

# **STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL**

## **Report to Resources Overview & Scrutiny Panel**

**2 February 2022**

<b>TITLE:</b>	<b>Use of Consultants</b>
<b>PORTFOLIO HOLDER:</b>	<b>CLLR SYBIL RALPHS – COUNCIL LEADER</b>
<b>CONTACT OFFICER:</b>	<b>John Betts – Interim Executive Director Finance and Revenues &amp; Benefits</b>
<b>WARDS INVOLVED:</b>	<b>Non-Specific</b>

### **1. Reason for the Report**

- 1.1 Members of the Scrutiny panel have requested additional information relating to spend on consultancy and its resultant impact on the delivery of outcomes for the Council. This report outlines the process for engaging consultants and identifies recent spend on consultancy.

### **2. Recommendation**

- 2.1 Members of the Scrutiny Panel are recommended to:

- Note the outlined process whereby consultants are procured
- Note the recent spend on consultancy services (and the issues related to any definition of “consultancy spend”)
- Identify any specific areas of spend for further analysis

### **3. Executive Summary**

- 3.1 Consultants are generally commissioned to provide specific advice and / or to fill a particular knowledge gap. As such, they are used to identify options and recommendations in areas where the organisation does not have the in-house knowledge or expertise or they supplement in-house capacity.

- 3.2 The process for commissioning consultants follows the same procurement procedure rules that cover the commissioning of other works, supplies or services. Planned procurement activity is reflected in the Procurement Forward Plan that is considered by this committee as part of its scrutiny of the Medium Term Financial Plan and Budget Setting Report. Performance and activity (including confirmation of award) and updates are then monitored and

reported on within the Quarterly Procurement Reports that are also considered by this committee.

- 3.3 Details of spend on recent consultancy activity is contained in the report, for any further Member consideration.

#### **4. How this report links to Corporate Priorities**

- 4.1 The successful delivery of corporate priorities is dependent upon the effective management of performance and financial resources. This report considers how spend on consultancy is contributing to that overall process.

#### **5. Options and Analysis**

- 5.1 This report is in response to a specific Member request for information, so no other options are available. The scope of the analysis has been determined primarily by available capacity. If further work is required by the committee this would need to be considered alongside the existing work programme for the committee.

#### **6. Implications**

- 6.1 Community Safety - (Crime and Disorder Act 1998)  
None

- 6.2 Workforce  
None

- 6.3 Equality and Diversity/Equality Impact Assessment  
None

- 6.4 Financial Considerations  
Spend on consultancy is identified as part of the report.

- 6.5 Legal  
The processes for procuring consultants is in line with public procurement policy.

- 6.6 Sustainability  
None

- 6.7 Internal and External Consultation  
None

- 6.8 Risk Assessment  
None

**JOHN BETTS**  
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**Web Links and  
Background Papers**

**Location**

Moorlands House

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## 7. Background and Detail

- 7.1 At the previous Resources Scrutiny panel meeting (on 17 November) and subsequently at Audit & Accounts (on 3 December) queries were raised regarding the procurement and use of consultants. It is appropriate for the issue to be considered at this committee, as it relates to spend reported as part of overall financial monitoring.

### *Defining & Identifying Consultancy Spend*

- 7.2 It is not particularly easy to define what may constitute “consultancy” spend. Generally it is the purchase of advice to fill a particular knowledge gap. As such, consultants are generally commissioned to identify options and recommendations in areas where the organisation does not have the in-house knowledge or expertise. However, it can also be the case that consultants provide a useful external perspective or they can complement in-house capacity, particularly when that relates to the development of strategy.
- 7.3 Consultancy advice would not usually be about business as usual activity. Those types of procurement activity tend to be to seek to fill gaps to deliver or implement an operational service, which may relate to a temporary increase in service volume or a time limited activity. This would generally be categorised as “temp”, “interim” or “agency” work.

