

Guildford Borough Council

Report to: Overview and Scrutiny Committee

Date: 12 September 2023

Ward(s) affected: All wards

Report of Director: Transformation & Governance

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Report Status: Open

Update Report: Spend on Consultants and Agency Workers FY22/23

1. Executive Summary

- 1.1 This report is the fourth report providing an update on the historical spend position in relation to consultants and agency workers, updated to include the financial year end 2022/23.
- 1.2 The report was first presented in October 2020, with update reports present in 2021 & 2022 assessing the impact of the recommendations implemented from the first report.
- 1.3 Over the last Financial Year (2022/23) the Council has reported spend of a combined total of £12.2 million allocated to consultants and agency workers spend across revenue and capital budgets compared to £13 million in 2021/22.

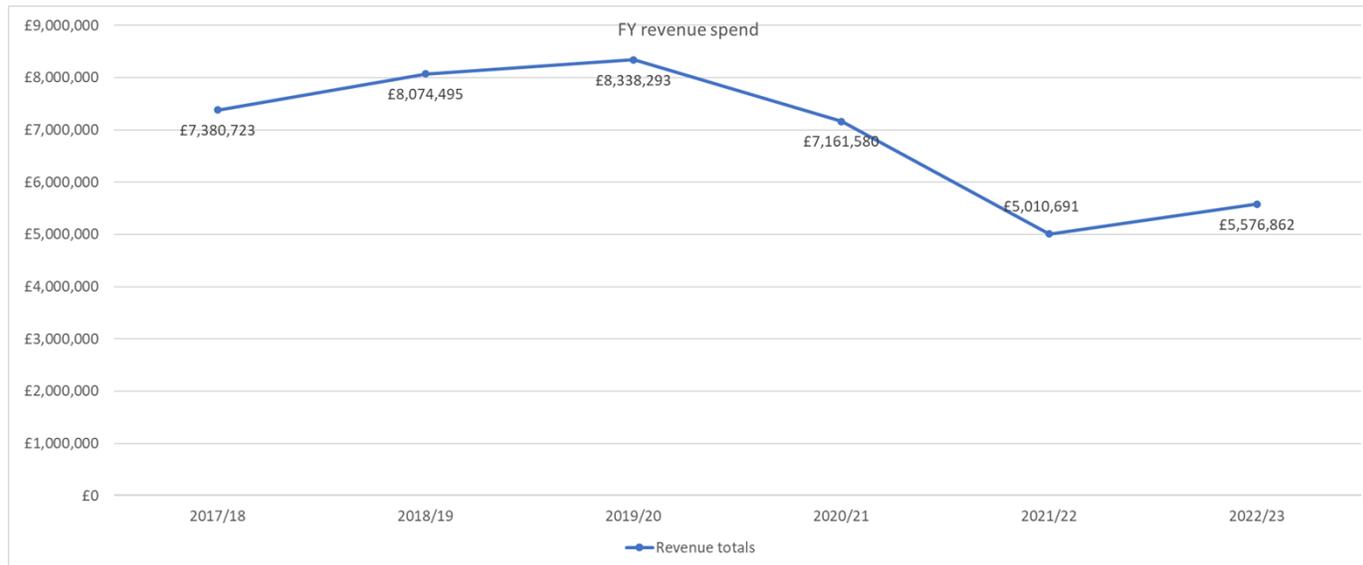
This is broken down as:

Table 1 – Consultants and Agency worker spend by spend category.

Category of spend	2020/21	2021/22	2022/23
Agency Worker (Revenue)	£3,431,274	£2,864,802	£3,367,914
Consultants (Revenue)	£3,730,306	£2,145,900	£2,208,948
Total Revenue spend	£7,161,580	£5,010,702	£5,576,862
Agency Worker (Capital)	£399,261	£1,006,408	£634,702
Consultants (Capital)	£7,263,672	£7,007,200	£6,001,411
Total Capital spend	£7,662,933	£8,013,608	£6,636,113
Total spend	£14,824,513	£13,024,310	£12,212,975
Capacity funding received	£0	(£250,000)	(£254,751)
Homes England Housing Infrastructure Fund (HIF) Capital grants for Ash Road Bridge and Weyside Urban Village projects	£0	(£7,713,733)	(£2,158,318)
Net cost to GBC	£14,824,513	£5,060,577	£9,799,906

1.4 During 2022/23 £8.2 million was spent on consultants and £4 million on agency workers. Agency worker spend has remained stable during the three-year period, whereas consultants spend reduced by 16.8% between 2020/21 and 2021/22 and a further reduction of around 10% between 2021/22 and 2022/23. Rows 4 & 5 show £6.63 million relates to corporate programmes and the larger capital schemes which are offset with capacity and grant funding resulting in a net spend of £4.2 million.

