

SUSTAINABLE GROWTH SCRUTINY COMMITTEE	Agenda Item No. 5
15 MARCH 2010	Public Report

Report of Cllr David Seaton, Cabinet Member for Resources

USE OF CONSULTANTS – SCRUTINY REVIEW

1. PURPOSE & BACKGROUND

- 1.1 This report has been prepared following a series of scrutiny meetings. At a meeting of the Environment Capital Scrutiny Committee on 14th January 2010, to discuss the proposed council budget, the subject of use of consultants arose. The minutes of this meeting are attached at Appendix 1. 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. Although not referred to in the minutes, the Executive Director – Strategic Resources, offered to meet with the Chair of the Sustainable Growth Scrutiny Committee to prepare the terms of reference for the review. That meeting did not take place and at its meeting held on 18th January 2010 the Sustainable Growth Scrutiny Committee produced a list of questions which it asked to be answered, and they are included at Appendix 2.
- 1.2 Before this recent request for a review, in September 2005 the Best Value and Corporate Resources Policy Overview Committee undertook a review of the Council's use of agency staff and consultants. It produced a number of recommendations, which are set out in the report at Appendix 3. The Executive produced a response to the recommendations, at Appendix 4. Essentially, Cabinet agreed to the recommendations with the "proviso that any new procedures be delegated to the Director of Strategic Resources and must be sufficiently flexible and responsive to allow for prompt hiring when necessary". In November 2006 a monitoring report was provided to the Committee in respect of the recommendations, and this is also attached in Appendix 5.

2. RECOMMENDATIONS

- 2.1 As Cabinet Member for Resources I am very keen that this review moves forward as quickly as possible and I have secured officer resources to enable this to happen.
- (a) Notes the contents of this report
 - (b) Sets up a task and finish group in accordance with the constitution to review the use of consultants by this Council and report back on its recommendations to the Executive in due course.

3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT

- 3.1 Effective scrutiny is an essential part of ensuring that the council is held accountable for its decisions, and thus helps it to meet all of the priorities and outcomes set out in the Sustainable Community Strategy, and the Local Area Agreement. The contents of this report are generic, and do not link to specific National Indicators.

4. INTRODUCTION

- 4.1 The use of consultancy is an accepted business practice in many sectors in this country. In the last few years however, it has been increasingly used by the public sector which has excited a debate, not always informed, about the cost and use of consultants with public money. This debate has often been characterised by headlines giving overall cost of consultants, but missing the real debate as to whether consultants or a consultancy delivers real value for money as well as producing improved outcomes for the citizens of a particular area.
- 4.2 The public sector's use of consultants has increased for a number of important reasons. For this Council it has been because the Council has wanted to become more business like and efficient which required the use of expertise from the private sector to achieve this. In addition, it has embarked on a number of high profile and ambitious projects, for which expert advice was necessary to ensure those projects' success.
- 4.3 There is also no clear definition of consultants/consultancy agreed in organisations. Quite often it is used as a catch all for a range of services from agency staff to out sourced contracts.
- 4.4 This Scrutiny Committee has decided to embark on a review of this Council's use of consultants. This review is welcome and will help inform the Council's decisions on the use of consultants in the future. Members are aware that this Council spends a significant amount on consultants in return for impartial, specialist project work. In terms of return on that spend members need to ensure that the outcomes achieved by this spend delivers one or more of the following objectives:-
- Reduced costs
 - Pitfalls avoided
 - Greater certainty of success
 - Increased speed of delivery
 - Reduced pain of implementation
 - Increased return on investment
 - Better use of technology
 - More sustainable use of resources (source MCA)

The report therefore aims to achieve the following:-

- (a) Equip this Scrutiny Committee with the tools and expertise to conduct an in-depth robust and challenging review of the use of consultants by using examples of best practice of other councils and guidance from the IDeA.
- (b) Provide three case studies of the consultancy arrangements which represent the Council's largest financial commitment to demonstrate how the tools which need to be developed can be effectively deployed to get "under the skin" of these arrangements and whether they provide value for money for the Council and improve outcomes.
- (c) Enable the committee to conduct this review in a balanced, robust, challenging and fair way which ensures openness and transparency of the work consultants do, their cost and what is achieved for the Council and the citizens of the city through their work.
- (d) Enable the work of the Best Value and Corporate Resources Policy Overview Committee in 2006 on the use of consultants to be updated from the lessons learnt from this review and more importantly support the Cabinet Member for Resources in his decision making in this area of his responsibility.

