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MEMBERS OF THE PANEL

Councillor Paul Harper **Chair (from June 2001)**
Councillor Allan Jones **Vice-Chair**
Councillor Charles Lucas
Councillor Mickey Spacey (from October 2001)
Councillor John Cole
Councillor Judy Saunders (from October 2001)
Councillor John Nelson-Jones
Councillor Peter Morss (from October 2001)
Councillor Linda Kirby (Chair until May 2001)

OFFICER SUPPORT

Mike Parsons **Director of Financial Services**
Rosemary Doyle **Scrutiny Manager**
Gaynor Cooper **Scrutiny Officer**

This is the seventh policy review scrutiny report of the year between May 2001 and April 2002 and continues the work of the Panel on agency staff budgets. The report was presented to the Overview and Scrutiny Commission on 27 February 2002 and the recommendations agreed by the Cabinet in March 2002. A new Code of Practice for the Engagement of Consultants was issued in December 2001.

IF YOU REQUIRE ANY FURTHER INFORMATION ABOUT THE SCRUTINY PROCESS OR WISH TO DISCUSS ANY ASPECT OF THIS REPORT, PLEASE CONTACT:

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EXECUTIVE SUMMARY

This report considers the use of consultants by the London Borough of Merton, building on the work of a previous review into agency staff budgets (February 2001).

It quickly became clear that there was no common definition of a 'consultant' across the Council and different departments used consultants for a variety of reasons. The funding of consultants is from a mixture of core budgets and external funding. Monitoring and evaluation of the work of consultants varies considerably across the Council. The Panel was also concerned that there was no financial limit within officer powers for the appointment of consultants.

The Panel recognised that there is sometimes no alternative to the use of consultants, particularly where specific skills are required that are not available in-house.

At the same time as the review, a Code of Practice for the Engagement of Consultants was being developed. The draft Code was considered by the Panel, and a number of amendments proposed. Also, District Audit was undertaking an investigation into the Council's use of consultants. Their report was issued in November 2001 and considered by the Panel.

The Panel concluded that the lack of agreed definitions for people employed on a short-term term basis has caused confusion, and a lack of procedures has resulted in inadequate monitoring and evaluation and a cost to the authority. The Panel endorse the Code of Practice for the Engagement of Consultants and make a number of specific recommendations around:

1. Proper implementation of the Code of Practice
2. Monitoring and oversight of implementation of the Code of Practice, by departments and Legal Services
3. Monitoring of expenditure on, and outcomes of work by, consultants
4. Creation of budget codes to assist monitoring of expenditure
5. Options for deploying or reallocating existing staff to be considered before thinking about using a consultant
6. Contracts should not be issued for more than 6 months and should be on a 'task and finish' basis. Approval should be sought for exceptions to this
7. Market testing of rates of pay to be undertaken before a contract is tendered
8. The Director of Financial Services to be asked to ensure that these recommendations are built into protocols and the Code of Practice.

CHAIR'S FORWARD

Scrutiny was introduced in Merton in June 2000, as part of the Government's modernising local government agenda. Part of the role of scrutiny is to undertake reviews of particular areas of the Council's work. This is done through a number of ad-hoc and standing scrutiny panels. More information on the scrutiny process is available from the Scrutiny Team, contact details on page 2.

The Standing Scrutiny Panel for Finance and Corporate Support reported on agency staff budgets in February 2001. Their report highlighted a need to consider the use of contract staff or consultants. This report results from the review undertaken on this area. The work of the Panel spans a change in the Council's Constitution in October 2001, which affected the structure of the now *Overview and Scrutiny* process. The Panel Members working on the review did, however, remain largely the same.

This review took place at a time when there was concern about the use of consultants by the Council. It took into account, therefore, the planned steps to ensure that our procedures are sound and robust. I am sure that the recommendations in this report, which have been accepted by the Cabinet, will go a long way to ensuring our effective and timely use of consultants, and achieving best value for money for Merton as a whole.

The Panel was supported by many officers, who attended meetings, answered questions and provided evidence. I would like to offer my thanks to these individuals and Panel members for the hard work and commitment they have shown in developing this area of work.

Councillor Ian Munn
Chair, Scrutiny Commission

1. INTRODUCTION

In September 2000 the Scrutiny Commission agreed to conduct a policy review to consider how agency staff were used within Merton and the implications for the Council's budgets. The Finance and Corporate Support Scrutiny Panel met five times between September 2000 and January 2001 and produced a report giving details of their findings and recommendations. These recommendations were agreed by the Executive Committee in February 2001.

During the review of agency staff budgets, concerns were expressed regarding the use of consultants across the authority and the Panel's Terms of Reference were subsequently extended to allow the Panel to undertake a second phase of the review to cover the 'Use of Consultants'.

