

USE OF CONSULTANTS
(Report by the Head of Financial Services)

1. INTRODUCTION

- 1.1 The Panel undertook a review of the use of Consultants last year and made a set of recommendations, which are included in ***bold italics*** within the body of this report, to the Cabinet meeting on 23 June. Cabinet gave general support to the review and resolved that:

the Managing Director (Resources), after consultation with the Executive Leader, Deputy Leader and the Chairman of the Overview and Scrutiny Panel (Economic Well-Being), be requested to oversee the implementation of the Panel's recommendations where practicable, and to report back thereon to a future meeting.

They also defined a consultant as ***“someone who brings expertise into the organisation where it is lacking”*** i.e. it is where the Council lacks the skills rather than the manpower.

- 1.2 The National Audit Office, in a report on consultant spending defined Consultancy as follows:

“...we have defined consultancy as always having two characteristics. First, that the work is project based, outside the client's 'business as usual' and there is a clear end point for the supplier's involvement. Second, responsibility for the final outcome, or ongoing service, largely rests with the client.

We define interims as people fulfilling 'business as usual' roles within the current organisational structure that would otherwise be undertaken by a salaried permanent member of staff.”

This is consistent with the definition in 1.1 above and helps clarify the difference from “interims” which would be included in “hired staff”. It should however be noted that the roles can sometimes be mixed and there was one particular example in 2011/12 where the “consultant” provided a mixture of “consultancy” and “interim”.

- 1.3 This report provides information on the spending on consultants during 2011/12 and progress on agreeing, modifying and introducing the various recommendations.

2. SPENDING IN 2011/12

2.1 The relevant recommendations were:

- ***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***

The point on definition is dealt with by the Cabinet decision (1.2 above) and coding changes have been made to reflect this.

- ***that the Council's level of expenditure on employees on temporary contracts is reviewed annually in the medium term. The same applies for Hired Staff.***
- ***that a report is submitted annually on planning spending on consultants***

Annex C provides this information [Annex is still draft and requires some fine tuning and further notes.]

3. STRATEGY

3.1 The relevant recommendation was:

- ***that the Council's strategic approach on employees on temporary contracts is reviewed annually in the medium term. The same applies for Hired Staff.***

The Head of Operations will be reviewing the balance between permanent staff and hired staff for operations (by far the largest user) once the refuse and recycling rounds have been reviewed later this year.

The use of temporary staff is a valuable option to cover short term problems, projects funded from specific time-limited funding streams and where the need for a permanent appointment can usefully be tested.

4. PROCUREMENT

4.1 The relevant recommendations were:

- ***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***
- ***that the Code of Procurement should be amended to introduce a requirement for the pro-forma (Annex A) to be completed each time consideration is given to employing a consultant***

- ***that, at the end of the employment of consultants, a review should be undertaken***

The Code of Procurement requires the Contract Register to be used to record all quotes/tenders over £5k. However this does not include all the data contained in the pro-forma nor does it record call-offs from existing framework contracts (e.g. Planning Services Framework)

It is therefore intended to amend the Code of Procurement to require the completion of a pro-forma as shown at Annex B which differentiates between the pre and post tender elements.

- ***that the Council should secure advice on the preparation of specifications for contracts for the employment of consultants***

There is some guidance on purchasing professional services on the procurement pages of the intranet. Some training has also been provided on dealing with consultants and their selling techniques. Commonly the output from consultants is specified as a report or other document, but measuring the quality (i.e. intellectual content) is difficult even when the specification is correct. The need is to ensure enough knowledge in-house to act as an 'intelligent customer' in order to provide the necessary challenge.

Generally the Procurement Manager has sufficient skill and knowledge to advise on consultancy contracts but if necessary external advice will be obtained.

5. OTHER ITEMS

5.1 The relevant recommendations were:

- ***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***

All Planning Staff are aware that anybody wanting to 'use' consultants must refer any such request to the Planning Management Group (Head of Service and the two Planning Services Managers) so that the need can be rigorously assessed. All requests are thoroughly scrutinised in order to ensure that they represent the most appropriate and expedient way of proceeding. Best practice and risk management principles are applied in all instances.

Examples in 2011/12 include:

The Council was recently required to defend the position that was taken at Development Management Panel which was against officer recommendation. This meant officers were not in a position to act as expert witnesses for the Council and so as to minimise the chances of the Council losing the appeal and having to pay the appellant's costs consultants were

sought to provide the minimum advice necessary to ensure costs were not awarded against the Council.

