



Haringey Council

Agenda item:

[No.]

Overview & Scrutiny Committee

On 6 December 2010

Report Title. **Use of Consultants**

Report of **Stuart Young, Assistant Chief Executive (People & OD)**

Signed :

Contact Officer : Steve Davies, Head of Human Resources, 020 8489 3172

Wards(s) affected: **N/A**

Report for: **Non Key Decision**

1. Purpose of the report

1.1. To update the committee on control and usage of consultants across the council.

2. State link(s) with Council Plan Priorities and actions and /or other Strategies:

2.1 Links to the council requirement to achieve a balanced budget over the next three financial years.

3. Recommendations

3.1. That the Committee note the progress that has been made in reducing the number of consultants across the council and the policy arrangements in place for engaging and monitoring consultants.

4. Summary

- 4.1. The current financial situation means that major savings need to be made over the next 2-3 years. To have any impact on the council's revenue account savings on the council's General Fund budgets need to be achieved.
- 4.2. Expenditure on consultants is an area of spend that comes under regular scrutiny by Members. It is important to understand that consultants may be funded from either revenue, capital or some other grant stream. Examples of capital funded consultants are those on large projects/ programmes e.g. building schools for the future (BSF). Grant funded consultants would include the School Improvement Partners. Revenue funded consultants are typically those who provide additional specific services and expertise to the council because the council staff do not have the capacity, knowledge, experience, or skills to provide these services. Commonly the tenure of these consultants is short term and although a premium is usually paid for their services it is difficult to say that there is not a requirement for these services.
- 4.3. The term consultants covers the following workers - Consultants – individuals providing support to finite work such as projects, usually paid on a daily rate or a set amount for the package of services and engaged under a contract for services. Typically engaged as freelance providers or sourced from a consultant company. Interim Managers – individuals providing management services usually to cover a vacant job. Typically engaged under a contract for services either as a freelance or via a recruitment company.
- 4.4. The engagement of consultants is via a hiring process that is controlled using Harinet. Hiring managers must complete an electronic form that requires them to provide a business case for engaging the consultant. There electronic form includes some basic checks that does not allow the hire to be completed unless a fully signed off business case is supplied by the hiring manager. Attached in appendices A, B and C are the consultant policy, business case form and process for hiring consultants.
- 4.5. The use of consultants & interim managers is monitored and Directors have been working to reduce the number and use since June. Outlined in appendix A is a summary of the list of consultants and reduction in usage between June and the end of October 2010 – a reduction from 82 to 54 consultants.
- 4.6. The number of revenue funded consultants have halved in the last 4 months from 33 down to 16. Directorates are continuing to review these numbers down over the next few months.

5. Chief Financial Officer Comments

- 5.1. As outlined in section 4 above, all Directors have been and continue to review the number and use of consultants particularly those funded from Haringey revenue. The consultant policy and process outlined in the attached appendices enable on-going challenge and monitoring of the use of consultants.
- 5.2. It should be noted that many of the remaining consultants funded from revenue, as set out in Appendix D, are working on projects that are contributing towards corporate savings targets and initiatives that will increase efficiency and deliver real improvements to residents.

6. Head of Legal Services Comments

- 6.1. The Head of Legal Services has seen this report and has no specific comment to make.

7. Equalities & Community Cohesion Comments

- 7.1. Consultants provide a range of services across the council.
- 7.2. Monitoring of equality categories of consultants is not undertaken.

8. Use of appendices /Tables and photographs

- 8.1. Appendix A – Consultant Policy
- 8.2. Appendix B – Consultant Business Case Form
- 8.3. Appendix C – Process for hiring consultants
- 8.4. Appendix D – Table of consultant usage across the council broken down by grant, capital and revenue funding and type of usage within directorates.

9. Local Government (Access to Information) Act 1985

- 9.1. Internal monitoring spreadsheet survey of use of consultants.

