



## Consultants & Agency Spend FAQs

### Introduction

This document has been issued to provide additional information to readers to allow better understanding of the Update Report: Spend on Consultants and Agency Workers FY22/23 and its contents.

### Definition of a Consultant

A consultant (or consultancy organisation) is defined as a person or company (or group of people) who will provide advice and/or undertake a specific piece of work which is time limited. This could be for instance a project within a programme of work, not to cover a substantive post. This may be because:

- (a) the Council does not possess the specific professional or technical skills or expertise required, or
- (b) although the Council may possess the skills and expertise, there is a lack of capacity due to the pressures of fulfilling current workload requirements and staff cannot be released for the specific task at that time.

A consultant, regardless of what the supplying individual or organization may call themselves, cannot be used to fill a staffing vacancy, however senior. There is a separate process for this – see next section.

Where it has been decided to employ a consultant, it is essential to maintain good budgetary control. This will ensure accurate information is available for the Council's transparency obligations and to respond to FOI queries. There is one main code for consultant staff which should be used in all circumstances:

### Definition of Agency or Temporary Staff

Temporary Staff are defined as an appointment fulfilling the duties of a vacant established post and/or is undertaking the normal work of the organisation. Temporary staff may also be known as Interim staff.

Wherever possible all temporary staff must be sourced through the Comensura contract. Any decision to go outside of the Comensura contract must require a Business Case and be approved via exemption to Corporate Procurement Board.

### **Data not included in this report and reported elsewhere**

There are some spend categories not included in this report such as Construction & pre-construction costs relating to Corporate Programmes, Contractors' costs to undertake works, Membership fees, Audit fees, Legal fees relating to specific projects (not Legal Consultancy), Asset Maintenance costs, Payments relating to land or asset transfer and recoverable fees relating to planning.

Corporate programmes progress in year is covered in other reports/governance groups/budget reporting and is not included in this report.

All spend is monitored against budgets by finance and reported as part of financial monitoring.

### **Frequently asked questions regarding the report and data (taken from previous OSC questions raised)**

**Q1 - Agency costs have not reduced year on year – what is keeping them at almost £4 million per annum? If this is a consistent annual cost, would moving some of this headcount to the permanent workforce be an option?**

**A1** - Agency costs have reduced for revenue spend from £3.4 million in 2020/21 to £2.9 million in 2021/22 (a reduction of approximately 15%), there are various reasons for employing agency staff for example to temporarily fill gaps where we are struggling to recruit permanent staff, to cover absences of front line service staff where we have to have a certain number of staff on duty at any one point in time (such as with waste teams), to temporarily cope with peak pressures in service demand (e.g. planning) or to recruit specialist technical resources that are difficult to recruit to permanent staff or where service delivery models dictate a non-permanent resource delivery due to the nature of the labour market.

Although agency costs have remained stable over 2020/21 to 2021/22 data in figure 4 indicates that Comensura spend has increased to 52% of total agency worker allocated spend compared to 24% in 20/21. This would further reduce the costs to the Council due to negotiated margin rates with Comensura.

**Q2 - If we are looking to keep requirements in-house, what incremental costs, if any, can we expect to see as a result?**

**A2** - The council incurs on-costs of around 31% on top of salary costs for employers NI and superannuation costs. In addition, there would be redundancy costs if staff are no longer required following the completion of a project.

**Q3 - What is forecast spend for 2022/23 – this should be a permanent part of this report to allow O&S to understand how measures (like governance improvements) will reflect in this not insignificant expenditure.**

**A3** - There is £960,000 in the revenue budget for 2022/23 for agency staff mainly in the refuse, recycling and street cleaning service and the procurement service. We are looking to restructure the procurement service to put an increased permanent staffing structure in place. For the capital budget, the Council has agreed at its budget meeting in February (although spend profile was updated in year) to spend around £112 million on its approved capital projects for 2022/23. Of that £54 million is scheduled to be spent on Weyside Urban Village of which around £14 million is likely to be on professional services consultants involved in the delivery of the project. In addition, we expect to spend around £1.5 million on Shaping Guildford's Future (SGF) and there will be other consultancy expenditure on Ash Road Bridge (ARB) although the majority of the £19 million anticipated cost of ARB for 2022/23 is likely to be construction fees. The details of how the budgets for capital projects are split up across key headings such as professional services, development management fees, planning fees, statutory fees and construction costs are set out in the reports to Executive and / or Council when the business cases and therefore the budgets for the projects are approved.

**Q4 - What are the measures being put in place to reduce over-runs and delays and how will these be measured?**

**A4** - GBC has implemented a new Programme and Project Governance framework in order to ensure that new projects are initiated following proper consideration and that better business cases for projects are put in place at the start of the project which then

go through the budget approval process. There are regular review meetings with officer project working groups and project and programme boards to review progress against project milestones. For example, the Major Projects Portfolio Board meets quarterly and oversees the progress across all projects within corporate programmes. In addition, regular budget monitoring information is reported against both the revenue and capital programme to the Corporate Governance and Standards Committee on a regular basis. We have also recently implemented better procurement governance procedures so that all expenditure on consultants and agency spend is raised via an electronic purchase order being raised with approved suppliers on the Council's finance system. Suppliers are only approved once proper procurement and contracting processes are in place. The purchase orders are receipted and monitored by budget managers. Any areas where expenditure is requested that is not with our approved suppliers or corporate contractors are raised in an exemption reports and approval is sought via a report to Corporate Procurement Board.

**Q5 - What requirements have been kept in-house as a result of the new governance arrangements?**

**A5** - The new governance arrangements were targeted at improving the procurement and contractual arrangements of consultancy arrangements not at insourcing them. GBC do not have the technical skills required to manage some of our complex construction or ICT / digital projects. In addition, we would not be able to meet salary requirements for such skilled individuals on local authority pay scales in any on-going capacity. The reality is that these skills are often required for time limited projects and then different skill sets will be required on other projects for other further time limited periods. As such it is not cost effective to keep employing people and then making them redundant once the project ends. However, we are keeping this under review and where there is opportunity to recruit permanent staff to manage projects on an on-going basis we will seek to try to do so.

**Q6 - How can we understand how the implemented governance has delivered improvements since these were approved a year ago?**

**A6** - Comensura spend has increased significantly since the governance arrangements were introduced and we have less "off-contract" spend for consultants and agency workers and more sight of requirements via the exemption process.

**Q7 - What savings are expected as a result of the improved governance?**

**A7** - Comensura margin rates are between 1% to 7% which is significantly lower than the typical margin rate of 15% for the agency market. As procurement are sighted on margin calculations, we negotiate to reduce margins that are not in line with the market. Where there is off contract spend approved by CPB there is scrutiny around the margin rates.

**Q8 - Please explain the mandate system.**

**A8** – Mandate process is a way of ensuring every project starts with a clear problem statement and follows the five-case business model. It is crucial to understand and clearly define the problem you are trying to solve and to think carefully about all the possible ways of solving the problem. A business case should be written to confirm the problem as defined in the mandate can be solved and to identify the most cost-effective way of doing it. A mandate asks all the key questions, including what resources might be needed, before a project is started. This is a critical step to ensuring projects are set up to deliver successfully. Without clear direction, not just at the start but throughout all lifecycle stages of a project, a project will inevitably suffer issues and delays.

It might also be worth mentioning that the CMB has started meeting as the **Enterprise Portfolio Board** to ensure they take a wholistic view of all the change projects delivering externally across the borough and internally across the Council. A key benefit is that it avoids looking at projects in isolation. In isolation most projects look like a good idea, but the core question is where do they sit in the overall scheme of priorities for the limited funding that we have available?