

Scrutiny Report

**The Use of Consultants by
Worcestershire County
Council**

**Report of the Specific Issues Scrutiny Panel
March 2005**

Chairman's Foreword

I am pleased to present the Specific Issues Scrutiny Panel's report on the Use of Consultants by Worcestershire County Council.

Identifying unjustified use of consultants was only a secondary objective in carrying out this scrutiny, the more important ones being to establish the facts and to identify or suggest models of good practice.

I would like to thank all those who have been involved and my colleagues on the Specific Issues Scrutiny Panel for the effective way in which they have carried out their discussions with officers on what has proved to be a sensitive issue.

I would also like to thank Chief Officers for overcoming their initial suspicions of the exercise and providing their full help and assistance.

I hope that Members and the public will be reassured by this report and that the recommendations of this Scrutiny Panel will form the basis of a best practice model.

Jeremy Webb
Chairman of the Specific Issues Scrutiny Panel
March 2005

Specific Issues Scrutiny Panel Membership

Mr Jeremy Webb (Chairman)
Mr Jim Parish (Vice-Chairman)
Mr John Cairns
Mrs Louise Edginton
Mr Reg Farmer
Mrs Beryl Hickling
Mr Brian Taylor
Mr Richard Udall
Mr Derek Woodward - Sheath

Sub Group Membership

Environmental Services/Chief Executives Sub Group

Mr Jeremy Webb
Mrs Beryl Hickling
Mr Richard Udall

Financial Services/Social Services Sub Group

Mr Jim Parish
Mr John Cairns
Mrs Louise Edginton

Corporate Services/Educational Services Sub Group

Mr Reg Farmer
Mr Brian Taylor
Mr Derek Woodward-Sheath

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Suzanne O'Leary (Overview and Scrutiny Manager)
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EXECUTIVE SUMMARY

The Scope of the Scrutiny

The Specific Issues Scrutiny Panel investigated the use of consultants by Worcestershire County Council. The following terms of reference were agreed:

- to examine how and why Worcestershire County Council uses consultants and how much is spent on engaging consultants;
- to determine the reasons for engaging consultants by examining a number of recent decisions by departments;
- to form an opinion as to the effectiveness of the consultants engaged and what impact their findings had;
- to use the findings as the basis of a recommendation as to the reasons that are acceptable and valid and those which are more questionable;
- to explore options for a collaborative approach with other local authorities.

Key Findings

The Scrutiny Panel found that policies and practices relating to the decision to use consultants vary significantly throughout the Council. We believe that a Council-wide policy should be developed to rectify this.

Key Recommendations

We recommend that a policy should be developed which, in all cases when consideration is being given to using consultants, requires:

- an options appraisal to be carried out based on that set out in Annex P to the Procurement Code, including consideration of the possible use of other local authorities' expertise;
- that this be evidenced in writing by completion of a pro forma document;
- that the Chief Officer approves in writing the decision to use consultants;
- consultants should make sure that staff gain experience by being closely involved in the work;
- that the terms of all contracts with consultants to be recorded in writing

and which for minor projects additionally requires:

- that the Cabinet Member with Responsibility to be notified in writing of the decision to use consultants

and which for major projects additionally requires:

- that the Cabinet Member with Responsibility approves in writing the principle to use consultants;
- adherence to clear, Council-wide guidance identifying circumstances in which and the mechanism by which representative bodies are informed about proposals to use consultants.

Specific Issues Scrutiny Panel

THE USE OF CONSULTANTS BY WORCESTERSHIRE COUNTY COUNCIL

Scrutiny Report

1. INTRODUCTION

- 1.1. Worcestershire County Council employs in the region of 18,000 people across the County. This gives the organisation a workforce with a great and varied capacity and a wide skill base, but nevertheless, external consultants are engaged for particular projects on occasions.
- 1.2. Engagement of consultants by public bodies is suspect in the minds of many members of the public; this suspicion is not entirely groundless, because managers, in business as well as in public service, have been known to use consultancy for reasons that might be questioned. It is vital that the Council does not appear to be profligate in the use of the taxpayers' money and Members considered that there was a perception amongst the public and elected Members that substantial sums of money are spent on engaging consultants too frequently, sometimes unnecessarily and at great cost to the public purse.
- 1.3. Therefore, at its meeting on 29 July 2004 the Specific Issues Scrutiny Panel agreed the following terms of reference, supported by the Scrutiny Steering Group:
 - *to examine how and why Worcestershire County Council uses consultants and how much is spent on engaging consultants;*
 - *to determine the reasons for engaging consultants by examining a number of recent decisions by departments;*
 - *to form an opinion as to the effectiveness of the consultants engaged and what impact their findings had;*
 - *to use the findings as the basis of a recommendation as to the reasons that are acceptable and valid and those which are more questionable;*
 - *to explore options for a collaborative approach with other local authorities.*
- 1.4. It became apparent at an early stage that this scrutiny exercise was a little unusual in nature. Rather than addressing Council policy, its implementation or the quality of service provision, this was a scrutiny exercise in the management of directorates and departments. Members of the Scrutiny Panel were aware of some sensitivity, but perhaps because the Scrutiny Panel has also stressed the positive intentions behind the scrutiny and its wish to ensure best practice rather

than to find fault, Chief Officers have been totally co-operative and supportive of this exercise.

- 1.5. The appointment of Michael Howard, the Strategic Procurement Manager, in November 2002 and his development of the Procurement Code had already begun to have an impact on the procurement aspects of the use of consultants by the time we had started this scrutiny exercise. The section of the Procurement Code which covers the engagement of consultants was approved by the Chief Officers' Management Board in September 2004. We hope that this report will have the effect of raising awareness of the importance of the Procurement Code amongst officers and Members and that our recommendations can strengthen the very good work already done in this respect.
- 1.6. However, the Scrutiny Panel's terms of reference cover much wider issues than procurement alone. There were the following key questions to be considered:
 - the circumstances in which the use of consultants was considered necessary and whether any formal policies existed dealing with the circumstances when expenditure on consultants was justified;
 - who within a directorate or service decided that expenditure on consultants was justified;
 - how consultants were chosen and how well they were briefed;
 - how expenditure on consultants was budgeted for;
 - how consultants' tasks were defined by contracts and how those contracts were managed;
 - whether there existed systems for monitoring progress and evaluating outcomes; and
 - how much was being spent on consultants.

