

UPDATE ON REVIEW OF CONSULTANCY EXPENDITURE 2007/08

Report By: Director of Resources

Wards Affected

County-wide.

Purpose

1. The purpose of this report is to:
 - a. Update Strategic Monitoring Committee on progress to date around the requested review of the use of consultants in the council during 2007/08.
 - b. Invite Strategic Monitoring Committee to agree a proposed definition of the term "consultancy" for the purpose of this exercise.

Financial Implications

2. The report provides some financial information, but no implications arise from the content.

Background

3. At its meeting on 18 February 2008 the Strategic Monitoring Committee (SMC) requested information on the council's use of consultants.
4. The regular financial reports to SMC provide budget monitoring information as part of the Integrated Performance Report. In the early stages of the 2007/08 financial year the reports and the accompanying presentations outlined the pressures being faced by the council and corrective action to address projected overspends.
5. One area that came to light was in ICT services. Subsequent effective management action reduced a projected overspend on the trading account and this was partly achieved by reducing the number of people employed as "consultants". In the case of ICT services the term was used to cover interim management arrangements.
6. Other parts of the council also use consultants, but this tends to be for specific, focussed pieces of work. Using consultants in this way is accepted practice in local government where expertise is purchased to help with specific projects.

Definition of Consultancy

7. The work to date indicates a lack of consistency around the term consultancy. In some cases interim management arrangements have been viewed as consultancy. Consequently the coding of such payments has been made against the consultancy heading on the financial system.

Further information on the subject of this report is available from
David Powell, Head of Financial Services on tel: (01432) 383173.

8. In order to ensure that the exercise produces comparable information across the council as agreed and then consistently applied, a definition of consultancy is needed. It is proposed that the following is used:

“Consultancy is the purchase of advice to clarify a particular situation or problem with the intention of producing focussed advice on possible options. Consultancy does not cover interim arrangements to fill existing posts or longer term contracted arrangements with the Council’s partners.”

Next Steps

9. This interim report will be followed up by a final report to SMC in the autumn. It is proposed that this will include analysis of the 2007/08 expenditure using the definition provided in this report. It will also indicate the significant areas of consultancy by directorate.

RECOMMENDATION

THAT:

- (a) The definition of consultancy stated in this report is agreed as the basis for further analysis; and**
- (b) A final report is presented to Strategic Monitoring Committee in autumn 2008.**

BACKGROUND PAPERS

- None identified.