



**Governance and Audit
Committee**

Tuesday, 18 June 2019

Subject: Cost of Consultants and Agency Workers 2018/2019

Report by:

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Purpose / Summary:

Annual report for Members on the expenditure incurred during 2018/19 on the engagement of externally appointed temporary/agency staff and consultants.

RECOMMENDATION(S):

- 1) Members accept the content of this report.**
- 2) To circulate this report via the West Lindsey Members' Newsletter for future years.**

IMPLICATIONS

Legal: None arising from this report.

Financial : FIN/23/20/TJB

The costs of Agency/External interim staffing totalled £607k (£860k 2017/18) of which;

- £487k was funded from vacancy savings
- £73k was funded by transfer from reserves
- £25k was funded by external organisations
- £3k (£44k 2017/18) funded by grants and contributions

The balance of £19k has been funded from base budgets.

£439k (£421k 2017/18) were sourced from WLDC Staffing Services Ltd.

The costs of consultants was £211k (£197.5k 2017/18)

- £35k was capitalised relating to professional services for project management and engineering of the telephony project.
- £19k was capitalised relating to pre-acquisition professional services for the commercial investment portfolio and Market Rasen leisure centre.

All expenditure has been contained within approved budgets.

Staffing: None arising from this report.

(N.B.) Where there are staffing implications the report MUST have a HR Ref

Equality and Diversity including Human Rights :

None arising from this report.

Data Protection Implications :

None arising from this report.

Climate Related Risks and Opportunities:

None arising from this report.

Section 17 Crime and Disorder Considerations:

None arising from this report.

Health Implications:

None arising from this report.

Title and Location of any Background Papers used in the preparation of this report :

Risk Assessment :

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

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 Operating Officer or Executive Director.
- The period of engagement must be clear and adhered to with any extensions being authorised by the Chief Operating Officer or Executive 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 4).

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. The Council 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 Council. 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 With the Council’s acquisition of Surestaff (Lincs) Ltd in June 2016, operational service agency staffing needs, and some administrative

positions have been met via our Tekal Company (WLDC Staffing Services Ltd) achieving savings when compared to other agency providers.

- 3.3 The Council hires consultants to bring in people with a particular set of skills. In 2018/19 these have been mainly experts in their field or have had previous experience of similar projects.
- 3.4 As third parties, consultants are also able to approach challenges facing an organisation from a fresh perspective and are able to provide an opinion expressed by an expert.
- 3.5 Unlike internal staff engaged on projects, who still have service delivery, 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.
- 3.6 By utilising the Council's standardised Project Documentation consultants are 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. Expenditure Incurred 2018/19

- 4.1 The WLDC employee budget totalled £10,839k.
- 4.2 Actual expenditure including agency costs totalled £10,237k (£10,213k 2017/18) of which interim/agency staff totalled **£607k (5.9%)** in 2018/19 (£860k (8.4%) 2017/18).

- £452k (£397k 2017/18) related to Operational Services, ensuring seasonal work, operational cover and service delivery are maintained. Additional resourcing was also required for the implementation of Green Waste Collection charging.
- £92k (£132k 2017/18) was incurred by the Accountancy Service to support periods of high demand i.e. closure of accounts and budget processes in addition, vacancies resulted in the need for interim resources of Finance Business Partner and Commercial Accountant roles during review/ restructure of the service.
- £19k (£68k 2017/18) was spent on cover for vacant Planning and Development Control positions in addition to extra capacity to meet the increased demands of the service.
- £31k (£34k 2017/18) was spent by Customer Services on security staffing, (which is recharged to the Job Centre Plus) and short term vacancy cover.

- £7k (£71k 2017/18) was spent on temporary Building Control surveyors to cover sickness absence and leave and funded by vacancy savings
- £4k was spent on staff cover within the Local Tax collection service
- £3k was spent by Electoral Registrations as a result of increased workload due to May elections funded by Cabinet Office grant.

4.3 The expenditure incurred on consultants during 2018/19 totalled **£211k** (£197.5k 2017/18). As a result of the use of experts the Council has been successful in attracting additional grant funding, have developed business cases for projects to support the delivery of future income streams, informed new strategies to meet our corporate objectives and future needs in addition to achieving significant contract savings.

- **£35k** was capitalised relating to professional services for project management and engineering of the telephony project.
- **£19k** was capitalised relating to pre-acquisition professional services for the commercial investment portfolio and Market Rasen leisure centre.
- **£45k** Providing advice and expertise to support a bid to Heritage Lottery Fund Townscape Heritage Initiative. This was funded by a development phase Heritage Lottery Fund grant which in principal will secure a further £1.25m in grant funding.
- **£21k** for advice and production of the Councils ICT & Digital Strategy. **£9k** for advice and support on Supplier Market Engagement and Procurement for Enterprise Resource Planning (ERP / Customer Relationship Management (CRM) project and **£2k** to make software changes on iTrent.
- **£20k** providing advice and expertise to produce an Asset Management Plan.
- **£11k** Supporting WLDC's business case for inclusion into the Greater Lincolnshire Growth Deal.
- **£10k** Development & Appraisal report into the Northern Southern Urban Extension proposed housing development in Gainsborough.
- **£8k** design work for waste management design project.
- **£6k** to produce Gainsborough Town Centre Appraisal.
- **£5k** for development and design consultancy services for the Gainsborough Development Partnership Project, to enable

significant regeneration of Gainsborough through this public/private partnership.

- **£5k** provided an independent viability report for a proposed development of a marina at Cherry Willingham.
- **£3k** for preparation of Ecological Study to support Gainsborough Green Corridor funding bid.
- **£3k** appraisals and due diligence for Gainsborough Growth Fund Bids.
- **£3k** valuation and report for the Saxilby Business Unit development.
- **£3k** for a Leisure management contract procurement specialist to provide advice on procurement for tendering the refurbishment of WL leisure centre and **£3k** providing project management advice relating to various issues around the contractors cost plan.

4.4 List of Consultants Used:

- 360° Property Strategy Consultancy Ltd
- Alysium Consulting
- Amtech Business Solutions Limited
- Bloom Procurement Services
- Bruton Knowles
- Carney Green LLP
- Graham W Gate
- Greenborough Management Ltd
- Land Use Consultants (LUC)
- Lathams
- MHR International UK Ltd
- Perfect Circle JV Ltd
- Stirlin Developments
- TDR Heritage Limited
- The Sport Leisure and Culture Consultancy Ltd
- Turley
- WCEC Group Ltd t/a Whittam Cox Architects