

**USE OF CONSULTANTS
(Report by the Overview & Scrutiny Panel (Economic Well-Being)).**

1. INTRODUCTION

- 1.1 At its meeting held on 11 November 2010, the Overview and Scrutiny Panel (Economic Well-Being) decided to establish a Working Group to review and make recommendations on the Council's use of consultants including the criteria used in the appointment of consultants. The study emanated from a previous recommendation to the Cabinet that the Council should to reduce the amount of expenditure for the purpose of employing external consultants by £1.5m in the current financial year. The Cabinet had asked Overview and Scrutiny to investigate this further and the response was to establish the Working Group.
- 1.2 Councillors J D Ablewhite, G S E Thorpe and D M Tysoe, Mr R Hall and Mrs H Roberts were appointed to the Working Group, which has met on three occasions over the ensuing months.
- 1.3 Discussions have been held with the Head of Financial Services and the Working Group is grateful for the considerable assistance he has provided to them in the course of the study. The Executive Councillor for Planning Strategy and Transport and the Heads of Planning Services and of Law, Property and Governance have also contributed to the study for which the Working Group is also grateful.

2. REMIT

- 2.1 The Working Group was given the remit to review and make recommendations on the criteria used in the appointment by the Council of consultants and the cost and value gained from using them.

3. SCOPE OF INVESTIGATION

- 3.1 In determining the scope of the investigation to be undertaken, the Working Group has considered a definition of the term "consultant". Within the Council, there is no official definition. The requirement on the Council to differentiate between permanent, temporary and hired staff in its formal accounts has been used as a starting point but it is recognised that the categorisation is approximate because, in practice, the boundaries between each category can be vague. For the purposes of the investigation, a broad distinction has been made between these types of staff. These are:

- non-permanent staff that are required because the resources the Council has to perform particular tasks are inadequate, and
- the more conventional use of consultancy to denote the procurement of expertise of which the Council does not have an adequate supply.

It is considered that this distinction encapsulates employees on temporary contracts and non-permanent employees who add value to the organisation.

4. FINDINGS

All Budgets for Non-Permanent Employees

- 4.1 The Working Group has been advised of the Council's revenue expenditure on consultants, hired staff and temporary staff in 2008/09 and 2009/10. A forecast for 2010/11 and a comparison with the original budget have also been provided. The table below summarises this spending:

	ACTUAL	ACTUAL		ORIGINAL BUDGET	FORECAST
	2008/09	2009/10		2010/11	2010/11
	£000	£000	Payments	£000	£000
Revenue					
Consultants	754	844	505	1,079	977
Hired Staff	470	382	364	309	445
Temporary Staff	931	1,013	593	858	1,054
Capital					
Consultants	709	600	139	90	118

- 4.2 Annex A contains details of revenue and capital expenditure according to whether they are consultants, temporary or hired staff. Agency staff are normally included within the figures for hired staff. Comment has been made about the level of expenditure on hired staff and whether it would be more cost effective instead to increase the size of the Council's permanent workforce.
- 4.3 The figures presented reflect where expenditure has been coded in the Council's financial reporting system. Strategic planning requires strong baseline data. To obtain this data the Council needs to have in place appropriate management and financial systems and procedures. Reference is made to the Council's systems and procedures in the following paragraphs. At this point the Working Group **recommends that non-permanent staff that are required because the resources the Council has to perform particular tasks are inadequate are coded separately from expert consultants.**
- 4.4 Total capital spending on consultants in 2009/10 was £600k (4% of total project costs). Total revenue spend on consultants in 2009/10 was £844k (1.0% of total revenue costs). The revenue spend on consultants, hired staff and temporary staff combined was £2,239,000 (2.6% of total gross spend on revenue). The majority (about 75% based on the original budget) of the hired staff are provided under a contract to the Operations Division to cater for holiday or sickness absences and, more recently, to avoid the filling of vacancies where redundancies may be required.
- 4.5 The figure for temporary staff has a significant value because there has been a policy to avoid filling posts on a permanent basis where this is practical if there might be a need for redundancies or there may be an opportunity to improve efficiency such that the post will not be required in due course. It also includes staff that are reliant on grant funding or to cover temporary work pressures. This approach to hired and temporary staff ensures that fewer

permanent staff will have to be made redundant and minimises the redundancy cost and the chance of claims for unfair dismissal.

