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Press release

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Central government in Scotland should manage its use of consultants better

Scotland's central government bodies spend an estimated £114 million a year on consultancy services. With better planning and management, the public sector could get better value for money.

An Audit Scotland report published today, *Central government's use of consultancy services*, looks at the planning, management and spending on consultants by the Scottish Government, non-departmental public bodies (NDPBs) and central government agencies.

The Auditor General for Scotland, Robert Black, said: "Consultants can bring added knowledge and skills, but if this is not well-managed, hiring consultants can be an expensive option.

Central government bodies need to plan their use of consultants so that they use their knowledge and skills where it brings greatest value for money. They should gather and share consistent information on what consultancy services they buy and why. Bodies should consider when it is better to use their own staff, and how best to ensure public servants learn from consultants when they are hired for projects or in advisory roles."

Most spending on consultants is for information technology and business management services, with these two areas accounting for £68 million of the estimated £114 million spent in 2006/07. In that year, central government bodies used more than 1,200 different consultancies.

The report says there is no clear strategy for the use of consultants or links to central government's priorities or financial and workforce plans. Better planning, management and purchasing of consultancy services could save up to £13 million a year. However, when public bodies hire consultants they generally do this process well, by following key aspects of good practice in public sector procurement.

The Scottish Government has recently developed revised guidance on the use of consultants. This reflected emerging findings from Audit Scotland's report and may help address some of the report's recommendations.

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Notes to editors

1. We defined consultancy services to include information technology (IT), human resources and training, legal services, business management, property and estates services and financial services. Central government uses consultants to support short projects with a known end-point, such as management consultancy, or for longer-term activities through contracted-out services or staff substitution.
2. The consultancy spending estimates in the report are the best available and are derived from a Scottish Government database of public spending on goods and services created in 2007. The database was set up to identify opportunities for joint purchasing across the public sector. It can provide only broad estimates of consultancy spending at present, though improvements are planned.
3. The split within the total central government spend of £114 million in 2006/07 is as follows: Scottish Government directorates spent £41 million (36 per cent); NDPBs spent £38 million (34 per cent, of which Scottish Enterprise and Highland and Islands Enterprise accounted for £35 million; and Scottish Government agencies spent £35 million (31 per cent), of which Transport Scotland accounted for £12 million.
4. This spending was split into the following six types of consulting: information technology (£39 million); business management (£29 million); financial services (£14 million); property and estate services (£12 million);

legal services (£10 million); and human resources and training (£10 million). These six areas mirror the Cabinet Office's definition of consultancy services.

5. The Scottish Government's new guidance is available from the Scottish Government's website at www.scotland.gov.uk/Topics/Government/Procurement/policy/Subject-Specific.
6. All Audit Scotland reports published since 2000 can be found on Audit Scotland's website, www.audit-scotland.gov.uk.
7. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. Audit Scotland has prepared this report for the Auditor General for Scotland.
8. The Auditor General is responsible for securing the audit of the Scottish Government and most other public bodies in Scotland, except local authorities. He investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament.