduction of a payment by results regime across government direct communication activity.

It is also clear to me that a GCC central marketing-procurement function will need close professional links with the ERG government procurement team, and yet retain and build specific expertise for integrated media planning/buying and creative frameworks.

9.9. Payment by results

The idea of government communication being undertaken in such a way that part or all of the fee is based on the results of the campaign is supported in principle, but respondents within and outside government raised concerns about measurement and perverse incentives. The industry also indicated that there had to be upside opportunities if results were beyond expectation as well as downside if they were not.

My conclusion is that government communication and procurement experts should work with the industry urgently to establish a common understanding so that payment

by results becomes a common feature of government direct communication contracts during 2011/12.

9.10. Professional capability development

Evidence from the review makes it clear that government will need to become increasingly proficient and sophisticated at managing and co-ordinating contact with citizens and partners across a complex array of issues and channels.

To build high level marketing capability coherently and consistently across GCN requires clear oversight of the quality, spread and scale of existing talent and of future requirements.

My conclusion is that, in future, a Government Communication Centre would be best placed to provide leadership for GCN, and oversee professional capability development, talent management, propriety and standards.

9.11. The future of COI

COI's status as an arms length body and its trading fund model, in which its income is derived from the work it undertakes for departments, puts it at a distance from government and amplifies departmental agendas over cross-government priorities. This has kept COI from being as close to the development of government policy and communication strategies as it would like to have been. There has been no mechanism that incentivises the pursuit of cross-government priorities.

That said, COI has successfully supported departments in carrying out effective and award-winning work over many years and much of the skills and experience that will be needed for the GCC I propose is present in the current staff of COI. I do also conclude that there is a place in the GCC for the sort of 'pay-as-you-go', direct service provision that parts of COI currently provide.

I have carefully considered whether to retain the COI brand, recognising its strengths, especially outside government. I have concluded that what I am proposing in this review is a sufficient change in the way that government approaches direct communication that retaining the brand would suggest a greater continuity with the recent past than I think is helpful. I have therefore concluded that upon establishment of the GCC, the COI brand should cease to be used.

9.12. The greater opportunity

The conclusions above – agreeing a government direct communication strategy, brigading communications in themes and the establishment of a strategic Government Communication Centre – would change government's approach to direct communication, but would do so largely by giving a strategic framework for departments and others to work within. The development and execution of individual campaigns would remain a departmental activity, albeit subject to controls.

In looking at how government might undertake direct communication most effectively, several respondents suggested that as well as taking a more strategic approach around themes, government might also aggregate its staff resource in teams working on these themes for departments.

In looking at the opportunity, it is important to have some idea of the possible scope of such a proposal. In early 2010 the cross-government benchmarking exercise estimated that there were 6,848 staff in departments and ALBs working in communications roles. Leaving to one side communication staff that departments would want to keep in-house (press office, internal communications, policy communications and some digital) leaves 3,233 staff undertaking the sort of communications activity covered by this review. Anecdotal evidence suggests that reductions in staff because of the Spending Review will reduce this by up to 40%, still leaving 1,940 staff employed on this sort of activity. In taking forward any option involving aggregation this number needs to be robustly tested.

Given this background I have concluded that there are three options for organising and funding the future model of direct communication:

- **Option 1:** Create the GCC from the existing COI and fund its estimated running costs of £10.5 million from a small top slice of departments.⁶⁹ Adopt the strategic, themed approach described above and designate an appropriate departmental Director of Communications as the senior sponsor of each theme. Leave other resource in departments.
- **Option 2:** Establish the GCC and aggregate direct communications professionals around six priority theme teams. These teams would be hosted and employed by six lead departments. It is estimated that each theme would have a complement of 80 FTE communications professionals. This would mean that, of the 1,940 FTE, 150 would move into the GCC and 480 (6 x 80) would move into the theme teams. The remaining staff would be retained by their department or ALB and either be redeployed or exited. It has been assumed that some staff would be retained. This option would offer a potential saving of £36 million per annum, over and above the 40% reductions already estimated for departments and ALBs.⁷⁰
- **Option 3:** Establish the GCC and aggregate direct communications professionals around six priority themed teams. However, the theme teams would be employed by GCN. Individuals would be moved from across GCN (departments, ALBs and COI) into the one single employer: GCN. They would be a flexible resource drawn from the best talent across GCN and deployed against the six priority themes according to demand and need. Under Option 3, all of the estimated 1,940 would transfer to GCN, after which approximately 150 would move into the GCC and

⁶⁹ For details of the estimated running costs see Appendix 11.8.

⁷⁰ For details of these potential savings see Appendix 11.8.

approximately 480 (6 x 80) would move into the theme teams. The remaining staff would be surplus and could be exited. GCN would manage the process. This option would offer a potential saving of £54 million per annum, over and above the 40% reductions already estimated for departments and ALBs.⁷¹

After careful consideration of the options, I have concluded that Option 3 (in which staff working in direct communication in departments and ALBs would be aggregated into GCN as a single employer, and deployed as a flexible resource to staff the GCC and up to six theme teams hosted by departments) is my recommendation.

I do, however, recognise that the staff covered by this recommendation are currently subject to departmental restructuring and uncertainty. I also recognise that there are legitimate questions about the size of the centre and the theme teams. To resolve these I recommend that in 2011/12 we move to Option 1, to create the GCC out of existing COI staff, funded by a small top slice of departments. During 2011/12, the GCC should work with departments to:

- develop the Government's marketing strategy;
- decide under what themes activity should be brigaded;
- confirm the size and functions of the GCC;
- scope the size and role of the theme teams and decide where they are best hosted;
- identify the staff to be aggregated from departments and ALBs and the GCC and ensure that the best staff are in the right jobs; and
- develop the business case for creating significant savings by moving to Option 3 for 2012/13.

The question of whether departments should retain digital teams is strongly linked to the implementation of the Lane Fox report, which recommended moving to a single domain for government. I would envisage that digital marketers would be part of the aggregate pool, while those who maintain corporate sites, especially those focused on information for professional audiences, might not.

9.13. Governance

Propriety and governance of government communication has often been a sensitive issue and was the topic of a substantial number of the recommendations of the Phillis review. It will be important in creating the GCC that governance and scrutiny remain strong. Governance is important to ensure that the marketing and advertising government undertakes meet four criteria:

⁷¹ For details of these potential savings see Appendix 11.8.

- The activity undertaken matches government priorities.
- The activity undertaken is effective and good value for money.
- The activity undertaken is non-political.
- The activity undertaken is effectively planned and managed.

To ensure that the activity matches government priorities and that the GCC is properly meeting the needs of its customers requires ministerial oversight. I suggest that the Prime Minister should consider the establishment of a Cabinet sub-committee, chaired by the Minister for the Cabinet Office, but including Ministers from other departments, especially those that undertake significant marketing activity, e.g. Department of Health. The Executive Director of the GCC should be secretary to the committee.

To provide reassurance to the public and Parliament that the activity undertaken is effective, good value for money and non-political, I propose the appointment of three people who have experience of and high credibility in the communications industries to form the Government Communication Oversight Panel. The panel would meet quarterly to consider the marketing and advertising work that government had undertaken to reassure themselves that it was effective, good value for money and cost-effective. Its minutes would be published. The panel would submit a written report each year to the Public Administration Select Committee containing a retrospective commentary on activity during the year.

The Executive Director of the GCC should establish the GCC executive group, to oversee the day-to-day work of the GCC. It should include the departmental Directors of Communication who lead on each theme and the Director of Policy Communication Cabinet Office/No. 10.

10. Recommendations

10.1. Overarching recommendation

Government direct communication (marketing and advertising) should be undertaken within an overall government strategy and brigaded into themes. COI should be replaced with a Government Communication Centre (GCC), based in Cabinet Office, which would develop the government's marketing strategy; operate the central controls on marketing expenditure; be the centre for activities that support marketing across government such as insight, evaluation and partnerships; undertake procurement; and be responsible for the professional development of communicators. It would also have a pay-as-you-go direct service provision function, which would be self-funding.

The strategy should be delivered by teams corralled around the six themes, located in host departments but employed by one single employer, GCN.

Given the scale of such change, there is a need to fully develop the business case for such a move. My recommendation, therefore, is to establish the GCC in 2011 and to move to aggregation of staff in 2012.

Media and internal communication functions should remain within departments providing direct and immediate ministerial support. Strategic communication advisers are key roles that should also remain within departments, acting as the lynchpin with policy colleagues and as expert commissioners of communication activity.

10.2. Specific recommendations

1. Create a new strategic Government Communication Centre (GCC) as a Crown Corporate Service within the Cabinet Office based in the most cost-effective location.

2. The Executive Director of the GCC should be charged with producing a marketing strategy for government at the beginning of each Parliament, aligned with the Government's priorities. The strategy should be approved by a Cabinet sub-committee.

3. The GCC should have four functions:

a. To be an intelligent gateway, providing controls on all government marketing and advertising spend. All proposed marketing and advertising activity over a limit of £100,000 should be subject to the GCC gateway, which should include the following in its criteria for approval:

- Alignment with strategy and priorities
- Robust use of insight

- Appropriate use of channels – common good, owned, partner, paid
- Proposed evaluation plan
- Demonstrable return on investment
- Value for money.

b. To develop the Government’s marketing strategy and co-ordinate its implementation, including being the lead for those functions that underpin strategic marketing. This includes setting the standards and providing the strategic capability to develop areas such as:

- Communication strategy development
- Evaluation and ROMI
- Audience and behavioural insight, including segmentation
- Owned-asset management
- Strategic partnerships: commercial, civic and statutory groups
- Integrated communication support to the Common Good Communication Council.

c. To procure communications services and media space for government. This will include framework management, standards and procedures, and development of a payment by results regime.

d. To be the centre of leadership for the Government Communication Network (GCN), overseeing professional capability, talent management, propriety and standards.

The GCC should have an initial staff of around 150.

4. There should be a self-funding, pay-as-you-go unit providing those direct delivery services which are aggregated at the centre. These services will need precise specification but would cover activities directly related to the delivery of communications activity such as design, print, production, copy, digital services, direct marketing, regional and local delivery, and events.

5. The Executive Director of the GCC should be the Head of the Government Marketing profession and joint head of the Government Communications profession, with one of the departmental Directors of Communication.

6. The GCC should have formal links with Cabinet Office/No. 10 communications, the Behavioural Insight Unit, the OGC and Directgov.

7. Government marketing and advertising should be grouped around up to six themes, drawn from the overarching cross-government strategy, which reflect those of the Government’s priorities that can be most effectively supported by marketing and advertising.

8. Government direct communication should be carried out by the GCC and teams for each theme, staffed by aggregating all staff working in these areas in departments

and ALBs (Option 3, as described above). Recognising the scale of change required and legitimate questions about the size of the centre and the theme teams, I recommend that in 2011/12 we move to Option 1, to create the GCC out of existing COI staff, funded by a small top slice of departments, as a transition point to Option 3. During 2011/12, the GCC should work with departments to:

- develop the Government's marketing strategy;
- decide under what themes activity should be brigaded;
- confirm the size and functions of the GCC;
- scope the size and role of the theme teams and decide where they are best hosted;
- identify the staff to be aggregated from departments and ALBs and the GCC and ensure that the best staff are in the right jobs; and
- develop the business case for creating significant savings by moving to Option 3 for 2012/13.

For any proposed activity outside the themes, the default position should be to use low-cost channels such as digital and PR.

9. Government campaigns should reflect industry standard use of digital in their channel mix and consideration of digital solutions should be built in from the start of programme activity.

10. Government should work with media owners, advertising agencies and civic society to establish a Common Good Communication Council to generate donated creative and media space for public interest or community campaigns. The Common Good Communication Council should have a separate governance structure from but be supported by the GCC.

11. The GCC, including the self-funding, pay-as-you-go unit providing direct delivery services, would replace COI in its current form and its brand should cease to be used.

12. The Prime Minister should consider the establishment of a Cabinet sub-committee to approve the direct communication strategy, oversee its implementation and oversee government marketing and advertising.

13. A small Government Communication Oversight Panel of external communications experts who do not have a financial stake in government communications work should be formed to provide reassurance to the public and Parliament that government direct communication is effective, value for money and non-political. It should report to the Public Administration Select Committee annually.

14. I endorse the ERG guideline that communication services should only be bought through government-approved frameworks, overseen by the OGC.

11. Appendices

11.1. Appendix: Terms of reference for the review

Note	As issued in December 2010.
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11.1.1. Terms of reference

To conduct a radical review of those parts of government communication that are currently covered by the marketing and advertising freeze and to consider the role of COI. This will make proposals for the most effective and efficient way to plan, co-ordinate, procure and evaluate government's direct messaging campaigns (marketing and advertising). The review does not cover communications such as press and media relations which are traditionally provided in-house by departments, nor does it cover the announcement co-ordination role played by No. 10. For simplicity the review will be said to cover 'direct communication and the role of COI'.

The review will make recommendations to the Minister for the Cabinet Office as to the functions in relation to direct communication that government should exercise, the role, status and funding of COI and the most appropriate governance of these communications.

11.1.2. Rationale for review taking place

The new government has a clear intent to have fewer, more effective communications, a greater devolution of responsibility to partners both commercial and civic and a greater use of non paid for channels.

In addition, the need to close the fiscal deficit necessitates greater control of communication expenditure and closer attention to how communication is scoped and measured to deliver a return on the investment made.

Thirdly at a time when the Civil Service is shrinking in size and in particular attempting to cut its administration costs, making the most efficient use of resource within a reducing government communications set up becomes increasingly important.

11.1.3. Background to review

In May 2010 the government introduced a freeze on marketing and advertising activity. As a result the volume of communications activity by government commissioned through COI has fallen by over 50%. Subsequently COI has engaged in a redundancy programme to reduce its staff numbers by 40%, from 737 to 450.

Following the Spending Review a number of departments are making plans for the next four years, including some marketing and advertising work. The marketing and advertising freeze has taught us a lot about both what marketing and advertising is particularly effective (through looking at what happens if you don't do it), and how

best to use central controls to make the most effective use of marketing and advertising. A review now is therefore timely.

The review will cover the role of COI, within government direct communications. COI has existed since 1946, being formed out of the wartime Ministry of Information. It is a non Ministerial department, an executive agency of the Cabinet Office and a Trading Fund. This latter status defines its funding; it recovers its costs from activity paid for by central government departments, agencies and NDPBs and a wide range of public bodies.

11.1.4. Review governance

The review will report to the Minister for the Cabinet Office, Francis Maude.

11.1.5. Review process

The review will take place in three phases after terms of reference are agreed and the make-up of the roundtable is settled.

Evidence gathering

- Current arrangements for direct communication in government, including the current role of COI.
- Evidence of the effectiveness of government direct communication.
- Departmental plans for future direct communication, including funding assumptions within Spending Review settlements.
- International models for government direct communication, including the US Ad Council.

This part of the review will draw evidence from:

- COI;
- government departments, especially those which have historically been heavy users of direct communications – including Health, Transport, Defence and HMRC;
- the marketing and advertising industry – suppliers to government;
- big brand owners, such as supermarkets and financial services providers – partners of Government;
- media owners;
- former heads of COI and the government communication profession.

There will also be an open Call for Evidence and views.

Analysis

This part of the review will move from the accumulated evidence base to establish the principles that should guide government direct communication and the functions that are required to meet the Government's need for direct communication within the principles.

Recommendations for the future organisation of government direct communication and the role of COI

The conclusion of the review will be a report detailing recommendations on:

- principles for government direct communication and expected volumes of direct communication;
- functions required within government to deliver direct communication most effectively and at best value for money;
- how those functions should be organised – departmental function; shared service based in department; shared service based in centre; central directed function;
- the future role and organisational form of COI based on this arrangement of functions;
- the best funding arrangements to sustain these functions within government; and
- outline implementation plan with milestones.

11.2. Appendix: call for evidence

Note	The call for evidence ran from 22 December 2010 to 21 January 2011, and was published on the Cabinet Office website and in the marketing trade press.
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Since the General election two significant drivers have emerged that require a remodelling of government direct communication and COI – the new administration's belief that the role of government should be smaller; and considerably less money to spend.