However, in practice the term “consultants” is used to describe support procured to supplement staffing provision across a number of scenarios, such as the following:

- The procurement of specialist skills where the Council may not have those skills internally *e.g. architectural design, computer audit, etc.*
- The procurement of temporary or interim support in a particular area of activity to either cover peaks in workload or shortfalls in staffing levels requiring specialist knowledge *e.g. in benefits of grants processing, application processing etc.*
- The use of consultants to help with the development of strategy or policy in order to provide external challenge and to help with the identification of best practice *e.g. service reviews and development of strategies (such as a leisure service strategy)*
- Procurement of specialist support to provide skills to deal with a particular project outside the scope of the day to day activities of the Council *e.g. grant funding bids*
- The use of training consultants *e.g. member training and development programme, customer care training etc.*

- 7.4 However, the delineation between these definitions above can merge somewhat. For example, procuring staff from Civica (who provide our revenue and benefits software) to help with processing peaks and troughs would not usually be classified as consultancy. But when we commission Civica to support IT implementation of an upgrade to the system that also involves decisions regarding different ways of working in the future, that distinction may become quite blurred.

7.5 So, to take forward any review the committee would need to consider what sorts of “consultancy” spend it would wish to consider further. As there are different ways of categorising this spend, there is also some understandable inconsistency in capturing this activity in the Council’s financial system. For example, similar activity could be captured as “consultancy”, but equally as “sundry suppliers”, “professional services” or even “agency”. The most obvious spend on consultants supporting major project activity over the past three years is as follows, given the caveats around defining and categorising the activity outlined in the preceding paragraphs:

<b>Company</b>	<b>Activity</b>	<b>Cost (£'000)</b>
Parking Matters	Car park strategy	20
Trade Risks	Advice on debt arrangement services – proposed loan to Your Housing company	16.5
FMG Consulting	Strategy and options for future leisure provision	12.5
Bloom Procurement Services (*)	Leisure consultancy prior to formal review	32
Link Asset Services	Due diligence review of Ascent	6.5
CIPFA Solutions	Review of potential facilities management arrangements with Keir	15

(\*) Commissioned jointly with High Peak Borough Council

7.6 The committee may consider whether it would like to consider further the impact of such spend along the following lines:

- Reasons for use of external support
- Cost
- Work produced
- Benefits gained
- An assessment of value for money
- Lessons learned (if any)

*Process for Commissioning Consultancy Activity*

7.7 Services from consultants are procured in the same way as for other goods and services. The Council has a set of Procurement Procedure Rules and these support the Joint Procurement Strategy. The Procurement Procedure Rules cover the processes that are followed for the commissioning of works, supplies or services from third parties, including consultants. The Joint Procurement Forward Plan is reported within the Medium Term Financial Plan and Budget Setting Report in February each year. This identifies all registered

procurement activity to be completed in the following financial year and seeks approval to commence procurement of all activity listed. Performance and activity (including confirmation of award) is then monitored and reported within the Quarterly Procurement Reports, which come to this Committee (including new procurement activity identified during the course of the year).

- 7.8 So the procedure rules, procurement strategy, procurement forward plan and quarterly procurement reports all underpin the objectives of effective procurement at Staffordshire Moorlands District Council and this includes the procurement of consultants. The committee has the opportunity to scrutinise this through consideration of the Medium Term Financial Plan and Budget Setting Report, as well as through procurement quarterly reporting to this committee.
- 7.9 Procurement activity only commences when the budget available is verified. The value of the contract is based on the services being commissioned during the 'lifetime' of the contract.
- 7.10 Often, consultants will be commissioned via framework contracts. A framework agreement is a type of contract that has already been tendered by another organisation (by a third party buying organisation) and is a permissible contracting route for public sector organisations, compliant with the Public Contract Regulations 2015. Framework agreements tend to be either a 'direct call-off' from the framework agreement, where terms are sufficiently precise that a contract can be awarded directly; or by holding a 'further competition' whereby the framework suppliers provide their responses and price in return. Typically, the Council may use framework contracts for consultants procured via Eastern Shires Purchasing Organisation (ESPO) and the Crown Commercial Service (which is an executive agency sponsored by the Cabinet Office). Overall, commissioning routes, either by Framework or Open public competition, are both compliant with the Council's Procurement Procedure rules and that of the Public Contract Regulations 2015.
- 7.11 Member responsibility for procurement and its strategic implementation resides with the Cabinet and senior Officers are responsible for overall compliance with the rules, specifically:
- Responsibility for all contracts awarded within their directorate
  - Ensuring compliance in respect of the Procurement Procedure Rules and Public Sector Contract Regulations
  - Awarding contracts up to their appropriate financial 'approval value' level
  - Ensuring value for money is achieved; and
  - Taking action if the Procurement Procedure Rules are breached