The key issues for the Panel for this stage of the review were:

- to review the use of consultants within the Council
- to propose sensible and clear procedures for use across the Council
- to evaluate whether the use of consultants represents value for money
- to develop corporate guidance for the use of consultants

As with agency staff, there are no set budgets for use of consultants and no clear definition of a 'Consultant'. In some cases the term is used interchangeably with 'agency staff'.

The Panel held an additional three meetings between May – November 2001 to discuss these issues and received evidence from the Chief Executive, all departmental Directors and the Head of Audit, Risk and Compliance. In addition they considered Audit Commission guidance.

2. CURRENT POSITION

All departments were asked to provide details of expenditure on consultants for the period April 1999 – March 2001, together with reasons for using consultants and their definition of a consultant. Discussion with officers on their submissions highlighted the overlap between definitions of consultants and agency staff used in departments. Information from Chief Officers indicated that consultants had been employed for:

- A specific task or project
- To fill senior management posts due to staff vacancies
- Other purposes eg. recruitment consultants

A summary of departmental responses is attached at Appendix 1.

Funding for consultants was provided from a variety of sources, including SRB and Capital budgets as well as existing revenue budgets for staff salaries. Departments all had different methods of monitoring and evaluating consultants' work and the

Panel were concerned that there was no financial limit within the delegated powers for officers for the appointment of consultants.

However, the Panel noted officers' views that in many cases there is no alternative to using consultants, particularly for one-off special projects where specific skills were required that were not available in-house.

During the course of this policy review the Panel were informed that the Head of Audit, Risk and Compliance was preparing a draft Code of Practice for the Engagement of Consultants and the Panel agreed to consider this in the context of their final recommendations for good practice across the authority – see Section 4.

The Head of Audit, Risk and Compliance and the Scrutiny Officer had investigated the approaches taken by other local authorities in the use of consultants. Most authorities do not have any specific procedures or controls in place. The Panel noted the information provided by the London Borough of Hammersmith and Fulham (see Appendix 2).

District Audit also undertook an investigation into the Council's use of consultants, and in particular Dutton Consulting Ltd, concurrently with this scrutiny review. District Audit issued a report on their findings in November 2001 and this was also considered by the Panel.

3. AUDIT COMMISSION GUIDANCE

The Audit Commission has produced a guidance booklet on the employment and use of management consultants entitled 'Reaching the Peak? – Getting value for money from management consultants'. The Panel discussed this publication and agreed it contained some useful information. In particular, the Panel felt the checklist for project managers could be very useful and sought Chief officer's comments on this checklist (see Appendix 3). The only officer response received indicated that the Audit Commission checklist was very comprehensive, but that the checklist process could become overly cumbersome where urgent and/or highly specialist skills were required.

4. CODE OF PRACTICE ON ENGAGEMENT OF CONSULTANTS

At their meeting in November 2001, the Panel considered the draft Code of Practice for the Engagement of Consultants. The Panel noted that a definition of a consultant was given in the Code of Practice and hoped that this would clarify how consultants are used in Merton in the future. Also that clear procedures for monitoring and evaluating the work of consultants were incorporated within the Code of Practice.

The Staff Side Secretary requested an opportunity to comment on the draft Code of Practice and the Council's use of consultants and highlighted the following concerns:

- that the use of consultants may have an adverse effect on salaries budgets

- lack of clarity re definitions of a 'consultant' could confuse actual numbers of consultants employed
- that consultants should not have delegated powers to authorise expenditure from Council budgets
- that the exemption clauses in the Code of Practice could be open to misuse

Staff Side acknowledged that there would be occasions when the specialist nature of skills required meant that employing a consultant may be the best option, but did not support the use of long-term or open-ended contracts. The Panel were also concerned that long-term consultancy contracts were operating and requested that departments should monitor any contracts exceeding six months duration.

Following discussion of the issues raised, the Panel suggested a few minor amendments and were assured that these would be incorporated into the final version. The Panel therefore agreed to recommend that the Code of Practice be adopted subject to these amendments. The Code of Practice was formally issued to Council officers and Members in December 2001 (see Appendix 4).

5. CONCLUSIONS/RECOMMENDATIONS

Having considered all the evidence presented at Panel meetings and responses from officers, it is clear that the lack of a definition of 'agency staff' and 'consultants' has caused confusion and the lack of proper procedures has led to inadequate monitoring and evaluation of consultants' work and a cost to the authority.

The Panel are also concerned that consultants are recruited before due consideration has been given as to whether existing staff have the necessary skills and could cover the work required. They also queried current practices for comparing costs of consultants to ensure value for money for the authority.

However, the Council has recently adopted a Code of Practice for the Engagement of Consultants and the Panel endorse this and believe it will lead to better procedures and practices in the future. The Panel strongly recommend that it be implemented rigorously.