For the remaining communication budgets, the Government's 'big society' approach will have a significant impact on how we achieve our communication objectives. On many occasions in the past, so that we were in control of the communication, and because we had the money to do it, our approach was 'how can government achieve this?' In future we will start from a presumption that others may be better placed to achieve our goals, often working in partnership with us.

These drivers inevitably mean that government communication budgets and staff numbers will be smaller. But they also drive us to work in different ways:

- Government's communications, whether undertaken by our staff or bought from suppliers, will need to pass stringent tests of effectiveness and value for money.
- The waste and duplication we have seen because of organisational silos and departments competing for the same audience will need to give way to a much greater understanding of government's audiences and how we address and target them intelligently.
- Communications objectives will need to be more closely aligned with business objectives. Communicators will need to demonstrate better the value they add to policy development and service delivery.
- Government will change its relationships with agencies, media owners and brands.
- Across government some organisations and departments will recognise that they cannot sustain full communication functions and will look to share services.
- Government will also come to recognise that it owns and influences very significant media holdings, including government websites and buildings. We will need to exploit these to support our communication.
- Government will also need to retain control and funding of some core business critical marketing and communications.

The central issue of this review is how best to remodel the centre of government communications, including COI, and its relationships with departments, suppliers and partners to meet the challenges of the new environment.

To respond to this Call for Evidence, please email Matt at Matt.Tee@cabinet-office.x.gsi.gov.uk and title the email: Response to review of government direct communication

Please feel free to submit any views, evidence and supporting documentation you feel pertinent to the terms of the review. With any supporting documents, please reference them clearly in your response.

To assist we have provided a topic guide below, which covers the full scope of the review.

1. What is your experience and opinion of government direct communication and COI?

2. The new Government has a clear intent to have fewer, more effective communications at lower overall cost, a greater devolution of responsibility to partners both commercial and civic and a greater use of non paid for channels. Within this context:

- When should government use direct communications, and when should it not?
- What are the most important changes government should make in its approach to direct communications?
- Are there any other principles you think should guide government's use of direct communication?

3. In seeking to communicate directly with citizens, what type of relationship should government have with the following groups?

- Advertising and marketing industry
- Media owners
- Brand owners
- Charities and civic society.

4. Could a 'US Ad Council' style model work in the UK?

- If so, how?
- If not, what are the reasons?

5. How could government extend its use of payment by results, i.e. agencies and media owners being paid according to the outcomes achieved?

6. What role and services in direct communication should be provided centrally by government, if any, for example:

- Strategy and policy

- Planning
- Co-ordination
- Procurement
- Design and delivery
- Regional.

7. Currently, direct communication capabilities exist both centrally and within individual government departments. What, in your view and experience, is the most appropriate way to organise and structure government's direct communication capability – for example:?

- Capability resides within each department.
- Capability is based in departments but shared across government (hubs of excellence).
- Shared service capability is based in centre (centre of excellence serving departments).
- Capability is centrally directed.

8. What role should COI play in the future?

9. Are there any other comments you wish to make?

11.3. Appendix: Communication activity in scope of the marketing and advertising freeze

Note	The review has considered all communication activity in this list to be 'direct communication' and therefore in scope of the review.
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All paid for advertising including, but not limited to:

- TV advertising
- Radio advertising
- Digital advertising
- Outdoor advertising
- Print advertising, including advertorials
- Recruitment advertising campaigns
- Costs of media, and fees and commission for media buying, media planning, creative development and production.

All paid for marketing activity, including but not limited to:

- Design and branding
- Direct and relationship marketing
- Customer relationship management programmes
- Telemarketing
- Campaign helplines
- Partnership marketing
- Sponsorship marketing
- Field or experiential marketing
- Merchandising
- Advertiser-funded programming
- Audio-visual activity
- Storage and distribution of marketing materials.

All paid for communication strategy, planning, concept and proposition testing and development.

All paid for market research that informs marketing and advertising activity.

All paid for evaluation of marketing and advertising activity.

All paid for printing and publications.

All paid for events, conferences and exhibitions.

All paid for public relations (PR) activity.

All paid for digital activity:

- All website and application development
- Search engine marketing, including pay-per-click
- Search engine optimisation
- Digital display advertising
- Content partnerships
- Email marketing
- Mobile marketing
- SMS marketing
- Interactive online content.

'Paid for' refers to all marketing and advertising products and services that are externally procured, i.e. will incur cost to the organisation.

11.4. Appendix: List of witnesses interviewed

11.4.1. Permanent Secretaries

David Bell, Department for Education (DfE)

Sir Suma Chakrabarti, Ministry of Justice (MOJ)

11.4.2. Directors of Communication

Lee Bailey, DfE

Yasmin Diamond, Home Office (HO)

George Eykyn, Department for Communities and Local Government (DCLG)

Jenny Grey, Cabinet Office (CO)

Russell Grossman, Department for Business, Innovation and Skills (BIS)

Nick Gurr, Ministry of Defence (MOD)

Clare Harbord, MOJ

James Helm, Department for International Development (DFID)

Sian Jarvis, Department of Health (DH)

Sue Jenkins, Government Communication Group Director

Emma Lochhead, Government Communication Network Development Director

Simon MacDowall, HM Revenue and Customs (HMRC)

Zita McMillan, Department for Work and Pensions (DWP)

Andrew Whyte, Foreign and Commonwealth Office (FCO)

Kim Worts, Department of Energy and Climate Change (DECC)

11.4.3. Heads of Marketing

Conrad Bird, FCO

Colin Cook, Army

Penny Dolby, Department for Culture, Media and Sport (DCMS)

Tim Mack, National Savings and Investments (NS&I)

Sheila Mitchell, DH

Jo Parry, Audit Commission

Pippa Ranger, DFID

Fiona Sampson, DECC

Sharon Sawers/Lina El-Solh, HO

Emma Stranack, DFT

Emma Thwaites, CO

Simon Vessey, HMRC

Nikki Waid, DfE

David Watson, DCLG

Rod Watson, BIS

Vanessa Wilson, Department for Environment, Food and Rural Affairs (Defra)

11.4.4. Non-government contributors

Gina Banns, Oxford Strategic Marketing

Caroline Diehl, CEO, Media Trust

Mike Hughes and Ian Twinn, Director General and Director of Public Affairs, ISBA

George Perlov, former Executive Vice President, Research and Innovation, Ad Council (by phone)

Amanda Sourry, Chair, Unilever UK and Ireland (by phone)

Rory Sutherland and Janet Hull, President and Director of Marketing and Reputation Management, Institute of Practitioners in Advertising

11.4.5. Ex COI/GCN

Alan Bishop, former CEO, COI

Carol Fisher, former CEO, COI

Mike Granatt, former Head of Profession, Government Information and Communication Service

Howell James, former Permanent Secretary for Government Communications

11.4.6. Previous interviews referred to by this report

Interviews conducted by COI, August 2010:

James Baumann, Senior Vice President, National Accounts and Media Marketing, Ad Council (by phone)

Andrew Robertson, Vice-Chairman, Ad Council (by phone)

11.5. Appendix: List of written responses received

Action on Smoking and Health

Advertising Association

John Bartle

BCS

Bell Design

Suzanne Bennett

Blue Rubicon

BrandScience

Brass

Bray Leino

Peta Buscombe, Press Complaints Commission

Channel 4

Chartered Institute of Public Relations

COI Corporate Communications

COI NHS Network

COI News and PR

COI Search

James Coghill

Department for Communities and Local Government

Department for Education

Department for Transport

Department for Work and Pensions

Department of Health

Direct Marketing Association

DLKW Lowe

The Domarn Group

Driver and Vehicle Licensing Agency

Enable

Engine Group

James Farnham

Folio Creative Communication

Forster

Fresh: Smoke Free North East

Financial Services Compensation Scheme

Guardian Media Group

Health and Safety Executive

Home Office

Institute of Practitioners in Advertising

Institute of Promotional Marketing

ISBA

Kellogg's

Kindred

Lansons Communications

LG communication

Greg Luton

M&C Saatchi

M4C

Marketing Agencies Association

Marketing Software Solutions

Simon Marquis

Media Trust

Ministry of Defence

Ministry of Justice

MEC

Microsoft

National Archives

Newspaper Society

NHS Improvement

Outdoor Advertising Association (now Outdoor Media Centre)

Office for National Statistics

Linda Penrice

Professional Publishers Association

Public Relations Consultants Association

RadioCentre

Liz Rowlands, Department for Education

Nigel Smith

Smokefree South West

South West Media Group

Thinkbox

Training and Development Agency for Schools

UKRD Group

UK Trade & Investment

Unilever

UTV Media

Vodafone

Chris Webb

Welsh Assembly Government

Alan Whitehouse

Chris Wood

Xerox

11.6. Appendix: Attendees at the Roundtable Panel of Experts

Note	The panel met at No. 10 on 31 January 2011.
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David Abraham, Chief Executive, Channel 4

Sir Peter Gershon, Chair, Tate & Lyle plc

Steve Hilton, Chief Policy Adviser, Prime Minister's Office

Martha Lane Fox, Digital Champion, HM Government/RaceOnline 2012

Mark Lund, CEO, Central Office of Information

Amanda Mackenzie, Chief Marketing and Communications Officer, Aviva plc

Francis Maude MP, Minister for the Cabinet Office (Chair)

Justine Roberts, Co-founder and CEO, Mumsnet

Rishi Saha, Head of Digital Communications, Prime Minister's Office and Cabinet Office

Stephan Shakespeare, Founder and CEO, YouGov

Sir Martin Sorrell, Founder and CEO, WPP [by phone]

Matt Tee, Permanent Secretary for Government Communications, Cabinet Office

Laura Trott, Special Adviser to Francis Maude MP

Ian Watmore, Chief Operating Officer, ERG, Cabinet Office

Robin Wight, President, Engine Group and WCRS

11.7. Appendix: List of COI services

<p>Strategy, planning and evaluation</p> <ul style="list-style-type: none"> • Scenario planning • Data profiling • Concept and proposition development • Partner strategy • Communications planning • Shared evaluation platform and service delivery • Measurement, analysis and evaluation 	<p>Behaviour change, research and insight</p> <ul style="list-style-type: none"> • Audience insight master classes • Social marketing • Common good research • Customer journey mapping • Insight generation • Opinion polls • Workforce and employee engagement • Communications research
<p>Digital media and digital innovation</p> <ul style="list-style-type: none"> • Digital engagement and consultation tools • Digital innovation • Social media • Standards and guidelines for digital • Digital policy 	<p>News and public relations</p> <ul style="list-style-type: none"> • Media training • Crisis communications • Issues management • Local insight, engagement and delivery • Public inquiries • Cultural diversity • News handling and media monitoring
<p>Media buying, advertising and sponsorship</p> <ul style="list-style-type: none"> • Channel integration management • Education marketing • Partnership marketing • Digital marketing 	<p>Direct marketing and customer relationship management</p> <ul style="list-style-type: none"> • Contact centre strategy • Best practice, audit and performance evaluation

<p>Creative strategy, branded content and publishing</p> <ul style="list-style-type: none"> • Strategy for creative and branding 	<p>Citizen engagement and events</p> <ul style="list-style-type: none"> • Citizen engagement and consultations
<p>GCN and GovGap</p> <ul style="list-style-type: none"> • Talent management and placement • Training/upskilling in core areas, e.g. behaviour change 	

11.8. Appendix: Summary of organisational options and estimated costs

11.8.1. Option 1: Government Communication Centre

Create a new strategic Government Communication Centre (GCC) reporting to the Cabinet Office, together with a self-funding, pay-as-you-go unit providing a limited number of direct delivery services:



The indicative cost of the GCC is estimated at £10.5 million per annum, based on 150 FTE posts at a rate of £70,000.⁷²

11.8.2. Option 2: GCC AND six themes hosted and employed by lead departments

Establish a GCC and aggregate direct communication professionals around six priority theme teams. These teams would be hosted and employed by six lead departments. It is estimated that each theme would have a complement of 80 FTE communications professionals.

Press, media, internal communications, strategic communications advisers and some digital staff would need to remain within departments providing ministerial and policy support.

The theme teams and the GCC would therefore be aggregated from the remaining 1,940 FTE population of direct communications professionals from across GCN (this is the September 2010 benchmark estimated 'in scope' population of 3,233, but reduced to 1,940 following forecast reductions of up to 40%).

This would mean that, of the 1,940 FTE, 150 would move into the GCC and 480 (6 x 80) would move into the theme teams. The remaining staff would be retained by their department or ALB and either be redeployed or exited. It has been assumed that some staff would be retained.

⁷² This excludes any cost for the development and running of the Shared Evaluation Service, for which a separate business case has been submitted to the Minister for the Cabinet Office.

This option would offer a potential saving of £36 million per annum, over and above the 40% reductions already estimated for departments and ALBs.

Potential savings on running costs by aggregating marketing staff			
	2010/11 Benchmark after 40% reduction*	Proposed Option 2	Saving
Current	£93.1 million 1,940 FTE @ £48k	–	
Centre	–	£10.5 million 150 FTE @ £70k	
Themes	–	£28.8 million 6 x 80 FTE @ £60k	
ALBs/departments	–	£17.8 million 370 FTE* @ £48k	
TOTAL	£93.1 million 1,940 FTE	£57.1 million 1,000 FTE	<u>£36 million</u>

*Given the broad definition of strategic communications used within the benchmark data, we have estimated that 60% of those who defined themselves as ‘strategic communications’ are strategic communications advisers, and that 40% are comprised of stakeholder engagement, customer insight and some strategic marketing managers.

11.8.3. Option 3: GCC AND six themes employed by GCN, hosted by lead departments

Option 3 proposes to establish a GCC and to aggregate direct communications professionals around six priority themed teams.

However, the theme teams would be employed by GCN. Individuals would be moved from across GCN (departments, ALBs and COI) into the one single employer: GCN. They would be a completely flexible resource drawn from the best talent across GCN and deployed against the six priority themes according to demand and need.

Press, media and internal communications, strategic communications advisers and some digital staff would need to remain within departments providing ministerial and policy support.

The theme teams and GCC would again be aggregated from the remaining 1,940 FTE direct communications professionals from across GCN (this is the September 2010 benchmark estimated 'in scope' population of 3,233, but reduced to 1,940 following forecast reductions of up to 40%).

Under Option 3, all of the 1,940 FTE would transfer to GCN.

GCN would aggregate and allocate talent on the basis of a fair and open matching process: 150 would move into the GCC and 480 (6 x 80) would move into the theme teams. The remaining staff would be surplus and could either be redeployed or exited. GCN would manage the process.

This option would offer a potential saving of £53.8 million per annum, over and above the 40% reductions already estimated for departments and ALBs.

Potential savings on running costs by aggregating marketing staff			
	2010/11 Benchmark after 40% reduction*	Proposed Option 3	Saving
Current	£93.1 million 1,940 FTE @ £48k	–	
Centre	–	£10.5 million 150 FTE @ £70k	
Themes	–	£28.8 million 6 x 80 FTE @ £60k	
ALBs/departments	–	Within flexible theme resource*	
TOTAL	£93.1 million 1,940 FTE	£39.3 million 1,020 FTE	<u>£53.8 million</u>

*Given the broad definition of strategic communications used within the benchmark data, we have estimated that 60% of those who defined themselves as 'strategic communications' are strategic communications advisers, and that 40% are comprised of stakeholder engagement, customer insight and some strategic marketing managers.

11.8.4. Identifying and securing the savings

The figures and calculations for this paper are based on the Cabinet Office/HM Treasury benchmarking survey of September 2010. The survey relied on ALBs and departments to submit their own figures. We have made an informed estimate of how much those figures are likely to have fallen; however, if some form of aggregation were to take place it would need to begin with an exercise that identified and baselined the appropriate staff.

