

## Briefing report to the Policy & Scrutiny Committee

### Version: 3

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<b>Title:</b>	Update on Westco Communications
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<b>Cabinet Member Portfolio</b>	CLlr Nickie Aiken
<b>Wards Involved:</b>	All
<b>Policy Context:</b>	Commercialisation of Westminster Council communications services
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## Key Matters for the Committee's Consideration

- 1.1. This note provides the Policy & Scrutiny (P&S) committee with an update on Westco Trading LTD, a trading arm providing external clients with Marketing, Research and Creative services, owned by the City Council.
- 1.2. The purpose of this report is to ensure that the P&S committee is aware of, and engaged with Westco's work and the derived benefits for the Council from its operation.

## Executive Summary

- 1.3. Westco is the independent trading arm of Westminster City Council; a limited company wholly owned by WCC delivering communications, research and strategy services internally and to external clients, predominantly in local government.
- 1.4. The agency was set up in 2007 as a way to trade the best local government communications practices with other Local Authorities and by doing so, provide WCC employees with professional development opportunities and develop new innovation for use within WCC and improve service delivery.
- 1.5. After 11 years and significant change within the public sector Westco continues to tell a positive story with increasing turnover and constant profitability. The agency is forecast to exceed a £4m turnover this year. Westco has a target net profitability (WCC contribution) of £200,000 for this financial year and is currently forecast to achieve this.

- 1.6. Since its inception in 2007/8 Westco has provided £1.5m in contributions to Westminster City Council. It has developed 10 WCC employees into Heads of Communications, helped to raise the standards of communications professionals across the sector and introduced new thinking and innovation to the sector and to WCC. Westco has helped horizon scan to identify emerging needs for local government communications and is shaping the sectors response.
- 1.7. Westco is wholly owned by the City Council and one of its core priorities is to support the parent company by providing access to a pool of quality professionals, training and development opportunities, new innovations and senior level support and advice.
- 1.8. Through this relationship Westco has:
  - 1.8.1. Developed a Community Engagement team for Growth Planning and Housing (GPH) led by a Westco practice lead (paid for through the HRA); this is responsible for all community engagement on renewal sites, delivery of City for All priorities and reputation management around this core service area.
  - 1.8.2. Restructured a new Creative Service of 6 employees that are now fully resourced through Westco with creative work paid for through an annual retainer.
  - 1.8.3. Supported the corporate team by placing more than 10 Westco employees within WCC PPC, helping to shore up resilience within the corporate team and Westminster.
  - 1.8.4. Developed a Westco Academy and WCC Futures training programme that has trained around 60 communications professionals within our own teams and also approximately 50 professionals from other councils in partnership with Ogilvychange (behaviour change specialists).
  - 1.8.5. Developed the City Council's social media playbook and training for all employees through our partnership with external partners.
- 1.9. In the past 4 years Westco has been at the forefront of innovation both helping Westminster deliver innovative solutions to strategic priorities (e.g. using inbound marketing to help improve the take-up of commercial waste services, development of a Social Mobility survey) and leading discourse on the future of public sector communications. More information on our innovation work can be seen in paragraph 6 of this report.

## Main report

### 2. Westco services

2.1. Westco provides services internally to Westminster, to other local authorities and to a lesser extent, central government and the third sector in the following areas:

2.1.1. Marketing and Communications including: reviews of communication functions for councils, media training, place marketing, inbound marketing, interim resourcing, community engagement, social media, public relations, copywriting, behaviour change campaigns and the deployment of entire teams at client sites to help organisations deliver best in class communications services to their residents (internal and external communications).

2.1.2. Research and insight including: quantitative (e.g. reputation trackers, media consumption surveys, consultation surveys and resident surveys) and qualitative services (e.g. focus groups and online resident panels).

2.1.3. Creative services including: graphic design, web design, animation, branding, campaign concepts, content strategy and web design services.

2.1.4. Strategy and campaigns including: government relations and project management.

### 3. Westco clients

3.1. Since its inception Westco has focused on the delivery of services to the local government sector. It has also supported central government clients (e.g. DEFRA, Health and Safety Executive and the Cabinet Office), third sector organisations (e.g. the Social Research Unit at Dartington and the Sir Simon Milton Foundation) and other organisations (e.g. Prospects, Oxygen Finance)

3.2. Westco currently works with the following clients:

3.2.1. London Local Authorities: Sutton, Richmond, Wandsworth, Southwark, Tower Hamlets, Hounslow, Havering and Waltham Forest

3.2.2. Peterborough City Council

3.2.3. Derbyshire County Council

3.2.4. Wakefield

3.2.5. Oxfordshire County Council

### 4. People & Governance

4.1. Westco is led by a Managing Director who reports to the agency's board of Directors and is responsible for all functional areas (operations, business development and strategy). The board is comprised of WCC employees including two executive Directors and led by an elected WCC Councillor. The current composition of the board is outlined below:

4.1.1.Chairman: Cllr Tony Devenish

4.1.2.Directors: Ian Farrow (MD Westco), Dai Williams (Strategic Finance Manager WCC) and Julia Corkey (Director Policy Performance and Communications WCC). Non Executive Director, Stuart Love, WCC Chief Executive.

4.2. Westco delivers its services through 63 employees working in the above areas in the following roles:

4.2.1.Managing Director (1)

4.2.2.Account Directors (11)

4.2.3.Account Managers and Executives (51)

4.2.4.Westminster City Council provides financial management support to Westco and is responsible for quarterly reporting, financial forecasting, contract performance, P&L, and end of year accounts. A member of the WCC financial management team sits on the Westco board.

