

Report to Overview and Scrutiny Committee

Ward(s) affected: All wards

Report of Director of Resources

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Update Report: Spend on Consultants and Agency Workers

Executive Summary

This report provides an update on the spend position in relation to Consultants and Agency workers for the Financial year 2020/21 and an update on the impact of the recommendations implemented following the Overview and Scrutiny Committee meeting on 20 October 2020.

Over the last Financial Year 2020/21 Business World is reporting that the Council has spent a combined total of £20.9 million on Consultants and Agency Workers across revenue and capital.

Of that spend, £17.1 million was on Consultants and £3.8 million was on Agency Workers.

Recommendation to Committee

That the Overview and Scrutiny Committee,

(I) note the 2020/21 spend position and the update on the recommendations which have since been implemented.

(II) confirm the timescale for the next report on progress to the Committee [currently scheduled for early November 2021].

Reason for Recommendation:

To monitor spend in this area and to note the impact of the recommendations implemented.

Is the report (or part of it) exempt from publication?

No

1. Purpose of Report

- 1.1 For the Overview and Scrutiny Committee to note the increased Governance in this spend area and therefore the impact of the recommendations which have been implemented.
- 1.2 A report was considered by the Overview and Scrutiny Committee on 20 October 2020 and the outcomes were:

(I) That the Executive and the Corporate Management Team be requested to consider the options to better control costs and provide a more robust governance approach to spend on consultants and agency workers as outlined in the report submitted to the Committee; and

(II) That the Committee be provided with an interim update on consultants and agency worker spend in six months' time and with a full report of progress achieved in this spend area in one year.

- 1.3 The specific recommendations therefore as agreed were as follows:

Consultants:

- 1.3.1 Look to bring opportunities where possible in-house within existing job roles.
- 1.3.2 If consultants are still required follow the new Programme and Project Governance arrangements, which involves all new projects having a controlled start through a mandate process, a common lifecycle aligned to robust business case development and approvals through central governance gates, this will include Procurement following the Council's Procurement Procedure Rules.

Agency Workers:

- 1.3.3 Implement a Governance procedure around "off contract" (i.e. spend not via the Comensura contract) spend on Agency Staff, initially directing all Hiring Managers to the Corporate Temporary Staffing contract with Comensura as a default and a Procurement exemption to Corporate Procurement Board be required if the commission is "off contract" and another recruitment agency engaged.
- 1.3.4 Part of the exemption approval will examine whether there is the option to take a holistic approach to agency worker spend across the organisation resulting in better cost control and aligning with the Council's Procurement Strategy (focussing on a category approach and sharing of information and procuring joint contracts where possible to enable more strategic sourcing decisions to be made resulting in savings).

2. Strategic Priorities

- 2.1 Consultants and Agency staff comprise key resource to deliver projects and programmes across the organisation, supporting all of the Councils Strategic Framework; placemaking, community and innovation. Both consultants and agency staff are placed where there is a lack of capacity (resource gap) or capability (skills gap).
- 2.2 Consultants in the Corporate Programmes work area in particular are delivering placemaking objectives.

Background

For the purposes of this report, Consultants have been defined as ‘engaged by the Council to deliver a specific piece of work’. Agency workers have been defined as ‘working to cover a substantive or ongoing post within the organisation’.

3. Spend Position including 2020/21

- 3.1 Over the last Financial Year (2020/21), Business World is reporting that the Council has spent a combined total of £20.9 million on Agency Workers and Consultants across revenue and capital.

