

AD HOC SCRUTINY PANEL

A meeting of the Ad Hoc Scrutiny Panel was held on 25 February 2016.

PRESENT: Councillors J Sharrocks (Chair), T Higgins, J Hobson, L Lewis and L McGloin

OFFICERS: R Broad, A Crawford, R Dowson, C Lunn and P Stephens

APOLOGIES FOR ABSENCE: Councillors J G Cole, T Mawston and G Purvis

DECLARATIONS OF INTEREST

There were no Declarations of Interest made at this point in the meeting.

1 MINUTES – AD HOC SCRUTINY PANEL – 26 JANUARY 2016

The Minutes of the Ad Hoc Scrutiny Panel held on 26 January 2016 were submitted and approved as a correct record.

AGREED**2 COUNCIL USE OF CONSULTANTS – FURTHER INFORMATION**

The Scrutiny Support Officer presented a report, the purpose of which was to provide further information in respect of the Ad Hoc Scrutiny Panel's investigation of the Council's use of consultants.

The Terms of Reference, which were agreed at the last Panel meeting on 26 January 2016, were shown at paragraph 2 of the submitted report. In respect of terms 'a' and 'c', which were as follows:

- (a) To investigate the process of how consultants are engaged and for what projects/service areas; and
- (c) To consider how projects involving consultants are managed and objectives achieved

Richenda Broad, Executive Director of Wellbeing, Care and Learning, and Richard Dowson, Head of Economic Growth for Economic Development and Communities, were present at the meeting to provide Members with information concerning their respective service areas.

Prior to receiving this information, the Head of Performance and Partnerships provided Members with an update in respect of issues raised at the 26 January 2016 meeting of the Panel.

Regarding the definition of consultancy, it was explained to Members that research had been undertaken around this. The definition was presented as follows:

"An individual or organisation that provides professional technical advice or expertise that is not readily available inside the Council, or is outside the scope of usual service delivery."

Regarding the data collection exercise with departments, a slight delay had occurred in achieving this, as queries had been raised as to whether such information had been provided previously via Freedom of Information, which had occurred. In July 2015, a question had been submitted pertaining to the number of external consultants that had been employed by the Council over the past two years and the associated costs of this.

Members heard that in 2013/2014, 17 consultants at a net cost of £252,000 had been employed. In 2014/2015, 14 consultants at a net cost of £214,000 had been employed. Reference was made to long term projects, such as the Gresham development work, which would have been undertaken around this time. It was highlighted that these figures may not necessarily reflect the definition that had been presented / agreed as part of this investigation,

and therefore there may have been figures included within the totals that would otherwise have been more appropriate to a data collection exercise - the use of QCs within Legal for example.

It was explained that a data collection template had been prepared and forwarded to appropriate officers within each department for completion. The template had covered such factors as:

- Consultant(s) details;
- Consultant(s) costs;
- The benefits that had been achieved by employing the consultant(s); and
- Risk analysis – i.e. what risks would the Council have faced without using the consultant(s).

It was anticipated that the data collection exercise would be completed within 3-4 weeks, with information available for the next meeting of the Panel. In the interim, however, it was agreed that background information would be circulated to Members.

In response to an enquiry regarding timescales for the exercise, it was explained that the information was available to an extent already, but was located across different budgets. In addition, the information needed to be aligned to the standard definition of consultancy, and further work was required in terms of achieving the qualitative information required, particularly in respect of the advantages and disadvantages of using / not using consultants.

The Head of Economic Growth for Economic Development and Communities explained that the department covered a broad range of activity, which included planning, transport, business development, physical regeneration and culture.

In terms of the department's use of consultants, it was highlighted that the use of specialists was across a very broad range. It was explained that this tended to be based around technical expertise, with examples pertaining to the development of Gresham and the regeneration of Middlehaven being made. From a cultural perspective, reference was made to the Town Hall development and the appointment of consultants to assist with matters such as reintroduction of the use of the carriageway, potentially increasing the food and beverage offer, reviewing service levels and operation, etc. It was explained that such specialists were employed on a short-term basis.

In response to a comment made regarding the use of consultants for food and beverage options, it was clarified that in relation to the Town Hall development, this did not concern the skills associated with the preparation of the food itself, but was instead concerned with the provision of food within the confinements of a grade 2 listed building. The Head of Economic Growth would check with the department concerned as to whether or not Council employees had been asked if they could support this work, prior to consultants being sought.

In terms of capacity, it was acknowledged that this presented an issue to some extent, but the use of consultants was based more on a lack of technical expertise required for a specific project.

