National Audit Office

INSIGHT

Lessons learned: the government's use of external consultants

Cabinet Office

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Lessons learned: the government's use of external consultants

Cabinet Office

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

30 October 2025

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Summary

Introduction

1 Consultants are professionals who are contracted to provide advice to an organisation for a specific initiative, such as a project or programme. Consultants can provide expert insight or specialist skills that organisations require, or provide an external perspective; for example, expertise in the implementation of digital projects. Consultants can be costly, so it is important that they are used appropriately; for example, when government needs a specific set of skills it lacks, and for a defined period.

2 Cabinet Office and the Government Commercial Function, a cross-government network that supports organisations' use of commercial services, are responsible for setting the government's policy and controls on the use of consultants. Individual departments and arm's-length bodies (ALBs) are responsible for implementing government policy, managing their own use of consultants and operating internal controls around consultancy spending. Crown Commercial Service (CCS) supports the public sector to effectively procure common goods and services, including consultancy services.

3 The government does not collect data on how it uses consultants, only what it spends. As of 2022-23, central government spend on consultants was estimated by HM Treasury to be approximately £1.36 billion, but other sources suggest the figure could be significantly higher.

4 The current government has stated its aim to reduce spending on consultants. In her first speech to Parliament, the Chancellor announced her intention to stop all non-essential spending on consultancy immediately and halve the government's spend on consultants in 2025-26. In the 2024 Autumn Budget, the Chancellor reiterated those goals. Cabinet Office subsequently wrote to all departments, requiring them to ensure they had internal controls in place for consultancy spending and to follow existing government guidance for procuring consultants.

Scope

5 In this report we draw on insights from our published reports, including our good-practice guide on managing the commercial lifecycle,[1] and original fieldwork to share lessons to help the government maximise the value it achieves from its use of consultants. It focuses on:

1 National Audit Office, *Good practice guide: Managing the commercial lifecycle*, July 2021.

- how government uses external consultants;
- challenges we have identified with the government's use of consultants in our past reports; and
- lessons we have identified to improve how the government uses consultants.

6 This report sets out lessons to help departments improve how they use consultants. It is based on our analysis of the National Audit Office's (NAO's) published reports. We also carried out new fieldwork, including interviews with Cabinet Office officials, CCS, government departments, government functions, the Management Consultancies Association and many consultancy firms. We also surveyed officials from government departments and ALBs about their use of consultants. Our survey was addressed to commercial teams or those responsible for hiring consultants. Our detailed methodology can be found in Appendix One.

7 The report does not cover other services provided by consultancy firms, that are not classified as consultancy, such as the management of outsourced services. We have also produced an accompanying good-practice guide to support organisations in effectively using consultants.

How the government uses consultants

8 The government uses consultants as specialist support for a wide variety of projects and programmes. Departments we spoke to used consultants in areas including project assurance, digital transformation, project delivery, policy development, research, evaluation and scientific advice. Respondents to our survey said that they frequently used consultants for project delivery, digital transformation and change management (paragraphs 1.6, 1.7, Figures 13 and 14).

9 Departments should rigorously assess the availability of skills internally or elsewhere in the civil service before deciding to use external consultants. Consultants may be more expensive, compared with using staff with the required skills who are already employed within the civil service or where additional staff can be readily recruited on a fixed-term or permanent basis. Public bodies should start with the assumption that using their own staff will be the best use of resources (paragraph 1.4).

10 Consultants can make a valuable contribution to government initiatives, supporting the civil service by providing special skills or expertise. In our survey of officials from departments and ALBs, 86% of respondents said that consultants provided a valuable contribution to government, with 40% labelling them as extremely valuable. Consultants are less valuable when used unnecessarily, when contracts are poorly constructed or when they are not given the necessary support (paragraph 1.5 and Figure 4).

11 Consultants and civil servants increasingly work together in blended teams. While in some cases consultants work completely independently to deliver an output (such as a research report or evaluation), consultants and civil servants often now work together. Departments and consultants we spoke to told us that consultants and civil servants often form integrated teams to work on a given project. Such teams can be very effective, combining the expertise of consultants with the experience and practical knowledge of civil servants. The Health and Safety Regulator told us it had great success in using a blended team to establish the Building Safety Regulator team, motivating consultants through a shared mission (paragraphs 2.10 and 2.11).

12 Departments and ALBs can procure consultants through different routes. They can directly award contracts to a specific firm, hold open competitions, make use of CCS framework agreements, use their own departmental frameworks or use a third-party framework provider. CCS offers a range of frameworks, including one for procuring management consultants, for government bodies to use to procure common goods and services, leveraging the buying power of the whole of government. In our survey of officials from departments and ALBs, 43 officials provided responses about their use of CCS frameworks, and 39 of those said that they used CCS frameworks. Thirty of those used CCS frameworks frequently (paragraphs 1.11, 1.20 and 1.21, and Figure 5).

Challenges with the government's use of consultants

13 The government does not have a clear picture of how much is being spent on consultants or how this spending has changed over time. Inconsistent data prevent departments from understanding which consultants they use, or what skills gaps they repeatedly hire consultants to address. This makes it difficult to make decisions about how to use consultants and to monitor the government's progress against its targets to cut consultancy spending. HM Treasury receives spending data from departments that differ from departments' published accounts, private-sector commercial analysis platforms like Tussell or Oxygen Finance Insights, and spend management software used in government, such as Jaggaer Spend Analytics. This makes it difficult for HM Treasury to monitor spending reductions (paragraphs 1.30 to 1.34 and Figure 9).

14 There are multiple reasons why data are inconsistent, including use of different definitions and difficulties in classifying services that consultants deliver. Some departments do not follow the Cabinet Office's definitions. Departments may now hire a consultancy firm to provide a complete package of services, including design, management and delivery of a programme, such as a digital transformation programme. The firm could then provide consultancy, professional services and contingent labour within the same contract. This makes it difficult to isolate the amount spent. Departments sometimes struggle to report in their accounts how they allocate portions of such contracts to consultancy. As a result, government bodies may be under- or over-reporting their consultancy spending (paragraphs 1.5, 1.31 and 1.32).

15 **Cabinet Office central spending controls on consultancy were withdrawn in 2023, by the previous government, to cut the administrative burden for departments.** The government has since relied on controls that apply to all commercial contracts procured by departments. The Cabinet Office encourages departments to develop their own internal controls on consultancy spending, but departments have told us that they have taken varying approaches to establishing these controls, some more strict than others. This creates a risk that some departments are scrutinising consultancy spending less than others (paragraph 1.27 and Figure 8).

Our lessons for using consultants effectively

16 **We have identified lessons at each stage of the process of using consultants (Figure 1 overleaf).** In the next section, we outline these stages and explain why they are important.

Planning

17 **Departments should include plans for consultants in their strategic workforce plans, so they do not need to procure consultants unnecessarily or at short notice.** By properly considering the pipeline of upcoming work, and assessing the organisation's staff resources and skills, a department may be able to meet its requirements with existing staff, a new permanent staff member or contingent labour, instead of hiring a consultancy firm. In some cases, a team may be able to rely on resources elsewhere in government instead of going out to market. The Ministry of Defence, for example, asks teams that need consultancy to submit business cases to demonstrate consideration of internal staffing before deciding to use consultants (paragraphs 2.2 to 2.4).

Procuring

18 **Departments need to engage with a range of consultants to get several bids and encourage innovative proposals.** Consultants have told us that engagement with the market varies across government and can be limited. If departments do not take the time to engage potential suppliers, it could dissuade consultants from putting forward a bid or hinder them from developing the best possible proposal. By properly engaging with potential suppliers, departments can better understand the possible solutions available, including (for example) new technologies. Departments shared several examples of good practice, including HM Revenue & Customs' conference for key suppliers, the Department for Energy Security & Net Zero's use of market engagement while developing a department framework, and the Department of Health & Social Care's (DHSC's) requirement that teams demonstrate market engagement before getting approvals to hire consultants (paragraphs 2.5 to 2.8).

Figure 1
The process for using consultants

Our lessons mapped against each stage of the consultants' process

8 Use post-project performance analyses to shape and improve future consultancy bids.

9 Collect data to understand how often you are using consultants and what you are spending on consultants.

10 Scrutinise decisions to use consultants, including use by arm's-length bodies.

11 Ensure you do not become dependent on consultants, repeatedly using external consultants for the same tasks.

1 Invest in retaining and upskilling civil servants with specialist skills in order to avoid dependence on consultants.

2 Strengthen workforce planning to ensure you have the requisite resources and, when needed, leave sufficient time to procure consultants.

3 Optimise market engagement and leverage competition to secure value when procuring consultants.

4 Strengthen the role of the organisation as an 'intelligent client', ensuring contracts are focused on outcomes and outputs rather than input.

5 Define roles, responsibilities, targets and timelines clearly before signing consultancy contracts.

6 Integrate consultants carefully into blended teams to build effective collaboration and outcomes.

7 Share knowledge routinely by capturing lessons from consultants' work and spreading them across government.

Stages

Lessons

Source: National Audit Office analysis of our back catalogue of reports, government guidance and interviews with departments and consultants

Working together

19 **Departments and consultants should agree expectations up front.** It is important that there is a joint understanding of the aims of the engagement, shared values and aligned working practices, as well as agreement on timelines, key performance indicators, deliverables, knowledge transfer arrangements and support that will be available for consultants throughout the duration of the contract. Throughout the engagement, departments should monitor progress and manage the relationship. One consultancy firm told us that the Department for Business & Trade demonstrated good practice in mobilising teams, clearly establishing roles and responsibilities and holding regular meetings (paragraphs 2.9 to 2.12).

Learning

20 **Knowledge transfer arrangements should be built into contracts, specifying what skills and knowledge the government seeks to develop and how they will be transferred.** Civil servants need to learn enough to keep an initiative going after consultants' contracts end. In some cases, civil servants can develop their skills to such an extent that the department will not need to hire consultants to supply that skill again in the future. Knowledge transfer should not just be a transfer of documents at the end of a project but should be an active process throughout the engagement. Our previous guidance and other central government guidance have also stressed the need for departments to carry out post-project reviews, which should include the role of consultants. The Department for Environment, Food & Rural Affairs has told us that teams using the departmental framework review their experience so future teams can make better decisions (paragraphs 2.17 to 2.20).

Assessing use

21 **Proportionate scrutiny and oversight can help consultancy spend deliver the best value, but in some areas this is lacking.** Our past reports have highlighted that ALBs' spending does not receive as much scrutiny as that of central departments, but agencies and ALBs spend significant sums on consultants. DHSC, for example, has improved oversight on consultancy, professional services and contingent labour by gathering data centrally. It tracks spending trends in real time through a monthly report to the Minister of State for Health based on all the business cases it approves that month (paragraphs 2.13 to 2.16).

Part One

Use of consultants

1.1 This part of the report sets out:

- the role of consultants in government;
- oversight of use of consultants;
- specialist support, frameworks and guidance; and
- the government's management of consultancy spend.

Role of consultants in government

1.2 The Cabinet Office defines the role of consultants as providing advice to fill a knowledge gap, operating outside the organisation's structure and staffing establishment, receiving payment based on delivery of a defined output, and not being involved in business-as-usual work. Consultants can be a flexible and cost-effective part of a department's workforce, providing expert insight or specialist skills that organisations require for a short period, or to provide an external perspective. Consultants provide advice to organisations delivering discrete projects, as opposed to contingent labour or professional services (**Figure 2**). Consultants, for instance, might provide advice on how an organisation can deliver savings by increasing the efficiency of their operations. Professional services, on the other hand, include actions such as business-as-usual legal services for an organisation.

1.3 Consultants are used extensively across government. As of 2022-23, central government spend on consultants is estimated to be £1.36 billion, according to data provided to HM Treasury, compared with £1.57 billion in the previous financial year.[2] Our survey of officials from departments and arm's-length bodies (ALBs) in commercial teams or with a responsibility for hiring consultants found that 85% of respondents had used consultants in government within the past year, and 50% had done so frequently (**Figure 3** on page 12).

2 HM Treasury receives data as part of the Whole of Government Accounts process, which is later than that of individual department accounts. 2022-23 is the latest available year of data at the time of our report.