2. DEFINITION OF A CONSULTANT

- 2.1. The starting point for this exercise was to determine a definition for a consultant. There are many, but we were grateful to the Strategic Procurement Manager for providing a definition which is now incorporated in the Procurement Code and which we found acceptable. This is as follows:

"A consultant is a person (not an employee) agency or firm engaged for a limited period of time on a fee basis to carry out a specific task or tasks. A consultant provides subject matter expertise and/or experience to the Council either because it does not possess the skills or resources in-house or which requires an independent evaluation/assessment to be made.

This excludes, for example:

- *agency staff*
- *routine services e.g. maintenance, cleaning and security."*

This was narrowed further by our decision to exclude from this scrutiny professional advisers such as surveyors, architects and barristers and to concentrate on management consultants as it was this area which caused the

greatest concern in the minds of the public and Members. The recommendations in this report are not intended to relate to the engagement of professional advisers.

3. THE SCRUTINY PROCESS

- 3.1. The Scrutiny Panel formed three sub groups, each of which investigated the use of consultants by two directorates. Between October 2004 and December 2004 the sub groups met with Chief Officers to explore each directorate's general policy towards the use of consultants and to identify possible case studies for closer scrutiny.
- 3.2. During January and February 2005 a selection of case studies were investigated by sub groups in more detail through careful consideration of documents and by further interviews with officers. During these meetings questionnaires were used to ensure that key questions were addressed consistently (attached as Appendices 3 and 4).

4. PROCESS FOR ENGAGING CONSULTANTS

- 4.1. There are a number of stages to go through in order to engage the services of a consultant. Some of these stages, particularly those relating to the procurement process, are governed by Standing Orders, Contracts Standing Orders and Financial Regulations, and these are briefly summarised below.

Standing Orders and Financial Regulations

- 4.2. All contracts with an estimated value equal to or exceeding £153,376 (the Council's threshold) should be subject to competitive tendering; Chief Officers may make arrangements in accordance with Financial Regulations for contracts the value of which are less than the Council's threshold and may proceed in such manner as seems to be appropriate provided there is compliance with Financial Regulations. The Procurement Code contains best practice guidance on sub-threshold contracts as follows:

£20,000 - £153,376	a minimum of 4 formal tenders or quotations
£5,000 - £20,000	a minimum of 3 formal tenders or quotations
up to £5,000	an appropriate number of quotations should be obtained.

- 4.3. In September 2004 Chief Officers agreed the Guidance on the Procurement of Consultants contained within the Procurement Code (Annex P to the Procurement Code) and this is attached as Appendix 5.
- 4.4. We considered that there was a significant distinction to be made between consultancy support required for minor projects and that required for major, strategic projects. Different procedures and processes might be appropriate for each, and we decided that contracts up to the value of £5,000, in line with the guidance set out above, might be an appropriate level at which to distinguish between minor and major projects.

Deciding to engage a consultant

- 4.5. As well as the procurement framework, the Scrutiny Panel examined what policies and processes governed the decision to engage a consultant in the first instance. We asked Chief Officers:
- in what circumstances is the use of consultants considered necessary;
 - who takes the decision that the use of consultants is reasonable and what tier of officer can authorise their use.

Reasons for engaging a consultant

- 4.6. The circumstances in which officers considered the use of consultants justifiable were many and various. The main reasons we found were:
- external assessment was a requirement of securing a grant or funding stream, such as in the case of many Environmental Services case studies;
 - consultants may provide valuable objectivity, for example in the case of a customer satisfaction survey carried out by the Chief Executives' Unit;
 - dealing with external bodies, such as inspectors and grant-giving bodies, was either sufficiently complex or unfamiliar as to require specialist help, for example support for the Ofsted inspection and a number of Best Value Reviews across the organisation;
 - consultants may provide expertise or experience unavailable within the organisation. This was seen in a variety of case studies, including Corporate Services' Project Support for the proposed joint Worcester Library;
 - a lack of in-house resource to support a particular project, such as in the case of the Best Value Review of Road Safety and Transportation.
- 4.7. We believe these reasons to be sound in principle and in the right circumstances.

Assessing Internal Capacity

- 4.8. We questioned how much consideration had been given to finding resources in-house, for example from other directorates, before deciding to look elsewhere. Clearly in many cases the specific skills or knowledge required for a project would rule out using officers from a different directorate, or there may be a strategic need to have an objective outsider involved in the project. However there may be cases where consultants are used simply as "an extra pair of hands" and in those circumstances we consider that the option of using in-house resources should be considered before taking the decision to use external support. The Director of Social Services told us that wherever possible, skills of staff within her directorate or within other directorates are utilised.
- 4.9. **In order to ensure that Chief Officers are aware of any in-house resource that may be available for a particular project, we recommend that Human Resources is informed of major projects which are planned. This would enable HR to assess whether there is the capacity in-house to assist with the project. Such assistance, which may be in the form of a short-term secondment, should be seen as a career development opportunity.**

- 4.10. The use of consultants to advise on bidding for grants raises the question of whether the Council should have a dedicated team to support grant bidding. This is perhaps outside the scope of the scrutiny, but it may be useful to review what other shire counties do in this respect.

Considering Alternatives

- 4.11. Cheshire County Council's Performance Improvement Services has recently set up an informal Consultants' Network to assist services in identifying suitable consultants, together with a database. This enables information to be shared informally across the authority. We think this is a worthwhile initiative and the Council should consider a similar approach. **We also recommend that the Council builds up an archive of consultants' reports, easily accessible to officers.**
- 4.12. Another source of expertise, rather than external consultants, could be other local authorities. Again, we asked whether any consideration had been given to using best practice or expertise from other local authorities before a consultant was engaged. We did not find evidence that this was done very often.
- 4.13. There are many opportunities in local government to learn from other local authorities, rather than each council re-inventing the wheel. It may be that information-sharing systems across local authorities could be improved, but they should certainly be used when possible. **We recommend that consideration of using best practice or expertise from other local authorities is part of the planning process for deciding whether to use a consultant.**

Informing Staff

- 4.14. The Scrutiny Panel asked the Branch Secretary of Unison about the Union's views on the use of consultants by the Council. He noted that there is a general requirement for the Council to consult Unison whenever a proposal could involve a significant decision that is likely to affect the interest or wellbeing of staff.¹ He contended that using consultants could affect existing employees' terms and conditions, particularly in relation to major projects, on the basis of the reason they are used and in terms of capacity and outcome. Members accept that it is good practice to keep representative bodies informed about the use of consultants in some circumstances. **We recommend that Human Resources advise on the preparation of clear, Council-wide guidance to identify circumstances in which representative bodies are informed about proposals to use consultants on major projects.**

Authorising the recruitment of a consultant

- 4.15. With regards to **who** makes the decision to engage consultants, it was difficult for the Scrutiny Panel to establish the level of officer authorised to approve the use of consultants.