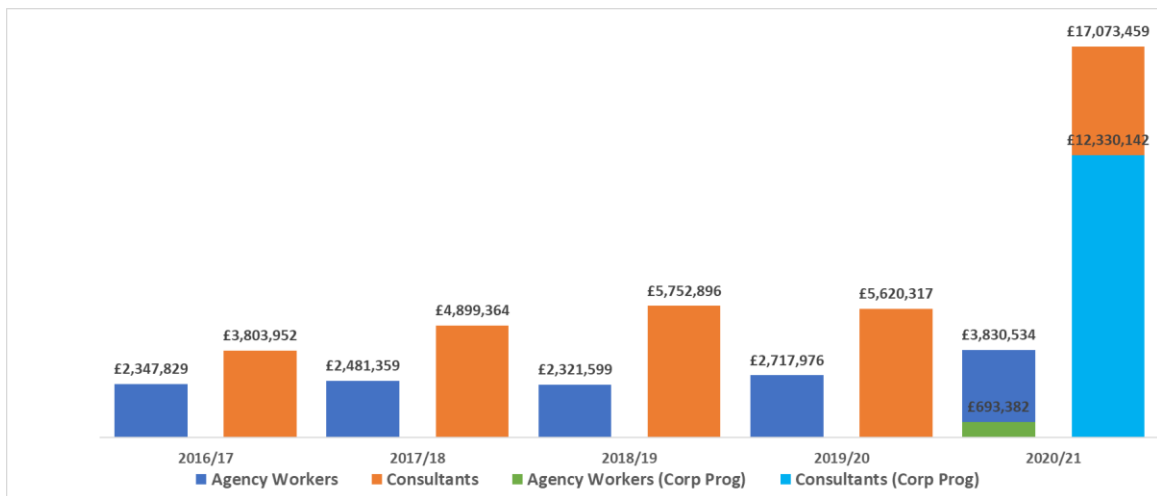


Figure 1 – Revenue & Capital Expenditure (FY 2016-17 to 2020-21)

- 3.2 When compared with the previous FY's there has been an increase of 40.9% on Agency Workers spend and 303% on Consultants spend. Corporate Programme spend in FY 2020/21 accounts for about 18% of Agency Workers spend and about 72% of Consultants spend. Corporate Programme spend is broken down by project in Table 1 below.

Table 1 – Top 10 Spend in Corporate Programmes by Project for 2020/21

Top 10 Project spend	Agency	Consultants	Total
WUV - Thames Water Relocation	£0	£5,324,250	£5,324,250
Slyfield Area Regeneration Project	£126,533	£3,312,863	£3,439,397
Walnut Tree Bridge Replacement	£62,132	£1,099,282	£1,161,414
Ash Road Bridge	£50,756	£929,729	£980,485
Major Projects	£311,486	£593,249	£904,735
Guildford Park	£1,158	£686,547	£687,706
Town Centre Approaches	£0	£443,079	£443,079
SMC (West) Phase 1	£23,053	£303,296	£326,349
WUV - Allotment Relocation	£57,196	£187,277	£244,473
Guild Town Centre Regeneration	£28,422	£85,903	£114,325
Total	£660,737	£12,965,475	£13,626,212

3.3 This increased expenditure for 20/21 is a direct result of Capital projects moving forward at pace and associated costs with delivery of projects of a substantial size.

3.4 Breakdown by supplier is outlined in Table 2 and Figure 2 below; the highest allocated spend is to Thames Water Utilities Ltd constituting 20% of the total spend.

Table 2 – Top 10 Spend by supplier for 2020/21

Top 10 Supplier spend	Allocated spend	Service or Project	Comments
Thames Water Utilities Ltd	£4,218,351	Weyside Urban Village	Moving existing sewage treatment plant
Perfect Circle JV Ltd (AECOM)	£1,480,748	Weyside Urban Village	Consultancy Advice/Design/Allotments
Comensura Ltd	£1,238,042	Various	Agency Worker charges
VolkerLaser Limited	£962,841	Walnut Bridge	Construction charges
Ignite Consulting Limited T/A Ignite	£809,917	Future Guildford	Consultants charges
The Oyster Partnership Ltd	£509,251	Corporate Programmes	Consultants charges (Interim staff)
Surrey County Council	£461,070	Various	Charges relating to S278 agreements
Pinsent Masons LLP	£437,220	Weyside Urban Village	Legal advice
Stantec UK Ltd	£432,317	Weyside Urban Village	Consultancy advice - Environmental Impact Assessment
Hays Specialist Recruitment Limited	£417,218	Finance & Procurement	Interim staff
Total	£10,966,973		