Figure 2

Cabinet Office definitions of consultants and other external resources, August 2025

According to Cabinet Office's definition, consultants provide advice outside of the organisation's business-as-usual work

	Consultancy	Professional services	Business process outsourcing/ managed services	Contingent labour
Description of service	Providing advice to identify options or recommendations, or advice to assist with implementing solutions.	Providing services that are not mostly advice (unless advice is part of business-as-usual activities).	Delivering part, or all of a business process on behalf of the organisation, rather than a single piece of work.	Delivering contractors, agency workers, and temporary staff, to work in the operation of the organisation for an extended period.
Work is time limited?	Yes	Yes	No	No
Individuals work inside the organisational structure of the organisation?	No	No	No	Yes
Part of business-as-usual work of the organisation?	No	Yes	Yes	Yes
Typical examples	Assisting a department with a business change programme, digital transformation or policy development.	Routine legal advice or training provision as part of the department's day to day work.	Customer service or managing of a particular grant programme, or delivering IT support.	Surge capacity for departments when they lack staff, for any given role that exists within a department.

Note

1 Definitions in use by Cabinet Office, August 2025. Cabinet Office said in July 2025 that it was working on revised definitions for consultancy and other external resourcing categories.

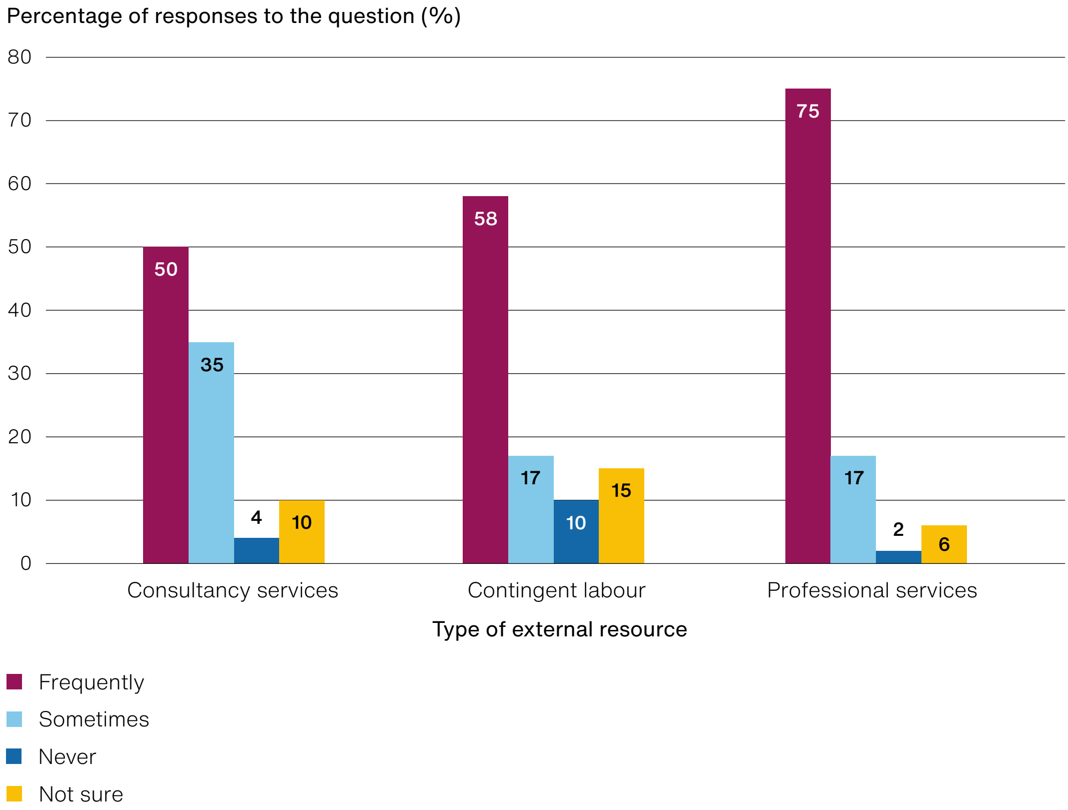
Source: National Audit Office analysis of Cabinet Office external resource definitions

1.4 The government should always start with the assumption that using their own staff will be the best use of resources. Consultants may be more expensive, compared with using staff with the required skills who are already employed within the civil service, or where additional staff can be readily recruited on a fixed-term or permanent basis.

Figure 3

Surveyed UK government officials' use of consultants, professional services and contingent labour, August 2025

Of government officials we surveyed, 85% said they have used consultants in the past year



Notes

1 The survey was sent to all government departments with a request to forward the survey to their arm's-length bodies (ALBs). Respondents include commercial teams or those responsible for hiring consultants.

2 The original survey question was as follows: In the past year, how often has your department or organisation used the following types of external resourcing?

3 Of the 50 total survey responses received across 13 departments and four ALBs, 48 respondents answered this specific question. The survey was open for three weeks between July and August 2025.

4 Percentages for each type of external resource may not add up to 100%, due to rounding.

5 Respondents could select more than one option in this question.

Source: National Audit Office survey of officials from UK central government departments and arm's-length bodies

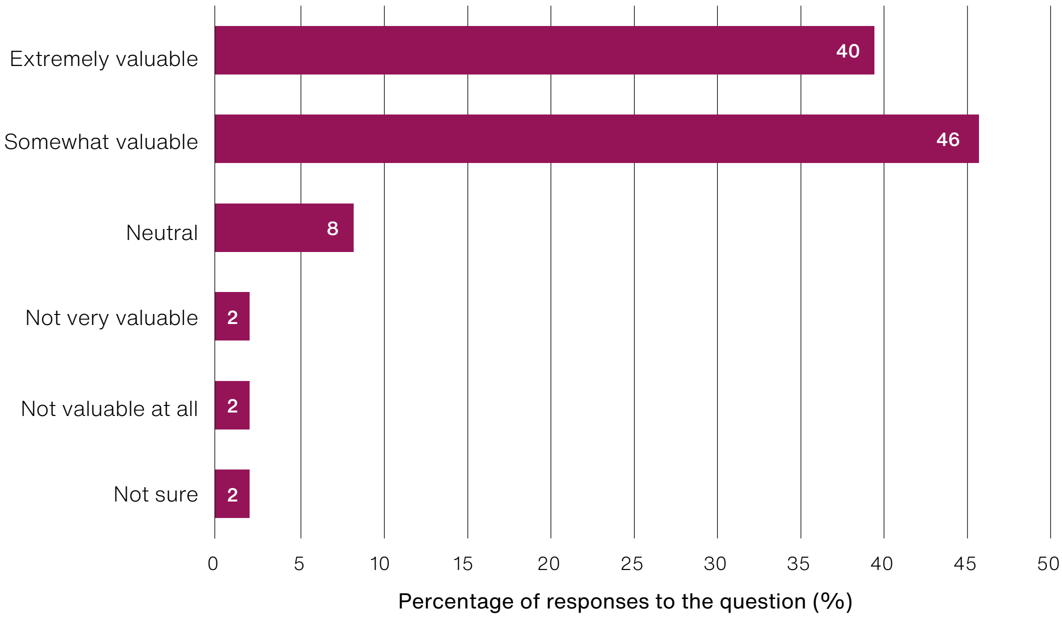
1.5 When used appropriately, consultants can make an important contribution to government. In our survey of government officials from departments and ALBs, 86% of respondents said that consultants provided a valuable contribution to government, with 40% labelling them as extremely valuable (**Figure 4**). Consultants we talked to believe that they add the most value when they are hired to solve specific problems using expertise that the civil service lacks. Government bodies and consultants highlighted digital projects as examples of high value-add, such as the Health and Safety Executive's launch of the Building Safety Regulator, which included digital solutions as part of a consultancy engagement. On the other hand, consultants and departments each acknowledge that consultants add less value when used by government simply as temporary workers during busy periods.

Figure 4

Views from surveyed UK government officials across departments and arm's-length bodies (ALBs) on the value of external consultants, August 2025

Of government officials we surveyed, 86% said consultants were valuable contributors to government

Views on the value of external consultants



Notes

1 The survey was sent to all government departments with a request to forward the survey to their ALBs. Respondents include commercial teams or those responsible for hiring consultants.

2 The original survey question was as follows: In general, how valuable do you consider the contribution of external consultants to your department or organisation?

3 Of the 50 total survey responses received across 13 departments and four ALBs, 48 respondents answered this specific question. The survey was open for three weeks between July and August 2025.

Source: National Audit Office survey of officials from UK central government departments and arm's-length bodies

1.6 Consultancy has been changing in recent years, shifting away from traditional, discrete management consultancy work. Clients may now hire a consultancy firm to provide a complete package of services, including design, management and delivery of an initiative, such as a digital transformation programme. The Home Office gave the example of a £51 million mobile communications programme, which it defined as its highest-value consultancy engagement, but includes services not traditionally defined as consultancy. When consultancy firms provide consultancy, professional services and contingent labour (see Figure 2) within the same contract, some departments may struggle to report in their accounts how they allocate portions of such contracts to consultancy, resulting in over- or under-reporting of total consultancy spending.

1.7 Departments use consultants when they lack specific expertise or have insufficient staff with necessary skills. Those we spoke to talked about consultants being used in a wide range of roles, including project assurance, digital transformation, project delivery, policy development, research, evaluation and scientific expertise. Our survey revealed that consultants are frequently used for project delivery, digital transformation and change management (see Appendix Two, Figure 13).

1.8 Data from one private commercial analysis platform used by the government indicates that management and transformation consultancy accounted for 44% of central government spending on consultants in financial year 2022-23, followed by property consultancy (20%) and technology consultancy (17%). During the same financial year, another platform attributed 46% of central government spending to project portfolio management consulting, followed by technical consulting (16%) and uncategorised consultancy services (15%).

1.9 The government has aimed to improve its capabilities through several initiatives to recruit, retain and train staff over recent years, though gaps remain. Cabinet Office established cross-departmental functions for areas such as commercial, property and digital, to help recruit, develop and retain specialists in their given field. Departments told us that despite these efforts, they continue to face difficulties in recruiting and retaining skilled staff within the civil service because of pay restrictions and intermittent hiring restrictions. In some cases, consultants and contingent labour have been hired to fill staffing gaps. Sometimes, consultancy firms are hired to provide contingent labour. However, in some cases, consultants provide niche skills that departments may not want to retain on a permanent basis, as they are only required occasionally.

Oversight of use of consultants

1.10 The Cabinet Office, the Government Commercial Function (GCF) and Crown Commercial Service (CCS) support departments procuring consultants and other types of external resources. Cabinet Office sets policy and controls to improve the efficiency of spending on consultancy across government, often through the GCF.

1.11 CCS is the successor to the Government Procurement Service and was established as an agency of the Cabinet Office in 2014 to save money and improve the quality of common goods and services by bringing together and directly buying common goods and services on behalf of central government and the wider public sector. CCS offers a range of services to the government and wider public sector.[3] Among its services, CCS operates frameworks through which departments and ALBs can procure consultancy services from an agreed set of suppliers. CCS also runs a triage service, Prosper, to assist departments in managing their consultancy spending (see paragraph 1.18). Since CCS took over the triage service, it has expanded it to include industry engagement.

1.12 The GCF is one of 14 'functions' through which the government is seeking to develop and provide the specialist capabilities it requires. The GCF is a cross-government network of staff with commercial expertise, and aims to develop the knowledge and skills that are needed for the government's commercial work. It contains a central team within Cabinet Office, and staff directly employed by departments.

1.13 Departments implement government policy and can choose to use consultants as part of their work. They are responsible for operating internal controls to manage their own spending on consultants, following guidelines set by Cabinet Office. Departments can procure consultants by directly awarding contracts to a specific firm, holding open competitions, using CCS framework agreements, using their own frameworks or using a third-party framework provider.

1.14 The GCF is responsible for the *Consultancy Playbook*, as well as the related *Sourcing Playbook*. The *Consultancy Playbook* offers departments relevant guidance on how to procure, manage and learn from consultants, but it was last updated in 2022. The playbook has many references to the Government Consulting Hub (GCH), including its Knowledge Exchange platform, despite this hub no longer existing. Departments and consultants told us that the playbook was useful and contained sensible advice, but that it could be used more consistently. The GCF is currently in the process of refreshing the *Consultancy Playbook* and considering changes to categories of external resources.

1.15 The Procurement Act 2023 came into effect in 2025. To meet its enhanced transparency requirements, Cabinet Office introduced a central digital platform in February 2025, which requires contracting authorities to publish significantly more information about upcoming procurements and contracts. Contracting authorities will now need to publish notices at each stage of procurement.

3 Crown Commercial Service told us that it creates value in a number of ways: aggregating the demand from the public sector for common goods and services, providing category and commercial expertise, procuring on behalf of contracting authorities, and collecting, collating and sharing data and insight, etc. CCS establishes commercial agreements, awarding places to suppliers as a result of a compliant and competitive procurement process. Public sector contracting authorities can use these agreements to procure common goods and services.