HARINGEY COUNCIL

POLICY FOR USE OF CONSULTANTS / SELF EMPLOYED WORKERS

Introduction

The Council recognises that the use of consultants can enable the smooth running of Council Services by providing an element of flexibility within the workforce. It is, however, Council policy to ensure non-permanent workers are used within corporate frameworks, which reflect the Council's values and at those times when service delivery would be adversely affected without the additional cover and resource they can provide. The Council policy is also for hiring managers to ensure the transferral of skills/knowledge from consultants to Haringey employees in order to reduce future requirements.

CONSULTANTS

Definition

For the purpose of this document the term 'consultant' relates to those people who are either freelance / self employed or supplied by a consultancy to work on a temporary basis for the Council. Such consultants normally charge their services at a daily rate or a set fee for an entire project. Such consultants will normally be required to provide senior and/or specialist positions and will cost in excess of £250 per day.

Exclusions;

The consultant process described below will not be applicable to the following:

- Consultants engaged following procurement exercises e.g. Logika, or the Council or Office of Government Commerce (OGC) frameworks
- Agency temps – any worker provided via an agency or consultancy listed on the Resource Centre's supply chain. These workers can only be engaged and paid via the Resource Centre. *Please refer to the policy for use of Temporary Agency workers. If you wish to add an agency to the supply chain then please contact the Resource Centre who will endeavour to engage them.*

RESOURCE CENTRE

Definition

For the purpose of this document the term 'Resource Centre' relates to the office contracted by Haringey Council to manage the service delivering the Council's temporary agency staff and consultant requirements. The Resource Centre is the link between the recruiting managers and the approved agencies / Consultants and will deal with all agency / Consultant enquiries and vacancies.

MANAGERS' RESPONSIBILITY

It is the responsibility of managers to:

- work within corporate frameworks. Managers should only go outside a framework to recruit a consultant where those consultancies on the framework are unable to meet their requirements
- ensure a Consultant business form is completed by the budget holder
- ensure a Consultant business case form is submitted to the appropriate assistant director for all consultant requirements .

- ensure that a report is prepared for the appropriate authorising personnel/body ie Director, Cabinet Member, or Procurement Committee prior to Consultant engagement. (see authorisation levels below)
- ensure that a contract is put in place outlining the Consultants responsibilities, targets and monitoring.
- ensure that the contract is recorded on the Corporate Contract Management System (http://harinet.haringey.gov.uk/contract_loading_template.doc)
- to raise a purchase order on SAP for each Consultant using the 'self employed' revenue GL code or capital GL code.
- ensure that information about current Consultants is correctly recorded on the Consultant e-form on Harinet at the beginning of each engagement.
- ensure that all consultants are provided with suitable induction
- provide additional information on the use of consultants as and when required for monitoring purposes
- retain a copy of any authorised Business Case forms for monitoring purposes
- keep the use of consultants under regular review

AUTHORISATION LEVELS

Dependant on the level of spend a report must be submitted to the appropriate personnel/body. *(Please seek advice from your Directorate's contract officers to assist with this process.)*

- **Management Consultancy is a Part A Priority Service of the EU directives. This means that this service is subject to the full requirements of the EU legislation.**
- **If the cost of the consultant is over the EU threshold then a full tendering exercise must be carried out. (Procurement Manual: Haringey Council)**
- Under Contract Standing Orders (CSO's) Contracts under £5k are authorised by the Director (6.02)
- Contracts above £5k but less than £25k should be tendered or quotations obtained in order to secure value for money for the Council (CSO 6.04) However the Director may decide that a tender is not appropriate and agree another process will provide best value
- All contracts above this level must be let following a competitive tender process (CSO 6.05)

Should a tender not be appropriate then a waiver of the requirement to tender maybe obtained within the specific circumstances set by CSO 7.03 e.g. in the Council's overall interest, or it is justified because there are few suppliers in a specialist market and by the appropriate Council representatives within set financial limits:

- The Director may waive the requirement to tender up to £50k
- A Cabinet Member from £50k+ to £ 250k

Please note, if the cost is above the EU threshold a waiver cannot be obtained

- Only authorised budget holders can complete the consultant business case form to seek approval for spends on Consultants
- The budget holder is responsible for ensuring that sufficient funds are available to cover expenditure and that accurate records on use and payment are maintained.

