

<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 9
<b>5 NOVEMBER 2012</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Cllr David Seaton, Portfolio Holder for Resources	
Contact Officer(s):	John Harrison, Executive Director Strategic Resources Steven Pilsworth, Head of Strategic Finance	Tel. 452520 Tel. 384564

## USE OF CONSULTANTS – UPDATE REPORT

RECOMMENDATIONS	
<b>FROM</b> : Executive Director Strategic Resources	<b>Deadline date</b> : N/A
1. That Audit Committee consider the update report on the use of Consultants	

### 1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee following the Sustainable Growth Scrutiny Committee review into Peterborough City Council's use of consultants, the subsequent endorsement of their recommendations by Cabinet, and the agreement of Audit Committee to undertake an on-going monitoring role.

### 2. PURPOSE AND REASON FOR REPORT

- 2.1 Sustainable Growth Scrutiny Committee recommended that the on-going monitoring role at Member level is undertaken by Audit Committee. Audit Committee considered their approach to this role at their meeting of 26 March 2012. This report is in line with the approach agreed, and is in accordance with the Committees' Terms of Reference:

- 2.2.13 To review any issue referred to it by the Chief Executive or a Director, or any Council body; and
- 2.2.17 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

### 3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	N/A
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### 4. REVIEW OF THE USE OF CONSULTANTS

- 4.1 In March 2010, the Sustainable Growth Scrutiny Committee requested a review into Peterborough City Council's use of consultants. A cross-party review group was established to undertake this work on behalf of the Sustainable Growth Scrutiny Committee.

- 4.2 The scope of the review focused on the following objectives:

- To examine the cost of consultants and whether that provides value for money;
- To review the processes for engaging and monitoring the work of consultants;
- To look at the relationship between consultants and staff of the Council; and
- To examine the likely future use of consultants by the Council.

- 4.3 The report from the Consultancy Review Group was issued in March 2011 and contained thirty three recommendations: twenty seven of these recommendations were endorsed by Cabinet in June 2011. In broad terms, the recommendations related to policy and process changes. It was agreed that many of recommendations regarding good practice should be incorporated into a policy guiding the use of consultants and interims.
- 4.4 Progress in implementing the recommendations, including a draft of the policy, was considered by Sustainable Growth Scrutiny Committee at their meeting on 8 November 2011. The Committee made a number of comments regarding the draft policy, and requested that an updated draft was brought back to their meeting of 6 March 2012 for consideration. Following this the Policy was approved by Cabinet on 26 March.
- 4.5 The policy has been rolled out across the Council, and reference included in all guidance on procuring consultants. The recent training on contract regulations has included update training on the policy.
- 4.6 Scrutiny also recommended that on-going monitoring of the use of consultants should fall to Audit Committee. Audit Committee considered an update report on 26 March, including this role. The following was agreed:

*The Committee agreed the adoption of their role in monitoring the arrangements for the use of consultants at Peterborough City Council;*

*It was agreed that the Head of Corporate Services would:*

- *Produce a six monthly report to Audit Committee on the use of consultants by Peterborough City Council; and*
- *Would include detail on which departments had used consultants.*

- 4.7 It was also requested that information relating to the types of projects were included. Members also suggested that a template on reporting the use of consultants should be developed without the need to conduct a full review each time to Audit Committee. The remainder of this report provides the updates as requested.

#### 4.8 **Use of consultants**

The definition of consultancy is based upon standard procurement classification. As such it covers a wide range of companies and services. Expenditure is included here if the company meets the standard classification, irrespective of exactly what services have been provided.

- 4.9 The spend for the last three years for both consultancy and interim spend is shown below, outlining a decline over those three years, and a continuing decline in this year.

	<b>Consultancy £m</b>	<b>Interim £m</b>	<b>Total £m</b>
2009-10	7.1	1.4	8.5
2010-11	5.3	1.1	6.4
2011-12	4.7	0.7	5.4
2012-13 (6 month period to end September 2012)	1.4	0.5	1.9

- 4.10 It should be noted that the exact pattern of spend depends entirely on what projects are underway in the council.
- 4.11 A list of companies used in the last year is included in appendix 1, indicating the breadth of these companies and services that are included in the standard classification and in the analysis in this report.

## **5. CONSULTATION**

- 5.1 Audit Committee considered options for how they wish to monitor use of consultants in the future at their meeting of 26 March 2012.

