

NORTH LINCOLNSHIRE COUNCIL

POLICY AND FINANCE CABINET MEMBER

PROFESSIONAL SERVICES USAGE: QUARTER 2 2015/16

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 2 2015/16 has been produced by the council's procurement team in conjunction with directorates.
 - The council spent £112,504 on professional services in Quarter 2 of 2015/16. This represents a £104,527 decrease in expenditure compared to the same period in 2014/15
 - 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 of 2015/16.
- 2.5 This report sets out a summary of professional services usage for Quarter 2 in 2015/16. During Quarter 2, the council spent £112,504 on professional services. A breakdown of these costs can be found in Appendix A.
- 2.6 The council spent £9,257 on professional services to support major projects in Quarter 2, which accounted for 8.23% of the total spent. This represents a decrease of £184,316 compared to the same period in 2014/15. The tables below detail Quarter 2 expenditure compared to the same period in the previous financial year. In addition, they set projected spend for Quarter 3.

Table 1 - Comparison by Category (Quarter 2)

Professional Services Spend by Category:	Quarter 2 2015/16
IT	£50,000
Construction/Highways Related	£61,184
Other Technical	£1,320
Other	Nil
TOTAL	£112,504

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

	Quarter 2 14/15	Quarter 2 15/16	Difference
Major Projects Spend	£193,573	£9,257	- £184,316
Total Spend	£217,030	£112,504	- £104,527

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

Project	Qtr 1 2015/16	Qtr 2 2015/16	Qtr 3 2015/16	Qtr 4 2015/16	Total Spend 2015/16
BSF	Nil	Nil	-	-	-
Waste	£74	Nil	-	-	74
UTC	£9,256	£9,257	-	-	£18,513
Total	£9,330	£9,257	-	-	£18,587

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

Directorate	Qtr 1 2015/16	Qtr 2 2015/16	Qtr 3 2015/16	Qtr 4 2015/16	Total Financial year to-date
Policy & Resources	Nil	£50,000	-	-	£50,000
People	Nil	Nil	-	-	-
Places+ Waste	£90,280	£62,504	-	-	£152,784
Public Health	Nil	Nil	-	-	-
BSF	Nil	Nil	-	-	-
Total	£90,280	£112,504	-	-	£202,784

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

Project/ Directorate breakdown	Qtr 1 2015/16	Internal	External	Qtr 2 2015/16	Internal	External	Total spend to- date
Policy & Resources	Nil	-	-	£50,000	-	£50,000	£50,000
BSF	Nil	-	-	Nil	-	-	Nil
Waste	£74	£74	-	-	-	-	£74
UTC	£9,256	-	£9,256	£9,257	-	£9,257	£18,513
Places	£80,949	£80,949	-	£53,246	£53,246	-	£134,195
People	Nil	-	-	Nil	-	-	-
Total	£90,280	£81,023	9,256	£112,503	£53,246	£59,257	£202,784

Table 6 - Projected Spend for Quarter 3 (2015/16):

Directorate	Projected Spend Qtr 3 2015/16	Major Projects	Projected Spend Qtr 3 2015/16
Policy & Resources	Nil	BSF	£7,000
Places	£52,345	Waste	£15,000
Public Health	Nil	UTC	£6,171
People	Nil	ONGO	£10,000
Total	£52,345	Total	£38,171

2.7 Services engaging professional services 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 2 2015/16 are noted.

DIRECTOR OF POLICY AND RESOURCES

Civic Centre
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB

Author: N Manders

Date: 13/10/2015

Background Papers used in the preparation of this report:

Professional services Usage Report Quarter 2 2014/15

Appendix A

Project Title	Reason for Engaging	Key Deliverables	Performance of Key Deliverables	Cost £
Policy & Resources				
E-Mail Replacement	Expertise	Build of new Microsoft Exchange email platform for shared services (funded by External Transformation Challenge Award for Shared Services)	Good	40,500
Microsoft Enterprise Agreement	Expertise	Advice on licensing requirements for shared services (funded by TCA)	Good	9,500
People				
Nil				
Public Health				
Nil				
Places				
Various	Expertise / Experience	Provide CDMC services	Good	406
6 Market Place, Crowle - Redevelop Site to Provide Lock Ups/Flats	Expertise / Experience	To provide a Geo Environmental report	Good	1,620
Market Tavern, Crowle - Refurbishment Works	Expertise / Experience	To provide structural services	Good	4,064
Axholme North Sports Centre	Expertise / Experience	To provide an archaeological and geo physical report	Good	1,550
Quibell Park - Replacement Changing and Club Room	Expertise / Experience	To provide a structural survey of the judging stand	Good	228
Cleatham Barns - Architectural Survey	Expertise / Experience	To provide a bat survey	Good	1,520
Axholme North Sports Centre	Expertise / Experience	To provide a site investigation report	Good	7,385
Various: Outline Planning Permission for Vacant Sites	Expertise / Experience	To assist with the preparation of planning applications	Good	5,900
Normanby Enterprise Park	Expertise / Experience	Reclamation of Normanby Enterprise Park/Conesby Quarry	Good	11,956
Checking of Submitted calculations to Building Control	Expertise / Experience	Check calculations within given time frames. In-house engineer did not have spare capacity.	Excellent	124
Highways				
Topo & Utilities Survey, CSH	Expertise / Experience	Survey of existing features		2,356
Design of Flood wall	Expertise / Experience	Design of Flood wall		7,825
Street Lighting - Options appraisal	Independent Evaluation	Assessment of Street Lighting stock		5,412
South Ferriby Lifting Bridge	Expertise / Experience	Investigation of lifting issues		360
South Ferriby Lifting Bridge	Expertise / Experience	Investigation of drainage issues		580
Keadby Lock Bridge	Expertise / Experience	Investigation of damaged curtain		640
Technical & Environment				
Midland Road Former Landfill Site	Expertise / Experience	Site Visit (Remediation Options)	Excellent	615
Former Welham Estates Ltd	Expertise / Experience	Review of Environmental Permit application for Belton Pet Foods	Excellent	705
UTC				
UTC	Expertise / Experience	Cost, Technical and project management support	Good	9,257
Total:				£112,504