



National Audit Office

---

## **Report**

by the Comptroller  
and Auditor General

---

## **Cross-government**

# Use of consultants and temporary staff

---

Our vision is to help the nation spend wisely.

Our public audit perspective helps Parliament hold government to account and improve public services.

The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO, which employs some 810 people. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.15 billion in 2014.

---



National Audit Office

---

Cross-government

# Use of consultants and temporary staff

Report by the Comptroller and Auditor General

Ordered by the House of Commons  
to be printed on 12 January 2016

This report has been prepared under Section 6 of the  
National Audit Act 1983 for presentation to the House of  
Commons in accordance with Section 9 of the Act

Sir Amyas Morse KCB  
Comptroller and Auditor General  
National Audit Office

11 January 2016

This report provides our independent opinion on whether the government's use of consultants and temporary staff (C&TS) delivers value for money.

---

© National Audit Office 2016

The material featured in this document is subject to National Audit Office (NAO) copyright. The material may be copied or reproduced for non-commercial purposes only, namely reproduction for research, private study or for limited internal circulation within an organisation for the purpose of review.

Copying for non-commercial purposes is subject to the material being accompanied by a sufficient acknowledgement, reproduced accurately, and not being used in a misleading context. To reproduce NAO copyright material for any other use, you must contact [copyright@nao.gsi.gov.uk](mailto:copyright@nao.gsi.gov.uk). Please tell us who you are, the organisation you represent (if any) and how and why you wish to use our material. Please include your full contact details: name, address, telephone number and email.

Please note that the material featured in this document may not be reproduced for commercial gain without the NAO's express and direct permission and that the NAO reserves its right to pursue copyright infringement proceedings against individuals or companies who reproduce material for commercial gain without our permission.

Links to external websites were valid at the time of publication of this report. The National Audit Office is not responsible for the future validity of the links.

---

# Contents

**Key facts** 4

**Summary** 5

**Part One**

Analysis of departments' spending  
on consultants and temporary staff 12

**Part Two**

Letting and managing consultancy and  
temporary staff assignments 24

**Part Three**

The role of the centre of government 31

**Appendix One**

Our audit approach 42

**Appendix Two**

Our evidence base 44

**Appendix Three**

Progress made on previous recommendations  
by the Committee of Public Accounts on  
*Central government's use of consultants and  
interims*, and Cabinet Office's comments 46

**Appendix Four**

Industry views on government's progress  
made on use of consultants since 2010 49

The National Audit Office study team  
consisted of:  
Sudip Dasgupta, Benoit Guerin,  
Tom Wallace, George Worlledge  
and Paul Wright-Anderson,  
under the direction of Keith Davis.

This report can be found on the  
National Audit Office website at  
[www.nao.org.uk](http://www.nao.org.uk)

For further information about the  
National Audit Office please contact:

National Audit Office  
Press Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Tel: 020 7798 7400

Enquiries: [www.nao.org.uk/contact-us](http://www.nao.org.uk/contact-us)

Website: [www.nao.org.uk](http://www.nao.org.uk)

Twitter: @NAOorguk

---

## Key facts

---

**£1.0bn–  
£1.3bn**

departmental spending on consultants and temporary staff, 2014-15

---

**£1.5bn**

approximate fall in annual spending by departments on consultants and temporary staff between 2009-10 and 2014-15

---

**47**

number of temporary staff in central government being paid more than £1,000 a day, in May 2015

---

- 6% to 8%** percentage of the cost of permanent staff that departments spent on consultants and temporary staff, 2014-15
- £700 million** departmental spending on consultants and temporary staff, 2011-12
- 76%** average annual share of consultancy work (procured through Crown Commercial Service agreements) won by the largest 6 suppliers, 2009-10 to 2014-15
- 28%** share of consultancy work (government overall) won by the largest 6 suppliers, 2014-15
- 9%** share of consultancy work (procured through Crown Commercial Service agreements) won by small and medium-sized enterprises, 2014-15
- 5%** share of consultancy work (government overall) won by small and medium-sized enterprises, 2014-15
- 18%** increase in the average daily rate paid to temporary staff, 2011-12 to 2014-15
- 2 times** cost of employing temporary specialist staff compared with employing the equivalent grade of permanent staff
- 57%** percentage of consultancy contracts (procured through Crown Commercial Service agreements) awarded on a fixed-price basis

# Summary

**1** Government departments make extensive use of consultants and temporary staff (C&TS). C&TS can be a flexible and cost-effective part of an organisation's workforce, for example when providing specialist skills or dealing with peaks in workload, and can bring a useful external perspective. However, in some cases they can be more expensive and may lack the detailed organisational knowledge of permanent staff.

**2** Since 2010, the Cabinet Office has required departments to operate additional spending controls before approving C&TS appointments and to comply with a central procurement strategy. The Crown Commercial Service (CCS), set up as an agency of the Cabinet Office in 2014, aims to save money and improve the quality of common goods and services by bringing together policy, advice and direct buying of common goods and services on behalf of central government and the public sector. The Cabinet Office operates central spending controls over long-term consultancy appointments, and the CCS offers procurement agreements for common types of C&TS and manages relationships with key suppliers.

## The scope of this report

**3** This report examines the progress made by central government since our 2010 report on consultants and interim staff.<sup>1</sup> It focuses on three questions:

- Have departments reduced their spending on C&TS?
- Do departments let and manage C&TS assignments cost-effectively?
- Does the centre of government, primarily the Cabinet Office in this case, effectively manage and support the use of C&TS by departments?

**4** This is a cross-government report that also focuses on three case study departments – the Cabinet Office, the Department for Environment, Food & Rural Affairs (Defra) and the Home Office. The report does not cover the use of C&TS within the wider public sector. It also does not cover services provided by consultancy firms that are not classified as consultancy, such as the management of outsourced services.

<sup>1</sup> Comptroller and Auditor General, *Central government's use of consultants and interims*, Session 2010-11, HC 488, National Audit Office, October 2010.

## Key findings

Central government spending on consultants and temporary staff

**5 Better scrutiny of proposals within government has helped to reduce spending on C&TS.** Since 2010, departments must operate internal approval processes and obtain Cabinet Office approval before they appoint consultants for assignments that extend beyond 9 months (and cost more than £20,000). Departments say that this process has encouraged them to assess their proposals more rigorously, including providing reasons for using C&TS rather than permanent staff. Although the Cabinet Office refused only 1 application in 2014-15, a further 18 out of 162 (14% by value) were withdrawn by departments, and 90 (70% by value) were approved with conditions. The Cabinet Office is not involved in any spending controls on temporary staff. Instead, approvals come from within the departments (paragraphs 3.2 to 3.4 and Figure 12).

**6 Departments have substantially reduced their spending on C&TS since 2009-10.** In 2010, the Committee of Public Accounts recommended that the Cabinet Office should require departments to record spending consistently. The overall level of spending on C&TS is uncertain because departments apply different definitions of C&TS for different information systems and this information is not coordinated centrally. However, all the sources we examined suggest that departments have significantly reduced C&TS spending. In 2014-15, the main 17 departments spent between £1.0 billion and £1.3 billion on C&TS compared with around £2.7 billion in 2009-10. This was a reduction in annual spending of around £1.5 billion. These totals do not include other areas where consultancy firms are active. In these areas, spending also reduced in cash terms: for example, spending on professional services, management of outsourced services, some legal and financial advice, and research reduced by £430 million (8%) in 2014-15 compared with 2009-10 (paragraphs 1.4 to 1.8, Figure 3 and Figure 4).

**7 Reported spending has, however, increased since 2011-12 and there will continue to be upward pressure on C&TS spending.** Departments spent around £700 million on C&TS in 2011-12. Since 2011-12, departments have increased their annual spend on C&TS by between £400 million and £600 million, while reducing their permanent workforce. Following the 2015 Spending Review, departments will have to invest further in transformation projects, which generally require support from C&TS, while cutting overall spending. Significant skills shortages remain in the areas needed to transform government, including project management and, ICT which are common specialisms of C&TS. Departments will need to address the risk that managers will increasingly use potentially higher-cost C&TS resources to bypass their department's controls over recruitment as a way of paying market rates for the necessary skills. For example, the Cabinet Office is proposing to introduce new pay bands for staff with specialist skills (paragraphs 1.8, 1.13, 3.13, Figure 3, Figure 4 and Figure 7).



## Departments' use of consultancy and temporary staff

**8 Strategic workforce planning is critical in managing cost pressures, but is under-developed in departments.** This leads to short-term decision-making on the use of C&TS. In 2014-15, departments spent an average of 6% to 8% of the cost of their permanent staff on C&TS, with individual departments ranging from 1% to 35%. To use these resources effectively alongside permanent staff, departments should use strategic workforce planning to determine how best to fill skills gaps and manage peaks in workload across the groups. However, in our recent report *Central government staff costs*<sup>2</sup> and the 3 case study departments covered in this report, none of the 7 departments examined had plans that covered their entire organisation. The case study departments reviewed their workforce as part of the 2015 Spending Review, which was completed in November 2015, and plan to develop improved strategic workforce plans in the light of the Review outcome. However, while departments often considered alternatives to the use of C&TS in individual cases, none had yet analysed their applications to assess their overall skills requirements and identify common reasons why permanent staff could not be deployed or recruited (paragraphs 1.7, 1.9, 1.11, 1.14, 1.15 and Figure 5, Figure 8 and Figure 9).

**9 Compliance with departmental approval processes is weak in some departments.** The Cabinet Office recommends that departments use 'resource boards' to review requests for C&TS. However, Defra's central function only set up this board in May 2015. The Cabinet Office, the department with policy responsibility, did not follow its own internal procedures: in 2 of the 10 cases we examined from 2014-15, the Cabinet Office's resource board had not considered requests for C&TS as required by its approvals systems. It has now developed simplified procedures that are intended to ensure compliance with its internal procedures and rules. In all 3 departments, requests for consultancy must be accompanied by a formal business case. In our sample of 10 Cabinet Office assignments, 5 cases had been approved without a formal business case. There was little evidence in the 3 departments' that their C&TS requests compared in-house costs with the proposed external costs (paragraphs 2.2 to 2.4, 2.7 and Figure 9).

**10 Departments are generating limited competition for both consultancy and temporary staff assignments.** Departments chose to use single tender action, or extend existing contracts for 43% of consultancy work in 2014-15. This is usually because of a lack of time or because they think only one supplier has the skills needed. The largest 6 consultancy firms win three-quarters of the work let through the CCS consultancy agreement, and 28% of all government consultancy work. The comparable share of CCS agreement business given to small and medium-sized enterprises (SMEs) rose to 9% in 2014-15, while across all consultancy work only 5% is won by SMEs. For temporary staff appointed through CCS's Contingent Labour One agreement, 41% are appointed without competition as departments fill posts with their chosen appointee (paragraphs 2.12 and 2.14).

<sup>2</sup> Comptroller and Auditor General, *Central government staff costs*, Session 2015-16, HC 79, National Audit Office, June 2015.

**11 Although some elements of the way departments manage consultancy assignments have improved since 2010, problems remain.** The Cabinet Office recommends that consultancy assignments be paid according to a fixed price or on delivery of pre-agreed outcomes, rather than on a daily rate. The proportion of assignments on fixed prices increased from 30% in 2010 to 57% in 2014-15. However, suppliers commented that in practice contracts are priced on the basis of daily rates, which undermines the fixed-price approach, and that these are often extended once the fixed price is reached. Suppliers also consider that departments are not clear about how the assignment will contribute to their objectives and do not assess the benefits achieved (paragraphs 2.5, 2.15 to 2.18, Figure 11, Appendix Four).

The role of the centre of government

**12 The centre of government is now acting to help departments reduce their dependence on C&TS, but it is not yet clear whether departments have used less C&TS as a result.** The Cabinet Office expects the development of 10 core Civil Service functions will help to recruit, develop and retain specialist and professional skills across government, while the Civil Service Resourcing service provides help to departments with recruitment and redeployment more generally. However, we saw limited evidence so far of departments reducing their dependence on C&TS as a result. The Home Office and Defra have used some staff flexibly between bodies within their departmental group. There are some examples of teams of permanent staff being deployed flexibly between departments, including HM Revenue & Customs' (HMRC) 'surge team' of 200 staff, which has supported several departments. The Cabinet Office itself makes extensive use of staff on loan. HM Treasury is also piloting flexibility on pay, which should allow departments to offer more attractive salaries where these are needed to recruit and retain staff (paragraphs 3.16 to 3.18).

**13 Departments appoint only about half of their consultancy and temporary staff through the CCS's agreements.** The Cabinet Office has instructed departments to use CCS agreements whenever possible. But appointments made through these agreements still account for only about half of the total departmental spending on C&TS. Departments are still using long-standing and local arrangements, which in some cases are more expensive than the agreements. This reduces CCS's ability to negotiate fees by using government's spending power (paragraphs 3.7 to 3.8, Figure 14 and Figure 15).

**14 The cost of some C&TS can be significantly higher than for comparable in-house staff.** CCS has reduced the daily rates paid to temporary staff and consultants through setting target daily rates below existing rates, which it estimates has saved £79 million in 2014-15. However, it does not compare these rates against the direct costs of equivalent permanent staff. While temporary administrative staff cost a similar amount on a daily basis to permanent staff, our analysis suggests that specialist staff are generally paid twice as much as their nearest permanent equivalent. Even so, departments sometimes have difficulty recruiting temporary specialists and go outside the CCS agreement to pay higher rates. Although average daily rates paid *within CCS agreements* have fallen since 2011-12, data suggest that rates paid by departments for temporary staff overall have increased by some 18% since then. This increase was due to increases in the proportion of expensive interim managers and technical contractors and in market rates for these skills (paragraphs 1.13, 3.11, 3.12 and 3.14, Figure 16 and Figure 17).

