

<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 6
<b>3 NOVEMBER 2014</b>	PUBLIC REPORT

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

## USE OF CONSULTANTS – UPDATE REPORT

RECOMMENDATIONS	
FROM : Executive Director Resources	Deadline date : 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 subsequent updates, and is in accordance with the Committees' Terms of Reference:

- 2.2.1.12 To review any issue referred to it by the Chief Executive or a Director, or any Council body; and
- 2.2.1.16 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 report from the Consultancy Review Group was issued in March 2011. Scrutiny also recommended that on-going monitoring of the use of consultants should fall to Audit Committee. Audit Committee considered this role at their meeting of 26<sup>th</sup> March 2012.
- 4.3 A further report, outlining the information requested, was discussed at the meeting of 5<sup>th</sup> November 2012. Further updates have been considered at the meetings of 4<sup>th</sup> February 2013, and again on November 4<sup>th</sup> 2013. This report continues the regular reporting to Audit Committee

#### 4.4 **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.

- 4.5 The spend for the last five full years, plus in current year to date, for both consultancy and interim spend is shown below. The trend over that period is for a reduction in spend.

	<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	3.5	0.8	4.3
2013-14	3.3	1.2	4.5
2014-15 (6 month period to end September 2014)	1.1	0.5	1.7

- 4.6 Consultancy spend continued to reduce in 2013-14. Interim spend was higher in 2013-14, mainly due to the need to support improvement and transformation projects in Adults and Childrens services.
- 4.7 It should be noted that the exact pattern of spend depends entirely on what projects are underway in the council. These projects may be one-off, but given the scale of some projects they may continue across more than one year. Spend on consultants occurs across both the revenue and capital budgets of the Council.
- 4.8 The policy agreed by Cabinet and Audit Committee to manage use of consultants, including the need for a business case to be produced, remains in place. The Corporate Management Team have reviewed all arrangements, and considered the necessary exit strategies to reduce reliance on interims.
- 4.9 A list of companies used in the current financial 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. Appendix 2 includes the breakdown of spend by department in the current year, and Appendix 3 includes those interims in role for more than one year.

#### **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. Subsequent discussions at the meetings referred to have refined the information they wish to monitor.

#### **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.
- Report to Audit Committee of 5<sup>th</sup> November 2012
- Report to Audit Committee of 4<sup>th</sup> February 2013
- Report to Audit Committee of 4<sup>th</sup> November 2013
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## **11 APPENDICES**

- Appendix 1 - list of companies used in the last year with project breakdown; and
- Appendix 2 - Spend by department
- Appendix 3 – consultants/interims in place for more than one year.

**Appendix 1 - List of companies used this year, with project descriptions**

<b>Supplier Name</b>	<b>Project Description</b>	<b>Consultancy</b>	<b>Interim</b>	<b>Total</b>
AECOM Ltd	To carry out feasibility studies on the wind and solar project	87,924		<b>87,924</b>
Cambridgeshire ACRE	Cambridgeshire ACRE. Contribution towards Cambridgeshire & Peterborough Affordable Housing Partnership for 2014/15	2,000		<b>2,000</b>
CarnDu Limited	Safeguarding Advice	951		<b>951</b>
East of England LGA	Asset Management Health Check	12,500		<b>12,500</b>
GatenbySanderson Ltd	Interim Assistant Director Strategic Commissioning, Adult Social Care Health & Wellbeing		77,244	<b>77,244</b>
Grant Thornton UK LLP	GT for financial advice on the Council's JV proposals	44,201		<b>44,201</b>
Green Park Interim and Exec Ltd	Interim Head of Legal Services		65,000	<b>65,000</b>
Hoare Lea	Works for Peterborough Football Ground:Critical appraisal of contractors M&E proposals; Fire Engineering	20,600		<b>20,600</b>
Kealey-HR	HR Arrangements, including provision of HR Director and Head of HR		47,594	<b>47,594</b>
Olsen Partnership Limited	Re branding	2,350		<b>2,350</b>
P McCourt Services Limited	To assist with Monitoring Officer functions and provide senior legal assistance		60,827	<b>60,827</b>
PECT	Assistance for Zero CO2 project	6,125		<b>6,125</b>
Rider Levett Bucknall UK	Rider Levett Bucknall to provide technical advisor and project manager services for the schools capital programme	38,863		<b>38,863</b>
				<b>0</b>
Serco	Care Bill implementation, including review of systems	492,135	299,890	<b>792,026</b>
	Childrens Social care improvement			
	Superfast Broadband project			
	Adult Social Care Procurement Support			
	Adult Social Care Transformation Programme			
	Fletton Quays and Growth			
	Interim Manager LD Commissioning			
	Interim Manager Head of ASC finance			
	Interim Manager Head of Family Support			
	Energy Conservation Works - Phase 1&2			
	Westcombe Industries Interim Management			
	Waste 2020 Programme			
URS Scott Wilson Ltd	Junction 17-2 Improvement Scheme. Design, surveys reports to be undertaken by URS	220,193		<b>220,193</b>
Westco trading limited	Communication support by Westco	222,862		<b>222,862</b>
<b>Grand Total</b>		<b>1,150,704</b>	<b>550,555</b>	<b>1,701,259</b>

## Appendix 2 - Spend by department

This table breaks down the consultancy and interim spend for 2014-15 to date outlined in section 4.5 by department:

	<b>Consultancy £</b>	<b>Interim £</b>	<b>Total £</b>
Adult Social Care	101,008	252,955	<b>353,963</b>
Chief Executive	4,910	0	<b>4,910</b>
Childrens Services	137,892	0	<b>137,892</b>
Communities	18,013	0	<b>18,013</b>
Growth & Regeneration	404,371	0	<b>404,371</b>
Resources	261,649	124,179	<b>385,828</b>
Governance	222,862	173,421	<b>396,283</b>
<b>Total</b>	<b>1,150,704</b>	<b>550,555</b>	<b>1,701,259</b>

### **Appendix 3 - Interims utilised for more than a year as at end of September 2014**

The following appendix lists roles that were being utilised at the end of September 2014, and were being utilised in some form 12 months earlier. Note that not all individuals will have been employed continuously in that period, some will have worked for ad hoc periods as necessary, and/or operate on a part time basis.

The Corporate Management Team have reviewed all interim arrangements, and considered the necessary exit strategies to reduce reliance on these interims.

- Interim HR Director
- Interim Head of Legal and Governance
- Interim Head of Finance (Adult social Care)
- Interim MD Westcombe industries
- ICT and information governance
- Interim Manager LD Commissioning
- Adult Social Care Transformation \*3 (projects include Dementia Resource Centre, Residential Care, Assistive Technology, Integrated Community Equipment and systems reviews)