¹ National Joint Council for Local Government Services; National Agreement on Pay and Conditions of Service

- 4.16. Within the Social Services Directorate anticipated expenditure of any nature exceeding £3,000, including the use of consultants, must be authorised beforehand by the Management Team comprising the Director, Head of Adult Services, Head of Children’s Services, Head of Business Support (Social Services), the Learning Disabilities Manager and the Human Resources Manager at one of its weekly meetings. Another directorate mentioned several times that the “Approved Officers’ Register” referred to in Contract Standing Orders identified the appropriate decision-maker.
- 4.17. Members saw an important distinction between deciding whether the use of a consultant was justified in principle on the one hand, and the more limited process of authorising expenditure against a budget on the other.
- 4.18. It was clear that Chief Officers had engaged consultants on the basis of their own judgement. The Scrutiny Panel accepts that Chief Officers must have this flexibility and ability to use their professional judgement provided this is done in accordance with consistent, best practice guidance. However Members were concerned that:
- there was no Council-wide guidance or policy relating to the use of consultants and consequently practice was inconsistent;
 - no directorate, with one exception, had a formal or definite policy towards the use of consultants; and
 - the involvement of the Cabinet Member with Responsibility in the decision-making process was unclear.
- 4.19. We are concerned that, if a director or other officer chooses to use a consultant without following clear, Council-wide guidance, it could be perceived by the public or Members that the Council’s money is being wasted. This may particularly be the case if no competitive process has been undertaken, something we deal with in the next section.
- 4.20. We consider that in the case of major projects it is important for the Cabinet Member with Responsibility to be involved in the decision to engage consultants, not least because he or she must be in a position to justify the use of the consultant and the consultants’ report when it is completed. Clearly directors should delegate the management of the project involving the consultants to their management team who should have the ability to use their professional judgement. However in the case of major projects we feel there needs to be high-level agreement to the principle of engaging external consultants.
- 4.21. **We therefore recommend that in all cases the Chief Officer should approve the decision to use consultants. We further recommend that for major projects the Cabinet Member with Responsibility should agree in writing the principle to use consultants; in minor projects the Cabinet Member with Responsibility should be notified in writing that a decision to engage a consultant has been taken.**

Choosing a consultant

- 4.22. The Scrutiny Panel asked Chief Officers what selection processes and criteria were used for choosing a consultant. We found that practice differed from case

to case but were reassured to find that Chief Officers were aware of the existence of the Procurement Code and its requirements, at least in broad terms.

- 4.23. In some instances no competitive process was undertaken. Chief Officers explained that this was usually because a very small pool of expertise existed and in reality there was little choice available to the Council. We agree that this could be a valid reason for not undertaking a competitive process. However, to ensure that procedures are transparent and above board, **we recommend that the Procurement Code's best practice is followed and that the Strategic Procurement Manager is consulted when any consultants are engaged without undertaking a competitive process.**
- 4.24. The Unison Branch Secretary also referred to the issue of former employees being engaged as consultants following retirement or redundancy. There was a perception that this was a fairly widespread practice, which raised questions about openness and transparency. We did ask Chief Officers about this, but we have not so far identified any cases where former employees have been engaged as consultants into the same or similar jobs.

Agreeing consultants' terms

- 4.25. The Scrutiny Panel found there appeared to be no standard approach to how the brief to a consultant is prepared. This is a central point, because a good brief is the key to effective use of consultancy, ensuring good value for money from the consultant and for being able to monitor and evaluate their input. It appears that there has not been a strong focus in the past on clearly specifying the brief in all cases. Annex P to the Procurement Code (Appendix 5) sets out good practice in this area and we fully support that approach.
- 4.26. Clearly agreeing the fees charged by a consultant is an important part of the procurement process. The Scrutiny Panel was pleased to see that Annex P of the Procurement Code covered this and agreed that fees should be properly negotiated as fixed price quotations in line with the best practice set out there.
- 4.27. In one case study very little supporting paperwork could be located and for three of the four individual contracts, only the final invoice could be provided. It is probable that negotiations, including those as to cost, were conducted orally and an hourly rate only was agreed; it was unclear whether a total cost was agreed.
- 4.28. **We recommend that the terms of all contracts with consultants should be recorded in writing, and should include as a bare minimum the information required by Annex P of the Procurement Code.**
- 4.29. **To ensure that practice is consistent across all directorates we also recommend that procurement principles and protocols are included in managers' inductions and regular updates are provided.**

Evaluating consultants' effectiveness

- 4.30. The Scrutiny Panel asked each directorate:
- how consultants' work was monitored; and

- what evaluation was undertaken on the use of consultants.
- 4.31. Again there was no standard process across all directorates and partly this reflects the differing nature of the work carried out.
- 4.32. In terms of the effectiveness of engaging consultants and what impact they had our findings varied. We did not find any instances when the use of a consultant had been ineffective or of little value; indeed to the contrary, in many cases consultants enabled the Council to secure external funding or accreditation or otherwise enable the completion of a project, which could not have been concluded without external support. For example, the Ofsted inspection resulted in the LEA being deemed to be “good”; no authority was awarded a higher rating in 2004. Officers valued greatly the independent advice and expertise provided by the consultants.
- 4.33. Members who interviewed the Director of Social Services were impressed by the fact that in a majority of cases the consultants had been instructed to work very closely with staff. This had two beneficial outcomes:
- firstly, it ensured that there was close monitoring of the performance of the consultant; and
 - secondly, and perhaps more importantly, it ensured that during the project, the skill base of staff was increased. In effect staff were trained by the consultants meaning that in future that type of project could be undertaken in-house.
- 4.34. In these cases the use of consultants had brought additional benefits to the Council by widening the skill base and knowledge of members of staff, and in those cases the Scrutiny Panel concluded that the use of consultants had been highly effective and beneficial to the Council, providing very good value for money.
- 4.35. Similarly, one Environmental Services case study related to the engagement of a consultant as Project Manager to utilise grant funding and work jointly with the Council to develop a passenger transport division. This has seen the consultants working alongside officers to establish a new Passenger Transport team.

5. THE APPROACH OF OTHER LOCAL AUTHORITIES

- 5.1. The Scrutiny Panel asked a number of Worcestershire’s nearest neighbours (in Best Value terms):
- whether that authority has a policy, formal or otherwise, relating to the circumstances in which a consultant will be engaged or whether individual directorates formulate their own policies; and
 - what procedures should be followed to determine whether to use consultants rather than in-house staff.
- 5.2. Staffordshire County Council noted that all contracts it enters into follow Standing Orders, but it has no policy relating specifically to the use of consultants. Similarly Cheshire County Council does not have a formal policy relating to the

engagement of consultants and decisions and policies are left to individual services within the framework of Standing Orders.