**15 The Cabinet Office monitors temporary staff across government paid more than £1,000 per day.** CCS infrequently monitors temporary staff paid more than £1,000 a day, which is a higher equivalent salary than all 17 main permanent secretaries (although 5 of them have a higher-value package). Departments are expected to explain how they plan to replace these staff with permanent employees. As at 1 May 2015, 47 temporary staff were engaged on a daily rate of more than £1,000, compared with 30 senior civil servants with comparable pay. However, neither CCS nor 2 of our case study departments, the Cabinet Office and Defra, actively manage the numbers of other temporary staff who have been in post for extended periods. In addition, 94% of specialists engaged through the Contingent Labour One agreement are contracted through personal service companies. In 2012, the Committee of Public Accounts expressed concern that too many staff were paid off-payroll for too long.<sup>3</sup> Most departments now report that they obtained assurance from these staff that tax has been paid (paragraph 3.12, 3.15, Figure 18 and Figure 19).

<sup>3</sup> HC Committee of Public Accounts, *Off-payroll arrangements in the public sector*, Twelfth Report of Session 2012-13, HC 532, September 2012.

## **Progress made against the recommendations made in 2010**

**16** In December 2010, the Committee of Public Accounts made 8 recommendations relating to the use of C&TS.<sup>4</sup> The government agreed with 3 of the Committee's recommendations and partially agreed with the remaining 5. In December 2012, the government reported to Parliament that it had taken action on relevant aspects of the recommendations it had agreed or partially agreed, and so considered those implemented. Our assessment is that the Cabinet Office and other departments had partly implemented 5 of these recommendations by October 2015, limited progress had been made with 2 recommendations and 1 recommendation had not been implemented. This slow implementation is unsatisfactory, and has implications for the value for money achieved from C&TS spending. The Cabinet Office accepts that more action is needed on the Committee's recommendations to manage down spending on C&TS (Appendix Three).

## **Conclusion on value for money**

**17** Used well, consultants and temporary staff can be an important source of specialist skills and capabilities that are uneconomic for departments to maintain in their permanent staff. Since 2009-10, the government has used spending controls to reduce its use of consultants and temporary staff, and by 2014-15 spending had fallen by £1.5 billion. However, spending has increased by between £400 million and £600 million since 2011-12, suggesting that this was more of a short-term reduction than a sustainable strategy. Departments must now manage significant further cuts in their budgets. They will have to make major changes to achieve the required cash savings and to deliver services in new ways.

**18** The skills needed to manage and deliver change are essential to making that transformation successfully. In the short term, departments will need to draw on consultants and temporary staff to make up for shortages in these skills in the Civil Service. In the longer term, departments will need to develop workforce, skills and capacity plans to reduce their dependence on external skills. They will need to improve their strategic workforce planning to determine where they can deploy existing staff, where they need to recruit, and where they need to engage temporary resources. Without this, departments cannot demonstrate that they are achieving value for money from the use of consultants and temporary staff.

<sup>4</sup> HC Committee of Public Accounts, *Central government's use of consultants and interims*, Twelfth Report of Session 2010-11, HC 610, December 2010.

## Recommendations

**19** We have a number of recommendations aimed at improving the value for money on the use of C&TS.

- a** Departments should develop a strategic plan that covers all bodies within their group, identifies their current skills and expected 'skills gaps', and determines how best to fill those gaps, including likely future demand for C&TS.
- b** Departments should draw more on existing good practice to improve the way they let and manage C&TS assignments, including to:
  - strengthen approval processes so that all C&TS assignments are based on business cases that are rooted in the strategic workforce plan;
  - use CCS agreements as the default option for procuring C&TS;
  - carry out regular reviews of the 'pipeline' of requirements for consultancy, and of the ongoing need for temporary staff as is currently done by the Home Office; and
  - review all significant assignments and feed back lessons into the planning and approval systems.
- c** The Cabinet Office should:
  - examine whether its spending controls on C&TS are continuing to have an impact and, in particular, whether they need to be refocused to address the upward trend in spending;
  - resolve the long-term problem of inconsistent information on the use of C&TS in government, including whether some C&TS costs are wrongly coded as other professional services, which prevents the government from making well-informed decisions; and
  - identify and resolve the causes of a lack of competition for C&TS assignments and domination of consultancy work by the largest suppliers, including through redesigning new procurement agreements in 2016.
- d** Civil Service Human Resources should:
  - support departments in developing workforce plans that fully consider the use of C&TS;
  - help departments identify opportunities for sharing staff, including through the Civil Service Resourcing service;
  - support the progress of civil service professions in developing, retaining and flexibly deploying specialist skills within government; and
  - develop a strategic workforce plan for the whole of the civil service that enables the government to plan for C&TS more strategically after considering reallocating staff within the civil service.

# Part One

## Analysis of departments' spending on consultants and temporary staff

**1.1** Central government is labour-intensive: the main 17 departments and their agencies paid permanent staff salaries totalling £17 billion in 2014-15. Departments also make extensive use of consultants and temporary staff (C&TS), who are paid as independent suppliers rather than as employees. In this part of the report we examine:

- why departments use C&TS and the reductions they have made in spending on C&TS since 2009-10;
- the extent to which departments rely on C&TS;
- the main types of consultancy and temporary staff that departments use; and
- the use of strategic workforce planning to forecast the need for C&TS.

This report does not cover the use of C&TS within the wider public sector. It also does not cover services provided by consultancy firms that are not classified as consultancy, for example the management of outsourced services.

### **Why departments use consultants and temporary staff**

**1.2** C&TS can be a flexible and cost-effective part of a department's workforce, for example to provide specialist skills that the department requires for a short period only (**Figure 1**).

### **Departments' spending on temporary staff since 2009-10**

**1.3** In 2010, as part of its plan to reduce the deficit, the government changed the way it procures common goods and services. It considered that spending could be reduced if departments took a more coordinated approach to procurement, including the use of cross-departmental contractual agreements (frameworks) for C&TS. It also introduced controls on the use of C&TS, which required departments to obtain ministerial approval and inform the Cabinet Office before appointing consultants.

**Figure 1**

Consultants and other temporary staff can be a flexible and cost-effective part of an organisation's workforce

**Potential advantages of C&TS**

## i) Provision of skills

- a Have specialist skills and experience that departments are unable to recruit, develop or retain cost-effectively

- b Provide an external and more objective viewpoint

## ii) Managing peaks in workload and staff shortages

- c Provide temporary staff to help with unforeseen tasks or variable workloads

- d Short-term cover for essential staff absent due to illness, maternity leave, career breaks or resignations

**How departments can minimise costs**

Identify where it is cost-effective to maintain skills in-house:

- develop a strategy for recruiting and improving the skills of existing staff to meet future needs;
- transfer suppliers' skills to staff; and
- borrow staff from other departments, including through Civil Service professions.

Manage without C&TS:

- rely on the Civil Service's core values, which include objectivity and impartiality; and
- use staff on loan from other bodies.

Plan staffing strategically across the departmental group:

- identify peaks and troughs and smooth the workload; and
- transfer work between teams.

Consider alternatives:

- identify staff suitable for providing temporary cover;
- use retired staff on fixed-term contracts, flexible working or part-time arrangements; and
- improve succession planning.

Source: National Audit Office

**1.4** Our 2010 report, *Central government's use of consultants and interims*, found that departments' management information on spending on C&TS was unreliable, as departments applied different definitions of these terms.<sup>5</sup> The Cabinet Office has since published a definition to be used across government so that spending can be monitored consistently (**Figure 2**).

**1.5** However, departments find it difficult to apply these definitions consistently because:

- consultancy firms provide a range of services that are similar to consultancy – including delivery of IT services and running outsourced functions – but which are classified as non-consultancy; and
- some suppliers, including consultancy firms, provide people who work with departments on a day-to-day basis but who remain employed by the suppliers. For example, the Ministry of Defence's Equipment and Support organisation spent £481 million in 2013-14 on contractors, technical support staff and other temporary staff operating in similar specialist roles. MoD classifies these resources mainly as external suppliers rather than as temporary staff.<sup>6</sup>

---

## Figure 2

### Cabinet Office definitions of consultancy and temporary staff

#### Consultancy

"The provision to management of objective advice relating to strategy, structure, management or operations of an organisation, in pursuit of its purposes and objectives. Such advice is provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions."

#### Temporary staff ('contingent labour')

"The provision of workers to cover business-as-usual or service delivery activities within an organisation."

This includes:

- temporary workers – administrative and clerical staff employed casually or through an agency;
- interim managers – normally middle-to-senior grade staff; and
- specialist contractors – usually middle-to-senior grades providing expertise not available in-house.

#### Note

- 1 Temporary staff does not include fixed-term appointments by departments. These have the same terms and conditions as permanent staff and are normally paid through payroll.

Source: Cabinet Office

---

5 Comptroller and Auditor General, *Central government's use of consultants and interims*, Session 2010-11, HC 488, National Audit Office, October 2010.

6 Comptroller and Auditor General, *Reforming defence acquisition*, Session 2014-15, HC 946, National Audit Office, February 2015, paragraphs 2.2 to 2.7.



**1.6** Since 2010, Cabinet Office bodies have established three reporting systems that capture information on overall temporary staff spending by departments: the Cabinet Office Spend Analytic, which is based on invoices received; Efficiency and Reform Group savings returns from departments; and workforce management information. Departments also report spending on C&TS in their annual reports, although this has not been done consistently over the period. These sources, and other data we reviewed (see Appendix Two), do not give a consistent picture of spending, particularly on consultancy, which is not easy to identify on departments' financial information systems.

**1.7** Departments spent between £1.0 billion and £1.3 billion<sup>7</sup> on consultants and temporary staff in 2014-15 (**Figure 3** overleaf and **Figure 4** on page 17) – equivalent to around 6% to 8% of the annual salary and pension costs of permanent staff. This compares with £2.7 billion spent in 2009-10 – a reduction of around £1.5 billion in annual spend. However, these totals do not include all other areas of spending where departments engage firms that provide consultancy services. Only 38% of the government income of the largest 6 consultancy suppliers is classified as consultancy.<sup>8</sup> Some consultancy firms are active, for example, in managing outsourced services, in legal and financial advice and in research. Spending in these areas totalled £4.65 billion in 2014-15 but has reduced by £430 million (8%) since 2009-10. These figures do not include other services delivered by consultancy firms: for example, in delivering IT projects and in providing technical assistance to international aid programmes.

**1.8** All the data sources we examined suggest that a significant fall in spending occurred between 2010-11 and 2011-12 when departments spent around £700 million on consultants and temporary staff. Spend has since rebounded by between £400 million and £600 million. Our 3 case study departments told us that the reductions immediately after 2010 were due to the combined effect of the restrictions on consultancy spending and the Cabinet Office's other spending controls on digital and major projects.<sup>9</sup> We found an unplanned increase in spending within the case study departments since 2011-12 and some uncoordinated decisions made in individual cases.

<sup>7</sup> Since our fieldwork, Cabinet Office has carried out a further review of its data sources, which suggest that C&TS spend in 2014-15 is in the middle of this range. However, we have not audited this figure.

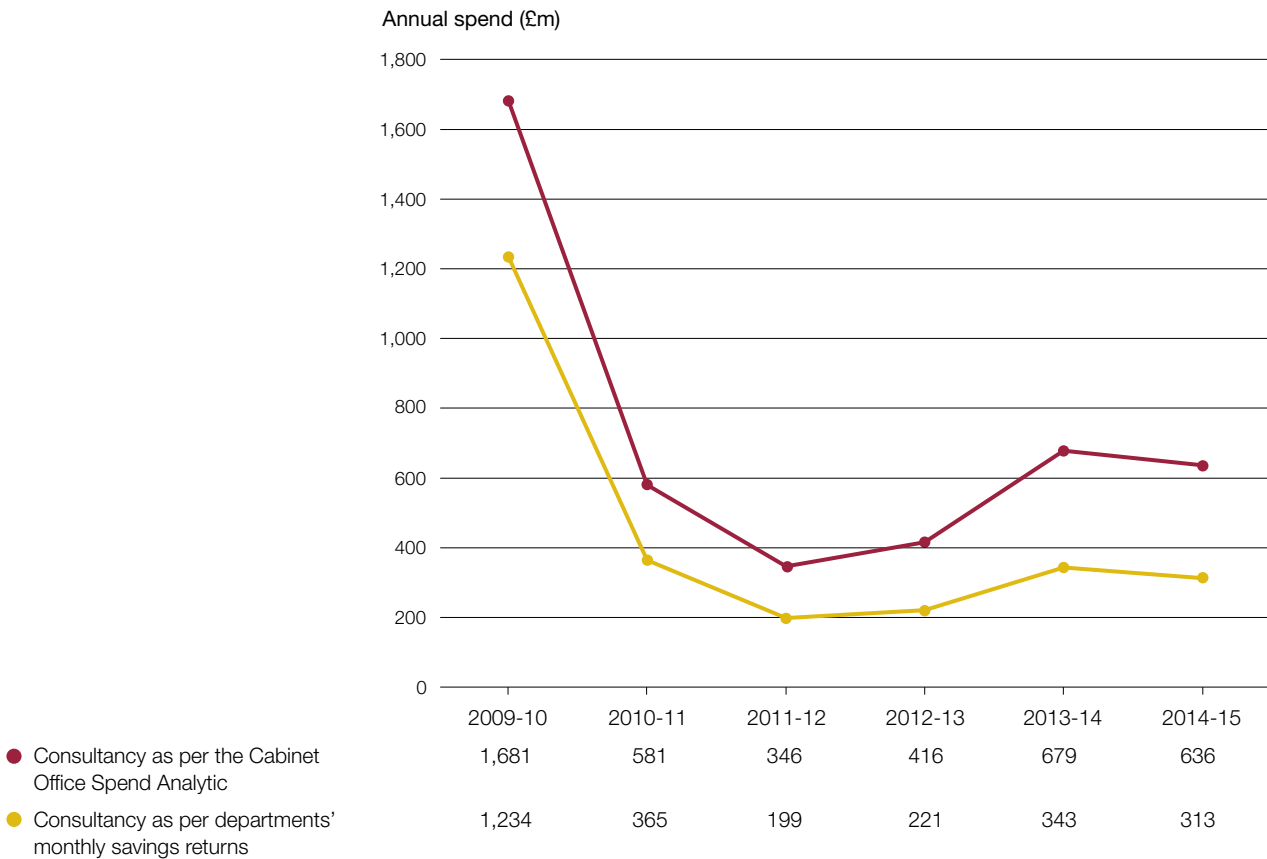
<sup>8</sup> The largest suppliers are Pricewaterhouse Coopers LLP, Deloitte LLP, KPMG LLP, Ernst & Young LLP, PA Consulting Services Ltd and McKinsey & Company. The spend total comes from the Cabinet Office Spend Analytic.

