

Report to:	TOURISM, ECONOMY AND RESOURCES SCRUTINY COMMITTEE
Relevant Officers:	Steve Thompson, Director of Resources Mark Towers, Director of Governance and Partnerships
Date of Meeting	15 December 2016

REPORTING THE USE OF EXTERNAL CONSULTANTS

1.0 Purpose of the report:

- 1.1 To consider a revised approach for the reporting of consultancy spend whereby Members receive an annual report at the end of each financial year on actual spend as opposed to projected spend.

2.0 Recommendation(s):

- 2.1 To approve a revised approach for the reporting of consultancy spend based on the following recommendations:
- An annual report detailing all consultancy spend in the previous financial year will be presented to Corporate Leadership Team and Tourism, Economy and Resources Scrutiny Committee rather than the current quarterly report.
 - The annual report will include financial data from the CEDAR system which will be prepared and reviewed by the Corporate Procurement and Projects Team. This will include the categorising of consultancy expenditure into business and technical to help ensure that complete and accurate data is presented.
 - Heads of Services will be asked to provide descriptions of expenditure which the Corporate Procurement and Projects Team are not aware of.
 - The Code of Practice for Engaging the Services of Consultants will be amended to reflect the revised process.
 - Corporate Leadership Team to remind budget holders of the need to ensure that correct accounting codes are used to facilitate accurate reporting from the ledger.

3.0 Reasons for recommendation(s):

- 3.1 The implementation of the above recommendations will reduce the resource required to prepare the current reports whilst ensuring that Elected Members receive complete and accurate information.

- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No
- 3.2b Is the recommendation in accordance with the Council's approved budget? Yes
- 3.3 Other alternative options to be considered:
There is an option to remain with the current processes however the risks identified as part of this review will not be addressed.

4.0 Council Priority:

- 4.1 The relevant Council Priority is organisational resilience.

5.0 Background Information:

- 5.1 In June 2010 a review of the Council's engagement of consultants was undertaken by a small working group appointed by the Audit Committee. The outcome of the review was to improve the monitoring arrangements for high value consultancy commissions. The report made five recommendations including:

1. The development of shared services should be considered as a means of reducing reliance upon costly external consultants.
2. That consistent financial coding of consultants costs be introduced across the Council by the Section 151 Officer to ensure ease of access to data.
3. That in the case of long term projects, progress reports be submitted to the Audit Committee at six monthly intervals by the relevant Chief Officer.
4. That prior to approval or consultant appointments over £25,000, the Chief Officer must advise the relevant Cabinet Member of the nature and business case relating to the appointment in line with corporate priorities.
5. That reports be submitted to the Audit Committee on all consultant appointments over £25,000 for monitoring in line with corporate priorities, business case and post project evaluation and an annual report be provided to include overall expenditure for the year drawing out best practice.

- 5.2 The Corporate Procurement and Projects Team currently co-ordinate the quarterly submission of the consultants monitoring reports. The responsibility to provide information is placed on Heads of Services and Chief Officers - no cross checking of the information takes place with expenditure records held by the Council.

5.3 A review was recently undertaken of the processes in place for notifying the Tourism, Economy and Resources Scrutiny Committee of the engagement of consultants over the value of £25,000, and whether these were being adhered to by directorates.

Main findings included:

- Confusion as to what type of consultancy spend should and should not be reported;
- Relevant expenditure had not been reported as required; and
- Some re-engagement of consultants was not being reported.

5.4 The review concluded that the process for notifying Members of the appointment of consultants does not appear to be working in its present format and that it may be more beneficial if Members were to receive an annual report at the end of each financial year on actual spend as opposed to projected spend. This would ensure that Members are made aware of all consultancy spend which may not have otherwise being reported to them.

Does the information submitted include any exempt information? No

List of Appendices:

None.

6.0 Legal considerations:

6.1 All Council expenditure over £250 is already published as part of Transparency Code requirements and therefore the provision of the data in this format should not breach any data protection requirements.

7.0 Human Resources considerations:

7.1 Changing the process from quarterly to annual reporting will create efficiencies in officer time spent producing the information.

8.0 Equalities considerations:

8.1 Using the CEDAR financial system will ensure that consultancy expenditure is reported fairly and that all consultants engaged are identified.

9.0 Financial considerations:

9.1 The proposed changes will help ensure that Corporate Leadership Team and Scrutiny Committee are advised of all expenditure recorded. This will be reliant on budget holders ensuring that they correctly code expenditure in the CEDAR system.

10.0 Risk management considerations:

10.1 The implementation of the recommendations will reduce the risk of incomplete or inconsistent reporting.

11.0 Ethical considerations:

11.1 N/A.

12.0 Internal/ External Consultation undertaken:

12.1 This report has been produced jointly by Internal Audit and the Corporate Procurement and Projects Team.

13.0 Background papers:

13.1 Audit Committee Report Engagement of Consultants – June 2010.