- 5.3. The responses received demonstrated that Worcestershire County Council is advanced in this area and the Strategic Procurement Manager has advised the Scrutiny Panel that Worcestershire County Council is in fact ahead of other shire counties in this respect.
- 5.4. Therefore, this report will be circulated widely to inform other local authorities of our recommendations.

6. A COUNCIL WIDE POLICY

- 6.1. This scrutiny has highlighted a number of areas where practice differs across directorates. At present the only Council wide policy is as set out in Annex P to the Procurement Code. This is set out in full at Appendix 5 but includes the following:

“Before proceeding with the procurement of any external consultancy, a full options appraisal should be undertaken, which, inter alia, should consider whether the necessary resource is available elsewhere within the council (perhaps on a secondment basis – this might have the additional benefit of offering career or personal development opportunities) or whether the need might be fulfilled more cost effectively by a fixed term employment contract.”

- 6.2. However, in our view this does not go quite far enough. The Scrutiny Panel considers that the decision to use consultants should not be taken lightly and should be undertaken following clear, consistent guidance. We discussed this point with the Cabinet Member with Responsibility for Resources who considered that Cabinet Members with Responsibility should be part of the decision making process when consultants are engaged.
- 6.3. The Social Services Directorate stood out as the one with a clear policy towards the use of consultants, which can be summarised as follows:
 - since being in post the Director has imposed strict internal guidelines on the use of consultants;
 - staff are encouraged to take ownership of work; this can be difficult when consultants are brought in;
 - when consultants are engaged, it is part of their brief that they work closely with staff;
 - the use of consultants is budgeted for on a case-by-case basis;
 - the directorate works closely with the Strategic Procurement Manager.
- 6.4. As noted above, Members were particularly supportive of the Social Services’ policy referred to in paragraph 4.33 whereby consultants were instructed to work very closely with staff. This resulted in the consultants’ performance being closely monitored but perhaps more importantly it encouraged the increase of the in-house skill base and opportunities for staff career development. This may result in future savings for the Council if in future that type of work could be undertaken in-house.

- 6.5. This seemed to us an excellent policy towards the use of consultants. It was clear that expenditure on consultants in the Directorate had decreased noticeably in recent years and the anticipated future expenditure on consultants was negligible. It was particularly striking that this should be so in such a large directorate.
- 6.6. Social Services produced a pro forma document called a Proposal for Externally Purchased Support for use by officers considering using a consultant. A copy of this document is attached as Appendix 6. Completion of this demonstrates that an options appraisal has been carried out and we considered that to be an excellent practice; it focuses the mind of the officer on options and is evidence that the exercise has been carried out.
- 6.7. **We recommend that a policy should be developed which, in all cases when consideration is being given to using consultants, requires:**
- **an options appraisal to be carried out based on that set out in Annex P to the Procurement Code, including consideration of the possible use of other local authorities' expertise;**
 - **that this be evidenced in writing by completion of a pro forma document;**
 - **that the Chief Officer approves in writing the decision to use consultants;**
 - **consultants should make sure that staff gain experience by being closely involved in the work;**
 - **that the terms of all contracts with consultants to be recorded in writing**
- and which for minor projects additionally requires:**
- **that the Cabinet Member with Responsibility to be notified in writing of the decision to use consultants**
- and which for major projects additionally requires:**
- **that the Cabinet Member with Responsibility approves in writing the principle to use consultants;**
 - **adherence to clear, Council-wide guidance on how representative bodies are informed about proposals to use consultants.**
- 6.8. The threshold between major and minor projects needs to be determined as part of this policy. We suggest that it should be £5,000 which corresponds with the lower threshold set out in the best practice guidance on sub-threshold contracts in the Procurement Code referred to in paragraph 4.2. We have considered whether we should advise a higher threshold but felt that to do so would underestimate the impression that the engagement of consultants gives to the public.
- 6.9. Clearly someone needs to take responsibility for the development, implementation and monitoring of this policy. We asked the Cabinet Member with Responsibility for Resources his view on this matter and he suggested the

Head of the Chief Executive's Unit in consultation with the Head of Human Resources and the Strategic Procurement Manager. We agree. **We therefore recommend that the Head of the Chief Executive's Unit develops a policy, in consultation with the Head of Human Resources and the Strategic Procurement Manager, and reports to the Cabinet Member with Responsibility for Resources.**

7. EXPENDITURE ON CONSULTANTS

- 7.1. The main focus of the scrutiny was to examine the appropriateness and effectiveness of expenditure on consultants. However, Members also asked how much had been spent on consultants over the past two years. Figures were compiled especially for the scrutiny exercise showing actual expenditure on consultants by each directorate during the financial year 2003-4 and the first half of the financial year 2004-5. The full details are attached as Appendix 7. It has not been possible to obtain details of projected expenditure for all of 2004-5, but the details at Appendix 7 include sums committed (ie orders placed for consultancy work) for the second half of 2004-5. It should be noted, however, that at least one director indicated that not all the sums committed for the second half of 2004-5 would actually be spent. A brief summary of the expenditure on consultants is set out below:

Directorate	2003/04 Actual £000
Chief Executive's Unit	55
Corporate Services	262
Educational Services	52
Environmental Services	257
Financial Services	72
Social Services	364
TOTAL	1062

- 7.2. Whilst the Scrutiny Panel did not expect that expenditure on consultants would be significant in relation to the Council's overall budget, on the whole it was less than expected. In 2003/04, expenditure on consultants amounted to just less than 0.25% of the Council's overall budget. In 2004/05 it is expected that this will be lower. It should be noted that expenditure is not fixed and may change from year to year or from one directorate to another, depending on the organisation's needs.
- 7.3. The Scrutiny Panel wanted to know how expenditure on consultants was budgeted for. Chief Officers explained that in most cases it was on a case-by-case basis.
- 7.4. We suggest that overall expenditure on consultants should be monitored closely with clear financial reporting. We would like to receive the final figures for 2004/5 and we will consider reporting again when the figures for 2005/6 are available.

8. CONCLUSION

- 8.1. It is vital that the Council does not appear to be profligate in the use of the taxpayers' money. If the recommendations of this Scrutiny Panel are implemented, we believe the result will ensure that sound, consistent policies and practice exist throughout the Council towards the use of consultants, ensuring value for money.
- 8.2. There are a number of recommendations throughout the report, which need to be considered. If our recommendations are implemented, we will consider monitoring their impact and reporting back in 2006.

