

# MIDDLESBROUGH COUNCIL

## AD-HOC SCRUTINY PANEL

24 MARCH 2016

<p style="text-align: center;"><b><u>BRIEFING NOTE</u></b> <b>COUNCIL USE OF</b> <b>CONSULTANTS - FURTHER INFORMATION</b></p>
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### PURPOSE OF THE REPORT

1. To provide information concerning other local authorities' approach to the use of consultants, such as whether they have policies in this area, and/or approaches used in relation to the appointment of consultants.
2. Tees Valley authorities have been contacted and the position also examined in some local authorities nationally.

### INFORMATION FROM OTHER AUTHORITIES

3. Information has been obtained from Tees Valley authorities as follows:
  - a. **Hartlepool Borough Council** - The issue was examined by scrutiny some time ago. A structured policy was produced as a result.
  - b. **Redcar and Cleveland Borough Council** - The authority has no agreed policy but applies normal procurement rules.
  - c. **Stockton Borough Council** - No agreed policy but a structured procurement process is used.
4. Information has been obtained from a selection of local authorities nationally, as shown below. While this is not intended as a definitive guide, it illustrates some of the different approaches to this issue and confirms that there is no single best-practice approach that could be adopted.

### **Crawley Borough Council**

5. This authority used the scrutiny process to examine the issue in 2011. As a result, detailed recommendations were produced that included:
  - Producing a Procurement Toolkit for the engagement of consultants.
  - Ensuring the use of procurement officers in consultant appointments.
  - The introduction of a checklist to monitor progress and ensure satisfactory sign off of completed projects.

- Ensuring expenditure on consultants is coded to a single, central, expenditure code.
- Reporting annual expenditure on consultants to scrutiny, including any trends/anomalies.

### **Torbay Borough Council**

6. This authority used the scrutiny process to examine the issue in 2006. As a result, it was recommended to:
  - Strengthen procurement arrangements around the engagement of consultants.
  - Ensure that consultants' fees were monitored and recorded separately from professional fees.

### **Worcestershire County Council**

7. The above authority's Audit Service produced a 'Risk and Assurance' report on the topic in 2015. This highlighted that:
  - The authority follows best practice and has clear, documented processes contained in an agreed Procurement Code. There is a requirement to complete a corporate form for every consultancy engagement. This outlines reasons/rationale for the engagement.
  - Details of consultancy contracts are publicised annually as part of the authority's Transparency Agenda and reports are considered twice per year by the authority's Management Team.
  - Robust procurement processes are in place.
  - There has been extensive publicity to ensure managers are aware of the required processes.
8. Risks that were identified by the Worcestershire auditors included:
  - There was ambiguity over the definition of consultant, meaning that records were inconsistent or incomplete.
  - The relevant corporate monitoring form was not always completed and the necessary approvals not obtained.
  - Engagements did not always show clear, quantifiable and measurable outputs.
  - Checks were not always conducted to ensure that adequate insurance was in place.
  - Written contracts were not always in place.

### **Powys County Council**

9. This authority introduced a two-fold policy on the use of consultants in 2015. The policy, which also defined the term consultant, was agreed as follows:
  - Any expenditure on consultants above £10,000 requires the approval of the relevant Executive Member and Strategic Director following consideration of a written report on the issue.

- The relevant report is required to contain an assessment by the Strategic Director of Resources concerning whether the use of the proposed consultant represents value for money.

### **Rotherham Metropolitan Borough Council**

10. The above authority conducted a detailed scrutiny investigation on the use of consultants in 2009. A number of recommendations resulted, including:
  - The need to ensure that a clear business case, including detailed costings, is presented for approval by the relevant Strategic Director.
  - The need for all business cases to include: purpose of the project/how it aligns with corporate objectives; scope and duration of project; an assessment of type/level of skills required for the project; milestones to measure progress; expected outcomes/benefits to the council, including anticipated cost savings; total costs; plans for reporting outcomes through the political process.
  - Encouraging consultants to engage local authority staff in projects - such as by shadowing or learning workshops.
  - The need to plan ahead and anticipate consultant engagement – this should be reflected in annual service plans where possible.
  - Establishing an internal database to draw on the expertise of other local authorities as an alternative to employing consultants.
  - Identifying a lead officer in all service areas to oversee all consultant activity in his/her area.
11. Members are asked to note the submitted information in the context of the scrutiny panel's investigation.

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