- 4.6 Temporary employees are engaged on fixed term contracts. This enables the Council to use them for a defined period and provides flexibility should services need to be changed. Members have stressed the importance of making sound decisions on its arrangements for securing manpower resources. The Group has commented on the scale of expenditure on temporary staff which, in the current circumstances that have prompted the Council's strategic decision to use more fixed term contracts than might otherwise be the case, is regarded as high. The Working Group **recommend that the Council's strategic approach and its level of expenditure on employees on temporary contracts is reviewed annually in the medium term. The same applies for hired staff as this will help to address the question raised at the end of paragraph 4.2.**

Use of Consultants by Planning

- 4.7 Owing to the level of expenditure involved, the Working Group has paid particular attention to the use of consultants by Planning. In recognition of the Division's significant expenditure on consultants and likely changes to future funding arrangements, a discussion paper had been prepared in 2010 for Executive Councillors, the Chief Executive and Directors. The District Council, in its role as the Local Planning Authority, has statutory duties imposed upon it to prepare a Development Plan for the District and to deal with all planning proposals, all types of applications, other forms of proposals and all related appeals or other challenges against the decisions of the Council. Because of the wide range of the potential work areas involved and the inherent complexity of many of the areas, those working in Planning require particular expertise. It is an area where the applicable legislation requires decisions to be supported by sound evidence and they can be subject to challenge via appeal or other channels. It is for these reasons that the service needs to make appropriate use of various, targeted consultancy inputs.
- 4.8 The Planning Services Division uses consultants primarily to provide the Council with the information it needs to underpin its strategic plans, to assess and determine planning proposals and to argue the Council's case at appeals. The range of work undertaken extends to those areas in which the Council does not have the necessary in-house experience or expertise and includes:
- the production of an extensive range of evidence required to support the production of Development Plan documents;
 - the undertaking of Environmental Impact Assessment Audits;
 - independent and expert scrutiny of planning application information; and
 - helping to sustain and uphold the Council's position in respect of planning and other appeals.
- 4.9 The Planning Service base budget contains limited provision of £203,000 for the retention of consultants. In addition, it is an established principle that planning fees received in respect of a large and complex application can be

used to help meet the costs associated with determining that particular proposal. Although the 2009/10 figures for expenditure indicates that Planning Services spent £710,000 on consultants, the success of the Council in bidding for monies from Cambridgeshire Horizons and similar bodies means that only £235,000 of consultancy costs are directly funded from the base budget.

