

NORTH LINCOLNSHIRE COUNCIL

**ADULT AND CHILDREN'S
SERVICES CABINET MEMBER**

**BUILDING SCHOOLS FOR THE FUTURE (BSF):
USE OF CONSULTANTS**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To confirm historic levels of use of consultants associated with delivering the councils BSF programme and to set out a strategy for the use of consultants in the future.
- 1.2 The key points in this report are as follows:
- The council has a contractual framework in place with Engage North Lincolnshire Ltd (LEP) to provide design and construction works to all schools within the BSF programme.
 - The management of works progressed via the contractual framework requires specialist skills and knowledge.
 - Officers recommend that the Cabinet Member notes the historic level of use of consultants and approves the strategy for the use of consultants in the future set out in appendix 1 this report.

2. BACKGROUND INFORMATION

- 2.1 On 6 July 2009, the former Children's Services Cabinet Member approved the award of a series of contracts to form a contractual framework between the council and the LEP to deliver the BSF programme (minute 123 refers). The contracts require the council to perform a number of key roles to protect our ongoing interests and ensure optimum service delivery. This work was particularly intensive during the phase of work to secure BSF funding and to appoint the LEP (2006 – 2009). During this period, the council procured services from consultants totalling £1,751,091. This consisted mainly of ICT, legal, technical and financial support that we did not have the internal capacity or expertise to deliver. 'Pre LEP appointment' annual expenditure on consultants peaked in 2008/09 at £856,672. Expenditure during this period is summarised in table 1 below.

2006/7	2007/8	2008/9
£322,881	£571,538	£856,672

Table 1 – Consultant expenditure summary during the ‘Securing Funding and Appointment of LEP’ phase

- 2.2 Since the appointment of the LEP (i.e. the works delivery phase), use of consultants has significantly reduced. It is expected that consultant use will reduce further in future years. In 2009/10 council expenditure on consultants was £448,004 and in 2010/11 it was £267,801, with most of this expenditure relating to legal and technical support. This is summarised in table 2 below.

2009/10	2010/11	2011/12 (Quarters 1 & 2)
£448,004 (16 consultants)	£267,801 (5 consultants)	£96,329 (5 consultants)
		£263,998 full year projection

Table 2 – Consultant expenditure summary during the ‘Works Delivery’ phase

- 2.3 The BSF Programme Director has investigated the need to engage consultants, the availability of internal council resources and alternative means of support available. The outcome of these investigations is that:

- scope exists to provide some, but not all services using ‘in house’ resources
- the use of consultants could be reduced in 2011/12 and beyond (providing staffing levels remain stable)
- some services are best delivered using consultants due to their specialist nature
- funding partners have previously insisted that some services be delivered using consultants – this requirement technically remains in place, and
- Negotiating some reductions on historic price rates for consultants might prove possible in the future

- 2.4 A proposed strategy for the use of consultants in the future that takes account of the above factors is set out in appendix 1.

3. OPTIONS FOR CONSIDERATION

- 3.1 The following options are available for the Cabinet Member to consider.

- 3.1.1 Option 1** – Note the historic level of use of consultants associated with delivering the councils BSF programme and

do not approve the strategy for the use of consultants in the future (set out in appendix 1).

- 3.1.2 Option 2** - Note the historic level of use of consultants associated with delivering the councils BSF programme and approve the strategy for the use of consultants in the future (set out in appendix 1).

4. ANALYSIS OF OPTIONS

4.1 Option 1

4.1.1 Not approving a strategy for the use of consultants would result in significant delay and disruption to the delivery of the BSF programme, increase programme costs and present a high risk of losing funding for projects that have not yet reached financial close. The opportunity to reduce consultant price rates (where relevant) would be lost. The council would be unable to fulfil its key roles to protect its interest and ensure optimum service delivery.

4.2 Option 2

4.1.2 This would enable the council to fulfil its key roles to protect the councils interest and ensure optimum service delivery. Further, the opportunity to increase the use of internal council resources together with reducing retained consultant price rates (where relevant) could be realised.

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

5.1 Financial – the strategy will yield estimated annual savings of £48,215, pro-rata from the point of implementation. These savings have been incorporated into future budget planning.

5.2 Staffing – the strategy will not affect the councils existing staffing establishment, although some services may be required to reprioritise their resources.

5.3 Property and IT – the strategy provides greater opportunity for the council to provide support services using internal resources.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

6.1 Risk – a low degree of risk would be retained by the council for business continuity in respect of services delivered using internal resources. The level of risk is considered acceptable.

6.2 There are no other implications requiring consideration.

7. OUTCOMES OF CONSULTATION

7.1 Consultation with relevant officers of the council has been undertaken throughout the development of the proposed strategy. Outcomes of this consultation are incorporated within the following recommendations.

8. RECOMMENDATIONS

8.1 The Cabinet Member notes the historic level of use of consultants associated with delivering the councils BSF programme as described in this report.

8.2 The Cabinet Member notes the use of consultants in quarters 1 and 2 of 2011/12, and that the Cabinet Member receives regular reports on the use of consultants associated with delivering the councils BSF programme.

8.3 The Cabinet Member approves the strategy for the use of consultants in the future as set out in appendix 1 of this report.

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Background Papers used in the preparation of this report

- None

North Lincolnshire Council Infrastructure Services – Building Schools for the Future

Future use of consultants

Strategy Summary

Legal support continues to be delivered using consultants (Eversheds) procured via Partnerships for Schools Framework on the basis that specialist services are required and are near completion. Costs to be incurred are unlikely to be substantial.

All non-specialist legal support for projects in development to be delivered using internal resources available within Democratic and Legal Division of Corporate and Community Services.

Contract, cost and elements of project management continues to be delivered using consultants (Gardiner and Theobald) procured via Partnerships for Schools Framework on the basis that internal specialist resource is not available, 13% reduction in price rates could be implemented from December 2011, knowledge transfer on each scheme yields operational efficiencies, exposing the remaining work to a new procurement is unlikely to make significant cost reductions.

Finance support is procured on a transactional arrangement using consultants (Grant Thornton) on basis that internal specialist resource is not available.

Specialist technical support for projects recently completed or nearing completion continues to be delivered using consultants (Aedas and Ken Jackson Engineering) procured via council Framework and a transactional arrangement. Services are near completion and costs to be incurred are unlikely to be substantial. Retention of project specific knowledge will yield operational efficiencies.

Specialist technical support for projects in development to be delivered using internal resources available within Construction and Technical Services Division of Infrastructure Services.

Notes:

- This strategy is predicated upon consistent acceptable performance by the LEP. It is also based upon stable internal staffing levels within the BSF Division of Infrastructure Services and all other parts of the council that would support the BSF programme using internal resources.
- A BSF Division review implemented in 2010/11 significantly reduced need for use of consultants from 2010/11 onward.
- This strategy assumes workload remaining generally at current levels.