The Panel's **recommendations** include:

1. The Code of Practice for the Engagement of Consultants should be properly implemented and followed by all officers involved in selecting and recruiting Consultants
2. Implementation of the Code of Practice should be regularly monitored by departmental management teams and overseen by Legal Services to ensure that a register of consultants appointed is maintained within departments and corporately and that all requirements of the Code of Practice are followed consistently across all Council departments
3. Expenditure on and outcomes of work by consultants should be regularly monitored. This should be done initially within departments who should prepare

- and submit summary information to the Director of Financial Services and to the Finance and Corporate Support Overview and Scrutiny Panel on a quarterly basis.
4. Specific budget codes for expenditure on consultants should be created and used consistently to aid this monitoring process.
 5. Use of consultants should not be considered as a first option. Managers should consider whether the required skills exist within a department or across the Council and look at all options for deploying or reallocating existing staff resources before commencing procedures to appoint a consultant.
 6. Contracts for consultants should generally be on a 'task and finish' basis and should not be issued for more than 6 months. In exceptional cases, if it is likely that a project/contract will continue for more than 6 months, justification must be made to Legal Services before a contract is agreed and the Finance and Corporate Support Overview and Scrutiny Panel should be consulted to seek approval. If it becomes apparent after a contract is issued that it may need to be extended beyond six months, Legal Services and the Panel should be alerted as soon as possible.
 7. Market testing of rates of pay for consultants should be undertaken before a contract is tendered.
 8. The Director of Financial Services should be asked to ensure that these recommendations are built into the protocols and Code of Practice for the Engagement of Consultants.

Appendix 1: Questions given to Departments

Analysis and Bullet points showing Key answers from all Departments regarding the use of consultants

- 1. The Panel has not yet considered a definition of Consultant and will discuss this at its first meeting. What do you consider is the definition/role of a consultant?**
 - Need for Specialist skills
 - Employed for a specific piece of work, timescale or event
 - Contract is neither temporary or permanent, but has a fixed contract not necessarily measured in time.

- 2. What triggers the need for your department to employ a consultant?**
 - Need for specialist skill required for specific task only – impractical to create an established post
 - Unable to fill a key post following a recruitment process or testing out need or specification
 - Use for market testing

- 3. What do you think are the benefits of employing consultants?**
 - Projects can start quickly and do not impact on other areas of work
 - Brings a fresh and wider perspective and good at bringing about change
 - Can carry out a task quickly as is concentrating on only one task
 - Embed new skills within the organisation

- 4. Are there any other options or better ways to get the job done other than by employing consultants?**
 - In most cases no, as difficult to acquire specialist skills
 - Possibility of greater use of secondments in some areas but this still leaves a staff shortage in another area
 - Possibility of sharing a task amongst officers
 - All areas are considered before a consultant is employed

- 5. Do you have any experience of good practice or lessons learnt in connection with the employment of consultants?**
 - Do not use consultants without carefully thinking this through
 - There is always a necessity for consultants for specific tasks but officers seek to minimise the extent because of cost and to ensure that their use is justified, economic, efficient and effective

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- Pattern of spending will not be regular year on year, since departments will vary according to changing circumstances
 - Clear terms of reference
 - Setting clear requirement to ensure the skills and experience needed from the person employed are achieved.
 - Ensure proper market testing takes place
 - An analysis which ensures good value for money
 - Using reliable consultancy firms with a proper written contract
 - A protocol for consultants is being developed and when drafted the panel could usefully scrutinise that.

Scrutiny and Policy Team
25.6.01

Appendix 2: Information from the London Borough of Hammersmith and Fulham on the Use of Consultants

1. Has anyone in your authority specifically considered the use of consultants?

The use of consultants on an authority basis is covered by the Authority's Contracts Code and also operates within the boundaries of CIPFA, the Audit Commission and the Construction Industry Board. The Contracts Code states that a register of Consultants should be maintained by Directors.

2. Do you have a specific definition of 'consultant'?

A consultant is someone used when specialist expertise is required that is not available within the Council AND as external arbiters.

3. Are there any formal or informal controls in relation to the employment of consultants?

There are controls relating to tendering procedures being applied linked to the value of the project and also consent to employ linked to value being authorised by Director, MD and Committee.

4. Are there any budget controls on the amount spent on consultants?

Budget controls are linked to levels of approval stated above.

5. For what kinds of reasons do you employ consultants?

Reason for employ see point 2

6. Do you have any examples of good practice relating to the employment of consultants?

Good practice is outlined by the Contracts Code as referred to.

Information as at 13.6.01

Appendix 3: Extract from ‘Reaching the Peak? Getting value for money from management consultants’ by the Audit Commission

Reaching the Peak ?

Getting value for money from management consultants

Part 4: The Use of Management Consultants

Checklist for Project Managers

This checklist is designed to provide project managers with a summary of good practice in commissioning and managing consultants.