11.9. Appendix: Detailed analysis of witness and written responses

Note	<p>Witnesses responded to the review through face-to-face interviews with the review team or by submitting a written response to the questions posed in the call for evidence (Appendix 11.2).</p> <p>This report summarises the views expressed through both response channels. A short-form summary is included in the main report (Chapter 8).</p> <p>For a list of witness interviews and written submissions see Appendices 11.4 and 11.5 respectively.</p>
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11.9.1. General views and experiences of government direct communication

The quality of government direct communication activity is well regarded both inside and outside government. Nonetheless, it is seen at times to be fragmented, poorly integrated, and excessively short term in its approach.

Areas of strength

Government's expertise in using communication to change behaviour in difficult policy areas is widely recognised. Campaigns on smoking cessation, obesity, Armed Forces and teacher recruitment, and road and fire safety are cited as examples of award-winning best practice.

UK direct government communications are admired worldwide

Private sector organisation

Five of last year's highly competitive and respected IPA Advertising Effectiveness gold and silver award winners were government campaigns

Industry body

The marketing and advertising industry typically sees government communication as well commissioned, planned, executed and evaluated.

Areas for improvement

Many respondents suggest that government should reduce duplication of activity and improve join-up between departments. They point out that departments often compete for attention among the same audiences, reducing cut-through of important messages and increasing communication costs. A more audience-centric approach would be welcomed.

Ensure better co-ordination within Government and between Departments to avoid duplicate effort and wasteful targeting of key audiences

Private sector organisation

Government direct communications should focus specifically on doing a few things really well, instead of trying to do too much direct communication that is ineffective and confuses citizens through proliferation of conflicting campaigns and messaging

Private sector organisation

There is a perceived need for government to take a longer-term approach to its communication activity. Certain initiatives are believed to be of dubious value: driven by immediate political priorities or the desire to be seen to act, not by a clearly defined need.

The Government needs to realise that it's in the business of building long term public service issue "brands" which need to be managed just like those in the commercial sector. One of the key problems of Government communications is that they are at the whim of individual ministers as they come and go... This is very wasteful of resources within Government Departments, the COI and in agencies, but more importantly it doesn't create "adstock" behind a recognisable campaign theme and thus is less effective in bringing about behaviour change

Industry body

Avoid chasing short term wins and, instead, aim to build a brand over some time such as the drink driving awareness campaign that took almost 3 decades to mature

Private sector organisation

[Government direct communication] has often been skewed towards the headline-grabbing, rather than the effective

Industry body

Many respondents recommend that government further embraces and embeds the use of digital communication technologies such as online, social media and mobile in order to develop two-way conversations with citizens.

The COI should also be the body that helps Government to fully embrace the digital age when it comes to communications. Given that the communications landscape is changing rapidly and so called "traditional" media campaigns are not necessarily the only or the best sole solution to every communications problem, there needs to be an understanding of these implications for Government. Direct communications from Government should therefore set out to encourage audience participation – via digital channels, for example

Private sector organisation

Some respondents call for government to adopt a more integrated approach to channel selection more generally, and to its use of behavioural ‘nudges’ and communication which should not be considered separately.

There is a suggestion that while evaluation of direct communication activity does occur, a more rigorous approach to evaluation, measurement and outcome planning is needed. Respondents recommend that all activity, potential or actual, should be judged by its effectiveness and that assessment of return on marketing investment (ROMI) should become the norm.

It seems that of the 300-odd COI campaigns run during 2010 only 6 had true ROMI developed

Industry body

Evaluation should be a discipline conducted at the beginning of a campaign not after

Private sector organisation

Finally, on an operational level, the quality of communication delivery is perceived to vary between departments.

Conclusion	While much of what government does in direct communication is highly regarded, there is a need to reduce duplication, improve co-ordination and integration, and for a stronger focus on effectiveness.
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11.9.2. Views on the marketing and advertising freeze

The marketing and advertising freeze and ERG gateway process is widely acknowledged by government respondents to have brought much-needed rigour, control and oversight to communication activity, through:

- a greater focus on outcomes, the role of communication, and value for money;
- encouraging ALBs to work more collaboratively with parent departments (although not all ALBs have complied with the freeze); and
- fostering a more joined-up approach across government.

Government marketing has benefited from more stringent controls and approval processes this year

Government organisation

However, the gateway is commonly viewed as a ‘blunt instrument’ and respondents agree that a more strategic approach is necessary. This should set out clear criteria and priorities for communication activity, and require that all proposed activities have proved the need for direct communication.

Many respondents feel that the freeze has impacted negatively on the perceived value of direct communication (especially paid-for communication) as a policy lever. They underline the continuing need for direct communication where it supports departments to meet their policy objectives.

Conclusion	<p>The marketing and advertising freeze has brought welcome control to departments and the centre, but a more intelligent gateway is required.</p> <p>Although paid-for communication may not be the default in the future, respondents point out that it will still offer significant value and effectiveness to government.</p>
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11.9.3. Principles that should guide government’s use of direct communication

In the context of the Government’s desire for a new approach to direct communication, respondents recommend a number of principles which should guide the use of direct communication.

Respondents perceive that government should use direct communication when:

- it has a duty of care or statutory duty to provide citizens with information;
- it needs to retain control of the message, channel or timescale (making the risk of delivering via a partner too high);
- public confidence in a message depends on the authority and objectivity that government provides;
- direct communication is proven to be the most cost-effective tool, or the only tool able to deliver the desired outcome;
- rapid dissemination of information is required (e.g. a health emergency);
- there is no alternative credible and willing third party to deliver the message;
- an asset needs to be created and leveraged to appeal to partners (e.g. Change4Life); or
- direct communication can help to achieve an overall cost saving to government.

There is broad agreement that partners will sometimes, but not always, be appropriate for delivering communication on behalf of, or in conjunction with, government.

Respondents perceive that government should not use direct communication when:

- a message is suitable for delivery by a credible third party, and a suitable, willing partner exists that can provide sufficient reach/targeting;

- direct communication is not proven to be most efficient tool to deliver the desired outcome; or
- it is proven that the message can be delivered as effectively by using owned or earned channels.

Many respondents also recommend that effectiveness should be the currency for decisions on whether to use direct communication. They perceive that this will require a much more rigorous and consistent approach to evaluation, measurement and outcome planning across government.

Conclusion	<p>There is broad agreement that partners will sometimes be appropriate for delivering communication on behalf of, or in conjunction with, government.</p> <p>Yet in the new environment there will remain a wide range of circumstances in which government must use direct communication.</p> <p>Clear criteria are therefore needed to identify when communication should be government-authored and when it can be devolved.</p> <p>This in turn requires a sharper focus on evaluation.</p>
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11.9.4. Partnerships

Government intends in future to start from a presumption that others may be better placed to achieve its communication objectives. This will necessitate forging new relationships with the marketing and advertising industry ('the industry'), media owners, brand owners and the civic sector.

General views on partnership working

There is broad support in principle from all parties for a greater focus on partnership working.

Government respondents note that using third parties to deliver communication is not new, particularly among smaller departments. The marketing freeze has already prompted departments to seek conversations with potential partners.

Commercial respondents report a genuine desire to participate, if government is prepared to make a long-term commitment to its strategic priorities and to take a consultative approach in order to understand what partners need and want.

Creating new and better partnerships will require greater emphasis on involving the commercial sector, recognising the commercial imperatives

driving brand owners and identifying where the interests of brands and government align

Industry body

Clearly for such an approach to work, the Government would have to outline its objectives and desired outcomes early enough for companies to build potential partnerships into their planning process and be prepared to commit to sufficiently long term contracts to make the whole effort worthwhile – almost certainly longer than the life of a Parliament. Government would also need to audit and assess the value of the assets it is able to offer to industry in return for industry's help in meeting communication needs

Industry body

Advertisers are already showing considerable commitment to working in partnership with Government in achieving more effective social messaging. However there will be some messages that Government will want to communicate alone and there will be other messages that business may be better able to reach wider audiences. There is no simple solution to either reach or tone of the message

Industry body

However, it is acknowledged that not all initiatives will be either appropriate or attractive for partners to deliver on government's behalf. Furthermore, partners may wish to participate but lack adequate resources to do so.

Improved planning and co-ordination of partnerships from the centre (perhaps across policy themes or audiences) is widely acknowledged as a critical success factor.

The current arrangement, in which there is no central oversight of partnership activity, is considered by commercial respondents to be sub-scale, inconsistent and frustrating.

If industry and the Government are to work more closely in partnership, then this would be most usefully organised through a single body and not by individual departments approaching industry in a piecemeal manner

Industry body

We believe there is a need for a central co-ordination function, to mitigate the risk of brand owners being contacted by several campaign teams

Government organisation

However, most respondents feel that relationships should be brokered, owned and managed by departments whose policy teams will want to deal with partners directly. Equally, partners want access to policy teams.

Campaigns arising from a partnership approach would, by necessity, be less prescriptive and would depend upon closer co-operation with the relevant department in order to better understand objectives, tone, style etc. At present access to those departments is limited

Private sector organisation

Otherwise, respondents recommend that partnerships should be:

- **Mutually beneficial:** This is seen to be crucial. Brand owners support the new approach but call for government to define the quid pro quo or expect only lower-order participation. Some brand owners urge caution about management and shareholder goodwill to invest in schemes that are not of commercial benefit to the brand.
- **Defined by a set of strategic principles:** These would set out clear objectives, outcomes and parameters for both parties, establish criteria for when government can and cannot cede control of the message, and ensure that government brands and messages are not devalued. Some government respondents are wary that the public mistrust overt commercial involvement in government communications and that the marriage of government responsibilities and commercial interests will create risks and tensions.
- **Long term, and not viewed as a quick fix:** Commercial respondents call for government to share its long-term strategic priorities so that they can be linked into brand and CSR plans. They point out that commercial planning cycles often operate 12–18 months in advance, while government typically takes a much shorter-term view. Some brand owners urge caution about management and shareholder goodwill to invest in schemes that are not genuine government priorities.
- **Integrated with paid-for communication, not used in its place:** Some respondents suggest there is a lack of evidence to show that partnerships are a more cost-effective way to drive behaviour change than paid-for communication.
- **About more than just advertising:** They should involve localised, integrated activity.
- **Fair and proper:** Partnerships should not challenge the editorial integrity of media owners, or portray government as under the influence of media owners.
- **Wide-ranging:** Partnerships should encompass the civic and community sector as well as commercial organisations. Government should seek to invest in, enable and up-skill civic and community partners who can help to drive its strategic priorities at a grassroots level.

While the view overall is positive, respondents urge government to exercise caution in its expectation of what partnerships can achieve. Developing a means of establishing whether a given initiative is either appropriate or attractive for partners to deliver on government's behalf is seen as an important first step. However, there is some scepticism as to whether government is either prepared, or able, to cede sufficient control to make partnerships work.

Conclusion	<p>Partners are ready and willing to work in a more collaborative way with government in order to help achieve its policy outcomes. In return they call for government to share and commit to its strategic priorities, and to recognise that partnerships should be long term, properly planned and, critically, mutually beneficial.</p> <p>The centre should have a role in co-ordinating partnerships in order to ensure that government takes a strategic approach.</p>
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11.9.5. Views on the Ad Council model

Opinion is split on the viability of a public communication body on the model of the US Ad Council.

Commercial respondents and some government respondents believe that the Ad Council model has four significant limitations.

Across the industry tri-partite there was a unanimous view that the model does not lend itself to the objectives of the review team... while valued in the US, [it] is the product of another era. It is not fit for purpose in a modern, UK government context. While the value of its work is considerable, the Ad Council model is no substitute for properly planned, resourced and measured government communications. We do not believe it would be able to plan a fully integrated campaign involving optimal choice of media and timing

Industry body

It would deliver lower-quality campaign outputs than the current model

- Agencies would not mobilise their best talent for pro bono work.
- The industry itself calls for government to remunerate suppliers adequately in order to ensure access to the best creative and strategic talent.
- Ad Council activities are perceived to be simplistic in their approach.
- The pro bono model mitigates against developing true partnerships in which partners can directly achieve positive outcomes for government.

In contrast to the present situation, where the very best professionals compete to work on COI/Government business, there would suddenly be far less choice. Only the less experienced or less well regarded agencies – those with nothing better to do – would want to be involved

Private sector organisation

Its very focus means that it is incredibly simplistic in its approach and misses out on a wide range of additional communications activity that could work alongside the main media campaigns. Creative campaigns led by

corporates, charities or media companies can have huge impact, and create more innovative opportunities

Industry body

Government would lack control over campaign effectiveness and outcomes and may not achieve financial savings

Relying on donated airtime makes effective planning and targeting impossible:

- Under the Ad Council model, media owners can veto campaigns they do not support.
- Donated airtime is likely to be low quality.
- Agencies working pro bono have less incentive to develop effective communication solutions – where there is no payment there is little incentive to drive results.

In support of these arguments, it was noted that the US Government invests heavily in paid-for communications despite the Ad Council's output.

Although donated media in the US may appear to be high in value and reach, it is likely to be low quality or unsold inventory, which could undermine effectiveness of campaigns

Government organisation

Agencies invest in pro bono work in order to showcase their creative talents, not to meet the client's brief

Government organisation

Significant cultural and market differences exist between the UK and the US

- US attitudes to public service broadcasting and corporate philanthropy are deeply embedded and differ from the UK.
- The US media market is unregulated: it is easy to 'donate' media time by creating new slots.
- The US industry is more profitable than UK industry.
- The UK industry already donates considerable time and resources towards social good (often through mechanisms such as the Media Trust, see below).

US broadcast media has far more commercial air-time than the UK where supply is much more tightly regulated. The creation of an inventory of free media space will be much more difficult in the UK – free space will have a higher opportunity cost of revenue sacrificed

Industry body

Would threaten the resource creative and media industries currently contribute to charitable and community causes

Private sector organisation

The existence of an Ad Council will adversely impact on the industry in the UK

- To impose the model on a market where government is traditionally one of the biggest spenders on advertising is widely seen as problematic.
- Pro bono work in the UK is usually performed as a loss leader.
- Respondents warn of an adverse financial impact on the industry if media owners and creative agencies are required to donate free time and space.

Introducing the model to the UK asks media owners to take two hits in quick succession – significant reduction in revenue from government campaigns and the loss of additional revenue by giving valuable air-time away for free

Industry body

As government has recognised, media owners have a vital role in sustaining a flourishing creative industries sector in the UK. Like any other business they need to make commercial returns in order to drive investment and growth in the sector

Private sector organisation

Many government respondents are sceptical that full adoption of the model could work, but suggest that certain elements could be adapted to suit the UK context and used to complement paid-for communications.

There are some useful principles that we could apply from the US model, but it may need to work differently in this country

Government organisation

There is no reason that this model could not be established in the UK

Government organisation

It is perceived that an 'Ad Council' style model could operate in the UK if:

- government closely defines which type of issues and messages it carried;
- it is created with the remit of working on long-running social marketing campaigns, alongside a parallel operation within government;
- it is trialled at a local level, partnering with local government;
- government is prepared to mandate that major media owners must provide high-quality airtime; and
- government retains resources to produce, distribute and evaluate the activity produced.

In addition, an opportunity is identified for government to work more closely with the Media Trust, a communications charity which works across the media and communications and wider charity and community sectors. The Media Trust already works to secure pro bono support from the industry.

It would seem sensible to position an Ad Council model inside Media Trust, to maximise the goodwill of the media industry, and to tap into the extensive reach into communities, and brand added-value, of the wider charity sector, and to avoid duplication of effort, purpose and resources. Key to this focus should be some high profile competitions, awards and challenges for creatives to enter – the “Oscars” of the agency world, encouraging creativity and pro bono activity

Industry body

Conclusion	<p>Participants do not believe that wholesale adoption of the Ad Council model would be appropriate or effective in the UK context.</p> <p>However, some suggest that elements of the model could be transferred to the UK, provided a range of specific points are addressed.</p>
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11.9.6. Views on payment by results

Most respondents are in favour of wider and more consistent use of payment by results by government in its contracts with suppliers of communications services.