- 4.10 Consultants are only employed by the Planning Division when it is considered that their use will be advantageous to the Council's position. Legal assistance is typically based on long standing and well established working relationships with Chambers. All consultancy inputs are appropriately managed within the applicable case or project management frameworks by relevant Officers and their colleagues in the Law, Property and Governance Division. During consideration of alternative options to the use of consultants, the risks associated with all cases are assessed and the necessity for targeted consultancy inputs is determined. An input from an external consultant is only sought when it is considered that it will address a deficit in the experience and skills base of the Division.
- 4.11 There is an onus on the Council to deal with planning and development matters in a professional way. The processes involved continue to require appropriate targeted consultancy inputs; however, it is recognised that the availability of previously exploited external funding sources will be reduced in the future and a consequential reduction is expected in the overall amount that is spent on consultants. Planning Services will continue to scrutinise all its proposed consultancy spending in order to ensure that it represents the most appropriate and expedient way of proceeding.
- 4.12 The work undertaken by the Planning Services Division is by its nature cyclical and a key issue for the Division is to ensure that requirements to complete strategic work are anticipated and planned for. The implications and requirements for local authorities of the Localism Bill are not yet known and could have a significant impact on the Council's Planning responsibilities and their associated need for consultancy resources.
- 4.13 With regard to the procedures in place for authorising the use of consultants and monitoring their performance and associated expenditure, the employment by Planning Services of any consultant needs to be approved by the Planning Management Group. The Group are aware of the requirements of the service and the skills of the relevant teams. Best practice procedures, professional judgements and project management techniques are used when consultants are employed. The outcome of an appeal case is not measured simply on whether it is won or lost. Success can also be gauged by the award of costs. It is rare for the costs of a planning appeal to be awarded against the Council.
- 4.14 The Panel has discussed the likely reduction in the availability of external funding to employ planning consultants, the way in which the shortfall might be met in future years and whether the criteria for planning appeals will need to be modified in light of the availability of funding. The intentions of the Coalition Government with regard to funding for the current planning cycle are not yet known. The Council will have to make value judgements on future

appeal cases. The Executive Councillor meets regularly with Planning Officers. Emerging issues are brought to Members' attention and a report on the outcome of recent appeal decisions is submitted to the Development Management Panel on a monthly basis. Given the financial pressures on the Council, the Working Group **recommend that the extent and quality of the consultancy advice sought by the Council to inform its planning activities should be reviewed to ensure that only the minimum adequate advice required is obtained.**

- 4.15 As has been said, Planning makes the most use of consultants. For this reason and owing to the uncertainties that have been identified in the availability of external funding and in the scope of the Council's planning responsibilities and the way they will have to be carried out, the Working Group **recommend that a report is submitted annually to the Overview and Scrutiny Panel (Economic Well-Being) on Planning spending on consultants.**

Budgetary Control

- 4.16 The Working Group has examined the procedures in place to control budgets for non-permanent employees, including the process for agreeing a new budget to engage a contractor, the procedure involved when a budget is exceeded during the year and how expenditure on consultants is monitored on an ongoing basis. The Group has noted the opinion of the Head of Financial Services that the budgetary control processes in place are robust and that it is rare for major problems to arise. Previous experience has shown that issues of a larger nature can occur, such as the Alconbury Inquiry, which resulted in additional expenditure having to be funded from the Council's reserves through a separate supplementary bid.
- 4.17 When Heads of Service bid for a project (revenue or capital) in the MTP they will sometimes have a view as to whether they will need to use consultants to deliver all or part of the project. They will, in discussion with their accountant, arrange for the agreed funding to be allocated to the appropriate subjective budget heading e.g. employees, hired staff, consultants, premises, transport, etc. This split may need to be varied during the course of the year because timing changes may mean that it is no longer possible to rely on permanent staff or vice versa.
- 4.18 Spending on consultants can be affected by the scale and nature of the projects / tasks that take place in any year. Projects requiring significant levels of input from consultants are usually the subject of separate bids in the Medium Term Plan. Funding can normally be carried over if a project is susceptible to timing changes.
- 4.19 The Working Group has established that it is rare for managers to overspend their budgets without a legitimate and unavoidable reason. It is more often the case that managers under-spend against their budgets. The Code of Financial Management makes clear that Heads of Service are responsible for regular and effective monitoring and forecasting of the financial position relating to their service. The budgetary performance of Heads of Service is monitored by relevant Directors on a quarterly basis and this inevitably forms part of the appraisal process. An extract from the Code of Financial Management appears at Appendix B.