- Identify the objectives of the project and what the recommendations are to achieve or change.
- Consider the availability of potential in-house resources before seeking to engage external management consultants.
- Assess and document the benefits of employing consultants in the light of probable cost.
- Identify costs of department's contribution, ie time of project manager, steering group and staff.
- Agree a budget.
- Obtain approval of department head, and board, if appropriate.
- Ensure that any committee report seeking approval for consultants specifically addresses the justification for commissioning consultants.

The project brief includes:

- background to the project
- project objectives
- expected product or deliverables
- project timetable
- department's own contribution

- reporting requirements

Request for Proposals or Invitation to Tender

The request for proposals or invitation to tender includes:

- basis upon which tenders are sought (fixed price or daily rate)
- specification of minimum number of tenders
- timetable for submitting proposals
- contact name and telephone number for enquiries
- details of any pre-bid conference

These documents include what the department requires in each consultant's proposal. This might include:

- an outline of the consultants' approach or understanding of the project
- summary of the firm's relevant experience
- cost, including proposed hours for each team member and rate/hour
- references

Selection of Consultants

- Form selection committee if appropriate. On larger projects, consider including representative from neighbouring authority.
- Set comprehensive criteria against which proposals will be evaluated, including:
 - price
 - experience and qualifications of team members
 - understanding of client's needs
 - feasibility and credibility of proposed approach
 - ability to complete the project on time
- Check references.

- Establish what previous work has been done for the authority by the consultants and how successful it was.

- Clearly document why tenders were chosen and rejected.

Employment of Consultants

- Draft agreement ensuring that it contains the following elements:
 - Description of all project deliverables
 - Project schedule with key milestones
 - Fees, including definition of reimbursable expenses
 - How payments will be made
 - Reporting arrangements
 - Arbitration/termination arrangements
 - Involvement of named staff

- Terms of reference agreed between the authority and the consultants should be attached to the agreement and incorporated by reference.

- Agree clear end-point and procedures for 'signing-off' project when complete.
- Once the contract is signed, give consultants official notification to proceed in writing. This can include information to the consultants on the authority's preferred format for invoices.

Monitoring Progress

- Appoint a named project officer and, where justified, steering group responsible for overseeing progress.

- Monitor consultants' progress against key milestones.

- Monitor costs against budget, ensure that invoices are charged against correct account codes.

- Arrange regular progress meetings.

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- Scrutinise invoices and obtain necessary approvals.

Record-keeping

Set up and maintain contract file which should include:

- project brief or terms of reference
- minutes showing member approval, if needed
- agreement between authority and consultant
- any variations, amendments to the agreement
- documentation of the selection process
- record of payments made under the agreement
- implementation plan
- project evaluation form

Reviewing Performance

- Establish formal review process when project is finished.
- Complete project evaluation form, put in contract file and submit to central register of projects.

Implementation of Project Findings and Recommendations

- Set clear responsibilities and schedule for implementing any accepted recommendations.
- Set date to report back on progress.
- After implementation, verify that actions have had desired effect.



Appendix 4: Code of Practice for the Engagement of Consultants

Corporate Considerations.

1. Each department shall maintain a central register of consultants. This register shall contain copies of all the documentation referred to in this code of practice and required in Appendices 1 & 2 and shall be kept by Legal Services.
2. The terms and conditions of consultants employed for over one year should be reviewed every year. Particular care should be taken to ensure that the service is still required and that legislative requirements are being adhered to.
3. Consideration should be given to the training of Consultants in the availability and use of the Council's procedures and practices such as Standing Orders, Delegated Powers, Financial Regulations and Personnel processes. The extent of any training will depend on the expected role of the Consultant. However, Consultants undertaking a senior Management role must be made aware of the Council's practices and procedures.
4. The employment costs of Consultants should be coded to a separate distinct Subjective Code within each relevant Cost Centre. Equivalent savings should be "ear-marked" within each Departmental budget area.
5. Consultants should only be employed on "Terms and Conditions" approved by Legal Services.
6. Consultants must sign a "Declaration of Interest" prior to commencing work for the authority.
7. A central Post Evaluation Review File about the performance of individual consultants shall be maintained with the Approved List.