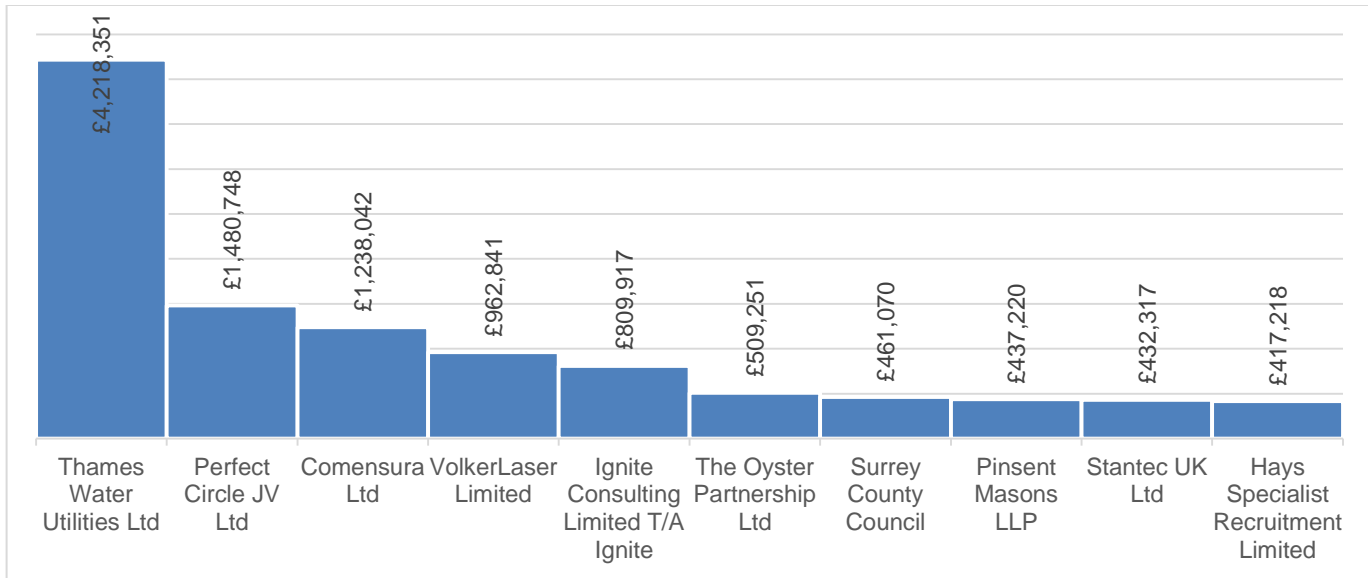


Figure 2 – Top 10 Spend by supplier for 2020/21

3.5 A breakdown of top 10 spend by Agency is outlined in Table 3. It should be noted that Comensura accounts for 23% of the top 10 Agency Workers spend and about 12% of the total spend for Agency Workers

Table 3 – Top 10 Spend by Agency Workers category

Top 10 Agency spend	Allocated spend	Service or Project	Comments
The Oyster Partnership Ltd	£502,251	Corporate Programmes	Consultants charges (Interim staff)
Comensura Ltd	£489,094	Various	Agency worker charges
Hays Specialist Recruitment Limited	£417,218	Finance & Procurement	Interim staff
Vivid Resourcing Limited	£176,623	Housing	Planning Enforcement staff
Civica UK Ltd	£146,177	Revs & Bens	Staff resources
Gravitas Recruitment Group	£87,580	Future Guildford	Technology workstream
Insight Executive Group Limited	£80,550	Corporate Programmes	Guildford Park Road Interim staff
Morgan Hunt UK Limited	£68,574	Revs & Bens	Staff resources
Matchtech Group UK Ltd	£57,497	Building Control	Staff resources
Bolderwood Solutions Ltd	£37,125	Future Guildford	ICT consultancy
Total	£2,062,689		

- 3.6 High spend on The Oyster Partnership is partly due to not being able to recruit programme/project managers to permanent positions and that reliance on consultants is often down to complex projects requiring specialist knowledge. Furthermore, the use of Oyster, Hays, Vivid and Civica for staff is also due to not being able to recruit to roles and in some cases roles have been advertised multiple times and had very little response.