- 4.20 Heads of Service receive monthly budget monitoring reports which compare the original budget, the latest updated budget and the forecast outturn for every budget line. These are produced after consultation between managers and their accountants. Quarterly meetings take place between Heads of Service and their Director and quarterly budget monitoring reports are presented to the Cabinet.
- 4.21 A Head of Service is encouraged to transfer money between budget headings in order to deliver their service as effectively as possible. If a budget is exceeded or forecast to be exceeded the Head of Service will normally be expected to cover the excess from other budgets within that service. If that is not possible there is provision for budgets in other services to be utilised. This has not usually been an issue because the Council does not have a history of spending just because the money is there and therefore under-spending on the total budget is not unusual. If a variation is of any significance then a budget transfer will take place but if it is only minor then there may simply be a forecast over-spending on one budget and a forecast under-spending on another.
- 4.22 Internal Audits in 2005 and 2006 found existing processes for the appointment of consultants are adequate but that a number of suggestions for improvements might be considered. There have subsequently been changes to the Code of Procurement to incorporate the use of consultants and a formal protocol for managing projects is expected to emerge shortly. The latter will include reference to post-project review procedures.
- 4.23 The Working Group has discussed the checks that are in place to prevent the employment of consultants who have a connection with Council employees. The Council's Code of Procurement sets out a clear process to be used in all procurements and sales. The requirement for tenders for Council contracts to be opened and recorded in the Contracts Register does not apply to contracts valued at under £30,000. Whilst the Group has accepted that a judgement is required as to the level of risk this represents, **it is been recommended that the Code of Procurement is amended to include a requirement that a simple recording procedure is introduced involving the creation of a file note, which is counter-signed, for written quotations valued at less than £30,000.**

Employment of Consultants

- 4.24 The Working Group has examined in detail the Council's use of consultants. A number of key questions have been identified and a pro-forma has been developed for this purpose. The pro-forma is attached at Appendix C. The Working Group then selected several existing examples of the use of consultants and the relevant Heads of Service were asked to complete the pro-forma. Having analysed the results, the Working Group has concluded that the main reason the Council uses external consultants is because it lacks the expertise they provide. Whilst it has been accepted that lack of expertise is a valid reason for the employment of consultants, Members also are of the opinion that they would not wish to see consultants continually appointed to undertake tasks of a similar nature. The Working Group, therefore, **recommend that opportunities are explored to train existing employees in areas where consultants are repeatedly employed.**

4.25 This is not to say that the Council does not use consultants to meet a short-fall in its existing human resources and the Working Group has expressed concerns about the use of consultants simply because of the unavailability of resources. Members have queried whether it would be cheaper to use the Council's existing staff to carry out the work that consultants currently are employed to do and "backfill" the vacancy that is left. With this in mind, the pro-forma includes a question on the potential for using District Council employees in this way. The Working Group **recommend that the Code of Procurement should be amended to introduce a requirement for the pro-forma at Appendix C to be completed each time consideration is given to employing a consultant.** This will facilitate the recommendation made in paragraph 4.27. Furthermore, the Working Group **recommend that the Council should rigorously employ the practice of considering "backfilling" before consultants are employed.** The recommendations in this section will have the added benefit of identifying whether the Council has a staffing issue that might need to be addressed.

4.26 Where it is established that consultants are required, on the basis of best practice identified elsewhere, it is **recommended that the Council should secure advice on the preparation of specifications for contracts for the employment of consultants.**

Post Employment Review

4.27 The Working Group **recommend that, at the end of the employment of consultants, a review should be undertaken.** This is in accordance with Guidance published by the London Centre of Excellence (now the Regional Improvement and Efficiency Partnership). It is argued that the outputs from the contract should be formally recorded and used in planning further use of consultants. Delivery should be measured against the requirements that were identified in the case made in the pro-forma for the use of a consultant and the specification to ensure that the specified outcomes, value and benefits have been delivered. The decision to use external expertise also should be evaluated. At the very least, this will provide a record of the performance of contractors, which will permit an informed decision to be taken on whether they should be re-employed at a future date. Looking more widely, it will contribute to the Council's strategic planning process.