Schedule of Activity

17 June 2004	Meeting of the Scrutiny Panel to discuss a future work programme
29 July 2004	Meeting of the Scrutiny Panel to consider a scrutiny proposal on the Use of Consultants
19 October 2004	Meeting of the Scrutiny Panel to agree the scoping template and timetable for the scrutiny exercise
27 October 2004	Sub Group meeting with the Director of Corporate Services
29 October 2004	Sub Group meeting with the Director of Financial Services
1 November 2004	Sub Group meeting with the Director of Environmental Services
11 November 2004	Sub Group meeting with the Director of Social Services
11 November 2004	Sub Group meeting with the Head of the Chief Executives Unit
15 November 2004	Sub Group meeting with the Director of Educational Services
25 November 2004	Meeting of the Scrutiny Panel to consider methods of questioning Chief Officers about their use of consultants
12 January 2005	Sub Group meeting with Officers from Environmental Services
17 January 2005	Sub Group meeting with Officers from Educational Services
21 January 2005	Informal meeting of the Scrutiny Panel with Unison Branch Secretary
26 January 2005	Sub Group meeting with Officers from Social Services
11 February 2005	Informal meeting of the Scrutiny Panel to discuss draft findings
22 February 2005	Meeting of the Scrutiny Panel to discuss emerging themes with the Cabinet Member with Responsibility
9 March 2005	Meeting of the Scrutiny Panel to discuss and agree the final report

Documents Reviewed

- 1 Worcestershire County Council Procedural Standing Orders dated September 2003 – Appendix 2 to the Constitution
- 2 Worcestershire County Council Financial Regulations dated September 2003 – Appendix 7 to the Constitution
- 3 Worcestershire County Council Contract Standing Orders dated September 2003 – Appendix 8 to the Constitution
- 4 Worcestershire County Council Procurement Code dated November 2004
- 5 Worcestershire County Council Environmental Services Directorate Purchasing Guidelines dated November 2004
- 6 Standing Orders on Contracts (List of Approved Officers) dated November 2004 for Highways & Transportation Management, Planning, Economy & Countryside Services, Support Services, Trading Standards & Scientific Services and Waste & Passenger Transport Management
- 7 Extracts of the National Joint Council for Local Government Services; National Agreement on Pay and Conditions
- 8 Letter from Cheshire County Council dated 25th January 2005
- 9 Email from Staffordshire County Council dated 17th January 2005
- 10 Documents relating to the engagement of consultants to support preparations for the LEA Ofsted inspection
- 11 Documents relating to the engagement of consultants to support the preparation of New Opportunities Fund applications
- 12 Documents relating to the engagement of consultants to assist with the Transportation and Road Safety Best Value Review
- 13 Documents relating to the engagement of consultants for assistance with the Passenger Transport Development in Worcestershire
- 14 Documents relating to the engagement of consultants to the Home Care Strategy

Questions to assist Scrutiny Panel Members when Interviewing Chief Officers

General Questions

<p>On how many occasions during the past 2 years have you engaged a Consultant? Please include anyone with specialised knowledge or abilities, but exclude those engaged to make up for temporary staff shortages.</p>	
<p>Please describe the process used by your directorate to procure and select consultants. Include the process for identifying need, the number of quotations or tenders sought and the basis of evaluating the suitability of applicants.</p>	
<p>Who within the directorate has authority to appoint Consultants?</p>	
<p>Please outline the requirements of Contract Standing Orders and the Procurement Code which applied to these contracts.</p>	
<p>Please give examples of why Consultants are engaged. e.g.:</p> <ul style="list-style-type: none"> • Need for independent advice and/or objectivity • Lack of detailed knowledge or specialist skills • Lack of resources or time • Requirement of grant funding body • To act as a catalyst for change 	
<p>How is the use of Consultants budgeted for? Does the directorate as a whole have a budget for engaging Consultants? Does each service area have a specific budget? What happens if there is no specific budget?</p>	
<p>Please outline what monitoring takes place during the contract period?</p>	
<p>On completion of contracts, what takes place to assess the effectiveness of a Consultant's work eg to ensure that recommended actions are implemented, information utilised or information shared?</p>	

Questions to assist Scrutiny Panel Members when examining Case Studies

Please outline the Consultant's terms of engagement.
Please outline the requirements of Contract Standing Orders [and the Procurement Code], which applied to this contract.
Was a full options appraisal, whether as defined by the Procurement Code or otherwise, carried out, and if so how and by whom?
<p>Please state the reason for engaging the Consultant and provide evidence for justification e.g.:</p> <ul style="list-style-type: none"> • Need for independent advice and/or objectivity • Lack of detailed knowledge or specialist skills • Lack of resources or time • Requirement of grant funding body • To act as a catalyst for change
Where lack of detailed knowledge or specialist skills within the organisation was the reason, please indicate the basis on which this was determined. If the required expertise did not exist within your directorate, did you seek assistance from other directorates?
Please outline the procurement and selection process used in this particular instance including the number of quotations or tenders sought and the basis of evaluating the suitability of applicants.
Please outline briefly the fee structure e.g. at a fixed price, or as a fixed percentage of the value of the contract.
Was the contract based on the Council's terms and conditions or on the Consultant's?
Please outline the monitoring arrangements used including whether milestones or gateway reviews were included.
On completion of the contract, what took place to assess the effectiveness of the Consultant's work?
How has the work/report of the Consultant been used?
Was this project budgeted for, and if not, how was it funded?
With the benefit of hindsight, was Best Value obtained by using a Consultant in this particular instance?

Annex P to the Procurement Code
PROCUREMENT OF CONSULTANTS

The County Council spends significant sums of money on external consultants, and it is important that Best Value is secured from this expenditure.

Officers must recognise that the procurement of consultancy support is subject to the processes and requirements of Contract Standing Orders and the Procurement Code to the same extent as any other procurement exercise.