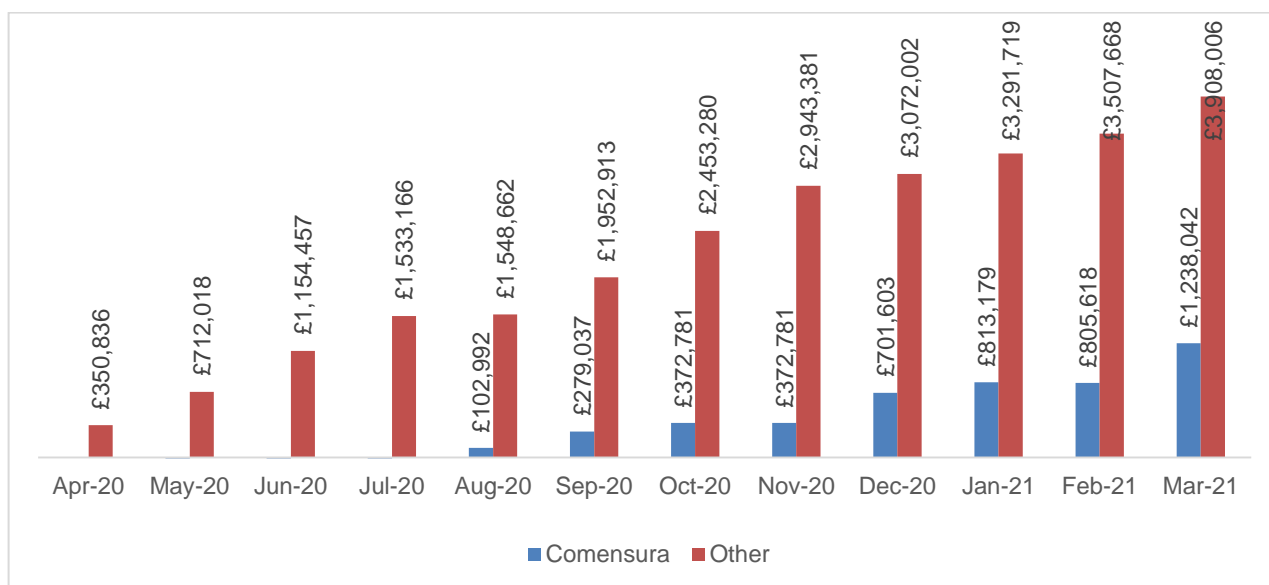


Figure 3 – Spend profile for Comensura vs total spend (Not including Corporate Programmes)

- 3.7 Comensura recorded spend increased from approximately 15% in October 2020 to approximately 24% of the total spend in FY 2020/21. The new control measures were put in place in October 2020, subsequent data indicates a trend of increasing spend with Comensura since more robust governance was introduced.

4. Update on Recommendations

- 4.1 Following the recommendations to enable better control of Consultants and Agency Workers spend the following measures have been implemented:-

Consultants

- 4.2 Requirements are kept where possible in-house where skills allow.
- 4.3 Services are aware that all consultant engagement is subject to Procurement advice and quotes being sought. The updated Procurement Procedure Rules which were adopted by Full Council on 19 May 2021 include a specific reference to the inclusion of consultants in Tendering practices.

- 4.4 The new Programme and Project Governance arrangements which are in place involve a controlled start through a mandate process, a common lifecycle aligned to robust business case development and approvals through central governance gates. This allows identification of any consultant requirements at the outset and set budgets.
- 4.5 The Programme and Project Governance is working towards reducing over-runs and delay, as historically, there has been the lack of common understanding of what projects are trying to deliver, lack of clear strategic direction or consensus which has inflated project costs, including those of the consultants trying to deliver. The new mandate and business case templates add more rigour to the options evaluation, and both include cost breakdowns for the whole life cost of a project (not just delivery costs) and staged costs for business case development and feasibility. This approach and approval of consultancy costs (and internal resource costs) can be understood, and approved, as part of the appropriate gate and consultancy deliverables can be explicitly agreed and monitored through the business case as part of the gate approval and project reporting process
- 4.6 A knowledge transfer programme (where appropriate) is in development so that the valuable skills are transferred into the Council where possible.