Joint Working / Shared Employment of Consultants

4.28 The Working Group has discussed whether there is scope jointly with other authorities to employ specialists so that consultants are not required. Although they are aware that there are potential obstacles to securing such agreements with other authorities, it is considered that the Council should continue to explore opportunities jointly to employ experts.

4.29 On the subject of sharing expert consultancy services with other authorities, in the past, Planning Services have made use of the same counsel as South Cambridgeshire District Council because the individual was already familiar with the planning issues affecting the immediate area. However, in general the scope for sharing consultants is limited, particularly if a planning application is submitted on a border area where the Authorities in question have a difference of opinion on it. There has, however, previously been a joint approach, for example, to archaeology. Members have also been made aware that a similar agreement has been completed for legal services.

5. CONCLUSION AND RECOMMENDATIONS

- 5.1 The Working Group has carried out an in-depth investigation into the Council's use of non-permanent human resources. In doing this, Members have established baseline data to permit further analysis and to inform the strategic planning process. The Working Group has been mindful that the latter requires appropriate management and financial systems and procedures to be in place to record information. Following their investigations, the Working Group has made recommendations on improvements to the Council's current arrangements for the planning and management of its use of non-permanent human resources and other related manpower issues. These have subsequently been endorsed by the Overview & Scrutiny Panel (Economic Well-Being) at their meeting on 9th June 2011. It is, therefore:

RECOMMENDED

- a) **that non-permanent staff that are required because the resources the Council has to perform particular tasks are inadequate are coded separately from expert consults (para. 4.3);**
- b) **that the Council's strategic approach and its level of expenditure on employees on temporary contracts is reviewed annually in the medium term. The same applies for Hired Staff as this will help to address the question raised at the end of paragraph 4.2 (para. 4.6);**
- c) **that the extent and quality of the consultancy advice sought by the Council to inform its planning activities should be reviewed to ensure that only the minimum adequate advice required is obtained (para. 4.14);**
- d) **that a report is submitted annually to the overview and scrutiny panel (economic well-being) on planning spending on consultants (para. 4.15);**
- e) **that the Code of Procurement is amended to include a requirement that a simple recording procedure is introduced involving the creation of a file note, which is counter-signed for written quotations valued at less than £30,000 (para. 4.23);**
- f) **that opportunities are explored to train existing employees in areas where consultants are repeatedly employed (para. 4.24);**
- g) **that the Code of Procurement should be amended to introduce a requirement for the pro-forma at Appendix C to be completed each time consideration is given to employing a consultant (para. 4.25);**
- h) **that the Council should rigorously employ the practice of considering "backfilling" before consultants are employed (para. 4.25);**

- i) **that the Council should secured advice on the preparation of specifications for contracts for the employment of consultants (para. 4.26) and**
- j) **that, at the end of the employment of consultants, a review should be undertaken (para. 4.27)**

BACKGROUND DOCUMENTS

Notes of the meetings of the Working Group held on 30th April, 13th August, 28th October and 16th and 30th November 2010 and 7th February 2011.

Report and Minutes of the Overview and Scrutiny Panel (Social Well-Being) held on 9th September, 11 November and 9th December 2010.

Report prepared by the Head of Financial Services entitled *Discussion Paper on "Consultants"* – dated 13th December 2010.