However, several significant challenges are perceived:

- **Incentivisation:** Payment by results in the commercial sector is seen as a tool used to incentivise supplier over-performance, not a tool to penalise under-performance. Can government offer the same incentives?
- **Measuring results:** Government communication outcomes are often long term and difficult to measure, requiring complex (and expensive) econometric analysis.
- **Attributing results:** Government will need to be able to attribute outcomes between channels (e.g. TV and online), between suppliers (e.g. media and creative agencies), and between communication activities and other levers.
- **Payment timescales:** Fixed project costs should be paid upfront. There is concern that payment by results may deter or prevent smaller agencies from pitching for government work if the financial risk is prohibitive. The question of payment arrangements for outcomes that occur over the long term (often years) is also raised.
- **Control:** It is anticipated that payment by results will mean that suppliers require greater autonomy in developing the activity. Is government prepared to cede sufficient control?

- **Efficiency:** It will be necessary to ensure that payment by results is not prohibitively costly to administer.

Despite the COI's diligence, payment by results, or profit share, may prove extremely difficult in practice, however, working with agencies and media owners it may be possible to develop a new remuneration methodology which values inputs, outputs and outcomes using a mix of management fees, licensing and payment by results

Industry body

A radical use of PBR could allow government communications to escape the trap of being perceived a wasteful or luxury item even when it is delivering VFM, by locking VFM into the system... campaigns would have to have very clear outcome measures, in which the impact of communications could be untangled from other factors. This would require a serious change in how campaigns are commissioned and briefed, and a robust, consistent (and probably expensive) approach to econometrics

Government organisation

Additionally, some respondents point to the inherent difficulty of applying payment by results to any model that involves suppliers working on a pro bono basis.

Applying payment by results (in the form of outcome-based trading) to media buying is seen to be a complex area but one that media owners and agencies may be willing to explore with government.

Conclusion	Payment by results is supported in principle, but government is urged to consider carefully the challenges posed by incentivisation, measurement, attribution, payment, control and efficiency.
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11.9.7. Views on the most appropriate way to organise and structure government's communication capability

Respondents were asked to comment on how best to structure the centre of government communications and its relationships with departments in order to meet the challenges of the new environment.

The key tension lies in the division of roles and responsibilities for direct communication between 'the centre' and government departments/ALBs. Here, there are divergent views across government. Some of the largest departments favour retaining all strategic and delivery capacity in-department. Smaller departments are more open to these functions being provided (and physically located) at the centre.

Whichever structure is proposed, respondents are united in the view that retaining close, in-department links with policy teams is critical to the success of government direct communication. The risks of not retaining this expertise in departments are seen to be:

- poor understanding of policy issues;
- poor understanding among policy teams of the role for communication;
- less effective and efficient communication activities; and
- less successful policy outcomes.

[The departmental] model works well to ensure policy objectives are closely aligned with marketing objectives, evaluation is built in at the start and that strategy and delivery are consistent

Government organisation

If everything was centrally directed there would be too many competing agendas and the risk of being too remote to how policy was being delivered on the ground

Government organisation

11.9.8. Role of the centre/functions to be provided by the centre

There is broad consensus that government communications would benefit from a stronger centre that:

- conducts procurement and buying, and operates purchasing frameworks;
- acts as a gateway for direct communication activity;
- co-ordinates activity across departments and acts as an expert hub; and
- acts as a centre of profession for government communications/communicators.

There are mixed views on the extent to which the centre should provide strategy, planning or delivery services (including regional services).

Procurement

The need for government to retain and leverage its central, aggregated buying point for media and communication services is widely acknowledged, given the current financial imperative and desire to drive efficiencies.

The current procurement frameworks operated by COI are a source of frustration for a minority of respondents. They report that frameworks:

- are expensive to access due to the COI management fee;
- do not facilitate integrated campaigns, as each communication discipline is procured from a separate framework;
- are not reviewed with sufficient frequency, especially digital;
- favour larger suppliers who can afford the time (and therefore cost) required to apply; and

- are too London-centric, with too few regional suppliers.

There is also a call to provide genuine linkages between different campaigns in terms of commissioning.

An ALB raised the importance of remaining free to choose whether to use the central frameworks or not.

Co-ordination

There is wide agreement that greater co-ordination of direct communication activity by the centre is necessary in order to mitigate the fragmentation and duplication outlined in Section 11.9.1.

Views on the scope of this co-ordination function vary. But respondents concur that the centre should:

- have strategic oversight of all direct communication activity;
- direct and plan cross-government activity in order to rationalise activity and prevent departments from competing for attention among the same audiences;
- host expert hubs for specialist expertise such as evaluation, digital, and behavioural insight;
- share knowledge and ensure best practice across government;
- co-ordinate external partnerships on behalf of government (but not own the partnerships); and
- audit government-owned communication assets, and manage access to these assets.

There is a valuable role which a revised (and renamed) COI could play in co-ordinating and phasing the big picture of government marketing. Like ERG, they could challenge and prioritise spending, but with a longer term view, ideally looking at annual plans rather than piecemeal approvals

Government organisation

Some respondents recommend that government centralises its research/customer insight capability in order to take a theme and/or audience-focused approach to direct communication. A minority build upon this to suggest that the centre should manage insight around particular 'life-stage' audiences. Other respondents (mostly larger government departments) wish to retain embedded insight teams, citing that effective insight requires being close to the issues and therefore close to policy.

Some respondents also recognise a need for the centre to drive greater co-ordination between central and local communication in order to prevent unnecessary duplication or conflict of message.

One non-government respondent recommends that the centre hosts ‘innovation academies’ that bring together the best academic, public and private sector talent to help define which policy problems can be solved using communication levers, including behavioural insight.

Gateway role

The introduction of a controlling gateway for communication activities is popular, but the current ERG mechanism is seen as overly simplistic.

Respondents recommend that the role of the gateway should be to:

- establish, in conjunction with departments, clear criteria for the role and remit of direct communication;
- judge activities based on their contribution to government’s long-term priorities for strategic communication;
- perform a challenge function – ensuring that all proposed activities have proved the need for direct communication;
- provide guidance on establishing the role for communication; and
- provide guidance on minimum criteria for evaluation, outcome planning and channel plans, etc.

There is an expectation among government departments that a cost threshold, above which activity has to be referred to the gateway, will (and should) remain. An increase from the current £25,000 threshold is anticipated. Some departments report an expectation among their ALBs that the threshold will be abolished.

There is an appetite among some government respondents for the gateway to be more heavily resourced than currently. In particular, they call for the addition of further senior and expert resource to review and judge submissions. Some departments wish to have an individual suitably representative of that department’s needs sitting on this panel.

One respondent recommends the establishment of a gateway advisory board or appeals process to deal with cross-cutting issues that go beyond communication (e.g. pandemic flu).

Professional centre

Many respondents highlight the importance of retaining a mechanism by which the centre provides training and development opportunities for government communicators, possibly as an amalgam of COI and GCN.

Some respondents feel that government communicators should all belong to a central resource and then be loaned out to departments.

There is a strong view that a head of profession must be retained in light of the departure of the Permanent Secretary for Government Communication.

Some respondents also call for the centre to play a greater role in ensuring that the value of government communication is understood within government, and in being government's voice in the industry.

Strategy

As noted above, a clear need is seen for improved oversight and co-ordination of cross-government communication activity from the centre. However, there is less agreement on how far marketing and communication strategy should be set and controlled by the centre.

The development of a cross-government marketing strategy is favoured by many respondents, including smaller government departments and commercial respondents:

- This would identify government's mid/long-term strategic priorities, organised by policy themes and/or audiences.
- The centre would aggregate departmental activity in support of these priorities, and restrict activity that falls outside the strategy.
- Creating a strategy would be desirable for potential partners, who call for a set of consistent themes to rally around.

However, some larger government departments object, citing the potential tension between departmental accountability for delivering policy and a decision being taken in the centre on whether to communicate. They believe that all marketing and communication strategy (including campaign strategy) should be developed in-department where it can be formulated in conjunction with policy.

Smaller and mid-sized departments and some ALBs may require assistance from the centre in developing their strategies. They call for provision at the centre of a pool of strategic expertise, as well as expertise in behaviour change and social marketing.

Some respondents are also concerned that a cross-government marketing strategy risks politicising the centre:

- The lines between 'government' priorities and 'party political' priorities could become blurred (especially close to a general election).
- Communication may appear to come from No. 10 as opposed to from departments in support of their policy initiatives.
- The centre could be seen to set one department/policy area off against another.

Strategy and policy issues that have a national communication requirement should be managed centrally, especially in a cross-Departmental context. This is... to ensure efficiencies and avoid 're-inventing the wheel'

Industry body

Communication strategy and planning should remain within Departments – it is important to retain this expertise in-house to prevent communication advice from being commoditised (and therefore optional for policy colleagues to consider)

Government organisation

Planning

In general, smaller departments need the ability to access planning expertise at the centre and larger departments do not, preferring that audience and channel planning is co-ordinated in-department.

Where planning is concerned, many responses acknowledge that expertise is strongest within commercial media agencies. Some industry responses suggest that all planning should be outsourced.

However, the centre is seen to have a role to play in co-ordination whenever departments are trying to communicate with the same audiences.

Some respondents suggest that the centre should marshal government activity in customer insight and research and maintain a database of insight information to support planning activities.

There can be an overwhelming number of different bits of communication through the same channel (e.g. Doctors' surgeries are plastered with different, unco-ordinated messages). There are also large numbers of campaigns aimed at the same audience

Private sector organisation

Delivery services

Many departments and ALBs feel that they are best placed to create and deliver content. However, views on the extent to which the centre should provide these services depend mostly on the size and capability of the department in question.

Departments with sufficient in-department capability envisage little need for delivery functions at the centre, as they tend not to access the expertise already on offer through COI.

Smaller departments rely on being able to access this capability at the centre, and make clear that in any future structure for government communication they must retain this access.

The specific functions that smaller departments require at the centre vary. They include:

- Content design/production, including digital, film, print and translations
- Media monitoring
- Regional services (see below)
- Training.

The COI content group proposes a new shared content service aimed at driving efficiencies and cross-government collaboration. It would provide a central destination for commissioning new content, acquiring existing content for re-purpose, distribution of content, and sharing resource, best practice and outcomes.

Further to the debate over which delivery functions should be provided at the centre, there are a range of opinions on how far the centre should be a deliverer versus a commissioner of services.

Some respondents believe that government should only provide delivery services at the centre when it represents a more cost-effective or expedient option than procuring them externally. The centre would still be the procurer, however.

A few commercial respondents suggest that most or all design and delivery work should be outsourced to the private sector.

The greatest efficiencies can be achieved through a restructure of other COI functions. Are 63 creative agencies on the roster really necessary, for example? Media owners know they could produce superior creative work at a fraction of the current COI spend, but simply do not have the opportunity to put this forward due to the debilitating procurement process the COI has to stand by

Private sector organisation

Regional services

There is a concern among some respondents that the localisation agenda carries a risk of poor cost-effectiveness. As noted above, they suggest that the centre should drive greater co-ordination between central and local communication.

In particular, they see a role for the centre to:

- prevent unnecessary duplication of activity;
- prevent conflicts of message;
- reduce poorly executed and unevaluated local activity;
- spread good practice; and

- encourage shared procurement.

The COI NHS Network is highlighted as an example of this model in action.

A few respondents suggest developing a local ‘franchising’ model for communications that are created and owned by the centre or a specific locality.

There is a need to consider how best to manage a balance between what can be done once – centrally or in an area – then shared, and what can best be done locally, but with good practice recognised and passed on

Government organisation

The regional news and PR network currently operated by COI is generally seen to be an effective asset (see Section 11.9.10) among those departments who use it and the local media owners with whom it partners. There is a preference for access to this capability through the centre to be retained.

We access COI’s frameworks and use COI Regional News and PR for added media relations support in the regions where it has been particularly useful to work with individuals who know the regional and local press and can provide feedback on the local context ahead of visits/announcements

Government organisation

Excellent regional support provided by COI – flexible, responsive, appropriate and client focused. COI plays a crucial role in working with local media to promote our messages to local businesses

Government organisation

Conclusion	<p>A stronger centre of government communications is required in the new environment.</p> <p>It should be a procurer, spending control gateway, co-ordinator and centre of profession, and could own a marketing strategy based on key cross-government themes.</p> <p>There is less of a consensus on the extent to which the centre should provide strategic, planning or delivery capabilities.</p>
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11.9.9. Views on structuring government communication capability

Responses in this section come mostly from government respondents, based on their views on the role of the centre.

It is widely agreed that current relationships must evolve in the new environment, both between the centre and departments and between departments:

- The centre should have greater authority (smaller departments are generally more enthusiastic exponents of a stronger centre than larger departments).
- Departments should become more collegiate.

It is also widely acknowledged that some form of shared resource pool needs to exist in order to reduce duplication, drive efficiencies, and meet the needs of smaller departments and ALBs.

Therefore the two options presented to respondents in the call for evidence (Appendix 11.2) that do not feature a shared resource element ('capability resides within each department' and 'centrally directed capability') are not covered in detail here.

There is no consensus on which of the two remaining options is most appropriate ('shared capability based in departments' or 'shared capability based in the centre'):

- Support is strongest for a mixed economy model with shared capability based both in departments and the centre.
- Larger departments require shared resource to a much lesser extent than smaller departments.
- Some respondents suggest that, to truly join up the centre with departments, individuals should be responsible to both the centre and their department.

Views on a shared capability based in departments

This model is preferred by larger departments, as it keeps marketing close to policy teams and enables departments to retain their in-department capability.

Considerations:

- **Risk of duplication:** This model could lead to a number of different 'centres'.
- **Co-ordination:** This becomes more difficult when capability is co-located.
- **Equitable access:** Mechanisms are required to ensure that the department where capability resides does not have priority access to that resource, and that projects are prioritised regardless of where capability resides.

Views on a shared capability based in the centre

This model is preferred by smaller departments, who are reliant on an effective, centrally operated, shared service, as they have limited expertise in-department.

Considerations:

- **Links to policy:** There is universal agreement that some level of in-department link with policy teams must be retained in this model. Some respondents

recommend leaving senior ‘intelligent commissioners’ or ‘strategic marketers’ in departments to act as the waypoint.

- **What capability sits at the centre:** Larger departments suggest that only delivery and certain specialist functions should reside at the centre in this model, with strategy and marketing expertise left in departments.
- **Prioritisation:** Some respondents are concerned that resource would be allocated based on departmental buying power, and recommend that it should be deployed instead on activities that support government priorities.
- **Accountability:** Several respondents raise the issue that departments are ultimately accountable for delivery of policy objectives, and difficulties will arise if the power to communicate is held at the centre.

[This model] relies on service level agreements for access to staff time – smaller departments may get squeezed out

Government organisation

Some respondents who favour the development of a cross-government marketing strategy see an opportunity to build a central campaign team tasked with delivering the strategy:

- The team would be organised in hubs aligned with the priority issues or audiences outlined in the strategy.
- It would control cross-government brands.
- It could potentially control and direct cross-government spend in support of the strategy.

Alternative structures

Few alternative structural models were proposed by respondents:

- **Dual model:** Shared capability based in the centre for smaller departments; larger departments retain capability in-department.
- **Three-tier model** (proposed by a commercial respondent): Cross-government spending control and co-ordination directorate at the centre, made up of senior leaders across government; departments continue to lead and manage direct communications, subject to directorate; central communications function for departments to access best practice and specialist knowledge and procurement.

Conclusion	<p>In the new environment, government capability in communication should be accessible on a shared basis.</p> <p>There is no consensus on how to structure this model or whether the centre or departments should be responsible for the resource, although a mixed economy model with shared capability based both in departments and the centre may be preferred.</p>
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11.9.10. Views on COI

With the exception of high-quality procurement (a view disputed by a small minority of respondents), there is little consensus in respondents' views of COI services. An overarching finding is that the reputation of COI appears stronger outside government (where COI is 'the client') than inside (from COI's 'clients').

Commercial respondents value COI as possessing a unique mix of government and industry understanding, agency relationships and communications expertise. They mostly view COI as a professional, broad-thinking and high-calibre 'client' and a source of best practice; while acknowledging that COI procurement processes require updating and its campaign management function can be duplicative.

Conversely, government respondents' experience of COI has been mixed.