It was explained that, historically, the Council may have been in a position to provide the skills and expertise required for projects, but due to changes in the Council's involvement in different types of work, employment of full-time employees in certain roles could no longer be justified. Therefore, it was felt to be more cost effective if expertise was procured on an ad hoc basis.

In terms of procuring consultants, it was explained to Members that the service area had used the NEPRO and the Homes and Communities Agency (HCA) frameworks for this purpose.

Regarding the HCA framework, it was explained that, essentially, this was a framework of consultants who had been appropriately procured by the HCA, which was a Government department focused on regeneration, housing, etc.

It was pointed out that consultancy services were procured at a set rate. A project scope or brief would have been devised and forwarded to appropriate consultants via the HCA, acting as broker. Those procured would therefore be working to a set brief of work and would be monitored against this. An inception meeting would be undertaken to ensure that all those involved were aware of the brief and the works required of both parties. Over the course of the project, regular update meetings would be held and written reports produced in order to ensure a satisfactory result for both parties.

Typically, a set budget for a piece of work would be established, which would need to be worked within. Occasionally, circumstances may have required that the consultant perform additional work, which would have been considered a variation, and therefore considered, costed and set-out on that basis.

In response to an enquiry regarding the availability of statistics for the number of occurrences where a consultant had completed a piece of work and then advised that additional work was required, it was explained that such data was not held. However, anecdotally, no such instances could be recalled. It was explained that the only additional pieces of work that would be commissioned were if it was outside of the original scope of work: changes in legislation part-way through, or another opportunity had arisen, for example. However, that would need to be costed.

In terms of the overall payment and management of this, although a small part of the consultant's fee may be paid up front, the majority would be paid upon completion, to the standard of the Authority.

In terms of budget, on occasions a project may be funded from different sources. For example: the Town Hall regeneration project was a combination of Council, Heritage Lottery Fund, and Arts Council England funding. In such instances, contributions would be pooled and the payment for the use of consultants would be made from that. A budget would always be established and funding secured before projects commenced.

Monitoring during and evaluation after project completion was undertaken in order to determine whether the work was value for money and considered a success for the department. This activity was also helpful in terms of developing future projects and contributing to wider pieces of work. Reference was made to jointly commissioned projects, partnership working and the methodologies involved, e.g. creation of a joint Panel, completion of project scope / brief, and commissioning of consultants via the aforementioned frameworks.

In response to a query regarding the number of consultants currently working for the department and what projects they were involved with, it was indicated that these statistics would be made available and circulated to Members. In addition, the number of consultants used by the department last year would also be supplied. As an indication, in terms of Economic Growth, without planning, transport, etc., the numbers this financial year would be around six, but this would be confirmed accordingly.

Members expressed concern at the lack of a Council policy and information available regarding the use of consultants. It was acknowledged by the Panel that creation of a policy could be required.

Reference was made to the frameworks used. It was indicated that because the same pool of consultants were being utilised, recurring names may be shown on future information provided. However, it was highlighted that once the project brief had been prepared and forwarded to consultants, a subsequent selection process by an internal Panel from within the respective service area would then be undertaken. This process would be completed each time for different projects; it was not the case that consultants would be selected for work solely because they had worked with the Council previously.

The Chair thanked the Head of Economic Growth for his attendance and helpful contribution, and welcomed the Executive Director of Wellbeing, Care and Learning to the meeting.

It was explained that within Wellbeing, Care and Learning, there were three groups of

consultants that had been worked with. These were Peopletoo, School Improvement, and SEN.

Peopletoo

It was explained to Members that the previous Executive Director had commissioned Peopletoo to undertake a diagnostic of potential savings within Adult Social Care. In addition, Peopletoo had also commissioned to look at the authority's Looked After Children and the reasons why the figures were so high.

Members were advised that the diagnostic report was very detailed. Peopletoo had identified a range of opportunities for the Council, alongside a significant programme of work that could have been undertaken in order to realise those opportunities. This coincided with the savings targets that had been identified for Adult's Social Care, as well as Children's Social Care.

Following consultation with both internal and external colleagues, it had been concluded that the most effective way of achieving the opportunities would be to continue to work with Peopletoo, who would act as programme managers of the nine work streams that had emerged across both services. A transformation board for this work had been established. In terms of extension of the contract, this was conducted via NEPRO. The contract for this programme management work had just reached conclusion.