Figure 1 – Consultants and Agency worker revenue spend by year.



- 1.5 There is a downward trend of revenue spend for the reported period with a decrease of about 25% when comparing 2017/18 to 2022/23 with about £7.4 million to £5.5 million respectively.
- 1.6 There has been a significant increase in capital expenditure for the reported period which reflects increased activity in these schemes. However, the Council was successful in gaining grant funding (Housing Infrastructure Fund (HIF) and Local Enterprise Partnership (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 project teams to support project delivery. The funding will vary depending on scheme expenditure and achievement of milestone delivery set by the HIF.
- 1.7 The financial recovery plan has now been published and will include further spend analysis and additional gateways to highlight and control spend. The use of consultants and agency workers is one stream to be looked at including reviewing vacant posts which are currently filled by agency workers.

2. Recommendation to Committee

That the Overview and Scrutiny Committee:

- 2.1. Note the 2022/23 spend position.
- 2.2. Confirm whether the Committee would still like to receive this report on an annual basis.
- 2.3. Note that further detailed analysis and reporting will follow providing details of reasons for engaging consultants and on a service and project level alongside the financial recovery plan.

3. Reason(s) for Recommendation:

- 3.1. To monitor spend in this area.
- 3.2. Note the impact of the recommendations implemented.

4. Exemption from publication

- 4.1 No

5. Purpose of Report

- 5.1. For the Overview and Scrutiny Committee to receive an annual update on the spend on consultants and agency workers for the 2022/23 financial year.
- 5.2. An update report was considered by the Overview and Scrutiny Committee on 13 July 2021 and the outcomes were:
- 5.3 The future reporting of the Council's spend on consultants should include the outcomes expected and those delivered.
- 5.4 That the amalgamation of revenue and capital spending was misleading and could lead to misinterpretations.

- 5.5 That the 2021/22 spend position and the update on the recommendations which have been implemented since be noted.

6. Strategic Priorities

- 6.1. 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).
- 6.2. 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.

7. Background and assumptions

- 7.1. 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.'
- 7.2. Progress against spend is monitored through internal governance arrangements and reported in highlight reports and to project boards for Corporate Programmes. Due to the fluid nature of project progress against spend it is not included in this report.
- 7.3. This area of spend is under review within the financial recovery plan.

8. Spend position including FY22/23

- 8.1 Expenditure in 2022/23 is a combined total of £12.2 million which was allocated to consultants and agency workers spend across revenue and capital budgets, split as 67%/33% between consultants spend and agency worker spend respectively.

Figure 2 – Revenue expenditure (2017/18 to 2022/23)

