

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Self Regulation Select Commission
2.	Date:	19th April 2012
3.	Title:	Update Report - Scrutiny Review into the use of Consultants
4.	Directorate:	Resources on behalf of all Directorates

5. Summary

This report provides an update on the agreed actions arising from the Scrutiny Review of Consultants and an analysis of revenue expenditure on Consultants over the last 4 years.

6. Recommendations

Members are asked to note the report.

7. Proposals and Details

A Scrutiny report into the use of Consultants was considered by Cabinet on 8th April 2009. This review was initiated by the Performance and Scrutiny Overview Committee following the publication of the National Audit Office's report entitled 'Central Government's Use of Consultants' in December 2006. The investigation into the use of public funds on consultants identified that the public sector consulting market grew by 33% over a 3 year period with a spend in the third year (2005/06) of £2.8 billion, £1.8 billion of which was spent by central government.

On 17th June 2009 Cabinet approved the proposed response to the recommendations identified in the Scrutiny report and on 15th January 2010 a further report was presented to Performance and Scrutiny Overview Committee providing an update with regard to progression of the recommendations within the original report.

Appendix 1 to this report provides a further update on progress made in respect of implementing the remaining recommendations which had not been implemented when the update report was presented on 15th January 2010.

8. Finance

Since 2008/09 when the Council implemented arrangements for tracking revenue expenditure on Consultants it has significantly reduced expenditure in this area:

2011/12 (est)	2010/11	2009/10	2008/09
£'000	£'000	£'000	£'000
342	529	402	1,388

Details of Consultancy Expenditure by Directorate for 2011/12 are shown below:

Directorate	£'000	Key Areas for Expenditure
Children & Young People's Services	217	School Business Partnerships and School Improvement Partnerships (£115k*) (Education Specialists – often Headteachers) Review of SEN Assessment Service (£8k) Leadership Development for Schools (£42k*) Impower Review of Early Years (£52k) * = £157k Funded by Dedicated Schools Grant (DSG)
Environment & Development Services	85	LDP Infrastructure Delivery Plan (£80k) MARE - Flood risk (£5k)
Resources (Asset Management)	40	Project Management (£17k) Asset Disposal (£23k)
Total	342	

In addition to the above the Council has two elected Member approved Framework Agreements in place. One for the provision of specialist Legal advice with Bevan Brittain and one for specialist Finance advice with Price Waterhouse Coopers (PwC). Spend with Bevan Brittain in 2011/12 was £115k and spend with PwC was also £115k.

The renegotiation of the contract (Framework Agreement) with PwC included agreement to provide work to the value of £100k at no cost to the Council. This 'service credit' was used in 2011/12 to undertake the Procurement review which led to the identification of significant potential savings which greatly contributed to setting the Council's 2012/13 budget.

9. Risks and Uncertainties

Failure to maintain a tight control framework for the use of consultants may result in the Council not optimising value for money in the use of its resources.

Downsizing of the Council's workforce will inevitably result in the loss of some key skills. This may, in some instances, result in the need to engage consultants. Monitoring of spend on Consultants into the future is therefore essential.

10. Policy and Performance Agenda Implications

Implementation of the recommendations from the review provides a tighter control framework for the use of Consultants and helps to ensure the skills transfer to staff when employment of consultants is appropriate. This will develop our staff, reduce the reliance on consultants into the future and in doing so, reduce costs and increase value for money from in-house staff resources.

11. Background Papers and Consultation

- Cabinet Report, Scrutiny Review of Consultants, 8th April 2009
- Cabinet Report, Response to Scrutiny Review Report into the use of Consultants, 17th June 2009
- Update Report to Performance and Scrutiny Overview Committee 15th January 2010

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Appendix 1: Progress with regard to the unimplemented recommendations arising from the Scrutiny Review relating to the Use of Consultants as at 15th January 2010

<u>Scrutiny recommendation</u>	<u>Proposed action/ comment</u>	<u>Target date</u>	<u>Cabinet Recommendation</u>	<u>Progress Update (March 2012)</u>
<p>Recommendation 2 No procurement process for the engagement of consultants should commence unless a clear business case is stated and can justify the appointment of external consultants. This should be costed and approval to proceed with the procurement process being sought from the Strategic Director or another senior officer such as a Director of Service as authorised by the Strategic Director.</p>	Directorates to update Delegated Powers to reflect required authorisation levels.	End July 2009	Accept the recommendation and endorse the proposed actions.	References are contained in delegated powers schedules in specific areas where consultants may be used. Procurement and Finance to assess whether any further references are needed.
<p>Recommendation 4 Members of the review group would welcome the development of an internal staff skills database to promote internal redeployment and secondment rather than external consultant use wherever possible.</p>	<p>HR to undertake a staff skills audit and create and maintain a skills database</p> <p>HR to evaluate the merits of establishing an in-house consultancy service</p>	<p>End March 2010</p> <p>Business Case to CMT mid August 2009</p>	<p>HR to undertake the skills audit and report back on the merits of establishing the proposed database.</p> <p>Endorse the proposed actions.</p>	<p>Skills captured to date include Emergency Planning and Language skills. Due to budget and systems development priorities associated with Shared Service with Doncaster MBC, further systems development along the lines of self service or on-line capture is currently deferred. Employee skills are however assessed on recruitment to the Council and in PDR's where competencies and core skills aligned to grades and job content are set out. This allows services to identify and 'move' talent more flexibly in-house. Some examples where this has been helpful to date include the</p>

