



GA.31 13/14

Governance & Audit
Committee

Date 21/11/2013

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Subject: Agency Staff & Consultants Expenditure 2012/13

Report by:

Russell Stone

Contact Officer:

Tracey Bircumshaw
Group Accountant
01427676560
Tracey.Bircumshaw@west-lindsey.gov.uk

Purpose / Summary:

Annual update for Members on the expenditure incurred during 2012/13 on the engagement of temporary/agency staff and consultants for 2012/13

RECOMMENDATION(S):

- 1) That Members note the contents of the report.

IMPLICATIONS

Legal: None arising as a result of this report.

Financial FIN/9/14: Costs of agency staff and consultancy has been met from within the 2012/13 revenue budget.

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

x

Key Decision:

Yes

No

x

Report on Agency Staff and Consultants Expenditure 2012/13

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. The following actions were subsequently implemented;
- 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 Section 5 Expenditure on temps, agency and consultants 2012/13)
- 1.3 It was agreed at the September committee that an annual report be presented to future Governance and Audit Committee's on the use and engagement of temporary staffing and consultancy.

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 agency staff and consultants

- 3.1 Agency staff are generally appointed on a temporary basis to cover reduced resources due to vacant posts, sickness, holiday cover etc, and also in periods of high demand for a service. In some instance the appointment of temporary agency staff will enable West Lindsey staff to be released to work on specific project delivery.
- 3.2 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.
- 3.3 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.
- 3.4 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 are 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. Expenditure incurred 2012/13

- 5.1 The costs of agency staff totalled £246,590 in 2012/13.

- £124,292 related to the waste service, ensuring operational cover and service delivery were maintained.

- £67,258 was incurred by the Accountancy Service for interim support during periods of high demand ie closure of accounts and budget processes, and to cover for staff vacancies.
- £11,390 was spent on cover for the vacant Senior Planner position to ensure capacity for continuation of service provision.
- £15,300 due to the absence of the Team Manager and also a senior member of staff through maternity leave a Team Manager was appointed on an interim basis. They were responsible for the staff support and development and also facilitated the development of a tranche of projects, including the “Food matters” project.
- £28,350 related to vacancy cover for the Director of Resources position.

5.2 The expenditure incurred on consultants during 2012/13 totalled £86,047.

- £1,300 was incurred to review the banking contract, which resulted in a lower contract price effectively making the costs self-financing.
- Consultants costing £24,434 were engaged to develop the Leisure Strategy and to re-negotiate the existing leisure management contract. This work resulted in annual revenue cost savings of £230k from 2014/15.
- £4,459 was incurred in the development of the Renewable Energy and Green Strategy to support the Corporate Plan policy objectives.
- £43,854 was spent by the Property Team for asset management related costs, this included professional RICS Valuers, and structural surveyors, required to inform future asset management plans and capital investment requirements.

A structural survey was undertaken at the Leisure Centre, required to inform the Leisure Strategy which has resulted in £230k of on-going revenue savings.

Asset Management services were procured to review Local Government best practice approach, review existing assets, develop the operation acquisition and disposal procedure and the asset management policy. In addition the expertise was utilised to identify opportunities available to the Authority in relation to the use of our assets and to review some of the leasehold agreements currently held by WLDC. This work

identified unclaimed rent to the value of £10,500 which has since been received. New skills and knowledge were developed which has resulted in greater commercial awareness, increased professionalism around application of standards (existing and impending) including review of available commercial computer aided asset management systems.

- The cost of comprehensive business support for the Young and Safe in Gainsborough Project cost £12,000 ensuring that the conditions of the £981,000 grant funding streams were met.