

Report to Overview and Scrutiny

Ward(s) affected: All wards

Report of Director of Resources

Author: Adrian Swift, Interim Senior Specialist – Procurement

Tel: 01483 444819

Email: [adrian.swift@guildford.gov.uk](mailto:adrian.swift@guildford.gov.uk)

Lead Councillor responsible: Cllr Tim Anderson

Tel: 07710 328560

Email: [tim.anderson@guildford.gov.uk](mailto:tim.anderson@guildford.gov.uk)

Date: 7 June 2022

## **Update Report: Spend on Consultants and Agency Workers**

### **Executive Summary**

This report is the third report providing an update on the historical spend position in relation to Consultants and Agency workers, updated to include the financial year end 2021/22.

The report was first presented in October 2020, with an update report on 13 July 2021 assessing the impact of the recommendations implemented from the first report.

Over the last Financial Year (FY) (2021/22) Business World is reporting that the Council has spent a combined total of £13 million allocated to consultants and agency workers spend across revenue and capital budgets compared to £14.8 million in FY20/21. This is broken down as:

Category of spend	2020/21	2021/22
Agency Worker (Revenue)	£3,431,274	£2,864,802
Agency Worker (Capital)	£399,261	£1,006,408
<b>TOTAL Agency Worker spend</b>	<b>£3,830,535</b>	<b>£3,871,210</b>
Consultants (Revenue)	£3,730,306	£2,145,900
Consultants (Capital)	£7,263,672	£7,007,200
<b>TOTAL Consultants spend</b>	<b>£10,993,978</b>	<b>£9,153,100</b>
Total spend	£14,824,513	£13,024,310
Capacity funding (Revenue)	£nil	(£250,000)
Homes England Housing Infrastructure Fund (HIF) capital grants for Ash Road Bridge and Weyside Urban Village projects	<b>No Grants received in this FY</b>	Grants received for professional fees total £7,713,733
<b>NET COST TO COUNCIL</b>	<b>£14,824,513</b>	<b>£5,060,577 (net)</b>

During FY21/22 £9.1 million was allocated to consultants spend and £3.9 million was allocated to agency worker spend. Agency worker spend remained stable during FY20/21-FY21/22 whereas Consultants spend reduced by 16.8% between FY20/21 and FY21/22. This will mainly be due to the completion of the Future Guildford Transformation Programme during the year.

Para 3 shows £9.1 million relates to corporate programme and the larger capital schemes. The Council was successful in gaining grant funding (HIF and LEP) towards scheme costs, which includes consultants and agency worker fees. We have also been able to claim capacity funding for certain schemes specifically towards additional agency worker resources in the procurement and legal teams to support project delivery.

### Recommendation to Committee

That the Overview and Scrutiny Committee

- (I) note the 2021/22 spend position
- (II) confirm whether the committee would still like to receive this report on an annual basis

**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 receive an update on the spend on consultants and agency workers for the 2021/22 financial year.

1.2 An update report was considered by the Overview and Scrutiny Committee on 13 July 2021 and the outcomes were:

(I) The future reporting of the Council's spend on consultants should include the outcomes expected and those delivered.

(II) That the amalgamation of revenue and capital spending was misleading and could lead to misinterpretations.

(III) That the 2021/22 spend position and the update on the recommendations which have been implemented since be noted.

## **2 Strategic Priorities**

2.1 Consultants and agency staff comprise key resource to deliver projects and programmes across the organisation, supporting all the Council's 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 the Council's placemaking objectives and significant regeneration and infrastructure projects set out in the corporate plan.

### **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 2021/22**

3.1 Expenditure in 2021/22 is a combined total of £13 million which was allocated to consultants and agency workers spend across revenue and capital budgets, split as 70%/30% between consultants spend and agency worker spend respectively.

Figure 1 – Revenue expenditure (FY16-17 to 21-22)