Government alternatives to external consultants

1.16 The Open Innovation Team is a cross-government team with about 45 staff, that assists departments in policy research and development. It also has an evaluation unit that can support departments seeking to evaluate their initiatives. It operates on a cost recovery basis, only charging departments for the staff costs involved in a given project. There is no map of such expert services available in the government, so some teams within departments may not be aware of them.

1.17 The Complex Transactions Team (CTT), part of the GCF, provides commercial expertise to departments. It was established in 2013 and now comprises 39 full-time staff. The CTT assists with commercial strategies, negotiation strategies and other services. It supported the UK's response to COVID-19, enabling design and production of ventilators and operationalising of daily testing.

1.18 Prosper is a CCS-led initiative wherein a CCS team helps departments reduce their spending on external consultants and maximise the value of consultancy engagements. The initiative moved from pilot to business as usual in 2025. During its pilot phase, Prosper staff worked with the Ministry of Defence to analyse trends in the department's commercial controls, refine key performance indicators for consultancy tenders and choose the right routes to market. As part of a separate pilot project, Prosper collated feedback from consultancy suppliers to help the Department for Work & Pensions increase competition in procurement.

1.19 In May 2021, the government established the GCH with the intention to improve its use of consultants and to provide an in-house alternative to consultancy services. The organisation had 70 to 100 staff and charged its costs to departments that used its services. The GCH provided a range of services to departments, including:

- in-house consultancy services, informally named 'Crown Consulting', including traditional strategic consultancy support (see **Figure 5**);
- guidance on how to use consultants, which included publishing the *Consultancy Playbook* that set out guidance for departments on procurement, management and learning from consultants;
- triage of departmental spending pipelines, recommending when departments could use internal resources or reuse work from within government; and
- a knowledge exchange platform, launched in December 2021, to share learning from consultancy work across government, including tools, methodology and materials from consultants.

1.20 Other countries have launched similar initiatives to provide in-house consultancy services for their governments (Figure 5). These government agencies or state-owned enterprises vary in size, and in the case of Australia and France were set up as part of a broader push to reduce public-sector reliance on external consultants.

Figure 5

International comparisons between the United Kingdom and other countries with an in-house consultancy-style service

Public administrations in Australia, Germany, and France still make use of consultancy-style services set up by the government, whereas the UK Cabinet Office's service closed in 2023

	United Kingdom	Australia	Germany	France
Consultancy service name	Government Consulting Hub	Australian Government Consulting	PD Berater der öffentlichen Hand (PD Consultant for the Public Sector)	Agence de Conseil Interne de l'État (State Internal Consulting Agency)
Year established	2021	2023	2008	2007 (predecessor) 2024 (current form)
Still operational?	No. Closed January 2023	Yes	Yes	Yes
Staffing	70–100	32 (reported) 40 (planned)	>900	55 specialists
Functions, funding and details	No dedicated budget; recovered costs by charging for its work. Also provided knowledge sharing and official guidance to government.	Strategy, policy and organisational performance. Aims to become self-sufficient by charging fees to departments that use its services.	State-owned enterprise. Construction, infrastructure, financial plans, and digital. Won at least nine independent awards, including for public sector consultancy market.	Works with a dedicated government unit for procuring consultants. Procurement unit and agency helped cut €191 million in French state consultancy spending, 2021-23.

Source: National Audit Office analysis of UK government documents, UNESCO data from the European Union-funded Technical Support Instrument project on Developing In-Government Consulting Capacities in Six EU Member States, and official information published online.

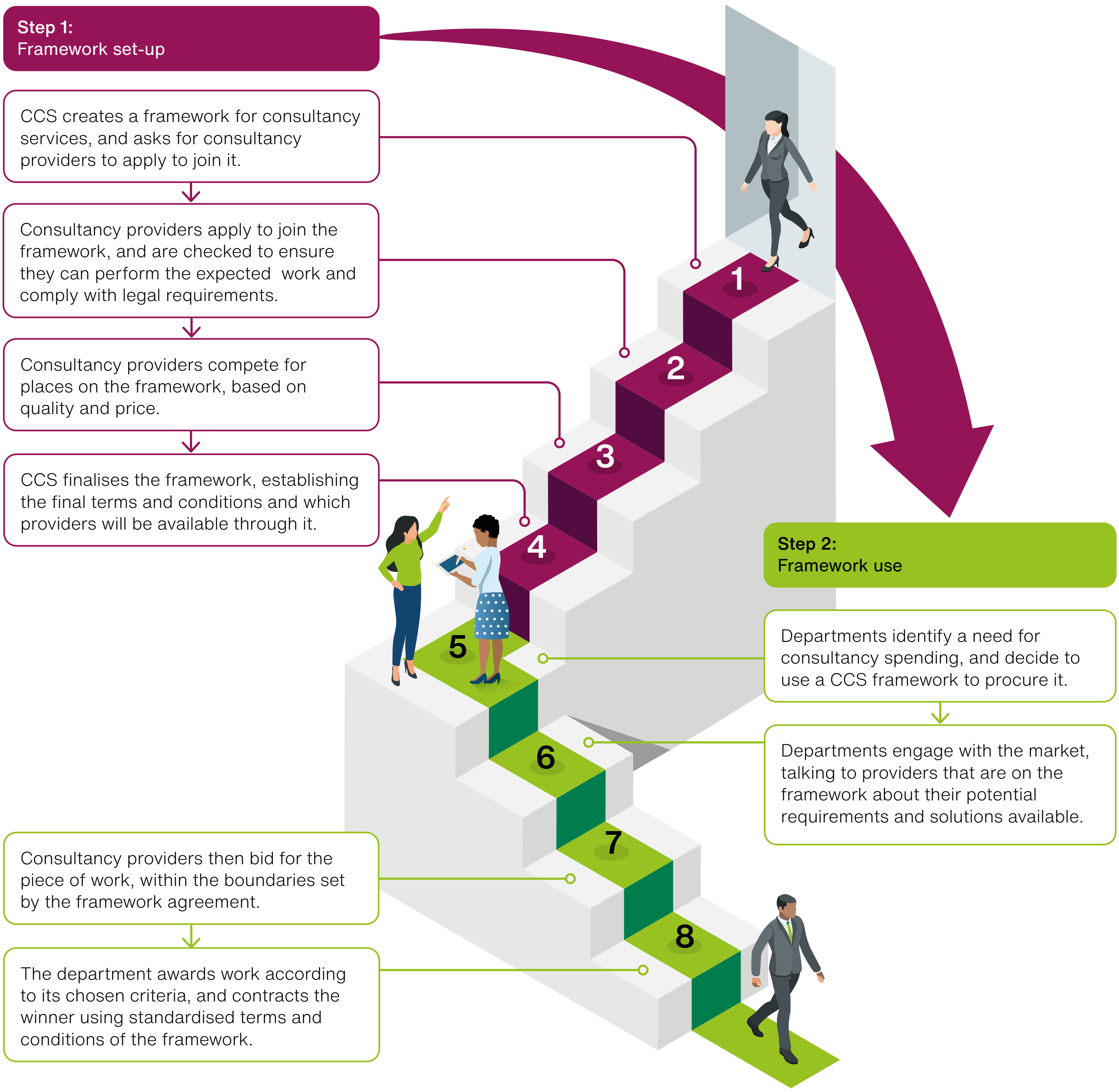
1.21 Cabinet Office closed the GCH on 31 January 2023 as part of efforts to reduce the civil service headcount. After the closure of the GCH, the in-house consulting services and knowledge sharing platform were discontinued. The triage service, now in the form of Prosper, was transferred to CCS. Responsibility for the *Consultancy Playbook* was transferred to the GCF.

Frameworks

1.22 CCS offers a range of commercial agreements, including frameworks, for departments to use to procure common goods and services, leveraging the buying power of the whole of government (**Figure 6** overleaf). A framework is an agreement to allow buyers to procure goods and services from a list of pre-approved suppliers, with agreed terms and conditions and legal protections, and frequently with an agreed maximum price, which can be further negotiated down.

Figure 6
Crown Commercial Service (CCS) frameworks

By using an established CCS framework, departmental clients benefit from standardised terms and conditions plus a list of compliant consultancy service providers from which they can choose by competition



CCS actions

Framework users' actions

Source: National Audit Office analysis of Cabinet Office documents

1.23 CCS has numerous frameworks, including the Management Consultancy Framework (MCF), and departments and consultants have told us that these frameworks provide clear, standardised terms and conditions and fees, minimising risk.[4] While we were told that the use of CCS frameworks is increasing, the majority of consultancy spending still does not go through the CCS management consultancy framework. In our survey of government officials from departments and ALBs about their use of consultants, we asked a question about how they procured consultants. Of the 43 officials who gave responses about their use of CCS frameworks, 39 said that they used CCS frameworks, 30 of them frequently (**Figure 7** overleaf).[5]

1.24 While consultancy firms generally spoke highly of the consultancy frameworks, some told us that it can be challenging to become a supplier on a CCS framework, noting that the process is long and costly and that getting on the framework does not guarantee work. Time and cost may limit participation of small and medium-sized enterprises (SMEs) in CCS frameworks. Only 6% of central government spend through the MCF was attributable to SME suppliers in 2023-24. CCS told us that there has been progress in this space and that 56% of the firms on MCF4 are SMEs.

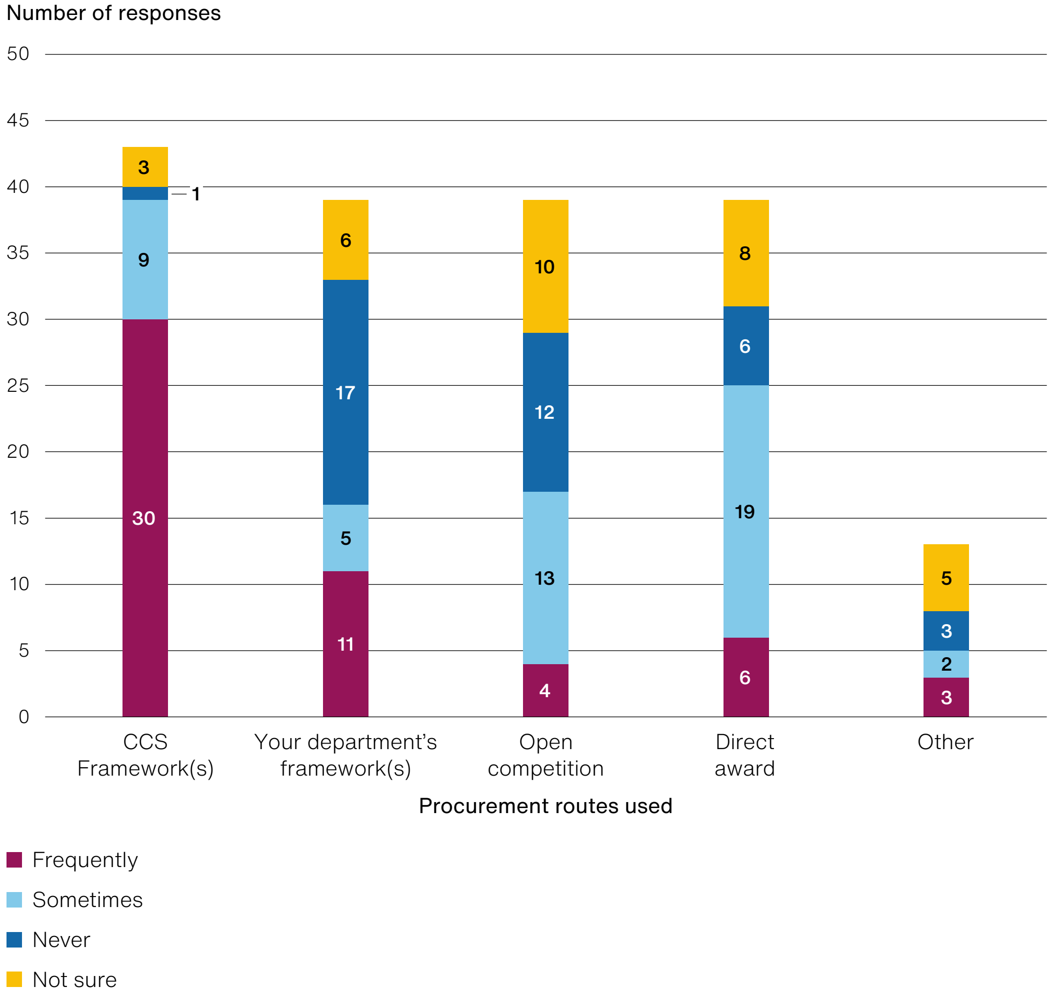
1.25 Departments may alternatively use third-party frameworks[6] to procure consultancy services, though CCS discourages this, considering such frameworks to be not good value for money. These third-party frameworks may charge higher management fees than equivalent CCS frameworks, due to offering additional procurement support to departments. We were told by GCF that such frameworks can be used by departments to obscure which firm is supplying the service, and we have previously reported that the extent to which such frameworks are used as a route to direct awards is unknown.[7]

4 CCS's third Management Consultancy Framework, MCF3, was available from 2021 to 2025 and was replaced by MCF4 in July 2025. Some consultants we spoke to have expressed concern that MCF4 is planned to run for two years rather than the usual four.
5 Of the 50 government officials surveyed, 46 responded to the question about how they procured consultants, of which 43 responded to the option about CCS frameworks.
6 These are sometimes known as 'Neutral Vendor Frameworks' and 'Managed Service Provider frameworks'.
7 Comptroller and Auditor General, *Efficiency in government procurement of common goods and services*, Session 2024-25, HC 116, National Audit Office, May 2024.

