



GA.21 12/13

**Governance & Audit
Committee**

20 September 2012

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Subject: Use and Engagement of Temporary Staff & Consultants

Report by:

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Purpose / Summary:

To update Members on the guidance that has been issued on the use and engagement of temporary staff and consultants and report on the expenditure on consultancy services and temporary staff in 2011-12

RECOMMENDATION(S):

- 1) That Members Note the contents of the report.**

IMPLICATIONS

Legal: None arising as a result of this report.

Financial : None arising as a result of this report.

Staffing : None arising as a result of this report.

Equality and Diversity including Human Rights : None arising as a result of this report.

Risk Assessment : This report is for information only

Climate Related Risks and Opportunities : None arising as a result of this report.

Title and Location of any Background Papers used in the preparation of this report: No background papers were used in the preparation of this report.

Call in and Urgency:

Is the decision one which Rule 14 of the Scrutiny Procedure Rules apply?

Yes

No

Key Decision:

Yes

No

Report on the Use and Engagement of Consultants

1. Background

- 1.1 In January 2011, the Financial Service Manager issued guidance to managers for using consultants (the Constitution was updated in May 2011 to include this). During February and March 2012 Internal Audit carried out a review of the use of consultants as part of their agreed planned work programme for 2011/12.
- 1.2 Internal Audits Assurance Opinion was that in this area there was 'Limited' Assurance as their work identified that:
- There is no supervisory checking over the process.
 - The guidance produced for Use of Consultants is not always followed.
 - Paperwork to support individual transactions was not always available.
- 1.3 The report made a number of recommendations and this report is intended to address those recommendations. In summary officers must ensure;
- No consultant should be engaged without evidenced authorisation from either the Chief Executive or Service Director.
 - The period of engagement must be clear and adhered to with any extensions being authorised by the Chief Executive or Service Director
 - The Head of Financial Services will provide a full list of consultants used including the costs of consultancy to the Governance & Audit Committee on an annual basis. (See Appendix B expenditure on temps, agency and consultants 2011-12)

2. Definition of Consulting and Consultants

- 2.1 It is important that officers are clear on the distinction between a consultant as opposed to an interim manager or temporary employee.
- 2.2 The Management Consultancies Association (MCA) defines consulting as "the creation of value for organisations, through the application of knowledge, techniques, and assets to improve performance. This is achieved through the rendering of objective advice and/or the implementation of business solutions."
- 2.3 Consultants are external third parties, with expertise that is typically not available internally. Clients employ consultants for short-term projects, and usually specify an endpoint to their involvement in the project. The responsibility for the final outcome of the project rests with the client. This means that consulting is distinct from "outsourcing" or "staff substitution" (National Audit Office: Central government's use of consultants).

2.4 Consultants are also distinct from contractors, in that the latter fill permanent vacancies or temporary increases in operational workload. Contractors are therefore used as day-to-day operational resources to maintain departmental function, and are managed by client staff.

3. Reasons for engaging consultants

3.1 According to the MCA, the single most important reason for hiring consultants is to bring in people with a particular set of skills. Skills could be industry- or issue-specific, but at times an organisation may also need individuals who can help get a new initiative up and running when there are difficulties freeing up internal resources.

3.2 As third parties, consultants are also able to approach challenges facing an organisation from a fresh perspective. As the MCA notes, sometimes an outside opinion expressed by an expert can be enough to jump-start a project, and unlike internal participants on a project who still have day-jobs, consultants are able to dedicate all their time and efforts to the project, which means that they are helpful in keeping a project going. Managers may also wish to hire consultants to collect data to help them decide what to do, or to offer a creative solution to a problem. Furthermore, the Department for Communities and Local Government (DCLG) notes that consultants are independent of internal politics that can often hinder progress, and are able to recommend actions that client staff may be unwilling to undertake as a result of their vested interests.

3.3 On some projects, managers may seek a tried-and-tested approach to the issue in hand. In those instances, consultants will be able to develop a plan with a structured methodology that captures the accumulated lessons of previous projects. This may also be important in increasing confidence that the project will meet the expectations of its sponsors and partners.

4. Report

4.1 It is important to have a clear process when engaging consultants. From the initialisation of a project, the need for a consultant must be determined. Once need is established, accurate project briefs should be drawn up that include a mechanism for measuring the outputs / outcomes that the consultant is to deliver. This ensures that the effectiveness of the consultant engaged can be properly evaluated.

