Report of the Director
of Policy & Resources

Decision to be taken after
25 February 2015

NORTH LINCOLNSHIRE COUNCIL

POLICY AND RESOURCES CABINET MEMBER

CONSULTANCY USAGE: QUARTER 3 2014/2015

1. OBJECT AND KEY POINTS IN THIS REPORT

1.1 Cabinet has introduced a protocol for the use of consultants as part of a package of cost management measures.

1.2 The protocol requires services to report their use of consultants on a quarterly basis.

1.3 This report for Quarter 3 2014/2015 has been produced by the council's procurement team in conjunction with directorates.

- The council spent £145,408 on consultancy services in Quarter 3 of 2014/2015. This represents a decrease in expenditure of £317,336 compared to the same period in 2013/14
- Consultancy to support major projects accounted for 70% of spend in Quarter 3. Other construction and technical related expenditure accounted for 30**%**
- Overall services have reported that their use of consultants has been effective

2. BACKGROUND INFORMATION

2.1 The protocol for managing consultancy was introduced as part of a package of cost management measures in 2011. The protocol requires services to report their use of consultants 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. Value for money is obtained where complex and potentially high-cost technical, contractual and commercial risks are managed effectively.

2.3 Examples of major council 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

- 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£20 – £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£30 – £40m programme of infrastructure and transformational projects that help deliver the council's priorities, including road repairs and school improvements.

2.4 For the purpose of this report the term "consultancy" 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.

2.5 This report sets out a summary of consultancy usage for Quarter 3 in 2014/2015. During Quarter 3 the council spent £145,408 on consultancy services. Detailed findings are presented at Appendix A.

2.6 The council spent £101,664 on consultancy to support major projects in Quarter 3, which accounted for 70% of total spend. This represents a decrease of £262,438 compared to the same period in 2013/14. The tables below detail Quarter 3 expenditure compared to the same period in the previous financial year. In addition they set out a projected spend for Quarter 4 2014/15.

Table 1 - Comparison by Category (Quarter 3)

Consultancy Spend by Category:	**Quarter 3 2014/15**
Construction Related	£139,668
Other Technical	£5,740
Other	Nil
TOTAL	**£145,408**

Table 2 - Comparison by Period/Year (Quarter 3)

	Quarter 3 13/14	**Quarter 3 14/15**	**Difference**
Major Projects Spend	£364,102	£101,664	- **£262,438**
Total Consultancy Spend	£462,744	£145,408	- **£317,336**
Total Spend YTD	£809,340	£486,932	- **£322,408**

Table 3 - Spend by Major Project (2014/15):

Project	Qtr 1 2014/15	Qtr 2 2014/15	Qtr 3 2014/15	Qtr 4 2014/15	Total Spend 2014/15
BSF	£49,523	£4,938	£25,350	-	£79,811
Waste	£6,551	£151,870	£53,690	-	£212,112
UTC	£28,000	£36,765	£22,624	-	£87,389
Total	**£84,074**	**£193,573**	**£101,664**	**-**	**£379,311**

Table 4 - Spend by Directorate (2014/15):

Directorate	Qtr 1 2014/15	Qtr 2 2014/15	Qtr 3 2014/15	Qtr 4 2014/15	Total Financial year to-date
Policy & Resources	Nil	Nil	Nil	-	Nil
People	Nil	Nil	Nil	-	Nil
Places	£40,419	£23,458	£43,744	-	£107,621
Public Health	Nil	Nil	Nil	-	Nil
Major Projects	£84,074	£193,573	£101,664	-	£379,311
Total	**£124,493**	**£217,031**	**£145,408**	**-**	**£486,932**

Table 5 - Spend by Internal / External Funding Provision (2014/15):