Before proceeding with the procurement of any external consultancy, a full options appraisal should be undertaken, which, inter alia, should consider whether the necessary resource is available elsewhere within the council (perhaps on a secondment basis – this might have the additional benefit of offering career or personal development opportunities), or whether the need might be fulfilled more cost effectively by a fixed term employment contract

If the options appraisal identifies the need to secure external consultancy support, the procurement process should be undertaken in the following manner:

- The work required should be specified in terms of clear, quantifiable and measurable outputs and timescales, and fixed price quotations or tenders should be sought for undertaking the work. This specification must have absolute clarity as it forms the basis of all subsequent activities.
- It is not sufficient to accept offers such as “20 days work @ £850 per day plus expenses”, as this invariably leads to higher costs for the council.
- An appropriate number of quotations or tenders should be sought – CSO 5 applies to contracts above the council’s thresholds, whilst Annex L to the Procurement Code offers guidance on sub-threshold procurements
- The selection process should include structured, and stretching interviews with the shortlisted consultants.
- Ideally, the quotation or tender should be inclusive of all expenses – however, if this is not feasible, then expenses should be capped – either at a fixed sum, or as a fixed percentage of the total fee, so that the council is fully aware of the extent of its financial commitment.
- Officers who believe that a negotiated route is likely to offer Best Value for the council (CSO 6 (6)), should consult the Strategic Procurement Manager before proceeding, and negotiations must be carried out in accordance with CSO 6 (7)-(9).
- Contracts should be let on the basis of the council’s terms and conditions. Attempts by consultants to impose their own terms and conditions should be resisted – if necessary the appointment process should be terminated and restarted if agreement cannot be reached on this point.

- The work of the appointed consultants should be monitored to ensure that timescales and outputs are met in their entirety and officers should be prepared to terminate contracts, which are failing to deliver the required outputs. It may be appropriate for the contract to specify milestones or gateway reviews at which points formal reviews are undertaken.

CRITERIA FOR USE OF EXTERNALLY PURCHASED SUPPORT IN THE SOCIAL SERVICES DIRECTORATE

1. INTRODUCTION

It has now been agreed that as a Departmental Management Team we will monitor the use, effectiveness and cost of externally purchased support within the Department. This will help to maximise the use of existing resources and provide an appropriate basis for evaluation and scrutiny.

2. DEFINITION

The principles within this document should apply to all externally purchased and "one-off" work projects and consultancy assignments. Typically this would cover the use of consultancy organisations undertaking service reviews, structural reviews or project development work. The principles would also apply to services purchased from self or externally employed individuals undertaking investigations or any other kind of "one-off" project work.

They do not apply to temporary appointment arrangements covered by existing recruitment and selection guidelines or apply to normal "cover" arrangements secured through temporary employment agencies. They will also not normally apply to the regular use of external trainers purchased to facilitate the training and development plan (which will be reviewed separately).

3. CRITERIA FOR APPROVAL

All assignments should only be considered following the production of a clear brief and consideration of the issues as set out below:

- Capacity within the department (available expertise and ability to release such expertise)
- The need for external objectivity or independence
- Cost (affordability and appropriateness to consultancy assignment)
- Other reasons

4. APPROVAL MECHANISMS

- Assignments costing in excess of £3000 must be approved by DMT prior to engagement and following submission of the attached form.
- All other consultancy assignments should be approved by Heads of Service. In this case, forms should be submitted for collation to Linda Cooper (Operational Support Team).

4. MONITORING

DMT will review the cost and effectiveness of all approved assignments on a six monthly basis. A schedule will be maintained for this purpose and will be used to guide the future policy and practice in relation to consultancy use. This will include all consultancy assignments regardless of cost.

Approved by DMT on 8/1/03

PROPOSAL FOR EXTERNALLY PURCHASED SUPPORT Form C1 (A)

SUMMARY OF ASSIGNMENT:

SUBMITTED FOR APPROVAL BY:

PROPOSED SERVICE PROVIDER/CONSULTANT

CHECKLIST OF CONSIDERATIONS

Capacity

- Have we got access to the sorts of skills and expertise necessary to complete the assignment from within our existing workforce?
- Can the above skills and expertise be released within a reasonable timescale and without unacceptable operational disruption?
- Is there evidence that the above have been tested? (please set out below):-

Objectivity / Independence/Best Practice

- Is it necessary for the assignment to be carried out by someone with "operational distance" (i.e. in the case of a disciplinary investigation) or in order to demonstrate "external challenge" (or the pursuit of best practice) as would be the case with elements of a best value review?
- Can the objectivity / independence be maintained by using other existing resources (e.g. outside the immediate section or department)?
- What evidence is there that the above has been tested?
- Supporting notes/comments as set out below:-

Cost of Assignment

- Is the proposed cost of the assignment affordable and appropriate to commission?
- Have we previous experience (e.g. other consultancy assignments) which would support the current proposal?
- Supporting notes/comments as set out below:-

Other Reasons

- Please set out below any other reasons or issues which would support this proposal.

APPROVED BY:

DATED:

SUMMARY EVALUATION - To be completed by commissioning manager following completion of the assignment.

County Council - Consultants Expenditure - Education

Details	2003/04 Actual £000	2004/05 (to 30/9) £000	2004/05 Cmmtttd £000	Comments
Support for Ofsted Inspection	25			A number of consultants used in support of the 2003/04 Ofsted Inspection
Evaluation & Quality Assurance within Youth Service	17			Libre Consulting Ltd were engaged to assist with the development of young people involved in the evaluation of youth work and development of Quality Assurance processes and activities
Review of SEN provision etc for young people 13-25 years in Herefordshire and Worcestershire	6	7		A consultant was used to undertake a review of SEN provision for young people 13-25 years in Herefordshire and Worcestershire
Information Booklet to Parents on School Admissions	3			A consultant assisted with the revision of the Information Booklet following the issue of the new Code of Practice for School Admissions
"Building Schools for the Future" submission	1			A consultant assisted with the preparation of this submission
Training model for Youth workers		3		A consultant was used to identify a model and external funding to enable young people to be trained to be qualified youth workers
Youthcomm Project		2		A final evaluation report for the Youthcomm Project
Total	52	12	0	

County Council - Consultants Expenditure - Social Services

Details	2003/04 Actual £000	2004/05 (to 30/9) £000	2004/05 Cmmtted £000	Comments
Restructuring homecare	70	12	0	Consultants assisted with the restructuring of in house home care, and the tendering for new home care block contracts in South Worcestershire. The skills to support these tendering exercises are now established within the Business Support Service, so consultancy no longer required.
Partnership working with PCTs for work done for Councillors	10	0	0	A specific piece of work commissioned from Professor Edward Peck, a specialist in health and social care partnership working. This input secured a significant improvement in health/social care relationships in Worcestershire.
Work on carers structure & day services modernisation	25	0	0	Project complete
Commissioning strategy support	6	3	0	Specialist advice from Bob Welch to help Operational and Business Support Service staff produce commissioning strategies. Bob provided the Directorate with a template for commissioning and presented "best practice" from other authorities to guide Worcestershire's work.
Social Services Research and Development Unit (SSRADU)- advice on performance management	3	0	3	A subscription fee that includes consultancy as part of the package. SSRADU have helped Operational and Business Support staff devise the current robust performance management framework in Social Services.