Compliance with this Code

1. **A consultant (or consultancy organisation) is defined as a person or company (or group of people) who will provide specific advice and support for a specific time limited task. Generally, a consultant will be used either because the organisation does not possess the particular skills required, or because although the organisation may possess the skills, they cannot be released for the particular task, at that time.**
2. **Consultancy appointments differ from the use of Agency staff, temporary staff or staff employed on short-term contracts. These appointments are subject to particular Codes of Practice and employment procedures and usually involve staff being subject to day to day managerial direction by council officers. Any appointment that fulfils the duties of a vacant post is not regarded as a consultancy appointment for the purposes of this code.**
3. The appointment of consultants must be in accordance with the Council's policy and agreed procedures and within the approved Delegation of Executive Powers. The current Delegation of Executive Powers does not require that formal approval is sought from the Overview and Scrutiny Commission for the engagement of consultants. (Section A, 8). **In all cases, appropriate budgetary provision must exist to support these costs.**
4. This Code of Practice does not apply to School Governing Bodies managing delegated budgets or to the appointment of Counsel by Legal Services.
5. The Tax / N.I. status of anyone employed in as a Consultant must be clearly established and supported with proper documentation from the appropriate Government Department (Inland Revenue and DSS). Failure to do so could result in a penalty being applied to the Authority.

Exemptions from the Code

6. Every contract for Consultancy Services, to which this code applies, made by or on behalf of the Council shall comply with this Code.
7. Exemption from any of the following provisions of this Code may be made by a direction of the appropriate Chief Officer as designated by Delegated Powers with the consent of a Cabinet Member, where they are satisfied that the exemption is justified due to special circumstances presented to them in a written report. Appendices 1 & 2 as attached to this Code must be completed.

Consultants

8. Any consultant (not being an officer of the Council) and previously appointed to undertake duties within or on behalf of the Council shall comply with the requirements of this Code of Practice.

Compliance with Legislation

9. Officers must ensure that they comply with the requirements of current legislation that take precedence over the Council's Code of Practice. In particular the European procurement Legislation must be adhered to. Consultancy work that has a value greater than the EU procurement level is subject to the EU Procurement Legislation for Goods, Works and Service. Officers should seek guidance from Legal Services or Internal Audit if necessary.

Total Contract Sum.

10. The Total Contract Sum, for a contract spreading over a number of years, is arrived at by multiplying the estimated Annual Contract Sum by the number of years of the contract.
11. Orders or Contracts shall not be sub-divided for the purpose of bringing them within a lower financial range.
12. Where individual projects are identified, the contract sum will be for each project that is identified as a separate entity.

Basic Requirements for all Consultancy Projects

13. Chief Officers will be responsible for deciding the scope of a consultant support, the specific work that is to be carried out, and the timeframe over which the work will be undertaken.
14. All projects shall have the following minimum components:-
 - a) A detailed written "Project Outline" explaining the nature of the "Consultancy Requirement" i.e. the work to be undertaken and details about what the assignment is for. This could be ongoing advice or service diagnosis, prognosis, implementation, expertise, or an independent view.
 - b) A "Justification of the Requirement", e.g. why the authority needs the skills of a consultant and why it can not be undertaken using directly employed staff. This could be staff shortage, new initiatives, or a particular expertise.
 - c) The "Terms of Reference" under which the consultant is to work, e.g. who the consultant is to report to, what are the timescales, working arrangements, levels of authority etc.
 - d) The "Expected Deliverables", i.e. what does the authority expect to receive from the consultant, e.g. Is the final outcome to be a report or the maintenance of a service or an implementation etc.
 - e) The number of days of potential work, if a daily rate is quoted and the start and end dates of the assignment.

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- f) The details of budget provision and potential costs.
 - g) A "Code of Practice for the Engagement of Consultants" pro forma, (Appendix 1) should be completed for all assignments.
15. All negotiations with Consultants must be on the basis of a written Project Outline and expected Deliverables.
 16. A permanent record must be kept of any quotation, tender or negotiation obtained either by telephone or in writing. The name of the officer obtaining the quotation, the person/company providing the quotation and the date and conditions of any quotations should be recorded.
 17. If it is necessary to obtain a quotation from one Consultant only (e.g. if there is only one source of expertise available or for a short completion timescale etc), then a single price quotation form (see Appendix 2) must be completed and authorised by the appropriate Chief Officer.
 18. In all cases the reasons for selecting a particular consultant should be recorded in writing once the selection process has been completed. If the contract sum is less than £50,000 then the Consultant selection process must be undertaken by at least three members of staff. At least three members of staff must be involved in the Consultant selection process, one of whom must be independent from the project being undertaken for contracts in excess of £50,000. The conclusion reached by this panel must be formally recorded.
 19. The agreement between the Council and the consultancy firm must be in writing, having been agreed by Legal Services, and signed by all parties.
 20. When engaging Consultants, officers shall ensure at all times that the Authority receives value for money and that there is adequate budget available to meet the costs.
 21. For services of a recurring nature at least 4 suitable Consultants must be sought and tendered. The supplier/suppliers that offer the best value for money should then be selected and used for a set period of time. The market should be re-tested at least once a year.
 22. Approved lists may be maintained for specific classifications of consultants, e.g. training. Once their rates have been obtained, they may then be asked to quote/confirm their rates and quality for specific assignments subject to the total contract sum identified in the procedures below. The market should be re-tested at least once a year.
 23. The Consultants to be invited to tender may include the lowest and 2nd lowest Consultants from the last occasion a similar Consultancy Service was awarded.
 24. Departments will be aware of experts available to provide specific support. In some areas, the number of available sources is extremely limited. On some occasions, consultants may have been used previously and in the light of a successful completing a
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particular project they may be required to undertake further work. **Where these works are valued over £10,000 it is essential that a Single Price Quotation Form is completed, Appendix 2.**