5. BEST PRACTICE ON USE OF CONSULTANTS

- 5.1 There is now published best practice on guiding and assisting councillors to properly and robustly scrutinise this area of work. The IDeA has produced a guide to assist members in making savings through better procurement in professional services. The document itself is attached at Appendix 6. Members will see that the guidance contains a useful checklist of questions that members can ask to assess the capability of their authority to procure and manage professional services professionally and efficiently. Members will be recommended to adopt this approach in their review.
- 5.2 At Appendix 7 is a Scrutiny Review final report from March 2008 of Salisbury District Council into the use of consultants. This is a thorough and in-depth review conducted over a period of time into the use of consultants at Salisbury District Council. Their methodology is robust which members will see in the body of the document. Any such review cannot just rely upon sifting through documents, individual invoices and contracts. The effectiveness of the Salisbury methodology is that they did some extensive desk top research, interviews with relevant officers and external stakeholders.
- 5.3 To add to that methodology for this review, members may also wish to interview staff who have worked with consultants and who now work in a completely different way as a result of their input of skills transfer from the consultants to the officers concerned. Our own staff would welcome an input into this review, so that they can give first hand knowledge of their experience of working with consultants.
- 5.4 Our methodology should also include interviews with external stakeholders as some of the projects taken forward by our consultants involved their interaction with those stakeholders. This will give members a rounded picture of how consultants have worked with our partners in achieving some of the Council's objectives and outcomes.
- 5.5 The scrutiny review from Salisbury District Council is, of course, one way that such a review can take place and the methodology and approach used is one that members may wish to consider adopting parts or all of in their review of the use of consultants in this Council.
- 5.6 The Sustainable Growth Scrutiny Committee has produced its own set of questions which, on their own, are legitimate but members will now see how, against the IDeA's guidance and the work done by Salisbury District Council, those questions will only provide a partial and potentially fragmented picture of how consultancy is used in this Council. Indeed, the questions are more concerned about the identity of individual consultants and the rates paid to them and do not provide a robust and challenging methodology to this area of the committee's work. The questions asked also do not provide a robust methodology to create a comprehensive review of the use of consultants. The questions will just generate potentially hundreds of pages of paperwork, without any context, ability to question individuals, businesses or partners to give a complete picture of how consultancy is used in this Council. Having said that, the committee can, if they so wish in adopting a methodology for using consultants, seek the material requested in their questions if that material is relevant to the task in hand and furthers the analysis that is required for a robust review. One other document which may assist this committee's consideration of the relative value of consultants is the Management Consultancies Association's conceptual model at Appendix 8. This model provides a useful summary of the types of skills and outcomes that we should be expecting from consultants.
- 5.7 Therefore, the approach suggested in the next paragraph will enable members to determine themselves what documents are required, who they should see, what sites they should visit and what partners they should interview. As previously stated, the case studies below will enable members to appreciate the breadth, depth and span of the work consultants do to enable members to shape and form the robust methodology which is required to do this job thoroughly.

- 5.8 It is therefore recommended that the Sustainable Growth Scrutiny Committee sets up a task and finish group under its terms of reference set out in part 3, section 5.4 paragraph 7 part 4, section 9, paragraph 17. It will need to establish:-
- (a) specific terms of reference for the group;
 - (b) membership of the group;
 - (c) proposed dates for reporting back to Growth Scrutiny Committee;
- 5.9 The first task of the group will be to produce a protocol for effective scrutiny of the use of consultants in accordance with the best practice guidelines, particularly that issued by the IDeA, as well as coming up with a clear definition of “consultants” to clarify the scope of the review. It is likely that the group will start with a research phase in two parts. First, a desk top research phase where the committee calls for documents and information they need to conduct this review against the methodology they have established. The second research phase would be site visits, not only to meet with consultants but also staff who have worked with them. It could also include visits to stakeholders of businesses, as previously stated. The third phase will be then to examine and evaluate the desk top research and site visits and determine the recommendations to be made to the council on the use of consultants.
- 5.10 Suggested terms of reference for the task and finish group are attached at Appendix 9. Clearly, the group themselves will wish to review the suggested terms of reference and produce their own, as well as the methodology for their work.
- 5.11 In order for the Scrutiny Committee to carry out a thorough and robust piece of work, officer resources will be devoted to ensure that the review is conducted in an efficient and timely manner.