COI is typically seen by larger departments, and some larger ALBs, as neither part of government, nor a supplier. These departments usually develop marketing strategy in-department and use COI mainly for procurement. These respondents often consider COI to be an expensive source of duplication which adds little strategic value.

Having an experienced marketing team in-department who have strong links with Ministers and policy makes many of COI's services surplus to our needs

Government organisation

Smaller departments, and other ALBs, tend to view COI as a partner, often use the full range of COI services and are more likely to employ its strategic capability.

Valuable – and only – source of best practice in government communication

Government organisation

Summary of views on COI

	Perceived strengths	Perceived weaknesses
All respondents	<ul style="list-style-type: none"> • Procurement and purchasing • Regional network 	<ul style="list-style-type: none"> • Trading fund model • Distance from centre limits ability to add strategic value • Frameworks
Government respondents	<ul style="list-style-type: none"> • Some respondents feel that the core COI offer of research, strategy and client account team is of value (and that the delivery offer works less well) 	<ul style="list-style-type: none"> • Expensive (fees) • Emphasis on account management does not add value • Quality of service/advice is variable, can depend on individuals • Source of duplication with departments' in-department capability • In-department expertise can be higher quality than COI • Delivery offer (see strengths)
Non-government (industry) respondents	<ul style="list-style-type: none"> • Centre of excellence for communication • Industry understanding and relationships • Source of specialist best practice (e.g. behaviour change, paid/owned/earned, digital, evaluation) • Professional client 	<ul style="list-style-type: none"> • Should be more media-neutral (focuses on traditional media) • Should consider more non-communication interventions

The trading fund model is seen within government, and recognised by some industry respondents, as a major drawback for COI and as the key contributory factor in some of the perceived limitations in the COI service.

The trading fund is perceived to:

- create perverse incentives and promote negative behaviours (cross-selling and up-selling), by rewarding COI for conducting activity rather than taking a strategic overview; and
- place distance between COI and departments; making for a restrictive, supplier-client relationship, and meaning that COI staff have less understanding of policy issues.

COI's regional news and PR offer is mostly seen to be an asset that could be better utilised, although others feel that regional services are already adequately provided through departmental networks:

- Those who use the service feel that it is valuable and unique.
- There is praise for the range of local networks and contacts the service can access, and for its political awareness of local issues.
- It is seen by some as a service that should go beyond news and PR to expert local intelligence, strategy and engagement.
- Some respondents feel that the service is of mixed quality across the regions.

Conclusion	<p>COI and its capabilities are viewed positively by the industry in which it resides.</p> <p>Opinion of COI within government is mixed, but is heavily influenced by the limitations imposed by trading fund status.</p>
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11.9.11. Future role of COI

The general view among respondents is for COI (or its functions) to continue to operate, but that its role and status should evolve to overcome the current limitations and meet the challenges of the new environment.

Role and responsibilities

Respondents' views on the future role for COI, or what COI becomes, largely tally with their views on the role that should be played by the centre of government's direct communication capability (see Section 11.9.8).

The principle roles envisaged for COI are:

- procurement, media buying, management of frameworks and payment by results;
- co-ordination of cross-government activity around themes, audiences or channels (possibly in line with an overarching marketing strategy);
- centre of excellence and knowledge sharing in specialist communication functions (e.g. measurement and evaluation, planning, digital, behavioural insight, research/customer insight);

- co-ordination of partnerships, including with the civic and community sector;
- management of government-owned channels;
- provision of essential delivery functions (including regional network);
- government's representative body in the marketing and communication industry; and
- professional leadership and talent management (including GovGap).

There is a strong sense within government that the value added by COI should become its ability to join up across government and reduce duplication, not account management of its clients' campaigns.

In recognising the need for a stronger central function, many respondents (commercial respondents in particular) see this as being a stronger COI. They urge government to retain or evolve COI in this context, rather than to abolish it.

A central function such as COI has an important potential role as a central source of expertise and best practice. No individual department can provide that overview

Government organisation

Status and governance

Respondents agree that in order for COI, or what it becomes, to make a more telling strategic contribution to government direct communication, it should be moved upstream, closer to the policy-making process.

This means moving COI, or what it becomes, closer to the centre of the community, with the Cabinet Office seen as the most appropriate destination.

Funding

COI's pure trading fund model is largely seen to be unfit for purpose. Respondents suggest two alternatives:

- COI, or what it becomes, is entirely funded, abolishing the trading fund; or
- COI, or what it becomes, is part funded, part trading fund. Centre functions (procurement, strategy and expert hubs) become funded. Delivery functions remain accessible on a trading fund, pay-as-you-go basis.

There is no clear preference, although it appears that any funding solution would be welcomed that makes access to COI (or what it becomes) a cost-neutral transaction.

COI brand

There is debate concerning retention of the COI brand. As with the general views on COI in Section 11.9.10, it is generally the case that the COI brand holds greater resonance in the industry than it does within government.

There are some calls for a change in brand, or to retain the COI brand only for its core functions (e.g. procurement, content design and delivery) and move its other expertise into a new entity in the Cabinet Office.

Some government respondents suggest bringing COI and GCN together into a single entity.

There is also a suggestion to move COI physically into Whitehall. Some respondents believe that its current location ‘over the river’ (Waterloo) contributes to COI’s lack of clout.

<p>Conclusion</p>	<p>COI has played a key role in government direct communication for over 60 years and is acknowledged to be highly regarded in many of its functions. However, its trading fund model has skewed its activities and has led to it being too distant from government communication.</p> <p>This, coupled with the desire to approach direct communication in a different way and the reduction in public expenditure, means that COI must transform into a strategic centre for government direct communication.</p> <p>In order to signal the change in purpose and role for COI, there is a strong argument for rebranding, although the COI brand has significant value outside government and internationally.</p>
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11.9.12. Funding

Government respondents were asked to identify how their preferred model of government direct communication capability should be funded.

Overall, respondents recommend that funding options are discussed and agreed by departmental Permanent Secretaries, and possibly mandated by the Minister for the Cabinet Office and No. 10.

A minority of respondents feel that it would be difficult to gain departmental agreement on a funding mechanism, and that it might prove necessary to go ahead without 100% consensus.

Funding for the centre

The options for funding a stronger centre are considered to be:

- a top slice of departmental communication budgets;
- a levy on departmental programme (policy) budgets – the levy would increase or decrease depending on the annual level of communication spend on each programme;
- a discretionary subscription – departments pay for only the services at the centre that they require;
- a levy on the highest-spending departments only;
- a value added tax on all marketing spend;
- the ‘old model’ – COI/centre holds total the communication budget and allocates according to strategic priorities, and departments bid for funds; and
- no cost to departments – HM Treasury funds the centre as a shared corporate resource.

The key considerations on developing a funding mechanism are seen to be:

- **Departmental context:** Existing budget cuts and staff reduction schemes should be taken into account.
- **Value for money:** departments will seek to get back in tangible business benefits what they contribute in funds.
- **Prioritisation:** Smaller departments are concerned that if they make a smaller contribution their activities would lose out in terms of priority at the centre.
- **Incorporating ALBs:** The cost of this would need to be accounted for together with their sponsor department.

The general view is that a proportional top slice, although not universally appealing, offers the path of least resistance if it offers a compelling value proposition for departments.

There is no consensus on how relative contribution would be calculated on a departmental basis (e.g. using previous or forecasted communications spend).

Funding for delivery services

Respondents recommend that delivery functions provided at the centre should be accessible on either a subscription or pay-as-you-go basis.

Other comments on funding

One respondent recommends that government communications as a whole move to a model of zero-based budgeting. In this mechanism no money is granted upfront,

but instead has to be awarded following a claim on the basis of need and potential ROI for the activity.

Conclusion	Funding options for any new structure are contentious and require buy-in at Permanent Secretary level. Although a proportional top slice may be the most effective mechanism, there is no clear view on how it should be calculated.
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11.10. Appendix: Review of government direct communication activity by country

11.10.1. Overview

The organisation and funding of government direct communication varies significantly internationally, although there appears to be a trend towards greater centralisation in the areas of:

- **procurement:** with many countries now operating single-agency media buying contracts supported by multi-agency communication services frameworks;
- **oversight and approval:** whether by a central communication department, by a ministerial or inter-departmental senior civil service committee, by Treasury/Finance or all of the above; and
- **professionalisation:** France, in January 2011, launched its new National Institute of Communication, which joins the Netherland's Academy of Government Communication. In addition, many countries claim that their central communication service facilitates the professionalisation of communication, adherence to standards, etc.

The total value of investment (from all sources) in government direct communication for English-speaking nations such as Australia, Canada and the US was found to be higher per capita than the UK, with the Netherlands about the same as the UK. However, the calculation includes estimations of the value of donated airtime for PSAs. The situation is much closer as regards media paid for directly by government and excluding partnerships and donated PSAs.

The media value equivalent (and its association to specific audiences) of exposure through the US Ad Council is perhaps over-estimated. There is empirical evidence that as much as 60% of the donated PSA airtime in the US runs between midnight and 6am. However, when the donated PSA time is 'matched spend' with government spending, the situation improves.

Outside of those countries with a culture of media owners donating PSA time (e.g. the US, Canada, Australia) and those where government directs publicly owned public service broadcasters to carry government messages (e.g. the Netherlands), partnership marketing initiatives are limited.

This review has not found another government communication centre operating on a trading fund basis. The closest is the Dienst Publiek en Communicatie (DPC) in the Netherlands, which operates on a time-based recovery basis, with an annually agreed levy against specific campaigns.

The majority of the more 'sophisticated' public sector communication markets that we looked at have strong cross-government prioritisation (e.g. selection of campaigns in advance), governance and oversight.

Usually, this involves senior leadership from departments/ministries (or at least from the most active in terms of direct communication) and a finance and ministerial approvals procedure. This is in place even where departments are responsible for conducting their own campaigns through direct relationships with communication agencies.

The exceptions appear to be the US and Canada: North America benefits a great deal from a culture of philanthropy (both corporate and personal); from the general cultural acceptance (not least by journalists) of the involvement of commercial interests in public service activities; and from media owners (especially in broadcasting) who are prepared to donate airtime to PSAs. This is far less the case in Europe.

Spend per capita varies considerably and, beyond direct spend by government departments reported in government accounts, its calculation relies a great deal upon the interpretation of often conflicting definitions.

11.10.2. Caveats to this review

Wherever possible, the figures identified for the 'Costs and expenditure' tables have been reported as the combined total for advertising, direct marketing and online marketing.

Direct expenditure across all means of delivery and financing are not transparent in many administrations – in particular the US. In addition, the devolution of responsibilities to states, provinces and devolved administrations makes discovery difficult.

While sub-national expenditure and arrangements have been included, where possible, the direct communication activities of local authorities, cities and other local administrations have not. In some cases, reported donated airtime (for example in the US) will include airtime donated for local initiatives and issues – but is impossible to separate out from national ones.

In the case of the US, estimation of the amount of spend by the state administrations has involved taking one state where data has been available (Texas), applying assumptions to that spend and extrapolating it to the US population as a whole. As such, it can only be regarded as roughly indicative.

This review attempts to reflect a pragmatic, fair pathway to discovery and to the calculation of expenditure. However, within the time constraints of the review, sources have not always been primary and media-reported or anecdotal evidence has been used on a few occasions – the latter based upon especially conducted stakeholder interviews. All data should, therefore, be considered as tentative and subject to future verification or improvement.

11.10.3. USA – a three-tier approach

Organisation

Federal government direct communication is conducted in one of three ways:

- Government departments commission external marketing, advertising, media, PR, research consultancies and agencies and pay for media placement directly.
- Government departments commission agencies to create ‘joint campaigns’ – where the agency and the department seek other organisations (NGOs, commercial interests, media owners) in order to share funding by ‘matching’ external funding with the department’s own. An example is the Office of National Drug Control Policy, which involves partial payment to broadcast stations that also donate PSA time.
- Government departments pay for membership of the Ad Council, which then creates advertising content (primarily TV commercials) and delivers them to media owners which place them for free as PSAs. The editorial control lies with the Ad Council, not the responsible department and the use of the content is not controlled to meet media planning imperatives.

In addition, substantial (but hard to enumerate) activity is conducted by individual states (e.g. California) and city administrations (e.g. New York City), who pay for direct communication and where, on a local or state basis, media owners donate airtime for PSAs – largely outside of peak hours and not necessarily containing content controlled by the administration.

Media owners supporting PSAs with the donation of airtime is embedded in American socio-media culture. The US’s National Association of Broadcasters claims that TV and radio stations ‘donate more than \$7 billion in airtime for PSAs annually’⁷³ – or £14.02 per capita.

However, a 2008 study by the Kaiser Family Foundation and Indiana University⁷⁴ found that the most frequent time period for donated time PSAs to air is between midnight and 6am (accounting for 46% of donated PSAs across all stations).

Broadcast stations (as distinct from cable) run 60% of donated PSAs overnight. The time period with the least donated PSAs was during prime time (8–11pm), which contained only 13% of donated PSAs.⁷⁵

⁷³ Dennis Wharton, Executive VP of the National Association of Broadcasters in Broadcasting & Cable, January 24 2008

⁷⁴ Kaiser Family Foundation (2008), *Shouting To Be Heard (2): Public Service Advertising in a Changing Television World*

Commenting on this study, Federal Communications Commission member Michael Copps was unhappy with the 60% figure for the broadcast PSAs airing after midnight, and far from prime time: 'This subprime scheduling for so many PSAs tells me that subprime problems aren't exclusive to the housing market,' he was reported as saying.⁷⁶

PSA donated time, while free, is generally reported back at 'run of schedule' rates – which reflect neither discounts achievable by large advertisers, nor the average time periods of actual airing. Also, the donated airing time is not achieved to the specification of media-audience plans.⁷⁷

The Ad Council claims that its campaigns benefit from \$1.8 billion of these donations annually. Its development and production is primarily funded by 'member' government departments (at \$800,000 each) to the tune of \$6.9 million in 2008.

The Ad Council has received, from the US federal government, contracts totalling \$72 million since 2000. It appears that these were direct appointments, without open-tender procurement procedures. The Ad Council is a private, non-profit organisation that 'marshals volunteer talent from the advertising and communication industries, the facilities of the media, and the resources of the business and non-profit communities to deliver messages to the American public'.⁷⁸

Communication practices

Most government bodies contract agencies to handle their advertising, usually on a professional services basis and often without public bidding.

An example of this is Image Media Services Inc., to which the US Government paid \$2.2 million⁷⁹ in 2008 for advertising services, \$462,910 for communications services and \$147,840 for market research and public opinion services. The departments involved were: US Customs Service; Centers for Medicare and Medicaid Services; US Coast Guard; National Institutes of Health; and the Transportation Security Administration.

The Ad Council produces, distributes and promotes public service campaigns on behalf of non-profit organisations as well as government agencies in issue areas

⁷⁵ Sources: M4C / Ad Council, January 2011

⁷⁶ Broadcasting & Cable, January 24 2008

⁷⁷ Sources: M4C / DPC Annual Report 2009

⁷⁸ Source: www.adcouncil.org

⁷⁹ Source: FedSpending.org

such as improving the quality of life for children, preventative healthcare, education, community wellbeing, environmental preservation and strengthening families.

The Ad Council's campaigns fall into three broad areas, which are:

- **community** (e.g. adoption, fatherhood involvement, hunger prevention);
- **education** (e.g. early childhood development, high school drop-out prevention, college access); and
- **health and safety** (e.g. autism awareness, drink-driving prevention, emergency preparedness, veteran support, flu prevention).

Each Ad Council campaign pairs a sponsor organisation with a volunteer agency. The advertising carries the logo of the sponsor organisation and the logo for the Ad Council. Typically it directs the audience to either the sponsor organisation website or a specific campaign website.

The Ad Council does not operate in areas such as public sector recruitment and it, rather than the responsible/sponsoring department of an issue, has editorial control over content.