Agency Workers:

- 4.7 Any addition of Agency Staff is subject to approval by the means of an Establishment Control Form (ECF) to CMT which has now been incorporated within Business World.
- 4.8 A Governance procedure has been implemented around off contract spend on Agency Staff; all Hiring Managers are directed to the Corporate Temporary Staffing contract with Comensura as a default and a Procurement exemption to Corporate Procurement Board is required if the commission is off contract and another recruitment agency engaged. Figures 2 is a positive reflection this is making an impact.
- 4.9 The Corporate Temporary Staffing contract was re-launched on 11 January 2021 following detailed planning and this involved identifying all Hiring Managers and engaging them for refresher training sessions on c-net, which is Comensura's portal. These training sessions took place on 22 and 27 January 2021.
- 4.10 This has had a positive impact on off contract spend and there has not since been any exemptions to Corporate Procurement Board for off contract spend since the recommendations were agreed in October 2020.
- 4.11 Part of the re-launch also requested that Service Leads with any Temporary workers being supplied outside of Comensura advised immediately in order for assessment to be made and steps put in place for Comensura to engage with the agency and transition the worker assignments to c.net5 Bookings for timesheet and invoice purposes.

5. Key Risks

- 5.1 As a result of the recommendations having been implemented the risks around lack of best value and off contract spend have reduced and compliance has increased.
- 5.2 The level of consultancy expenditure has increased significantly over 2020/21 and this is directly related to the volume of projects, particularly in the Corporate Programmes Team as this is where the majority of the spend on consultants is. The Council is delivering an ambitious Capital Programme and resources are required for delivery.
- 5.3 Lack of knowledge transfer may continue on those projects where the Consultants advice is so specialist or technical it is not possible to transfer skills to the organisation.

6. Financial Implications

- 6.1 £17.1 million was spent on Consultants and £3.8 million on Agency workers in 2020/21

7. Legal Implications

- 7.1 The Council as a public body has a duty of achieving 'Best Value' and ensuring continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness under Section 3 of the Local Government Act 1999.
- 7.2 The Council must comply with the Public Contract Regulations 2015 and the Council's own Procurement Procedure Rules when procuring goods, services and works, this includes consultants.
- 7.3 The Local Government Transparency Code 2015 Rule 31 provides that all contracts over £5,000 should be published in a way which is accessible to the general public, this applies to consultancy contracts.

8. Human Resource Implications

This duty has been considered in the context of this report and it has been concluded that there are no HR implications arising directly from this report

9. Equality and Diversity Implications

This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.

10. Climate Change/Sustainability Implications

This duty has been considered in the context of this report and it has been concluded that there are no climate change and sustainability implications arising directly from this report.

11. Summary of Options

- 11.1 To note the updated spend position on Consultants and Agency Workers for 2020/21 and to continue to implement the recommendations already agreed by the October 2020 meeting of the Overview and Scrutiny Committee.

12. Conclusion

- 12.1 This report concludes that spend in this area has significantly increased in 2020/21 and that the measures recommended by the Overview and Scrutiny Committee have been implemented. This has resulted in an increased rate of agency workers engaged through Comensura therefore increased compliance. Best value is being obtained where consultants being procured in line with the Council's Procurement Procedure Rules.
- 12.2 Action has been identified to develop some further cost centres within the Capital codes on Business World to enable a clearer allocation of costs for consultants and professional services enabling clearer reporting and thus promoting further transparency within the Council.

13. Background Papers – Overview and Scrutiny Committee Report – 20 October 2020

14. Appendices – none