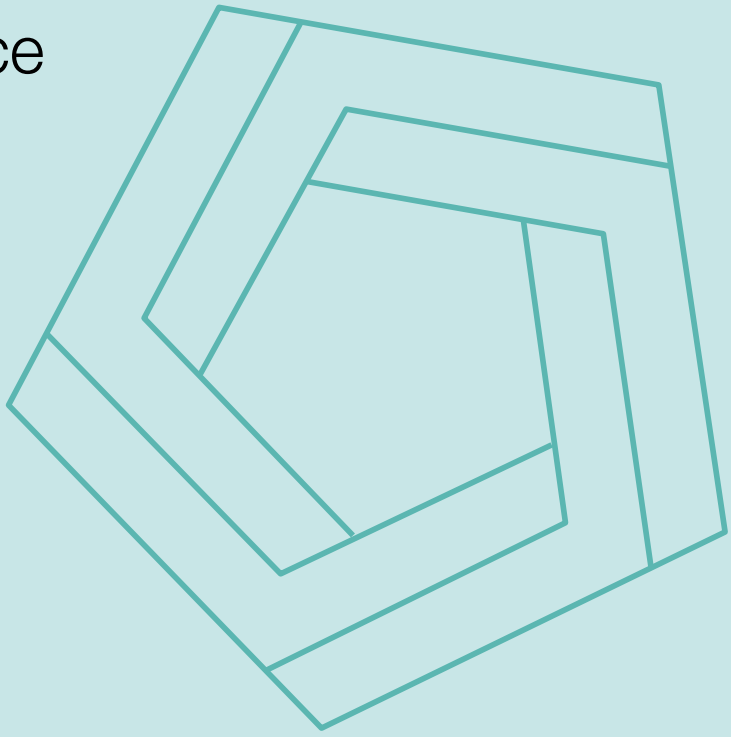
HM Government

The Consultancy Playbook

Government guidance on how to commission and engage with consultants more effectively, achieving better outcomes, better value for money and supporting Civil Service capability through the creation of knowledge and skills



Version 2.0
November 2026

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Foreword by Andrew Forzani, Government Chief Commercial Officer and Sam Ulyatt, Chief Executive Officer of the Government Commercial Agency

Consultancy firms are a valuable asset that can bring expertise to the public sector, as evidenced by major government projects that have been supported by consultants.

The Civil Service must ensure that we maximise the value generated through consultancy engagements, by setting up our procurements for success, building effective relationships with suppliers, and by considering how to develop longer-term Civil Service capability via knowledge and skills transfer.

In July 2024, the Government set targets aimed at halving Central Government consultancy spending. The refreshed Consultancy Playbook addresses how we can work towards this with updated guidance on:

- expanded definitions of different types of extended workforce, to ensure we select the right type for our needs, and to categorise, declare and report this spend accurately
- a range of internal Civil Service teams, who can provide consultancy-style services or support the procurement of extended workforce
- the effect of Artificial Intelligence on the world of consultancy, and how we can best position ourselves to embrace this
- the role of the Procurement Act 2023, particularly in preliminary market engagement and award criteria

On the 1st of April 2026, the Government Commercial Agency (GCA) was created, which combined the former Crown Commercial Services, and key teams in the Government Commercial Function, including Markets, Sourcing and the Complex Transactions Team.

The GCA hosts over 100 commercial agreements, and aims to improve how the public sector procures goods and services, including consultancy and other extended workforce services. Throughout the Playbook, we recommend that public sector organisations contact the GCA PROfessional Services Procurement Efficiency Resourcing team (PROSPER) for guidance and support when going to market and help you maximise value.

By adopting this refreshed Playbook, alongside our range of other commercial Playbooks, contracting authorities can ensure to get things right at the start, maximising value for money and driving Civil Service self-sufficiency and capability.

As the Chief Commercial Officer for the Government Commercial Function and Non-Executive Chair of the GCA, and the Chief Executive Officer for the GCA, we are delighted to support the launch of the Consultancy Playbook V2.0 and look forward to seeing its principles drive commercial excellence across government and create value for the nation.



Andrew Forzani, Chief Commercial Officer for the Government Commercial Function and Non-Executive Chair of the GCA



Sam Ulyatt, Chief Executive Officer for the GCA

Introduction

Considering when and how to use consultancy services effectively is vital to the success of our projects and services. Version 2.0 of the Consultancy Playbook remains focused on getting consultancy engagements right at the start, by ensuring that contracting authorities are using the correct external resources in the right instances to fill specific skills and knowledge gaps which can not be filled by internal staff or resources from across the public sector.

In July 2024, the Government made a commitment to halve consultancy spending. To support this aim, departments have been asked to bring in the following internal controls on consultancy and professional services. The controls are as follows:

- spend over £600,000, or contracts with a duration of over 9 months require Ministerial approval
- spend over £100,000, or contracts with a duration of over 3 months require relevant Accounting Officer approval

There may be legitimate exceptions of some sub-categories of this control (e.g. legal services or spending on cross-government support) which Accounting Officers should decide on. A well trained and skilled Civil Service needs to be disciplined in its use of external consultants. Although, there will always be requirements for specialist skills that the Civil Service doesn't possess, you should ensure that sufficient attention is given both to the successful delivery of external consultancy projects and to effective knowledge transfer so that internal capability continue to grow. This approach will deliver value for money as well as better quality projects and public services for the citizens that use and rely on them.

By following this guidance you can expect to:

1. understand when consultants can add the most value
2. set your procurements up for success
3. achieve more favourable outcomes when going to market
4. be a more effective client of consultants while building meaningful relationships with our suppliers
5. improve Civil Service capability by maximising knowledge generation and knowledge and skills transfer across the contract life cycle
6. take advantage of the full range and diversity of consultancies and other extended workforce providers available in the marketplace, including SMEs and VCSEs

Version 2.0 of the Playbook was developed by the Government Commercial Agency's Markets, Sourcing and Suppliers team, with input from industry stakeholders and public officials, from across commercial, finance, human resources **(HR)** and workforce planning as part of the wider consultancy reform agenda to transform how government procures and uses consultancy.

Key terms and scope

Department – refers to any central government department or arm's length body (ALB).

Contracting authority – refers to any public sector organisation. This could include, for example, a central government department or local authority.

Should – indicates a principle or policy requirement to be implemented on a 'comply or explain' basis by Departments.

Shall or must – indicates a legislative requirement that must be complied with.

This guidance applies to all central government departments and their ALBs when considering going to market for any consultancy services, and should be taken into account by local authorities and the wider public sector.

The Consultancy Playbook forms part of the Sourcing Playbook. As such, the principles, guidelines and rules of the Sourcing Playbook still apply and should be considered alongside the Consultancy Playbook where appropriate.

Consultancy is broadly defined as provision of advice to fill a knowledge gap. This can be to identify options and recommendations, or advice to assist with implementing solutions, and will be time limited. It will usually relate to business change or transformation, but can also focus on more technical, sector-specific expertise. The individuals (consultants) delivering the service (output) will operate outside of the client organisation's structure and staffing establishment. Contracting authorities should also refer to the guidance in the Consultancy Playbook when procuring any type of external workforce service, where relevant. This includes contingent labour, professional services and resource augmentation.

Extended workforce is an industry term which encompasses any temporary staff and volunteers, as well as workers who deliver contracted out services. Staff who are engaged on a permanent or fixed term contract are not part of the extended workforce. All staff included in this definition will need relevant background checks and a determination of appropriate tax treatment.

Definitions, examples and a discussion of the characteristics of various extended workforce services can be found in Annex 1.

We recognise that there isn't a one-size-fits-all approach to consultancy requirements. As such, the principles outlined here shall be implemented by departments and their ALBs on a comply or explain basis and be applied by contracting authorities proportionately to the value, scope and duration of the engagement.

What is new?

