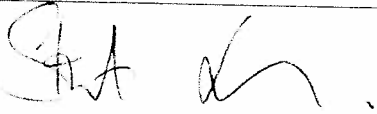


**Haringey Council**

Report for:	Corporate Committee on 22 January 2013	Item Number:	
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Title:	Use of Consultants – Policy update
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Report Authorised by:	 Stuart Young, Assistant Chief Executive
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Lead Officer:	Steve Davies, Head of Human Resources
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Ward(s) affected: ALL	Report for Key/ Non Key Decisions: Non Key Decision
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**1. Describe the issue under consideration**

To provide the committee with an update on the processes and systems used for the control and usage of consultants across the council.

**2. Cabinet Member introduction**

Not applicable

**3. Recommendations**

That the committee approve the updated process and systems for the control and usage of consultants across the council attached in the accompanying appendices to this report.

#### 4. Other options considered

Not applicable.

#### 5. Background information

- 5.1 General Purposes Committee first approved a policy on the control and usage of consultants in March 2006. Members have received several updates about the arrangements for engaging consultants since that time, for example at General Purposes Committee in April 2007, June 2008; Overview and Scrutiny Committee in December 2010; at Corporate Committee in July 2011; and the process was reviewed by officers further in November 2011.
- 5.2 This report provides the Corporate Committee with the opportunity to approve further updates to the process and systems for the engagement of consultants.
- 5.3 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 programmes. Grant funded consultants are usually engaged to help provide expertise for a specific programme of work. 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 consultants is relatively short term (months rather than years) and although a premium is usually paid for their services it is difficult to say that there is not a requirement for these services.
- 5.4 For the purpose of this policy the term consultants covers the following workers - 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. The use of Interims will also be monitored - individuals providing services usually to cover a vacant job, these will be monitored and reported separately and should be treated on a similar basis as Agency staff. They will typically be engaged under a contract for services either as a freelance or via a recruitment company.
- 5.5 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 in advance. Attached in appendices A and B are the consultant policy and

business case form. Members are asked to note that the process includes use of the HMRC Employment status tool for assessing taxation.

- 5.6 There are three Options to select from to engage a consultant:
- Option 1 - Contracted Partners - use this option to engage consultant via one of our recruitment partners (Gatenby Sanderson, Hays, Odgers, Penna)
  - Option 2 - Onboarding via Contracted Partners - use this option to Onboard an existing consultant via one of our recruitment partners (Gatenby Sanderson, Hays, Odgers or Penna) for a charge of 3-5%
  - Option 3 - Open - use this option to engage a consultant directly or via a non recruitment partner agency

All options require the manager to:

- submit a business case to their Director for approval prior to engaging a consultant
  - complete and submit the relevant eform notifying Procurement and HR that a consultant has been engaged
- 5.7 The use of consultants & interims will be monitored and reported on a regular basis to Corporate Committee as part of the Internal Audit Update report. Outlined in appendix C is a summary of the type of information that is proposed.
- 5.8 Prior to production of this new reporting format, attached at appendix D is a summary of the numbers of consultants & interims engaged at present. This shows there are currently 17 consultants and 7 interims.

## **6. Comments of the Chief Finance Officer and financial implications**

All Directors have been reviewing and continue to review the number and use of consultants in their areas particularly those funded from Haringey revenue budgets. The consultant policy and process outlined in the attached appendices enable on-going challenge and monitoring of the use of consultants council-wide.

It should be noted that many of the consultants are interims covering senior posts pending recruitment, are working on major infrastructure projects in the borough or are working on projects that contribute towards corporate savings targets and initiatives that will increase efficiency. Attention is also drawn to Appendix A which states that it is Council policy for the hiring manager to ensure the transfer of skills / knowledge from consultants to Haringey employees to help minimise future requirements.

## **7. Head of Legal Services and legal implications**

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

## **8. Equalities and Community Cohesion Comments**

There are no equality impacts arising out of the updates to processes and system proposed.

## **9. Head of Procurement Comments**

Not applicable

## **10. Policy Implications**

Not applicable.

## **11. Use of Appendices**

Appendix A – Use of Consultants/ Interims Policy

Appendix B – Consultant Business Case Form

Appendix C - Outline of the consultant & interim information to be provided as part of the Internal Audit Update report

Appendix D – Summary of the numbers of consultants & interims engaged at present

## **12. Local Government (Access to Information) Act 1985**

No documents that require to be listed were used in the preparation of this report.