<sup>9</sup> Cabinet Office, the Department for Environment, Food & Rural Affairs and the Home Office.

**Figure 3**

Departments' spend on consultancy, 2009-10 to 2014-15

The data sources we used suggest that overall spending on consultancy significantly reduced between 2009-10 and 2014-15, but has increased by between 57% and 84% since 2011-12



**Notes**

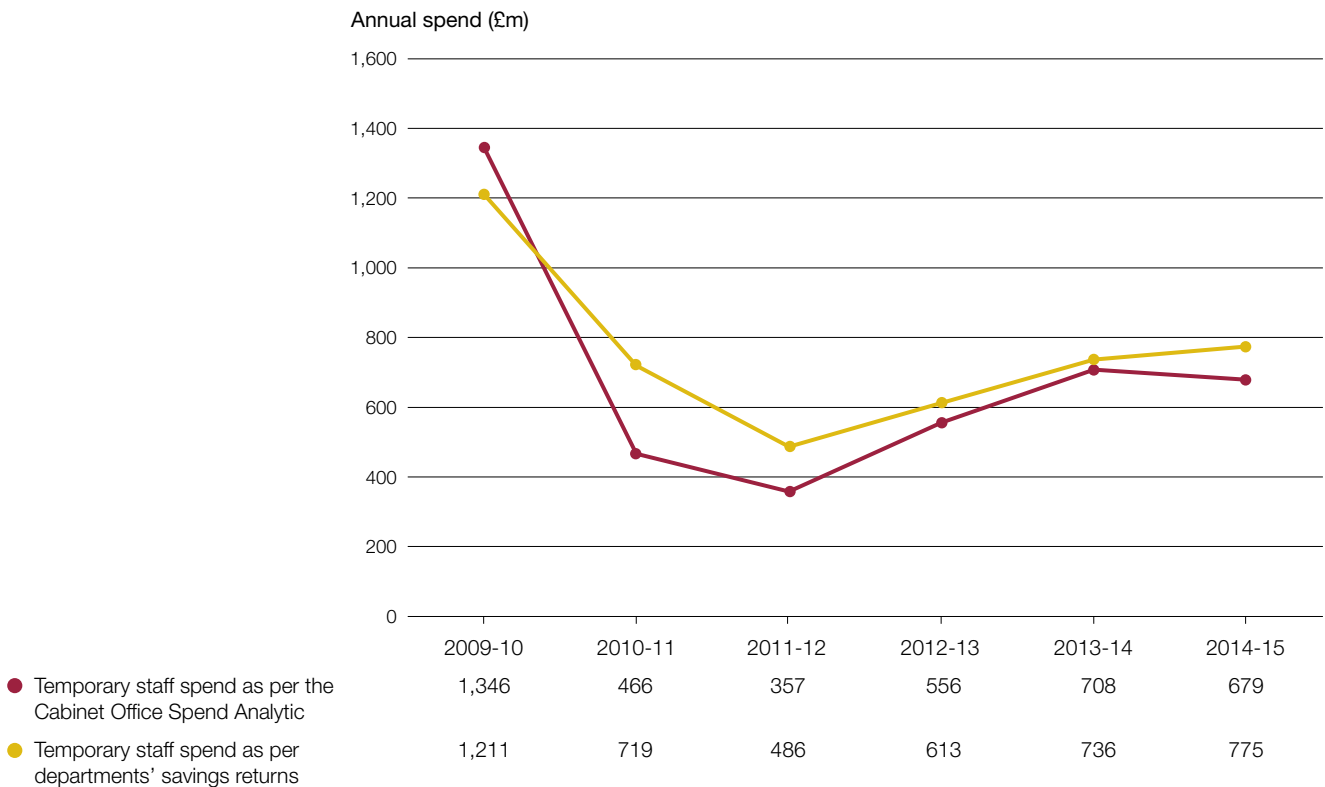
- 1 The Cabinet Office Spend Analytic is an IT application that analyses all invoices received by departments. The results are reconciled to departments' overall spending, but spending within individual classifications can be overstated or understated.
- 2 The monthly savings returns submitted to the Crown Commercial Service (CCS) are based on accounting codes used to process payments to suppliers. These are manually reviewed by departmental staff to exclude assignments that do not meet the published Cabinet Office definition for C&TS (see Figure 2), but may not pick up all relevant expenditure.
- 3 We have used these data sources because they provide the most consistent view of spending since 2009-10. Other data sources (Appendix Two) provide different figures for individual departments and overall spend.

Source: National Audit Office analysis of Cabinet Office Spend Analytic database and departments' savings returns

**Figure 4**

## Departments' spend on temporary staff, 2009-10 to 2014-15

The data sources we used suggest that spending on temporary staff significantly reduced between 2009-10 and 2014-15, but has increased by between 59% and 90% since 2011-12

**Note**

1 See Figure 3.

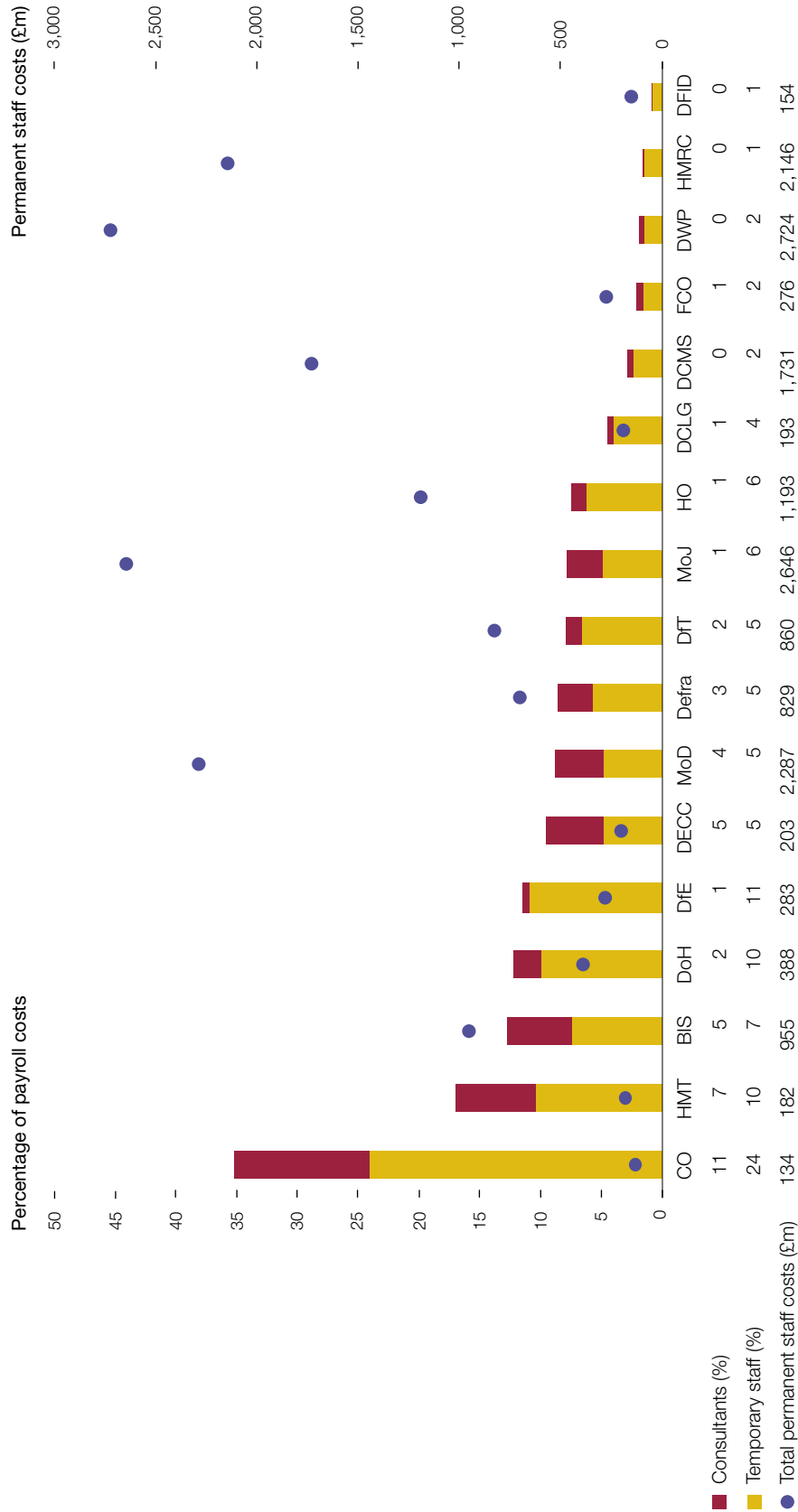
Source: National Audit Office analysis of Cabinet Office Spend Analytic database and departments' savings returns

## The extent to which departments rely on consultants and temporary staff

**1.9** On average, departments and their arm's-length bodies spent 6% to 8% of their permanent staff salary-related costs on C&TS but this varies widely between departments and individual bodies (**Figure 5** overleaf). Two of the largest employers, HM Revenue & Customs and the Department for Work & Pensions, spend only the equivalent of 1% to 2% of their permanent staff costs on C&TS. In contrast, some smaller departments can be proportionately high users of C&TS: HM Treasury and the Cabinet Office spend 17% and 35% respectively of their permanent staff costs on C&TS. The Cabinet Office is a particularly large user of temporary staff (representing 24% of its permanent staff costs) as it has a strategy of recruiting private sector expertise for fixed terms, for example, for the Government Digital Service, Major Projects Authority and Crown Commercial Service.

**Figure 5**  
Comparison of departments' C&TS costs, 2014-15

Departments vary considerably in the ratio of their permanent staff costs to their C&TS spend



**Notes**

1 CO = Cabinet Office; HMT = HM Treasury; BIS = Department for Business, Innovation & Skills; DoH = Department of Health; DfE = Department for Education; DECC = Department of Energy & Climate Change; MoD = Ministry of Defence; Defra = Department for Environment, Food & Rural Affairs; DfT = Department for Transport; MoJ = Ministry of Justice; HO = Home Office; DCLG = Department for Communities and Local Government; DCMS = Department for Culture, Media & Sport; FCO = Foreign & Commonwealth Office; DWP = Department for Work & Pensions; HMRC = HM Revenue & Customs; DFID = Department for International Development.

**Figure 5** *continued*

## Comparison of departments' C&amp;TS costs, 2014-15

- 2 The ratio of C&TS is expressed as a percentage of permanent staff costs. Calculating the ratio as a percentage of total spend on permanent staff plus C&TS would reduce the ratios.
- 3 Figures are derived from departments' annual reports where possible, and based on the spending within their wider departmental group. These data are not always consistent with the data sources used in Figures 3 and 4. For example, the above figures for temporary staff may include inward secondments.
- 4 DH figures exclude NHS bodies.
- 5 DfE figures exclude academies, and are for 2013-14.
- 6 MoD figures include civilian staff costs only.
- 7 DfT figures include the Vehicle and Operator Service Agency and the Driver Standards Agency trading funds
- 8 MoJ figures exclude the judiciary.
- 9 FCO figures are for UK-based staff only.

Source: National Audit Office analysis of departments' annual reports for 2014-15 and savings returns to Cabinet Office

**1.10** Arm's-length bodies vary in the amount they use C&TS during the year and in some departments can account for most of the spending within their departmental group. For example, in March 2015:

- the Home Office's Security Industry Authority spent 73% of its payroll costs on C&TS (and accounted for 5% of the Home Office group C&TS spend); and
- the Environment Agency spent 25% of its payroll cost on C&TS (and accounted for 73% of the Defra group C&TS spend), compared with 6% over the year as a whole. This unusually high monthly spend was due to work on flood defences carried out by suppliers' staff.

## Types of consultancy and temporary staff used by departments

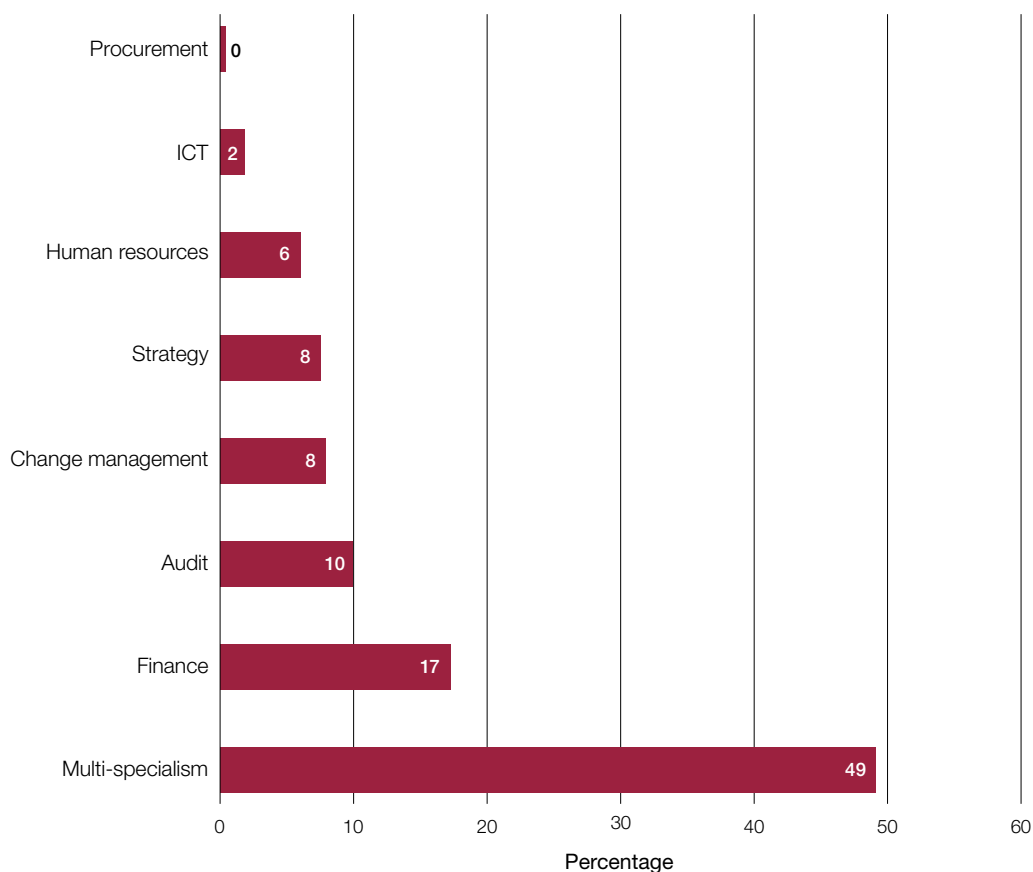
**1.11** Two-thirds of the largest government projects are related to transformation ICT and service delivery programmes. The Major Projects Authority was concerned that departments now rely more on external support because they have lost project management skills in permanent staff in recent years as a result of high staff turnover. Departments told us that they find it difficult to recruit and retain staff and senior managers with the skills necessary to run these programmes due to restrictions on civil service pay rates, and have to pay more for C&TS with these skills. Some managers also commented that, even where recruitment was possible, the length of time needed to recruit and appoint permanent or fixed-term staff meant that using temporary staff was essential to achieving their objectives.