The Council appointed consultants to provide agricultural assessments to support three separate planning applications. Desk based reports were obtained to supply the minimum adequate advice to ensure that the Council could defend its position if it was later subject to an appeal.

- ***that opportunities are explored to train existing employees in areas where consultants are repeatedly employed***

The summary on the use of consultants last year will be used to invite Heads of Service to review whether there are any circumstances where this would be cost effective.

- ***that the Council should rigorously employ the practice of considering “backfilling” before consultants are employed***

Given the definition of consultants that has been determined this recommendation would better apply to the use of hired staff or temporary employees and Heads of Service will be reminded to take this into account in all relevant situations.

ACCESS TO INFORMATION ACT 1985

Overview and Scrutiny Panel (Economic well-being) reports and minutes.

Contact Officers:

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ANNEX A

SERVICE AREA:	
CONSULTANT APPOINTED:	

1. Work / task required
2. Reason - lack of expertise or resource?
3. Why “non-permanent” resource chosen and who decided?
3. 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?

USE OF CONSULTANTS

“someone who brings expertise into the organisation where it is lacking”
i.e. where the Council lacks the skills rather than the manpower.

SERVICE AREA:	
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PRE TENDER

Brief description of task required highlighting the area where the skill is lacking

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Why the need is not best met by a permanent appointment

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The impact on the council if a consultant is not employed

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Estimated total cost	£
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Head of Service		date
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CONTRACT AWARD

Quotations Requested with prices

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Justification if not awarded to lowest priced tender

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Expected total cost	£
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Head of Service		date
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POST TENDER REVIEW (within 1 month of completion of contract)

Actual total cost	£
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Reasons for any significant cost variation

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View on quality of work and value for money

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Would you recommend the Consultant is considered again for similar work?

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Any lessons learned that would improve the future process

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Head of Service		date
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ANNEX C

CONSULTANTS, HIRED STAFF AND TEMPORARY STAFF OUTTURN EXPENDITURE 2011-12

	Consultants	Hired Staff	Temporary Staff
	£000s	£000s	£000s
Corporate Office	140	0	14
Customer Services	0	18	95
Environmental & Community Health	24	22	159
Environmental Management	250	0	0
Financial Services	15	3	31
Housing	4	38	35
IMD	82	54	102
Legal & Democratic Services	9	13	10
Leisure	244	11	66
Operations	21	342	82
Planning	121	0	22
Total All Services	910	501	616

Main Items for any total greater than £25,000:

Consultants

Corporate Office. HR advice including voluntary redundancy scheme £80k.
Investigations £49k.

Environmental Management. Huntingdon Western Relief Road £147k.
Huntingdon Multi-storey car park £32k, Water Cycle Strategy £17k, NNDR appeals £14k, Building Control Structural Engineering £12k, Energy Audits £12k.

IMD. Funded from capital schemes including; electronic document management £41k and server virtualisation £32k.

Leisure. Ivo Leisure Centre redevelopment £155k. Ivo Outdoor capital schemes £74k.

Planning. Community Infrastructure Levy £97k. Appeals £20k.

Hired Staff

Housing. .Homeless prevention £38k

IMD. Maternity Cover £40k, Network Support £8k.

Operations. Hired staff are used deliberately to cope with seasonal variations in work load, holidays and sickness to ensure that the Council never has too many permanent staff yet can always deliver the required level of service. Mani services are Refuse and Recycling (£241k), street cleansing (£55k) Grounds Maintenance (£28k) and Weed Control, recharged to County (£16k).

Temporary Staff

The temporary staff figure includes all staff paid on temporary post numbers.

Customer Services. .Externally (DWP) funded posts £95k.

Environmental and Community Health. .Sport & Active Lifestyles externally funded projects (e.g. DASH) £109k. Community Safety externally funded projects £48k..

Financial Services. Additional support for income collection team due to recession

Housing Homelessness Prevention

IMD. .All funded from capital schemes or external customers.

Leisure. .Temporary appointments made in response to business changes pending evaluation of long term requirements. St Neots £27k. Huntingdon £16k. Ramsey £8k. Sawtry £8k. St Ives £7k.

Operations. Hinchingsbrooke Cafe £41k. Externally funded projects £37k.