## HARINGEY COUNCIL

### POLICY FOR USE OF CONSULTANTS / INTERIMS

#### 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 / INTERIMS

##### Definition

**Consultants** - 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 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. Such consultants normally charge their services at a daily rate or a set fee for an entire project.

**Interims** - individuals providing services usually to cover a vacant job, these will be monitored and reported separately and should be treated on a similar basis as Agency staff. They will typically be engaged under a contract for services either as a freelance or via a recruitment company. Such consultants will normally be required to provide senior and/or specialist positions and 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. Logica, 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.*

#### ENGAGING CONSULTANTS / INTERIMS

There are three Options to select from to engage a consultant/ interim:

- Option 1 - Contracted Partners - use this option to engage consultant/ interim via one of our recruitment partners (Gatenby Sanderson, Hays, Odgers, Penna)
- Option 2 - Onboarding via Contracted Partners - use this option to Onboard an existing consultant/ interim via one of our recruitment partners (Gatenby Sanderson, Hays, Odgers or Penna) for a charge of 3-5%

- Option 3 - Open - use this option to engage a consultant directly or via a non recruitment partner agency. The processes outlined below relate to the way in which a consultant / interim can be engaged following the council's normal procurement processes.

Note – If engaging a consultant/ interim directly under option 3 the manager must use the HMRC Employment Status Indicator tool - <http://www.hmrc.gov.uk/calcs/esi.htm> - to establish whether the worker is self employed or should be subject to PAYE. If the HMRC Employment Status Indicator tool confirms that the worker is not self employed the manager must contact HR for advice.

## PROCUREMENT PROCESS - MANAGER RESPONSIBILITIES

It is the responsibility of managers to:

- Complete the HMRC Employment Status Indicator tool – see above
- 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 case form is completed.
- ensure that the appropriate authorisation documentation is completed and signed off by the Director. (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](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

Note – the Procurement team will not authorise payment of consultant invoices unless all the relevant paperwork is completed.

- 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 Director must approve the extension **before** the end of the current contract.

## 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.)*

*Under contract standing orders (CSO) the following rules apply (see CONSTITUTION PART FOUR – RULES OF PROCEDURE Section J– Contract Procedure Rules paragraphs 8 & 9 as at May 2012)*

#### **Procedure for Contracts valued below £100,000**

- Where a contract has an estimated value of less than £5,000 (five thousand), the relevant Director should act in the manner most expedient to the efficient management of the service, having kept a record for so doing.
- Where a contract has an estimated value of more than £5,000 (five thousand), but less than £100,000 (one hundred thousand), at least three competitive quotations should be obtained from chosen contractors without the need for an advertisement or the tender procedure followed.
- The quotation procedure shall replicate contract standing orders with regard to receipt and opening of bids and will be managed by the:
  - relevant Director where the estimated value of the contract is more than £5,000 (five thousand) but less than £50,000 (fifty thousand).
  - Head of Procurement where the estimated value of the contract is more than £50,000 (fifty thousand) but less than £100,000 (one hundred thousand).
- Where a pre-qualified Framework arrangement (including approved lists) exists in respect of the subject matter and prices have yet to be determined then a mini-competition shall be held in which tenders shall be invited from all members of the framework agreement which are capable of carrying out the requirements of the specific contract.
- The Head of Procurement may decide that these processes are not appropriate in order to secure value for money for the Council and to ensure general EU procurement law principles are complied with. If that is the case, he/she may determine another process of selecting a contractor which will meet best value criteria. The decision and process must be properly documented.

Contracts with an estimated value of £100,000 (one hundred thousand) or more must be let following an appropriate advertisement and tender process as outlined in contract standing orders.

A Director may award, assign, or novate contracts valued at £250,000 (two hundred and fifty thousand) or less.

Contracts valued over £250,000 (two hundred and fifty thousand) at the time of award may only be awarded, assigned, or novated by the Cabinet.

#### **USE OF CONSULTANTS/ INTERIMS**

Consultants or Interims should be engaged for a finite period e.g. 6 – 12 months. If a longer period is required it must be authorised by the Director.

Use of Consultants should represent value for money.

Interims 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 to the council processes, systems and procedures.