Project/ Directorate breakdown	Qtr 1 2014/15	Internal	External	Qtr 2 2014/15	Internal	External	Qtr 3 2014/15	Internal	External	Total spend to-date
Policy & Resources	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	**Nil**
BSF	£49,523	£6,500	£43,023	£4,938	Nil	£4,938	£25,350	Nil	£25,350	**£79,811**
Waste	£6,551	£6,551	Nil	£151,870	£151,870	Nil	£53,690	£53,690	Nil	**£212,111**
Places	£40,419	£40,360	£59	£23,458	£23,343	£115	£43,744	£21,737	22,0007	**£107,621**
People	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	**Nil**
UTC	£28,000	Nil	£28,000	£36,765	£5,881	£30,884	£22,624	£22,624	Nil	**£87,389**
Total	**£124,493**	**£53,411**	**£71,082**	**£217,031**	**£181,094**	**£35,937**	**£145,408**	**£98,051**	**£47,357**	**£486,932**

Table 6 - Projected Spend for Quarter 4 (2014/15):

Directorate	Projected Spend Qtr 4 2014/15
Policy & Resources	£4,500
Places + Major Projects	£166,142
Public Health	Nil
People	Nil
Total	**£170,642**

Major Projects	Projected Spend Qtr 4 2014/15
BSF	£26.505
Waste	£112,650
UTC	£7,000
Total	**£146,155**

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

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 consultants 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 3 2014/15 are noted.

DIRECTOR OF POLICY & RESOURCES

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Background Papers used in the preparation of this report:
Consultancy Usage Report Qtr 3 2013/14

Appendix A

Project Title	Reason for Engaging Consultant	Key Deliverables	Performance of Key Deliverables	Cost £
Policy & Resources				
Nil				
People				
Nil				
Public Health				
Nil				
Places				
Various	Expertise / Experience	Provide CDMC services as part of the project team ▪ Demolition of various buildings ▪ Epworth Leisure Centre – New Skate Park ▪ 47 High Street, Crowle – Convert disused building to Public toilets ▪ Humberside Airport – New Training Academy	Good	£2,854
Various	Expertise / Experience	Provide structural services as part of the project team ▪ Epworth Leisure Centre – New Skate Park ▪ Priory Lane Junior School – Extension to create 420 place primary	Good	£1,505
Various	Expertise / Experience	Provide ground investigation report ▪ Hibaldstow Academy – Increase Capacity of School ▪ Castledyke Primary School – Increase Capacity of School	Good	£3,047
Isle of Axholme and Hatfield Chase Landscape Partnering Project	Expertise / Experience	A project funded externally by the Heritage Lottery Fund	Good	£20,309
Checking of Structural engineering aspects of Building Regulations Applications as they are awarded contract for all work	Expertise / Experience	Provide engineering services	Good	£1,698
Castledyke primary school – increase capacity of school	Expertise / Experience	Provide topographical survey	Excellent	£375
The foundry arms – demolition	Expertise / Experience	Provide party wall assessment	Good	£450
Epworth leisure centre – new skate park	Expertise / Experience	To provide advice on drainage	Good	£304
Various properties – demolition of various buildings	Expertise / Experience	To provide an environmental impact assessment	Excellent	£3,838
Procurement of consultants	Expertise / Experience	Preparation and delivery of the consultants framework	Excellent	£3,424
Procurement of consultants	Expertise / Experience	Advice for pqq evaluation	Good	£200
Midland Road Former Landfill	Expertise / Experience	Preparation of planning protocol, site management plan midland road	Good	£3,500
Midland Road Former Landfill	Expertise / Experience	Provision of design specification for active gas trial	Good	£2,240

Major Project Spend				
Waste				
Waste Project	Expertise / Experience	Technical drafting support to ITT documents	Good	£19,363
Waste Project	Expertise / Experience	Legal drafting support to ITT documents	Good	£12,933
Waste Project	Expertise / Experience	Financial drafting support to ITT documents	Good	£10,966
WTS/MRF	Expertise / Experience	Client technical advisor and feasibility	Good	£5,329
WTS/MRF	Expertise / Experience	Finance based feasibility study	Good	£5,099
BSF				
BSF	Expertise / Experience	Cost, technical and project management support	Good	£25,350
UTC				
UTC	Expertise / Experience	Cost, technical and project management support	Good	£22,624
Total:				**£145,408**