Figure 7

Use of different routes to market for procuring external consultants by UK government officials from departments and arm's-length bodies (ALBs) we surveyed, August 2025

Our survey showed that surveyed government officials in departments and ALBs used multiple routes to market for procuring consultants



Notes

1 The survey was sent to all government departments with a request to forward the survey to their ALBs. Respondents include commercial teams or those responsible for hiring consultants.

2 The original survey question was as follows: In the past year, how have external consultants been procured for your department or organisation?

3 Of the 50 total survey responses received across 13 departments and four ALBs, 46 respondents answered this specific question. The survey was open for three weeks between July and August 2025.

4 The five respondents who frequently or occasionally used 'other' routes to market were presented with an optional free text box for further details. Free text replies that gave further details included other public sector frameworks not run by Crown Commercial Service (CCS), and third-party frameworks.

5 Respondents could select more than one option in this question.

Source: National Audit Office survey of officials from UK central government departments and arm's-length bodies

1.26 Several departments make use of their own frameworks. Often, but not always, these are used for specialist topics for which CCS does not have a tailored framework offering. For example, the Department for Transport contracts specialised engagements for transport-related technical and commercial consultancy through its own framework, and the Department for Environment, Food & Rural Affairs has a framework for social science consultants, including behavioural scientists. These frameworks can allow departmental teams to get access to technical advice faster than if they had run an open competition, but at better value than if they provided a direct award. They may be less useful when covering areas where CCS does have an existing framework. In our survey of government officials from departments and ALBs about their use of consultants, we asked a question about how they procured consultants. Of the 39 who gave responses regarding their use of their own department's frameworks, 16 said that they used their department's frameworks; 11 frequently (Figure 7).[8]

1.27 According to government regulations, it is possible (in limited circumstances, such as moments of extreme and unavoidable urgency) to award a contract to a supplier directly, without running a competitive procurement process. The government has identified the use of direct award without sufficient justification as an area of poor practice in public procurement of consultants. It is also possible to award a call-off contract to one of the suppliers that have been awarded a place on a framework without running a further competition. This is different from directly awarding to a supplier outside a framework, because the suppliers that the buyer is selecting from have already been subject to the competitive procurement process that was run to establish the framework, and must follow the procedures set out in the framework terms.[9] In our survey of government officials from departments and ALBs, 39 gave responses regarding their use of direct award, and 25 of those said that they did use direct awards (Figure 7).[10]

The government's management of consultancy spend

1.28 The government has sought to control consultancy spend in a variety of ways since 2010 (**Figure 8** on pages 22 and 23). However, spending on consultants rose between 2017-18 and 2022-23. We reported in 2019 on the impact of EU Exit preparations on consultancy spending.[11] The COVID-19 pandemic also led to additional spending on consultants.

8 Of the 50 government officials surveyed, 46 responded to the question about how they procured consultants, 39 of whom responded to the option about their own department's frameworks.

9 The Procurement Act 2023 states that "a framework may provide for the future award of a public contract without competition between suppliers." To distinguish this procedure from "direct awards", CCS refers to it as "Award without Competition."

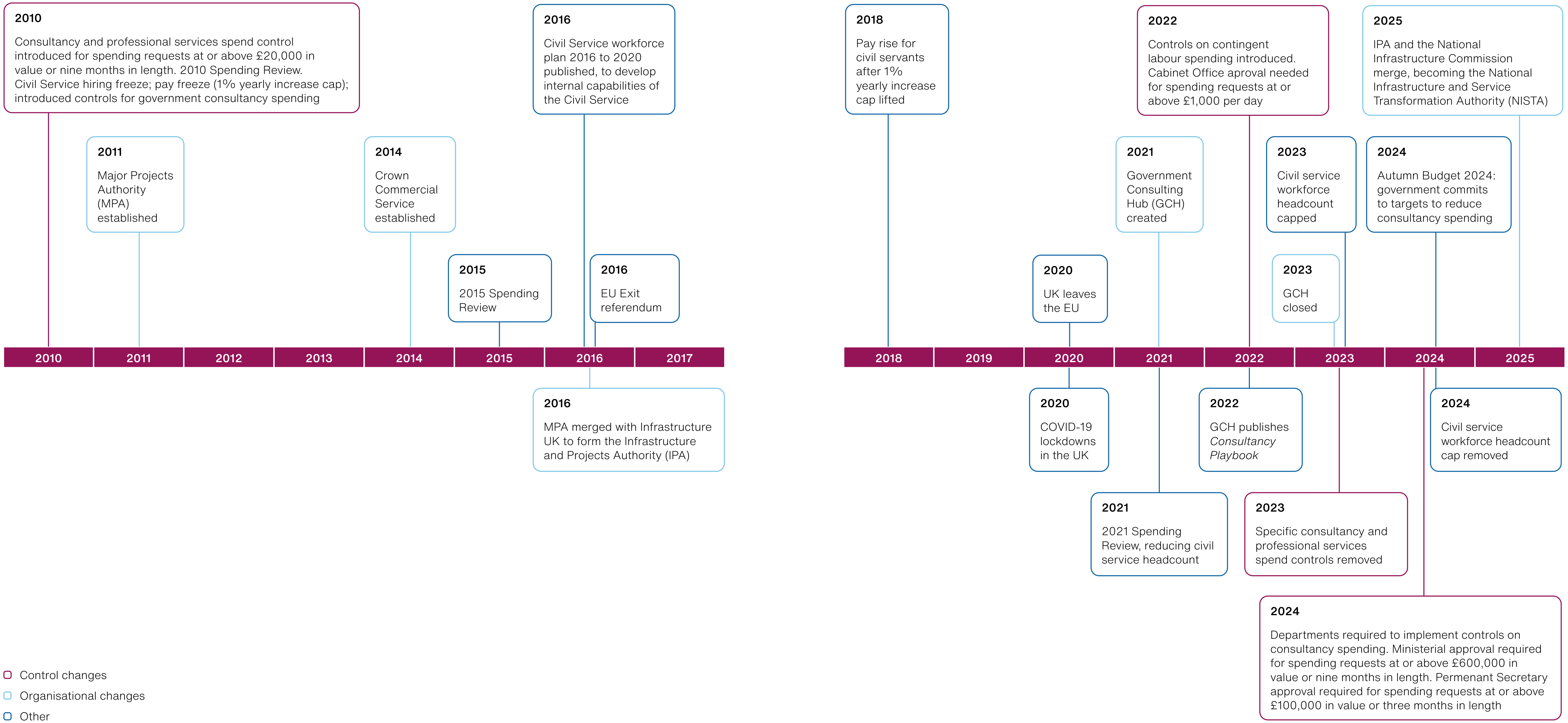
10 Of the 50 government officials surveyed, 46 responded to the question about how they procured consultants, 39 of whom responded to the option about direct award.

11 Comptroller and Auditor General, *Departments' use of consultants to support preparations for EU Exit,* Session 2017–2019, HC 2105, National Audit Office, June 2019.

Figure 8

Timeline of UK Government actions to manage consultancy spending, 2010–2025

Cabinet Office has introduced controls, issued guidance and conducted workforce planning to manage government consultancy spending



- Control changes
- Organisational changes
- Other

Source: National Audit Office analysis of our back catalogue reports on the government's use of consultants and Cabinet Office documents

1.29 From 2010 to 2022, Cabinet Office managed extensive central spending controls over consultancy spending by departments, but these were withdrawn in 2023 to cut the administrative burden for departments. Cabinet Office has since relied on departments' internal controls for consultancy spending, and its own controls that apply to all commercial contracts procured by departments. These current controls only affect contracts that are greater than £20 million in value (**Figure 9**). Cabinet Office encouraged departments to develop their own internal controls to replace the more important central ones. Departments have told us that they have taken various approaches to establishing these controls, setting varying spending thresholds and performing different checks on consultancy spending. While this may allow for more proportionate approaches, it also creates a risk that some departments are scrutinising consultancy spending less than others.

1.30 The Chancellor set targets for savings on consultancy spending across government as part of her July 2024 speech to Parliament, including an immediate stop to all non-essential spending on consultancy services and halving the government's future spend on consultants, saving £550 million in 2024-25. In the 2024 Autumn Budget, the Chancellor reiterated those goals. Following the Chancellor's announcement to cut consultancy spending across central government, Cabinet Office has said that it and HM Treasury are jointly monitoring departments' progress against these savings targets.

1.31 Cabinet Office subsequently wrote to all departments, telling them to establish controls internally for consultancy spending, to make use of the *Consultancy Playbook* and to procure consultants through CCS frameworks. It stated that departments should comply or explain why they are not doing so for each of these points. The Chancellor's 2025 Spending Review has furthered the ambition of these targets and foresees "over £700 million per year" in savings on consultancy by 2028-29.

Data

1.32 The Cabinet Office and government departments use several data sources to measure spending on consultancy:

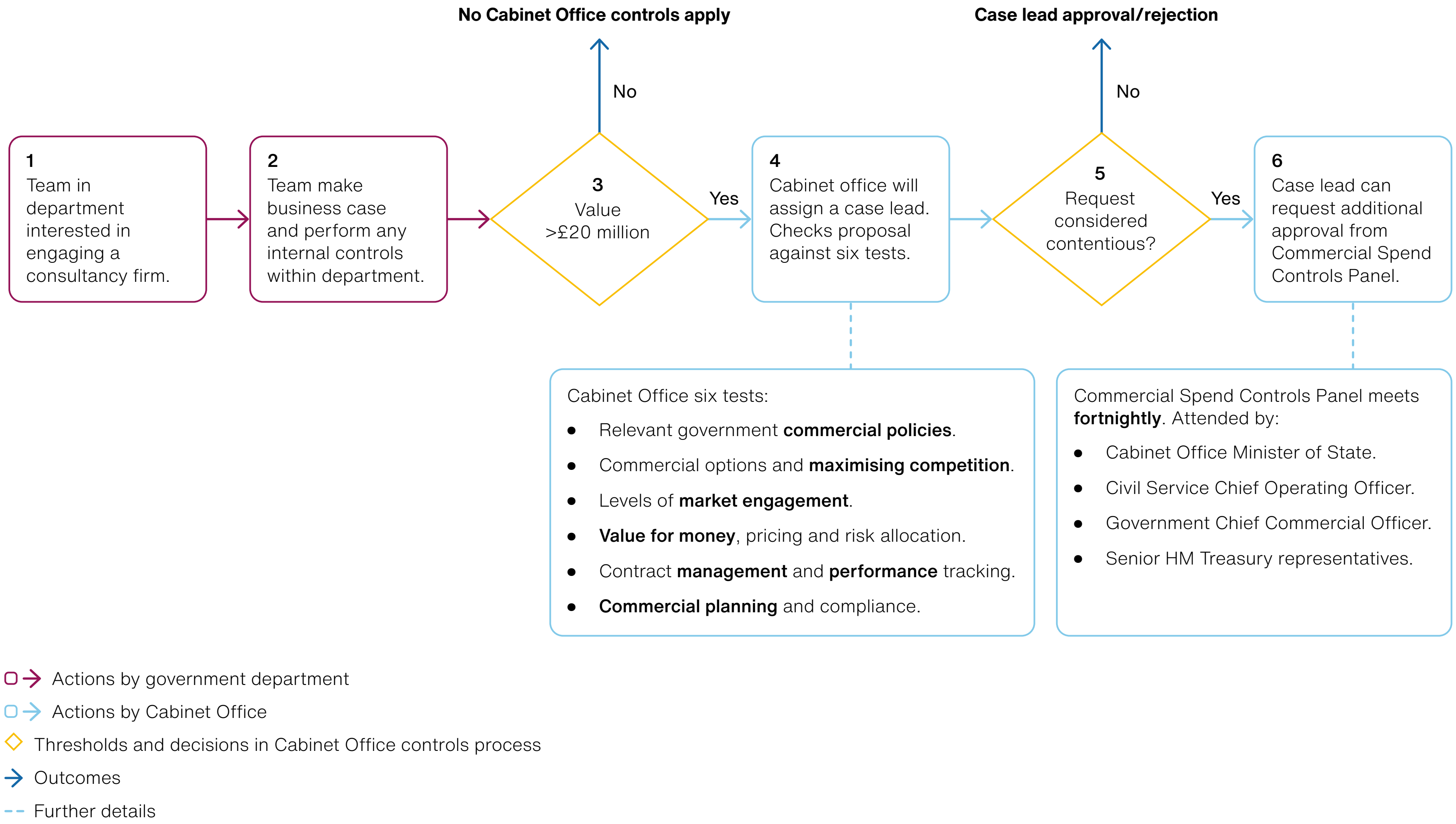
- Departments' annual reports and accounts (ARAs). The annual report section of each ARA states an unaudited 'consultancy' spending figure for that financial year. HM Treasury publishes the Financial Reporting Manual for departments to use when preparing their ARA.