**1.12** However, although more data is now available than in 2010, data on the skills of the consultants used by departments, and changes in their use, are still limited. In 2014-15, the most common types of consultancy employed through CCS framework contracts were "multi-specialism", finance and audit (**Figure 6** overleaf).

**Figure 6**

## Types of consultancy spend by departments, 2014

The most common types of consultancy spend procured through CCS agreements are multi-specialism and finance



■ Total spend (%)

**Note**

1 The percentages are based on the costs of the work done. No reliable data are available on the numbers of consultants employed.

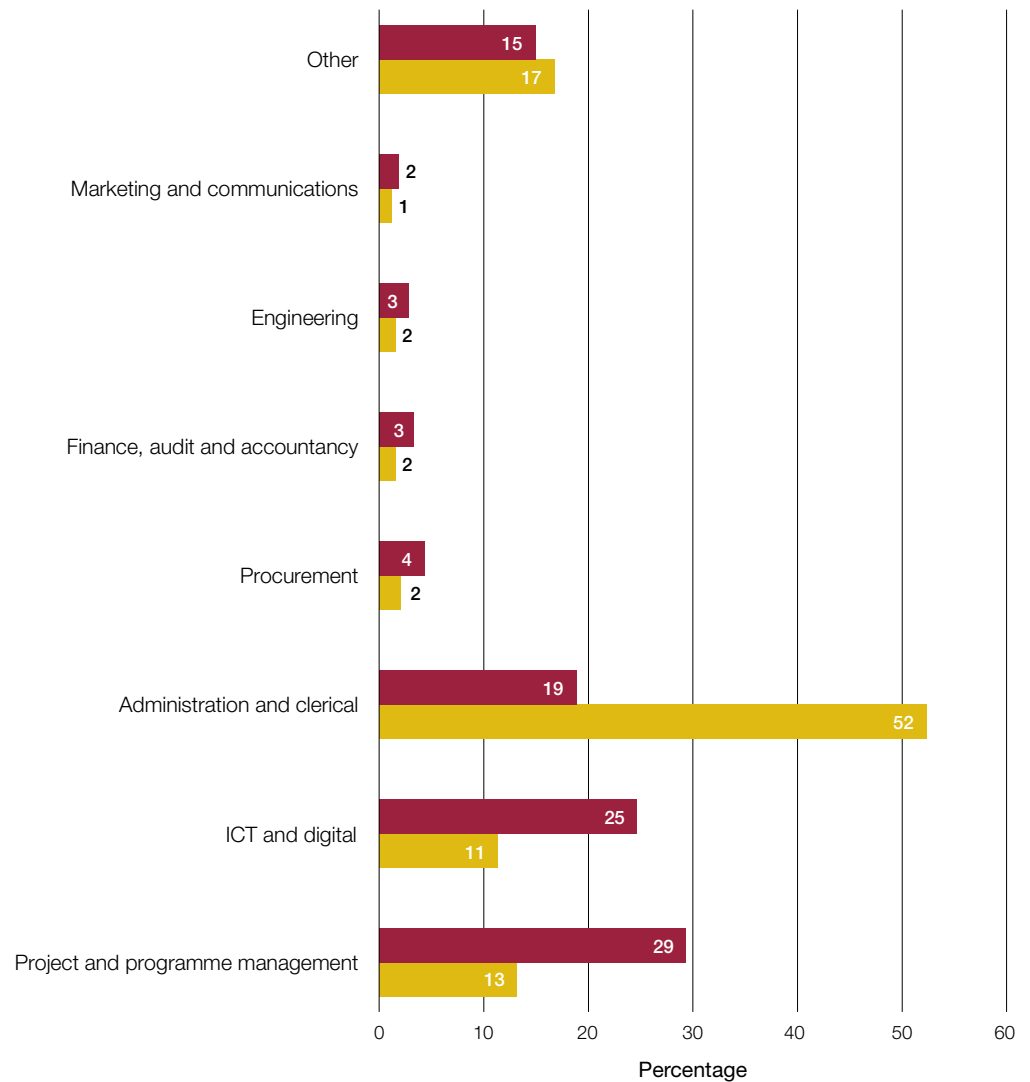
Source: Crown Commercial Service analysis of consultancy agreement data

**1.13** In 2014-15, the most common type of temporary staff procured by departments through the CCS agreements was clerical and administrative. This accounted for 52% of the 'full-time equivalent' resources. However, it accounted for only 19% of the total spend, as the average day rate paid by departments was lower than for other types (**Figure 7**). The most common types of specialist temporary staff were digital and ICT and project management. These are skills that the Civil Service Capabilities Plan has identified as priorities to develop internally. There is limited information on how departments' demand for particular specialisms outside the CCS agreements has changed over time. From 2011-12 to 2014-15, there was a 156% increase in the number of interim managers and a 44% increase in technical contractors, who attract substantially higher fees than clerical grades.

**Figure 7**

Specialism of temporary staff, 2014-15

Information and communications technology (ICT) and project management staff accounted for 54% of the total spend, whereas administrative and clerical roles accounted for 52% of temporary staff but only 19% of the spend



- Total spend (%)
- Total of full-time equivalent temporary staff (%)

**Note**

1 Total spend through CCS agreements accounted for around half of the total spend on temporary staff. However, comparable data on specialisms are not available for the rest of departments' spend.

Source: National Audit Office analysis of Crown Commercial Service agreements

## The use of strategic workforce planning

**1.14** Strategic workforce planning is a management process used to assess an organisation's current staff resources and skills, predict its future needs and plan how to meet these needs cost-effectively. In our 2015 report, *Central government staff costs*, the 4 departments we examined had good intentions to develop strategic approaches but none had yet implemented these across their group.<sup>10</sup> For this report, we examined how far the 3 case study departments have progressed with their strategic workforce plans. We found that they have made limited progress. In both the Home Office and Defra, there were business areas that had considered C&TS as part of their wider workforce planning. However, none of the case study departments had strategic workforce plans that covered their whole group (**Figure 8**). This can lead to short-term decision-making on the use of C&TS. All 3 departments intend to improve workforce planning to help them to implement the outcome of the 2015 Spending Review.

---

### Figure 8

Maturity of strategic workforce planning in case study departments, autumn 2015

**None of the 3 departments had a strategic workforce plan that covered the entire departmental group or considered the use of C&TS**

Department	National Audit Office assessment
Cabinet Office	The Cabinet Office has no group-wide strategic workforce plan or any strategic assessment of the use of C&TS. Staff planning consists of a management information pack on staffing for each business area.
Defra	Defra has no group-wide strategic workforce plan or any strategic assessment of the use of C&TS. Defra's two largest arm's-length bodies (Environment Agency and Rural Payments Agency) have more developed strategic workforce plans than the core department. Both the Rural Payments Agency and the Environment Agency's workforce plans consider the use of C&TS.
Home Office	The Home Office has no group-wide strategic workforce plan, as its public bodies make their own workforce decisions. Individual business areas produce 3-year forecasts, which can cover C&TS, but there is no overall assessment of the use of C&TS.

Source: National Audit Office

---

<sup>10</sup> Comptroller and Auditor General, *Central government staff costs*, Session 2015-16, HC 79, National Audit Office, June 2015. The 4 departments were the Department for International Development, the Department for Transport, HM Revenue & Customs and the Ministry of Defence.



**1.15** Strategic workforce planning should help organisations to understand their future skills needs, respond flexibly to local peaks and troughs in workload pressures and reduce the overall size of their workforce. However, 2 of our 3 case study departments had no skills registers, or any analysis of their internal approvals of consultancy and temporary staff to better understand the skills they need, why recruitment efforts had failed or how to locate suitably qualified staff. The Home Office told us it was trying to attract ICT specialists to reduce its reliance on temporary staff. All 3 case study departments plan to improve their strategic workforce planning.

**1.16** Having effective workforce planning will be increasingly important as the government implements the budget reductions announced in the Spending Review 2015. Civil Service Human Resources has set up an expert service to help build capability in strategic workforce planning within departments. This service has just completed a maturity audit of strategic workforce planning in departments to understand capability, share good practice and identify common areas for improvement.

**1.17** Despite not having strategic workforce plans across the departmental group, some managers have used a mix of permanent and temporary staff to respond flexibly to temporary changes in workload. The Home Office has used its caseworkers to meet peak workload demands across the group. For example, in 2014 UK Visas and Immigration (UKVI) loaned 150 staff to HM Passport Office to help clear a backlog of casework. When UKVI had a large volume of work in autumn 2015, HM Passport Office then loaned 300 staff to UKVI. However, without a strategic workforce plan across the group, there is a risk that opportunities such as these could be missed and temporary staff employed unnecessarily.

## Part Two

### Letting and managing consultancy and temporary staff assignments

**2.1** In 2007, we published a toolkit for assessing whether an organisation is achieving value for money in its use of consultants.<sup>11</sup> This can be applied to both consultancy and temporary staff (C&TS) assignments. In this part of the report we assess whether departments are letting and managing assignments effectively, using the 5 stages identified by the toolkit.

- Stage 1: Assessing needs and specifying requirements;
- Stage 2: Considering resource options;
- Stage 3: Tendering and contract award;
- Stage 4: Project delivery and skills transfer; and
- Stage 5: Post-contract evaluation.

#### **Overall assessment**

**2.2** We have based our assessment on 3 case study departments and have summarised the results in **Figure 9**. The assessment showed variable results across the 5 stages. None of these departments had procedures in place to fully meet the expectations of all stages, but there were some good practices that could be applied more widely across government. The Cabinet Office has now developed simplified procedures that are intended to ensure compliance with its internal procedures and rules.

**Figure 9****Comparison of a sample of C&TS assignments approved in 2014-15**

We used a sample of 31 assignments to evaluate whether case study departments followed best practice. We found that the Home Office and the Department for Environment, Food & Rural Affairs operated their internal controls better than the Cabinet Office

Stage	Cabinet Office (10 cases)	Department for Environment, Food & Rural Affairs (13 cases)	Home Office (8 cases)
1 Assessing needs and specifying requirements	<ul style="list-style-type: none"> <li>An approvals board was set up to consider all C&amp;TS requests.</li> <li>Half of the cases for approval were not supported by a formal business case.</li> <li>Four cases were unclear on the purpose of the assignment.</li> </ul>	<ul style="list-style-type: none"> <li>An approvals board set up in May 2015.</li> <li>All cases for approval were supported by a summary business case, except 1.</li> <li>Outputs and purpose of the assignment were clearly defined in all but 2 cases.</li> </ul>	<ul style="list-style-type: none"> <li>An approvals board was set up to consider all C&amp;TS requests.</li> <li>All cases for approval were supported by a summary business case.</li> <li>All cases except 1 were clear on the purpose/outputs of the assignment.</li> </ul>
2 Considering resource options	<ul style="list-style-type: none"> <li>Alternatives to C&amp;TS were set out in only 1 case. No details were given of attempts to fill posts.</li> </ul>	<ul style="list-style-type: none"> <li>Alternatives to C&amp;TS were set out in all but 1 case.</li> </ul>	<ul style="list-style-type: none"> <li>Alternative options to C&amp;TS were set out in the case paper in all but 2 cases.</li> </ul>
3 Tendering and contract award	<ul style="list-style-type: none"> <li>Use of single-tender or nominated workers in 1 of the 7 cases.</li> <li>Three cases were extensions to existing contracts.</li> </ul>	<ul style="list-style-type: none"> <li>Nominated workers were used for contingent labour in 4 of the 5 contingent labour cases.</li> <li>Single-tender was not used in any of the 8 consultancy cases.</li> </ul>	<ul style="list-style-type: none"> <li>Single-tender action/nominated worker was used in 1 out of 2 cases.</li> <li>Six cases were extensions to existing contracts.</li> </ul>
4 Project delivery and skills transfer	<ul style="list-style-type: none"> <li>Only 1 of the 10 cases considered skills transfer between suppliers and staff.</li> </ul>	<ul style="list-style-type: none"> <li>Skills transfer is not included in the department's model approval form but was, nevertheless, considered in 6 cases.</li> </ul>	<ul style="list-style-type: none"> <li>Skills transfer was considered in 6 out of 8 cases.</li> </ul>
5 Post-contract evaluation	<ul style="list-style-type: none"> <li>No evidence was seen of formal evaluation of performance or feedback to suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>No evidence was seen of formal evaluation of performance or feedback to suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>No evidence was seen of formal evaluation of performance or feedback to suppliers.</li> </ul>

**Notes**

- We selected our samples from departments' lists of C&TS approvals to cover a range of different types and values of assignment. The assessments above draw on a small sample of cases and therefore are not a comprehensive assessment of a department's performance in any one area.
- The red-amber-green ratings are based on the criteria in our 2007 toolkit: green means a control or process exists and is complied with in more than 75% of cases; amber means the process exists and is complied with between 25% and 75% of cases; and red means the process or control does not exist or that the department complies with it in less than 25% of cases.