5. Process to follow

5.1 Prior to commencing the process for engaging a consultant proper evidenced authorisation must be obtained from The Chief Executive or relevant service Director.

5.2 Although specific requirements will differ, when seeking to engage a consultant, in addition to the normal procurement requirements (see

attached Contract Guidance Appendix A) the steps below provide a guide to follow which will support the delivery of best value.

5.3 Considerations before engagement

- Can the work be undertaken by another member of staff in the organisation by re-prioritising workload
- Can the work be undertaken by a member of staff from a partner organisation, e.g. redesign work that others have already undertaken
- Is there a professional body that can provide the support required at a discounted rate, e.g. WRAP funded support for waste round redesign
- Who will the consultant report to? What governance arrangements need to be in place to ensure successful delivery of the brief?
- Who can authorise a change to the brief?

5.4 Ensure the specification is open enough so as not to exclude potential suppliers,

- Is there a specific skill set within the spec that may preclude companies applying, e.g. must use a specific trademarked method?
- Is the timescale for commencement realistic so as not to preclude other companies from tendering?

5.5 Ensuring that the delivery timescales are commensurate with the type of support required i.e. a twelve month piece of work maybe shouldn't be undertaken at a consultancy rate

5.6 Avoid 'engage and expand'. To ensure a true objective view for the initial engagement brief must avoid the position whereby we bring in a consultant to tell us what we need to do, who then expects to be re-engaged to implement their own recommendations.

5.7 Undertake a post delivery review, ideally 360, to inform future engagement. Answering questions such as:

- Did the consultant deliver the outcomes, outputs they were engaged to deliver within agreed timescales?
- If they didn't, were internal factors blamed for non delivery? – indicates a potential flaw in their initial assessment of the organisation
- Is seeking advice or policy review from the consultant, did they present best practice or a solution based on best practice, tailored to WLDC?
- How well did the consultant work with staff?
- Would you reengage for future work?

6. Alternatives to employing Consultants

6.1 Before engaging a consultant it is also worth considering alternative approaches to achieving the desired outcome, below a number of alternatives to employing consultants:

6.2 Working Groups

The main advantages to setting up a working group are that its members would already be familiar with the organisation and its culture, and may also have a better understanding of the project's context than a consultant. Objectivity can, however, be lost, and individuals may not have sufficient time to devote to the project given their existing workload.

6.3 Secondment

Seconding an employee to work on a fixed term project is likely to be significantly cheaper than employing a consultant, but it is essential to ensure that the second employee has the experience, professionalism, aptitude and references to demonstrate that he or she can deliver.

6.4 Sharing Resources

Collaborative procurement increases buying power and can allow better deals to be negotiated from a common supplier.

6.5 Training

Training is a longer-term strategy for meeting the needs of the organisation, and if training needs can be identified in advance, this can alleviate the need to employ consultants at a later stage.

6.6 Experience Sharing

It may be possible to look to another organisation that has undertaken a similar project, and find out whether they would be willing to share experience. This can offer the advantage of seeing a solution already in operation. It is important to note, however, that every organisation is different, and one organisation's solution to its needs may not fit those of another.

APPENDIX A

Contract guidance

Introduction

Procurement can be defined as "the acquisition of supplies, services and works from third parties". In essence, it's about obtaining the best out of the marketplace and to achieve this, you will need to apply the right skills and techniques. Procurement is a broader term than "purchasing" as it includes alternative methods of acquisition such as hire, rental and leasing for example, and concerns the entire process of acquiring supplies, services and works. At a strategic level it plays an important role in challenging the way existing services are delivered, and in the selection and delivery of the right method of service provision.

There is a significant amount of support available to those undertaking procurement activities from the Financial Services Team, Procurement Lincolnshire and the Contract Monitoring Officer (Anna Grieve).

In addition The Procurement Lincolnshire Website (www.procurementlincolnshire.co.uk) contains a full procurement manual, the Councils constitution sets out contract procedures and requirements and there is also a contract management guide in place

Below is a brief guide to the actions you need to take to ensure a compliant process which will deliver best value for the Council. If you are in any doubt as to the most appropriate way forward please contact a member of the finance team who will assist or signpost as necessary.

Contract requirements

ALL contracts shall be in writing

Contracts shall include, as a minimum, details of -

- The goods and services to be supplied or purchased including details of the outcomes or outputs required;

- The price (including any discounts or deductions);

- The period over which the contract is to be performed;

- The timing of supply;

- Arrangements for payments.