Version 2.0 of the Consultancy Playbook built on the previous version, with refreshed and updated guidance on:

Types of extended workforce:

- the Consultancy Playbook has shifted from focusing primarily on consultancy services, to providing more detailed guidance on other types of extended workforce, in Chapter 1 and Annex 1



Internal government resources:

- the Consultancy Playbook now refers to various internal Civil Service teams which provide consultancy-style services, as well as teams who can assist the procurement of extended workforce

Artificial intelligence:

- emerging technologies like artificial intelligence are increasingly changing the world of consultancy, and their role should be considered when choosing pricing models and addressed via the contracts' terms and conditions

Consultancy and other extended workforce spend data:

- extended workforce needs to be categorised and declared accurately, to drive transparency in how much government spends on different types of extended workforce services, and support ambitions to reduce unnecessary consultancy spend

Going to market:

- the Playbook encourages civil servants to contact GCA PROSPER ahead of procuring any extended workforce requirements to leverage their expertise and support. See pages 15, 32 and 33 for further information on GCA PROSPER

Public sector case studies:

- the document contains public sector case studies of success stories when procuring extended workforce requirements. See page 34 and the Knowledge and Skills: Generation, Transfer and Sharing Guidance Note for these case studies



Who is the Consultancy Playbook for?

The Consultancy Playbook is aimed at commercial, finance, project delivery, HR, policy and other professionals across public sector contracting authorities and industry responsible for commissioning or managing consultancy work in the public sector.

Experience has shown us that successful project delivery requires cross-functional working, bringing together seven different professional areas of expertise. The key is ensuring that we have joined-up teams with input from the right functions early in the process.

The figure below provides an analysis of the key stages mapped against functional groups. This should be considered a guide to support contracting authorities in implementing the Consultancy Playbook and may vary in different contracting authorities depending on their structure.

Ministers, permanent secretaries, accounting officers, commercial directors, project sponsors and senior responsible owners **(SROs)** will also find this Playbook useful when acting as decision makers or approvers, or when conducting checks within the capacity of scrutiny and assurance.

Figure 1. Analysis of roles and responsibilities across the key actions

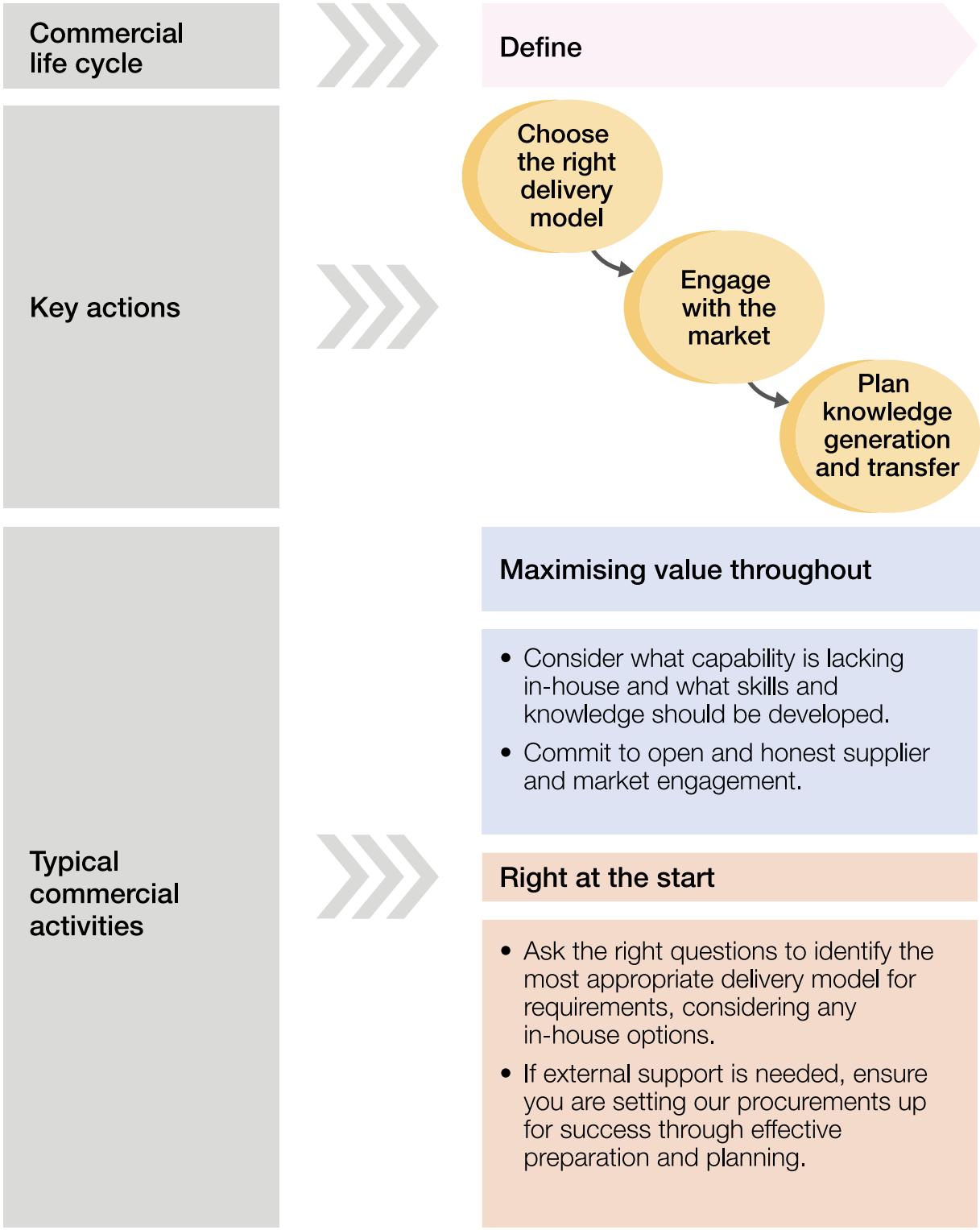
OKUA stands for:

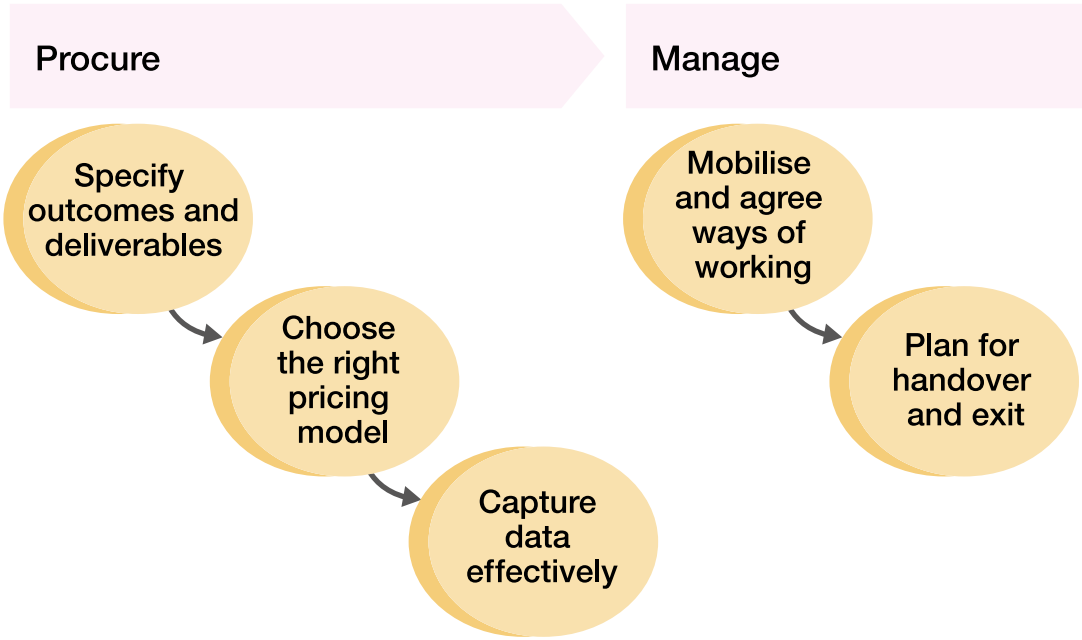
- **O**wnership: Individuals within the function lead the activity and have overall responsibility for it. '**Joint-O**' is used where ownership is split across a number of functions
- **K**nowledge: Individuals within the function are the subject matter experts on at least one element of the activity
- **U**nderstanding: Individuals within the function understand what the activity is and what good looks like
- **A**wareness: Individuals within the function know what activities are required and who is responsible

	Key stages							
	Choose the right delivery model	Engage with the market	Plan knowledge and skills transfer	Specify outcomes and deliverables	Choose the right pricing model	Capture spend data	Mobilise and agree ways of working	Plan for handover and exit
Functions	Define			Procure			Manage	
Commercial	J-O	J-O	K	J-O	J-O	J-O	K	K
Finance	K	A	A	K	K	U	A	K
Project team	J-O	J-O	O	J-O	J-O	J-O	J-O	O
HR	K	A	U	A	A	A	U	U
Legal	Legal need awareness of the legal obligations throughout the project/programme lifecycle							
Other functions	Other functions will depend on individual projects							
Industry	A	K	K	A	U	A	J-O	K

Consultancy Playbook flow diagram

Figure 2. Building the Playbook into the typical procurement process





- Outline clear roles and responsibilities for client and supplier, ensuring that you champion a collaborative approach.
- Include meaningful questions on knowledge transfer that set clear deliverables for suppliers.