In response to an enquiry, Peopletoo had worked with the Council for just over one year. It was explained that over the course of the year, Middlesbrough had had a dedicated Programme Manager, and the Director of Peopletoo had attended contract monitoring and transformation board meetings as part of her own oversight of the quality of work being offered. This also ensured that Middlesbrough received the right source of engagement.

It was explained that the reason for using Peopletoo was because when the work started, it was such a large piece of work that the Council did not have the capacity to manage all of the different projects that emerged from the nine work streams.

Members were informed that over the course of the past year, it had been recognised that this work needed to continue to be driven, and rather than it being a project, it now formed part of the day-to-day service offering. Consequently, the Council had created a post which was largely dedicated, at the moment, to continuing to support Wellbeing, Care and Learning to achieve the desired outcomes.

Each of the work streams had a lead from Adult's Social Care and Children's Social Care and, in some cases, from areas such as Public Health. The purpose of the work was to consider how the Council could deliver services differently, more effectively and also, in the case of Adult's Social Care, change the culture of the way in which the Council worked, which was termed 'Reablement by Default'. In Children and Young People's services, how the Council could work to reduce the demand on specialist services, and address issues earlier in the way in which it was organised were considered.

In response to an enquiry, it was indicated that employment of a Council Officer to undertake this work was a considerably less expensive option. The figures in respect of this would be sourced and provided to the Panel accordingly.

A Member commented that in relation to the recent Ofsted inspection, it was essential to have an officer in-house responsible for the areas concerned, and conveyed support for the appointment, which would hopefully be confirmed in the near future.

It was felt that Peopletoo had carried out effective and very helpful work for the Council. The company had been present in the building four days per week; attending meetings and working alongside operational staff to support the transformation programme that the Council had put in place. Ofsted had been complementary about the impact of the transformation, which was pleasing.

The Executive Director expressed her gratitude to the Council; the Change Programme had

supported this work financially which had prevented expense to the department. The work had been viewed as a Council commitment and had been supported by Change Programme outcomes. It was felt that Peopletoo had been essential for the period of time that they had been in place, though it was acknowledged that if the Council was going to make the changes that Peopletoo had helped to establish, responsibility needed, and would be, taken for them.

The Head of Performance and Partnerships indicated that the cost of Peopletoo had been shared at the 25 February 2016 meeting of the Panel, but would be provided again for those not in attendance at that meeting.

It was explained to the Panel that Peopletoo were currently undertaking a piece of work within Adult Social Care. This was based around quality assurance and cultural change in order to improve service delivery. A number of workshops had been scheduled for staff, which would introduce them to critical evaluation and new methods of working. That work programme would be reaching a conclusion in two months' time.

It had been agreed with Peopletoo that they would continue to act almost as a critical friend to the authority. They had extensive knowledge about what was happening nationally and could provide information as to what was occurring and operating elsewhere. Representatives would visit once per quarter to observe, monitor and evaluate performance and progress, which would be very useful. It was anticipated that this would take place for the next year in order to ensure that the work was embedded.

A new piece of work would be commencing shortly regarding potential undertaking of a diagnostic for Children's Services; an application / business case would be made to the Change Fund for this piece of work. A diagnostic was undertaken for Adult's Services but not for Children's Services. The diagnostic for Adult's Services resulted in the Council transforming the way that it delivered services, and was saving enormous amounts of money for the Council. It was acknowledged that a similar piece of work needed to be undertaken within Children's Services, particularly in respect of Forum for Looked After Children (FLAC).

School Improvement

A consultant had been funded by the Local Authority from December 2014 until 24 February 2016. A previous consultant had worked for the Council from August 2014 until October 2015.

The consultant had assisted the Council with the School Improvement Ofsted inspection, where the Council had been commended for the improvements made.

The consultant had been employed initially because the Council did not have a Head of School Improvement at the time and urgent support was required. An advertisement for the role had been placed but this had proved unsuccessful. The consultant was employed as the Head of School Improvement on a temporary basis; however, following a further advert, the post was successfully filled by an internal applicant, who commenced in post in September 2015. At that time, there was also a vacancy for the role of Assistant Director for School Improvement, and the consultant was asked to stay on as the Acting Assistant Director, which he did for three days per week. A permanent Assistant Director for Learning and Skills commenced in post on 22 February 2016, therefore the consultant left the authority on 24 February 2016, which was the end due date. Consequently, as of 25 February 2016, there were no consultants employed by the Council within that area.