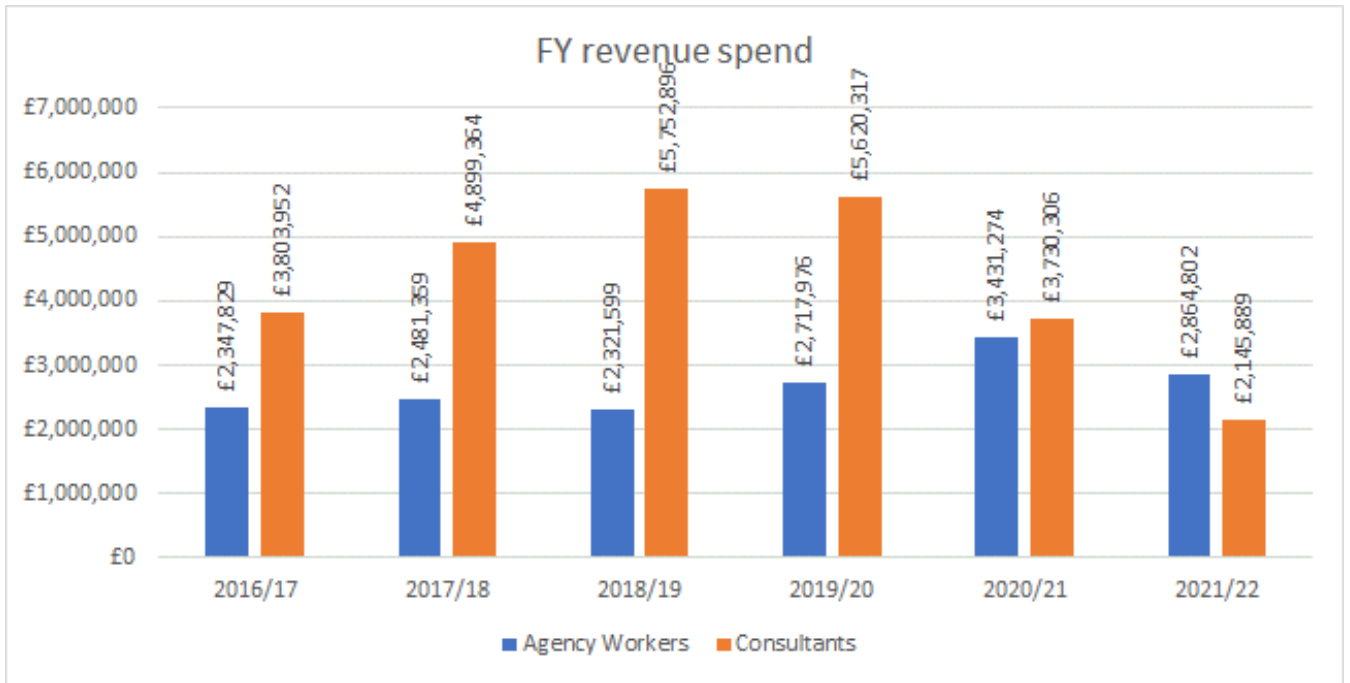
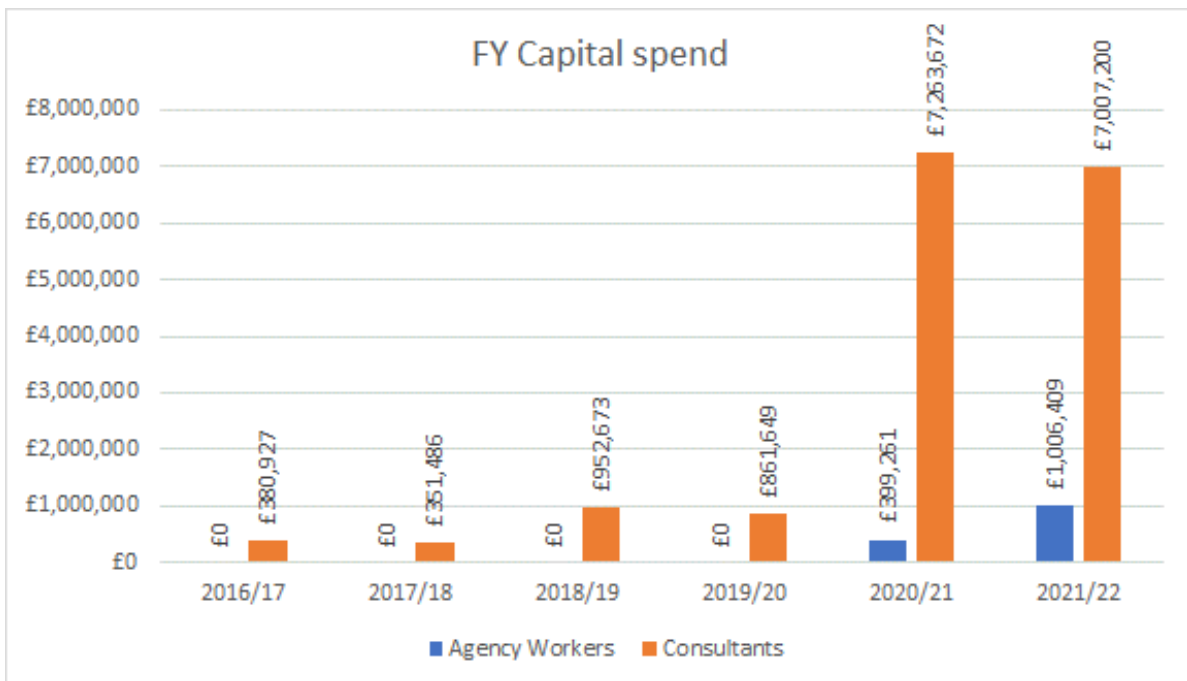