<u>Scrutiny recommendation</u>	<u>Proposed action/ comment</u>	<u>Target date</u>	<u>Cabinet Recommendation</u>	<u>Progress Update (March 2012)</u>
				use of colleagues to work on Digital Region, SYPTE Review, Director Group and Budget Workstream leads.
<p>Recommendation 5 The learning needs of internal staff are assessed at the outset of a project and objectives for the consultants to transfer these skills are agreed and set out in the consultants brief.</p>	Explore with Strategic HR opportunities to develop the ‘non-specialist’ skills some consultants are engaged to provide.	End July 2009	Accept the recommendation and endorse the proposed actions.	Downsizing of the workforce has resulted in this not being implemented in any formal way. It is not possible to be definitive and expect the input from consultants to be no longer necessary, however, known staff skills are being capitalised on which has resulted in successful activity in respect of minimal input from consultants on Organisational management reviews, Senior staff recruitment, Emergency Planning service with Sheffield, HR & Payroll and Internal Audit services with Doncaster
<p>Recommendation 7 That a corporate review is undertaken to establish best practice and expertise available from other Local Authorities and a directory of these services maintained centrally - possibly within the RBT procurement team – so that officers can consider these services as an alternative to the appointment of a consultant.</p>	OGC Buying Solutions has recently placed a notice with the European Union to establish Framework Agreements for use by or on behalf of UK Public Sector Bodies (including all local authorities) Consultancy	Start December 2009	Accept the recommendation and endorse the proposed actions.	OGC Framework implemented but managed through the (former) RBT Client Team rather than RBT. PRO5 Organisations (Buyer Consortium including YPO) are looking to have a new

<u>Scrutiny recommendation</u>	<u>Proposed action/ comment</u>	<u>Target date</u>	<u>Cabinet Recommendation</u>	<u>Progress Update (March 2012)</u>
	<p>This framework agreement will last for 36 months with an option to extend for a further 12 months.</p> <p>It is proposed that Rotherham Council adopts this as it's framework for consultancy procurement and that all officers within the Council must utilise this agreement if procuring any consultancy within the areas available.</p>			<p>Framework in place by the end of August 2012 for Consultancy, Legal Services and Translation Services.</p>
<p>Recommendation 8 The review group recommends that in the light of this review, the Standing Orders are amended to include specific reference to 'consultant'. In addition, that the thresholds are revised to exclude oral quotation. Further, the Council may wish to consider a review of Parts 41–48 of the Standing Guide in relation to the appointment of any contractor, body or organisation outside of the Council.</p>	<p>Amend Standing Orders to include specific reference to consultants and incorporate as an appendix, a Code of Practice for the Procurement of Consultants.</p> <p>Consideration be given to amending Standing Orders to exclude oral quotation for contracts valued £5k to £20k .</p>	<p>End July 2009</p> <p>End Aug 2009</p>	<p>Accept the recommendation and endorse the proposed actions.</p>	<p>Standing Orders contain references into the use of consultants in specific areas. Procurement and Finance to assess whether any further references are needed.</p> <p>Following consideration by the Council's Legal Officer it is recommended that this action is not implemented as it would set RMBC Standing Orders apart from contract standing orders adopted universally by other Local Authorities and public bodies. It would also create unnecessary administrative burden. It is instead proposed to reiterate to</p>

<u>Scrutiny recommendation</u>	<u>Proposed action/ comment</u>	<u>Target date</u>	<u>Cabinet Recommendation</u>	<u>Progress Update (March 2012)</u>
				officers that when obtaining oral quotations, they keep records for audit purposes.
<p>Recommendation 10 That the Council urgently review its decision to exclude consultancy from the scope of RBT's procurement activity. It is recommended that CMT receive a report as soon as possible, with a view to adding in consultancy as an item of 'addressable spend' from April 09.</p>	<p>Explore with RBT the potential implications of this proposal and report back to CMT.</p> <p>Additionally, RBT to manage access to the framework agreement referred to in recommendation 7.</p>	<p>End August 2009</p> <p>Start December 2009</p>	Accept the recommendation and endorse the proposed actions.	OGC Framework implemented but managed through the (former) RBT Client Team rather than RBT. Post RBT re-integration, this is to be managed within the procurement team.
<p>Recommendation 11 Within the Procurement Framework, RBT & Directorates to work closer to Social Enterprise/Community based businesses to supply skills and local knowledge to the council as appropriate.</p>	Work with the LSP to identify opportunities for sharing skills across organisations	March 2010	Accept the recommendation and endorse the proposed actions.	<p>Procurement and Commissioning work closely with the VCS in market shaping activities including Provider Forums, Consultation Events, Meet the Buyer Events, etc.</p> <p>Supporting the Local Economy Project Group established.</p>
<p>Recommendation 13 The Audit Committee receive quarterly reports from the RBT Procurement Team setting out details of expenditure on consultants, the savings generated through procurement and issues arising out of the monitoring and evaluation of the framework.</p>	Audit Committee to receive quarterly reports from the Client Team	From Implementation of Framework	Accept the recommendation and endorse the proposed actions.	There has been a significant reduction in consultancy spend over recent years. Details of Directorate spend on Consultancy is routinely included in Budget Monitoring reports to Cabinet Members, however, a report has not yet been taken to Audit Committee.