Going to market

- Write specifications based on the output desired to enable suppliers to respond innovatively to ITTs.
- Critically consider the choice of pricing mechanism.
- Capture and maintain accurate data about use of extended workforce arrangements.

- Work collaboratively with consultants throughout the engagement.
- Commit sufficient time and resource to governance and contract management.
- Use effective and experienced client-side SROs.
- Maximise opportunities for knowledge transfer during and after engagements.
- Plan for contract exit and handover of deliverables.
- Evaluate your consultancy engagement to capture the value that has been delivered



1 Right at the start

This section sets out how to get things right at the start, by considering which delivery model is best suited for your requirements and understanding when consultancy services can add the most value.

Once you have decided there is a need to go to market for external consultancy services, the Playbook outlines the key principles to consider to set up your procurements for success, emphasising the importance of meaningful market engagement.

Choosing the right delivery model

You should always exhaust internal options before requesting external consultancy, including reusing knowledge, tools and methodologies and critically considering whether the work can be delivered in-house by your department's own business unit or by another Civil Service team. This will ensure that external consultants are being used for the right reasons, and that we prioritise growing our capability within the Civil Service, to reduce the need to buy the same skills and knowledge again in future.

There are a number of steps that contracting authorities should take right at the start to ensure that you're getting the most value out of your spend and setting up for success:

1. Workforce planning

a) Contracting authorities should regularly consider their workforce requirements and pipeline of work to understand what capability and capacity should be maintained in-house, and which skills and expertise can be sourced externally.

b) When faced with resourcing needs, departments should reference their strategic workforce plan, which assesses the organisation's current staff resources and skills, forecasts its future needs, and plans how to meet these needs in a cost-effective way.

c) Although consultancy and contingent labour aren't included in organisational headcounts, they should be included in workforce plans and costs, therefore, the appropriate business planning teams must be informed, regardless of the type of labour used.

d) It is important that the appropriate business planning teams are consulted right at the start, as they will be able to provide advice on resourcing options. You should also ensure that HR are involved in any internal assurance processes for consultancy spend.

e) Refer to the Strategic Workforce Planning team in Government People Group (GPG in the Cabinet Office) and Strategic Workforce Planning Playbook for further information on developing and using strategic workforce plans.

2. Knowledge

a) Contracting authorities should always consider what knowledge needs to be generated in order to achieve the desired outcomes. You should check to see if there are existing toolkits, methodologies, reports, case studies, or if a similar project has been undertaken in your department or across government.

b) Even if previous knowledge does not answer all requirements, organisations should be asking themselves whether work that has previously been undertaken and the related outputs can inform the project brief and rationale. See Chapter 3: Maximising Value Throughout and the Knowledge and Skills: Generation, Transfer and Sharing Guidance Note for more information on how to maximise knowledge reuse, generation and transfer in consultancy engagements.

3. Support from internal governmental resources

a) There are a range of internal government teams who can be commissioned by public sector organisations for support. Some examples of these include:

- The Policy Insights Unit (PIU) works across government helping Civil Service teams tackle complex policy challenges. Launched in 2016 as the Open Innovation Team, the PIU has delivered over 150 projects for more than 30 government customers. It provides tailored, in-house, consultancy-style support across all stages of the policy cycle. For more information, contact **enquiries@policyinsightsunit.gov.uk**.

- The Evaluation Services Unit (ESU) delivers high-quality, affordable evaluation services across government. Launched in 2024, the team provides end-to-end evaluation support, from advice on scoping and design through to full delivery. The ESU works with all government departments and arm's-length bodies, and partners closely with the Cabinet Office's Evaluation Task Force. For more information, contact **enquiries@evaluationservices.gov.uk**.
- The Systems Insight Team (SIT) provides practical, accessible systems thinking support to help colleagues across government make better-informed decisions on complex issues. SIT offers sector-leading tools that help users explore how complex systems fit together, while its training builds confidence and capability for teams of all experience levels. For more information, contact **enquiries@systemsinsightteam.gov.uk**.
- Policy Lab is a multidisciplinary team working across central government and beyond to help policymakers tackle high-profile and sensitive challenges. Since 2014, the team has used people-centred, participatory and innovative approaches to generate new insights and ideas for policy. It collaborates with policy teams throughout the policy cycle – from early exploration and engagement through to sustained programmes, supporting shared understanding and more informed decision-making. It also delivers bespoke capability-building training and workshops. For more information, visit the **Policy Lab blog** or contact **team@policylab.gov.uk**.
- The Government School of Design works with public sector organisations to strengthen the organisational capability required to use design effectively. The school provides consultancy support to help leaders commission, integrate and sustain design across policy, services and delivery systems. Support may include capability diagnostics, leadership briefings and organisational development programmes that improve how organisations recruit, structure and sponsor design work, enabling design capability to contribute consistently to public value. For more information, visit **their blog** or contact **andrew.knight@education.gov.uk**.
- Innovation & Consultancy Services (ICS) is the main source of in-house consultancy for the Northern Ireland devolved government. It has a multi-disciplinary team that provides independent advice, insights and service improvement for public sector clients. For more information, visit their website or contact **ics@finance-ni.gov.uk**.

Similarly to ICS, some government teams are only available to provide support within their individual organisations. Public sector organisations are advised to check internally for further information on these.

b) If contracting authorities still need to procure external resources, they should contact the **GCA's PROSPER** service, who can assist them through the pre-procurement stage, by providing support on the following activities:

- conducting landscape assessments of the contracting authority's current spend, use and need of extended workforce
- advising how to identify value, tracking and reporting on value realisation
- suggesting compliant and best value GCA routes to market, including advice on appropriate delivery models and commercial aspects
- providing best-practice guidance on contract management, and building departmental capability when procuring extended workforce
- advising on how to become the customer of choice and getting maximum benefit from market engagement including SMEs
- advising contracting authorities on planning for knowledge transfer as part of the contract

To get in touch, contact **prosper@gca.gov.uk**. See pages 32 and 33 for further information on GCA PROSPER.

c) If contracting authorities need to procure an extended workforce service which may be highly complex or critical, they can contact the GCA's Complex Transactions Team via **CTTAccountManagement@gca.gov.uk** for expert commercial support.

d) If possible and appropriate, contracting authorities may consider using an Artificial Intelligence **(AI)** tool to address skills or capacity shortages. See pages 24 and 25 for further guidance on using AI in consultancy engagements, including sources like the **AI Playbook** and **Digital, Data and Technology Playbook** which can provide additional detail.

Types of extended workforce

There are four main types of external temporary resource: consultancy, and contingent labour (which includes temporary staff, interims, or contractors), resource augmentation and professional services. You should seek advice from commercial and HR early on as to whether requirements are better suited to a certain type of extended workforce. Be aware that for workforce planning and management purposes, resource augmentation will be considered as contingent labour. Table 1 provides additional guidance on the characteristics of each type of resource. For further information on the differences of the various types and examples of these in practice, see Annex 1.

Table 1. Characteristics of four main types of extended workforce

	Typical characteristics
Consultancy	Advice (often strategic) is provided outside the business-as-usual environment.
	Skills/expertise are not available in-house.
	Access to data and information not available in-house.
	Engagements are time-limited.
	Specific deliverables/outcomes are defined.
	Supplier has responsibility to meet those deliverables or outcomes.
Contingent labour	Operational expertise is not available in-house, but the role exists within your organisation.
	The engagement is time-limited and temporary.
	Specific, named individuals are performing a role or function rather than delivering specific outcomes.
	Often used to fill resource gaps when there is a capacity, rather than a capability shortage.
	Client retains management responsibility for the day-to-day performance of individuals and is responsible for defining the role or tasks they will perform.
Professional Services	Specialised expertise, usually professionally accredited/qualified.
	Engagements are time-limited with defined deliverables.
	Assist delivery or implementation of a BAU operational service where there are skills/capability gaps.
	Operate outside the client organisation's structure and staffing establishment.
	Usually not advisory (except when providing formal reports for BAU purposes, for example legal advice).
Resource augmentation	Supplements existing in-house expertise to help address specific skills or capacity gaps.
	Engagements are time-limited with defined deliverables.
	Client retains management responsibility for the day-to-day performance of individuals, and is responsible for defining the role and tasks they will perform, but the supplier manages their HR responsibilities.

