



Governance & Audit
Committee

14 September 2017

Subject: : Agency Staff & Consultants Expenditure 2016/17

Report by:

Financial Services Manager (Deputy S151)

Contact Officer:

Tracey Bircumshaw
Financial Services Manager (Deputy S151)
01427 676542
Tracey.Bircumshaw@west-lindsey.gov.uk

Purpose / Summary:

Annual update for Members on the expenditure incurred during 2016/17 on the engagement of temporary/agency staff and consultants.

RECOMMENDATIONS:

- 1) Members consider the content of this report.**

IMPLICATIONS

Legal:

None arising from this report.

Financial: FIN/58/18/TJB

The costs of Agency/External interim staffing totalled £757k of which

- £83k was funded from additional Planning Fee Income, as resources were required to meet the demands on the service.
- £75k funded by the grant and contributions

The costs of consultants was £428k of which

- £67k was funded from grant

All expenditure has been contained within approved budgets.

Staffing :

None arising from this report.

However, the impact of sickness and holidays within waste service results in an ongoing need for agency staffing throughout the year.

Equality and Diversity including Human Rights :

None from this report

Risk Assessment :

The availability of agency staff will not meet the level of demand for business continuity of operational services.

Climate Related Risks and Opportunities :

None arising from this report.

Title and Location of any Background Papers 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

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)

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).
- 3.3 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.
- 3.4 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.
- 3.5 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 2016/17

- 5.1 The West Lindsey District Council (WLDC) employee budget totals £9,027k.

5.2 Actual expenditure including costs totalled £8,669k of which interim/agency staff totalled **£757k** in 2016/17 (£944k 2015/16).

- £379k related to Operational Services, ensuring seasonal work, operational cover and service delivery are maintained. £233k of which was via Surestaff.
- £91k was the cost of an interim Commercial Strategic Lead (1 April – 30 November) who also worked on the development of a number of significant commercial business cases.
- £83k 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.
- £58k was incurred by the Building Control Service for vacancy cover and additional resources for the implementation of the Arcus system.
- £38k was incurred by the Accountancy Service for interim support during periods of high demand i.e. closure of accounts and budget processes in addition to the project implementation of the Purchase Ordering system.
- £27k was spent by Customer Services on security staffing, (which is recharged to the Job Centre Plus) and £7k on vacancy cover via Surestaff.
- £41k for an interim Senior Housing Enforcement Officer covering maternity leave.
- £24k provided a Welfare Advisor from the City of Lincoln Council as part of our Universal Credit project; this was funded by grant.
- £16k 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.

5.3 The expenditure incurred on consultants during 2016/17 totalled **£428k** (£356k 2015/16). As a result of the use of experts the Council has been successful in:

- attracting additional grant funding;
- developing business cases for projects to support the delivery of future income streams;
- implementing new technology delivering efficiencies and savings;
- supported our communities in the development of the Neighbourhood plans, and developed strategies for Housing and ICT.

- £128k relates to supporting the delivery of regeneration 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 economic impact assessments, appraisals, grant bid evaluations, site investigations and technical advice. This external support is focussed on areas where the Council does not have in house capacity or expertise.

This work has focussed on the delivery of the Local Development Orders for the Housing Zone and Food Enterprise Zone (funded by grant) evaluation of the Town Heritage Initiative bid, regeneration schemes in Gainsborough and the Hemswell Master Plan.

- £47k was spent on specialist asset management related costs including advice from professional RICS valuers, structural surveyors etc. required to inform future asset management plans and capital investment requirements and support the development and delivery of the land and property programme in addition to identifying commercial opportunities for investment and advice on acquisitions.
- £79k to provide professional technical and specialist advice for major Planning Applications including conservation issues i.e. Riseholme Campus and Lincolnshire County Council for specialist and archaeological advice/services.
- £59k costs associated with expert advice and support for the delivery of Neighbourhood Plans was incurred; however this was funded by Grant support from the DCLG.
- £32k on the data analysis and for the delivery of a Housing Strategy for the district.
- £17k has been incurred to provide professional advice on the options for the future leisure provision and the procurement process.
- £12k system development consultancy for the Purchase Ordering and Bank Reconciliation system. The major outcomes of this work related to the implementation of an automated approach, resulting in staff and efficiency savings.
- £10k production of an ICT Strategy by Society of IT Management (SOCITM).
- £18k experienced consultancy engaged to identify options for leisure provision with an objective that future leisure costs be significantly reduced.
- £26k on a small number of <£10k, consultancy/advice.