

## **Sustainable Growth Scrutiny Committee**

### **Response to Councillor Fletcher's Questions**

- 1) *Identify all consultancy companies*

The names of all Consultancy companies employed during the financial year 2009/2010 are listed in the attached Appendix 2

- 2) *Identify any company which may be sub-contracting to the main consultancy company*

In terms of the Professional Services Partnership, the main consultancy company, Amtec Consulting Group, use a delivery partner V4 Services Ltd. With reference to the other main consultancy companies, the Council do not keep records of their sub-contracting companies.

- 3) *Identify the employees of the sub-contracting company who may be actually working for PCC*

In terms of the Professional Services Partnership, the following people from V4 Services Ltd have worked or are currently working for PCC, but it is not known what their employment status is within V4 and whether they could be classed as "employees".

Ben Ticehurst  
Paul Tonks  
Adam Jacobs  
Keith Bayliss

- 4) *Are the employees of the sub-contracting company directors of that company*

The Council do not keep such records of sub contracting consultancy suppliers, only details of the primary suppliers are kept

- 5) *Identify any other individuals who may be operating on a self employed basis and are engaged by PCC*

The details supplied in the attached Appendix 2 are the only details kept. The main consultancy companies listed are businesses where the employment status of any particular individual is unknown.

- 6) *Identify the service period of any and all individuals who have been employed by PCC, on a consultancy basis, either directly or indirectly*

The service periods of each of the Consultants is identified in Appendix 5.

- 7) *Clarify the actual reason for the engagement of all consultants and companies, the areas of work undertaken and the financial benefits derived from that employment*

The spreadsheet details where consultants have been engaged on assignments with clear business cases, recorded and tracked through the Verto project management system (marked 'Verto' in the project management column in Appendix 3). A summary of the value of consultancy worked

managed under Verto is included at the bottom of the table in Appendix 3. Full details of work completed and the financial benefits delivered associated with these projects will be included in the review group's final report due to be presented to the Sustainable Growth Scrutiny Committee meeting on 1<sup>st</sup> February 2011.

8) *Clarify the status of Amtec PLC in relation to V4 Ltd and method of remuneration*

V4 Services Ltd is the delivery partner to Amtec Consulting Group. The Council are contracted to Amtec and not V4 Services Ltd and therefore do not hold or have access to details of remuneration between Amtec Consulting Group and V4 Services Ltd.

9) *Who actually makes the decision to engage a consultant and how is this decision actually authorised*

Decisions to engage a consultant are normally made by senior officers. As with all procurement, the authorisation process is determined by value through compliance with Contract Regulations and Financial Rules. Depending on whether the arrangement with the Consultant is call-off contract through a framework (such as the Professional Services Partnership) then other governance processes may be introduced since the original authorisation was for the framework itself and not assignments which pass through it.

The Professional Services Partnership has an underlying Cabinet Member Decision Notice that authorised the appointment of Amtec Consulting Group through an OGC Buying Solutions Framework but it is also supported by a robust governance process which ultimately, every assignment is authorised by the Executive Director of Strategic Resources via the approval of a business case.

Another example is that of the appointment of Tribal Education Ltd who were the specialist ICT and Education consultants for the Building Schools for the Future programme. The appointment and subsequent authorisation was in accordance with Contract Regulations whereby the value exceeded £150,000.00, (the authorisation limit of the majority of Heads of Service) and the approval of award was made through a 'Contract Award Report' by the appropriate director, in this case John Harrison, Executive Director for Strategic Resources.

10) *Who determines what rate is paid*

There are a number of answers to this question and it depends on how the consultant was procured. If a consultant is procured through a framework then more often or not there is a rate card associated with the framework. Where open tendering is undertaken, usually, the procuring officer would request the tenderer to submit rates. Other rates are determined by direct negotiation.

11) *Exactly what rate is paid, plus any other fees which may be involved*

These vary according to consultant and contract terms. Some rates are inclusive of accommodation and travel, other rates exclude these and are additional charges.

In terms of the Amtec Consulting Group, there is an associated rate card that was included in their tender submission for the OGC Buying Solutions Framework. Rates submitted are aligned to the level of the consultant. While there are rates within the framework, these are variable and can be individually negotiated according to whether a specific individual is required. The Project Manager also has the ability to negotiate with Amtec for a discounted rate and therefore the rate card is for guidance only. The rate card submitted was for the initial tender response for the commencement of the contract in September 2008 and an annual uplift of approximately 3% is applicable although to date we have not been charged this.

12) *And 13) Provide documented evidence by way of a copy invoice as proof of all monthly payments. Provide documented evidence of the actual yearly cost of all consultancy fees*

Copy invoices are commercially sensitive and not for general release. This ensures that the council gets the best value for money especially where there has been direct negotiation with suppliers to reduce their standard rates. The review group has selected and quality assured a sample of the invoices paid in 09-10. Details of this process will be included in the group's final report.

14) *What action is being taken to reduce the reliance on consultants*

The council has sought to use the expertise of consultants to pass on their skills to the organisation as a whole. Consultancy roles have reduced significantly over the past two years and internal roles have been created instead. The following projects are now led by employees of the Council:

- The transformation and improvement of our customer services
- Front to back office integration
- Central funding unit which looks to attract additional external funding for the council
- Our project management and business analysts are all council employees after the transfer of expertise from former consultants
- The council's Manor Drive business support which has helped to reduce the council's reliance on employment agencies through running its own mini-employment agency that recruits staff to work across the council in administrative roles as and when they are needed.

The council has very carefully monitored the return on its investment in consultancy services. The overall return on investment on consultancy spend has continued to increase with savings doubling in the last financial year. Specific examples of savings achieved by reducing consultancy spend are:

- We no longer pay consultants to examine and improve the way we run our day-to-day business and have instead created internal business process improvement posts saving £95,500
- We no longer have consultants overseeing how we buy in goods and services for the council saving £161,650

- We have reduced the amount we pay the consultants we do employ – we have generally reduced day rates by between 5% and 10% saving £119,451

*15)What recommendations, if any, were implemented following on from an enquiry held some five or six years ago into the use of consultants*

An update on the recommendations to December 2010 is attached and further progress is expected by the end of this financial year.