

**TO: OVERVIEW AND SCRUTINY COMMISSION
26 JANUARY 2017**

**USE OF CONSULTANTS
Director of Corporate Services**

1 PURPOSE OF REPORT

- 1.1 This report provides the Overview and Scrutiny Commission with information about the Council's use of consultants including the different circumstances in which they are used and the processes which are followed to engage them.

2 SUPPORTING INFORMATION

Definition of Consultants

- 2.1 The term "consultant" is widely used and covers a range of different circumstances in which local authorities employ individuals or organisations to undertake tasks on their behalf, including:
- Interim or agency staff – their contracts are usually short term as their role is to either cover vacancies within a team whilst they are being filled or deal with a temporary peak in workload e.g. administration of housing benefits, payment of suppliers etc.
 - Specialist staff – these are used where the Council requires a particular skill or expertise but has decided that it is not best placed to employ permanent staff to undertake the work e.g. bridge assessments, planning and delivering complex building projects etc.
 - Senior interim managers – where a person is required to fulfil a vacant senior role but where the Council has not managed to recruit permanently e.g. Director of Adult Social Care, Housing and Health.
 - Management consultants – to access expert knowledge, analysis and advice to facilitate decision making and support organisational changes (normally including cost reductions) where the Council does not retain the in-house capacity as a matter of course to do this using existing staff.
- 2.2 While some of these categories are fairly uncontentious and widely accepted as standard business practice, there is a common public misconception that many consultants used by local authorities are 'management' consultants, who are typically regarded as expensive resources.
- 2.3 It is often the case that using consultants, interims or agency staff is more expensive in terms of a daily rate than employing our own staff, however consultants are not used in the same way as permanent employees (i.e. 5 days per week, 52 weeks per year). Recognising this, a number of principles underpin their use to ensure the Council is not incurring unnecessary expenditure:
- There is an identifiable need due to a temporary peak in workload.

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- The Council is unable to recruit to a particular position at this time.
 - The Council would expose itself to an unacceptable level of risk by leaving a position vacant whilst a permanent replacement is sought.
 - There is a short term need for specific skills or expertise but the extent of the work does not justify the employment of a permanent member of staff.
- 2.4 The key to all of these is the time limited nature of the requirement. A specific example is where the Council has taken its turn as the lead authority for the SE Sector Led Improvement Programme, which means it has incurred costs (fully reimbursed) on behalf of other authorities during 2016, which it will not do in other years.
- 2.5 Councils frequently receive freedom of information (FOI) requests into their use of management consultants, often from media who are seeking stories with eye catching headlines. They typically find it difficult to respond accurately to such FOI requests as there is no commonly agreed definition of a “consultant”. This means that it is usually an onerous task to trawl through the detail of expenditure broadly classified in financial systems as “consultancy spend” and analyse this across different categories such as those under paragraph 2.1 above.
- 2.6 The position in Bracknell Forest is typical of that across the country. Within the Agresso system there exist codes to capture consultants fees in both revenue and capital, which are used for a variety of purposes. The total expenditure coded against these for the calendar year 2016 (the most recent 12 month period that is available) is shown in Table 1 below:

Table 1: Total Expenditure Coded to Consultants Fees In 2016

	£000
Corporate Services	887
Children Young People and Learning	1,229
Environment Culture and Communities	587
Adult Social Care Health and Housing	143
Total Revenue	2,846
Capital Schemes	2,507

- 2.7 As indicated in paragraph 2.5, it is a time consuming task to analyse the details of this expenditure and retrospectively provide an explanation of the need to engage external expertise for individual services and issues, although clearly before expenditure is committed each item is carefully examined. With information on all expenditure incurred by the Council needing to be publicly available, we would typically direct any FOI or similar requests to this information which can be found on the Council’s website.
- 2.8 In order to help the Overview and Scrutiny Commission better understand the Council’s use of consultants, sums coded against “consultants fees” in Agresso in the calendar year 2016 for each different payee are shown in detail in Annex A to this report. In addition, details of the top 25 consultants used (by value paid during 2015) are shown in Annex B.

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- 2.9 From this information it can be seen that whilst the Council does make some use of “management consultants”, with the Transformation Programme being the most recent and high profile example, the vast majority of consultants used by the Council have a completely different role supporting and delivering front line services.

Processes for Recruiting Consultants

- 2.10 The process adopted will depend ultimately upon the type of person required. Initially, the Council’s contract with its agency staff provider, Matrix, must be used. This is to ensure compliance with the Council’s Contract Standing Orders. Under our category management approach to council wide spend this also minimises off contract spend.
- 2.11 Whilst Matrix are able to meet most of the Council’s needs for temporary staff this is not always the case, particularly where specialist or very senior interims are required. In these circumstances a waiver of Contract Standing Orders is required before the market is approached more generally.
- 2.12 For most of the Council’s requirements that cannot be met through the Matrix contract there are usually framework agreements in existence that provide an easily accessible source of consultants whose quality and prices have been market tested. Should a suitable framework not exist then, depending upon the estimated value of the contract, proposals and quotations will be sought from the market directly.

3 EQUALITIES IMPACT ASSESSMENT

- 3.1 All recruitment activity must comply with the Council’s duties under the Equalities Act. Any frameworks used for procurement and contracts with agency providers also should be compliant with equalities legislation.

4 STRATEGIC RISK MANAGEMENT ISSUES

- 4.1 The Council’s objectives in using consultants is to minimise the risk to services from leaving posts vacant or not having access to appropriate specialist skills or advice.

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