25. For each project, a named "Responsible Officer" must be nominated as responsible for monitoring and controlling consultancy work. This will include the quality control over the way in which work is undertaken, whether the aims of the project are being achieved, and financial control in terms of costs invoiced, authorised and paid against the appropriate budget.
26. The agreed mechanisms for monitoring must provide for the Responsible Officer being able to terminate the project at any stage, subject to legal agreement. E.g. if the quality of work is inadequate, or if specified targets are not being met.
27. On completion of the project, a "Post Project Evaluation" must be carried out by the Responsible Officer. This must be documented and made available for future reference. A copy of this report should be sent to the Personnel Division.
28. Written quotations and the contract conditions offered are to be retained on file and held for a minimum of three years.

Consultancy Projects for Services under £10,000

29. A written Project Outline and Deliverables must be submitted to at least 3 suitable Consultants at the same time.
30. **Written quotations are required for contracts over £3,000. Below £3,000 records of telephone conversations are acceptable.** At least 3 quotations should be obtained and retained for a minimum of 3 years.
31. The method of Consultant Selection is not prescribed but should be undertaken by at least 3 officers, one of which is independent of the project being undertaken.

Consultancy Projects for Services between £10,000 and £50,000

32. A written Project Outline and Deliverables must be submitted to at least 4 suitable Consultants at the same time.
33. Formal written quotations shall be obtained from not less than four Consultants. These quotations should be retained for 3 years.
34. The method of Consultant selection is not prescribed but should be undertaken by at least 3 officers, one of which is independent of the project being undertaken.
35. **A single price quotation form should be completed for all projects over £10,000 that are not subject to competitive Tender/Quotation.**



Consultancy Projects between £50,000 and the Standing Orders Limit

36. For contracts estimated to be between £50,000 and £100,000 formal tenders must be sought.
37. This formal process must involve a written specification detailing the Consultancy services required.
38. This written Project Outline and Deliverables must be submitted to at least 4 suitable Consultants at the same time.
39. Invitations to provide tenders for Consultancy Services shall be sent to not less than 4 Consultants identified by officers from amongst those on an approved list or those from the market place.
40. The method of Consultant selection is not prescribed but should be undertaken by at least 3 officers, one of which is independent of the project being undertaken.
41. The Consultants are required to return or meet the requirements of the specification by a specific time and the tenders are all to be opened together.
42. **Where there are less than three suitable Consultants on the tender list a report must be submitted to the appropriate Director or Head of Service whose authorisation to waive these procedures must be obtained in writing.**

Submission, Receipt and Custody of Tenders**(£50,000 to the Standing Orders limit)**

43. No tender will be considered unless delivered in a plain securely sealed envelope marked "Tender" followed by the subject to which the tender relates. The envelope must not have any distinguishing marks that indicate the identity of the sender. Prospective Consultants shall be notified of these conditions accordingly.
44. Tenders shall be addressed to the appropriate Director, or such other officer of the Council as may be duly authorised in that behalf. The officer responsible should be independent from the officers involved with the contract and should hold the tenders in safe custody until the time and date for their opening.
45. All tender envelopes received are to be endorsed with the time and date of receipt, recorded in a register and held in safe custody until the time of opening. Unsolicited tenders will not be considered.
46. No Council Officer or Member shall discuss any issue about the proposed tender with any Consultant proposing to tender once the invitation to tender has been posted except for the specific purpose of clarification or inspection.
47. In the case of any exceptions, all parties who have been invited to tender shall receive the same information and considerations.

Opening and acceptance of Tenders (£50,000 to the Standing Orders limit).

48. No tender received after the time and date specified in the invitation shall be accepted or considered. The Consultant should be notified accordingly.
49. The tenders shall be opened in the presence of at least two officers of different disciplines, one of which has not been involved in the tender invitation.
50. All tenders received shall be recorded on a Tender Opening Schedule that records the name of each Consultant, the amount of each tender, the date and time the tenders were opened. All persons present at the tender opening meeting must sign this schedule. The number of tenders opened and the sequence they were opened shall also be recorded.
51. Tenders between £50,000 and the Standing Order limit may only be accepted after consultation with the Portfolio Member. Tenders greater than the Standing Order limit may only be approved by the Cabinet.