Questions to consider when a business need is identified

1 Create a clear vision statement for the requirement

Identify the business need, budget, objectives and strategic outcomes:

- What is the overall outcome you want to achieve from the project/ service? How well is it understood?
- What degree of clarity is there in the scope of the requirement? What are the key deliverables and how do they contribute to achieving the overall outcome?
- How can the requirement deliver value for money?
- Is there an enduring need for the capability? If so, how do you plan to resource it long term by upskilling the existing workforce?

A clear understanding of the outcomes and scope will help you to more effectively identify delivery options, assess costs and consider risks.

2 Identify delivery options

Identify the different delivery options available before requesting external support, including internal Civil Service options:

- Does the business unit have the skills in-house to deliver the requirement?
- Could other Civil Service teams collaborate to deliver the work?
- What is the most appropriate type of extended workforce for this requirement?
- What are the options available from the market?
- What known frameworks are there that can deliver the requirement?

It is important that we always consider internal delivery options, and if you do go to market, that you buy the right service in the right way.

3 Assess the costs of each option

Identify and assess the costs associated with each option:

- Do you understand the whole life costs of the potential delivery options, such as delivering in-house or bringing in external support?
- Have you considered how the choice of delivery model for this contract will impact the overall cost of the service/project?
- Have you considered any IPR implications and whether these are factored into costs?

Understanding the costs associated with each delivery option allows you to make informed decisions and deliver value for money.

4 Considering the risks

Consider how you can best minimise overall risk:

- Consider whether the requirement has implications for overall policy direction, and therefore would be better suited to internal delivery.
- What is the operational impact if consultants are not engaged?
- What are the risks to value or benefit realisation associated with the potential delivery models?

By considering the risks early you can mitigate against unintended effects and maximise intended benefits from the requirement.

Self-assessment model

Once the difference between the various types of extended workforce has been considered and any in-house delivery options identified, it is crucial to find the most effective solution to the business need. You should always consult commercial and HR teams in making these judgements, and consider the following self-assessment criteria to help determine the appropriate delivery model.

Setting procurements up for success

Consultancy services should only be used in exceptional circumstances to fill specific skills and knowledge gaps that can't be provided by internal resources. However, if you decide that commissioning external consultants is the most effective delivery model for your business need, it is essential that you set the procurement up for success.

Getting things right at the start will save time downstream, deliver greater value for money and help to build stronger relationships with suppliers. You should consider the following principles right at the start of consultancy procurements, to self-evaluate requests for consultancy and ensure that you're setting up for success. You should:

- have a clear understanding of the overall project outcomes, as this will allow you to specify the deliverables for the engagement
- establish the sector you need support from (like strategy, finance, or IT) and the type of extended workforce which would be appropriate, such as pure consultancy (advisory) services, professional services, or resource augmentation
- ensure that project teams engage appropriately with commercial (including GCA where appropriate), finance and legal functions right at the start of procurements. This will ensure stakeholders are fully aligned, that the procurement is compliant with regulation and delivers value for money
- decide how to incorporate and incentivise knowledge generation, knowledge and skills transfer, and sharing across the contract lifecycle to build internal capability, particularly if there is a significant capability issue and this is a long-term requirement, to reduce the need to buy the same skills and knowledge again
- have a firm grasp of our intended governance structures and ways of working, including SRO responsibilities, and escalation procedures



These factors are often interlinked and are likely to impact the way you procure and manage consultancy services. For example, the approach to a complex multi-year digital transformation programme will differ from a short and quick piece of strategic advice. Proportionality is key, and you should always consider basic criteria such as the value, duration and scope of the engagement to ensure a suitable approach.

Considering scope and scale

Consider SMEs and VCSEs: Lotting

- The Procurement Act (PA 23) mandates that contracting authorities have the duty to consider lots. Before publishing a tender notice they must undergo this process. If the contracts can be awarded via lotting this must be arranged, or a reason will need to be provided.
- Break down large mixed requirements into suitable Lots to ensure needs are well matched to firms' expertise and to ensure we are facilitating access for suppliers of all sizes.
- This helps to avoid over-reliance on one firm and taps into the most relevant expertise, and allows the government to plan to transition to internal capacity at the right time.
- When deciding on suitable lots of requirements, ensure that this is done to best match the expertise of firms, and not to avoid control thresholds.

Consultancy engagements should be time-limited with clearly defined deliverables and outputs, and disaggregated appropriately. If contracting authorities are considering putting in place longer term contracting models, such as overarching contracts or delivery partner arrangements with defined call-off procedures, the guidance below should be followed:

Using umbrella contracts or delivery partner arrangements

When considering putting in place overarching contracts or delivery partner arrangements, ensure that:

- you clearly understand both the capability and capacity gaps faced – external consultants should be used to fill specific capability gaps, rather than capacity shortages, which are better suited to contingent labour;
- you consider the most effective delivery model – GCA PROSPER can provide guidance on this, and can be contacted via **prosper@gca.gov.uk**;
- individual work packages are specific to the engagement and are directly linked to the deliverables in the specification;
- you apply governance to individual work packages from these arrangements – this includes exploring internal options, ensuring that knowledge transfer is being prioritised, and that any spend control requirements are being followed prior to calling-off from the contract;
- you maintain commercial tension when using these arrangements – by undertaking regular benchmarking of rates, and market testing for new requirements, to assess their value.

Engaging with the market

Talking to the market is one of the most important things you can do. Conducting preliminary market engagement before launching a tender can be hugely beneficial to not only inform suppliers of any upcoming opportunities, but to use market knowledge and expertise to help shape your requirements. Ensuring that potential suppliers have an in-depth understanding of your requirements and sufficient time to create an innovative bid should promote better bids and reduce clarification questions which can lengthen timescales.

Preliminary market engagement can also assist contracting authorities with the following:

- selecting the route to market, and the relevant conditions of participation and award criteria
- preparing the tender notice and other tender documentation
- identifying potential appropriate suppliers for the requirement
- identifying likely contractual terms
- building capacity amongst relevant suppliers in relation to contract award

Where possible, you should undertake a proportionate level of market engagement for all procurements. Even for small engagements, some limited preliminary market engagement is likely to be a useful investment. Table 2 below shows a number of methods that you should consider. To support effective preliminary market engagement, departments should create and maintain pipelines of current and future contracts. This will allow suppliers to allocate their resources effectively, resulting in a more diverse range of bidders, including small and medium-sized enterprises **(SMEs)** and voluntary, community, and social enterprises **(VCSEs)**.

The Procurement Act 2023 **(PA 23)** mandates that prior to publishing a UK4 Tender Notice, contracting authorities must publish a UK2 Preliminary Market Engagement Notice if they plan to carry out preliminary market engagement for an above-threshold contract. Further information on the notice types under PA 23 is available on **Find a Tender**.

When conducting preliminary market engagement, contracting authorities must take steps to ensure that suppliers participating aren't at an unfair advantage, and that the competition isn't distorted.

Table 2. Methods of market engagement

Method	Benefit
Notification to the market of upcoming work	Allows contracting authorities time to prepare and suppliers to get a suitable bidding team together. Advisable for most procurements.
Expression of interest (EOI)	Highlights if there are no suitable or interested suppliers, allowing us to modify the tender if necessary. Filters the market based on capacity and interest for the requirement.
Request for information (RFI)	Allows suppliers to provide information that can inform the structure of the requirement. This can be of particular benefit if you don't fully understand the outcomes you want to achieve. You can directly benefit from the expertise and experience of the market. Gives opportunity for suppliers to demonstrate innovation.
Supplier days/ webinars	Can passionately articulate the vision of the requirement to suppliers in a compliant way. Opportunity to request feedback from the market through Q&A. Ask open questions of the market, rather than seeking to confirm existing decisions ahead of releasing an Invitation to Tender (ITT). Can reduce the number of clarification questions during the tender process.