6. THREE CASE STUDIES

- 6.1 The next three sections of the report deals with three consultancy arrangements where the Council's spend is at its greatest. The consultancy arrangements are Amtec, Atkins and Serco. All three contract decisions were authorised through the Council's approved procedures and none of the Cabinet Member Decision Notices were called in by Scrutiny Committee. In addition, the Amtec contract was subject to a separate report to the Business Efficiency Scrutiny Panel, which your Chairman was a member of. This part of the report will describe the procurement process for these consultancy arrangements, the cost of them and the work completed by the consultants. Through these three illustrations, members will get a greater feel of the scope of the work of these consultants, which will better inform members as to how to conduct their scrutiny review.

7. CASE STUDY 1 – AMTEC CONSULTING GROUP

7.1 Background

The Amtec contract, otherwise known as the Professional Services Partnership, is an umbrella contract under which a range of diverse consultancies work.

Amtec is a family owned independent company which specialises in this form of contracting. There is no link in terms of company ownership between Amtec and any consultants working within Peterborough. Amtec is the independent commercial vehicle appointed by Peterborough City Council to 'manage' the process of engagement and ensure value for money and good business discipline.

Amtec has 16 framework registrations with the Office of Government Commerce (OGC - the Government's buying agency for the public sector), which allows both local and central government to purchase pre approved consultancies through a framework. These government frameworks offer an alternative to expensive and relatively slow procurement processes which have been estimated to cost the procuring authority up to 15% of the total contract value. This money can be better used in service delivery and as such it is recognised as good practice to use government frameworks and to manage all spend in a 'compliant' manner.

Amtec has recently (January 2010) re-bid the OGC framework and has been re-awarded OGC registration, top scoring nationally in seven out of the eight categories and having the lowest average fee rate card of any of the appointed suppliers. V4, along with companies such as CIPFA, SOCITM and National Computing Centre (NCC) are members of the MCAS consortium, which is the name of Amtec's consortium of suppliers.

The Public Services Partnership (PSP) is Peterborough's method of controlling demand for consultancy and assessing value. Since its introduction, officers have to provide robust business cases for projects requiring consultancy inputs that include measurable deliverables, arrangements and process to reduce and manage risks to project delivery, other performance indicators and exit arrangements so that the finished product can be absorbed into the council's day-to-day business. The PSP was created to enable a single governance and contract arrangement to be put in place where possible

Spending through the contract takes a number of forms as set-out below but as the compliant model umbrella contract for project management and consultancy spend it should be the vehicle used for most of the Council's consultancy spend. The only exceptions are where spend does not fall within the scope of the OGC framework under which Amtec were appointed or where an alternative procurement route is available to the Council which is more cost effective or has access to alternative skill sets not available through Amtec.

A presentation will be given to Members of Scrutiny to show the rigour of the governance process being used by the Council which has also now been recognised as an example of good practice with Councils such as Middlesborough, Central Bedfordshire and East and West Cheshire adopting the same model for programme and project management.

7.2 Procurement

The Professional Services Partnership contract with the Amtec Consulting Group provides Organisational and Functional Consultancy Services and specialist services for major projects such as Manor Drive, Drugs and Alcohol review, Adult Social Care, Customer Services, Localities working, Human Resources and Environmental Capital.

The contract was procured through an EU compliant framework under the OGC's Operational and Functional Consultancy Framework. A mini-competition was undertaken in accordance with the OGC's terms and conditions of use. Amtec Consulting Group was appointed following a successful procurement process.

The governance structure and process used to monitor the projects delivered through the Amtec contract will be demonstrated to the Committee in a presentation by Heather Darwin, Business Transformation Manager, on 15th March.

£4.4m was spent on this contract between April 2009 and December 2009, of which £2.114m was spent on the Business Transformation Programme.