KPMG - Support to the Better Services programme

250

0

35

KPMG have provided extensive support and advice to the Better Services programme. This includes research and advice on many aspects of future service configuration, e.g. use of the Hub Access Centres, different ways of working, different configurations of accommodation, etc. They have also advised on how the programme should be managed and supported within Social Services. The specialist expertise now exists within the Directorate to undertake most of the implementation work. A much smaller number of KPMG days will be required in future for specialist advice only.

Total

364

15

38

County Council - Consultants Expenditure - Environmental Services

Details	2003/04 Actual £000	2004/05 (to 30/9) £000	2004/05 Cmmtted £000	Comments
Best Value Review of Transportation & LTP Progress Report	57			A consultant was required to lead on this Best Value Review to ensure that an independent process was followed. The consultants were used to assist with the production of the LTP Progress Report
Preparation of LTP bids and Malvern Transport Study	106			JMP Consultants were used to engage with user groups and produce a Strategic Action Plan for the Malvern Hills District. The Action Plan was used to put LTP bids together for Rural and Urban Bus Challenge and Malvern Matters
Project work on Best Practical Environmental Option (Waste Local Plan)	63			The consultants were engaged on this project having previously worked successfully on waste management with the County Council. They are at the forefront of BEPO research and assessment work in the County and the final report provided a number of justified options on how waste could be dealt with
Development of Climate Protection Strategy	3	2		The development of a Climate Protection Strategy on behalf of Worcestershire Partnership was undertaken by the Marches Energy Agency and is being used to inform the preparation of LTP2
Air Quality Monitoring - Kidderminster	15			Faber Maunsell are specialists in this area of work and produced a traffic model to test different scheme options to improve air quality by changing traffic management in Kidderminster

Feasibility Study Redditch Town Centre	13	A feasibility study of Redditch Town Centre commissioned by Redditch Borough Council
LTP2 related work	18	47 In view of their detailed knowledge and involvement in the Council's LTP work Integrated Transport Planning assisted with the production of LTP2. This work will determine how well LTP2 is scored and how much additional resources are secured
Rural and Urban Bus Challenges	28	The Rural and Urban Bus Challenge bids were formulated by JMP Consultants. Following approval by the Department of Transport initial project management was undertaken by JMP
Concessionary Fares and Smartcards	10	15 JMP Consultants also manage these two areas of work. This work together with the Rural and Urban Bus Challenge bids will be undertaken in house in future
Worcestershire Health and Transport Partnership	5	1
Scientific Services Review		10 KPMG were engaged to carry out this work due to their expert knowledge in this area and the need for independent advice. The review is being carried out jointly with Birmingham City Council
Rights of Way Improvement Plan		10 Integrated Transport Planning have a detailed knowledge of what is required to undertake an adequacy assessment. A second consultant will be used to carry out the consultation process

Sustainable Development Work	3	1 The Worcestershire Partnership's Climate Change Working Group identified the need for this research. Birmingham University were commissioned having already undertaken similar work in the West Midlands
Planning Appeal Lower Park Farm	22	Environmental Resources Management provided specialist knowledge and independent advice in preparing the Council's case in this planning enforcement issue concerning waste disposal
Term Maintenance Contract work	6	17 JW Construction used to advise on the procurement process for the Term Maintenance Contract as they had detailed knowledge of such contracts recently awarded in other parts of the Country
Total	<hr/> 257	94
		101

County Council - Consultants Expenditure - Corporate Services

Details	2003/04 Actual £000	2004/05 (to 30/9) £000	2004/05 Cmmtted £000	Comments
Job Evaluation review in Social Services	12			Support from West Midlands LGA
Consultancy for Legal Services	3			Support by Duncan Stephen
IIP - Advise on achieving accreditation	4			Review of Legal Services
New Communications Post	3			Expert advice on the recruitment of the new Corporate Communications Manager
Worcestershire Hub Project	51			Process management support from ICP Local regarding procurement, contract negotiation and Partnership Agreement for Worcestershire Hub
Worcestershire Arts Forum Consultancy	9			Production of arts marketing strategy
Review of Chief Officers pay	8			Review conducted by Hay Group
Property Services Best Value Review	59	11		Review led by DTZ Pbeda
Property Portfolio Review	41	15		Review led by DTZ Pbeda
Support for Worcester Library PFI bid - Trinity Street	15			Stage one PFI application to DCMS, support provided by Deloitte

Project Support for the proposed joint Worcester Library	27	14	33 Advice and process management support provided by ICP Local
Options appraisal of joint development for Record Service	3		Advice on implications for Record Office service of proposed joint library development in Worcester
Viability study for Visitor Centre at County Museum	2		Study conducted by Egeria
Review of the Print and Design facilities	4	11	Review conducted by Ashburham Group
Development of corporate Print and Design Strategy, management plan for Print and Design Unit and advice on ongoing management of the Unit		6	14 Review conducted by Ashburham Group
Overview of General & Health Scrutiny function	11	9	Expect support by David Stoker regarding the development of the overview and Health Scrutiny function in Worcestershire
Job Evaluation review	10	5	7 Expert support for implementation of job evaluation scheme, provided by Clive Davis
Shared Services consultancy		5	5 Consultation with WCC and Districts on options for possible development of shared services provided by Sid Pritchard
Telephone analysis of customer contacts - Hub		9	Expect analysis of telephony details by MCK Consultancy
IBS Best Value review follow up		30	5 Review conducted by Hedra
Total	262	115	64

County Council - Consultants Expenditure - Chief Executive Unit

Details	2003/04 Actual £000	2004/05 (to 30/9) £000	2004/05 Cmmtted £000	Comments
Team working, staff development pre work and sessions	2			Consultation and facilitation work carried out by Andrew Holder Associates for COMB /Cabinet session on the 2nd December
Survey Work - Customer Satisfaction Survey	32			Commission work on a Satisfaction survey run by the Research & Intelligence Unit company used - RBA Research
Best Value Review of Voluntary Sector	10	13	9	Project management of review by Robin Sequera
Presentation re Worcestershire Assembly	1			Worcestershire Partnership presentation by Simon Atkinson of MORI on 26th March 2004
Capacity Building proposal - Worcestershire Partnership		5		Planning / Research and workshop supplied by the OPM March 2004
Implementation of Children's Green Paper	10			Consultancy fee for Professor Edward Pecketal at the University of Birmingham
Total	55	18	9	