- Departments' spending returns, including on consultancy. All returns are submitted to HM Treasury through the Online System for Central Accounting and Reporting (OSCAR) tool, for use in the Whole of Government Accounts.

Figure 9

Cabinet Office commercial spend controls, August 2025

Cabinet Office operates spend controls for spending requests valued above £20 million, including on consultancy



Note

1 'Contentious requests' refer to spending requests considered 'novel, contentious, or repercussive' as per HM Treasury guidance. Requests may qualify as such if the body has no experience in the area being requested, if the request may cause public debate or criticism or if it sets a precedent for potential, wider financial implications.

Source: National Audit Office analysis of Cabinet Office documents

- Private-sector commercial analysis platforms like Tussell and Oxygen Finance Insights. These platforms produce data insights by categorising departments' publicly released invoices. CCS pointed to Oxygen Finance Insights as the platform that it consults for central government consultancy spending.
- Spend management software systems, like Jaggaer Spend Analytics. This software draws on internal data generated by government procurement systems and can provide categorised spending insights. CCS told us that it uses Jaggaer Spend Analytics to monitor government consultancy spending.

1.33 The data available on departments' consultancy spending are inconsistent and vary from one source to another (**Figure 10**). An industry source, the Management Consultancies Association, provides yet another estimate.[12] This means the government does not have a clear picture of how much is spent or how this spending has changed through time (Figure 10). This makes it difficult to make decisions on use of consultants or monitor progress against its targets to cut consultancy spending. For example, it may be challenging for CCS to monitor the proportion of consultancy spending that is through its frameworks due to this lack of consistent data. Definitions of consultancy vary across government, which contributes to these inconsistent data. Inconsistent data similarly prevent departments from understanding which consultants they use, or what skills gaps they repeatedly hire consultants to address. Departmental annual reports use different definitions of what constitutes consultancy spending, which may or may not be based on the Cabinet Office definition for consultancy. Departmental annual reports also may or may not separate the core department's spending on consultants from departmental group spending, which also includes ALBs, agencies and non-departmental public bodies.

1.34 HM Treasury's OSCAR tool relies on departments identifying and inputting the correct category for each spending return. Departments suggested that the difference between consultancy, professional services and contingent labour categories can be challenging to understand, because the same suppliers may serve multiple categories or because tasks within each category are similar to one another. As a result, one department expressed concerns about data quality available to HM Treasury.

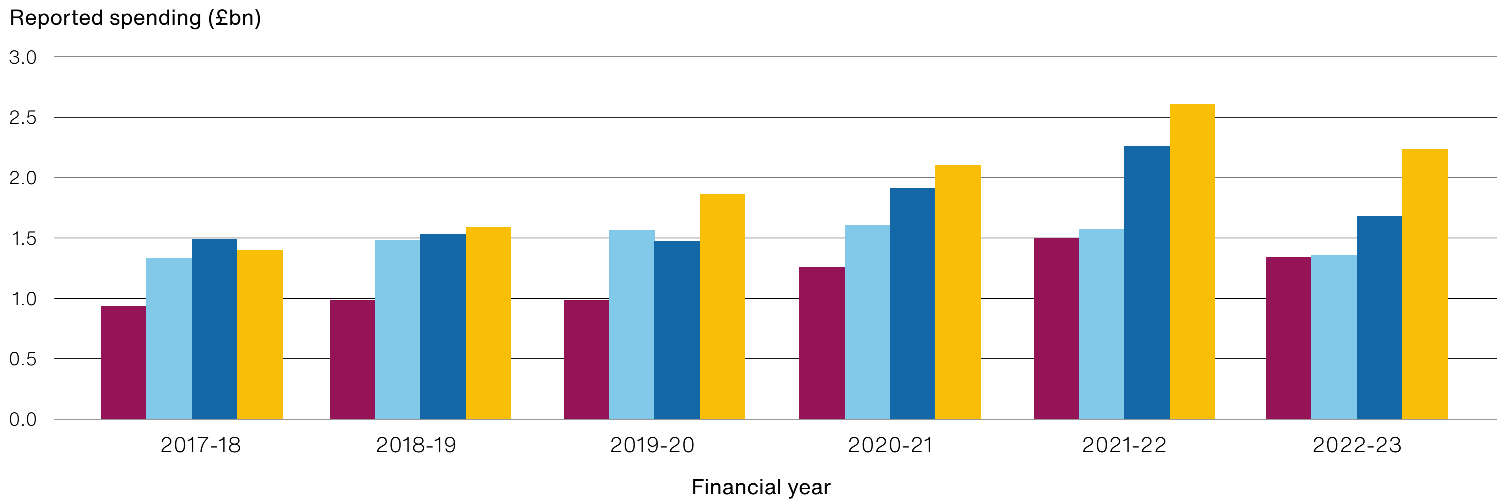
1.35 CCS told us that it could not use private commercial analysis platforms for an accurate estimate on consultancy spending, due to differences in each platform's approach to categorisation. CCS believes that actual spending may lie between the figures given by Oxygen Finance Insights and Jaggaer Spend Analytics. These sources varied by an average of £270 million per year between 2017-18 and 2022-23.

12 The Management Consultancies Association estimates public sector fee income at £5.3 billion in 2023 and £4.6 billion in 2024. This includes the wider public sector, such as local authorities.

Figure 10

UK central government departments' spending on consultancy between 2017-18 and 2022-23

Significant variance exists between four data sources used in government to measure spending on consultancy



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
ARA (Group)	0.94	0.99	0.99	1.26	1.50	1.34
OSCAR (WGA)	1.33	1.48	1.57	1.61	1.57	1.36
Oxygen Finance	1.49	1.53	1.48	1.91	2.26	1.68
Jaggaer Spend	1.40	1.59	1.87	2.11	2.61	2.23

Notes

1 The annual report section of departments' annual report and accounts (ARAs) as well as HM Treasury's Online System for Central Accounting and Reporting (OSCAR) tool are official government sources of data. The Whole of Government Accounts (WGA) rely on data submitted through OSCAR. Oxygen Finance Insights is a private-sector commercial analysis platform, producing data insights based on departments' publicly-released invoices. Jaggaer Spend Analytics is a spend management software system that draws on internal data generated by government procurement systems. The Crown Commercial Service (CCS) consults Oxygen Finance Insights and Jaggaer Spend Analytics for central government consultancy spending.

2 Spending is by financial year, all figures nominal. 2022-23 was the most recent financial year with complete OSCAR returns and the most recent financial year for Oxygen Finance datasets.

3 'Consultancy' and/or all constituent subcategories have been calculated as per the definitions used in each data source.

4 The terms 'core' and 'group' refer to how a department reports on spending registered in all the non-departmental public bodies and agencies to which it acts as a parent. 'Core' spending figures are for the department itself, whereas the 'group' spending figures include the department, its agencies and non-departmental public bodies. The annual report section of departments' ARAs may or may not include separate 'core' and 'group' consultancy spend figures. Wherever possible, ARA spending data has been calculated on a 'group' figure basis. Certain data entries within Jaggaer Spend Analytics included the terms 'core' and 'group', however these were not consistently applied. Neither Oxygen Finance data insights nor data extracted from the OSCAR tool natively distinguished between 'core' and 'group' spending.

5 The WGA time series is based on accounting data information collected by government departments. These time series data are not considered official statistics and have not been quality assured in line with the Code of Practice for statistics, but HM Treasury has agreed to supply the National Audit Office with the information for the purposes of this report.

Source: National Audit Office analysis of nominal 'Consultancy' spending as reported in UK central government annual report and accounts, as listed in Online System for Central Accounting and Reporting tool returns, and as given by one private commercial analysis platform and one spend management software system used by the Crown Commercial Service

Part Two

Learning on use of consultants

2.1 This part of the report identifies the most important areas to get right for consultants to be used appropriately, current challenges and examples of good practice.

Planning

Learning

Invest in retaining and upskilling civil servants with specialist skills, to reduce reliance on consultants.

Strengthen workforce planning to limit the need for costly external resourcing.

2.2 Workforce planning ensures that organisations have the right level of staff for their needs, with the necessary skills and capabilities. Getting workforce planning right helps organisations carry out their operations effectively so that they can achieve their objectives and priorities. It helps them to understand where they may need consultants to fill any skills gaps and helps departments to manage consultants in a more strategic way. Our guide *Government workforce planning – audit framework* sets out the importance and principles of workforce planning.[13]

13 National Audit Office, *Good practice guidance: Government workforce planning – audit framework*, September 2025.

Challenges

2.3 In previous reports we have noted challenges which, unaddressed, can undermine workforce planning. As far back as 2016, we noted that "strategic workforce planning is critical in managing cost pressures but is under-developed in departments."[14] We have previously set out the challenges that may undermine such planning, including the absence of a robust understanding of future need, and not having the right information and data to understand workforce skills and any gaps.[15] Without this planning, departments are often not aware of what skills are available within their own organisation, which may lead to hiring consultants unnecessarily. Stakeholders told us that departments may turn to consultants as a way of filling gaps quickly, viewing consultants as more flexible to hire than other types of staffing resources. The *Consultancy Playbook* states that the government "should always exhaust internal options" before hiring external consultants.

2.4 Cabinet Office aims to address these issues by developing a strategic workforce plan for the civil service, which we were told is due to be released in autumn 2025. Other improvements, such as the development of government functions, have helped the government to recruit, develop and retain specialists in their given field. The government has also created the digital pay framework, to allow departments to pay those with digital expertise higher rates than previously allowed.

Good practice examples

Ministry of Defence (MoD): Reduced use of consultants

The MoD told us that it has improved its strategic workforce planning, and now requires departmental teams who need consultancy to submit business cases to demonstrate consideration of internal staffing before deciding to use external consultants. The MoD has reduced its consultancy spending to £292 million in 2022-23, per data it provided for the Whole of Government Accounts, the lowest it has been from 2017-18 to 2022-23. However, these spending data are limited, due to MoD recategorizing consultancy spending during this period.

International example

Australia's civil service, the Australian Public Service (APS), released its 2023 Strategic Commissioning Framework to "wind back excessive outsourcing and its impacts on [APS] skills", alongside risks to government integrity. The framework defines examples of core work which must only be done by APS staff. It then requires departments to conduct rigorous workforce planning, building APS staff knowledge and capabilities whenever consultants are used for core work. This has led to an increase of civil servants. The APS notes that there were 18,747 more permanent civil servants and 2,285 fewer temporary staff in their workforce in 2024 compared to 2023.

14 Comptroller and Auditor General, *Use of consultants and temporary staff,* Session 2015-16, HC 603, National Audit Office, January 2016.

15 Comptroller and Auditor General, *The NHS nursing workforce*, Session 2019–2021, HC 109, National Audit Office, March 2020.

Procuring consultants

Learning

Optimise market engagement and leverage competition to secure value when procuring consultants.

Strengthen the role of the organisation as an 'intelligent client', ensuring contracts are focused on outcomes and outputs rather than inputs.

2.5 Following good practice in public procurement enables the government to effectively leverage competition between suppliers. In 2023, we reported that competition in public procurement can reduce costs, improve the quality of services provided and increase scope for supplier innovation.[16] Proper engagement with the market can also help departments develop a better tender, meaning the solution delivered better fits its needs and more suppliers are able to bid.