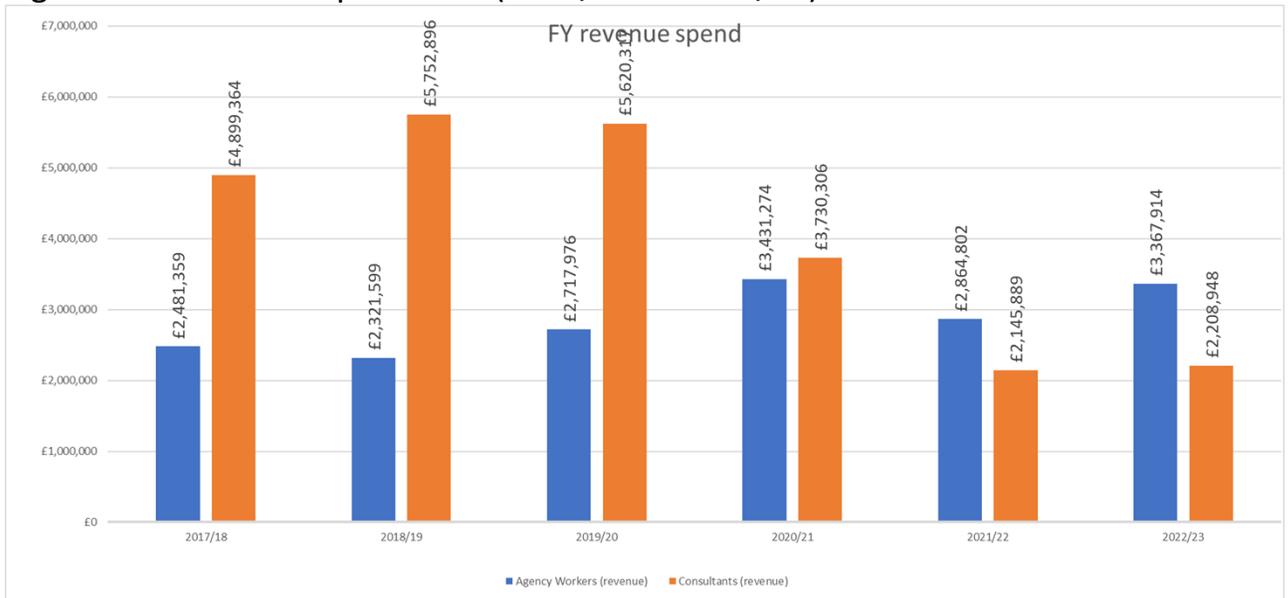


Figure 2 indicates an increase of about 17% in agency worker revenue spend and an increase of about 3% in consultants' revenue spend between 2021/22 and 2022/23.

Figure 3 Capital expenditure (2017/18 to 2022/23)

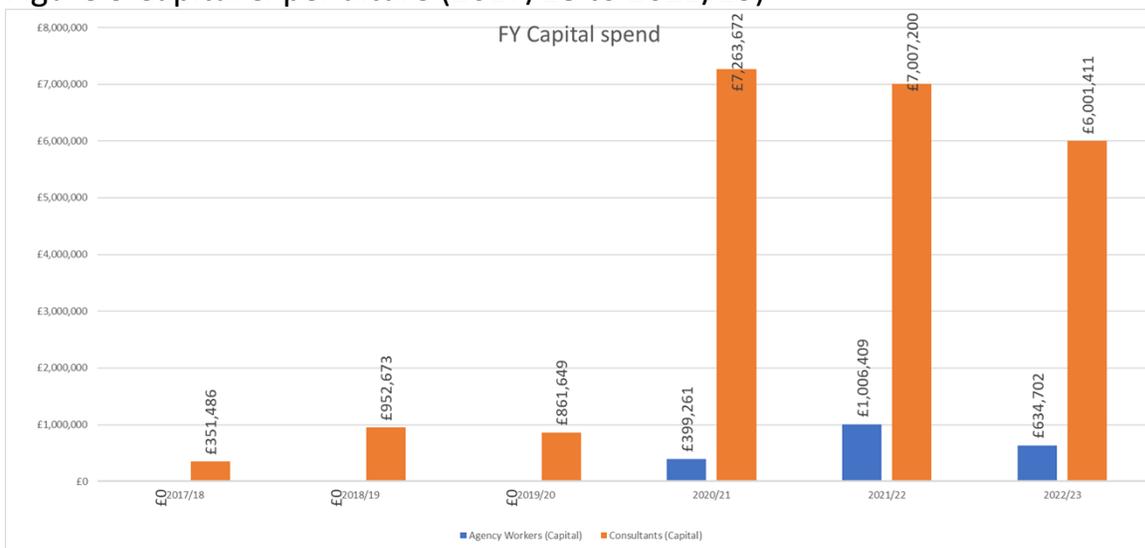


Figure 3 indicates there has been a decrease of about 37% and 14.4% on Agency Worker and Consultants spend respectively between 2021/22 and 2022/23.