County Council - Consultants Expenditure - Financial Services

Details	2003/04 Actual £000	2004/05 (to 30/9) £000	2004/05 Cmmtted £000	Comments
Comprehensive review of Government Area Cost adjustment	56		10	Professors Blanchflower and Oswald prepared two reports submitted to Government and local partners proving the Council's case. Work is in hand on a third piece of work to raise the profile of our case in the national media and learned journals.
Review of Payroll & Pensions Service	7			Experienced private and public sector service provider examined processes, quality and cost effectiveness.
Review of Banking arrangements	3			Advice from "Focus on Banking" in preparation for negotiations with our banker on charges and streamlining processes.
Members Activity Review Workshop	6	7		Facilitator and assistant helping prepare and moderate week long discussions with leading members and COMB.
Review on Internal Audit Service			8	Former Head of Internal Audit at Kent County Council currently undertaking peer review assessment.
Total	72	7	18	

Further copies of this report are available from:

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Democratic Services Unit
Worcestershire County Council
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SPECIFIC ISSUES SCRUTINY PANEL**Scrutiny Report – The Use of Consultants by Worcestershire County Council****RESPONSE FROM CABINET MEMBER WITH RESPONSIBILITY**

1. I am grateful to the Specific Issues Scrutiny Panel for the work that it has undertaken in looking at the Council's use of consultants. I read the detailed Scrutiny Report with interest and was pleased to note that the Panel had found expenditure on the use of consultants to be lower than it had anticipated and not significant in relation to the Council's overall budget (less than 0.25% of the Council's budget). I agree with the Panel's view that it is vital that the Council does not appear profligate in the use of taxpayers' money on consultants and I was pleased that the Panel found no evidence this being the case.
2. I am also pleased that the Panel found no instances of the use of Consultants being ineffective or of little value and that, on the contrary, in many cases consultants had enabled the Council to secure external funding or accreditation, or otherwise enable the completion of a project which could not have been concluded without external support.
3. I share the Panel's view about the positive role that the Strategic Procurement Manager has played in strengthening the Council's approach to the procurement of consultancy services. It is gratifying to read that Worcestershire's approach is seen as being ahead of that of other shire counties.
4. With regard to the Panel's recommendations I agree the need to ensure consistency of approach and appropriateness of procedures across the Council. At the same time I would want to avoid imposing any unnecessary or bureaucratic procedures where there is no strong case for doing so. The Council's approach of giving officers at the right level the freedom and authority to get on with the job within approved policies and budgets seems to me to work well.
5. I would therefore propose asking the Chief Officers' Management Board to adopt those elements of the Panel's recommendations that will help to improve the Council's approach to the procurement of consultants across the board. However, this should be done without getting us involved in an unnecessary paper chase or involving councillors in the micro-management of issues that are better left to officers. In particular I feel that the proposed limit suggested by the Panel of £5,000 for written approvals by relevant Cabinet Members with Responsibility is too low and I would suggest that this be revised upwards to £50,000.

6. My detailed response to individual recommendations by the Panel is attached.

ADRIAN HARDMAN

Cabinet Member with Responsibility for Resources and Cultural Services

Response by Cabinet Member with Responsibility to the individual Recommendations

Recommendation	Cabinet Member's Response
A policy should be developed to cover consideration of the use of consultants. This policy should be developed by the Head of the Chief Executive's Unit in consultation with the Head of Human Resources and the Strategic Procurement Manager reporting to the Cabinet Member with Responsibility for Resources.	I agree that the Council should have an appropriate policy to ensure that proper procedures are followed in considering the use of consultants. It should, however, be for the Chief Officers' Management Board to consider the detail of putting such a policy in place.
In considering the use of consultants an options appraisal should be carried out based on that set out in Annex P to the Procurement Code including consideration of the possible use of other local authorities' expertise.	I agree the requirement to adhere to Annex P of the Procurement Code. Consideration of the possible use of other authorities' expertise should be left to the discretion of the appropriate Chief Officer or Head of Service. In some cases it will not be worth expending resources on checking out expertise elsewhere.
The options appraisal should be evidenced in writing by completion of an appropriate proforma document.	Agreed.
Chief Officers should approve in writing the decision to use consultants.	I do not agree that written approval by Chief Officers personally is required in all cases. In some cases, for example, it may be perfectly satisfactory for a relevant Head of Service to give the written approval. I suggest that the Chief Officers' Management Board be asked to advise on appropriate approval levels.
Consultants should make sure that staff gain experience by being closely involved in the work.	I agree that we should always aim to achieve this, albeit that consultants are sometimes brought in because of a lack of appropriate internal staff resources.
Terms of all contracts with consultants should be recorded in writing.	Agreed.
For all minor projects (less than £5,000) the Cabinet Member with Responsibility should be notified in writing of the decision to use	I disagree with this recommendation and believe that the suggested limit of £5,000 for minor projects is set too low. It should be left to the discretion of

Recommendation	Cabinet Member's Response
consultants.	Chief Officers/Heads of Service to notify Cabinet Members with Responsibility in appropriate cases subject to a requirement to obtain written agreement for consultancy contracts estimated to exceed £50,000 (see below).
Cabinet Members with Responsibility should approve in writing the use of consultants for contracts over £5,000.	I agree with the basis of this recommendation but disagree with the suggested financial threshold. The proposed threshold of £5,000 is too low and discretion should be left to Chief Officers/Heads of Service to agree contracts up to £50,000. Written agreement of the relevant Cabinet Member with Responsibility should be obtained for consultancy contracts over £50,000.
There should be adherence to clear Council-wide guidance identifying the circumstances in which, and the mechanism by which, representative bodies are informed about proposals to use consultants. Human Resources should advise on the preparation of such guidance.	I agree that it is good practice to keep staff representatives informed about the use of consultants in appropriate circumstances. I believe that this can be left to Chief Officers and Heads of Service to determine. I suggest that the Chief Officers' Management Board be asked to consider whether any additional guidance is required to ensure that this happens.
Human Resources should be informed of major projects which are planned. This would enable Human Resources to assess whether there is the capacity in-house to assist with the project.	This is an unrealistic expectation and would place an unnecessary additional burden on our already stretched HR function. There is no evidence in the Scrutiny Report of failure to utilise in-house capacity rather than employing consultants. There is a good ethos of corporate working within the authority and this helps to ensure that opportunities to meet skills needs from different directorates are identified. I do not believe that additional measures would be justified.
The Council should build up an archive of consultants' reports that is easily accessible to officers.	I suggest that the Chief Officers' Management Board looks at the system from Cheshire County Council which is quoted in the Scrutiny Report and considers adopting a similar

Recommendation	Cabinet Member's Response
	system in Worcestershire if there are clear perceived benefits.
Procurement principles and protocols should be included in managers' inductions and regular updates should be provided.	Agreed.