

**EAST AYRSHIRE COUNCIL**

**POLICY AND RESOURCES COMMITTEE – 8<sup>th</sup> FEBRUARY, 2006**

**STRATEGIC REVIEW OF THE REVENUE BUDGET – PROCUREMENT OF  
CONSULTANCY SERVICES**

**Report by the Chief Executive**

**1. PURPOSE OF REPORT**

- 1.1 To seek Committee approval for the negotiation of appropriate contractual terms with Professor Arthur Midwinter for the provision of consultancy services to the Council in respect of the proposed strategic review of the revenue budget.

**2. BACKGROUND**

- 2.1 Members will recall that at the special meeting of the Policy and Resources Committee on 24 January 2006 the report concerning the draft estimates for 2006/07 to 2008/09 made reference to the carrying out of detailed spending analysis to determine whether East Ayrshire receives its fair share of national resources and how effectively those resources are applied in comparison with other similar Councils. In addition, the same report identified that in order to ensure that the results of any such work be seen to be independent and consistent that it was proposed to appoint Professor Arthur Midwinter who is currently engaged as the Council's "critical friend" as part of the statutory Best Value process given his existing knowledge of this authority and familiarity with both the local and national position in these matters.
- 2.2 In terms of paragraph 9(2) of the Council's Standing Orders Relating to Contracts there is a requirement that Committee approval be obtained in respect of any such negotiated contract, both in respect of the negotiation and of the person with whom the tender is to be negotiated.

**3. THE EXTENT OF THE CONSULTANCY SERVICES**

- 3.1 As indicated in paragraph 2.1 above, the concept of the provision of consultancy services in relation to aspects of a strategic review of the Council's revenue budget was identified in the earlier report. Any such consultancy appointment will require to provide support to senior staff in particular on how the Council should develop its thinking as to how it might take matters forward internally in managing the process of internal cost management/cost reduction whilst at the same time securing an improved share of external block allocations from the Scottish Executive.

- 3.2 Further, it is envisaged that in order to provide such support the Consultant will basically require to direct the work of the review, assist in the preparation of reports and papers on all aspects of the review and generally provide an experienced reference point for staff in the collation and provision of all necessary data. The conclusions reached thereafter are intended to allow the Council to influence the Scottish Executive on spending review matters and related block allocations in the most advantageous manner for East Ayrshire Council.
- 3.3 A proposed draft remit for the provision of the consultancy services is enclosed herewith at Appendix A. From the terms of same it will be apparent to members that the process to be adopted will by necessity be of a protracted and comprehensive nature. At this stage, it is anticipated that the consultants input will be required for approximately a period of 40 weeks at an average of 2 days per week. Accordingly, the indicative costs of such a consultancy contract at a fee rate of £400 per day is £32 000.

#### **4 DISCUSSION**

- 4.1 As members may be aware Professor Arthur Midwinter is the former Dean of the Faculty of Arts and Social Sciences at Strathclyde University. Currently and amongst other things, Professor Midwinter is an appointed adviser to the Scottish Executive's Finance Committee and is also an observer member of the Scottish Executive's Mainstreaming Equality group. As such, Professor Midwinter's academic background combined with current Scottish Executive appointments place him in an almost unique position in Scotland to provide such consultancy services as are envisaged in this report. Allied to this is of course the work which professor Midwinter has already undertaken on behalf of the Council as part of the Council's Best Value Audit preparations.
- 4.2 In totality, Professor Midwinter's participation at any level in the strategic review of the revenue budget would bring enhanced credibility and weight to the conclusions ultimately reached both in a national and local context. Substantial long term benefit to the Council can therefore be anticipated by Professor Midwinter's appointment.

#### **5. LEGAL IMPLICATIONS**

- 5.1 As referred to in paragraph 2.2 above the Council's Standing Orders Relating to Contracts require formal committee approval in circumstances where it is proposed to negotiate a contract with one party both in respect of the negotiation and of the party with whom it is intended to negotiate.

#### **6 FINANCIAL IMPLICATIONS**

- 6.1 As detailed above, at this stage it is anticipated that the indicative costs of such a consultancy appointment will be in the region of £32 000 which sum can be met from existing budgetary provision.

## **7 RECOMMENDATIONS**

7.1 It is recommended that committee:-

- (i) as identified above, approve the negotiation of contract terms in respect of the provision of consultancy services with Professor Arthur Midwinter in terms of paragraph 9(2) of the Council's Standing Orders Relating to Contracts; and
- (ii) otherwise, note the contents of this report.

Fiona Lees  
**Chief Executive**

24th January, 2006

### **LIST OF BACKGROUND PAPERS**

- (1) Draft remit

Members wishing further information should contact Fiona Lees, Chief Executive on Extension 6103

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## POSSIBLE DRAFT REMIT

1. The Scottish Executive's pre-budget report makes clear that there will be a tightening of expenditure control on the public sector in Spending Review 2007, which will result in lower rates of funding growth over the next three years.
2. If the Council is to be able to meet the ambitious objectives and targets set out in the East Ayrshire Community Plan, in terms of tackling poverty, unemployment and inequality, then, in all probability, it will need to release resources from existing spending for reinvestment in priorities. We live in an age of rapid economic, social and technological change, so this is a good time to conduct a fundamental reappraisal of needs, resources and priorities, in advance of Spending Review 2007.
3. This exercise will build on the evidence gathered and analysis undertaken in the Strategic Self-Assessment of Best Value, taking it further to examine the Council's baseline expenditure and income streams (grants, council tax and fees/charges) in depth.
4. The objective of the exercise is to map changing needs and funding gaps in the current position. It will examine the Council's Grant Aided Expenditure assessments, its council tax income and its revenue from fees/charges, benchmarking this against data for comparator authorities with similar levels of social deprivation. It will also compare its spending levels relative to its needs assessments, and the comparator authorities.
5. This will allow East Ayrshire to identify:
  - Spending levels which appear high relative to need;
  - GAE assessments which appear low relative to need;
  - Income streams which are significantly out of line with comparator authorities;
  - Unmet need, where spending/service provision is inadequate; and
  - Areas where savings might be made to release resources for reprioritisation.
6. The final result will be a comprehensive assessment of needs, resources and priorities, and the identification of options for consideration by Elected Members in the budget process for 2007/08. In addition, the Council will use the evidence and arguments to submit a case for resources to COSLA and the Scottish Executive in the consultation period in SR2007.
7. The Council's Review will be led by an independent expert who will be assisted in the work by Council staff as necessary, supervised by the

Chief Executive and her Management Team, and reporting to the  
Policy and Resources Committee.

19 January 2006