Challenges

2.6 We previously reported, in our 2025 report *Efficiency in government procurement of common goods and services*, that departments do not consistently leverage competitive bidding processes; instead they may directly award work to specific firms, extend existing contracts or run competitive processes with a single bidder.[17] This can result in poorer value for money, or inappropriate suppliers being selected. Similarly, we have noted that departments can better leverage economies of scale through collective negotiation, using central frameworks from the CCS.

2.7 Consultants we spoke to stated that market engagement varies across government and is often limited. They told us that departments can sometimes rush engagements, which can cause them to assume that there is a preferred vendor – which disincentivises bidding. Departments we spoke to agreed that this can be the case, but noted that they are often under pressure to act quickly and cannot dedicate more time to such engagements. Consultants also told us that market engagement is more usefully done in one-to-one conversations, as it enables consultants to offer innovative solutions without revealing information to their competitors, but one department noted that one-to-one meetings are time-consuming and that roundtables are more efficient.

16 Comptroller and Auditor General, *Lessons learned: competition in public procurement,* Session 2022-23, HC 1664, National Audit Office, July 2023.

17 Comptroller and Auditor General, *Efficiency in government procurement of common goods and services*, Session 2024-25, HC 116, National Audit Office, May 2024.

2.8 The government has sought to encourage use of central frameworks for procurement. Central guidance, including the *Consultancy Playbook*, emphasises that CCS frameworks should be the first option for procuring consultants. We were told by a wide range of stakeholders that CCS frameworks have improved over time and offer protections for both government and suppliers. Our survey of government officials from departments and arm's-length bodies (ALBs) (Figure 7) showed that departments frequently use CCS frameworks. One experienced consultant we interviewed told us that, in their experience, virtually all procurement of consultants now goes through frameworks. The Playbook also emphasises the importance of market engagement and informing suppliers of upcoming opportunities.

Good practice examples

Department of Health & Social Care (DHSC): robust business cases
DHSC improved its processes around procurement of consultants, requiring business cases to demonstrate they have undertaken market engagement and that there is going to be sufficient interest from the market. It requires a business case to be able to expect three or more competitors to bid for it.

Department for Energy Security & Net Zero (DESNZ): market engagement
DESNZ used extensive market engagement while developing a department framework. To increase the level of interest from suppliers in the framework, it reached out to consultants directly, using sector mailing lists and industry groups, and also reached out directly to small and medium-sized enterprises. The market was receptive and DESNZ received a large volume of bids from suppliers to be on the framework.

HM Revenue & Customs (HMRC): key supplier engagement
HMRC is a department that remains engaged with key consultancy suppliers on an ongoing basis. HMRC told us that it has regular, monthly meetings with key suppliers to both provide information about developments at HMRC and hear about the work of suppliers, including their engagements with other departments. Consultants can also update the department about new methods, technology and capabilities. HMRC also had a conference for tier-one and tier-two suppliers, briefing them about the department's priorities and discussing topics such as the social value model. High-ranking officials participated, including the Permanent Secretary and Chief Digital Officer.

MoD: outcomes-based procuring
The MoD has told us that it is more often focusing on outcomes when procuring consultancy services. Consultants also confirmed that the department tended to be more outcome focused. After contracting two consultancy engagements for complex commercial issues, the MoD measured a 70:1 return on investment outcome from one engagement's identified efficiency gains, and £532 million in identified savings from a second.

International example
According to the European Court of Auditors, the **European Commission** has taken steps to leverage competition when procuring consultants. Two European Commission Directorates-General (departments) have set up committees to assess competition levels in the consultancy market and raise risks of consultant suppliers gaining a competitive advantage.

Working with consultants

Learning

Define roles, responsibilities, targets and timelines clearly before signing consultancy contracts.

Integrate consultants carefully into blended teams to build effective collaboration and outcomes.

2.9 Contract management covers all activities relating to the performance and monitoring of a contract. This includes formal and informal monitoring and taking action as required. Agreeing contracts that are clear about the requirement, allocation of risk and rewards, contain appropriate flexibility and exit arrangements, are foundations of successful contracts.

2.10 Good working relationships between civil servants and consultants help to set the tone for the engagement. Departments should set clearly defined outcomes, targets, measures and timelines, supported by built-in review points, ensure accountability and drive performance. These shared measures help to frame the working relationship and achieve better outcomes. Engagements are more likely to succeed when departments and consultants have a clear understanding of how to escalate issues or resolve misunderstandings. It is also important that government officials actively manage the contract throughout the engagement.

Challenges

2.11 In response to our survey of officials from departments and ALBs, respondents noted that the successful use of consultants involves clear key performance indicators (KPIs), an agreed governance structure and alignment between the department and consultant teams (Figure 13). We were told by consultants that departments do not always engage consultants consistently throughout a project. This means that consultants can lack the information, or access to individuals, needed to complete the project to the expected standard. Consultants also told us that excessive reporting requirements can be a costly distraction, taking up valuable time that could be dedicated to delivering the project. Stakeholders told us that poorly designed KPIs can also be counterproductive, encouraging consultants to deliver to the KPI instead of to the intended outcome.

2.12 Poor team dynamics can hinder successful delivery of the project. Stakeholders told us that, even in 'blended teams', consultants and civil servants can operate as different teams with different leadership, processes, work patterns and technology. If civil servants and consultants are using totally different technology, joined-up working is severely hindered. On the other hand, when used well, blended teams can effectively combine the expertise of consultants with the experience and practical knowledge of civil servants.

2.13 The government has taken steps to address consultants' concerns. The *Consultancy Playbook* highlights the need to be an effective partner. It encourages blended teams and states that government bodies should be "honest and specific" with consultants about how much time civil servants can dedicate, what limitations the departments may be facing and other projects it is juggling. It also notes the need for consultants and civil servants to have a shared understanding of the aims of a programme, shared values and aligned working practices.

Good practice examples

Cabinet Office; Department for Business & Trade (DBT): effective partnerships
One consultancy firm noted that DBT demonstrated good practice in mobilising teams, establishing roles and responsibilities, including agreement of regular meetings. Cabinet Office and DBT were both found to have demonstrated good practice in reviewing contracts throughout an engagement, ensuring amendments were made as necessary.

Health and Safety Executive (HSE): blended teams
HSE blended teams throughout the programme to establish the Building Safety Regulator. HSE used consultants to help design and deliver the new team, due to HSE lacking capacity and capability. It involved the consulting firm fully within the programme team, including at governance levels, receiving praise from the firm for this. HSE engaged the consultancy firm with a shared mission and found that this resulted in the supplier being more motivated to go beyond the letter of the original contract.

International example
The **French** *Cour des Comptes* has reported that instructions issued by the French Prime Minister's office in January 2022 require civil servants to be incorporated into consultant teams as much as possible. Project managers must hold regular steering committee meetings with consultants. To ensure continuity, the same contact must be involved in both procurement and management stages of an engagement.

Learning from consultants

Learning

Share knowledge routinely by capturing lessons from consultants' work and spreading them across government.

Use post-project performance analyses to shape and improve future consultancy bids.

2.14 Learning and knowledge sharing will help to make sure that the work consultants complete generates lasting impact, meaning that civil servants develop new skills or acquire consultants' specialist knowledge. Our good-practice guide on cloud services poses the question "If consultants or contractors are required to implement systems, will in-house staff be able to build knowledge and capability alongside them (knowledge transfer)?"[18]

2.15 Civil servants can then integrate these practices into their own work, long after the engagement's end. Knowledge sharing across government departments ensures that two different teams or departments need not spend twice for the same or similar tasks. In 2024, we reported on the importance of government working across departments to achieve value for money in public spending.[19]

Challenges

2.16 Stakeholders told us that government officials often wait until the end of an engagement to talk about learning and knowledge sharing. At that point, consultants and civil servants are often focused on the next problem, and learning activities often get skipped or shortened. Knowledge sharing can also be hindered by other factors, including turnover within the department, consultants' desire to protect their intellectual property and ambiguous contracting requirements. Knowledge transfer therefore works best when it is integrated throughout the project lifecycle. It is important to plan from the beginning of an engagement about how to embed learning into every step of the process.

2.17 The government has aimed to address these issues through the *Consultancy Playbook*, which explains that government officials should be up front about what skills they want to develop when contracting with consultants. The Playbook expects that learning and knowledge sharing are built into contracts, integrated into processes throughout an engagement, and shared across government. Our previous guidance and other central government guidance have also stressed the need for departments to carry out post-project reviews, which should include the role of consultants.

18 National Audit Office, *Good practice guide: Guidance for audit committees on cloud services*, September 2024.
19 Comptroller and Auditor General, *Lessons learned: a planning and spending framework that enables long-term value for money*, Session 2024-25, HC 234, National Audit Office, October 2024.

Good practice examples

Cabinet Office: Government Consulting Hub (GCH)
GCH aimed to ensure capture, retention and reuse of knowledge assets through establishing a knowledge exchange platform to facilitate departments learning from consulting work done across government. This project was archived upon the GCH closing on 31 January 2023.

Department for Environment, Food & Rural Affairs (Defra): frameworks
Defra has told us that it does have a framework to buy consultancy services, that has a monitoring, evaluation and learning process included, sharing findings within the department. This allows future teams within Defra to make better decisions on which framework partner to choose for work.

International examples
Australian and **French** governments require that all engagements with consultants include knowledge transfer clauses. As part of the toolkit accompanying the 2023 Strategic Commissioning Framework, the Australian Government’s Department of Finance provides model clauses for knowledge transfer, which departments can incorporate into consultancy contracts.

In 2022, the European Court of Auditors found that one **European Commission** Directorate-General (department) shared deliverables and results from its consultancy engagements with two other departments working in overlapping policy areas. It cautioned, however, that results sharing was otherwise fragmented across the Commission. From a sample of twenty EU contracts with consultancies, the Court found that the European Commission had set out arrangements for monitoring, reporting and checking deliverables. The European Commission had also carried out quality checks before making payments to consultancies.

Assessing use of consultants

Learning

Collect data to understand how often you are using consultants and what you are spending on them.

Scrutinise decisions to use consultants, including use by arm's-length bodies.

Ensure you do not become dependent on consultants, repeatedly using external consultants for the same tasks.

2.18 It is important to accurately track trends in spending and to challenge the value for money of spending requests by teams before they are approved. Our *Good practice guide: Managing the commercial lifecycle* states that public bodies should demonstrate robust, effective, independent oversight of both their contractual arrangements and overall commercial portfolios.[20] This also ensures that spending is compliant with the government's rules. In 2010, 2016, and 2019 reports, we reported on Cabinet Office's role in centrally coordinating oversight on consultancy spending across government, and found that Cabinet Office was receiving inconsistent data from departments. We encouraged Cabinet Office to take a cohesive view of external resourcing to ensure that costs were not pushed from one category of spending to another.

Challenges

2.19 The Cabinet Office does not have a full picture of departmental spend on consultancy services. Data on consultancy use is inconsistent and incomplete, which hinders departments' management of their consultants and the Cabinet Office's management of departments' use of consultants. Permanent Secretaries and Finance Directors might not have full view of all the consultancy spend within their department and departmental group.

2.20 Our past reports have highlighted that ALB spending does not attract as much scrutiny as that of central departments, even though agencies and ALBs (such as DHSC's former NHS Test and Trace) spend significant sums on consultants. Departments have described varying levels of oversight of their ALBs. We were told that ALBs may use different definitions of consultancy from their parent departments, may or may not use departmental frameworks and may have different levels of interaction with departmental commercial teams.

20 National Audit Office, *Good practice guide: Managing the commercial lifecycle*, February 2025.

2.21 Cabinet Office introduced monthly data collection on consultants in 2010. By December 2022, Cabinet Office was reviewing 416 spending requests for consultancy and professional services per quarter, as part of a dedicated spend control. Cabinet Office's decision to relax its data collection rules and to withdraw its consultancy spend controls in 2023 means that departments are now responsible for correctly overseeing their and their ALBs' spending. Cabinet Office has advised departments that they should develop their own controls, which should be proportionate and tailored to each department's needs. However, departments' controls are expected to include accounting officer approval for contacts above £100,000 or longer than three months, and ministerial approval for contracts above £600,000 or longer than nine months.

Good practice examples

Home Office: data quality improvements

The Home Office commercial team has reported improvements in its data gathering and reporting on consultancy spending over the past year. The department told us that it now tracks spending on new procurement projects and existing contracts on a weekly basis. Management information provided to directors general includes spending on consultancy each month, flagging any concerns.