Source: National Audit Office analysis of a sample of approvals from case study departments

## Assessing need and specifying requirement

**2.3** The Cabinet Office recommends that departments use 'approvals boards' to review requests for C&TS. Teams should submit business cases to help the board to assess whether C&TS are needed for a particular business activity. The Department for Environment, Food & Rural Affairs (Defra) only set up this board in May 2015 (although it has been operating a formal approvals process since 2010). The Cabinet Office's resource board was set up in 2010 to approve all consultancy requests costing more than £20,000 (now £50,000). However, in 2 of the 10 2014-15 cases we examined it had not followed this requirement.

**2.4** All 3 departments require teams submitting C&TS requests to prepare a formal business case. Requests for individual temporary staff are less formal, but have similar information requirements as for smaller consultancy applications. We found that business teams in Defra and the Home Office had submitted business cases for all requests for C&TS except one. However, in our sample of 10 Cabinet Office assignments, 5 had been approved without a formal business case.

**2.5** Consultants think that departments could improve the specifications of their requirements. For example, a small survey of consultants in 2015 (Appendix Four) found that only 16% considered that the government had improved the quality of documents issued with tenders, while 65% disagreed. Suppliers we interviewed told us that departments often could not clearly articulate their objectives or had unrealistic expectations. The Interim Managers Association told us that its members thought their assignments for government often lacked clear objectives.

## Considering resource options

**2.6** Consultants and skilled temporary staff may be expensive compared with using staff with the required skills who are already on payroll, particularly when the latter have periods of surplus capacity or where additional staff can be readily recruited on a fixed-term or permanent basis. Consequently, public bodies should start with the assumption that using their own staff will be the best use of resources. They should use C&TS only where they can show that this is necessary and cost-effective (see Figure 1).

**2.7** We found little evidence in departments' business cases that they had rigorously assessed the availability of skills internally or had compared in-house and external costs. The departments lacked processes for locating available staff with the required skills elsewhere in the Civil Service, although there was some informal consultation with the Civil Service professions.

- The Cabinet Office forecasts the resources it requires but does not highlight shortages, and we saw no evidence that the business cases had been assessed by the relevant head of profession.

- In Defra, there is no understanding of skills shortages across the departmental group or the need for C&TS, although some of its arm's-length bodies do consider the use of C&TS within their own workforce planning processes. However, the Environment Agency told us that it monitors day rates and length of service for temporary staff.
- Although Home Office's business units forecast their staff needs 3 years in advance, the group-wide position is not set out in a strategic workforce plan. Project teams are not confident that information on the skills requirements for major projects is reliable as they find it hard to forecast skills needs beyond the next few months.

**2.8** The lack of comprehensive information on availability of skills increases the risk that departments may commission C&TS in circumstances where they do not need to. In August 2015, the Home Office approvals board carried out a review of temporary staff in post. This was the only example we found of such an exercise within a case study department. The board found that only 22% of the temporary staff had skills that were not readily available within the department or could not be recruited on a permanent basis (**Figure 10**).

**2.9** Only 1 of our 3 departments routinely monitors the start and end dates of its temporary staff. Of the 147 temporary staff employed by the Home Office as at August 2015, 121 (82%) had been engaged for more than a year. This included 8 staff who had been employed for between 5 and 9 years.

## Figure 10

Good practice example: 'traffic light' assessment of temporary staff in post

The Home Office found that only 22% of its temporary staff had skills that were not available within the department or recruitable on a permanent basis<sup>1</sup>

Red-amber-green rating for use of contingent labour	Home Office analysis of skills availability in-house	Home Office analysis of availability of skills in labour market	Number of cases	Percentage (%)
●	Roles for which skills should be readily available in-house	Readily available	76	53
●	Roles for which skills should be readily available in-house	Difficult to recruit in open market	36	25
●	Role for which skills not generally required, or expected to be readily available, in-house	Specialist market place	31	22

### Note

<sup>1</sup> This assessment exercise covered 143 of the 147 temporary staff employed by the Home Office in August 2015.

Source: Home Office

## Tendering and contract award

**2.10** Since 2010, the Cabinet Office requires that departments should use CCS framework agreements whenever possible for engaging C&TS (see Part Three). However, general procurement principles still apply: departments need to avoid single-tender action, encourage strong competition and use fixed-price or incentive-based agreements where appropriate.

**2.11** Our analysis suggests that around half of C&TS assignments were let outside the CCS agreements in 2014-15 (see paragraph 3.8). Case study departments told us that this reflected existing arrangements that are slowly changing. However, they also reported that some specialist temporary staff are hard to obtain through the CCS agreements. This is because daily rates set by the agreements are comparatively low and agency commission is capped at 8% (compared with up to 20% charged on assignments outside the agreements).

**2.12** Departments sometimes choose single-tender action within the agreement because they need to fill a position urgently or because they consider that only a particular individual or supplier can do the job. Of 60 consultancy assignments let or extended by CCS on behalf of departments between April and October 2015, 43% had limited or no competition:

- 34 (57%) were let competitively;
- 11 (18%) were single-tender actions at the department's request; and
- 15 (25%) assignments were extended (without competition).

For specialist temporary staff appointed through CCS's Contingent Labour One agreement, around 41% are appointed without competition. In our sample of 31 C&TS assignments (Figure 9), 15 were approved for single-tender action or nominated workers.

**2.13** In early 2015, CCS carried out a review of consultancy contracts awarded through its agreement. It found that only 40% of tenders attracted the target of 5 bids. Suppliers told us that a lack of pre-tender contact by departments and short timescales for tenders were factors in their decisions not to bid. They also expressed concern at the cost of bidding unsuccessfully for contracts: ranging from 2% to 25% of their total government fee income.

**2.14** Suppliers not currently listed on the CCS consultancy agreement also thought there were too few suppliers available on the agreement, resulting in most work being awarded to the largest 6 suppliers, who are able to offer a wide range of services.<sup>12</sup> Between 2009-10 and 2014-15, small and medium-sized enterprises saw their share of CCS consultancy agreement business rise from 6% to 9% while their share of all consultancy spend fell to only 5%. In the same period, the largest 6 suppliers have, in total, won between 70% and 85% of the business let each year through CCS consultancy agreements – an average of 76%. In contrast, these suppliers won only 28% of all government consultancy work in 2014-15. Departments also accept ‘pro bono’ consultancy advice: for example, a large consultancy gave 18 days to the Home Office free of charge to develop a commercial model. Such assignments can help departments, for example by better defining their requirements but can give firms a ‘foot in the door’ for future work, resulting in poorer value for money in the longer term through reduced competition.

**2.15** The proportion of consultancy assignments paid on a fixed-price basis or delivery of pre-agreed outcomes increased from 30% in 2010 to 57% in 2014-15 (**Figure 11** overleaf). However, suppliers commented that, in practice, departments awarded contracts on the basis of the daily rate that suppliers used to calculate the fixed price and that these contracts were often extended when the fixed price was reached.

### Project delivery and skills transfer

**2.16** Departments should set realistic milestones for delivery of clearly defined requirements for each C&TS assignment and encourage the transfer of skills to permanent staff where possible.

**2.17** Our previous reports on consultancy found that departments did not clearly define the services they required from suppliers – and paid assignments on the basis of time spent rather than for delivering a defined output (see paragraph 2.15). This time, we found that departments had different processes for determining outputs and outcomes for projects and it was challenging for some departments to specify outputs in an early stage of a programme.

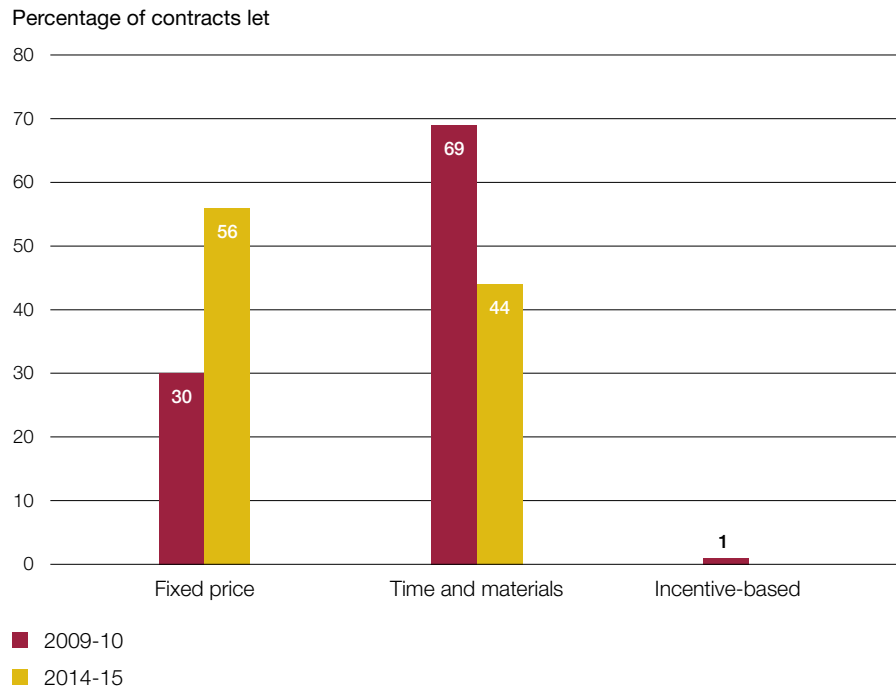
- The Home Office’s approvals board consider whether outputs or deliverables have been clearly defined, and most business cases had very clearly defined work packages.
- The Cabinet Office’s forms for submitting requests for approving C&TS require the applicant to explain the desired outcomes and deliverables. However, in practice we found that not all proposals were complete and the ones that were varied in quality.
- Some of Defra’s contract approval forms defined a specific output, but others referred only to generic outcomes such as ‘driving forward’ an objective. Defra accepts that specific outputs should be defined whenever possible, but considers this can be difficult in the early stages of specialist assignments.

<sup>12</sup> See Footnote 8 on page 15.

**Figure 11**

## Types of contract pricing used

The proportion of contracts let on a fixed-price basis has almost doubled since 2010, while incentive-based contracts remain rare



Source: Comptroller and Auditor General, *Central government's use of consultants and interims*, Session 2010-11, HC 488, and National Audit Office analysis of Crown Commercial Service data

## Post-contract evaluation

**2.18** Departments should review contracts and projects once they are complete to learn lessons for future procurement. None of the case study departments could provide evidence of doing this. Consultancy suppliers told us that formal feedback was rare and that they believe that a systematic review and evaluation should be completed by the employing departments for all consulting assignments. This lack of review increases the risk that departments are not learning lessons from past projects.



# Part Three

## The role of the centre of government

**3.1** This part examines how the centre of government has provided strategic leadership and supported departments since 2010. The centre focuses on:

- running spending controls for consultancy;
- managing procurement of consultants and temporary staff (C&TS), including the use of Crown Commercial Service (CSS) agreements, on behalf of departments;
- monitoring the use of temporary staff; and
- reducing dependency on C&TS by supporting the use of permanent staff.

### **Cabinet Office spending controls**

**3.2** The Cabinet Office's spending controls cover consultancy but not temporary staff. In addition to their internal approval systems (see Part Two), departments wanting to use consultants must also get approval from the Cabinet Office before appointing consultants for assignments lasting more than 9 months (and costing more than £20,000). Although the Cabinet Office is not directly involved in decisions about appointing temporary staff, it receives monthly summaries of departments' staff resources, including both consultancy and temporary staff. Departmental officials we interviewed told us that these processes had significantly discouraged spending on both consultancy and temporary staff, and that there was now a culture of trying to minimise spending.

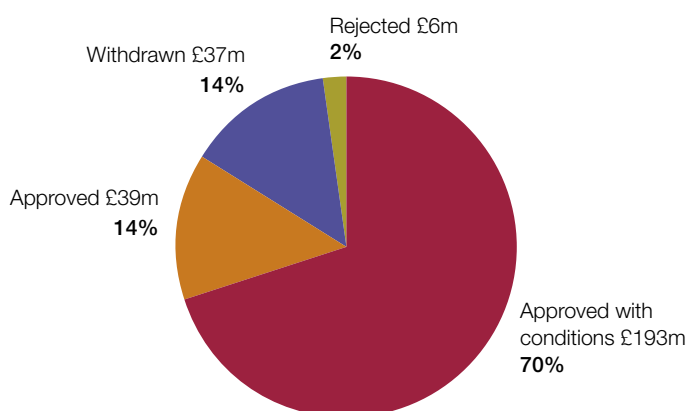
**3.3** The Cabinet Office approves most of the requests made by departments for consultancy assignments of over 9 months duration (**Figure 12**). In 2014-15, departments made 162 applications (total value of £275 million) for new assignments or to extend existing contracts. Of these, only 1 case was refused, an application for £6 million to advise the High Speed Rail Group in the Department for Transport. Departments withdrew a further 18 cases (£37 million) without a formal decision being reached by the Cabinet Office. The remaining 90 applications (£193 million) were accepted with one or more conditions applied, including:

- in 16 cases, the Cabinet Office told departments to investigate using internal staff before applying for further extensions;
- in 10 cases, the Cabinet Office would not permit further extensions without retendering; and
- in 9 cases, the Cabinet Office asked departments to investigate reducing the price, either immediately or before applying for extensions.

**3.4** Other Cabinet Office spending controls affect departments' use of C&TS. For example, the Department for Environment, Food & Rural Affairs (Defra) had initially engaged consultants to carry out systems integration work for its Common Agricultural Policy delivery programme. However, it terminated these arrangements because of the Cabinet Office's concerns about high day rates and the risk of becoming dependent on a single supplier.<sup>13</sup> Defra brought the consultants' systems integration role in-house, but it underestimated the complexity of the role and did not foresee the difficulty it would have in getting the necessary skills in place.

### Figure 12

Cabinet Office decisions on departments' applications for consultancy spend, 2014-15



#### Note

1 Percentages are of the total value of the consultancy applications received by Cabinet Office in 2014-15.

Source: National Audit Office analysis of Cabinet Office data

13 Comptroller and Auditor General, *Early review of the Common Agricultural Policy Delivery Programme*, Session 2015-16, HC 606, National Audit Office, December 2015.

