

Management Consultancy Framework Review – 2008

Summary of Review and Findings

Background

Central Procurement Directorate (CPD) has in place a Framework for the procurement of Management Consultancy services for use by Northern Ireland Civil Service (NICS) Departments, their Agencies and NDPB's. Following a Public Accounts Committee (PAC) hearing on the Use of Consultants last year a number of recommendations were given. This combined with the need to renew the Framework and the need to ensure that we were meeting the needs of our Client's a review of the future requirements was undertaken, assisted by the Business Consultancy Service (BCS) of Delivery and Innovation Division (DID), Department of Finance and Personnel (DFP).

The brief for the review was to:-

- Provide clarity on the future business needs of the NICS;
- Consider capacity and capability of external consultants to meet those needs;
- Assist DID to develop a strategic direction for internal consultancy support;
- Address weaknesses identified in the recent PAC report on the Use of Consultants; and
- Inform the development of a future procurement strategy for procuring Management Consultancy.

The focus of the review was to:-

- Conduct a brief research exercise to examine the needs of the NICS Departments – what is working well and where improvements or change can be made;
- Benchmark against best practice procurement policy and categorisation elsewhere; are their lessons that could be helpful to DID/CPD; and
- Develop quality criteria that would improve the provision and effectiveness of management consultancy.

Interviews were held with key stakeholders from within the NICS and associated bodies and also representatives of the consultancy industry.

Below is a summary of the key conclusions and recommendations.

Conclusions and Recommendations

1. CPD Support & Advice

Whilst Depts, associated bodies and consultancy organisations expressed a good degree of satisfaction with the support offered by CPD, more work was required in providing technical & procedural advice.

2. Procurement Process: Gate Keeping

In many cases work contracted-out could actually be done in-house. The main reason cited for not doing so was lack of staff resources; others being the need for specialists for specific work, independence (conflict of interests) and lack of credibility of internal people.

3. Procurement Process: Scoping & Over-runs

The lack of ability to effectively scope the work required was reflected in all of the interviews with the industry. If support could be given to clients to scope and define their requirements more effectively, then the specification provided to tenderers is more likely to be fit for purpose.

4. Monitoring & Post-procurement Review

There was little contact between the client and CPD once a contract was in place except where there was an issue with the Consultant or the scope of the work. The desire for a post-procurement process was also identified by the PAC.

5. The need to Recognise Interdependence

During discussions, concerns were raised about the use of private sector consultancy organisations. What seemed to be denied is the inter-dependence that exists; the industry needs to be profitable in order to be available and do the work that government does not always have the capacity or capability to undertake.

6. Framework Agreements – The Most Effective Process

It was considered that use of a framework agreement was not the most effective way to procure management consultancy. Issues raised related to the ease of the process, time and cost (VFM). Reference was also made to the OGC where a different arrangement exists.

7. Number of Organisations on the Framework

There was a view from both clients and consultancy organisations that there were too many suppliers on the framework in each category.

8. Categorisation of Consultancy Work

Categorisation of work presented difficulties for both clients and consultants and in particular where a project straddled more than one category.

9. Introducing Proportionality and Differentiation

Over 50% of all contracts awarded having a value less than £30k, the amount of work done and process to be gone through did not represent value for money. It was suggested that a simpler system of an alternative 'tiered approach' which offered both proportionality and greater differentiation in the size and scope of work to be undertaken would give better value.

10. Criteria for Evaluating Effective Consultancy Organisations

There was general agreement that if there was to be a framework with two stages, then the primary stage process should be as straight forward and simple to administer and respond to as possible. The key area of difference was whether price was assessed at both stages and what weight was given to it.

11. Quality Criteria

The requirement for organisations to provide examples of their work was supported by the industry as evidence of their quality and capability.

12. Knowledge and Skills Transfer

A recommendation from the PAC was that “consultancy projects should be designed to ensure the transfer of skills from consultants to in-house staff.” Both clients and Consultants were positive in their response to this. However constraints such as lack of independence, credibility and failure to release people from the departments were expressed as concerns in achieving this objective.

13. Internal Capacity Development

In order to develop internal capacity it was recognised that there was a need to educate departments to be more intelligent clients in order to scope and purchase services effectively. There was a suggestion that BCS become a Centre of Excellence for scoping, diagnostics and engagement in liaison with CPD. A Shared Service Centre could also bring a range of benefits.

14. Making the Change Happen

Due to the current climate of reduced costs and cutbacks, it would be hard for departments to find a significant increase in resource, unless it was supported by Permanent Secretaries Group. The Procurement Board would also be key in supporting any change.

15. Taking This work Forward

An outcomes based accountability model was used to identify outcomes and objectives for the next 12 months. This requires a robust infrastructure, complemented by dedicated time, to be established to take the change forward.

16. Mindful Change

It was agreed that the aim of this work was to reduce the overall expenditure, while piloting the actions in a more focused way. Development of a more systemically and multifaceted approach to reducing cost by capacity building within the NICS was required. Those activities identified by the PAC – namely policy appraisal, strategy development and corporate governance are brought back into the NICS. This work should be piloted with some departments as working across all departments might prove too much to take on in one go.