Figure 2 Capital expenditure (FY16-17 to 21-22)



3.2 When comparing FY20/21 spend to FY21/22 there has been a decrease of 16.8% on consultants spend.

*Corporate Programmes*

3.3 Corporate Programme spend is broken down by project in Table 1 below. Corporate Programme spend in FY 2021/22 accounts for about 25% of agency workers spend and about 78% of consultants spend in FY 2021/22, compared to 10% and 66% 2020/21 respectively.

Table 1 – Project spend and progress allocation in Corporate Programmes for 2021/22

Top Corp Prog Project spend	Agency	Consultants	Total	Progress in year
Weyside Urban Village	£386,248	£5,165,377	£5,551,625	Grant of hybrid planning permission
Ash Road Bridge	£118,872	£937,882	£1,056,754	Detailed design
Shaping Guildford's Future	£320,291	£542,361	£862,652	Feasibility & outline design
Guildford Park Road	£80,795	£275,508	£356,303	Feasibility & outline design
Walnut Tree Bridge Replacement	£45,949	£111,480	£157,429	Feasibility and design stages
SMC (West) Phase 1	£5,397	£89,321	£94,719	Completion of project design
Bright Hill	£12,181	£0	£12,181	Feasibility
<b>Total</b>	<b>£969,734</b>	<b>£7,121,929</b>	<b>£8,091,663</b>	

3.4 This high-level expenditure is a direct result of Capital projects moving forward. We have been successful in getting £250,000 of capacity funding to offset these costs. Grants from HIF and LEP have allowed £7,713,733 of the total Capital expenditure to be funded.

### Analysis of expenditure

- 3.5 Tables 2a-2d Top Consultants and Agency worker spend across revenue and capital by supplier for 2021/22.

Table 2a – Consultants spend (Capital)

Top Supplier Consultants spend (Capital)	Total
Perfect Circle JV Ltd	£4,660,355
Stantec UK Ltd	£349,252
Delta-Simons Environmental Consultants Ltd	£281,640
Leonard Design Architects	£204,969
John Thompson & Partners LLP	£199,465
Aecom Infrastructure & Environment UK Ltd	£146,740
Savills (L&P) Limited	£131,457
Gleeds Advisory Ltd	£129,605
Chess Engage	£113,872
Vision Survey Ltd	£113,135
<b>Total</b>	<b>£6,330,492</b>

- 3.6 The highest allocated capital spend for consultants is for Perfect Circle (SCAPE) with about 36% of the total Consultants and Agency worker spend. The majority of the Perfect Circle costs relate to Weyside Urban Village at £3.8 million, with most of the remainder relating to Ash Road Bridge. As such, although they are defined as consultants, they are a key part of the professional services team who are delivering these strategically important projects. The Council does not have the relevant expertise in house to deliver these complex projects.

Table 2b – Consultants spend (Revenue)

Top Supplier Consultants spend (Revenue)	Total
Ignite Consulting Limited T/A Ignite	£725,441
NimbusPoint Consulting Ltd	£171,823
Artelia Projects UK Limited	£110,130
Comensura Ltd	£75,762
Francis Taylor Building	£64,043
Paul Fineberg Architect Ltd	£52,022
APSE	£47,891
LSO Consulting Limited	£45,200
Perfect Circle JV Ltd	£37,910
Arlingclose Ltd	£36,685
<b>Total</b>	<b>£1,366,908</b>

- 3.7 The highest allocated revenue spend for consultants relates to Ignite (Future Guildford) costs with about 6% of the total Consultants and Agency worker spend.

Table 2c Agency worker spend (Capital)

Top Supplier Agency worker spend (Capital)	Total
Comensura Ltd	£421,655
The Oyster Partnership Ltd	£361,086
Insight Executive Group Limited	£118,800
Hays Specialist Recruitment Limited	£40,777
Vivid Resourcing Limited	£8,960
Penna Plc	£6,070
H T P Consulting Limited	£3,916
Unknown	£1,951
<b>Total</b>	<b>£963,215</b>

- 3.8 The highest allocated Capital spend for Agency workers relates to Comensura with about 3% of the total Consultants and Agency worker spend of £13 million. Capital schemes generally require specialist resources which are not usually available via the usual supplier routes.