4.3. The performance of Westco in addition to the other companies owned by the Council is reviewed by the Council's Executive Leadership Team (ELT) through financial updates on a monthly basis

4.4. All Westco staff are training in the vision and values of the organisation in their induction. These include a value to 'Adhere to the highest professional standards' and staff have objectives set against this.

## **5. Westco innovation**

5.1. Westco has developed innovative propositions to both support WCC and to also provide a point of thought leadership on public sector communications across the industry. Westco initiatives include:

5.1.1.Westco Commission: a rolling thought leadership panel looking at the future of public service communications including a range of industry experts such as Rory Sutherland, Vice Chair Ogilvy and Mather Group UK and founder of OgilvyChange; Eddie Copeland, Director of Government Innovation, Nesta Innovation Lab; Dr Robin Pharoah Director of Future Agenda; Tiffany St James Transmute digital experts; Francis Ingham Director General PRCA (Public Relations and Communications Association).

5.1.2.Westco Academy: a points based learning framework developed with the PRCA and Westco Commission partners to train and develop communications professionals with new skills and techniques. To date all Westco employees are engaged in the Academy and we have held training weeks covering digital engagement, campaigning and evaluation, behaviour change, performance management and leadership. The Westco Academy model has also been developed into a WCC Academy (Futures) for communications professionals within the City Council.

5.1.3.Westco Professional Assessment Centre: senior Westco resources provide both clients and the wider sector with recruitment support and professional assessment services. To date Westco has provided the sector technical support to Hays Recruitment for two Heads of Communication posts to London authorities and full assessment tests and interviews for other local authorities.

5.1.4.Westco partnerships: a series of strategic partnerships with leading private sector agencies to improve capability including:

5.1.4.1. #OgilvyChange introducing improved behavioural science into Westco campaigns and training for over 50 local government communications professionals across the sector through the Westco Academy. OgilvyChange also tested a Randomised Control Trial for WCC council tax direct debits as a free trial.

5.1.4.2. Transmute digital engagement experts to introduce social media strategy and campaigning to WCC and Westco clients and training for staff through the Westco Academy.

5.1.4.3. C\_Space to introduce online collaborative engagement with residents in Sutton and Richmond to help improve community engagement and the design of services and communications.

5.2. Westco has held thought leadership events to share best practice across the sector on:

5.2.1.Future of residents surveys

5.2.2.Police and Crime Commissioners communications and positioning at Conservative Party Conference

5.2.3.Place marketing for economic growth workshops with clients

5.2.4.Digital engagement and campaigning

5.2.5.Behaviour change campaigns

5.2.6.Asset focused community engagement

5.3. Westco was awarded Agency of the Year by the Chartered Institute of Marketing in 2016.

5.4. Westco is also a significant supporter of LGcomms, the professional development network for local government communications which was formed to raise standards across the sector. The position of Chair and Vice-Chair is currently held by Westco Senior Account Directors. Recently LGcomms, working with the LGA, launched 'Futurecomms' which is a new best practice operating model for local government communications. LGcomms also organises an annual professional development seminar programme, which includes a flagship two-day Public Sector Communication Academy which is designed with the Government Communications Service.

## **6. Summary of benefits to WCC**

**6.1.** Westco has delivered a wide range of benefits to WCC including:

**6.1.1.** Generating a profit for WCC since 2007 – in excess of £1.5m in contributions cumulatively.

**6.1.2.** Raising the profile of Westminster City Council – e.g. through the agency being the first public sector owned marketing firm to win the CIM agency of the year award in 2016, campaign awards, Westco Academy training events across the sector, thought leadership events and publications and helping raise industry standards through communications reviews and professional assessments and recruitment.

**6.1.3.** Providing unique opportunities for the professional development of WCC employees – e.g. developing the careers of 10 WCC employees into Heads of Communications for external clients and through training and development as part of the Westco Academy. Providing capacity and resilience to WCC in times of need – e.g. Westco's deployment of resources from across its client sites to support the Grenfell Fire response team.

6.1.4. Providing resources to the Council for communications activities – e.g. placements of more than 10 Westco employees in Westminster to support consultancy work which would otherwise have been delivered by external agencies.

6.1.5. Introduction of innovation in the development of products and services through the Westco Commission and through use of partnerships with private sector leading agencies.

## **7. Future challenges**

7.1. Westco is a successful marketing and communications agency in the public sector but the market in which it operates is going through extremely difficult financial times. The agency is positioning itself to help councils to meet emerging needs and challenges that result from the changing nature of public service.

7.2. As Revenue Support Grant (RSG) is phased out and new economic growth incentive funding mechanisms replace it, Westco needs to help councils drive economic growth through place marketing and improve community engagement to ensure this aspiration is shared and supported by communities.

7.3. As local government scarce resources need to become more effective Westco will help councils to improve demand management for services through better use of behavioural science and service design. Early success in this area has been seen in Sutton where a Westco campaign in partnership with OgilvyChange has delivered significant improvement to recycling rates.

7.4. As technology changes with the increasing dominance of Artificial Intelligence (AI) and the spread of digital, Westco must help clients horizon scan and develop the skills and disciplines to make the most use of this and mitigate any emerging risks. The annual LGA Conference is an opportunity to showcase WCC innovation, what we may see as operational the norm is often 'best practice' elsewhere.

7.5. Managing reputation through significant change in service provision and in the context of a changing society also requires Westco to be ahead of the game in terms of its professional advice and guidance.