It is also the practice for individual states to seek 'matched' spend (or contributions 'in kind') from both the federal government and from the private sector. In Washington state, for example, the state administration agreed an annual budget of \$200,000 for the fiscal years 2000 and 2001 from the state's Department of Education for its sexual abstinence campaign. This was to be matched by the federal (i.e. national) budget from the Department of Health as well as requiring 'a local private sector match equal to one-half of the state grant, which may include in-kind contribution of technical or other assistance from consultants or firms involved in public relations, advertising, broadcasting, and graphics or video production or other related fields'.⁸⁰

Costs and expenditure

Direct communication expenditure is often subsumed into departmental budget headings such as 'operations and maintenance', making it difficult to determine how much the US Government spends in total on direct communication. As examples, MAB Media is reported as having been paid \$21.4 million by the US Army under 'miscellaneous items', while, more transparently, Blaine Warren Advertising received \$13.7 million in the year ending September 2009 for US Air Force recruiting.⁸¹

⁸⁰ Source: <http://apps.leg.wa.gov>

⁸¹ Source: FedSpending.org

Similarly, almost without exception, individual states do not itemise such expenditure within the published budgets for their own individual departments, although contract data is published.

The one state for which data has been identified is Texas,⁸² for which a detailed scrutiny of the state’s individual contracts has identified the example data in the table below. Of the \$200 million value of the communication contracts identified, it is estimated that \$56 million was spent in the financial year reported (i.e. \$2.29 per capita for the state).

It has not been possible to determine how representative this expenditure may be of other states. However, as a ‘best estimate’, in an area for which little or no data is available, this figure has been used for illustrative purposes and extrapolated to the US population as a whole.

US Government expenditure (paid media)

Expenditure	Local currency	£⁸³	Per capita £⁸⁴
Total federal government ⁸⁵	\$1,719 million	£1,068 million	£3.44
Regional/state (based on example of Texas) ⁸⁶	\$711 million (estimated equivalent national)	£442 million	£1.43

⁸² Source: www.lbb.state.tx.us, *Contracts reported by Texas state agencies and institutions of higher education, Fiscal year 2009*. Contracts for advertising services were individually identified among the 5,000 individual contracts detailed in the report. The report covers ‘contracts awarded, completed, and/or open during FY 2009’ and individual contracts were then factored on a pro-rata basis to identify the value of that contract within the 12 months to August 2009.

⁸³ Currency converted at an exchange rate of £0.6213 per \$1.

⁸⁴ USA population estimated at 310 million.

⁸⁵ Source: M4C. Note: primary source for figures has been M4C using Nielsen media data. This captured central above-the-line spends. The US Direct Marketing Association was also contacted and provided direct marketing and digital spend figures for federal government.

⁸⁶ Source: www.lbb.state.tx.us, *Contracts reported by Texas state agencies and institutions of higher education, Fiscal year 2009*. Indicative only based on this report. Contracts have been calculated by extension to USA population.

Donated media

Ad Council ⁸⁷	\$1,800 million	£1,118 million	£3.60
Other PSAs ⁸⁸	\$5,200 million	£3,232 million	£10.42

Combined total

Total	\$9,430 million	£5,847 million	£18.89
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11.10.4. The Netherlands – a centre for communication excellence and procurement

Organisation

Responsibility for communication falls within the remit of the Ministry of General Affairs (equivalent to the UK Cabinet Office), and is divided predominantly between the RVD (which is the abbreviated name for the Netherland Government Information Service) and DPC (the Department for Public Service and Communication). Each individual government department has its own communication management unit, providing press office functions and monitoring the quality of communication.

The RVD is the official information service of the Dutch Government and its main role is the co-ordination of the general communication of central government. It is the spokesperson for the Prime Minister, the Council of Ministers and the Royal House, and also provides public information (mainly by editorial media) on government policy. It is, therefore, outside the scope of this review.

While the RVD is responsible for the overall communication policy of the government, the DPC is the expert in branding, media and campaign management and its advice/opinion to RVD ‘is considered very important’.⁸⁹

The DPC is the central point of expertise for communication within government, providing a ‘shared service’ which all departments can access. It has 150

⁸⁷ Ad Council Financial Statement, published on 30 June 2010, claiming \$1,800 million advertising equivalent value of non-government donated PSA time

⁸⁸ Dennis Wharton, Executive VP of the National Association of Broadcasters in Broadcasting & Cable, January 24 2008

⁸⁹ Much of the information in this section was kindly provided directly by the DPC

professional communication and marketing staff, 'experts in their fields', including communication consultants and strategists, media specialists, campaign managers and researchers. It has been referred to as 'the Dutch COI'. It also runs the Academy of Government Communication, which trains civil servants.

The DPC has three main functions, which are:

- central government information (it operates the official government website, Rijksoverheid.nl, and Postbus 51 – the popular Dutch equivalent of Directgov);
- media-based advertising campaigns, including central media buying and campaign management; and
- knowledge sharing and professionalisation of the communication function across government.

Outside of government, there is an organisation of advertising agencies called SIRE that campaigns 'pro bono' on themes that are relevant to society. These are sometimes similar to government theme issues (for example, child abuse). However, SIRE's campaigns have more general goals (including advocacy/agenda-setting) and the government does not co-operate directly with SIRE.

Communication practices

The DPC is funded on a campaign-by-campaign basis, but the campaigns for the financial year are decided in advance, and therefore income for the year is also known in advance.

Campaigns for the year are proposed by individual ministries to the Public Communication and Information Interdepartmental Commission, which then makes recommendations for the 20 or more campaigns to be run the following year to the Information Council (consisting of Directors of Communications from all 11 ministries).

The Council in turn reviews and passes these recommendations to the Cabinet for approval. Key criteria for approval are as follows:

- Is the subject of the campaign part of government policy?
- Is the campaign a 'common good' or is there a social risk if the campaign is not implemented?
- Is the campaign policy – at the time the campaign starts – accepted by Parliament?
- Is Postbus 51 and the use of broadcasting advertising (in mass media) for this campaign absolutely necessary?
- Improving the image of an institution/organisation (corporate communication) as the primary goal of the campaign is a negative criteria.

- It must be shown that the information is relevant to Dutch citizens and that the Dutch population is the main target audience.

Media consultants within the DPC advise on uses of media and on the appointment of framework agencies with the use of the DPC’s media tool, which employs 10 years of data on campaign effectiveness. A campaign research team focuses on the effectiveness and quality of public campaigns, and has been utilising the same research methodology for 10 years, enabling comparative research to be carried out.

When managing a campaign, the media and creative agencies report to the DPC, which in turn reports to the respective ministry. However, at some key moments in the process (such as the briefing, or presentation of the creative concept), both the DPC and the ministry are involved.

The DPC has supplier frameworks divided into five predetermined core themes for government communication, under which almost all mass-media campaigns (and their attendant sub-brands, if any) are grouped:

- **Security and safety:** Cybercrime, violence against public workers, crisis situation preparation, domestic violence.
- **Sustainability:** Encouraging energy savings, preventing waste.
- **Social cohesion:** Encouraging voting during elections, encouraging reporting of child abuse, anti-discrimination.
- **Health:** Preventing teen alcoholism/smoking, obesity, encouraging organ donation, changes in public health services.
- **Prosperity and economy:** Taxation, employee participation, public transport and traffic issues, education.

These five themes remain in place for a minimum of four years, the length of the framework for the contracted advertising agency (one agency for each theme). Each theme has a brand identity of its own, created by the advertising agency. At present there are some sub-brands within the themes but that is because they have previously existed as a brand in their own right.

For smaller campaigns (usually outside the themes or with a more targeted audience) a ministry can select its own agency for that campaign, while ensuring it complies with EU procurement rules on tendering.

Representation of the ministries is by brand teams per theme. Only the ministries who are engaged in the respective campaign theme-related issues take part. Ministries are grouped under the themes as follows:

Health	Ministry of Health, Welfare and Sport
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Sustainability	Ministry of Economic Affairs, Agriculture and Innovation; Ministry of Infrastructure and Environment
Social cohesion	Ministry General Affairs; Ministry of Education, Culture and Science; Ministry of Health, Welfare and Sport; Ministry of the Interior and Kingdom Relations
Security and safety	Ministry of the Interior and Kingdom Relations; Ministry of Justice; Ministry of Infrastructure and Environment
Prosperity and economy	Ministry of Finance; Ministry of Social Affairs and Employment; Ministry of Education, Culture and Science

Two senior DPC campaign managers are responsible for two/three themes each.

Data is unavailable for the proportion represented by smaller campaigns, but effectively all mass-media campaigns are managed by the DPC. For 2009, savings of 32% on media buying were claimed – against a total net spend of €104 million (around £87.5 million).

Paid-for media and use of the state-owned broadcasters are by far the most common channels in such campaigns. In a few specific cases, the DPC will make use of partnerships with commercial organisations in campaigns, but co-funding is not allowed. Current guidelines mean that the DPC does not use sponsorships.

There is a collective fund per theme that is paid for by all the ministries. It depends on the theme and the number and type of campaigns as to how this budget is divided. The theme brand team, consisting of participants from the ministries and the senior campaign manager from the DPC, decides on the allocation of the budget.

The DPC charges ministries a flat fee per campaign, based on the estimated number of hours required of DPC staff.

The DPC submits an annual review to Parliament, detailing performance against objectives, costs and the results for each campaign.

Costs and expenditure

On public television and radio the government has the benefit of free airtime to use for its campaigns, 'since [the DPC is] 100% shareholder of the public broadcasters'.

The DPC estimates the value of this airtime across 23 campaigns in 2010 in terms of 'equivalent advertising cost value' as:

- TV – £2.89 million (5,850 Gross Rating Points (GRPs) at €600 per GRP); and
- radio – £0.61 million (6,000 GRPs at €120 per GRP).

Netherlands Government expenditure (paid media)⁹⁰

Expenditure	Local currency	£ ⁹¹	Per capita £ ⁹²
Central government	€81.6 million	£69.27 million	£4.20
Regional government	€11.8 million	£10.02 million	£0.60
Postbus 51	€11.4 million	£9.67 million	£0.58
Uniformed services	€9.5 million	£8.06 million	£0.48

Donated PSA by public service broadcasters

TV and radio	€4.23 million	£3.59 million	£0.21
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Combined total

Total	€118.53 million	£100.61 million	£6.07
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⁹⁰ The primary sources have been the Dienst Publiek en Communicatie (DPC) annual report 2009, plus interviews with DPC staff and correspondence in January 2011. These figures cover all central government activity as listed, validated by the local M4C office in the Netherlands using primarily Nielsen data. Postbus 51 budgets have been sourced via its website and DPC staff.

⁹¹ Currency converted at an exchange rate of £0.8489 per €1.

⁹² Dutch population estimated at 16.5 million.

11.10.5. Canada – centralised media buying and communication services; de-centralised campaign responsibility

Organisation

The Director of Communications and Parliamentary Affairs, part of the Privy Council Office (PCO), provides strategic advice on the intergovernmental implications of government-wide communication activities and initiatives, and on the impact that these initiatives and activities may have on Canadian unity.

The PCO has the central role in the co-ordination of government advertising. It is responsible for chairing the Government Advertising Committee (GAC); developing and securing approval of the Government Advertising Plan; recommending funding allocations to the Cabinet or its designated committee; and monitoring the implementation of campaigns by institutions.

The GAC includes the Directors General of Communication from various government institutions, and meets regularly to review all major advertising campaigns being developed by institutions.

The PCO's Communications and Consultation Secretariat (under a Deputy Secretary) provides communication and public opinion research advice to the Cabinet and senior officials of the PCO on key issues and policy initiatives. The secretariat also co-ordinates government-wide communication, including announcements, advertising initiatives, web strategies, new media, strategic communication and crisis management.

Day-to-day operation of direct communication procurement is run through Public Works and Government Services Canada (PWGSC), specifically the Consulting, Information and Shared Services Branch, which provides key services – such as communication co-ordination and consulting – that 'respond to the business needs of federal departments and agencies while ensuring the best value for the Canadian public'. This includes services to promote integrated and effective government communication, publications, exhibitions, advertising and public opinion research.

Communication practices

The Government of Canada's view is that 'Advertising is an important way for the Government of Canada to communicate with Canadians about policies, programs, services and initiatives; public rights and responsibilities; and risks to public health, safety and the environment.'

PWGSC appoints an Agency of Record (AOR) as the single route for the federal government's advertising media placement (currently Cossette Media, Toronto). PWGSC runs six frameworks (called standing offers and supply arrangements) for the provision of advertising services other than media placement. These companies are eligible to be awarded contracts to provide advertising campaigns or projects that are estimated to cost up to CAN\$350,000 (excluding media costs).

PWGSC is responsible for contracting advertising services on behalf of government institutions, including ensuring the integrity of the contracting process for government advertising and managing the AOR media buying contract. PWGSC also provides advice on advertising-related policies and procedures, contracting options and media plans. It publishes an annual report on the Government of Canada's advertising activities and maintains the Advertising Management Information System, which documents government advertising activities undertaken by institutions.

Individual ministries and agencies are responsible for planning and implementing their advertising. However, they must obtain approval through the PCO and funding from the Treasury Board for their planned advertising activities, and they must ensure that their advertising adheres to applicable legislation, policies and procedures.

Institutions are also responsible for managing and paying for contracted advertising services, for quality control, evaluation and for reporting their advertising activities and expenditures. Ministries have their own communication departments.

Major government advertising campaigns are approved by the Cabinet or its designated committee. Funding is approved by the Treasury Board. Its Secretariat co-ordinates, in conjunction with the PCO and GAC, the allocation of funds for government advertising, and the assessment and processing of Treasury Board submissions from federal institutions to obtain funding for approved advertising initiatives.

A post-campaign evaluation, using the Advertising Campaign Evaluation Tool, is mandatory for all advertising campaigns with a media component of over CAN\$1,000,000. The evaluation tracks audience recall of the campaign and gauges audience understanding of, and response to, the advertising.

Outside of the Government of Canada, partnerships are generally arranged directly between ministries and trade associations representing an associated field, or through the non-profit organisation called Concerned Children's Advertisers (CCA).

Founded in 1990, CCA has since produced about 40 PSAs. Topics have included drug abuse, conformity, self-esteem and bullying. CCA operates on a corporate membership basis. Members are mainly commercial companies that market to children/families and media providing children's content, including McDonald's, Disney, Mattel, PepsiCo, Kellogg's, Kraft, Nestlé, ZenithOptimedia and the Institute of Communication Agencies. CCA is 'supported' by television networks, stations and specialist channels which donate airtime. The Government of Canada is regarded as an 'issue expert', rather than a partner.

Canada suffered what was called the 'AdScam' – a scandal over a Canadian federal government 'sponsorship program' which ran from 1996 until 2004, when broad corruption was discovered in its operations and the programme was discontinued. The then PWGSC agency, Communication Canada, was connected to the scandal and was disbanded in 2004.

Costs and expenditure

The budget for direct communication by the Government of Canada in 2009/10 was reported at CAN\$130 million, an increase (according to *The Globe and Mail*) of 64% on the previous year. No breakdown for 2009/10 has been sourced but the 2008/09 total of CAN\$79.5 million breaks down (as to the main spending departments) as follows: Department of National Defence (CAN\$21.4 million); Department of Finance (CAN\$12.2 million); Canada Revenue Agency (CAN\$6.9 million); Department of Health (CAN\$4.8 million).

Only CAN\$5 million of spend was purchased directly by ministries or government agencies; the remainder was all purchased centrally.

Outside of the Government of Canada, partnerships are believed to contribute an approximate equivalent to CAN\$40 million (around £27.2 million) direct spend.⁹³ That said, the Canadian broadcasters claim to have provided CAN\$314 million in donated PSA airtime.⁹⁴

Canada Government expenditure (paid media)⁹⁵

Expenditure	Local currency	£ ⁹⁶	Per capita £ ⁹⁷
Total government	CAN\$130 million	£81.30 million	£2.37
Provincial (estimated)	CAN\$120 million	£75.09 million	£2.20

⁹³ Interview by COI, January 2011 with the Vice President, Policy and Research, Association of Canadian Advertisers.

⁹⁴ Canadian Association of Broadcasters (2008), *Broadcasting 2008: Report on the Industry*

⁹⁵ Public Works and Government Services Canada (www.pwgsc.gc.ca) provides a comprehensive and transparent view of all central government communications, listing activity by department and media. This is for federal spend only though; provinces have their own budgets but these are hard to determine (a knowledgeable stakeholder interviewed for this review estimates this to be CAN\$120 million).