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APPENDIX A

REVENUE - EXPENDITURE ON CONSULTANTS						
Service	Account Description	2008/09	2009/10		2010/11	
		ACTUAL	ACTUAL		BUDGET	FORECAST
		£'000	£'000	Payments	£'000	£'000
Building Control	Consultants Other	30	19	21	17	18
Call Centre	Consultants Other	1	1	7	2	0
Car Parks	Consultants Other	1	0		0	0
	Legal Fees And Consultancy	0	0		0	10
		1	0		0	10
Central Services M Us	Consultants Other	1	1	1	0	0
	Legal Fees And Consultancy	17	14	74	24	24
		18	15		24	24
Commerce & Technology M Us	Consultants Other	9	9	14	12	3
	Legal Fees And Consultancy	0	11	38	0	0
		9	20		12	3
Community Initiatives	Consultants Other	3	2	2	7	0
Community Safety	Consultants Other	0	0		0	0
	Legal Fees And Consultancy	2	0		0	0
		2	0		0	0
Corporate Management	Consultants Other	3	0		0	0
	Legal Fees And Consultancy	1	17	4	2	2
		4	17		2	2
Countryside	Consultants Other	1	3	3	0	0
Customer Service Centres	Consultants Other	3	2	8	2	0
	Legal Fees And Consultancy	0	8	3	0	-4
		3	10		2	-4
Democratic & Central Services	Legal Fees And Consultancy	0	3	2	0	0
Democratic Services	Consultants Other	0	0		5	3
Development Control	Consultants Other	35	187	35	3	68
	Legal Fees And Consultancy	34	85	9	0	50
		69	272		3	118
Drainage & Sewers	Consultants Other	5	4	1	0	20
Economic Development	Consultants Other	21	10	14	86	89
	Legal Fees And Consultancy	1	1	9	0	0
		22	11		86	89
Efh & Depots	Consultants Other	0	0		0	0
	Legal Fees And Consultancy	0	0		0	2
		0	0		0	2
Env & Comm Services Mus	Consultants Other	210	19	40	48	48
	Legal Fees And Consultancy	0	7	2	0	0
		211	26		48	48
Environmental Health	Consultants Other	51	47	14	157	146
	Legal Fees And Consultancy	8	8	14	8	11
		59	55		165	156
Environmental Improvements	Consultants Other	0	3	1	0	0
	Legal Fees And Consultancy	0	0		5	5
		0	3		5	5
Facilities Mgt	Consultants Other	7	7	6	0	10
Financial Services	Consultants Other	13	3	10	11	-10
Housing Benefits	Legal Fees And Consultancy	38	13	13	20	20
Human Resources	Consultants Other	2	0		4	5
	Legal Fees And Consultancy	0	0		0	0

		2	0		4	5
Information Management	Consultants Other	31	31	17	7	7
Investment Interest	Consultants Other	3	7	4	7	5
Leisure Centres	Consultants Other	7	20	30	13	37
Local Taxation & Benefits	Legal Fees And Consultancy	8	9	19	41	25
Markets	Consultants Other	14	7	39	7	7
Other Expenditure	Consultants Other	0	85	7	0	0
Parks	Consultants Other	1	1	1	0	0
	Legal Fees And Consultancy	0	0		0	0
		1	1		0	0
Pathfinder House Site	Consultants Other	13	0		0	0
	Legal Fees And Consultancy	0	0		0	7
		13	0		0	7
Planning Policy & Conservation	Consultants Other	163	186	35	557	302
	Legal Fees And Consultancy	1	8	6	15	55
		164	194		572	357
Private Housing Support	Consultants Other	6	5	1	9	4
	Engineering Fees & Consultancy	1	0		0	0
		8	5		9	4
Recycling	Consultants Other	0	2	1	0	0
Tourism	Consultants Other	9	0		0	0
Transportation Strategy	Consultants Other	1	0		7	7
	Total	754	844	505	1,079	977

CAPITAL - EXPENDITURE ON CONSULTANTS						
Service	Account Description	2008/09	2009/10		2010/11	
		ACTUAL	ACTUAL	Payments	BUDGET	FORECAST
		£'000	£'000		£'000	£'000
Bus Stations Capital	Consultants Other	8	0		0	0
Environmental Improvements	Consultants Other	39	6	7	40	40
Environment Equipment Capital	Consultants Other	2	0		50	50
Estates Properties Capital	Consultants Other	241	200	25	0	9
Industrial Properties Capital	Consultants Other	36	6	9	0	0
Leisure Centres Capital	Consultants Other	187	178	39	0	14
	Legal Fees And Consultancy	0	3	1	0	0
		187	181		0	14
Leisure Services Capital	Consultants Other	17	7	10	0	0
Offices Capital	Consultants Other	136	147	22	0	0
	Legal Fees And Consultancy	4	1	2	0	0
		140	148		0	0
Planning Capital	Consultants Other	2	0		0	5
Public Conveniences Capital	Consultants Other	1	0		0	0
Software Capital	Consultants Other	37	51	24	0	0
	Total	709	599	139	90	118