Table 2d Agency worker spend (Revenue)

Top Supplier Agency worker spend (Revenue)	Total
Comensura Ltd	£1,311,500
Hays Specialist Recruitment Limited	£344,570
Vivid Resourcing Limited	£258,952
Systems Accountants Limited	£195,791
G2 Recruitment Solutions	£195,223
Penna Plc	£173,535
Morgan Hunt UK Limited	£92,434
3R Finance Ltd	£54,623
Eden Brown Ltd	£48,510
Carrington West Limited	£35,490
<b>Total</b>	<b>£2,710,628</b>

- 3.9 The highest allocated revenue spend for Agency workers relates to Comensura with about 10% of the total Consultants and Agency worker spend. Comensura spend accounts for about 46% of the revenue spend which indicates that, GBC are sourcing agency workers via the recommended suppliers (where possible). Anecdotal evidence indicates that Comensura are unable to source planning and other specialist roles within the Council.

*Agency expenditure*

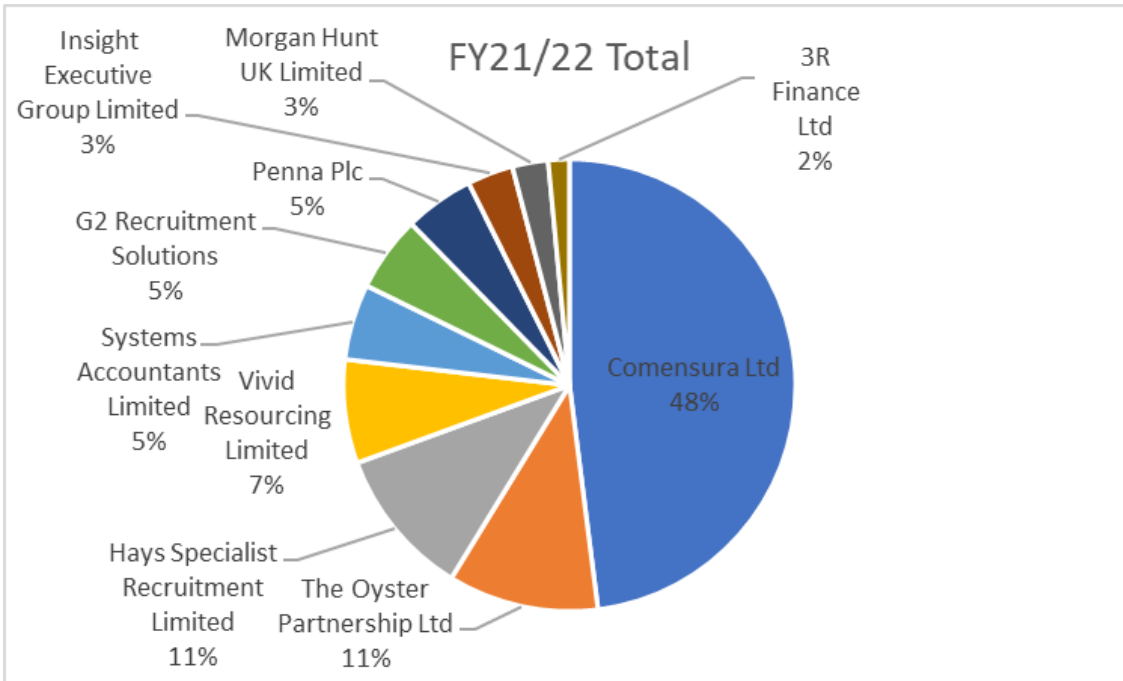
Table 3 – Top 10 Spend by Agency worker category

Top 10 spend	FY20/21 Total	FY21/22 Total	Service or Project	Comments
Comensura Ltd	£489,094	£1,733,155	Various	Agency worker charges
The Oyster Partnership Ltd	£502,251	£388,710	Corporate Programmes	Charges for specialist project team
Hays Specialist Recruitment Limited	£417,218	£385,347	Finance & Procurement	Interim staff where recruitment not possible
Vivid Resourcing Limited	£176,623	£267,912	Housing	Planning Enforcement resources
Systems Accountants Limited	£13,625	£195,791	ICT	Cover of post and development of business world
G2 Recruitment Solutions	£0	£195,223	Future Guildford	Finance resource charges
Penna Plc	£6,210	£179,605	Corporate Programmes	GPR resources
Insight Executive Group Limited	£80,550	£118,800	Revs & Bens	Resources
Morgan Hunt UK Limited	£68,574	£92,434	Building Control	Building Control Officer
3R Finance Ltd	£0	£54,623	Future Guildford	ICT consultancy
<b>Total</b>	<b>£1,754,145*</b>	<b>£3,611,600</b>		

\*Top 10 FY20/21 total was £2,062,689 some suppliers are no longer in the top 10 list for comparison with FY21/22.