Analysis of expenditure

Table 2 Spend by department for 2022/23

Service/department	Agency Workers (Revenue)	Agency Workers (Capital)	Consultants (Revenue)	Consultants (Capital)	Total
Regeneration & Planning Policy	£53,131	£504,836	£1,042,283	£4,143,062	£5,743,311
HRA Service Delivery	£725,553	£98,854	£94,430	£1,585,959	£2,504,796
Planning & Development	£487,059		£509,556		£996,616
Finance	£625,880		£234,665		£860,545
Environmental Services	£601,637		£7,301		£608,938
Communication & Customer Services	£124,098	£31,013	£196,000	£69,134	£420,245
Housing Services	£304,552				£304,552
Assets and Property	£73,506		£55,096	£153,240	£281,842
Community Services	£190,036		£4,120		£194,156
Commercial Services	£97,945		£26,262	£50,016	£174,223
Legal & Democratic Services	£65,906		£2,453		£68,359
Organisational Development	£6,689		£30,880		£37,569
Regulatory Services	£11,920		£5,829		£17,749
Total	£3,367,914	£634,702	£2,208,874	£6,001,411	£12,212,901

Table 2 indicates that about 37.7% of the total Consultants and Agency worker spend for 2022/23 was revenue spend (£4,002,616).

Tables 2a-2d Top Consultants and Agency worker spend across revenue and capital by supplier for 2022/23.

Table 2a Top Consultants spend by supplier (Revenue)

Supplier name	Total
Gleeds Advisory Ltd	£365,398
Luken Beck MDP Limited	£193,405
LSO Consulting Limited	£186,000
Aylen Consulting Ltd	£126,000
Leonard Design Architects	£115,800
Arup	£111,717
Francis Taylor Building	£74,558
Forty Shillings	£73,081
Gas Advisory Services Ltd	£64,181
SQL IT Limited	£62,400
Total	£1,372,540

Table 2a indicates that Gleeds Advisory Ltd spend for Shaping Guildford's Future account for about 16.5% of total revenue spend for consultants. (Total spend of Consultants (Revenue) is £2,208,948).

Consultants 2b (Revenue) spend above £5000 by department/team

Service/department	Consultants (Revenue)
Regeneration & Planning Policy	£1,036,133
Business	£24,962
Local Plan	£38,840
Major Projects	£972,331
Planning & Development	£509,421
Development Control - Fee Earn	£509,421
Finance	£231,593
Treasury Management Admin	£51,000
Corporate Services	£180,593
Communication & Customer Services	£196,000
ICT Development	£196,000
HRA Service Delivery	£87,330
Strategic Support (SHS)	£9,250
Repairs-Responsive (BHS)	£78,080
Assets and Property	£48,833
Asset Management	£48,833
Organisational Development	£30,880
Climate Change Strategy	£30,880
Commercial Services	£25,087
Guildford House Administration	£6,496
Building Control - Fee	£18,592
Regulatory Services	£5,366
Environmental Control	£5,366
Total	£2,170,643

Table 2d will form part of the future detailed analysis of spend and excludes items below £5000.

Table 2c Top Consultants spend by supplier (Capital)

Supplier name	Total
Perfect Circle JV Ltd	£2,766,240
AECOM Limited	£1,005,304
Savills (L&P) Limited	£216,962
Building Design Partnership Limited	£184,300
Tanglewood Development Consultancy Ltd	£170,851
White Star Properties Limited	£145,328
Quoin Datum Consultants Ltd	£136,400
Chess Engage	£127,161
Arcadis Consulting (UK) Limited	£117,758
Surrey County Council	£100,084
Total	£4,970,387

Table 2c indicates that Perfect Circle spend accounts for about 46% of total capital spend for Consultants (Total spend £6,001,411). Perfect Circle is a joint venture with Pick Everard, Gleeds and AECOM providing project management and consultancy services for Ash Road Bridge and Weyside Urban Village.

Table 2d Top Agency spend by supplier (Revenue)

Supplier name	Total
Comensura Ltd	£1,820,712
Hays Specialist Recruitment Limited	£441,537
Morgan Hunt UK Limited	£386,017
Penna PLc UK	£119,385
G2 Recruitment Solutions	£107,165
Liquid Recruit Solutions Limited	£104,338
The Oyster Partnership Ltd	£91,037
Marks Consulting Partners Limited	£80,750
Vivid Resourcing Limited	£72,336
Eden Brown Ltd	£47,349
Total	£3,270,627

Table 2d indicates that Comensura accounts for about 54% of all Agency worker Revenue spend (£3,367,914). Comensura are the supplier under contract to provide agency staff to GBC offering below market margin rates and reduced administrative processes. Comensura and other agencies are not always able to agree terms as they are heavily geared towards GBC.