Tender Evaluation

52. The Chief Officer who invited the tender shall ensure that a full evaluation of tenders is undertaken. Differences between tenders should be documented including reference to any technical, operational and financial consequences that may arise.
53. A report must be written that recommends the acceptance of one or none of the Consultants and giving appropriate reasons. The report must be submitted to the officer with appropriate delegated authority for accepting the tender.
54. Officers or duly appointed consultants who are delegated the task of the tender evaluation are authorised to communicate with Consultants in order to obtain any information on technical and contractual matters necessary for the consideration of the tenders. All such communications shall be confidential and properly recorded. No information about prices may be divulged to Consultants during the evaluation stage.

Consultancy Projects for Services above £100,000

55. The Council's Contract Standing Orders relating to Contracts shall be followed on all occasions for contracts above £100,000.

Alterations and Negotiations. (This section applies to all Consultancy Projects).

56. Where the examination of tenders reveals errors or discrepancies that would affect the tender figure(s) in an otherwise successful tender, the Consultant is to be given details of such errors and discrepancies and afforded an opportunity of confirming or withdrawing his/her offer. If the Consultant withdraws, the next most advantageous Consultant is to be treated as the lowest tender.

57. The method of adjusting errors found in tenders must be prescribed in the tender documents.
58. Where the most satisfactory tender exceeds budget provision, post tender negotiations should be commenced or a report submitted to the relevant Chief Officer outlining a proposed increase in the budget required.
59. All post tender discussions shall involve at least two officers one of which has not been involved in the tendering.
60. Consultants should be invited to amend their tenders in writing as specified. Such written amendments must be delivered at a fixed time and be opened at the same time in the presence of two officers.
61. A written record of all post tender negotiations, including details of any meetings and the names of all individuals who are present, should be kept on the file relating to that tender invitation. These details should be reported to the Officer responsible for accepting the tender.

Tender Acceptance

62. The Council is not bound to accept any tender.
63. All Consultants must be assessed on both quality and price.
64. All Consultants must be reviewed for financial competence and relevant insurance prior to being awarded contracts.
65. A tender other than the most advantageous tender shall not be accepted.
66. Acceptance of tenders should follow the delegated authority within the appropriate Department.

Notification of Unsuccessful Consultants

67. No information concerning the results of formal tenders is to be given or discussed in advance of the successful Consultant having received official written notification. Once the successful Consultant has been notified then all Consultants shall be informed of the result but at no time shall the names of the competitors be revealed.

Signing Orders and Contracts

68. Every contract shall be in writing (official order and a formal contract approved by Legal Services and the appropriate by the Director or delegated Head of Service) and signed by an officer of the Council duly authorised in that behalf.
69. In cases of urgency, verbal orders may be given but must be confirmed promptly by the issue of a written official order.

70. Contracts must be in a form approved by Legal Services.
71. No contract may be entered into unless appropriate budgetary provision exists.

Insurance

72. Every contract for the carrying out of work or the provision of services shall require the Consultant to take out and maintain during the duration of the contract Employers Liability, Third Party Liability and Professional Indemnity and, where appropriate, Road Traffic Liability insurance policies (or similar insurance policies).
73. The policies shall provide cover for such sum(s) as the Director of Financial Services or his representative shall specify in respect of injury or death and/or damage to property arising out of one incident, the number of incidents to be unlimited to any one year.
74. Such insurance policies shall contain endorsements sufficient to indemnify the Council against any loss, damage or injury to persons or property arising from the Consultant's operations in connection with the contract.

Assignment and Sub-letting

75. Every contract for the execution of work or the provision of services shall include a clause that prohibits the Consultant from transferring or assigning directly or indirectly, to any person or persons whatever, any portion of his contract without the written permission of the Council. Sub-letting of any part(s) of the work, except to the extent permitted in writing by the officer concerned, shall be prohibited.

Consultant's Records

76. It shall be a condition of the engagement of the services of any consultant that in relation to that contract they shall:-
 - a) at any time during the carrying out of the contract, produce to the appropriate Director, or his representative, on request, all the records maintained by them in relation to the contractand
 - b) on completion of a contract, transmit all such records to the appropriate Director or their representative.

Payments

77. Directors are responsible for recording all details of payments to and from Consultants. Payments must only be made on receipt of a deliverable, an invoice or certified timesheets from the Consultant.

78. The authorisation of invoices must be in accordance with delegated authority within the Department.
79. Where contracts are payable by instalments, payments may only be made after certification by the project performance and monitoring officer.

Variations

80. Every contract variation shall be authorised by the project performance and monitoring officer in writing.

Contract Extensions.

81. In the event of a contract extension, a new justification using the pro form in Appendix 2 must be completed and signed by the Chief Officer.
82. Contract extensions must not exceed 25% of the original contract sum without a formal written assessment of the "Justification of Requirement" and the completion of a new "Single Price Quotation" pro forma (Appendix 2.).