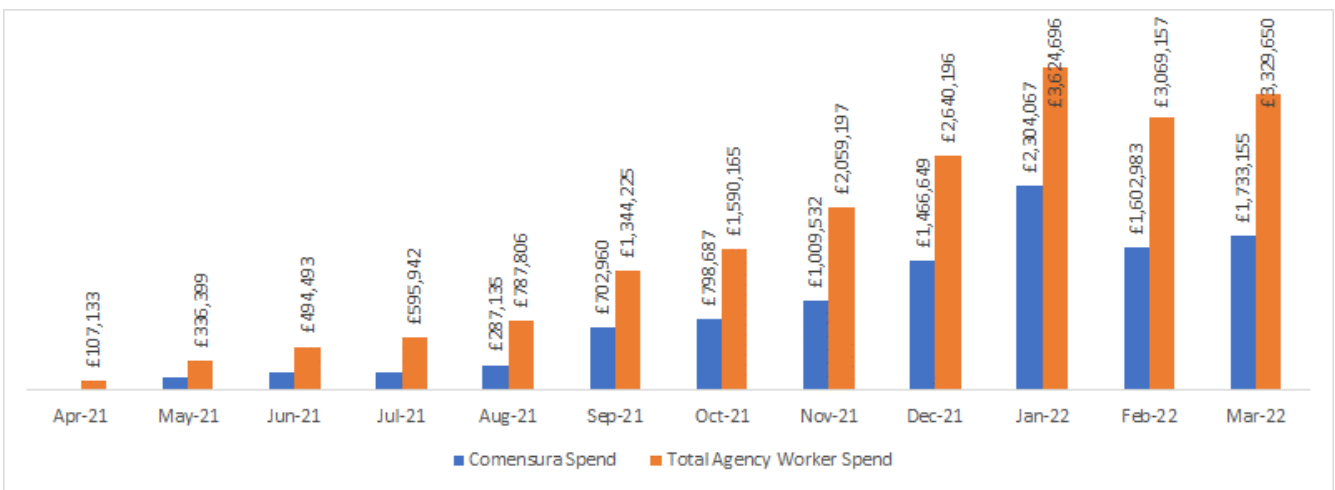


Figure 3 Top 10 spend distribution by supplier



3.10 Comensura accounts for 48% of the top 10 Agency Workers spend and about 12% of the total spend for Agency workers (see Table/Figure 3).

Figure 4 – Spend profile for Comensura vs total spend (Not including Corporate Programmes)



3.11 Comensura recorded spend increased from approximately 24% of the total agency worker allocated spend in FY 2020/21 to 52% in FY21/22. 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 Governance

### *Consultants*

- 4.1 Requirements are kept where possible in-house where skills allow.
- 4.2 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.
- 4.2 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.
- 4.4 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
- 4.5 A knowledge transfer programme (where appropriate) is in development so that the valuable skills are transferred into the Council where possible.

### *Agency Workers:*

- 4.6 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.
- 4.7 The figures in Figures 3 and 4 are a positive reflection this is making an impact. FY21/22 data indicates 65% of exemptions for consultant or agency worker spend approval involve sourcing attempts via Comensura which proved unsuccessful, and candidates had to be sourced via alternative routes.
- 4.8 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.

- 4.9 This has had a positive impact on off contract spend which has reduced in the year.
- 4.10 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. However, 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.
- 5.2 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 £9.1 million was spent on consultants and £3.9 million on agency workers in 2021/22.

## **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**

- 8.1 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**

- 9.1 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**

- 10.1 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 update spend position on consultants and agency workers for 2021/22 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 update report shows that agency worker spend has been compliant by going through Comensura, and there has been a shift from consultants towards the capital programme as we are moving ahead with delivering projects.
- 12.2 Action to develop some more coding within Business World to enable a clearer breakdown and to promote further transparency within the Council will also be taken forward.

## **Background Papers**

Overview and Scrutiny Committee Report – 20 October 2020  
Overview and Scrutiny Committee Update Report – 13 July 2021.

**Appendices** None