Consider SMEs and VCSEs: Market engagement

- Ensure that you are engaging with a range of supplier profiles during market engagement activities, bearing in mind that smaller, lesser known suppliers may have access to the expertise you need.
- Create, publish and maintain a pipeline of future and current contracts, allowing suppliers to allocate their resources effectively, resulting in a more diverse range of bidders.
- PA 23 mandates that contracting authorities who will pay more than £100 million in certain contracts must publish a pipeline notice annually with details about any contracts with an estimated value over £2 million they intend to procure that year.

Off-payroll working rules (IR35)

The off-payroll working rules, also known as **(IR35)**, ensure that a worker in the extended workforce broadly pays the same amount of Income Tax and National Insurance as an employee would.

Off-payroll working rules (IR35) can often apply to extended workforce engagements depending on the nature of the arrangements and the supply chain. Contracting authorities should introduce controls to ensure that they recognise where off-payroll working rules apply to their extended workforce contracts and then meet their requirements under the applicable legislation.

There is a greater risk of the rules applying where external staff are integrated within Civil Service teams, or where civil servants and consultants collaborate to deliver solutions or outcomes together.

IR35 should be considered on a case-by-case basis, and contracting authorities should take specialist advice via their own tax function, engaging the Tax Centre of Excellence **(Tax CoE)** or specific legal advice where necessary.

Refer to the **Tax CoE** guidance on **consultancy arrangements** and **off-payroll working legislation** to ensure that requirements under the legislation are understood. The Tax CoE website also provides **relevant webinars** regarding IR35.

The Tax CoE can be contacted for further support via **govfinance@hmtreasury.gov.uk**, although departments are advised to contact their internal tax functions first.

Artificial Intelligence

Artificial Intelligence **(AI)** is increasingly being used in the world of consultancy. As a result, this could influence the following:

- the structure of consultancies
- the outputs delivered and how the service is delivered
- the pricing models used to pay for consultancy services
- the procurement process
- the inclusion of terms and conditions which refer to the use of AI in consultancy engagements

As consultancies continue to embed AI in their operations, it is expected that the traditional "pyramid" consultancy model may change as AI systems automate certain tasks which are typically completed by junior consultants.

The inclusion of AI may positively impact the delivery of your requirements as it can develop innovative ways of addressing policy challenges. However, before including AI in a service, you should consider your organisation's **data maturity** as AI relies on good data quality. Cleaning and addressing unstructured data can be a painstaking and manual exercise.

The use of AI can also affect pricing models. Time and Materials (T&M) is a commonly used pricing model, where the supplier will charge the client for actual time worked, based on a pre-agreed rate card (typically day rates by consultant grade, which cover staff costs, other overheads and profit). However, as AI continues to drive efficiencies for consultancies, the market is shifting away from pure time-based pricing. Therefore, you should carefully define the desired outputs and outcomes from consultancy engagements as a move towards fixed-pricing. See page 36 for further detail on pricing and payment mechanisms.

Contracting authorities can ask bidders to declare any intention to use AI technologies in the procurement process, and to help generate any advice or outputs as part of the Invitation to Tender (ITT) process. **PPN 017** provides optional questions that contracting authorities can use to encourage transparent AI use in procurement.

Contracting authorities should also consider how they will address the various technical, legal, ethical, security, data protection, and intellectual property challenges that could rise when contracting for a service that uses AI through the contract. Government has produced a suite of **model contracts**, which have a standard position on security, data protection and intellectual property. GCA frameworks are usually based on **Public Sector Contract** which also has a standard position on these topics. The Cabinet Office has developed a suite of **security schedules**, including a Consultancy/Professional Services Security Management Schedule, which is part of the Mid-Tier Model Contract and the Public Sector Contract as **Call-Off Schedule 9B (Security Consultancy)**.

Key points



1. Getting it right starts by choosing the correct delivery model, considering in-house delivery as well as options from the market.
2. Have a clear understanding of the outcomes you want to achieve, as this will allow you to articulate the deliverables for the consultancy engagement.
3. Engage appropriately with commercial, finance and legal functions right at the start of procurements.
4. Consider what knowledge needs to be generated to achieve the desired outcomes and if the knowledge and skills already exist.
5. Disaggregate large mixed requirements into suitable work packages, where appropriate.
6. Undertake a proportionate level of market engagement for all procurements and engage a range of supplier profiles.

Want to know more?

1. The **Delivery Model Assessment Guidance Note** provides further information on choosing the correct delivery model for the requirement.
2. Contact the Strategic Workforce Planning Team within GPG Expert Services via their mailbox: **civilserviceswp@cabinetoffice.gov.uk** with any questions or for access to the Strategic Workforce Planning Playbook.
3. The Government Digital Service (GDS) have published the **AI Playbook for Government**, which includes a definition, how it can be used across government, and how it can be procured effectively.
4. The GCA has also published various resources which cover the procurement of AI tools and solutions. This includes the **Digital, Data and Technology (DDaT) Playbook** and the Buying AI Guide.
5. The Incubator for Artificial Intelligence hosts **ai.gov.uk**, a website which provides additional information on the use of AI in public services, and a **Knowledge Hub** for public sector organisations looking to use AI.



2 Going to market

To get the best responses to your ITT, your procurements should be structured to allow the market to offer effective and innovative solutions. This section outlines the stages for contracting authorities to follow when going to market and should be applied proportionately to the size and complexity of the requirement.

You should consider these key principles throughout the procurement process to drive best practice, and get the best out of suppliers. You should:

- work collaboratively with industry, ensuring you aren't unfairly excluding SMEs and VCSEs, and, where appropriate, use the market's knowledge and expertise to help build your requirements and specification. Industry should also engage meaningfully with government, as refining the requirement will lead to a more successful engagement
- focus your requirements to the overall outcomes you want to achieve, defining the deliverables that help produce those outcomes in the specification
- structure your specifications and evaluation criteria to allow for unique and innovative responses
- include building government knowledge and capability as a core requirement when commissioning consultants

Writing effective specifications

The specification is a key part of the contract between the client and the supplier. You should provide suppliers with the flexibility to propose innovative solutions by using an outcome-based specification rather than an input-based one. This is because input-based specifications can be limiting as they rigidly specify how consultants should deliver requirements.

You can create an outcome-based specification by thinking of your requirement in terms of the problems you want to solve. This will help you to describe the problem while not specifying the inputs or processes that can be used to solve it, which gives suppliers the ability to offer innovative solutions using their knowledge and expertise.

This method will require:

- a clear, strong specification
- specific, measurable milestones
- milestones aligned to your project timeline

These milestones should refer to the most important areas of your project, such as key benefits or risks. This will encourage suppliers to focus on the areas which matter most to you.

Adopting an outcome-based approach can be challenging, and you should speak with your commercial and legal teams before you begin. You should also involve the project team in the development of the specification to ensure it remains relevant to the work. A breakdown of teams to include is shown on the OKUA model, on page 9.

For projects that are novel, complex or strategically significant, you should encourage innovative solutions by using outcome-based specifications. Before writing the specification, you should ensure that the project and commercial teams clearly understand the requirement and that you have engaged the market. This will give suppliers enough time and direction to write a strong, innovative bid.

There are a number of key considerations you should take into account when drafting specifications:

- your ITTs should be informed by meaningful market engagement. This should be emphasised for outcome-based requirements. See pages 21, 22 and 23 for advice on talking to the market
- include deliverables on knowledge and skills transfer, and consider how the buyer and the supplier can work together to deliver them as part of the contract. See Chapter 3: Maximising Value Throughout for more information on maximising knowledge and skills transfer, and the **Knowledge and Skills: Generation, Transfer and Sharing Guidance Note**
- understand the data landscape between the buyer and the supplier and ensure this is clearly stated in the specification

For further support and advice on writing your specification, you can contact GCA PROSPER at **prosper@gca.gov.uk**.

Consider SMEs and VCSEs: Proportionate timescales

- Apply proportionate timescales to our procurements, ensuring that you follow procurement regulations while allowing enough time for bidders of all sizes to pull together credible bids. This includes allowing sufficient time for clarification and ensuring questions are answered in full detail.
- You should also bear in mind any security clearance and onboarding requirements. You should ensure that you are allowing enough time for successful bidders to acquire the necessary security classification, alongside onboarding concerns such as the provision of IT, prior to contract start.

Considering ways of working

Contracting authorities often overlook the importance of alignment between the buyer and supplier. However, to deliver successful consultancy engagements, the goals and ways of working of both parties should be aligned.