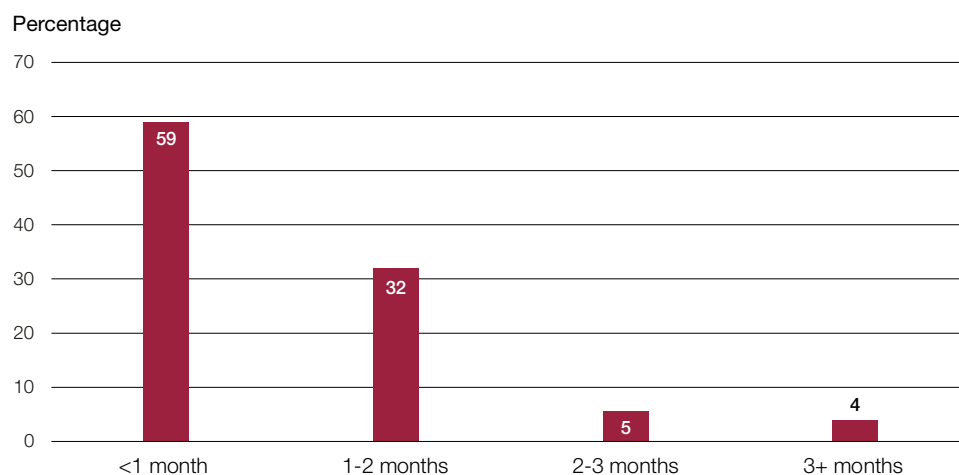
**3.5** Departmental staff and consultants we interviewed expressed concern that it takes too long, up to 9 months in some individual cases, to complete the internal and external approval and procurement processes, while departments do not give enough time to suppliers to respond to invitations to tender. Although we were unable to confirm the overall timescales for procurement as the early approval stages are informal, a sample of CCS procurements found that bidders were given between 1 and 4 weeks to prepare and submit their tender.

**3.6** The Cabinet Office's service level agreement is to make a decision on departments' requests for any consultancy which extends beyond 9 months within 28 calendar days (adjusting for the time taken by the departments to provide relevant information or until price reductions have been sought). The Cabinet Office told us that, once 'pause days' had been taken into account, it met the service level agreement on all requests received in 2014-15. Including these delays (9 days on average, but 256 days in one case which was subsequently withdrawn), we calculated that 59% of requests were determined by Cabinet Office within 28 days (**Figure 13**).

**Figure 13**

Time taken by the Cabinet Office to decide on departmental requests for consultancy, 2014-15

The Cabinet Office made 59% of decisions within 28 days of receipt of the request from departments



**Notes**

- 1 The service level agreement is that the decision will be made within 28 days after adjusting for 'pause days'.
- 2 The graph above shows the overall elapsed time, including time taken by departments to respond to Cabinet Office requests for relevant information not provided in the original submission.
- 3 Including 'pause days', Cabinet Office told us that it had met the service level agreement in each case.

Source: National Audit Office analysis of Cabinet Office data

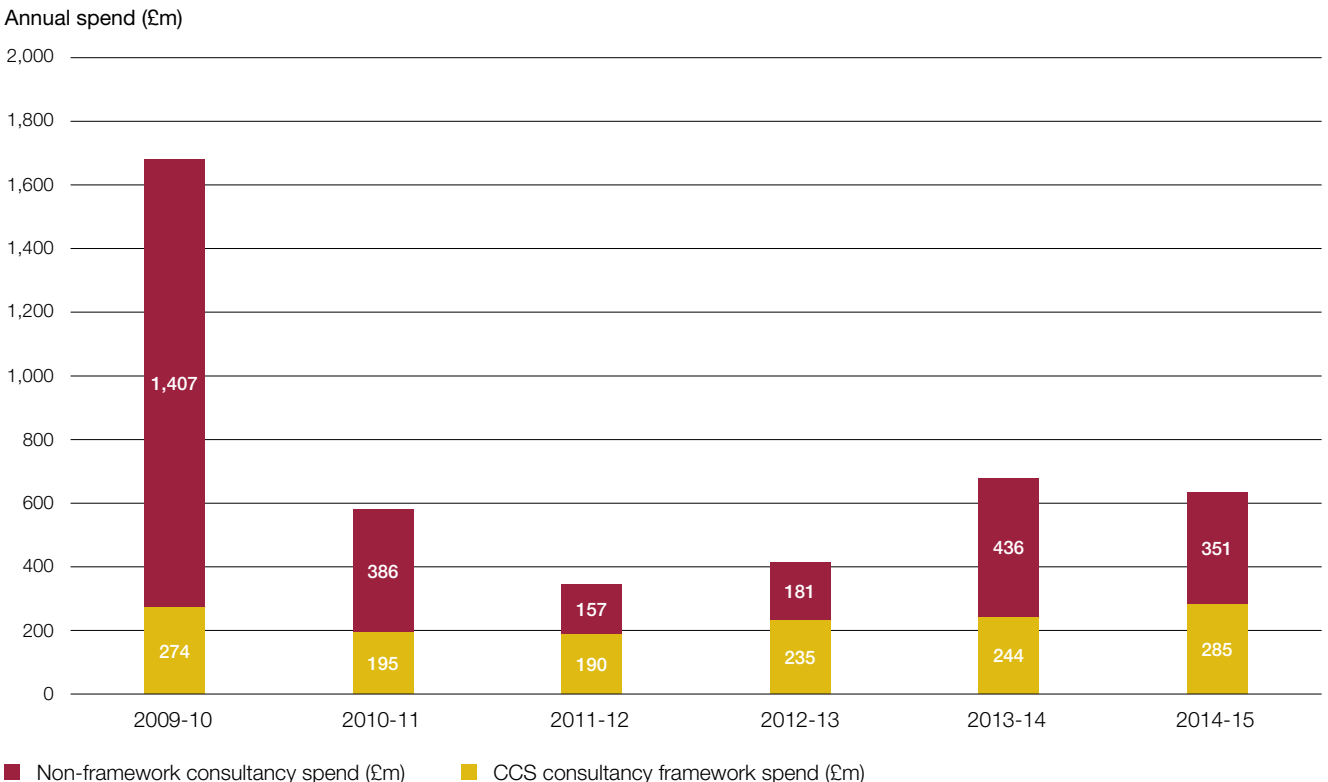
### CCS procurement framework agreements

**3.7** The CCS was set up as an agency within the Cabinet Office in 2014 to save money and improve the quality of common goods and services by bringing together policy, advice and direct buying of common goods and services on behalf of central government and the public sector. It carries out the functions previously run by the Government Procurement Service and the Cabinet Office: setting overall procurement policy; providing contracts, including framework agreements allowing departments to procure common goods and services (including for C&TS) at pre-negotiated prices; and managing relationships with suppliers. From 2014-15, CCS has also provided a jointly managed procurement and contracting service for participating departments, with existing departmental staff often transferring to CCS.

**3.8** In 2010, the Cabinet Office required departments to source all suitable C&TS through central agreements (frameworks) managed by CCS. Its objective was to reduce administrative costs and reduce fee rates by using the government’s purchasing power. We estimate that, although the volume of spending through the agreements is increasing, departments procure only around half of C&TS through CCS agreements (**Figure 14** and **Figure 15**).

**Figure 14**  
Use of CCS consultancy agreements, 2009-10 to 2014-15

Departments are using CCS consultancy agreements for a lower proportion of spend than they were in 2011-12

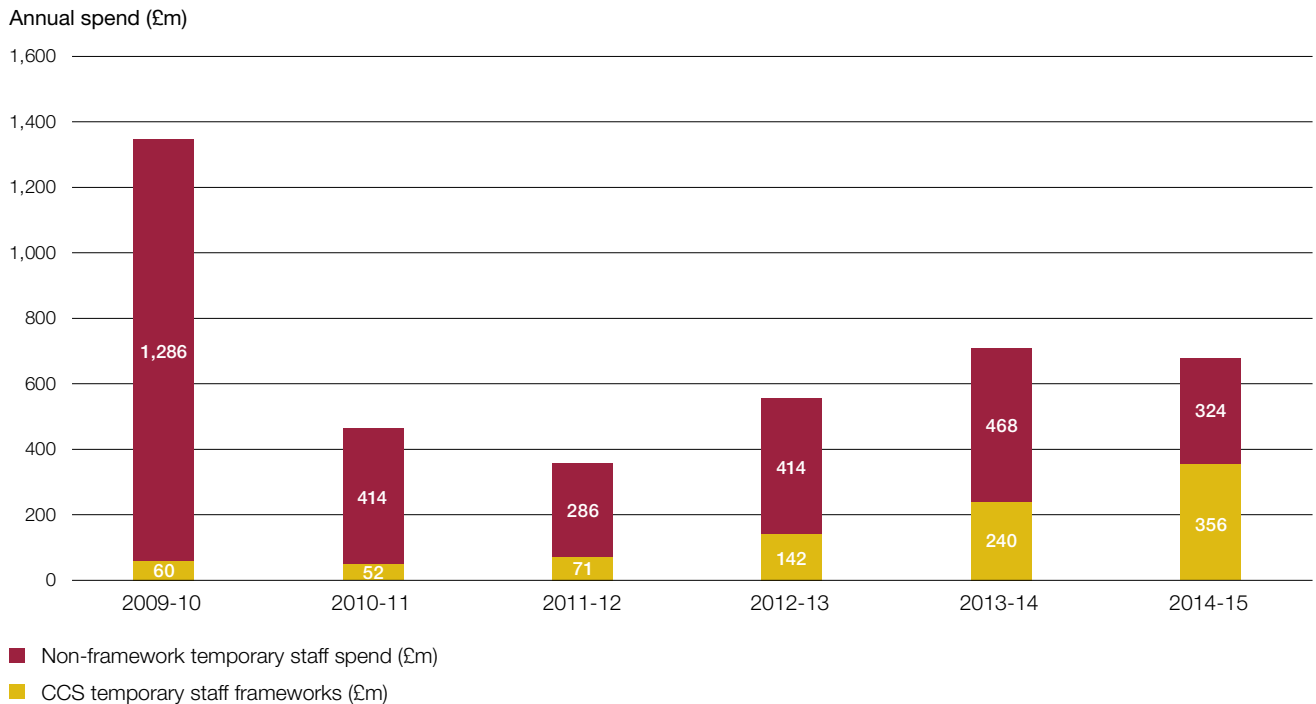


Source: National Audit Office analysis of Cabinet Office Spend Analytic and Crown Commercial Service agreements

**Figure 15**

## Use of CCS temporary staff agreements, 2009-10 to 2014-15

Spend through the CCS agreements has been increasing since 2010-11 and is now half of all temporary staff spend in 2014-15

**Note**

1 Total spend excludes two CCS agreements (G-Cloud and Digital) that some departments have used to source temporary IT staff, as we are unable to separate the relevant spend.

Source: National Audit Office analysis of Cabinet Office Spend Analytic and Crown Commercial Service agreements

**3.9** The reasons for the low proportion of spend through CCS agreements after 5 years are unclear, but do include the following:

- Departments can directly employ temporary staff or have their own specialist agreements. For example, the Office for Security and Counter-Terrorism, within the Home Office group, maintains a framework for security-vetted companies, but intends to transfer its other agreements to CCS in 2016.
- Defra and the Home Office reported that sometimes they are unable to recruit highly specialised staff at the rates set within the CCS agreements. When procuring specialist skills outside the agreements, departments sometimes engage companies rather than individuals, which can further add to the cost.

**3.10** Both suppliers and departments have criticised the design of the CCS agreements. The current design is a compromise which attempts to meet the varied needs of departments. However, too many suppliers on an agreement may result in large numbers of unsuccessful tenders and some suppliers being awarded too few contracts to justify the agreed reductions in their fee rates. Some employment agencies, who provide temporary staff through the CCS Contingent Labour One agreement, told us that the agreement rates do not adequately reflect their investment in identifying suitable candidates. Some specialist agencies declined to join the agreement due to the absence of contract terms to restrict departments' ability to re-employ temporary staff without paying agency fees. The CCS is currently reviewing the design of its consultancy and temporary staff agreements, which are due to be re-let in 2016.

### Rates achieved through CCS agreements

**3.11** Administrative and clerical grades account for around 52% of temporary staff appointed by departments through the main CCS agreements, but ICT and digital and project management staff account for higher proportions of the total cost (Figure 7). We analysed the rates paid by type of temporary staff employed through CCS agreements, as there is limited management information available on pay rates for staff employed through other mechanisms.

**3.12** Comparing total employment costs of temporary and permanent staff is difficult and they can vary significantly for individual posts. Although most temporary workers do not come with the pension costs, sick pay and paid leave of permanent staff, increased costs arise from agency fees. These are typically between 2% and 8% of the daily rate under the Contingent Labour One agreement, but can be as high as 20% outside the agreement. Where departments cannot recruit experienced specialist staff, using temporary staff avoids the recruitment and training costs involved in developing a cadre of specialists within the civil service. Also, many temporary staff (including 94% of specialists), in 2014-15, are contracted through personal service companies. Unlike permanent staff, the employing department cannot easily verify whether the right amount of tax and national insurance is being paid for off-payroll staff. In 2012, the Committee of Public Accounts expressed concern that too many public sector staff were paid off-payroll for too long.<sup>14</sup> Most departments now seek assurance from these staff that tax has been paid.

<sup>14</sup> HC Committee of Public Accounts, *Off-payroll arrangements in the public sector*, Twelfth Report of Session 2012-13, HC 532, October 2012.

**3.13** Once holiday, sick leave and pension entitlements are included, temporary administrative staff procured through CCS agreements cost departments a similar amount per day to the equivalent newly recruited civil servant (**Figure 16**). Specialist temporary staff do not equate easily to standard Civil Service grades, as specialist permanent staff may attract pay allowances. However, based on the 8 most common specialist job titles procured through the agreements in 2014-15, we estimate that specialist temporary staff cost around twice as much as their nearest permanent equivalent, and that departments could save up to £26 million a year by filling these 379 posts with permanent staff (**Figure 17** overleaf). The difference between specialists and administrative staff costs may reflect the competitiveness of public sector pay compared with market rates for the relevant skills, and the Cabinet Office is therefore proposing to introduce new pay bands for staff with specialist skills.