⁹⁶ Currency converted at an exchange rate of £0.6254 per CAN\$1.

⁹⁷ Canadian population estimated at 34.238 million.

Donated media

Partnerships/CCA	CAN\$40 million ⁹⁸	£25.03 million	£0.73
Donated PSA	CAN\$314 million	£196.49 million	£5.73

Combined total

Total	CAN\$604 million	£377.96 million	£11.03
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11.10.6. Australia – central purchasing and financial control

Organisation

The organisation of government marketing was reviewed in 2008, with new guidelines produced in March 2010 for all spend over AUS\$250,000. There is a federal/state split of responsibilities (in line with all Australian government).

At national (federal) level, the model is for departments to propose campaigns that are vetted by the Independent Committee on Communications (ICC), considered by the Interdepartmental Committee on Communications, and then implemented (as to purchasing) through the Central Advertising System (CAS) run by the Department of Finance and Deregulation (Finance).

This department carries out the campaign management using framework agencies. The CAS procures all campaign and non-campaign advertising using its Communications Multi-Use List (CMUL), a continuously open, whole-of-government list of approved communication suppliers.

The Finance Minister is responsible for the efficiency of frameworks and procurement contracts, while the Cabinet Secretary is responsible for the wider policy issues. All campaigns with an advertising spend in excess of AUS\$250,000 are vetted by the Auditor General – the result of some disquiet surrounding political propriety. In the ensuing debate, COI has been cited as a model of propriety, as it ‘creates a line of accountability for public servants’.

The ICC is tasked with taking a whole-of-government perspective and with giving advice to departments and government agencies on expenditure.

⁹⁸ Interview by COI, January 2011 with the Vice President, Policy and Research, Association of Canadian Advertisers

There are equally large but separate spends by individual states (e.g. Victoria), which also have centralised procurement frameworks of their own.

Communication practices

There is a main media buying contract ('master placement agency'), currently with Universal McCann, while Adcorp Australia is the master media agency for the planning and placement of non-campaign advertising. Both contracts were issued in 2009.

The process for the development and launch of campaigns with expenditure in excess of AUS\$250,000 is as follows:

- The minister of the relevant department or agency agrees to the development of a campaign, subject to funds being available.
- The department informs the Department of Finance and Deregulation of the impending advertising campaign.
- The Department of Finance and Deregulation assists the department with the selection of a communication research consultancy from the CMUL in order to inform the communication strategy; and with the selection of other communication agencies and consultants (such as a creative agency or a non-English speaking background communication consultancy).
- The department develops the campaign, which is reviewed at different stages by the ICC.
- The minister of the department developing the campaign approves the launch of the campaign after receiving certification from the department's Chief Executive (Permanent Secretary).

There is considerable donation of airtime from media owners to public service announcements in Australia but at the time of writing it has not been possible to quantify this.

Costs and expenditure⁹⁹

Australian Government expenditure (paid media)¹⁰⁰

Expenditure	Local currency	£ ¹⁰¹	Per capita £ ¹⁰²
Federal government	AUS\$114.7 million	£71.4 million	£3.16
State governments	AUS\$146.6 million	£91.9 million	£4.08

Combined total

Total	AUS\$261.3 million	£162.6 million	£7.24
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11.10.7. France – centralised services reporting to the Prime Minister’s Office

Organisation

The central Service d’Information de Gouvernement (SIG) co-ordinates communication across the different ministries.

SIG states its roles as to:

- analyse the evolution of public opinion and current media content;
- distribute information on government policy and administration to officials, press and public;
- provide general interest information of a cross-departmental nature; and

⁹⁹ Source: www.finance.gov.au/The Hon. Gary Gray AU MP

¹⁰⁰ Source: M4C. Note: M4C using Nielsen data has provided the figures for the total government spend and comprises associations (local, state and overseas). It has not been possible to separate these to determine individual state budgets. Federal spend has been sourced from the government website (www.finance.gov.au) and provides a highly transparent and comprehensive view for each major campaign.

¹⁰¹ Currency converted at an exchange rate of £0.623 per AUS\$1.

¹⁰² Australian population estimated at 22.524 million.

- provide technical assistance to public administration and co-ordinate communication policies across government.

SIG reports to the Prime Minister's Office and has powers to direct/approve the communication strategy, policy and programmes of the ministries. It is occasionally granted a budget for its own campaigns, dealing with national cross-departmental issues, but the vast majority of work is on co-ordinating ministerial efforts.

Although each ministry has its own budget, SIG assesses the priority of ministerial campaigns, ensures they work together and has the final approval (on behalf of the Prime Minister).

In 2007/08, SIG underwent changes, influenced by the Élysée (President), to both further centralise government communication and to allow it to take on a wider programme of cross-government communication.

Thierry Saussez was appointed in April 2008 and oversaw a quadrupling of SIG's budget, but left in October 2010. In an interview in early 2010, he stated that the President, Prime Minister and ministers would meet at least fortnightly to exchange information, but that SIG would lead governmental communication.

Communication practices

The approvals process is as follows:

- SIG approves campaigns in the name of the Prime Minister. Sometimes campaigns are blocked, or timings changed. The Director of SIG signs off a campaign and, sometimes, may have this checked at the highest level (Director of Prime Minister's Cabinet).
- Each large national campaign has to be submitted to the Prime Minister. Sometimes the Prime Minister announces a campaign in the Council of Ministers or it is announced by a minister to the press. The Council of Ministers is not involved in the detail of the campaign.
- The Prime Minister may also make a decision on campaigns relating to sensitive issues, such as alcohol campaigns and wine producers, or major reforms. Budgets over €10 million will have this level of sign-off. About 80% of campaigns will be checked by a minister before going to SIG.
- Often SIG organises a special committee of 5–10 political and communication advisers on a specific campaign.
- There is a 'tableau de bord' (campaign plan) that the Prime Minister's Cabinet analyses, to ensure that the campaign is in accordance with government policy and messaging, and a central brand is used.

SIG works as follows:

- On co-ordination, it runs a calendar of activity, provides media buying, advice and expertise to ministries, and ensures some degree of shared creative element – in effect, a central/state brand must be used on all campaigns.
- It monitors media, opinion polls and internet use, and informs government of general trends and media narratives; and it runs a centralised extranet called 'intercom' which is a base of government factual information (e.g. concerning school reforms, strikes, constitutions) and administrative information on communication.
- It runs much of the executive government web estate, including the official web portal for France (france.fr).
- Relating to crisis communications, SIG will be in charge of co-ordinating government communication in crises relating to terrorism, healthcare or extreme weather.
- In terms of general cross-departmental campaigns, SIG has a €120 million budget for this and has signed a contract with the media group Aegis to provide advice, media buying and partner management.

SIG is involved in three types of meetings as part of its co-ordination role:

- The communications meeting of the Council of Ministers, which meets monthly and co-ordinates on press/TV news briefings.
- The marketing 'technical' meeting (on which campaigns to choose, budget, direction and common positioning on cross-cutting campaigns).
- Directors of Communications at ministries, who meet monthly to discuss issues of government priority, technology and innovation.

In terms of propriety issues, SIG launched a campaign in 1997 to convince the public of the virtues of the 35-hour working week. More recently SIG produced materials in support of increasing the retirement age. Both have been criticised by *Le Canard enchaîné* newspaper (an equivalent to *Private Eye*).

Costs and expenditure

Total expenditure on national campaigns through SIG was €132 million in 2009, of which ministries funded €119 million, the rest coming directly from SIG. Of a €20.6 million annual budget, SIG's running costs were said to be around €8 million, according to the previous Director,¹⁰³ its staff to be 120. It has not proved possible to break out, or even 'guesstimate', the spend by regional and local authorities, such as the Conseil Generale.

¹⁰³ Thierry Saussez, interviewed July 2010

Campaigns run through SIG benefit from special rates for media buying (up to 65% discount for TV is claimed).

France Government expenditure (paid media)¹⁰⁴

Expenditure	Local currency	£ ¹⁰⁵	Per capita £ ¹⁰⁶
Central government	€119 million	£101 million	£1.59
SIG	€20.6 million	£17.4 million	£0.27

Combined total

Total	€139.6 million	£118.4 million	£1.86
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11.10.8. The European Institutions: European Commission – devolved responsibilities, some centralisation

Organisation

Direct communication in the EU Commission is a shared responsibility between the Directorate-General for Communication (DG COMM), under the authority of the Commission President and of Vice-President Viviane Reding, and communication units in the other directorates-general (DGs).

DG COMM sets broad themes such as ‘Going Local’, which it will support by funding activities, while all DGs are expected to support the themes. The annual themes and workplan of DG COMM, including campaign activity, is approved by the Commissioners.

Sector DGs produce campaigns to meet policy objectives for their specialist area. For example, DG Agriculture ran the ‘Tasty Bunch’ campaign to encourage children to eat more healthily and exercise more.

¹⁰⁴ Primary source, Claire Bevierre (Chef du Cabinet Service d'Information du Gouvernement) who kindly provided the SIG and central government figures for 2009.

¹⁰⁵ Currency converted at an exchange rate of £0.8489 per €1.

¹⁰⁶ French population estimated at 63.136 million.

However, the budgets allowed are small considering the size of the EU population and, when considered against member states' professionalism, the degree of planning and the effectiveness of the activities are sometimes questionable.

Administratively part of DG COMM, but responsible directly to the President of the Commission, is the Spokespersons' Service. A centralised function, it is the official voice of the European Commission in its relations with the media, with sector spokespeople speaking on behalf of their Commissioner. It keeps the media informed of the Commission's work (all spokespeople gather for an open press conference at noon each day) and is the first port of call for a large (but diminishing) group of accredited journalists.

Sector DGs may have a small press office but can only issue technical press releases. Spokespeople are invited to express views on proposed direct communications but otherwise it is outside the scope of this review.

Communication practices

DG COMM, which mainly serves the Commission's corporate agenda, is divided into four Directorates: Communications and Actions; the EC 'Representations' (offices in member states); Citizens; and Resources. It 'owns' a number of expenditure areas such as public opinion polling (Eurobarometer); the Commission's website (Europa.eu); and funds a number of quasi-autonomous and autonomous bodies, such as EuroNews, Euranet and the European Journalism Centre.

Costs and expenditure

DG COMM's administrative costs were €112 million in 2010 and it spent €105 million on its key project areas. Currently, it is trying to achieve a greater centralisation of procurement of direct communication services across the Commission – and has visited COI a number of times to discuss the UK's pre-qualification framework and single media buying contract models.

Direct communication expenditure from across the sectoral DGs has not been obtained in this review.

11.10.9. The European institutions: others

European Parliament

The European Parliament does not communicate issues/themes but promotes parliament and democracy.

Council of Europe

The Council of Europe has a small department, mainly concerned with media relations, publications and a website explaining the Council's work. The department

has not been pro-active in the past but has been strengthened in readiness for the creation of the European Foreign Service.

11.10.10. UK devolved administration: Scotland¹⁰⁷

Organisation

Strategic objectives

The Scottish Government has five strategic objectives that underpin its core purpose – to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth:

- **Wealthier and Fairer Scotland:** Enabling businesses and people to increase their wealth and more people to share fairly in that wealth.
 - Growing the Economy: Improving employment opportunities and making Scotland the most attractive place for doing business in Europe.
 - Tackling Climate Change: Setting strong targets for cutting emissions in Scotland and developing the renewable energy sector.
 - Reforming Public Services: Simplifying and improving the public sector landscape in Scotland to deliver the best possible customer-focused services.
- **Healthier Scotland:** Helping people to improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care.
 - Improving Health: Ensuring the people of Scotland lead longer, healthier lives.
 - Improving Opportunity: Tackling the significant inequalities in Scottish society.
 - Improving Communities: Ensuring people live in well-designed, sustainable places.
- **Safer and Stronger Scotland:** Helping local communities to flourish, becoming stronger, safer places to live and offering improved opportunities and a better quality of life.
 - Tackling Crime: Keeping Scotland safe from crime, disorder and danger.
 - Causes of Crime: Tackling the underlying causes of crime.
 - Strong Communities: Promoting personal responsibility for actions.
- **Smarter Scotland:** Expanding opportunities to succeed from nurture through to lifelong learning ensuring higher and more widely shared achievements.
 - Early Years: Working to improve the support available to help address poverty, poor health and poor attainment.

¹⁰⁷ Sources: www.scotland.gov.uk, and Team Lead, The Communications Directorate, Scottish Government

- At School: The Curriculum for Excellence to provide young people with the skills they need for learning, life and work in the 21st century
- Skills: Ensuring people are equipped with the skills they need to get into work, stay in work, develop to their full potential and play a full part in the country's economic recovery.
- **Greener Scotland:** Improving Scotland's natural and built environment and the sustainable use and enjoyment of it.
 - Supporting Business: Supporting the industries that underpin Scotland's rural economy.
 - Empowering Communities: Supporting and developing rural communities.
 - Protecting the Environment: Reducing our local and global environmental impact and enhancing it for future generations.

The Scottish Government Communications Directorate

The Scottish Government uses a range of communication tools to ensure its policies are open and accessible. These include ministerial announcements, advertising campaigns and a regularly updated website.

The Directorate provides a 'shared service' to the Directors General and individual departments within the Scottish Government's five strategic objectives. The Directorate is headed by Sarah Davidson and aims to ensure that people understand how the policies, decisions and objectives of the Scottish Government affect them. It also helps those devising and implementing government policy to recognise the importance of good communications in their daily work.

The Directorate covers five main areas:

- Corporate communications
- Media relations
- Marketing
- Digital communications (website and intranet)
- Events and speech writing.

The Directorate's goal is to ensure that the policies and purpose of the Scottish Government are well understood by its external audiences, employees and contractors; that communication makes its full contribution to the formulation, implementation and success of government policy; and that all the people working within government appreciate the value of what they do, and understand why it matters.

The Directorate's objectives are:

- to provide expert strategic and tactical communications advice and services in line with best practice in government communications, demonstrably informed by

insight, knowledge and research, and integrated to cover all communication channels and methods;

- to increase and consolidate professional communications and administration skills, with opportunities for everyone to develop and enhance their own skills and experience;
- to deliver integrated and robust communications planning and implementation, linked to the government's purpose, programme and priorities;
- to develop the planning and delivery of our corporate and internal communications activities;
- to work with policy directorates to reflect the value, effectiveness and significance of communications in their plans; and
- to deliver accountable, sound and transparent management of budgets and resources.

The team structure

Five of the Directorate's Communications Teams directly mirror the Scottish Government's strategic objectives, each of which develops an annual communication strategy, in discussion with officers, Directors General and Ministers within that team's portfolio, and incorporating a review of the previous year's plans. Cross-cutting issues and campaigns involving more than one theme are incorporated into these strategies.

The Directorate comprises the following eight Communications teams, each of which has a team leader and a number of communications officers:

- First Minister
- Parliamentary Business
- Culture, External Affairs and the Constitution
- Finance and Sustainable Growth, incorporating Enterprise, Energy and Tourism, and Transport, Infrastructure and Climate Change (this corresponds to the strategic objective 'Wealthier')
- Education and Lifelong Learning, incorporating Schools and Skills, and Children and Early Years (corresponding to the strategic objective 'Smarter')
- Health and Wellbeing, incorporating Public Health and Sport, and 'Communities' (corresponding to the strategic objective 'Healthier')
- Justice, incorporating Community Safety (corresponding to the strategic objective 'Safer')
- Rural Affairs and the Environment, incorporating Environment (corresponding to the strategic objective 'Greener').

Other divisions include:

- The Communications Planning and Skills Evaluation Team, incorporating a Media Monitoring Unit
- Corporate Communications
- Business Management
- Marketing, Publications and Digital, incorporating the Marketing Unit, the Publications Unit and Digital Communications
- Events and Speechwriting, incorporating Visits and Events, and Speechwriting.

The different 'theme teams' work in different ways across their portfolio of client departments.