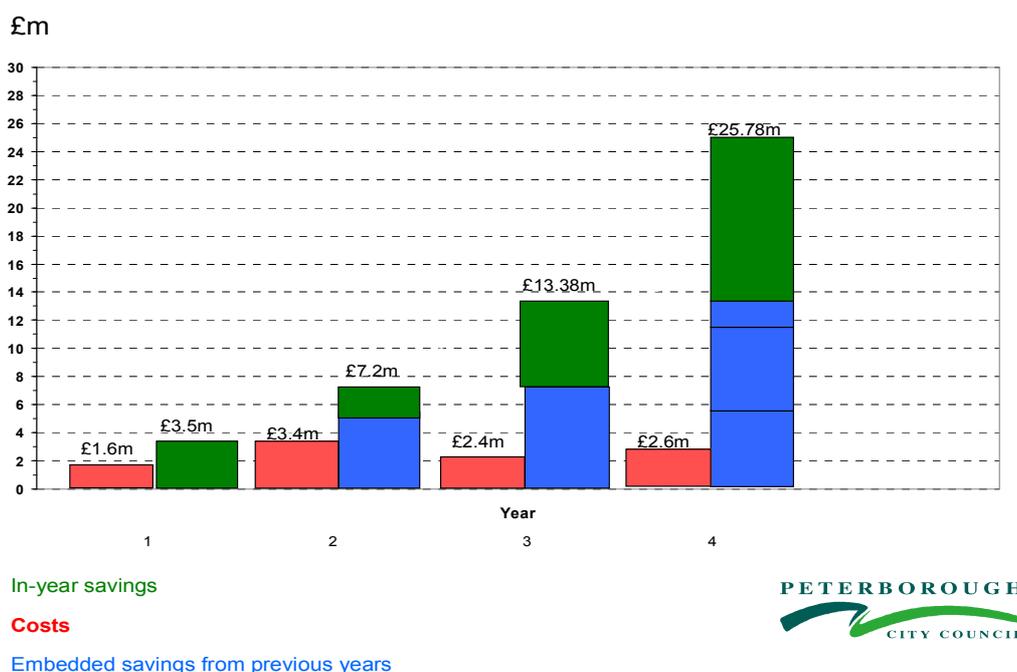
The breakdown of spend in this period was:

	£K	
Business Transformation	2,114	
Environmental	28	
Short-term Interim Managers	858	
LSP/Performance Management	458	
Regeneration	291	
City Services/Waste ALMO	608	
Total spend	4,357	(this includes money charged to other Councils and externally funded projects)

In simple terms the model is to take cost once and make the savings repeatable.

The graph below shows the effect of this in building sustainable and repeatable savings such that when we stop the one off spend the saving has been built into the base budget. This avoids the development of a reliance culture and builds a more operationally sustainable model for the future.

7.3 Return on Investment



NB. Year 3 and Year 4 show projected outcomes

7.4 Project Delivery and Outcomes Delivered

Set out below are some examples of the projects delivered through the Amtec contract:

- £5 cash returned to local taxpayers for every £1 invested in the Business Transformation programme since September 2006
- Solutions Centre teenage pregnancy project led to a reduction in the numbers of conceptions and better ratings from Government inspectors
- St John Fisher secondary school was turned around through an intervention procured through the Amtec contract which led to the departure of the head teacher, the appointment of an Interim Executive Board and the appointment of a new head teacher – together these measures have taken the school out of special measures and delivered dramatic improvements in results and Ofsted ratings
- The numbers of children and young people occupying expensive out-of-city social care placements was reduced from 386 to 343 through a methodical approach to assuring that care needs were met less expensively – saving £880,000 per year to be spent on better services

- £300,000 savings were released back into children's social care services through a dramatic improvement to the business processes in the intake and assessment function which massively reduced the time taken for assessments, reducing risk and improving child protection
- £250,000 a year was saved by co-locating social care teams and the homelessness service in a state-of-the art flexible workspace in Bayard Place, promoting vastly improved co-operation across the various specialist functions
- The council's chronic problems in recruiting professional social workers, which had contributed to its dependence on out-of-city placements due to there being insufficient capacity to recruit local foster carers, was reversed through a best practice workforce development programme which ended the structural vacancies across social work teams and has assured the delivery of professional development and the acquisition of appropriate professional practice qualifications across all social work teams
- A more commercial and disciplined approach to the procurement of services commissioned for people seeking to end dependency on drugs and alcohol released £460,000 a year back into the service for additional facilities and front-line services
- An innovative, data-driven, business model for managing children's services, which has received national attention, was introduced, giving visibility for the first time through the painstaking aggregation of an accurate picture of demand the costs of delivering services to the city's children and young people, segmented by levels of need, geography and socio-demographic characteristics. This model demonstrated the powerful impact that could be achieved by diverting spending away from tackling things when they have gone wrong and investing earlier in preventive measures – significant savings could be made, and a cycle of continuous additional investment in prevention established. The model is now being adapted to provide a cross-organisational framework for the planning and control of preventive interventions within the council's *Green Shoots* programme.
- A locality-based pilot approach to the delivery of children's services was then introduced using the new business model, providing better, more preventive and more accessible services in Stanground, delivering savings of £250,000 per year
- Effective programme and professional management of the council's Leisure Trust programme is helping to assume its delivery and the benefit to the council
- A professionally managed tender process led to the smooth transfer of the council's ICT services to Serco, delivering significant improvements in technical capability and business resilience, and £550,000 annual savings
- The back-office Manor Drive initiative reduced business administration costs by £1.2m as well as providing more coherent and systematic support to front-line services and a new income stream for the council
- The customer services programme saw the council become the first local authority in the eastern region to win the prestigious Customer Services Excellence award, which was retained a year later. In addition to £90,000 savings achieved, the programme saw a reduction of 86% in abandoned calls, and 87% increase in the number of calls answered within 20 seconds and a 25% increase in the overall volume of calls handled, but using fewer staff. We are now being asked by other public services to provide their customer-handling activities.
- £1.3m a year was saved by applying commercial disciplines to the procurement of civil engineering and transport engineering works