- In the event of an existing consultant requiring an extension, the approval of the extension must be obtained **before** the end of the current contract by formal report to the Director.
- Copies of any email authorisations must be sent to the Resource Centre for monitoring purposes.

USE OF CONSULTANTS

All consultant usage is to be recorded on the Consultant E-form on Harinet at the start of each engagement.

If the Consultant is temporarily filling a vacant post, Consultants should be booked up to a maximum duration of **3 months**. Longer periods must be authorised by an Assistant Director.

Use of Consultants should represent value for money. Where possible quotes should be obtained from several individuals before engaging.

Consultants should only be used in circumstances where:

- (a) the need for the work is expected to be temporary e.g. meeting peak workloads, seasonal requirements, where the duration of the work is limited by finance available, where redundancies / re-organisations are pending or where there is a particular skills gap; or
- (b) the need for a particular individual to do the job is temporary e.g. covering for sickness, maternity, acting up, secondment etc or while a vacancy is being filled; **and**

there is no possibility of

- covering the workload using existing employees
- appointing a redeployee
- arranging for an existing worker to 'act up'

Induction and Performance Management

Managers using consultants are responsible for the performance of service delivery by the consultants, including an appropriate level of induction. As a minimum, all consultants must be taken through the induction checklist as set out in the attached Induction Checklist, Appendix A

Where the consultant does not perform to the required standard, the manager should terminate the individual within one working week. For individuals with over one years service – advice should be sought from HR before terminating the contract.

Monitoring

The Council's Human Resources Group will monitor the use of Consultants and the Resource Centre will monitor the use of consultants on frameworks or within its own supply chain in line with principles established for financial monitoring.

ADDITIONAL INFORMATION

Hiring Managers must take into account the following additional information when recruiting temporary agency staff or consultants.

- Equality and Diversity including the Equal Opportunities Statement
- Criminal Records Bureau (CRB) Disclosures
- Records management, Data Protection and confidentiality
- Monitoring and Audits of consultancy/ agency usage
- Council values and ways of working

Haringey Council - Consultant Business Case Form

Date:

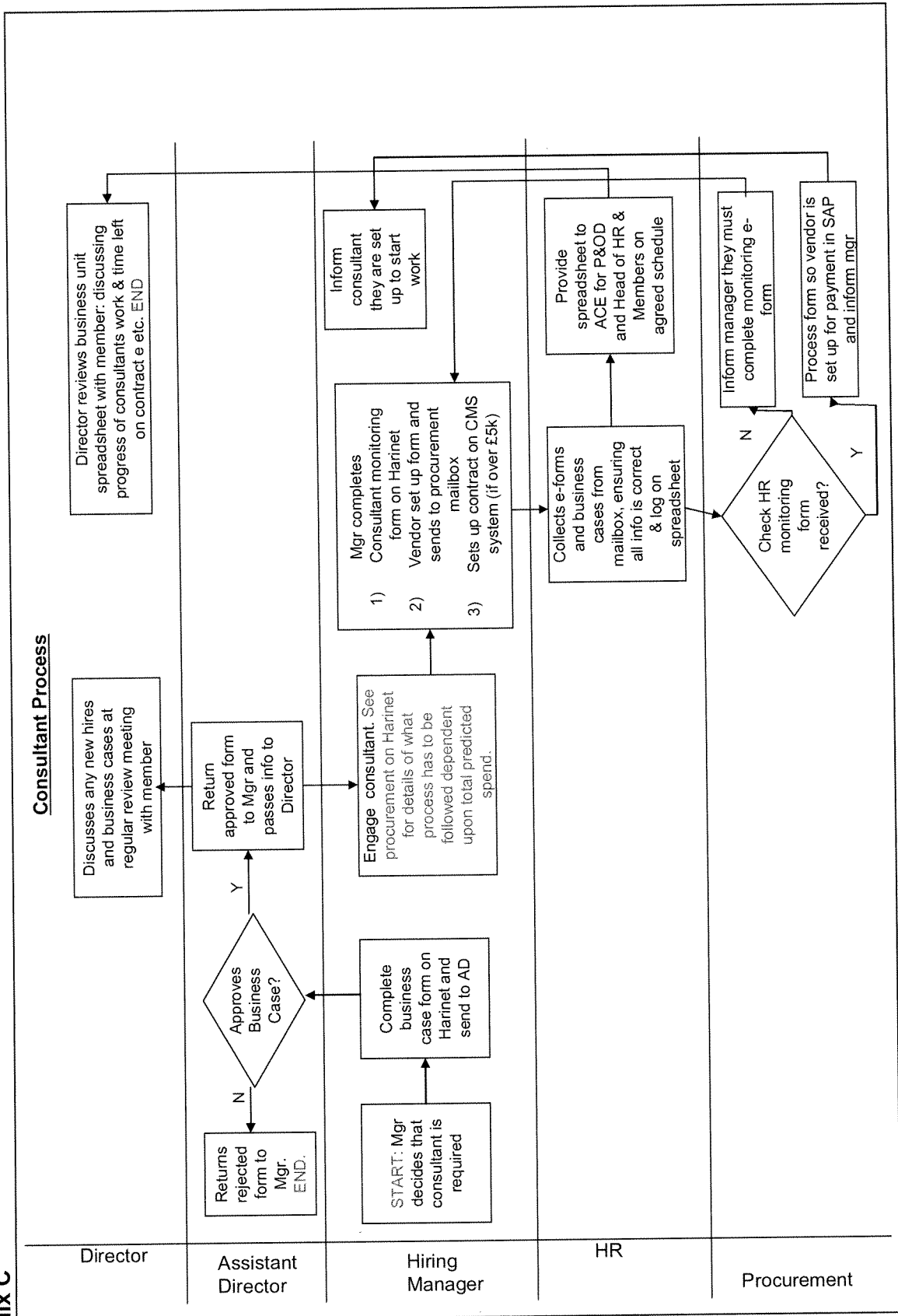
Recruiting / Line Manager Name:	
Service & Directorate	
Consultant Name & Company:	
Start Date:	
End Date:	
Daily Cost:	
Frequency / Length of Engagement	
Predicted Total Cost:	
Please specify the work being undertaken	
Outline reasons/ justification for engaging consultant	
Identify methods used to engage consultant	
Identify the Value for Money benefits of engaging consultant	
Identify how Consultant skills or benefits from the project will be transferred to staff within the Council	

Assistant Director: _____

Business Unit: _____

Signature: _____

Appendix C



Consultant usage across the council

Breakdown of consultant numbers in different periods by grant, capital and revenue funding streams

Consultant groupings	Count at June 2010	Count at end October 2010
School Improvement Partners – Grant funded	15	15
Building Schools for the Future – Capital funded	13	8
Other consultants – Grant/ Capital funded	14 grant 7 capital	8 grant 7 capital
Other consultants – Revenue funded	33	16
TOTAL	82	54

Consultants listed by directorate and programme type

ACCS – 12 consultants – 4 grant funded, 6 capital funded, 2 revenue funded. Providing programmes including active health & wellbeing, leisure usage/ income development, Adults service transformation, leisure centre refurbishments, parks improvements, framework i specialist skills and other IT specialist skills.

Corporate Resources – 3 consultants – 1 capital and 2 revenue funded. Providing specialist property services advice and ad hoc expert advice in benefits and local taxation services.

Policy, Performance, Partnerships & Communications – 3 consultants, all revenue funded. Providing value for money and smart working expertise.

Urban Environment - 5 consultants all revenue funded. Providing consultancy expertise in specialist areas e.g. planning, public realm and interim consultancy for vacant departmental Asst Director post.

CYPS – 31 consultants – 8 capital funded Building schools for the future, 15 grant funded school improvement partners, plus 4 revenue funded and 4 other grant funded positions providing interim management and specialist school consultancy expertise.

Directors are still actively considering the usage and need for consultants and therefore it is anticipated the number of 54 consultants will reduce further over coming months.