### Figure 16

The cost of temporary clerical and administrative staff compared with Civil Service equivalent grades, 2014-15

The cost of temporary administrative staff engaged through CCS agreements is similar to permanent staff costs

Job title	Equivalent Civil Service grades	Number of staff (Full-time equivalent)	Average fee rate paid in CCS agreement (£ per day)	Equivalent Civil Service staff cost (£ per day)	Potential annual saving/(cost) (£m)
Clerical or administrative officer	AO and AA	2,747	81	85–126	(2.1) to (26.2)
Junior office manager	EO	487	147	126–162	2.2 to (1.5)
Middle office manager	HEO	154	227	150–194	2.5 to 1.1
<b>Totals and weighted averages</b>		<b>3,388</b>	<b>97</b>	<b>94–134</b>	<b>2.6 to (26.6)</b>

#### Notes

- 1 Comparison between temporary staff job title and Civil Service grade is approximate.
- 2 The minimum Civil Service daily rate is for newly recruited staff outside London, while the maximum is for London-based staff.
- 3 Civil Service daily costs include the cost of employers' pension contributions, holidays and sick pay, which are not generally received by temporary staff.
- 4 Temporary staff daily costs include agency management and supplier fees.
- 5 Costs do not include recruitment, training, payroll or invoice processing costs as these vary from individual to individual.

Source: National Audit Office analysis of Crown Commercial Service data (Contingent Labour One) for departments and agencies, and Civil Service pay scales

**Figure 17**

The cost of the most common temporary specialist staff compared with Civil Service equivalent grades, 2014-15

**Specialist temporary staff (in the most common job titles) generally cost more than twice as much as their Civil Service equivalents**

Job title (specialism)	Likely equivalent Civil Service grade	Number of staff (Full-time equivalent)	Average fee rate paid in CCS agreement (£ per day)	Civil Service staff cost (£ per day)	Potential annual saving (£m)
Project manager (Project delivery)	SEO	116	478	185–239	5.9 to 7.3
Developer (ICT)	SEO	61	603	243–323	3.7 to 4.7
Senior project manager (Project delivery)	Grade 7	53	515	185–239	3.1 to 3.7
Aeronautical engineer (Science and engineering)	SEO	37	458	185–239	1.7 to 2.2
Programme manager (Project delivery)	Grade 7	33	600	243–323	1.9 to 2.5
Technical architect (ICT)	Grade 7	31	589	243–323	1.8 to 2.3
Commercial manager – (Procurement)	Grade 7	24	547	243–323	1.1 to 1.5
Business analyst (Finance)	HEO	23	494	150–194	1.5 to 1.7
<b>Totals and weighted averages</b>		<b>379</b>	<b>526</b>	<b>206–269</b>	<b>20.7 to 25.9</b>

**Notes**

1 See Figure 16.

2 Totals and weighted averages are subject to rounding differences.

Source: National Audit Office analysis of Crown Commercial Service data (Contingent Labour One) for departments and agencies, and Civil Service pay scales

**3.14** From 2010 to March 2015, CCS monitored fee rates paid under its agreements for C&TS compared with the rates paid for the same grades in 2009-10 adjusted for inflation. It estimated that departments had saved £79 million in 2014-15 from reductions in C&TS fee rates, and a further £47 million by wider public sector clients who chose to use the agreements. The CCS methodology does not take into account changes in the mix of grades or departments' spending outside the CCS agreements (see paragraphs 3.8 to 3.9). Our analysis of CCS agreements for temporary staff found a 22% reduction in the average daily rate paid since 2011-12, due to an increase in the use of CCS agreements to appoint administrative and clerical grades. However, our review of the Cabinet Office's published workforce management statistics, which covers all temporary staff, suggested that there had been an 18% increase in the same period, from £48,000 per full-time equivalent per year to £56,500 per year. This increase was due to increases in the proportion of expensive interim managers and technical contractors and increases in market rates for these skills.<sup>15</sup>

<sup>15</sup> See *The digital skills gap in government*, National Audit Office, December 2015. Available at: [www.nao.org.uk/wp-content/uploads/2015/12/The-digital-skills-gap-in-government-Survey-findings-December-2015.pdf](http://www.nao.org.uk/wp-content/uploads/2015/12/The-digital-skills-gap-in-government-Survey-findings-December-2015.pdf)



## Monitoring the ongoing use of senior temporary staff

**3.15** CCS infrequently monitors temporary staff occupying senior roles who are paid more than £1,000 a day, which is a higher equivalent salary than all 17 main permanent secretaries (although 5 of them have a higher-value package) (**Figure 18** overleaf). Departments are also expected to explain how they plan to replace these staff with permanent employees. As at 1 May 2015, 47 temporary staff were engaged on a daily rate of more than £1,000, compared with 30 senior civil servants and heads of arm's-length bodies with comparable pay (**Figure 19** on page 41). However, neither CCS nor the Cabinet Office or Defra monitor temporary staff who have been in post for extended periods. In the Home Office, a temporary staff member has cost around £1.4 million over 7 years of continuous employment. The department now challenges the use of temporary staff across the group (**Figure 10**).

## Reducing dependency on consultants and temporary staff

**3.16** The Civil Service Reform programme, which began in 2012, is a series of actions to strengthen the Civil Service. These actions have included appointing heads of professions with responsibility for improving the recruitment and development of staff with specialist skills, and their deployment across government. In time, the professions could reduce the need for C&TS. However, it is relatively early in the programme and we have seen limited evidence so far of departments reducing their dependence on C&TS. In 2015, the Cabinet Office set up 10 core functions to lead cross-departmental corporate functions and it expects this programme to help in the recruitment, development and retention of specialists. Also in 2015, the Cabinet Office launched a pilot scheme to evaluate the re-employment of former civil servants on an ad hoc or rostered basis to help departments to meet peaks in workload.

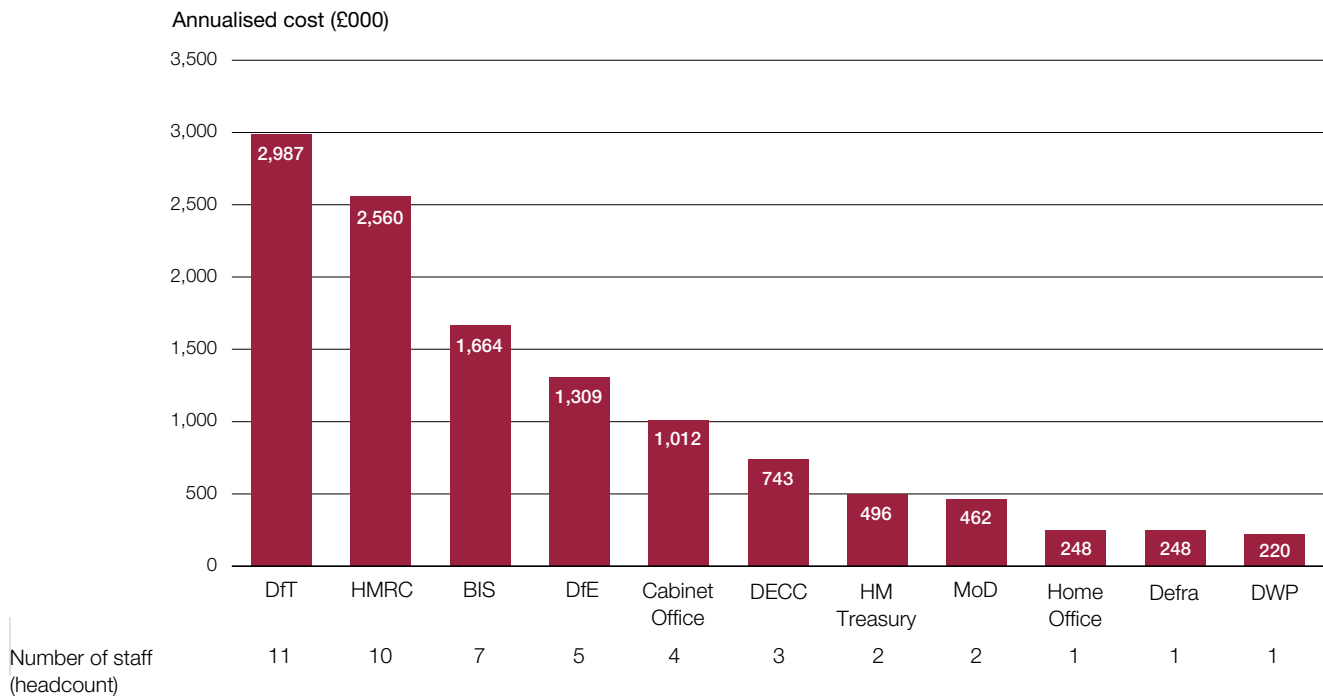
**3.17** The centre of government also includes Civil Service Resourcing, a unit which provides internal and external recruitment services to help departments obtain the skills they need either from elsewhere within the Civil Service or by recruitment from outside. The Cabinet Office itself makes extensive use of staff on loan (representing more than 20% of its workforce) and there are some examples of civil servants being deployed flexibly between departments; in particular, the HMRC 'surge team' of 200 staff with managers has supported several departments faced with large administrative tasks.

**3.18** The role of HM Treasury in supporting departments to get better value for money from C&TS has been limited. However, its public spending teams can give departments additional 'pay bill flexibility' that makes it possible for them to increase pay packages as necessary to recruit or retain staff with scarce skills. Additional costs resulting from this have to be met by making savings elsewhere in the pay bill. This scheme has been in the piloting stage since 2014-15.

**Figure 18**

Cost of temporary staff paid more than £1,000 a day, May 2015

Eleven departments had at least one temporary member of staff costing more than £1,000 a day

**Notes**

- 1 Departments do not actively monitor temporary staff's first and last days in post and so some were unable to verify the underlying information.
- 2 DfT = Department for Transport; HMRC = HM Revenue & Customs; BIS = Department for Business, Innovation & Skills; DfE = Department for Education; DECC = Department of Energy & Climate Change; MoD = Ministry of Defence; Defra = Department for Environment, Food & Rural Affairs; DWP = Department for Work & Pensions.

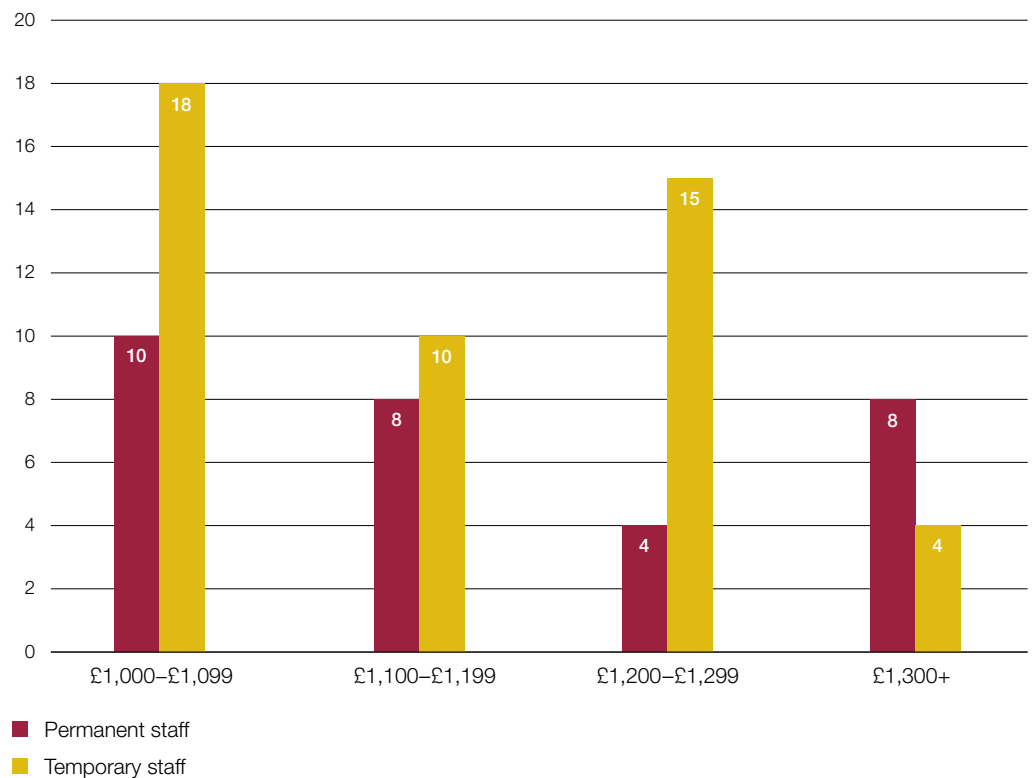
Source: National Audit Office analysis of departmental returns to Crown Commercial Service

**Figure 19**

Comparison of daily cost of temporary staff and senior officials paid more than £1,000 a day, 2014-15

Forty-seven temporary staff were employed with a daily rate of £1,000 or more. In comparison, 30 senior civil servants have equivalent salaries (£220,000 or more)

Number of staff (headcount)



#### Notes

- 1 We have calculated equivalent daily rates for senior civil servants based on 220 working days a year.
- 2 The analysis does not include employers' pension contributions, agency fees or differences in tax treatment for employees, companies or self-employed staff, which can affect this comparison. These data are not monitored by CCS.