DHSC: threshold-based spend control

Since 2022, DHSC has used a threshold-based control process to assist it in challenging consultancy spending. A member of its commercial assurance team reviews all department business cases for consultancy engagements that enter the first threshold, valued at or above £10,000. Commercial assurers are assisted by a consultancy and professional services-specific business case template, which requires business case owners to justify and incorporate good practice into their proposed engagement. For engagements valued at or above £100,000 for consultancy or professional services, and £500 per day (or a six-month duration) for contingent labour, business cases must instead pass review by a dedicated assurance panel. Focusing on the compliance and value for money of proposals, the Professional Services Approval Panel (PSAP) issues a positive or negative recommendation to the finance and group operations director general, responsible for approving spend across DHSC group.

DHSC: ALB oversight

DHSC has improved oversight on consultancy, professional services and contingent labour by gathering data centrally. Its PSAP provides a monthly report to the Minister of State for Health showing all the business cases PSAP has approved across the department, its agencies and its ALBs that month. This report also compares trends in the value of spending approved with expectations and previous financial years.

International example

In **Australia**, the Strategic Commissioning Framework includes clear cross-government definitions for consultants and categories like 'labour hire' (contingent labour). Departments publish data on which categories they use for core work and the type of core work they contract out. This helps track progress against targets to bring core work in-house.

Appendix One

Our audit approach

Our scope

1 This study presents facts and good-practice approaches from UK central government's use of external consultants. Part One explores developments, challenges and good practice in procuring, managing and learning from external consultants, alongside insight on government workforce planning and commercial oversight arrangements. Part Two summarises these developments alongside specific worked examples. The lessons presented within this study are not intended to draw value-for-money conclusions on specific practices, but can help identify opportunities for the government to boost the value for money of future consultancy engagements.

2 This study builds on a back catalogue of previous National Audit Office (NAO) and Committee of Public Accounts reports regarding the UK government's use of consultants. We reviewed reports dating back to 2006. We placed special focus on our most recent reports from 2016 and 2019. The challenges, good-practice approaches and examples that we identified from these reports guided our subsequent fieldwork. We do not intend for this study to act as an exhaustive list of developments since our last reports on this topic.

Our evidence base

3 Our 'Lessons Learned' report and 'Good Practice' guide make use of fieldwork conducted between April and September 2025. Our new fieldwork complements the content from past reports with up-to-date data, information and government policy. We collected evidence and input from stakeholders external to the NAO as part of fieldwork, including UK public sector consultancy service providers, UK central government department groups, international government administrations and academia. We also received input from NAO expertise, such as financial audit, commercial, and people & operational disciplines. Finally, we consulted our own human resources and procurement teams to learn about their use of consultants.

Quantitative analysis

Data analysis

4 We collected data on consultancy spending across central government department groups from a variety of sources. The data have informed our understanding of trends in spending since our last reports on the topic.

5 We identified and analysed two official data sources that give spending across central government on 'Consultancy' for financial year 2017-18 to 2022-23. This six-year time series was selected as the most recent period for which all five sources hold complete data.

a Departments' annual reports and accounts (ARAs), published on the governments' official websites and the National Archive. We extracted the department group spending figure on 'Consultancy' from each ARA's annual report section.

b Departments' spending returns submitted to HM Treasury through the Online System for Central Accounting and Reporting (OSCAR) tool. We received the time series from HM Treasury. These are based on departmental returns, were HM Treasury undertakes a review and cleansing exercise including adjustments. The time series is based on accounting data information collected by government departments. This time series data is not considered official statistics and has not been quality assured in line with the Code of Practice for statistics but HM Treasury agreed to supply the NAO with the information for the purposes of this report.

6 We additionally requested multiannual data on central government consultancy spending held by the UK Government's Crown Commercial Service (CCS). CCS sent us three sources that covered our time series:

a CCS records for spending on consultancy services procured under its Management Consulting Frameworks (MCF) 1, 2, and 3. We filtered these data by financial year and isolated spending registered by central government departmental groups. CCS MCF data were unavailable for 2017-18.

b Oxygen Finance Insights, a private commercial analysis platform that CCS told us shows reported invoiced spend by public bodies in England on consultancy and temporary staff, published via transparency returns. We used filters to include the seven listed subcategories of consultancy spending. We then isolated central government departments' spending.

c Jaggaer Spend Analytics, a spend management software system used internally by CCS. CCS understands that the platform's consultancy and temporary staff data rely on internal data generated by government procurement systems. We produced financial year consultancy spend subtotals from the ten listed subcategories of consultancy. We then isolated central government departments' spending.

7 The five data sources analysed and their usage in this study are subject to limitations. We have discussed key limitations as part of our observations on data quality. All five sources have been treated according to the following principles:

a All spending figures have been given in nominal terms. Not adjusting for inflation permits a better illustration of the variance between sources for a given financial year, and how said variance has changed through time.

b Between 2017-18 and 2022-23, UK central government underwent machinery of government changes such as departmental mergers, splits or creations. Our analysis follows UK government account reporting guidelines on such changes.

c OSCAR, CCS MCFs records, Oxygen Finance Insights, and Jaggaer Spend Analytics data have been extracted from raw datasets. Data from ARAs were contained in diverse files, requiring manual entry. Consultancy spending for each financial year was located within departments' annual reports and rounded to the nearest £100,000 at entry, unless a department's spending for a given financial year was lower in value than that amount. Figures were taken from the following year's ARA when the relevant financial year's ARA could not be retrieved.

Surveys

8 Between July and August 2025, we conducted a short survey to help us understand how government officials from departments and arm's-length bodies (ALBs) procure and work with consultants, and to allow us to identify what factors respondents deem important for the success of consultancy use. The full survey methodology is set out in Appendix Two.

Qualitative analysis

Document review

9 Our approach to general document review consisted of two main phases, reflecting the different stages in the study's development.

a **A broader exercise to contextualise background, study scope, research questions and methodologies.** This was carried out between February and April 2025. Using our back catalogue tool, we identified all publications relevant to the government's use of consultants. We noted key themes and stakeholders in an extraction matrix that we designed to capture information related to data management (including source details, summaries and definitions used), as well as key issues and value-for-money insights to inform our scope. To broaden our evidence base, we conducted manual Google searches to identify additional documents and received further recommendations through snowballing. These documents mainly consisted of government publications, sector-specific trade journals and third-party reports or publications.

b **A systematic exercise for evidence collection and analysis,** carried out between April and August 2025. This included both a structured search, for consistency purposes, and a manual search, to ensure we did not miss any important documentation. We included our back catalogue documentation, government publications, third-party publications, academic research and data, where relevant. We also reviewed guidance notes, buyers' guides, compliance and commercial control processes, business case templates and other sensitive documents on department internal policies. We created a priority ranking system to triage included documents based on the documents' relevance to our audit questions. We thematically extracted 'medium' and 'high'-priority documents into a new extraction matrix. This matrix was designed around our key audit questions, so that it could directly inform our report.[21] We laid out the process in a search strategy document, for consistency and validity across team members when extracting and analysing information.

10 At all times, we ensured organisational consistency by using a central document tracker where all incoming documents were assigned a unique identifier prior to priority triage. This central tracker also noted the locations to which content from medium or high-priority documents was extracted.

Interviews

11 Between May and August 2025 we carried out 57 online interviews with consultancies and officials across UK central government. We wanted to obtain a broad range of views from government and across the consultancy industry. We tailored interviews to the type of organisation being interviewed.

12 In government, we spoke with:

a Cabinet Office staff responsible for supporting departments with their use of consultants;

b CCS and the Government Commercial Function, to learn about cross-government data on consultancy spending and CCS procurement frameworks for consultancy services;

c HM Treasury, to understand data parameters and trends in spending across UK central government;

d Department for Environment, Food & Rural Affairs, Department for Energy Security & Net Zero, Department for Transport, Department of Health & Social Care, Home Office, Ministry of Defence, HM Revenue & Customs, Department for Work & Pensions and ALBs within these departmental groups, to gain insight into how each procure, manage and learn from consultants, as well as aspects of workforce planning and commercial oversight with a bearing on consultancy usage; and

e the National Infrastructure and Service Transformation Authority, Crown Representatives, CCS's Prosper unit, and the Open Innovation Team, to learn about cross-government initiatives to support departments with consultancy-like services or when they engage external consultants.

21 Where documents served as evidence for specific facts, best-practice examples or as core components of other analysis techniques described elsewhere in this appendix, we created bespoke extraction documents.

13 We spoke with 19 consultancies providing services to the UK public sector about their experience working with central government departments and CCS procurement frameworks. We also spoke with the Major Projects Association and the Management Consultancy Association, which are organisations that respectively include and represent multiple consultancies.

14 Lastly, we spoke with two other stakeholders involved with government's use of consultancy.

15 Discussions covered issues with data and controls, procurement processes, contracting and workforce planning. We designed interviews to provide:

- an understanding of the challenges both government bodies and consultancies have faced when government procures external consultants;
- examples of when government bodies have good processes and have worked well with consultants to maximise their value;
- an understanding of how the processes and practices of procuring and working with consultants can be improved across government; and
- triangulation against evidence from other sources to add depth from our document review.

16 We used these interviews to develop our understanding of the use of external consultants across government. Analysis of these interviews was conducted by collating interview notes and extracting key findings into an evidence matrix. The matrix was designed around our key audit questions, so that we could assess interview data against the key study themes and directly inform our report. The evidence matrix also included a tracker to ensure that we extracted all conducted interviews consistently.

17 Where further documents were provided because of an interview, we made sure to add them to the central tracker to be extracted within our document review process.

International comparisons

18 International comparisons point to good or alternative practices from other public sector administrations' use of external consultants. Contrasting our fieldwork's findings with international practices was intended to reveal approaches to recurring challenges that the UK government may not yet have considered.

19 Our methodology for international comparisons consisted of three main phases. All served to identify specific good or alternative practice examples. The three phases reflect the different stages in the study's development, as well as our identification of specific cases which we took forward in the study.

a **A broader exercise** collating other studies on public sector consultancy usage, conducted between April and May 2025. Using key word searches from six Supreme Audit Institutions' (SAIs) back catalogues (five countries plus the European Court of Auditors, the European Union's external auditor), we identified six reports aligned with our study's scope. We noted 62 contextual developments, recurring challenges and 'good' practices, through an extraction matrix aligned with our study's scope. This coding matrix was separate from but thematically consistent with the matrix used in general document review.

b **Follow-up to expert input,** conducted between May and July 2025. The study team received correspondence during fieldwork which returned a list of international models for in-house consultancy-style services as an assistance to governments' use of consultants. We conducted further preliminary research on these examples and triaged them according to their relevance to our scope. Six examples were earmarked for further review. In these instances, we noted study-relevant observations by using our coding matrix.

c **Specific review by partner SAIs and administrations,** conducted between June and August 2025. We contacted partner SAI institutions about international practices that had not already featured in a published study, or about specific queries to clarify published information. This enabled us to ascertain any value-for-money conclusions or other observations on the practices we had identified. Where SAIs could not comment on the examples, we contacted the administrations responsible for the practice example directly. All SAI and administration replies to our requests were added into a dedicated assurance column within our coding matrix.

Appendix Two

Our survey approach

1 Between July and August 2025, we conducted a survey to help us understand how departments procure and work with consultants, and to enable us to identify what factors respondents deem important for the success of consultancy use.

2 The survey was sent to all government departments by the Cabinet Office through the Government Chief Commercial Officer, with a request for them to share it with their respective arm's-length bodies (ALBs). This was intended to ensure broad coverage across the public sector. We asked departments to share the survey with their commercial teams or teams responsible for hiring consultants.

3 The survey was designed and carried out in-house. It was conducted online using a secure platform called Webropol. The survey was open for a period of three weeks between July and August. We consulted with internal National Audit Office (NAO) survey experts to quality assure our survey approach and our presentation of survey analysis and results. The eight survey questions we asked were as follows:

- Q1. What department or public body do you work for? (50 respondents)
- Q2. Do you have experience procuring or working with consultants? (50 respondents)
- Q3. Which of the following best describes your current role? (48 respondents)
- Q4. In general, how valuable do you consider the contribution of external consultants to your department or organisation? (48 respondents)
- Q5. In the past year, how often has your department or organisation used the following types of external resourcing? [Options: consultancy services, professional services, and contingent labour]. (48 respondents)
- Q6. In the past year, how often has your department or organisation used the following type of external consultants for the following purposes? [Options: IT and/or digital transformation, policy development, research and/or evaluation, specialised technical or scientific expertise, policy delivery, change management, other (please specify)]. (46 respondents)

- Q7. In the past year, how have external consultants been procured for your department or organisation? (46 respondents)
- Q8. If you were to think back to a time when you or your department or organisation successfully used consultants in government, what would you consider the key(s) to that success? (48 respondents)

4 In total, we received 50 responses from officials across 13 departments and five other public bodies. We implemented logic rules in the survey, which caused certain questions to be automatically skipped when specific options were selected. The logic rules did not affect the coverage of departments and ALBs.