HIRED STAFF						
Service	Account Description	2008/09	2009/10		2010/11	
		ACTUAL	ACTUAL		BUDGET	FORECAST
		£'000	£'000	Payments	£'000	£'000
Community Safety	Community Safety	20	2	5	0	0
Community Services	Community Initiatives	2	0		0	0
Community Services	Countryside	12	8	6	0	0
Community Services	Leisure Centres	18	26	53	27	29
Community Services	Leisure Policy	0	0		0	1
Environmental Services	Recycling	99	74	55	71	71
Environmental Services	Refuse Collection	115	93	55	97	97
Environmental Services	Street Cleaning & Litter	98	102	54	74	96
H D C Offices	Pathfinder House Site	3	0		0	0
Housing Services	Private Housing Support	0	0		0	0
Internal Services	Fleet Management	0	1	1	0	0
Internal Services	Grounds Maintenance	10	0		6	38
Internal Services	Human Resources	5	0		0	0
Internal Services	Information Management	23	14	58	11	71
Management Units	Commerce & Technology M					
Management Units	Us	4	14	24	11	25
Management Units	Env & Comm Services Mus	61	48	53	8	20
Other Expenditure	Contingency	0	0		0	-3
Planning	Development Control	0	0		0	0
Planning	Markets	0	0		4	0
Planning	Planning Policy & Conservation	0	0		0	0
	Total	470	382	364	309	445

TEMPORARY STAFF					
Directorate	2008/09	2009/10		2010/11	
	ACTUAL	ACTUAL		BUDGET	FORECAST
	£'000	£'000	Payments	£'000	£'000
Central Services	76	106	74	69	107
Commerce & Technology	228	290	193	249	461
Env & Community Services	627	617	326	540	487
Total	931	1,013	593	858	1,054

Extracts from Code of Financial Management

1.11 Chief Officers and Heads of Service

Whilst Chief Officers will take ultimate responsibility for their employees' actions, the Council's management structure is based on Heads of Service or, in a few cases, Chief Officers taking prime responsibility for a service and its related budget.

The Manager responsible for a budget:

- may incur financial commitments and liabilities in accordance with this Code, the Council's Scheme of Delegation and resources allocated in budgets that have been released subject to Annex B. In particular they may make purchases of goods and services, subject to the requirements of the Code of Procurement, and employ staff, in accordance with the Officer Employment Procedure Rules. They will normally delegate appropriate elements of this responsibility to members of their staff. Annex B deals with the implications of the turnover contingency and includes the requirement that, when an employee leaves, the Head of Service to determine whether:
 - the post is kept vacant for a period before a decision is made,
 - the post can be deleted,
 - a restructuring should be proposed,
 - joint working with another body should be considered
 - the post should be filled at the end of a defined period,
 - it should be filled as soon as possible,
 - it should be filled as soon as possible and temporary employees or consultants are engaged to provide cover in the meantime.

- will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services.

- will be responsible for proper financial and resource management and the prevention of fraud and corruption within the services and functions under their control.

- will determine the inherent risks, within their services, to the achievement of the Council's priorities and establish, maintain and document adequate systems of risk management and internal control, in consultation with the Internal Audit Service, and ensure that relevant employees or Members are familiar with such systems.

