

**NORTH LINCOLNSHIRE COUNCIL**

**POLICY AND FINANCE CABINET MEMBER**

**PROFESSIONAL SERVICES USAGE: QUARTER 1 2015/2016**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 Cabinet has introduced a protocol for the use of professional services as part of a package of cost management measures.
- 1.2 The protocol requires services to report their use of professional services on a quarterly basis.
- 1.3 This report for Quarter 1 2015/2016 has been produced by the council's procurement team in conjunction with directorates.
  - The council spent £90,280 on professional services in Quarter 1 of 2015/2016. This represents a £34,213 decrease in expenditure compared to the same period in 2014/15
  - Expenditure on professional services to support the delivery of the highways programme has been added to the report as a new inclusion to reflect a change in the commissioning model
  - Professional services to support major projects – BSF and Waste accounted for 10.34% of spend in Quarter 1. Other construction and technical related expenditure accounted for 89.66%
  - Overall services have reported that their use of professional services has been effective

**2. BACKGROUND INFORMATION**

- 2.1 The protocol for managing professional services was introduced as part of a package of cost management measures in 2011. The protocol requires services to report their use of professional services on a quarterly basis. This reporting requirement was formally adopted as part of the council's updated contract procedure rules in May 2012.
- 2.2. It is widely recognised that the provision of specialist expert advice is essential for the successful delivery of major projects and effective management of potentially high cost risk exposure. Examples of strategic projects requiring specialist advice include:

**Building Schools for the Future (BSF)**

- £80m investment in local schools to enhance educational attainment and the learning environment
- Seven North Lincolnshire schools rebuilt/refurbished
- Substantially funded by central government

## University Technical College (UTC)

- c. £10m investment in a new academy for 14 – 18 year olds
- Partnership based project involving local education/skills providers and leading employers
- Fully funded by central government

## Waste Treatment

- c. £20m - £40m project to secure a best value and environmentally sound solution for the treatment of 47,000 tonnes of municipal waste produced annually

## Capital Programme

- c. £30m – £40m programme of infrastructure and transformational projects that help to deliver the council's priorities, including road repairs and school improvements

- 2.3 For the purpose of this report the term “professional services” is used to describe the procurement of highly specialised subject matter expertise which the council does not possess in-house or where an independent opinion is required. Examples include specialist environmental surveys, technical analysis and advice on essential legal requirements such as Construction Design and Management (CDM) regulation compliance.
- 2.4 Expenditure on professional services to support the delivery of the highways programme has been added to the report as a new inclusion to reflect a change in the commissioning model for this requirement. Historically the highways programme was delivered through a strategic partnership – Highways Alliance. The alliance was replaced with modern frameworks for both construction and highways delivery and professional services. Specialist advice for highways schemes is now directly commissioned by the council via the framework and accordingly has been included for reporting purposes with effect from Quarter 1 2015/16.
- 2.5 This report sets out a summary of professional services usage for Quarter 1 in 2015/2016. During Quarter 1 the council spent £90,280 on professional services. Detailed findings are presented at Appendix A.
- 2.6 The council spent £9,330 on professional services to support major projects in Quarter 1, which accounted for 10.34%. This represents a decrease of £74,743 compared to the same period in 2014/15. The tables below detail Quarter 1 expenditure compared to the same period in the previous financial year. In addition they set out a projected spend for Quarter 2 2015/16.

**Table 1 - Comparison by Category (Quarter 1)**

| <b>Professional Services Spend by Category:</b> | <b>Quarter 1 2015/16</b> |
|---|--------------------------|
| Policy & Resources                              | Nil                      |
| Construction/Highways Related                   | £88,930                  |
| Other Technical                                 | £1,350                   |
| Other   | Nil                      |
| <b>TOTAL</b>                                    | <b>£90,280</b>           |

**Table 2 - Comparison by Period/Year (Quarter 1)**

|                             | Quarter 1<br>14/15 | Quarter 1<br>15/16 | Difference       |
|-----------------------------|--------------------|--------------------|------------------|
| <b>Major Projects Spend</b> | £84,074            | £9,330             | <b>- £74,743</b> |
| <b>Total sSpend</b>         | £124,493           | £90,280            | <b>- £34,213</b> |