Where the consultant does not perform to the required standard, the manager should terminate the contract with appropriate notice.

### **MONITORING**

The Council's Human Resources service will monitor the use of consultants & interims and report on a regular basis to Corporate Committee.

### **ADDITIONAL INFORMATION**

Hiring Managers must take into account the following additional information when recruiting consultants or interims.

- Equality and Diversity including the Equal Opportunities Statement
- Ensuring necessary criminal checks are made using the Disclosure & Barring Service. (formerly the Criminal Records Bureau/ Independent Safeguarding Authority)
- Records management, Data Protection and confidentiality
- Monitoring and Audits of consultancy/ agency usage
- Council values and ways of working



**Consultant - Business Case /Agency Brief**

Please complete this form in order to get approval to recruit a consultant.

One form per consultant.

<b>Your Service Information</b>	
Directorate	
Business Unit	
Service	
<b>Your Contact details</b>	
Your Name	
Your Job Designation	
Your Telephone No.	
<b>Business Case Outline Why You Require a Consultant</b>	
Why do you require a Consultant	
What will the job role mainly consist of	
Is the consultant covering a funded position?	
If so, what is the position number of the position to be covered by the consultant	
If not, how will you fund the consultant	
How long will the consultant be required	
What is the expected daily rate of pay	
Could the job role be offered/covered by a secondment opportunity or act up? <b>If not, please state why not.</b>	
<b>What is impact of not filling this job role (financial, service delivery etc...)</b>	

### AGENCY BRIEF

Are you approaching an Agency to (a) supply you with people from which to select a Consultant or (b) onboard a person you have hired?	YES  Please complete the rest of the form	NO  Please prepare a Contract Please check that the Consultant has Professional Liability Indemnity
Is the consultant required to deliver an existing Job role	YES  Please attach the Job Description	NO  Please produce and attach and outline of the Job role and key skill requirements

Please indicate what specific previous **Skills or Experience** is required:

The consultant will be required for the period(s)  
indicated below:

Please complete as relevant
.....Number of days
.....Number of Weeks
.....Number of months

Preferred Start date:.....

Expected pattern of work:

Preferred Work Pattern	Tick the relevant option
5 days a week	<input type="checkbox"/>
4 days a week	<input type="checkbox"/>
3 days a week	<input type="checkbox"/>
2 days a week	<input type="checkbox"/>
1 day a week	<input type="checkbox"/>
Other	<input type="checkbox"/>

Please indicate the rate range per day that you are have already agreed to pay the consultant or if you are going through the agency route, the maximum rate that you seeking to pay - Tick that which is applicable

From £	To £	Tick as relevant		From £	To £	Tick as relevant
50	100	<input type="checkbox"/>	<input type="checkbox"/>	151	200	<input type="checkbox"/>
101	150	<input type="checkbox"/>	<input type="checkbox"/>	201	250	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	£251+		<input type="checkbox"/>

What do you expect the total cost of this engagement to be?

Will you be within the CSO authorisation levels - paragraph 5 of the Use of Consultants/Self Employed Workers Policy – put in link	Yes	No
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#### Approval Section

Director Name	Signature	Date :	Yes or No
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#### Consultant Approval Snapshot Process

Sign off process	Approved	Not Approved
1. Director	Return the signed form to the requesting Manager	Return form to the requesting Manager
2. Manager	Follow the process outline held in harinet – attach this form to the eform	No further action

Appendix C

Outline of the consultant & interim information to be provided as part of the Internal Audit Update report to Corporate Committee

**Monitoring Report on the Use of Consultants and Interims**

Each consultant/ interim to be listed as a single line

Dir	Business unit	Name of consultancy / agency or if applicable mark 'Self Employed'	Interim or Consultant	Start date	Likely End date of contract	Charge rate - to be expressed as a daily rate	Days per week	Funding from Revenue, Capital or Grant	Reason for engagement and benefits

Appendix D

Summary of the numbers of consultants & interims engaged at present

Directorate	Number of Consultants less than 5 days per week	Number of Consultants 5 days per week	Number of Interims less than 5 days per week	Number of Interims 5 days per week	Total
Adult & Housing	1				1
Children & Young People	3			1	4
Corporate	3		1	3	7
Place & Sustainability	9	1	1	1	12
<b>Total</b>	16	1	2	5	<b>24</b>