Prevention of Corruption.

83. Officers and Members must comply with the Council's own rules and regulations and any legislation regarding Conduct. Officers must be aware that it is a serious criminal offence for them to receive or give any gift, loan, fee, reward or advantage for doing, or not doing, anything or showing favour, or disfavour, to any person in their official capacity. If an allegation is made it is for the employee to demonstrate that any such rewards have not been corruptly obtained.
84. Every contract must state that the Council can cancel the contract and recover any resulting losses if the Consultant or their employees or agents with or without their knowledge:
- a) does anything improper to influence the Council to give them the contract.
 - b) commits an offence under the Prevention of Corruption Acts 1889 to 1916 or Section 117(2) of the Local Government Act 1972 or any subsequent amendments to these Acts.
85. There shall be inserted in every form of tender and written contract a clause warning Consultants or Consultants that it is a criminal offence, punishable by imprisonment, to give or offer any gift or consideration whatsoever as an inducement or reward to any officer of a public body or agent of the Crown. This clause shall make it clear that such action will negate all current and future contracts.

Appendix 1

APPOINTMENT OF CONSULTANTS PRO FORMA.

Responsible Officer.	Name		Department		Title
Project Outline? Please attach detailed brief.	<i>Objectives of the project.</i>				
Justification of requirement? Please attach detailed brief.	<i>Including a Cost Benefit Analysis.</i>				
Terms of Reference. Please attach detailed brief.	<i>Project Brief for the Consultant to contract for.</i>				
Expected deliverables. Please attach detailed brief.	<i>What will be achieved. Key milestones, payment arrangements, project terms and conditions, sign off arrangements.</i>				
Estimated number of days work.					
Start date	/ /		Finish date		/ /
Cost issues	Estimate of total cost?		Is there Adequate Budgetary Provision?		Cost centre and subjective code.
			Yes / No		
European Procurement Legislation. Please tick as appropriate.	Open		Restricted		Negotiated
Council Procedures followed?	Less than £2,000	£2,000 to £10,000	£10,000 to £50,000	£50,000 to Contract Standing Orders	Contract Standing Orders
Names of Consultants invited to bid?					



Type of contract. Please delete as necessary.	Project / Task based	Daily / weekly rate	Expenses
If this a specialist activity, why is this the case? Please attach detailed brief.			
Selection Processes. Please attach details of those Consultants bidding and an analysis of the best option.	Expressions of interest	Pre qualification questionnaire	Open tendering
	Select list	Market research	Headhunting
	Competitive process	Adverts placed	
Tendering process	Who keeps tenders?	Who opens tenders?	Who is responsible for the security of tenders?
The appointment process.	Which Members were involved?	Which Officers were involved?	Which Committee was involved?
Evaluation of submissions.	Were bids technically evaluated?	Were interested parties interviewed?	Were written submissions considered?
Performance and monitoring. Please attach each monitoring report.	Type of monitoring?	Frequency of monitoring?	Responsible Officer?
Payment arrangements.	Staged payments?	Payments upon completion?	Payments authorised by?
Variation orders and payments against Key Milestones	Justification attached?	Variations agreed by?	Payments authorised by?



Appendix 1

Sub contracting arrangements? Please attach a copy	
Continuation Contracting arrangements? Please attach details	
Has a contract been agreed by Legal Services and issued?	Yes / No
Has the contract been signed? Please attach a copy.	Yes / No
Are guarantees included in the contract? Please attach a report.	Yes / No
Is the financial standing of the consultant satisfactory? Please attach a report.	Yes / No
Have written references been obtained? Please attach.	Yes / No
Has the Insurance been checked? Please attach a copy of policy	Yes / No
Have the Health & Safety issues been checked? Please attach a copy of the report.	Yes / No
Have the Equal Opportunities issues been checked? Please attach a copy of the report.	Yes / No

Has a Post Evaluation Review Report been completed (Para 27) and approved by Management Team. Please attach a copy of the report.	Yes / No
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SINGLE PRICE QUOTATION / CONTRACT EXTENSION.

A Single Price Quotation Form must be completed in detail for all Consultants over £10,000 that are not subject to competitive Tender/Quotation. Consultants are not to be ordered until agreement is obtained from the appropriate Head of Service, Director or Cabinet Member.

The written Quotation/Specification and any other supporting documentation must be attached to this form.

DEPARTMENT:	
DESCRIPTION OF WORKS/GOODS:	
SUPPLIER/CONSULTANT:	
VALUE: £	
Reason for Single Price: (The reason why competitive tenders/Quotations have not been sought).	
Budget Holder Name and Designation:	
Signature:	Date:
Authorised by Head of Service, Director or Cabinet Member: Name and Designation:	
Signature:	Date:
DEPARTMENTS USE	
Date Received:	Comments:
Order No.:	