## **6 ANTICIPATED OUTCOMES**

- 6.1 That Audit Committee consider the update report on the use of consultants.

## **7 REASONS FOR RECOMMENDATIONS**

- 7.1 The recommendations are in line with the recommendations of Scrutiny, and the view of Audit Committee in undertaking this role.

## **8 ALTERNATIVE OPTIONS CONSIDERED**

- 8.1 Audit Committee considered options for how they wish to monitor use of consultants in the future at their meeting of 26 March 2012.

## **9 IMPLICATIONS**

- 9.1 Where appropriate, the policy outlines implications for areas such as Legal, Human Resources, Procurement and Finance.
- 9.2 This report does not have implications for specific wards.

## **10 BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- Consultancy Review Report, March 2011;
- Report to Sustainable Growth Scrutiny Committee, 8th November 2011;
- Report to Sustainable Growth Scrutiny Committee, 6th March 2012; and
- Reports to Cabinet and Audit Committee 26<sup>th</sup> March 2012.

## **11 APPENDICES**

- Appendix 1 - list of companies used in the last year; and
- Appendix 2 - Spend by department and example projects.

## List of companies used in the last year

A G L Consulting
AMTEC Consulting Plc
Andrew Belson Arboricultural Con.
Anglia Support Partnership
Ann Goldsmith Ltd
Athene Communications
Barker Storey Matthews
Blue Blanket Ltd
Brown, Kamni
Building Research Establish. Ltd
Capita Business Services Ltd
CB Richard Ellis
CEN Services Ltd
Centre for Sustainable Engineering
Civica UK Limited
Copping, Mr Fernley
Don Latham Associates
Donoyou, Mr Richard
Drivers Jonas Deloitte
ES4S Ltd
Experian Ltd
G V A Grimley
Gilgar, Mr Eamonn
Governetz Ltd
Grey Laughton Associates
Halcrow Group Ltd
Headstuff Ltd
Hyder Consulting (UK) Ltd
Innovative Solutions
Jane Held Consulting Ltd
Jardine Lloyd Thompson
Jones, Miss Linda
Northgate Information Solutions
Ntrinsic Consulting Europe Ltd
Peter Brett Associates
Randstad CPE
Reilly, Mr Gerald
Richardson
Rider Levett Bucknall UK Ltd
Robert J Davis Associates
Sanham Agricultural Planning Ltd
Terrier Management Services
The Carbon Trust

### Spend by department and example projects

This table breaks down the consultancy spend for 2011-12 outlined in section 4.7 by department, and provides examples of projects undertaken in those departments.

<b>Department</b>	<b>spend</b>	<b>Examples Projects undertaken</b>
Chief Executives	£580,773	<ul style="list-style-type: none"> <li>• Growth projects including:               <ul style="list-style-type: none"> <li>○ Station quarter</li> <li>○ Southbank, including community stadium</li> <li>○ Bretton</li> </ul> </li> <li>• Running eco-innovation centre</li> <li>• Electoral review</li> <li>• Support for Greater Peterborough Partnership</li> </ul>
Children's Services	£667,638	<ul style="list-style-type: none"> <li>• Secondary schools development technical advice (Nene Park, Stanground, City of Peterborough and Ormiston Bushfield)</li> <li>• Procurement support</li> <li>• Improvement Board</li> <li>• Home Education work</li> </ul>
Adult Social Care	£263,759	<ul style="list-style-type: none"> <li>• Adult social care transition programme</li> </ul>
Operations	£223,385	<ul style="list-style-type: none"> <li>• Street lighting energy efficiency</li> <li>• Census project</li> <li>• Planning advice – POIS</li> <li>• Surface water management plan</li> </ul>
Strategic Resources	£2,915,960	<ul style="list-style-type: none"> <li>• Waste 2020 programme, including:               <ul style="list-style-type: none"> <li>○ final elements of transfer of city services to Enterprise</li> <li>○ Energy from Waste project</li> </ul> </li> <li>• Manor Drive project – establishment of Strategic Partnership with Serco</li> <li>• Central Funding Unit (income generating)</li> <li>• Bedford Borough Council project (income generating)</li> <li>• Head of Business Transformation</li> <li>• ICT support</li> </ul>
<b>Total</b>	<b>£4,651,515</b>	

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