- A paperless purchasing system was implemented using the existing Oracle financials software platform – something that very few councils have achieved – saving £2.8m annually by reducing overheads
- £245,000 a year was saved by replacing almost seventy stationery suppliers with a single supplier, also delivering far better customer service standards, a huge reduction in unnecessary stock levels and many fewer carbon-producing deliveries being made
- The massive financial and environmental risks to the council and the city arising out of the requirement to stop using landfill for waste has been effectively driven through high quality management of the Waste 2020 programme
- £1.8m annual operating efficiencies delivered within City Services whilst it has been prepared to be taken into a fully commercial setting through a partnership with a commercial supplier
- Specialist buyers using best practices in “category management” save £1.5m a year from the previous budgets spent on supplies on services
- Adult Social Care contracts renegotiated using commercial supplier management disciplines, leading to £1.5m a year additional funding being released for front-line services
- Better management of contracting in the property design and maintenance function has saved £570,000 a year from the capital budget
- Human Resources team reduced in size from 41 to 25 positions delivering £600,000 annual savings and improved services to managers and teams
- Voluntary Redundancy programme managed in collaboration with the trade unions leading to £3m reduction in payroll costs without a single disputed case, and leading the principal trade union to refer the approach to national employers as an example of how the workforce and management should work together to achieve efficiencies
- Massive improvement to the culture and relationships between management and trade unions, exemplified through the evaporation of disputes over the single status agreement leading to the removal of seven interim managers who had been recruited to manage this process
- Multiple departmental instances of complicated human resources processes replaced with new, brief, simple approaches, all introduced collaboratively with the trade unions.

7.5 Project Case Study - Customer Services Transformation

The Council’s Customer Services Centre (CSC) was not meeting customer demands for a streamlined, unified, service that efficiently and effectively addressed customer enquiries and needs. Although improvements were being made, change was piecemeal and slow, and it was unclear if efficiency savings and high rates of customer satisfaction would emerge.

By procuring specific expertise and skills through the Amtec contract, the following was achieved:

- A review and re-engineering of customer contact processes within individual front-line services across the organisation. This enabled the migration of services such as Parking, Licensing, Trading Standards, Housing Options, Electoral Services and New Link (a service dedicated to meeting the needs of new migrants to Peterborough) to the centralised CSC.

- Improved training to enable employees to access multiple telephone queues and manage multiple call categories. In addition, working patterns were re-focused around customer demand in order to provide continuous cover. In response to meeting the needs of new migrant customers, the transfer of the New Link service increased the number of bi-lingual officers in the CSC from 11 to 15.
- Improvements in key customer service statistics, such as:

	February 2009	February 2010
% of calls answered in 20 seconds	74.38%	86%
% of calls abandoned	6.59%	3%
% of face-to-face customers seen within 30 minutes	92.72%	94.46%

As a result of the above improvements, the Council has recently received confirmation that it will maintain its Customer Service Excellence award in 2010.

