



GA.28 15/16

Governance & Audit
Committee

Date 17 September 2015

Subject: Agency Staff & Consultants Expenditure 2014/15

Report by:

Financial Services Manager (Deputy S151)
Tracey Bircumshaw

Contact Officer:

Tracey Bircumshaw
Financial Services Manager (Deputy S151)
01427 676560
Tracey.Bircumshaw@west-lindsey.gov.uk

Purpose / Summary:

Annual update for Members on the expenditure incurred during 2014/15 on the engagement of temporary/agency staff and consultants.

RECOMMENDATION(S):

- 1) That Members consider the contents of this report.

IMPLICATIONS

Legal: None arising as a result of this report.

Financial FIN REF-2/16: Costs of agency staff and consultancy has been met from within the 2014/15 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

1. Background

- 1.1 The Governance and Audit committee have requested that an annual report be presented on the use and engagement of temporary staffing and consultancy. This was as a consequence of a 'Limited' Assurance given during the Internal Audit 2011. 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
 - 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)
- 1.2 The new Senior Management Structure approved during 2014/15 recognised that until the structure was fully implemented, there would be a need to ensure the continuation of the delivery of the corporate priorities and strategic leadership, and that this would necessitate interim support from either agency staff or consultants, who would be employed to lead services, deliver specific outcomes and contribute to the development of frameworks and strategies to move the Council forward in its transformation and commercial aspirations to become self funding. The costs were met from within existing employee budgets.

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 instances 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 2014/15

- 5.1 The costs of agency staff totalled **£565,975** in 2014/15 (£373,317 2013/14).
 - £195,037 related to Operational Services, ensuring operational cover and service delivery are maintained.
 - £106,474 was spent on cover for vacant planning and development control positions in addition to extra capacity to meet the increased

demands of the service which has been offset by the significant amount of additional income generated from an increase planning applications.

- £84,745 was incurred by the Accountancy Service for interim support during periods of high demand i.e. closure of accounts and budget processes and to cover for staff vacancies. A Commercial Accountant has also provided an additional resource to develop option appraisals and business cases for Commercial project development and delivery.
- On the approval of committee £49,084 was incurred on a Commercial Director pending delivery of the new senior management structure. Specifically to deliver a land and property programme and develop a draft Commercial Strategy and a framework for project management.
- Economic Growth and Housing spent of £43,954 including the delivery of a brief for the Hemswell Masterplan and to work on the following Growth Projects which will provide, regeneration, employment, and new housing
 - Gainsborough Town Centre
 - Economic Growth Action Plan
 - Inward Investment
 - Housing Zone Bid

In addition there was interim cover for 3 maternity absences.

- £34,015 an additional resource has been employed since September 2014 to support the recruitment process for the second tier of management. In addition he has provided support for the development of a People Strategy and employee engagement and development process for managing change.
- £21,475 was spent on additional staffing support for Property Services in order to assist the Council in developing a new Asset Management Strategy and identify service work streams, resource requirements and performance measures.
- An interim Director was appointed to cover the role of Director of Resources until the new appointee was in post at a cost of £18,725 up to the end of March 2015.
- £12,466 was spent on a review of ICT infrastructure and development of a new ICT strategy.

5.2 The expenditure incurred on consultants during 2014/15 totalled **£253,415** (£111,868 2013/14). As a result of the use of experts the Council has been successful in attracting £150,000 of grant funding.

- Spend of £129,751 relates to supporting the delivery of commercial development and regeneration strategies and projects within the district. This work involves both Council owned assets and assets owned by third

parties such as developers and includes work such as valuations, appraisals and technical advice. This external support is focussed on areas where the Council does not have in house capacity or expertise.

The work has focussed the development of Council owned land Corringham Road, Gainsborough which now has planning permission and the successful allocation of Gainsborough as a Housing Zone. Which has also generated £150,000 of funding towards delivery of the Housing Zone.

- West Lindsey contributed £16,380 to the costs of consultants engaged on a countywide project to deliver a private sector stock condition survey. West Lindsey paid for the total cost (£105,910) but received contributions from the other councils in the county.
- £54,717 (£43,691 2013/14) was spent on specialist asset management related costs. This included professional RICS valuers and structural surveyors required to inform future asset management plans and capital investment requirements and support the development and delivery of the land and property programme. Outcomes included the compilation of policies and procedures in relation to lease management, property acquisitions and disposals, service improvements in line with internal audit requirements. In addition, the Council now has a new computerised Property Asset Management system.
- Planning Services make annual payments totalling £10,694 (£10,491 2013/14) to Lincolnshire County Council for specialist and archaeological advice/services.
- Consultancy work costing £10,533 was commissioned to develop a joint protocol to influence future decommissioning of sites by the MOD to avoid the challenges facing the West Lindsey ex-MOD villages. A joint “best practice” guidance has been developed with Senior Minister, Local Government Association and the MOD.
- £7,500 on car parking to look at impact of the loss of Beaumont Street car park and review current and future provision generally. The work has informed the core information for the development of a new parking strategy.
- £6,000 has been spent on analysis work on anti-social behaviour and the private rented sector carried out to support the selective licensing project. This specialist piece of work was commissioned to provide the evidence base to allow elected Members to make a decision on the scheme in 2015/16.
- £5,143 was spent on theatre productions run in schools and other training in order to prevent homelessness for young people and homelessness generally.

- Consultants costing £4,962 were engaged by Financial Services to further develop the Councils Civica financial software suite. The major outcomes of this work related to the implementation of an automated budget monitoring system in addition to new reporting both of which resulted in efficiencies.
- Consultants costing £4,320 (£9,571 2013/14) were engaged to identify options for leisure provision with an objective that future leisure costs be significantly reduced.
- A total of £3,415 was spent to support pollution reduction, with £2,323 for the cost of ensuring compliance with legislative requirements for private water supplies and £1,092 for the cost of producing the Local Air Quality report.