There must be an approved budget for all contracts where West Lindsey will spend money.

All contracts should reflect West Lindsey's wider policies such as equality of opportunity and sustainability. In particular, West Lindsey's Procurement Strategy and Procurement Manual must be followed.

All procurements must comply with EU law. Only those above a certain threshold are required to follow the advertising and notification provisions made in the EU regulations. However, all procurements, of whatever value, must follow the principles of non-discrimination and equality of opportunity that are contained in the regulations.

Form of Contract

Every contract shall specify the goods, materials or services to be supplied or the work to be executed, the price to be paid, the period within which the contract is to be performed and such other conditions and terms as may be agreed. The Legal Adviser or Procurement Lincolnshire should, in all cases, be consulted on the terms of the contract.

The contract may range from a comprehensive and detailed letter (for lower values) to a straightforward formal document prepared by the Legal Adviser (for higher values). Where the value is over £75,000 the contract will always be a formal document, the provisions of which shall be as per Procurement Lincolnshire templates or approved by the Legal Adviser prior to the invitation to tender.

All contracts over £75,000 shall be signed by the appropriate Director.

Framework Agreements

The Officer must check whether a suitable Corporate Contract or Framework Agreement (including ESPO, Office Government Commerce or relevant Frameworks let by NHS) exists before seeking to let another contract. Where a suitable Corporate Contract or Framework Agreement exists, these must be used unless there is a good reason not to and these reasons must be recorded and agreed in writing with the Chief Finance Officer.

Joint Commissioning:

When the Council jointly commissions services with other public sector bodies such as Health Authorities, or other Local Authorities, the following procedures shall apply:

- The Authorities concerned will decide which of them is to act as the lead authority for the purposes of the particular service that is to be commissioned.
- The procedures for the procurement of services of the lead authority shall be followed.

Contracts

The expected value of a contract is calculated by totalling all capital and/or revenue expenditure over the expected life of the contract. This will include licences and maintenance fees if applicable. For open-ended contracts, the value should be calculated over a notional four-year period.

The full rules are contained in CONTRACT PROCEDURE RULES. These must be followed by all staff in all procurements. Even the smallest purchases must be made in accordance with these rules and principles. To summarise they are -

Total Contract Value		Process	Award Procedure Based On
From	To		
£0	£5,000	Oral Quotation	One Oral Quotation
£5,001	£10,000	Written Quotation	Minimum of Two written Quotations
£10,001	£25,000	Written Quotation	Minimum of Three written Quotations
£25,001	£75,000	Request for Quotation (RFQ)	Three Written Quotations based on a RFQ document with simplified Terms & Conditions (T&Cs)
£75,001	< EU Threshold	Formal Tender	Full Tender Process
EU Threshold	Above	Formal Tender	Full Tender Process

All contracts should deliver best value for the Council and include the criteria shown above.

Exemptions to Contract procedure rules

All staff involved in the purchase and/or supply of goods and services must follow these Procedure Rules. However, exemptions can be agreed by either

- a) the appropriate committee, or
- b) the Management Team and the Chief Finance Officer, or
- c) the Chief Finance Officer.

An example of where option (a) in Procedure Rule 1.5 might be needed is - where it is felt that a tendering exercise would not achieve best value. A report to committee would need to demonstrate this in terms of cost, performance and quality comparisons, market conditions and any other relevant factors. The report should provide the basis for subsequent audit scrutiny.

Option (b) will only be appropriate in the following circumstances -

There are unforeseen events e.g. the breakdown of equipment or delayed deliveries;

A quotation or tender differs marginally from the specification but nevertheless represents the best value for West Lindsey;

There is only one potential supplier or contractor.

Here a written request must be submitted to the Management Team and the Chief Finance Officer detailing the reasons for the request. If approved, the note must be signed by a member of the Management Team, on behalf of the Management Team, and the Chief Finance Officer and retained on file.

Additionally, where the value of the contract is over £140,000, a report must be taken to the relevant committee to inform it of the action taken and the reasons for taking it.

Option (c) will only be appropriate where purchases are made through a consortium of which West Lindsey is a member or a framework agreement, which carries out its own tendering procedures. Before proceeding a written request must be submitted to the Chief Finance Officer confirming that the appropriate legislation has been complied with, Procurement Lincolnshire have confirmed the suitability and that any 'mini-competition' required has been undertaken.