Table 2e Top Agency spend by service (Revenue)

Service/department	Total
HRA Service Delivery	£725,553
Finance	£625,880
Environmental Services	£601,637
Planning & Development	£487,059
Housing Services	£304,552
Community Services	£190,036
Communication & Customer Services	£124,098
Commercial Services	£97,945
Assets and Property	£73,506
Legal & Democratic Services	£65,906
Regeneration & Planning Policy	£53,131
Regulatory Services	£11,920
Organisational Development	£6,689
Total	£3,367,914

Table 2e indicates that the highest agency revenue spend is in HRA service delivery with about 21% of the total spend. The service have commented stating that ‘In response to changing regulatory and legislative requirements the Council in investing in improving its housing stock and its management, in order to achieve this a number of posts have been filled as temporary appointments to deal with specific projects or service areas whilst others are being covered by temporary staff due to challenges in recruitment. As this work is progressing work is underway to review the structure and identify future demands of the service which will be reflected within this.’

Table 2f Top Agency spend by supplier (Capital)

Supplier name	Total
Comensura Ltd	£204,985
Morgan Hunt UK Limited	£87,777
NimbusPoint Consulting Ltd	£57,713
Hays Specialist Recruitment Limited	£52,526
Vivid Resourcing Limited	£46,220
Gravitas Recruitment Group	£36,300
Tanglewood Development Consultancy Ltd	£14,000
Goodman Masson Ltd	£9,730
Systems Accountants Limited	£3,825
Total	£513,075

Table 2f indicates that the highest allocated Capital spend for Agency workers relates to Comensura with about 32% of the total Consultants and Agency worker capital spend (Total spend £634,702). Capital schemes generally require specialist resources which are not usually available via the usual supplier routes and are not generally Agency workers.

9. Consultations

9.1. No external consultations have taken place but all departments have been engaged and provided assistance in developing this report.

10. Key risks

10.1 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 since 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, albeit about 35% of Corporate Programmes consultants and agency spend has been covered by external funding.

10.2 Lack of knowledge transfer may continue for those projects where the consultants' advice is so specialist or technical it is not possible to transfer skills to the organisation.

10.3 The reliance on specialist knowledge of consultants presents a procurement risk for longer term contracts specifically on corporate programmes that have particularly lengthy delivery programmes.

11. Financial Implications

11.1 £8.2 million was spent on consultants and £4 million on agency workers in 2022/23. About 29% of costs were funded by grants received relating to Corporate Programmes.

11.2 The detailed financial position has been discussed in the main body of the report.

12. Legal Implications

12.1 When procuring consultants and agency workers the Council must comply with the Public Contract Regulations 2015 and the internal Procurement Procedure Rules. Adhering to the internal procurement procedures ensures that there is close monitoring of consultant spend evidencing statutory compliance and best value for the Council.

13. Human Resource Implications

13.1 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.

14. Equality and Diversity Implications

14.1 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.

15. Climate Change/Sustainability Implications

15.1 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.

16. Executive Advisory Board comments

16.1 Not applicable.

17. Summary of Options

17.1 To note the update spend position on consultants and agency workers for 2022/23 and to continue to implement the recommendations already agreed by the 2022 meeting of the Overview and Scrutiny Committee.

18. Conclusion

18.1. This update report shows that agency worker spend continues via Comensura, and there has been a shift from consultants towards the capital programme as we are moving ahead with delivering projects.

18.2. Financial reporting continues to allow the Council to monitor spend and financial controls are in place to monitor spend against approved budgets.

18.3. Additional financial controls are in place to highlight and report on future spend.

19. Background Papers

19.1. Overview and Scrutiny Committee Report - 20 October 2020

19.2. Overview and Scrutiny Committee Update Report – 13 July 2021

20. Appendices

20.1. Appendix - Consultants & Agency Spend FAQs