Reference was made to the Middlesbrough Achievement Partnership, who also employed consultants. The Council employed consultants on their behalf, as they were not an organisation in their own right. It was highlighted that this was school funding that was used, and not the authority's. It was explained that, because Middlesbrough's secondary schools were still in very challenging circumstances, a group of schools had put an amount of money aside a couple of years ago and asked the Local Authority to act as a broker to undertake financial work, and to pay the consultants because they had no mechanism to pay them.

With the schools' agreement, a Senior School Improvement Consultant had been appointed.

It was explained that, after gaining an understanding of what the schools' needs were, the consultant had gone out to the consultancy market and recruited a number of further consultants to cover areas such as maths, English, science, and behaviour. It was highlighted that, although it may have appeared within the finances that the department employed a significant number of consultants, they were actually the schools' consultants, and there were likely to be fewer of them next year.

Members heard that, because an Assistant Director had been appointed and one of the existing School Improvement Advisor's had been promoted to the Head of Achievement, a part-time advisor for the Local Authority had been employed. It was explained that, due to an ageing workforce and a shrinking pool of personnel being available, it was possible that continued use of the consultancy market would be undertaken.

Special Educational Needs (SEN)

It was explained to the Panel that, as part of the Special Educational Needs and Disabilities (SEND) Reform, the Government had provided the authority with a grant in order to develop and improve services; consideration would be given to such areas as the education health and care plan process, and engagement with carers and partners in the development of SEND services.

The Council's new head of SEN vulnerable learners had been working with an organisation called Impartial Information Advice Support Service (IIASS), who had been very successful in working in that field. IIASS had been appointed via the Council's tendering process. IIASS had been undertaking a piece of work with the Council using a SEND grant, and therefore although not Local Authority funding, the Council had commissioned the organisation to complete the diagnostic and development work. A workshop where IIASS had fed back the outcome of their work had been held a couple of weeks previously. Financial information for this programme would be provided to the Panel in due course.

A query was raised in respect of a potential underspend within the Adult Learning / Community Learning Service. In response, it was explained that there were no underspends for this year. In terms of funding allocations, this was provided against different streams of requirements, which were monitored monthly. If the Council did not meet its monthly targets, then funding would start to be retracted. It was highlighted that if there were any underspends overall, that money could not be used elsewhere, as it was provided by the Skills Funding Agency. In terms of the school improvement budget, the position on this would be checked and any underspend would be confirmed with the Panel accordingly.

The Chair thanked the Executive Director of Wellbeing, Care and Learning for her attendance and helpful contribution.

In the discussion that followed, the Panel considered the direction of the Scrutiny investigation in relation to the definition of consultancy. It was felt that what was lacking was a written policy, which would have facilitated it.

Members considered in-house expertise in comparison to that provided by external consultants, and discussed the financial implications of both. Concerns were expressed that certain elements of service area provision could only be provided by using consultants.

The Scrutiny Support Officer provided the Panel with information that had been obtained in the interim period since the last meeting on 26 January 2016. This was as follows:

- Currently, there was no methodology or framework used to appoint consultants other than NEPRO, which could potentially provide a recommendation from this investigation.
- Other Local Authorities did have policies on appointing consultants – for example: spends over £10,000 needed to be authorised by an Executive Member.
- There was no central financial code or records kept specifically for all consultants, which was why the figures provided earlier in respect of the Freedom of Information requests were very broad.

During discussion of these points, it was suggested that information could be obtained from other Local Authorities in respect of their policies. In response, the Scrutiny Support Officer explained that background information was being collated and a briefing note in respect of this could be prepared for consideration by the Scrutiny Panel.

Members discussed the evidence that had been presented to date and potential next steps for the investigation. The next meeting would be scheduled for Thursday, 24 March 2016 at 2pm.

AGREED:

1. That in respect of the use of consultants for the Town Hall development programme, particularly in respect of food and beverage related work, the Head of Economic Growth would check with the department concerned as to whether or not Council employees had been asked if they could support this work, prior to consultants being sought.
2. That information pertaining to the number of consultants currently working within Economic Development and Communities, and what projects they were involved with, be provided to the Panel. In addition, the number of consultants used by the department last year, and the total numbers for this financial year, would also be supplied.
3. That financial information regarding the continuation of the Peopletoo work within Wellbeing, Care and Learning would be sourced and provided to the Panel.
4. That financial information concerning the completed work of Peopletoo be provided to the Panel.
5. That financial information regarding school improvement consultation be sourced and provided to the Panel.
6. That financial information pertaining to work undertaken by IIASS be provided to the Panel.
7. That the current position of the school improvement budget would be checked and details of any underspend confirmed with the Panel.
8. That the information, as presented, be noted.