7.6 **National Awards and Accreditations for Business Transformation and related programmes**

The Council's Business Transformation Programme has delivered and is now receiving national interest and reward for its outputs and outcomes as follows:

- **SOLACE** recognition for achievements of the programme in 2009 awarded to one of our consultants
- Noted by Price Waterhouse Coopers, the Council's **external auditors** for its "Use of Resources" score increase in 2008/09

"The Council has clear financial plans to cope with the impact of the recession. Significant improvements have been made by the Council in its financial management arrangements. Financial planning is good. Efficiency savings have been made, helping the Council to put more money into areas that residents think are most important. The "Business Transformation Programme" delivered over £10 million of savings. The Council improved its buying arrangements".

- Noted by the Audit Commission in the Council's Organisational Assessment for Comprehensive Area Assessment 2009

"Significant improvements have been made by the Council in how it manages its money. It is making savings and efficiencies. This has helped the Council to shift money to services that are most important for local people. The impacts of the economic downturn were highlighted early and action was taken to address them. When compared to similar places an average number of local people think that the Council provides value for money.

The Council has a good understanding of its costs. Using a "Business Transformation Programme" it looks at how services are provided and improves them. For example, the re-tendering of drugs services saved nearly half a million pounds".

Awards

- **LGC Finance Efficiency Initiative 2009 – Winner**
The Business Transformation Programme was a key component of this application
- **LGC Awards – Shortlisted** for the "Efficiency and Transformational Government" category – winner to be announced on 24 March 2010

- **Government Business Awards 2010 – Shortlisted** for Procurement, Finance and Waste – winners to be announced on 18 March 2010

7.7 **How could this Consultancy arrangement be further reviewed by this committee**

Scrutiny Committee has already reviewed the Amtec Consultancy contract at its meeting on 8th January 2009 but there are a number of further areas where Members may like to review the process. These include:-

- Business cases – the Council operates a very rigorous business case driven process but Members may like to review the parameters of this both to ensure rigour and to ensure the process does not become overly burdensome on services, which builds cost back into the Council.
- External review – as has been evidenced by the Salisbury City Council model Members may like to undertake a series of interviews with key stakeholders, staff and service providers as part of any review.
- Value criteria (assessment) – the current system looks at a target return on investment of 3:1 in financial terms of any engagement in business transformation over a three year period. This is constantly under review but Members may like to consider whether that parameter is too tough (meaning that good projects don't get funded as they don't meet the ROI) or too lenient (meaning that the return should be higher in a shorter period of time or more risk should be taken by the supplier)
- Framework for decisions about hiring employees v. engaging interims or specialist consultants – a model is being developed within the council that establishes an accurate comparison between the true costs of hiring permanent employees (of which some are hidden "on-costs", not contained within headline salary figures) and the costs of engaging interim managers or specialist consultancies on a project-specific basis. Members may wish to examine whether these true cost comparisons are made sufficiently frequently within the council so as to avoid the risk of permanent engagements being made for pieces of work that have a defined product, as well as ensuring overall that the council pays fair market rates for the work it wishes to see carried out. This model is already being used to assess the relative value/return of short time hires versus establishment staff e.g. business process re-engineering staff.
- IDeA/MCA – it is suggested that both the IDeA and MCA offer useful models of engagement which Members might like to consider using as part of any value assessment.
- Salisbury model – Salisbury City Council considered a detailed review of this subject area and their Scrutiny report is considered a useful background document for Members.

8. **CASE STUDY 2 - SERCO**

8.1 **Background**

The Council's ICT infrastructure is in need of substantial investment and the pressure on Council budgets looking forward meant another approach, other than pure Council borrowing, was required.

ICT is an area where scale can be important. Following detailed analysis by AT Kearney and consultants (appointed through Amtec) the Council undertook a competitive dialogue process to establish the most effective approach to managing a careful balance between substantial investment and cost savings.

Many of the largest ICT companies in the UK bid for the Peterborough contract and all suppliers offered a blend of savings and investment. Overall Serco came top in this process providing both significant savings and investment but also a resilience in terms of scale and skill which the Council can now call on. This breadth of service and contractor resilience is critical if we are to move towards linking our various systems and structures with other partners in Peterborough through the 'Green Shoots' programme through which the council works with other public services to reduce costs and deliver more efficient approaches.

The ICT Managed Service contract provides a range of ICT services such as Networks, Telecommunications, Helpdesk, Desktop, Servers, Hardware, Software, Applications, Development and Advice. It is relatively early days in the life of the contract but the ICT team is working hard both to support and lead change.