**Table 3 - Spend by Major Project (2015/16):**

| Project      | Qtr 1<br>2015/16 | Qtr 2<br>2015/16 | Qtr 3<br>2015/16 | Qtr 4<br>2015/16 | Total Spend<br>2015/16 |
|--------------|------------------|------------------|------------------|------------------|------------------------|
| BSF          | Nil              | -                | -                | -                | -                      |
| Waste        | £74              | -                | -                | -                | -                      |
| UTC          | £9,256           | -                | -                | -                | -                      |
| <b>Total</b> | <b>£9,330</b>    | -                | -                | -                | -                      |

**Table 4 - Spend by Directorate (2015/16):**

| Directorate        | Qtr 1<br>2015/16 | Qtr 2<br>2015/16 | Qtr 3<br>2015/16 | Qtr 4<br>2015/16 | Total Financial<br>year to-date |
|--------------------|------------------|------------------|------------------|------------------|---------------------------------|
| Policy & Resources | Nil              | -                | -                | -                | -                               |
| People             | Nil              | -                | -                | -                | -                               |
| Places+ Waste      | £90,280          | -                | -                | -                | £90,280                         |
| Public Health      | Nil              | -                | -                | -                | -                               |
| BSF                | Nil              | -                | -                | -                | -                               |
| <b>Total</b>       | <b>£90,280</b>   | -                | -                | -                | <b>£90,280</b>                  |

**Table 5 - Spend by Internal / External Funding Provision (2015/16):**

| Project/<br>Directorate<br>breakdown | Qtr 1<br>2015/16 | Internal       | External | Qtr 2<br>2015/16 | Internal | External | Qtr 3<br>2015/16 | Internal | External | Total<br>spend<br>to-date |
|--------------------------------------|------------------|----------------|----------|------------------|----------|----------|------------------|----------|----------|---------------------------|
| Policy & Resources                   | Nil              | Nil            | -        | -                | -        | -        | -                | -        | -        | -                         |
| BSF                                  | Nil              | Nil            | -        | -                | -        | -        | -                | -        | -        | -                         |
| Waste                                | £74              | £74            | -        | -                | -        | -        | -                | -        | -        | £74                       |
| UTC                                  | £9,256           | £9,256         | -        | -                | -        | -        | -                | -        | -        | £9,256                    |
| Places                               | £80,949          | £80,949        | -        | -                | -        | -        | -                | -        | -        | £80,949                   |
| People                               | Nil              | Nil            | -        | -                | -        | -        | -                | -        | -        | -                         |
| <b>Total</b>                         | <b>£90,280</b>   | <b>£90,280</b> | -        | -                | -        | -        | -                | -        | -        | <b>£90,280</b>            |

**Table 6 - Projected Spend for Quarter 2 (2014/15):**

| Directorate        | Projected<br>Spend Qtr 2<br>2015/16 |
|--------------------|-------------------------------------|
| Policy & Resources | Nil                                 |
| Places             | £81,945                             |
| Public Health      | Nil                                 |
| People             | Nil                                 |
| <b>Total</b>       | <b>£81,945</b>                      |

| Major Projects | Projected<br>Spend Qtr 2<br>2015/16 |
|----------------|-------------------------------------|
| BSF            | £7,000                              |
| Waste          | £4,000                              |
| UTC            | Nil                                 |
| ONGO           | £30,000                             |
| <b>Total</b>   | <b>£41,000</b>                      |

2.7 Services engaging professional services specialists reported that overall they have been satisfied with performance and effectiveness. Details are set out in Appendix A.

2.8 A number of the professional services engagements relate to the provision of specialist construction design services, specifically structural engineering design. The council has recently appointed an in house structural engineer. This will reduce the future external support required.

### **3. OPTIONS FOR CONSIDERATION**

3.1 As this is an information report there are no options to be considered.

### **4. ANALYSIS OF OPTIONS**

4.1 See 3.1 above

### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 Financial

Effective and transparent engagement of professional services specialists and the monitoring of their performance will help to improve the value the council obtains from the commissions. The continued management of expenditure will support the council's financial plans going forward.