Specifications should encourage collaboration and knowledge and skills transfer. Ensuring that individuals can work together effectively is an important consideration that is likely to impact a project throughout its lifetime and is an important step in getting it right from the start. Further considerations are highlighted below.

Ways of working with potential suppliers

When considering ways of working with potential suppliers, you should:

- Ensure that there is a comprehensive shared understanding of the intended goals and outcomes of the project – this should include social value;
- Identify values which are integral to the buyer's identity, such as diversity and inclusion – consider measures which could be used to assess this, including targets for percentages of employees from underrepresented groups, or an assessment of company policy for reasonable adjustments;
- Consider which working practices are important for the project team, and evaluate how closely a supplier's own practices align – cultural alignment could also include working practices such as working hours, or preferred forms of communication.

Writing evaluation criteria

The evaluation criteria in your ITTs should be concise, avoid repetition and allow bidders to offer meaningful responses. If ITTs are too narrow, bidders cannot freely demonstrate how their organisation can create value. When designing evaluation criteria, you should be:

- allowing suppliers to offer meaningful, innovative responses to questions on quality. Where possible, you should use open questions and an open technical specification with clearly defined deliverables that will help achieve the desired outcome
- including questions on knowledge and skills transfer. Be clear about the knowledge you expect to be generated and transferred, and the skills that should be developed as part of the contract. See Chapter 3: Maximising Value Throughout and the Knowledge and Skills: Generation, Transfer and Sharing Guidance Note for further details
- ensuring that the right people are involved in designing and drafting the evaluation questions. This should include the project team as well as input from commercial, legal and finance. The OKUA model on page 9 can be used as a guide to assign roles and responsibilities to relevant functions
- using quality criteria that allows us to differentiate between bidders' responses on how well their solution will deliver the specified outcomes, giving consideration to scoring bands
- in line with **PPN 002**, social value should be explicitly evaluated and form a percentage of the evaluation criteria. This percentage may be within a range depending on the project in question, but should form a minimum of 10%

Consider SMEs and VCSEs: Low cost bids

- Design evaluation criteria to have a suitable balance of quality and price, allowing us to find the best value for money solution. It should not be the case that suppliers can bypass quality requirements by offering the lowest average day rate without due consideration of quality or offering value adding solutions. To achieve this, you should require all bids to meet a certain quality threshold if they are to be considered.
- Refer to **The Sourcing Playbook** for further information on low cost bids, and the **Bid Evaluation Guidance Note**.

Risk varies by project but is likely to be greater in projects that are particularly novel or strategically significant. Therefore, when writing evaluation criteria for these more complex projects it is important to consider risk allocation in more depth. As always, risk should sit with the party best able to manage it, but it's important to be clear on the levers which will influence the likelihood of a risk occurring, and who is in control of those. You should consult commercial and legal colleagues at this stage, and you should also work alongside bidders to outline any obligations on the contracting authority to enable consultants to deliver the desired outcomes. For example, providing personnel or clearly defined governance structures. Further information on risk allocation is available in **The Sourcing Playbook** and the **Risk Allocation and Pricing Approaches Guidance Note**.

Routes to market

It is important to realise that not all consulting companies are the same. They have specialties and you need to select the route to market that will expose the type that you need.

The consulting sector comprises a diverse range of disciplines, including strategy, organisational design consultancies and technology based firms. These consultancies are further subdivided into fields such as engineering, product introduction, various science-based areas and operational improvement specialists. Additionally, firms may provide targeted expertise, with further categorisations in specific practices including, for example, call centres, quality improvements, and lean working.

Investing time into developing a robust specification, alongside significant early market engagement, will help to identify those firms most able to meet the requirement. Don't fall into the trap of only going for known suppliers; ministers increasingly are looking for subject matter experts in specific sectors, not the generic advice that is available from the market, which is often more expensive than the real experts. Finding the right expert is the challenge.

There are many different routes to market for consultancy services that contracting authorities should consider. By following this guidance, you should choose a procurement procedure that best fits your needs, ensuring proportionality to the size and complexity of the requirement. This ensures fairness and transparency and does not create barriers for and VCSEs. The Cabinet Office provides further guidance on the different phases of the procurement process under the PA 23.



Consider SMEs and VCSEs: Reserving below threshold bids

- In scope contracting authorities should consider **PPN 005** for below threshold contracts.
- This allows contracting authorities to either/both:
  - run a competition and specify that only SMEs and VCSEs can bid;
  - run a competition and specify that only suppliers located in a specific geographical area can bid.
  - you should consider how you can use PPN 005 to support government social value and SME priorities.

Government Commercial Agency (GCA) routes to market

For central government departments, GCA frameworks should be the default route to market for extended workforce services, except for specialist requirements where relevant GCA frameworks don't exist. GCA frameworks provide an efficient route to market for common goods or services, allowing users to reduce cost, mitigate risk and maintain delivery assurance. GCA has a range of frameworks that should be considered for extended workforce services, including but not limited to:

- Management Consultancy Framework (MCF) MCF4 is a multi-lot framework with comprehensive customer guidance which should be applied alongside this Playbook where appropriate. This framework provides buyers with access to a mix of functional lots (such as strategy, finance and HR) and sector specific lots (like infrastructure and health and social care). When MCF4 expires, it will be replaced by the Consultancy and Professional Services Framework (CAPS).
- Workforce Solutions is a framework with a single managed service provider, which provides buyers with access to professional, managerial, operational and administrative workers through a wide range of delivery routes, including Statements of Work (SoW) and resource augmentation

If contracting authorities have more sector-specific or technical needs (for example, construction, IT or financial) they should work with GCA PROSPER to find a more suitable agreement. GCA has a **full list** of categories and agreements.

To ensure the use of GCA agreements is effective and compliant for contracting authorities, all call-off contracts should be consistent with the applicable customer guidance.

Figure 3 provides an example of how GCA PROSPER supported a Civil Service team with their re-procurement strategy.

Figure 3. PROSPER Case Study

Ministry of Defence Procurement Support

PROSPER worked closely with the MOD Head Office Commercial team to support a significant re-procurement strategy. This engagement focused on supplementing the MOD's Category Management resource to drive compliant routes to market and identify substantial savings opportunities on high-value contracts.

Stakeholder, supplier and market engagement stage:

PROSPER conducted thought leadership sessions specifically designed to address MOD-specific requirements.

PROSPER coordinated across various Government Commercial Agency (GCA) functions to ensure the MOD experienced a seamless journey when interacting with GCA products and services. Additionally, they analysed Commercial Delivery Partner spend data to identify potential savings through contingent labour routes.

Procurement stage:

The team proposed and secured agreement on the specific route-to-market, which was recommended for the MOD.

PROSPER delivered a detailed recommendation report to assist the department with the development of its Business Case. They also developed a tailored GCA support plan specifically for the MOD's requirements.

Contract and supplier management stage:

Through our intervention, PROSPER identified a **£2m per annum** saving opportunity on an existing **£18m contract**.

The engagement successfully supplemented the MOD Head Office Commercial CAT MAN resource with external skills, experience, and knowledge.

Alternative routes to market

There are various other routes to market that can be considered. Contracting authorities may have their own frameworks providing a niche or sector focused consultancy service, these should only be put in place where there are no GCA frameworks. GCA frameworks can leverage the buying power across the public sector and provide better value for money. If these internal frameworks are also unsuitable, then commercial should consider running a full procurement process.

Procurement procedure

The default and recommended procurement procedure should be competition, either through a framework, or if appropriate, via a standalone procurement process under the relevant procurement legislation.

However, there are certain circumstances where a direct award can be used if adequate justification is provided and the contracting authority meets conditions set out in PA23, such as:

- a call-off procedure which is expressly permitted by a framework agreement
- requirements can be met by a single supplier
- extremely urgent timescales (this option will only be accepted as justification in exceptional and unforeseen circumstances)

Any decision to make a direct award, whether that be through a permitted framework or due to exceptional circumstance, should be led by your commercial teams and legal advice should be sought. It should also comply with both the law and internal governance procedures. If you are Awarding Without Competition (AWOC) under a Framework, it is standard practice that the maximum day rate is applied. As such, AWOC does not always represent best value for money.