- will be responsible for providing in a timely manner, the information necessary to ensure that the final accounts can be completed by the statutory deadlines.
- will be responsible for annually reviewing their services to identify any aspects where surplus capacity could be utilised to reduce the net cost of the Council's services. All identified opportunities shall be introduced unless Cabinet or both the Executive Councillor for Finance and of the relevant service consider it would not be appropriate.
- will be responsible for seeking improvements in the efficiency of their services.
- will be responsible for identifying opportunities and then bidding for grants or contributions from other bodies to support the achievement of the Council and Community objectives through their services.
- will be responsible for maximising the income from fees and charges relating to their service in accordance with Annex C.

3. **CONTROLLING FINANCIAL PLANS**

3.1 **Financial Monitoring**

Heads of Service will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services.

The financial performance of each service and capital project will be reviewed by Chief Officers quarterly on the basis of monitoring statements prepared by Heads of Service in conjunction with the Head of Financial Services.

The financial performance of the Council will be reviewed by Cabinet quarterly on the basis of monitoring statements prepared by the Head of Financial Services in conjunction with Heads of Service.

Heads of Service will ensure that relevant Executive Councillors are regularly informed of the progress in delivering approved MTP schemes.

3.5 **Budget Transfers**

The transfer of resources within, or between, any of the types of budgets is supported in principle when it will make it more likely that the Council will achieve its service objectives and targets or enhance value for money. There do, however, need to be some limitations for effective financial management and to ensure that Executive Councillors, Cabinet and Council are aware of, and involved in, the more significant changes or where there is a financial implication.

The **Manager responsible for a budget** may approve a budget transfer within and between the budgets they are responsible for providing it is:

- Consistent with increasing, or at least maintaining the achievement of service objectives and compatible with the Council's Financial and other relevant Strategies.
- Not to or from a Technical Budget or a recharge or from a pay, NI or pension contributions budget unless permitted by Annexs A or B.
- Not from capital to revenue
- Supported by their Chief Officer
- Notified to the Head of Financial Services
- Within the following limits if between budgets (there shall be no financial limits within a budget):
 - Revenue to revenue £60k
 - Revenue to capital £60k
 - Capital to capital £60k

Similarly, a **Chief Officer** may, subject to the same criteria, approve budget transfers between any budgets that are their responsibility or the responsibility of their staff.

The **Chief Officers' Management Team** may, subject to the same criteria except for the enhanced limits shown below, approve budget transfers between any budgets:

- Revenue to revenue £120k
- Revenue to capital £120k
- Capital to capital £120k

Cabinet may approve budget transfers of up to:

- Revenue to revenue £300k
- Revenue to capital £300k
- Capital to capital £300k

In all cases, any previous transfers in the same financial year relating to those budgets shall be aggregated for determining whether the limit has been exceeded, however once the impact of any approval has been included in a relevant financial report to Council, the Cabinet's limit will be re-set.

In all other cases the approval of the Council will be required.

APPENDIX C

SERVICE AREA	
CONSULTANT APPOINTED	

- 1. WORK / TASK REQUIRED**

- 2. REASON - LACK OF EXPERTISE OR RESOURCE?**

- 3. WHY “NON-PERMANENT” RESOURCE CHOSEN AND WHO DECIDED?**

- 4. WAS THERE A POTENTIAL FOR USING EXISTING STAFF AND BACKFILLING THE VACANCY?**

- 5. PROCUREMENT PROCESS**

- 6. EXPECTED RATE AND PERIOD AND TOTAL COST**

- 7. ACTUAL RATE AND PERIOD AND TOTAL COST WITH REASONS FOR ANY SIGNIFICANT VARIATION FROM EXPECTED**

- 8. JUDGEMENT ON WHETHER THE MONEY WAS “WELL SPENT”**

- 9. WHAT WILL BE THE IMPACT ON THE COUNCIL IF A CONSULTANT IS NOT EMPLOYED TO COMPLETE THIS WORK?**