8.2 Procurement

Traditional procurement routes such as the open and closed OGC (Office of Government Commerce) procedures were not deemed appropriate given the complexity of the services to be contracted. The OGC Competitive Dialogue route was therefore chosen as it offered the Council and the bidders the opportunity to discuss any and all aspects of the service requirements within the procurement process and thus ensure much greater transparency and accuracy of the final bids.

£3.7m was spent on this contract between April 2009 and December 2009.

8.3 Project Delivery

To date, the new Managed Service, which commenced in October 2009 has delivered the following:

- £550k in annualised cashable savings (£5.5m over the life of the contract)
- Service improvements such as:
 - systems availability up from 99.46% in April 2009 to 99.95% in January 2010
 - server availability up from 99.6% in April 2009 to 100% in January 2010
- A series of new investment projects to support front line service delivery are underway, including:
 - Desktop Image Review
 - Home Performance Review
 - Backlog Review
 - Shared Storage Review
 - Active Directory Review
 - Encryption Review
 - Project Support Offices Initiation
 - Transitioned the ICT service from PCC to Serco
 - Introduced greater governance around changes to the PCC ICT estate
- Begun to transform the PCC ICT provision
- Initiated a cultural change within PCC regarding ICT service provision

9. CASE STUDY 3 – W. S. ATKINS

9.1 Background

WS Atkins provide highway asset management and planning, structures scheme design and supervision, transport planning support including traffic modelling, major scheme design and supervision, minor scheme design and supervision support, development control support and other related technical and design services.

Their contract is a framework contract let on a fee basis against a schedule agreed during the tender process and then revised each year as part of a 'challenge' process.

This challenge process was initially managed by consultants (appointed via Amtec) who both reduced the overall level of spend and reduced the contractual rate the Council is paying. This year the challenge is being managed by a council officer with limited external support and again the rates and the fee proposal has been successfully negotiated lower which reduces the overall level of spend and gives the Council 'more for less' in each consultancy pound it spends.

9.2 Procurement

The contract with Atkins was implemented following a competitive procurement process.

£2.1m was spent on this contract between April 2009 and December 2009.

9.3 Project Delivery

The Atkins contract has delivered among other projects the following:

- Design and supervision of three major GAF schemes: Junction 8, J21-22 Paston Parkway dualling, J2-3 Fletton Parkway improvement
- Design and supervision support on £12m primary route structures programme
- Production of Peterborough transportation model
- Support on Peterborough long term transport strategy

10. CONCLUSION

- 10.1 Conducting a thorough and robust review of the Council's use of consultants is an important piece of work in establishing whether the Council is getting both value for money and improved outcomes from their work.

This report endeavours to give members the tools to conduct a thorough and robust review of this Council's use of consultants by:-

- (a) providing best practice examples of questions and methodologies for conducting reviews;
- (b) providing draft terms of reference for a task and finish group to conduct a review;
- (c) providing officer resource to support such a review
- (d) providing case studies in this report to illustrate the range and breadth that such a review could cover to enable members to take an informed view of this task.

The outcome of the review will achieve a number of objectives, not least being a critical friend to the Cabinet Member for Resources on his role to manage the financial resources of this Council. Further, it will enable all members and the public to get a true picture of the use of consultants supporting the work of this Council in an open, transparent, balanced and fair way.

11. IMPLICATIONS

- 11.1 It is proposed that the review should inform the Cabinet Member for Resources how the Council can increase the VFM from the use of consultants.

12. BACKGROUND DOCUMENTS

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

- 12.1 As set out in the report.

13. APPENDICES

- 13.1 Appendix 1 Minutes of Environment Capital Scrutiny Committee – 14th January 2010
- Appendix 2 List of questions from Sustainable Growth Scrutiny Committee from its meeting on 18th January 2010
- Appendix 3 Report of Best Value and Corporate Resources Policy Overview Committee March 2006
- Appendix 4 Executive's response to the recommendations of the Best Value and Corporate Resources Policy Overview Committee.
- Appendix 5 Monitoring Report (November 2006) of the Best Value and Corporate Resources Policy Overview Committee.
- Appendix 6 I&DeA Members Guide on making savings through better procurement.
- Appendix 7 Scrutiny Review Final Report on the use of consultants – Salisbury District Council March 2008.
- Appendix 8 Management Consultancies Association's Model on the Value of Consulting.
- Appendix 9 Suggested Terms of Reference of Task and Finish Group to look at the use of consultants.

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