Communications officers in some teams will be more specialised with respect to some client departments, others less so.

All the teams report up the line management structure within the Directorate to the Director of Communications, and will also have a less formal but nevertheless close 'joint reporting' role to the respective Directors General of their portfolio client departments. The vast bulk of the Scottish Government's communications officers are employed in the Directorate, although there are a limited number of 'embedded' officers within departments, usually for a specialised function rather than a wider communications remit.

Communication practices

Each of the five individual theme teams within the Directorate develops its communication strategy for the following year, on what tends to be a 'rolling basis':

- The plans are for internal use and are not published/in the public domain.
- Plans are developed by each theme team in the Directorate, in discussion with officers, Directors General and Ministers within that team's portfolio.
- There are also a lot of cross-cutting/cross-over issues and campaigns involving more than one theme, which are incorporated into these strategies.
- In developing next year's strategy, a team will review the previous year's plans, and evaluate the results.

The Directorate runs its own frameworks but also makes use of COI's on occasion (it aims to make use of Scottish agencies but is aware of the need to conform to EU rules). Media buying takes place through a centralised buying agency (Mediacom Scotland), operated under a single agency framework.

Costs and expenditure

Following a number of changes in recent years, the Directorate is now centrally funded and is allocated an annual budget each year by the Scottish Government.

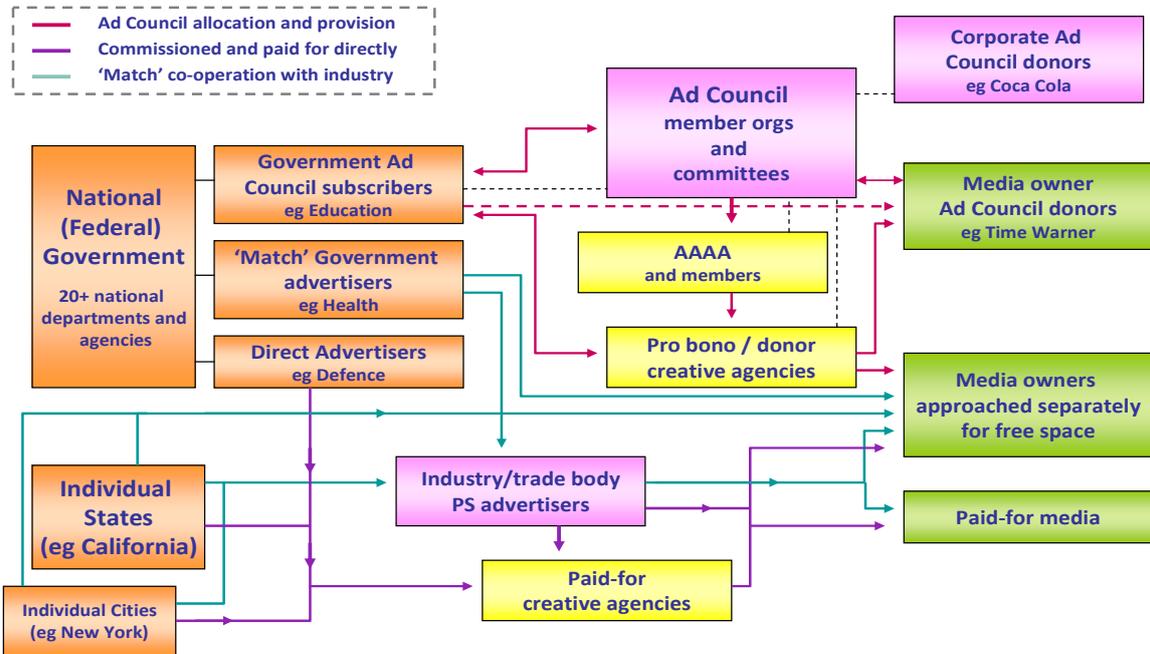
11.10.11. Note on other countries and administrations

In addition to those considered in this report, the following governments and administrations have also been considered, although not in detail:

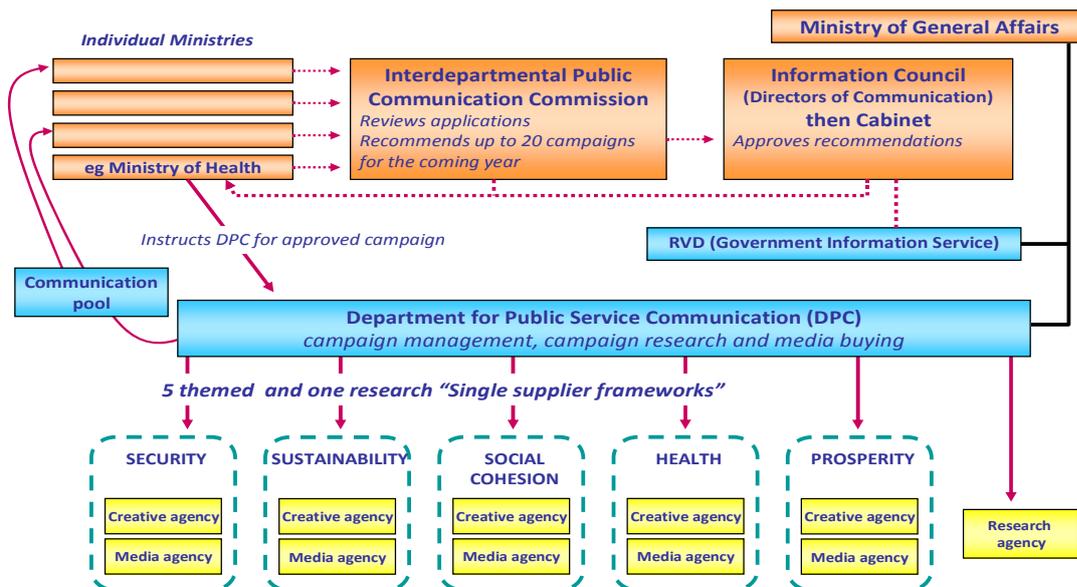
- Other UK devolved administrations
- Republic of Ireland
- Germany
- Italy
- Poland
- Finland
- Cyprus
- Japan
- Singapore.

11.10.12. Structural charts

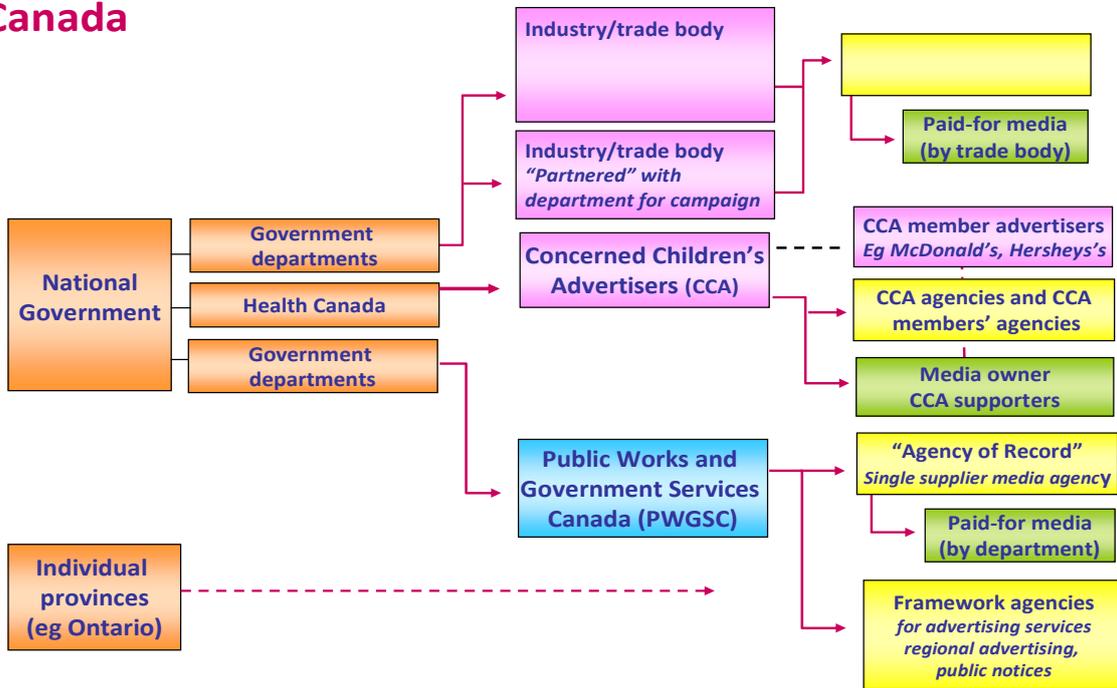
USA



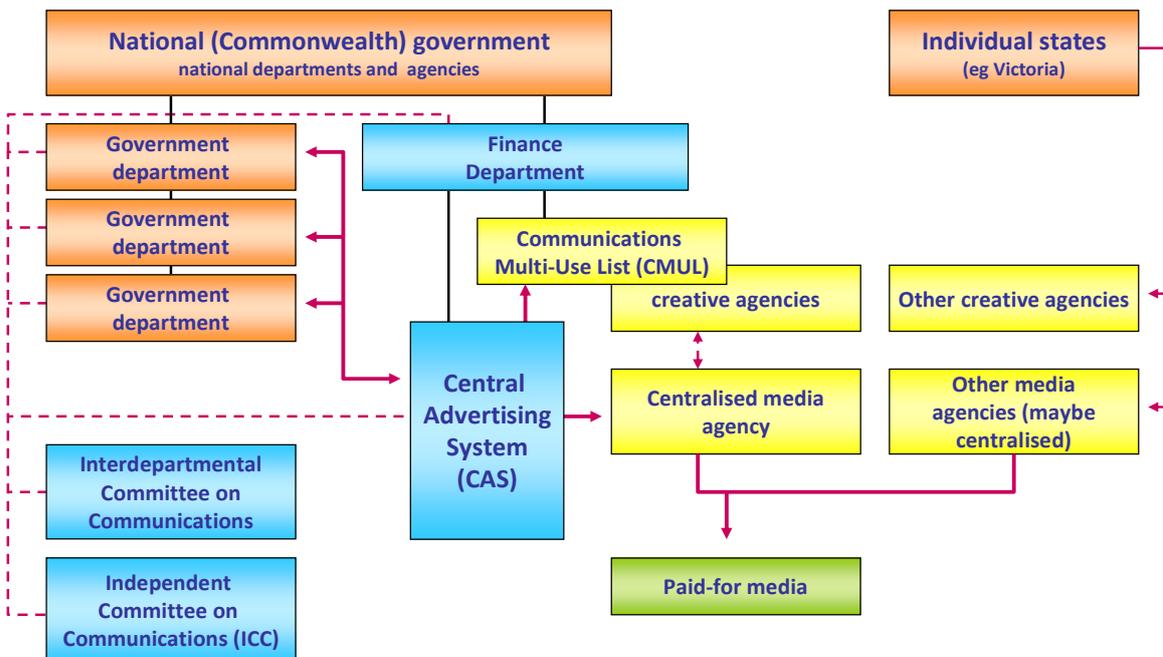
The Netherlands



Canada

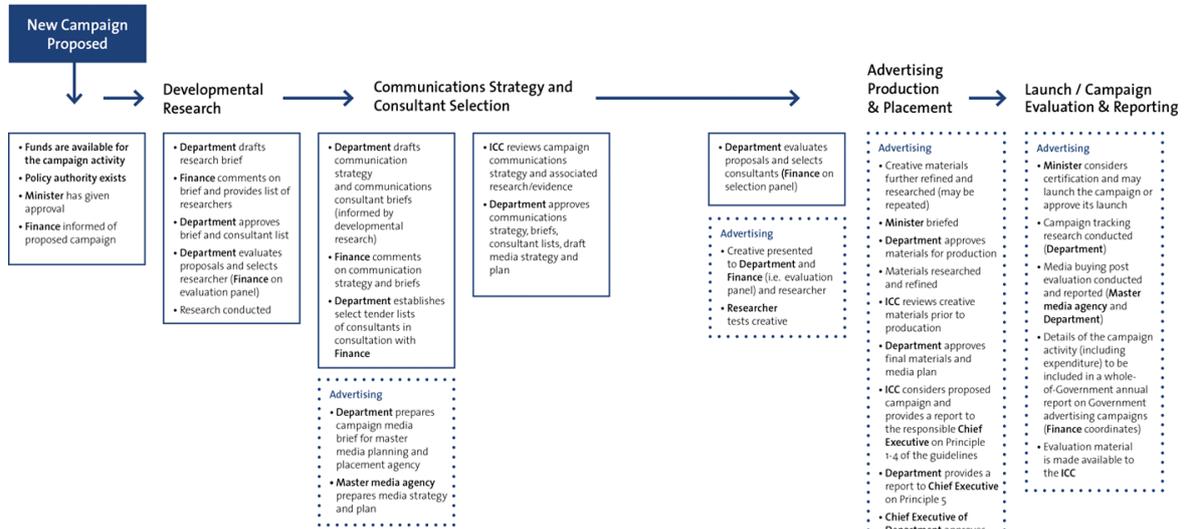


Australia



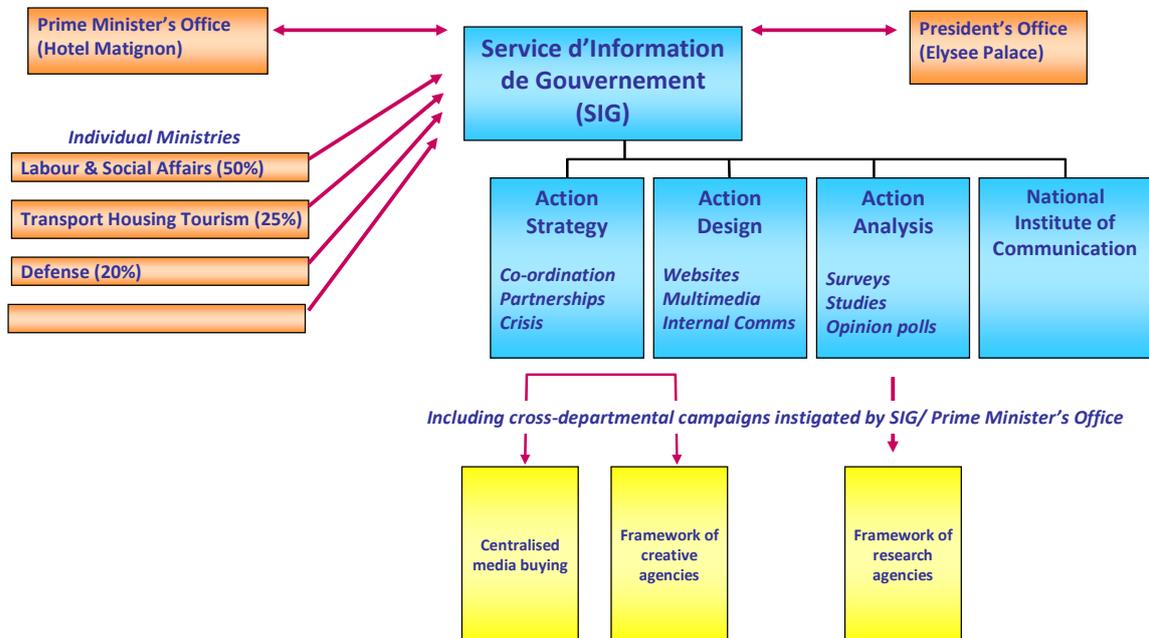
Australia

Overview of the Campaign Activity Approval and Review Process for Departments and Agencies



- Notes:
- This flowchart represents the key points of action and review by FMA Agencies, Finance and the ICC. While typical, some steps may occur concurrently or be repeated.
 - All FMA Agency campaigns are to go through the process.
 - Advertising activity above the value of \$250,000 is subject to review by the Independent Communications Committee (ICC) and certification by the relevant Chief Executive.
 - Finance is responsible for the administration of the Central Advertising System and the management of the two master media planning and placement agency contracts for campaign and non-campaign advertising. Finance also provides advice on campaign development and implementation, including participation on evaluation panels for the selection of consultants. In addition, Finance provides advice and a secretariat function to the ICC.

France



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