Source: National Audit Office analysis of Cabinet Office list of 'high earner' salaries, as at 30 September 2015, and Crown Commercial Service data on daily rates of temporary staff, 1 May 2015

# Appendix One

## Our audit approach

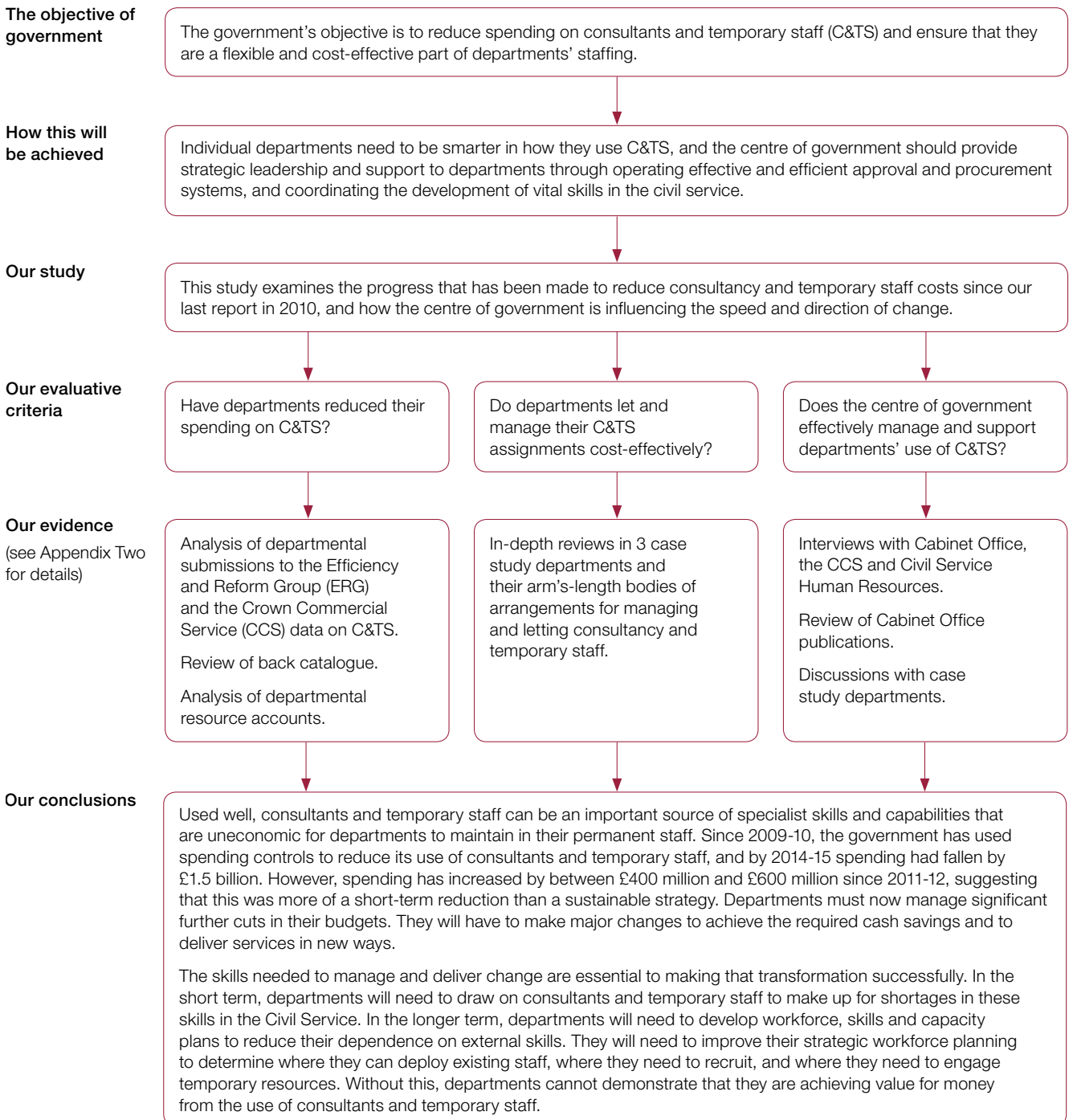
**1** This report provides our independent opinion on whether the government's use of consultants and temporary staff (C&TS) delivers value for money. To do this we reviewed whether:

- the government's costs for C&TS have fallen since our last report in 2010;
- departments secure adequate competition and manage C&TS assignments to ensure that their requirements are delivered cost-effectively; and
- the centre of government effectively manages and supports the use of C&TS by central government.

**2** Our audit approach is summarised in **Figure 20**. Our evidence base is described in Appendix Two.

**Figure 20**

## Our audit approach



# Appendix Two

## Our evidence base

**1** We came to our conclusions using evidence collected between May 2015 and November 2015. Our fieldwork is described below.

### **Data analysis**

**2** Since 2010, Cabinet Office bodies have run three reporting systems that capture information on spending on consultancy and temporary staff (C&TS).

- The Cabinet Office Spend Analytic reviews all invoices received by departments. Spend is automatically analysed into a number of standard procurement categories based on data from departments' financial information systems. These are reconciled monthly by departments with their overall spending.
- The Efficiency and Reform Group (ERG) is responsible for increasing efficiency in central government. This includes aiming to achieve £20 billion of procurement savings during the 2010 to 2015 Parliament. Until March 2015, departments submitted monthly returns to ERG, which calculated their savings on C&TS spending compared with a 2009-10 baseline of spending.
- Since 2011, workforce management returns have been published monthly by departments' human resource teams. These show permanent staff numbers and spending as well as estimates of temporary staff and consultancy resources.

**3** We carried out a time series analysis of the Cabinet Office Spend Analytic and data systems for both contingent labour and consultancy spend (Figure 3 and Figure 4). We also analysed data from departments' audited accounts.

**4** We obtained data from the Crown Commercial Service (CCS) on C&TS assignments let through frameworks, contracts and other procurement agreements. These arrangements allow departments to let contracts at agreed rates with a supplier or to hold an additional competition.

5 We also analysed:

- the results of a survey of members of the Management Consultancies Association (MCA), examining the progress made by departments since 2010 (Appendix Four); and
- Cabinet Office contract approval decisions during 2014-15 (Figure 12 and Figure 13).

6 We compared data from the CCS temporary staff agreements for 2014-15 with the civil service pay scales in 2014. We did this by assigning temporary staff job roles an equivalent civil service grade and comparing daily costs. Further details of the methodology are given in Figure 17.

## **Interviews**

7 We interviewed staff responsible for operating spending controls, procurement and management of C&TS at CCS and 3 case study departments (Cabinet Office, the Department for Environment, Food & Rural Affairs (Defra) and the Home Office). We interviewed representatives of the MCA, the Recruitment & Employment Confederation and the Interim Management Association. We also participated in a workshop attended by representatives of 9 public bodies and 22 consultancy suppliers arranged jointly by CCS and the MCA.

## **Contract reviews**

8 We reviewed a sample of contracts, drawn to reflect the different types of assignments approved in 2014-15, to understand why C&TS were needed. We confirmed that each placement had been formally approved following submission of a business case to an appropriate board (or senior official for smaller assignments) and that actual spend was within the approved budget for the assignment. We reviewed the case files for evidence that departments required teams to search for skilled staff within the department and within the civil service before applying for temporary staff.

## **Publications review**

9 We reviewed relevant publications and reports. The main sources were our back catalogue of reports on staff costs and strategic workforce planning, and internal reports on human resources relating to our case study departments. We also reviewed third-party reports on the use of consultants.

## Appendix Three

### Progress made on previous recommendations by the Committee of Public Accounts on *Central government's use of consultants and interims*, and Cabinet Office's comments

1 In December 2010, the Committee of Public Accounts made 8 recommendations relating to the use of consultants and temporary staff (C&TS).<sup>16</sup> The government agreed with 3 of the Committee's recommendations and partially agreed with the remaining 5. In December 2012, the government reported to Parliament that it had taken action on all relevant aspects of recommendations and so considered those implemented.<sup>17</sup> We assessed that the Cabinet Office and other departments had partly implemented 5 of these recommendations by October 2015, limited progress had been made with 2 recommendations, and 1 recommendation had not been implemented (**Figure 21** on pages 47 and 48).

2 The Cabinet Office considers that:

- of the 3 recommendations (4, 6 and 8) with which the government agreed, the government has taken action on all 3 but should do more on recommendations 4 and 6 to implement them fully; and
- of the 5 recommendations with which the government partially agreed (1, 2, 3, 5 and 7), the government has taken action on all 5 but had not yet taken the right action on 2 of the recommendations (2 and 3). For instance, the Committee had recommended that the Cabinet Office require departments to prepare an annual assessment of their C&TS needs and report how they managed to reduce spending. The Cabinet Office responded that it is good practice for departments to consider their future consultancy needs as part of their annual business planning process and that it would be recommending this approach to departments, as part of the spending controls. However, the government also noted that it believes it is for departments to evaluate their spending against plans.

<sup>16</sup> HC Committee of Public Accounts, *Central government's use of consultants and interims*, Twelfth Report of Session 2010-11, HC 610, December 2010.

<sup>17</sup> HM Treasury, Treasury Minute, *Government responses on the Third to the Thirteenth Reports from the Committee of Public Accounts*, Session 2010-11, Cm 8014, February 2011; and *Progress on implementing recommendations from the Committee of Public Accounts: Session 2010–2012 and the National Audit Office*, Cm 8271, January 2012.



**Figure 21**

## National Audit Office (NAO) evaluation of progress made since 2010 against the Committee of Public Accounts' recommendations

By October 2015, government had made some progress on 5 of the Committee's 8 recommendations from its 2010 report

Summary recommendation and government response	NAO findings	NAO assessment
<p>1 The Cabinet Office should require departments to record spending on a consistent basis and measure benefits to give a government-wide view.</p> <p>The government partially agreed with this recommendation.</p>	<p>Additional reporting mechanisms have been introduced, which have improved transparency of C&amp;TS spend. But spending is not recorded consistently by departments within these mechanisms so the total spend is uncertain. Some benefits information is published on individual assignments (on Contracts Finder), but there is no government-wide view.</p>	<p>● Partly implemented</p>
<p>2 To improve understanding of the need for consultants, the Cabinet Office should require departments to prepare annual assessments of need and evaluate actual spend against those.</p> <p>The government partially agreed with this recommendation.</p>	<p>The Cabinet Office said it would recommend that departments consider annual needs and evaluate spending against such plans. The Cabinet Office approach has been to focus on individual assignments, requiring departments to submit for approval any major assignments lasting more than 9 months.</p> <p>The Cabinet Office is now proposing to introduce a consultancy approvals process based on approving the departments' annual spending plan.</p>	<p>● Limited progress made to date</p>
<p>3 To avoid 'stop-go' spending, the Cabinet Office should require departments to report how they have cut consultancy spending in 2010-11 and understand the impact.</p> <p>The government partially agreed with this recommendation.</p>	<p>Departments reported to the Cabinet Office the change in value of their spending, but not how they made reductions. Case study departments could not explain how they had reduced C&amp;TS spend after 2010, or assess the impact.</p>	<p>● Not implemented</p>
<p>4 The Cabinet Office should establish clear categories of spend (and also require arm's-length bodies to report against them).</p> <p>The government agreed with this recommendation.</p>	<p>CCS has established categories for analysing C&amp;TS spending (including arm's-length bodies) through its agreements. These work well for temporary staff but half of the consultancy spend is described only as "multi-disciplinary" (Figure 6).</p> <p>Similarly, half of the Cabinet Office Spend Analytic data on consultancy type are uncategorised or described as "technical consultancy".</p>	<p>● Partly implemented</p>

**Figure 21** *continued*

National Audit Office (NAO) evaluation of progress made since 2010 against the Committee of Public Accounts' recommendations

Summary recommendation and government response	NAO findings	NAO assessment
<p>5 The Cabinet Office and departments should grow, record and deploy people with vital skills (eg project management should increase the emphasis they place on programme and project management and ICT roles).</p> <p>The government partially agreed with this recommendation.</p>	<p>The Major Projects Authority and Government Digital Service were established during 2010-11. The Civil Service Capabilities Plan was published and 10 core functions set up incorporating many of the existing 23 professional groups. Work to develop, record and deploy people with vital skills is ongoing.</p>	<p>● Partly implemented</p>
<p>6 To reduce reliance on consultants, departments should use skills analysis to determine where to deploy training budgets.</p> <p>The government agreed with this recommendation.</p>	<p>Limited information was available on vital skills needed by case study departments and the staff in post. Work to develop people with vital skills is ongoing.</p>	<p>● Partly implemented</p>
<p>7 Departments should increase the proportion of contracts they let on a fixed price or incentive basis and define clearly the outputs required.</p> <p>The government partially agreed with this recommendation.</p>	<p>The proportion of fixed-price contracts has increased but incentive-based contracts are still rare (Figure 11).</p>	<p>● Partly implemented</p>
<p>8 The Cabinet Office should consider how they could help departments share relevant information about the performance of suppliers.</p> <p>The government agreed with this recommendation.</p>	<p>Formal evaluations of performance at the end of assignments are rare and there is no mechanism for sharing lessons between departments.</p>	<p>● Limited progress made to date</p>

Source: National Audit Office

## Appendix Four

### Industry views on government's progress made on use of consultants since 2010

**Figure 22**

The majority of Management Consultancies Association member organisations considered that government had made limited progress in important areas since 2010

Statement	Disagree (%)	Agree (%)	Ratio
1 Central controls over consultancy spending mean that departments have a clear business case and derive value for money	45	13	● 3.5:1
2 More small and medium-sized enterprise (SME) consulting firms are being hired more often by central government departments	23	35	● 1:1.6
3 Central government is increasing its use of different contract arrangements for consulting assignments including contingent fees	35	42	● 1:1.2
4 Procurement sections are closely aligned with the end-users of consulting services	77	3	● 24:1
5 Government departments are better at distinguishing between consulting and contracting, and when each is appropriate	58	26	● 2.3:1
6 The quality of tender documents has improved with a clearer focus on desired outcomes	65	16	● 4:1
7 The people buying consulting are better informed about the consulting industry and marketplace	61	19	● 3.2:1
8 There is a more intelligent approach to buying consulting services in central government	52	23	● 2.3:1

Source: Management Consultancies Association Survey 2015

This report has been printed on Evolution Digital Satin and contains material sourced from responsibly managed and sustainable forests certified in accordance with the FSC (Forest Stewardship Council).

The wood pulp is totally recyclable and acid-free. Our printers also have full ISO 14001 environmental accreditation, which ensures that they have effective procedures in place to manage waste and practices that may affect the environment.



National Audit Office

Design and Production by NAO Communications  
DP Ref: 10891-001

£10.00

ISBN 978-1-78604-022-0



9 781786 040220

---