‘Pro bono’ offers

Consultancies may wish to offer pro bono services or a free of charge discovery phase. There are many reasons why consultancies may offer services free of charge, including but not limited to:

- demonstrating new ways of working
- building relationships
- building an understanding of your preferred way of working
- gain competitive edge
- get access to internal strategies and data

Suppliers may ask you to sign a £1 or nil value contract on their terms and conditions to circumvent commercial governance. It is often a mistake to accept these kinds of

offers, as it locks in what may well be the wrong vendor and it can be harder to extract yourself from the contract. This type of behaviour is sometimes called ‘landing and expanding’. You should consider the guidance highlighted below when offered pro bono consultancy services:

Guidance for pro bono offers of work

When offered pro bono services, contracting authorities should ensure that:

- any pro bono offer is subject to the same internal approval process and scrutiny as billable work, and documented as such through a signed agreement;
- the offer of work has clearly defined scope, along with any associated deliverables;
- any related output in the form of further work or recommendations do not constrain the business in choosing who to compete work with in the future;
- there is a clear rationale for the piece of work being delivered, in line with the business objectives, pipelines of work or workforce requirements.

Key considerations in regards to ‘landing and expanding’:

Landing and expanding rarely leads to sustainable growth where public procurement regulations are observed. Having a considered category strategy can mitigate this.	Having governance controls around contract modifications and delegated authority.	Ensure you’re aware of the individuals who have access to commercially sensitive data, and site access.

Using existing contracts

‘Landing and Expanding’ can also occur when the original scope of a contract creeps into territory that was previously deemed out of scope, aptly named ‘scope creep’. It may seem more advantageous to use an existing contract that you have within the organisation, as it has already been procured but you are exposing yourself to a broadening risk that the process isn’t transparent, compliant, nor is the spend information clear. Additionally the agreed acceptance criteria for the original scope of the contract may not apply to new work, which would limit your recourse for challenging the quality and timeliness of delivery. Delivery Partner arrangements can exhibit these tendencies and it can be costly to terminate or to transition to a different supplier.

Pricing and payment mechanisms

The pricing and payment approach is central to the relationship between client and supplier. It should be considered right at the start of the preparation and planning phase, and informed by meaningful market engagement. If procuring services from a framework, the terms agreed with suppliers on that framework should always be considered. A useful starting point is considering whether the model should be one of the following:

- **Time and Materials (T&M)**, where the supplier will charge the client for actual time worked, based on a pre-agreed rate card (typically day rates by consultant grade, which cover staff costs, other overheads and profit)
- **Fixed price**, where the supplier will charge a set amount to deliver the services to the agreed specification or/ timeframe, regardless of actual time worked. Suppliers are typically able to provide a fixed price by estimating how long the work will take and adding some contingency
- **Output based pricing**, is similar to fixed price, but this is where the supplier will charge the client based on the value of the deliverables, or specific, measurable outcomes, rather than by actual time worked or a larger timeframe
- **Payment by results**, where the amount the supplier will charge varies by the outcome achieved, incentivising performance. Suppliers will typically charge a portion of their fees based on T&M or fixed price, with the remaining portion dependent on the results they deliver

This decision should be guided by the scope of the contract, notably the deliverables in the specification, and your understanding of the project's desired outcomes.

You should ensure that we are adopting the most appropriate pricing mechanisms at all stages of the project lifecycle. Whilst a T&M model may be appropriate for contracts at the start of projects, when scope and desired outcomes are less clear, an output based pricing arrangement should be considered further along the project lifecycle when the requirement is more mature. This will allow for greater certainty of costs incurred, more flexibility for consultants in how they achieve the deliverables and ultimately, better value for money.

Payment by results can be an effective way to incentivise supplier performance against the measures which are most important to the buyer, and allow flexibility to the supplier to carry out the project in an innovative way. This is likely to be appropriate in situations where there is a robust specification and an effective way to measure performance and can help to distribute risk appropriately between parties with projects that represent a greater level of risk. It should be paired with close contract management and the creation and monitoring of appropriate KPIs.

Only ask consultants to risk their profitability via a payment by results approach if they possess all the levers that would enable them to realise the outcome. These can be considered when the desired outcome can be quantified, for example cost savings achieved or efficiency improvements delivered by the supplier. It is crucial here that client and supplier agree on a clear and documented baseline against which any results will be measured and that any inter-dependencies with in-house teams are understood.

Where possible, avoid large consultancy contracts with a single supplier where you fulfil requirements by drawing down on SOW. If you require this type of service, you should consider using a taxi-rank model where you can rotate through a range of selected suppliers. The taxi-rank model involves awarding the call-off to the supplier with the highest-ranking tender, and then awarding the next call-off to the supplier that submits the next highest scoring tender, and so on. This is more complicated to procure but the process will drive better value for money as it maintains a competitive element, and avoids supplier lock-in. Another option would be to pursue a “catalogue approach” with multiple suppliers to maintain commercial tension.

Table 3 outlines the typical corresponding pricing arrangements for these approaches and when they should be considered. Recognising the need for flexibility, the different models can be tailored to suit specific requirements. Project teams should contact commercial when considering hybrid solutions for pricing models, to ensure that risk is balanced appropriately. In some circumstances, it might be appropriate to develop a hybrid model such as fees-at-risk, where the project is agreed on a T&M basis with a portion of fees at risk based on outcomes being delivered.

Table 3. Typical pricing arrangements and when they can be considered

Time and materials (T&M)	Fixed price	Output based pricing	Payment by results
Little risk transferral	Increased risk transferral	Increased risk transferral	Increased risk transferral
Pricing model may be appropriate when:			
• we have limited clarity on scope/ complexity of the project; • there is higher transparency of costs with visibility of resource grades and days billed; • we have resource available for proactive operational and contract management as client bears cost of project overruns.	• we have greater clarity on scope / complexity; • there can be lower transparency of costs with limited understanding of how the fixed price breaks down; • we have less resource available for proactive contract management to control cost as consultants bear the risk.	• we have greater clarity, on the scope and what the deliverables should look like; • there is more transparency on the actual value delivered by consultants; • we have more resource available for proactive contract management as the client will need to verify that outputs meet the desired deliverables or milestones before payment.	• we have greater clarity on scope and associated risks, with consultants willing to base part of their fees on performance; • there is more transparency on actual value delivered by consultants; • we are prepared for more mature contract management (otherwise issues related to the achievement of results and associated rewards may arise).

No pricing mechanism is risk free, it is good practice to trial the use of your commercial evaluation to see if abnormal low tenders alter the outcome and exposes you to additional risks. Where you evaluate the average rate card against levels of seniority, some suppliers may choose to price certain rates as low as £1. You should interrogate any low cost bid as per your organisation's process and note the provisions on dealing with abnormally low tenders in section 19 the PA 23.



Evaluating bids

The bid evaluation process should work so that suppliers are able to put forward their best bid and clients can effectively evaluate these to ensure the best solution is chosen. When evaluating bids, ensure that:

- the project team who will be working alongside the consultants are involved in the evaluation process, as well as commercial and finance. This will help to ensure that bids are evaluated compliantly, and in line with project priorities. Refer to the OKUA model on page 9 to ensure that the relevant functions have been considered
- evaluators have the skills necessary to evaluate a bid effectively. For example, those performing the price evaluation should have the necessary financial skills
- you are aware that if using a competitive tendering procedure under PA 23, contracting authorities must assess bids to identify and award the contract to the supplier with the 'most advantageous tender' (unless it chooses to abandon or cancel the procurement).
- evaluators should satisfy themselves that the consultant team proposed in the bid will be the team that ends up working on the engagement. It should not be the case that we are offered one team, but then a different and potentially less suitable team arrives when the engagement gets underway
- you consider using presentations and interviews as part of the tendering procedure as they can help you understand how consultants work and whether the consultant team will be a good match for the Civil Service team. The guidance on page 40 details how best to use presentations and interviews in evaluation
- the project team provides structured feedback to suppliers at the end of the evaluation period. This will improve the consultancy ecosystem by enabling suppliers to put forward stronger bids in future. This should be supported by notes and feedback produced by evaluators when assessing bids

When using interviews or presentations contracting authorities should ensure:

- the ITT clearly explains the process for deciding which bidders take part;
- there is a standard script and marking scheme;
- presentations and interviews are only used to either evidence the written bid or to evaluate the skills/experience of the particular people who will be delivering the contract. They should not be used to cover selection stage criteria (e.g. past performance, supplier identity, etc.);
- scoring methodologies are objective;
- presentations and interviews are permitted by the framework agreement and used in accordance with the process set out in the framework agreement.

