

Use and Cost of Consultants in local government

Introduction

UNISON is concerned that despite substantial cuts in public spending the local authorities in Scotland continue to spend money on expensive private consultants. Even before current budget cuts it was important not to waste money. Now that services and jobs are being cut it matters even more. UNISON made a Freedom of Information request to find out how much local authorities were spending on consultants. The answer: at least £17million.

What we asked

In June this year we asked each local authority how much they have paid to a list of ten consultancy companies over each of the last three financial years. The ten which we understood to be the most active in Scotland's public sector were chosen from a list of the world's top 20 consultancy companies: McKinsey and Co, Deloitte Consulting, Price Waterhouse Coopers LLP, Ernst and Young LLP, Accenture, IBM Global Business Service, KPMG, Capgemini, Davis Langon and Mercer LLC.

Key findings

Despite the pressures on budgets the use of consultants is still widespread. Over the last three years councils paid out over £17million pounds to these ten companies alone. Even if we exclude payments we could identify for independent audit then the ten consultants have earned almost £14million.

The picture is complex: the spend is not evenly spread with some authorities spending little or nothing and others like Aberdeen, Edinburgh, North Lanarkshire and Glasgow spending hundreds of thousands and in some years over a million pounds. This raises key questions as to why authorities do not use their own staff to do the work or why advice and support is not sought from other authorities or via the Improvement Service to avoid these high costs. The Improvement Service on its website states that this is clearly its role. It "works with councils and their partners to help improve the efficiency, quality and accountability of local public services in Scotland by providing advice, consultancy and support." This service should mean that the use of consultants is minimal and only for highly specialised one-off pieces of work. If the current round of redundancies and early departures has led to a skills shortage then this is a real concern for the future of local government.

There will always be some need for consultants to provide very specialist advice on one-off projects. Glasgow City used consultants for the new velodrome, designing these is not something common in local authority building/design departments nor will it be important to maintain in-house expertise for future projects.

KEY POINTS:

- **Over £17million has been paid to consultants**
- **Need for more effective scrutiny of decisions to use consultants instead of staff**
- **Need more scrutiny of the cost effectiveness of use of consultants if they are used**



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Waste management on the other hand is a core part of local authority work but consultants have been widely used. South Lanarkshire paid Deloitte £87,000 in 2011/12. West Lothian paid £43,000, West Dunbartonshire £27,000. It's hard to believe that there are more experts in waste disposal or recycling in Deloitte than in Scotland's local authorities. If these councils wanted to look at new ways of working: why not use the Improvement Service or work direct with other authorities? Why take the costly route of external consultants?

The way information was provided by authorities makes it hard to scrutinise the spending. Edinburgh, for example, claims that it would be too expensive to break down the payments so we only know the total spend was over £6million during the period where information was requested. This begs questions as to whether there is any internal scrutiny of spending on consultants if this would be so expensive to collate.

- Aberdeen City Council paid PWC £602,000 for audit fees, services, seminars and workshops in one year alone.
- Renfrewshire paid £55,000 for "indicative roadmap implementation"
- North Lanarkshire report £679,000 to KPMG for "miscellaneous costs".
- Argyle and Bute paid KPMG £70799.06 but said "purpose of work not held" in their response
- Falkirk and Glasgow have paid £125,000 and £131,000 respectively for Tax Increment Finance (TIF) outline business cases for local projects.
- Aberdeen 2011/12: £411,000 outline business case and corporate governance of future delivery of culture services.
- Aberdeenshire paid PWC £100,000 for sports courses in 2010/11
- In 2010 North Lanarkshire Council paid KPMG £578,435 (plus £101,226.13 VAT) in miscellaneous costs.

UNISON View

UNISON believes that services are best delivered by directly employed in house staff. In particular service redesign and more general public sector reform should involve consultation with staff and users rather than external consultants. Consultants offer the same old top down solutions. Staff not external consultants have an understanding of the authority's wider objectives and ethos as well as the sector they work in. Research by APSE shows the value of in-house solutions.

As well concerns about the costs of consultants, using directly employed staff means that skills and experience stay within the organisation. They can be used to train other staff both within an authority and to support change across the public sector. Each visit from a consultant costs more money; they don't come back for free to help you out.

UNISON is also concerned that the recent cuts in staff numbers have led to a shortage of expertise within authorities leading to increased reliance on costly consultants. We are also concerned about the lack of clarity concerning the work done in the responses we received. If a local authority needs advice it should look to other authorities and the Improvement Service before private sector consultants. Local authorities should, as recommended by Audit Scotland: have a clear process for approving and recording the use of consultants and monitoring progress; always evaluate the option to use consultants against the option to use their own staff; record if consultants are required because work cannot be undertaken by staff or because it offers better value for money; evaluate the work of consultants more systematically and share the finding of those reviews and to ensure knowledge transfer where appropriate.

Action for Branches

Branches should monitor use of consultants by their authorities on an ongoing basis. Contact Kay Sillars in the Bargaining and Campaigns Team if you want the FOI details on your authority's payments

Further info

Public Works

<http://www.unison-scotland.org.uk/publicworks/index.html>

Improvement Service

<http://www.improvementservice.org.uk/>

Audit Scotland

http://www.audit-scotland.gov.uk/docs/central/2009/nr_090115_central_gov_consultancy.pdf

APSE paper on bringing/keeping in services in-house

<http://www.apse.org.uk/page-flips/2011/insourcing/index.html>



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