

<b>SUSTAINABLE GROWTH SCRUTINY COMMITTEE</b>	<b>Agenda Item No. 6</b>
<b>9 NOVEMBER 2010</b>	<b>Public Report</b>

## Report of Councillors Lane, North and Sandford

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### SCRUTINY REVIEW - USE OF CONSULTANCY

#### 1. PURPOSE AND BACKGROUND

- 1.1 At their meeting of 15 March 2010, the Sustainable Growth Scrutiny Committee requested a review into the Council's use of consultancy.
- 1.2 Before this review, the Best Value and Corporate Resources Policy Overview Committee undertook a review of the council's use of consultants and agency staff. It produced a number of recommendations, which are set out in Appendix 1.
- 1.3 In November 2006 a monitoring report was provided to the Committee in respect of the recommendations. This is attached as Appendix 2.
- 1.4 The purpose of this report is to provide an interim update on the work undertaken by the current review group.

#### 2. RECOMMENDATIONS

- 2.1 The panel are asked to acknowledge the content of this report.

#### 3. INTERIM REPORT

- 3.1 At a meeting of the Environment Capital Scrutiny Committee on 14 January 2010, to discuss the proposed Council budget, the subject of use of consultants arose. It was agreed that the Sustainable Growth Scrutiny Committee be recommended to undertake an in-depth scrutiny review into the cost and effectiveness of the Council's use of consultants and to make recommendations on the future use of consultants by the Council to inform the development of budgets in future years. At its meeting of the 18 January 2010, the Sustainable Growth Scrutiny Committee produced a list of questions which it asked to be answered, and they are included at Appendix 3.
- 3.2 On the 15 March 2010, the Cabinet Member for Resources delivered a report on the use of consultants to the Sustainable Growth Scrutiny Committee. Following this report and subsequent discussion, the Panel requested a task and finish group to be established to review the council's use of consultants and report back on its findings and recommendations.
- 3.3 In line with protocol, the Scrutiny Manager wrote to the Group Secretaries seeking nomination for the review. Councillors Lane, North, Sandford and Murphy were put forward by their relevant parties.
- 3.4 The group have met a regularly, firstly to agree the definition of consultancy and to agree a Terms of Reference, which is attached as Appendix 4.

- 3.5 Officers from Children's Services, Strategic Resources, City Services, Peterborough Delivery Partnership and the Operations Directorate have been interviewed to assess:
- (i) The impact that consultants have had upon their service areas, at a programme, project and individual level in terms of benefit realisation, knowledge transfer and cost; and
  - (ii) The measures in place for identifying staff potential as a route to reducing reliance on consultants.
- 3.6 The group have reviewed invoices, relevant contracts and have been provided with and have received training in order to be able to review information through the Verto project management system.
- 3.7 The next step for the group will be to meet to discuss the large volume of information that has been provided to assist the review process, and to report findings to the Scrutiny Committee on 1 February 2011.

#### **4. KEY ISSUES**

- 5.1 The use of consultants is an accepted business practice in many sectors, including the public sector, which is regulated by the Office of Government Commerce (OGC). The group have found at this interim stage that the use of consultants by many local authorities, including Peterborough City Council has increased in recent years.

The group has also established that the figure of £12.4m discussed at previous Scrutiny Committees included the costs associated with contractors. For the purposes of this review, the group have concluded that the amount spent on consultancy by Peterborough City Council was £6.6m over the same time period, April 2009 - December 2009. The total spending on consultancy, as per the group's agreed definition for the financial year 2009-10 was £8.2m.

Contextual information that outlines the spending on consultancy will be submitted with the group's final report.

The group will also report its findings with regard to whether consultants are improving outcomes for Peterborough citizens and delivering real value for money in terms of cashable and non-cashable savings.

- 5.2 The group accept that expert impartial advice is sometimes required for specialist project work, however one of the recommendations from the 2006 review was *'when there is the need to appoint someone for a time limited piece of work the Council's policy should be to look within existing staff first to see if anyone has the required skills'*.

The group is committed to ensuring that managers are making efficient use of the skills of existing staff and will be reporting on this in its final report.

- 5.3 It is clear from officer interviews that Council departments are taking steps to become more business like and efficient and that there is a corporate drive to achieve this. The group has heard from a number of sources that private sector expertise is required to deliver reform. The group is in the process of undertaking a cost and quality comparison exercise to satisfy itself that the council is getting value for money from consultants.

#### **6. IMPLICATIONS**

- 6.1 It is proposed that, once completed, the review group's report might inform the Cabinet Member for Resources on how the council can increase the value for money from the use of consultants and improve outcomes for staff and Peterborough citizens.

**7. EXPECTED OUTCOMES**

7.1 That the panel acknowledge the progress made by the review group.

**8. NEXT STEPS**

8.1 The review group is subject to regular meetings and will report back to Scrutiny on 1 February 2011 with full details of its findings.

**9. BACKGROUND DOCUMENTS**

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

9.1 None

**10. APPENDICES**

10.1 Appendix 1 - 2006 Summary of Recommendations  
Appendix 2 - 2006 Review of Recommendations  
Appendix 3 - Councillor Fletcher's questions  
Appendix 4 - Terms of Reference and consultancy definition

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