Financial Control

Expenditure above the contract price should be reported as follows

Contract Figure £	Director £	Management Team £	Committee £
Up to 15,000	Over 1,000	Over 2,000	
15,000 to 75,000		Over 2,500	Over 5,000
75,000 to 140,000		Over 5,000	Over 10,000
140,000 +		Over 10,000	Over 15,000

Financial Procedure Rules regarding virement still apply to all additional expenditure.

Service Managers should report any overspends on the Final Account to Financial Services, identifying where the additional expenditure will be generated, and subsequently to their Director, Management or Committee as required.

Compliance with Procedure Rules must not be avoided by breaking contracts down into lesser values.

Key principles

The key principles when undertaking procurement activity are that:

- Decisions should achieve best value for WLDC
- Processes should be clearly documented and authorised
- Contracts must be clearly defined to avoid scope creep and ensure outcomes are delivered

APPENDIX B

Temporary / Agency Staff	Expenditure 2011-12	Services Provided for
	£	
Aida McManus Planning Services	2,108	Planning Services
Comensura Ltd	276,141	Staff Cover Waste Management
Driverhire Nationwide (Lincoln)	4,439	Staff Cover Waste Management
Excellium Management	17,000	Property Services
Hill Holt Wood Ltd	9,226	Staff Cover Waste Management
HR Essentials Ltd	693	Staff Cover Waste Management
Lyn Gould Consulting	8,800	Finance Support
Grayingham Lodge	2,115	Accommodation
North Lincs	51,433	Building Control Management
Quantica Search & Selection	27,753	Enforcement work backlog
Russam GMS Ltd	15,300	Director of Resources
Surestaff Recruitment	3,000	Staff Cover Waste Management
Sub-total	418,008	
Consultancy		
APSE	4,811	Strategy for renewable energy
Personnel Staffing	1,446	Enterprise Partnership
Bureau Veritas UK Limited	2,835	Air Quality Management Report
Capita Resourcing Ltd	625	Consultancy
Civica UK Ltd	2,200	IT Authority Financials
DDM Agriculture Ltd	250	Valuation of Langham Farm Bungalow
Empower Services Ltd	800	Commercial Review of YASIG
Martin Critchell Architects	3,700	Feasibility Study WLDC crematorium
Stallard Kane Associates	2,400	Health & Safety Audit
Trowers & Hamblins LPP	2,000	Procurement Advice
Valuation Office Agency	460	Report on Land adj 19 Waggoners Close
Webaspx Ltd	1,625	Round modelling consultancy
Sub-total	23,152	
Project Delivery (Externally Funded)		
Gainsborough Health Walks	59,636	Healthy Walks / Exercise Referrals
Amber Tree Care	300	Drainage Improvement Scheme
British Telecom	686	Routing of cable under ditch at Mill House, Stow Road
Darke Engineering Ltd	9,079	Drainage Improvement Scheme
Government Pipeline & Storage Systems	511	Supervise Mains Works
JA Services Ltd	2,979	Project Appraisal Report in respect of Drainage Improvement Scheme
JCM Glassford Ltd	6,848	Drainage Improvement Scheme
John Peberdy Partnership	850	Drainage Improvement Scheme
KW Timmins & Sons Ltd	300	Drainage Improvement Scheme
Langleys Solicitors	2,030	Drainage Improvement Scheme - Legals
M Gould (Scunthorpe)Ltd	20,914	Drainage Improvement Scheme
NK Taylor	4,196	Drainage Improvement Scheme
Scarborough Nixon Associates	478	Project Appraisal Report in respect of Drainage Improvement Scheme
Surveyline Geomatics UK Ltd	430	Drainage Improvement Scheme
Cheesmond Whalen Consulting Ltd	6,555	Delivery of the Lincolnshire 16/17 year old Joint Protocol training
New Life Centre Ltd	703	Hire of Facility and Technical Support

Ocean Media Group	499	Recruitment on-line
Zest Production	29,400	Housing Pre-payments
Community Lincs	4,074	Lincoln Rural Housing Project
Housing Justice	50	Lincoln Rural Housing Project
Jo Lavis Ltd	21,373	Lincoln Rural Housing Project
Smiths Gore	9,764	Lincoln Rural Housing Project
Leicestershire CC	1,370	Lincoln Rural Housing Project
Local Government West Midlands	1,524	Lincoln Rural Housing Project
Sub-total	184,549	
Grand Total	625,709	