5.2 Staffing  
None

5.3 Property & IT  
None

### **6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)** N/A

### **7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED**

7.1 This report has been prepared following extensive consultation with services.

7.2 No conflicts of interest have been identified.

### **8. RECOMMENDATIONS**

8.1 That the findings set out in this report for Quarter 1 2015/16 are noted.

#### **DIRECTOR OF POLICY & RESOURCES**

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**Background Papers used in the preparation of this report:**

Professional services Usage Report Qtr 4 2014/15

**Where appropriate the report has been seen and commented on by (✓ or n/a)**

| Cabinet Member | Human Resources | Legal & Democratic | Finance | Property | IT  | CMT |
|----------------|-----------------|--------------------|---------|----------|-----|-----|
| YES            | N/A             | N/A                | YES     | YES      | N/A | YES |

|   |     |
|---|-----|
| <b>Approved by Director(s) of Service</b> | YES |
|---|-----|

## Appendix A

| Project Title   | Reason for Engaging    | Key Deliverables   | Performance of Key Deliverables | Cost £            |
|---|------------------------|--|---------------------------------|-------------------|
| <b>Policy &amp; Resources</b>                                   |                        |  |                                 |                   |
| Nil   |                        |  |                                 |                   |
| <b>People</b>   |                        |  |                                 |                   |
| Nil   |                        |  |                                 |                   |
| <b>Public Health</b>  |                        |  |                                 |                   |
| Nil   |                        |  |                                 |                   |
| <b>Places</b>   |                        |  |                                 |                   |
| Various   | Expertise / Experience | Provide CDMC services: <ul style="list-style-type: none"> <li>• Priory Lane Junior School - Extension to create 420 Place Primary</li> <li>• Althorpe and Keadby Primary School - Increase Early Years Provision</li> <li>• Castledyke Primary School - Increase Capacity of School</li> </ul>                   | Good                            | £ 504.95          |
| Various   | Expertise / Experience | Provide Structural services as part of the new professional services framework <ul style="list-style-type: none"> <li>• Wootton St Andrews CE Primary - Extension to Infant toilet facilities</li> <li>• Market Tavern, Crowle - Refurbishment Works</li> <li>• Cleatham Barms - Architectural Survey</li> </ul> | Good                            | £ 4,585.05        |
| Waste Transfer Station  | Expertise / Experience | Provide Quantity Surveying services  | Good                            | £ 19,740.12       |
| Waste Transfer Station  | Expertise / Experience | Provide Project Management services.   | Good                            | £ 21,265          |
| Waste Transfer Station  | Expertise / Experience | Provide Building survey and topographical report   | Good                            | £ 4,000           |
| The Lilacs (de Lacy House) rebuild                              | Expertise / Experience | Provide chimney height/ explosion risk assessment and acoustics report.  | Good                            | £ 4,655.05        |
| Various Properties - Outline Planning Permission - Vacant Sites | Expertise / Experience | To assist with the preparation of planning applications  | Good                            | £ 3,249.14        |
| Punctuality Improvement Partnership                             | Expertise / Experience | Carry out Punctuality Surveys required by the DFT  | Good                            | £ 178.13          |
| Checking of Submitted calculations to Building Control          | Expertise / Experience | Check calculations within given time frames. In-house engineer did not have spare capacity.  | Excellent                       | £ 653.75          |
| Normanby Enterprise Park  | Expertise / Experience | Advisor engaged in the Reclamation of Normanby Enterprise Park/Conesby Quarry  | Good                            | £ 10,136.00       |
| <b>Highways</b>   |                        |  |                                 |                   |
| Review of Berkeley Circle                                       | Independent Evaluation | Provide Options Report   | Excellent                       | £ 10,632.00       |
| <b>Technical &amp; Environment</b>                              |                        |  |                                 |                   |
| Midland Road Former Landfill Site                               | Expertise / Experience | Assessment of FID monitoring and risks from landfill gas   | Excellent                       | £ 1,350.00        |
| <b>UTC</b>  |                        |  |                                 |                   |
| UTC   | Expertise / Experience | Cost, Technical and project management support   | Good                            | £ 9,256.42        |
| <b>Total:</b>   |                        |  |                                 | <b>£90,205.61</b> |