Report of the Director
of Policy & Resources

Decision to be taken after
3 November 2014

NORTH LINCOLNSHIRE COUNCIL

POLICY AND RESOURCES
CABINET MEMBER

CONSULTANCY USAGE: QUARTER 2 2014/2015

1. OBJECT AND KEY POINTS IN THIS REPORT

1.1 Cabinet 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 2 2014/2015 has been produced by the council's procurement team in conjunction with directorates.

- The council spent £217,030 on consultancy services in Quarter 2 of 2014/2015.
- Consultancy to support major projects, with a combined value of c. £150m, accounted for 89% of spend. Other construction and technical related expenditure accounted for 11**%**
- Overall services have reported that their use of consultants was 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 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

2.4 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 2 in 2014/2015. During Quarter 2 the council spent £217,030 on consultancy services. Detailed findings are presented at Appendix A.

2.6 The council spent £193,573 on consultancy to support major projects in Quarter 2, which accounted for 89% of the total spend. The tables below detail Quarter 2 expenditure compared to the same period in the previous financial year. In addition they set out a projected spend for Quarter 3 2014/15.

2.7 The waste project accounted for c.70% of the total consultancy spend in Quarter 2

Table 1 - Comparison by Category (Quarter 2)

Consultancy Spend by Category:	**Quarter 2 2014/15**
Construction Related	£205,901
Other Technical	£11,129
Other	Nil
TOTAL	**£217,030**

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

	Quarter 2 13/14	**Quarter 2 14/15**	**Difference**
Major Projects Spend	£139,314	£193,573	**£54,259**
Total Consultancy Spend	£207,437	£217,030	**£9,593**

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	-	-	£54,461
Waste	£6,551	£151,870	-	-	£158,421
UTC	£28,000	£36,765			£64,765
Total	**£84,074**	**£193,573**	**-**	**-**	**£277,647**

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
People	Nil	Nil	-	-	Nil
Places & MPS	£124,493	£217,030	-	-	£341,523
Public Health	Nil	Nil	-	-	Nil
Total	**£124,493**	**£217,030**	**-**	**-**	**£341,523**

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
People	Nil	Nil	Nil	Nil	Nil	Nil	-	-	-	Nil
Places	£40,419	£40,360	£59	£23,458	£23,343	£115	-	-	-	£63,877
BSF	£49,523	£6,500	£43,023	£4,938	Nil	£4,938	-	-	-	£54,461
Waste	£6,551	£6,551	Nil	£151,870	£151,870	Nil	-	-	-	£158,421
UTC	**£28,000**	Nil	£28,000	£36,765	£5,881	£30,884				£64,765
Total	**£124,493**	**£53,411**	**£71,082**	**£217,030**	**£181,094**	**£35,937**	**-**	**-**	**-**	**£341,523**

Table 6 - Projected Spend for Quarter 3 (2014/15):

Directorate	Projected Spend Qtr 3 2014/15
Policy & Resources	Nil
Places + MPS	£189,625
Public Health	Nil
Total	**£213,625**

Major Projects	Projected Spend Qtr 3 2014/15
BSF	£88,000
Waste	£79,000
UTC	Nil
Total	**£167,000**

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

2.9 A number of the consultant 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 level of external support required in future.

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 2 2014/15 are noted.

DIRECTOR OF POLICY & RESOURCES

Civic Centre
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB

Author: T Leaning
Date: 16 July 2014

Background Papers used in the preparation of this report:
Consultancy Usage Report Qtr 2 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 • The Foundry Arms – Demolition • Convert Disused Building to Public Conveniences • Convert Disused Building to Public Conveniences • Epworth Leisure Centre - New Skate Park	Good	2,307
Various	Expertise / Experience	Provide Structural services as part of the project team • Epworth Leisure Centre - New Skate Park • The Foundry Arms – Demolition • Priory Lane Junior School - Extension to create 420 Place Primary	Good	2,468
Various	Expertise / Experience	Provide specialist Running Track Advise / Provide specialist advise - Historic Buildings • Quibell Park - New Athletics Track • Convert Disused Building to Public Conveniences	Good	2,488
Asset Valuations	Covering workload issues due to sickness absence and other priorities	Assist in providing statutory asset valuations	Good	2,433
Punctuality Improvement Partnership	Expertise / Experience	Carry out Punctuality surveys required by the DFT	Good	36
Checking of structural engineering aspects of Building Regulations Applications as they are awarded contract for all work.	Expertise / Experience	Provide Engineering Services	Good	115
Convert Disused Building to Public Conveniences	Expertise / Experience	Trial Pit Excavation	Good	600

Baysgarth Park - New Skate Park	Expertise / Experience	Topographical Survey	Good	595
Brigg Recreation Ground - Improve Facilities	Expertise / Experience	Traffic Impact Assessment	Good	1,200
Althorpe and Keadby Primary School - Increase Early Years Provision	Expertise / Experience	Floor Risk Assessment	Good	87
Midland Road former landfill site	Expertise / Experience	Remediation Options Appraisal	Excellent	3,000
Welham Estates Public Inquiry	Expertise / Experience	Expert witness (Odour)	Good	7,229
Midland Road Former Landfill	Expertise / Experience	Midland Road Internal Survey Work until Jan 2015	Good	900
Major Project Spend				
BSF				
BSF	Expertise / Experience	Cost and Technical Advisor Support	Good	4,938
Waste				
Waste	Expertise / Experience	Legal drafting support to PQQ/ITPD documents	Good	22,428
Waste	Expertise / Experience	Technical drafting support to PQQ/ITPD documents	Good	87,418
Waste	Expertise / Experience	Financial drafting support to PQQ/ITPD documents	Good	39,272
Waste	Expertise / Experience	Insurance drafting support to PQQ/ITPD documents	Good	2,752
UTC				
UTC	Expertise / Experience	Contract and Project Management, Employers Agent Functions, Technical Advisory Function, CDMC Function.	Good	21,600
UTC	Expertise / Experience	Legal advice on construction project to UTC	Good	9,284
UTC	Expertise / Experience	Advise on the construction of the Humber UTC.	Good	5,881
Total:				**£217,030**