5 Due to the survey logic rules mentioned above, not all respondents were eligible to answer every question. The 4% of respondents who selected 'no' in question 2 were directed to the end of the survey, and respondents who selected 'never' for procuring consultants in question 5 were not eligible to respond to questions 6 and 7. Therefore:

a while we received 50 responses in total (to questions 1 and 2), only 48 respondents were eligible to answer questions 3, 4 and 5; all eligible respondents provided answers to these questions, allowing for cross-comparison across the answers (percentages shown are calculated based on the number of responses to each specific question);

b questions 6 and 7 were subject to additional logic rules based on responses to the previous question, resulting in 46 eligible respondents; however, some respondents left certain categories blank, leading to an unequal number of responses across categories and preventing direct comparison (therefore, we have opted to present the number of responses to these questions rather than percentage); and

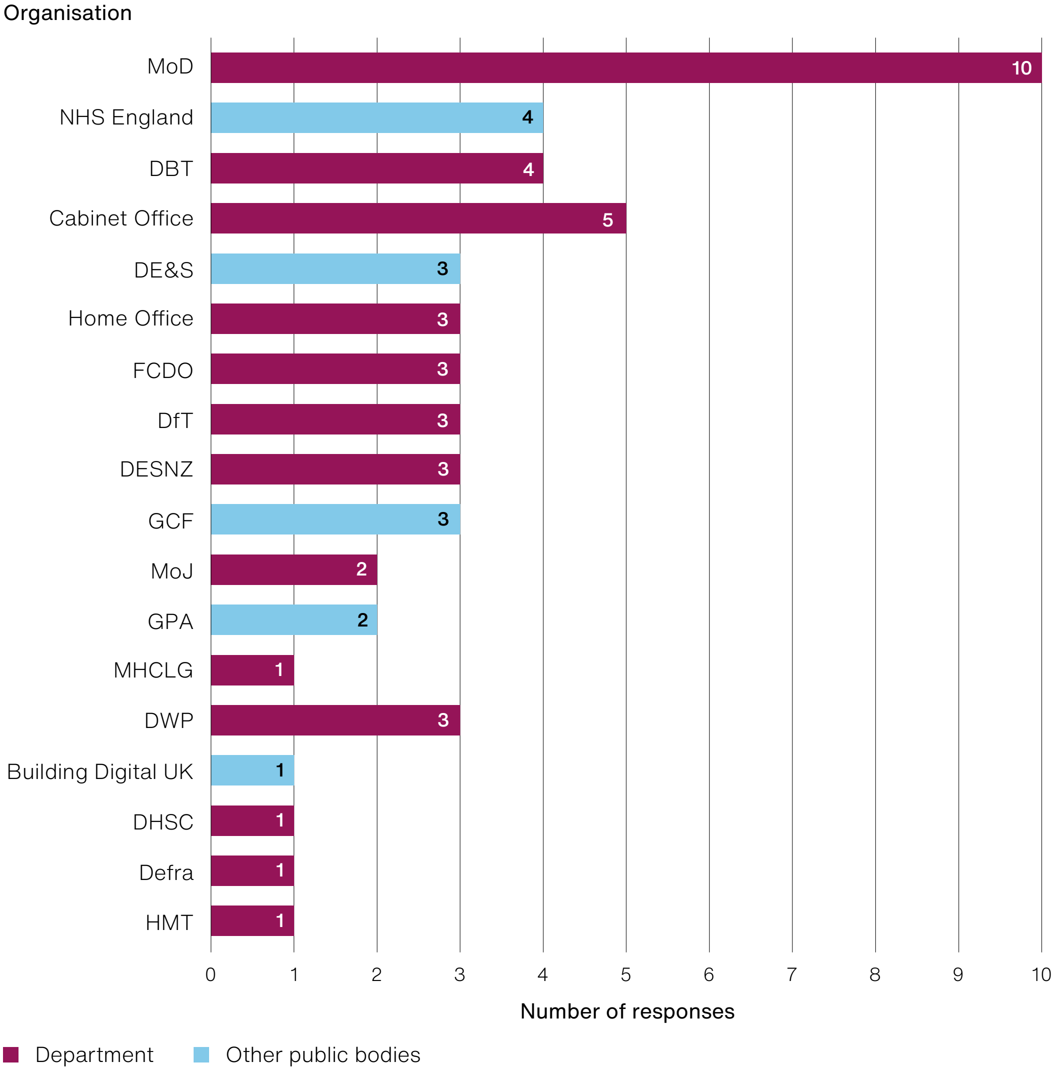
c question 8 was an optional, free text box open to all respondents who said yes to question 2; of the 48 respondents eligible to answer, 44 provided responses (all qualitative responses were coded by theme, enabling us to draw out key insights).

6 The graphics showing the answers to questions 4, 5 and 7 are reported in the main body of this report (Figures 3, 4, and 7). The remaining questions are shown below (**Figures 11 to 14** on pages 46 to 49).

Figure 11

We received 50 responses from officials across 13 departments and five other public bodies to our survey, August 2025

Our survey received a range of responses from officials across UK central government public bodies



Notes

1 The survey was sent to all government departments with a request to forward the survey to their arm's-length bodies (ALBs). Respondents include commercial teams or those responsible for hiring consultants.

2 The original survey question was as follows: Which department or public body do you work for?

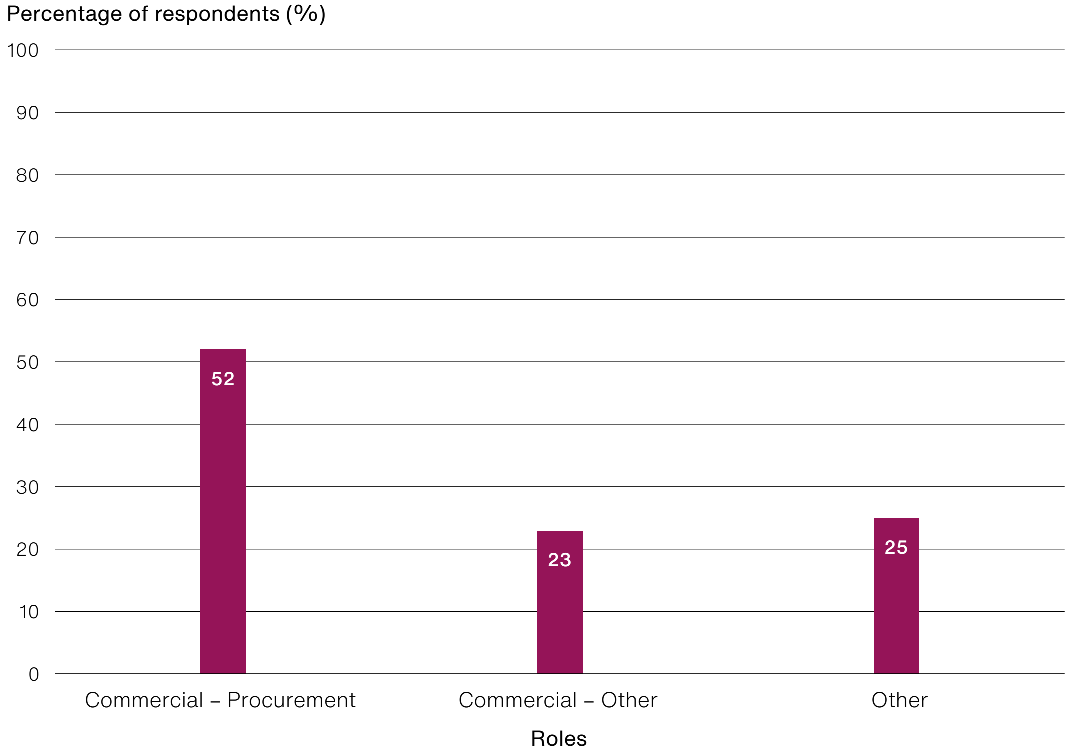
3 We received 50 responses across 13 departments and four ALBs. The survey was open for three weeks between July and August 2025.

4 List of public bodies that responded to our survey: MoD – Ministry of Defence, NHS England, DBT – Department for Business & Trade, Cabinet Office, DE&S – Defence Equipment & Support, Home Office, FCDO – Foreign, Commonwealth & Development Office, DfT – Department for Transport, DESNZ – Department for Energy Security & Net Zero, GCF – Government Commercial Function (including Government Commercial Organisation), MoJ – Ministry of Justice, GPA – Government Property Agency, MHCLG – Ministry of Housing, Communities & Local Government, DWP – Department for Work & Pensions, Building Digital UK, DHSC – Department of Health & Social Care, Defra – Department for Environment, Food & Rural Affairs, HMT – HM Treasury.

Source: National Audit Office survey of UK central government departments and arm’s-length bodies

Figure 12
Breakdown of survey responses by professional role, August 2025

Of officials we surveyed across UK central government public bodies, 75% reported working within the Government Commercial Function, with 52% in commercial procurement roles and 23% in other commercial roles



Notes

1 The survey was sent to all government departments with a request to forward the survey to their arm's-length bodies. Respondents include commercial teams or those responsible for hiring consultants.

2 The original survey question was as follows: Which of the following best describes your current role?

3 Of the 50 total survey responses received across 13 departments and four arm's-length bodies, 48 respondents answered this specific question. The survey was open for three weeks between July and August 2025.

4 Twelve responses were received under the 'Other' category, which was supported by a free text box. Respondents mentioned roles such as finance, transformation, contract manager, project delivery and engineering.

Source: National Audit Office survey of UK central government departments and arm's-length bodies

Figure 13

Use of external consultants by UK government officials across departments and arm's-length bodies (ALBs), August 2025

Of officials we surveyed across UK central government public bodies, 75% said they work within the commercial function, 52% in commercial procurement roles and 23% in other commercial roles

	Frequently	Sometimes	Never	Not sure	Total
IT and/or digital transformation	15	14	3	12	**44**
Policy development	8	16	9	10	**43**
Research and/or evaluation	6	15	8	14	**43**
Specialised technical or scientific expertise	20	7	7	10	**44**
Project delivery	15	17	5	7	**44**
Change management	15	12	7	10	**44**
Other	5	4	4	5	**18**

Notes

1 The survey was sent to all government departments with a request to forward the survey to their ALBs. Respondents include commercial teams or those responsible for hiring consultants.

2 The original survey question was as follows: In the past year, how often has your department or organisation used the following type of external consultants?

3 Respondents were given options for types of external consultants that applied to their case. Of the 50 total survey responses, 44 answered about IT and/or digital transformation, 43 about policy development, 43 about research and/or evaluation, 44 about specialised technical or scientific expertise, 44 about project delivery, 44 about change management, and 18 about 'other' uses.

4 The nine respondents who frequently or occasionally used 'other' types of external consultants were presented with an optional free text box for further details. Free text replies included the use of consultants for commercial, litigation, strategy, property, restructuring/insolvency, and external event response.

Source: National Audit Office survey of UK central government departments and arm's-length bodies

Figure 14

Perspectives from officials across government departments and arm's-length bodies (ALBs) on the key to successful consultancy engagements, August 2025

Officials we surveyed across UK central government public bodies identified a clear scope and clear outcomes and deliverables as key factors for success

Key to success	Frequency	Example quote
Contracts have clear scope and requirements	18	"A clear bounded scope and set of requirements that could be easily tracked and delivered."
Contracts have clear outcomes and deliverables	16	"Having great clarity on what you are using consultants to achieve and holding them to deliver that."
Consultants are used only when expertise is required	15	"Where we need specific technical expertise that is too niche to expect even an experienced civil servant to have."
Engagements involve external consultants and civil servants working in blended teams	13	"Build a 'One Team' approach to create a shared vision and incentive to deliver the outputs and objectives. Change from a transactional to a collaborative relationship."
Engagements have effective contract management	13	"Effective contract management: monitoring progress and ensuring compliance with agreed terms."
Engagements include the knowledge transfer of relevant skills	9	"Exit and handover planning together with detailed knowledge transfer."

Notes

1 The survey was sent to all government departments with a request to forward the survey to their ALBs. Respondents include commercial teams or those responsible for hiring consultants.

2 The original question was as follows: If you were to think back to a time when you or your department or organisation successfully used consultants in government, what would you consider the key(s) to that success?

Source: National Audit Office analysis of all survey responses

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