Understanding spend data

Contracting authorities should be capturing and maintaining accurate data about our use of extended workforce services. This includes the suppliers used and their size, the type of extended workforce, the cost and the reasons why external resources are being used. Having such data allows the government to:

- build a picture of the government's extended workforce ecosystem, and understand the impact of ongoing drives to reduce unnecessary consultancy spend
- identify potential synergies and avoid duplication
- gain insight into skills and knowledge gaps to strengthen internal capability and facilitate cross-government knowledge sharing

There is no official rule on how much consultancy can form part of a requirement, but it is commonplace for consultancy to be in addition to the delivery or implementation of the advice. Contracting authorities should be mindful that the workers remain outside of the organisational structure and the work remains under the supervision, direction and control of the supplier.

Departments are required to report consultancy and contingent labour spending in their Annual Report and Accounts and thus it is important that spending is accurately categorised in internal systems. Contracting authorities should follow the process map below to ensure we are capturing the right data effectively.

Approach to data input and capture

1 Are the services consultancy?

First consider whether the services being supplied are in fact consultancy. As mentioned in Table 1 and Annex 1 there are various types of extended workforce, which includes contingent labour, professional services and resource augmentation.

2 What type of consultancy?

If it is consultancy, identify its specific type, such as strategy, or project portfolio management. If you are unsure then ask for support from commercial colleagues with expertise in consultancy. Where invoices contain a mix of services, the invoice should be classified as the area with the majority of spend.

3 Applying for internal consultancy spend approval

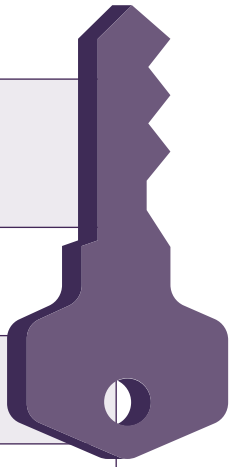
The Government has made a commitment to halve consultancy spending. To support this aim, departments have been asked to bring in the following internal controls on consultancy and professional services. The controls are as follows:

- spend over £600,000, or contracts with a duration of over 9 months require Ministerial approval
- spend over £100,000, or contracts with a duration of over 3 months require relevant Accounting Officer approval

4 Transparency requirements

Departments in-scope of transparency principles are also required to make a range of information available to the public. As such, a Contract Details Notice of any applicable central government contract over £12,000 must be published online on the Central Digital Platform.

Key points



1. The procurement process should be guided and informed by meaningful market engagement, proportionately to its value, scope and duration.
2. Shift the focus of your requirements to the outcomes you want to achieve, and the deliverables that produce those outcomes.
3. Structure your specifications and evaluation questions and criteria to allow for unique and innovative responses.
4. Building government knowledge and capability should be a core requirement when commissioning consultants.
5. Carefully consider the most appropriate pricing mechanism for our requirements, based on how well the desired outcomes are understood.
6. Ensure you are capturing effective and accurate data for all procurements.

Want to know more?

1. **PPN 002** – taking account of social value in the award of central government contracts.
2. Consult the **Risk Allocation and Pricing Guidance Note** for further information on pricing and payment mechanisms.
3. Consider the **Bid Evaluation Guidance Note** for further information on avoiding low bid bias.


CEO GOALS FOR OUR TEAM !
START WITH COMPANY GOALS
MARKETING GOALS
SEO GOALS
- QUANTITY OF CONTENT
- LINK GRANT
- BLOG CONTENT
- DISTRIBUTION COST
a) EVERYDAY ROUTINE
b) CUSTOM SEARCH
c) SELFIMPROVEMENTS
a) CORE US CUSTOMERS
b) IMAGES, NEWS, VIDEOS
c) TYPE OF AUDIENCE



3 Maximising value throughout

Throughout consultancy engagements, right from pre-procurement to contract exit, you should be looking for opportunities to maximise value. This section outlines how you can do this by being a more effective client and by ensuring knowledge generation and transfer. As the principles outlined here will add value throughout engagements, this section should be considered at all stages of the procurement lifecycle.
The fundamental principles to maximising value are:

- being open and honest in supplier engagement
- ensuring a joined-up approach to contract management and service delivery
- adhering to Civil Service commercial best-practice and policy, as well as relevant procurement legislation
- working in conjunction with consultant teams to resolve challenges and assure effective knowledge and skills transfer
- setting clear expectations of consultants on knowledge and skills transfer deliverables, bearing in mind that knowledge and skills transfer is a dynamic process, not just the transferral of static documents but is a dynamic process
- ensuring that the IR35 status of consultancy engagements is agreed up front. Changing the tax status mid-engagement can disrupt delivery and lead to tax liabilities for the contracting authority. See the off-payroll working guidance on page 23 for further information

Being an effective client

You should commit sufficient time and resource to contract and relationship management, engage openly and embed collaborative activities in your ways of working.

Being open and honest about resource commitments

You should be prepared to provide resources to work as part of a 'blended team' with consultants. Not doing so may result in a less collaborative engagement and make knowledge and skills transfer less effective. Note that these resources should be able to fully commit to a role on the consultancy engagement, be it full or part time, to maximise the intended benefits without interference from other workloads. You should be honest and specific with suppliers about how much resource you can commit, their current capabilities and any skills they would like to develop.

Similarly, consultants should be honest throughout the life cycle about how they intend to resource projects, honouring resource commitments made in the original bid.

Contract management and governance

Strong contract management is critical to the success of consultancy engagements. The approach to contract management should be agreed upon by both parties at the outset. Contract management provisions should cover obligations management, budget and spend monitoring, governance, KPIs (where appropriate), benefits realisation and relationship management. Strong contract management will be important to manage cost and delays, and will also allow you to guard against scope creep by ensuring that consultants stay on brief. You should consider forming a steering group with a clearly defined remit to support contract governance and manage the expectations of internal stakeholders.

In the mobilisation phase, you should establish ways of working and identify any dependencies between the client and supplier, particularly around data and personnel. It is important to consider provision of IT and management of document version control to maximise efficiencies during the engagement. Doing so will help you to get to work straight away when the contract starts. Throughout the engagement the client and supplier should stay in close contact to share plans and thinking, and come together to discuss challenges. To promote these behaviours you should define regular touchpoints where both the client and supplier teams can review progress, check on knowledge and skills transfer and give feedback. This effective collaboration will only be achieved if an enthusiastic example is set by the SRO and the wider leadership team.

The governance responsibilities and accountabilities of both parties should also be clearly articulated and understood. The client-side SRO should have the vision, skills and time to carry out governance and contract management responsibilities while staying fully engaged throughout the project. You should also propose specific roles for others who make the project a success alongside the SRO, such as key points of contact for data or secondees into the consulting team. The contract should include provisions for managing changes of personnel, especially the SRO, as well as escalation procedures for when either party's leadership teams become ineffective.

GCA has published **The Contract Management Playbook** which provides further guidance on contract management capability and capacity.

Preparing for contract exit

You should prepare for contract exit in good time, following the exit plan set out at the start of the engagement. You should create the capacity to take ownership of deliverables and working documents well before the end of the engagement, including any intellectual property that is to be transferred as part of the contract. This will facilitate a smooth transition and ensure that knowledge transfer is successfully delivered (See page 49 for delivering knowledge at the end of engagements).

Where there is an exceptional need for consultants, you should decide early whether an extension or re-procurement would be most suitable and prepare accordingly, whilst abiding by the relevant sections of PA 23 for modifying public contracts.

Knowledge generation and transfer

Consultants may be necessary to fill specific skills and knowledge gaps which can not be provided by internal resources. However, it is key to reduce the need to buy the same skills and knowledge again, and therefore, civil servants should be equipped to undertake work too often placed in the external market.

Therefore, knowledge transfer should be a continuous process throughout the contract, and not just at the exit stage. There are a range of activities that can be undertaken by contracting authorities to facilitate this, such as:

- holding regular workshops with suppliers to jointly problem solve and create solutions
- having a knowledge share portal to store information, including tools and templates
- pairing consultants with public sector teams
- ensuring the supplier documents processes, methodologies and findings in detail; and provides guides, manuals, reports, flowcharts, diagrams, case studies and other artefacts as reference materials
- requesting hands-on training from the supplier to understand how to use tools and techniques

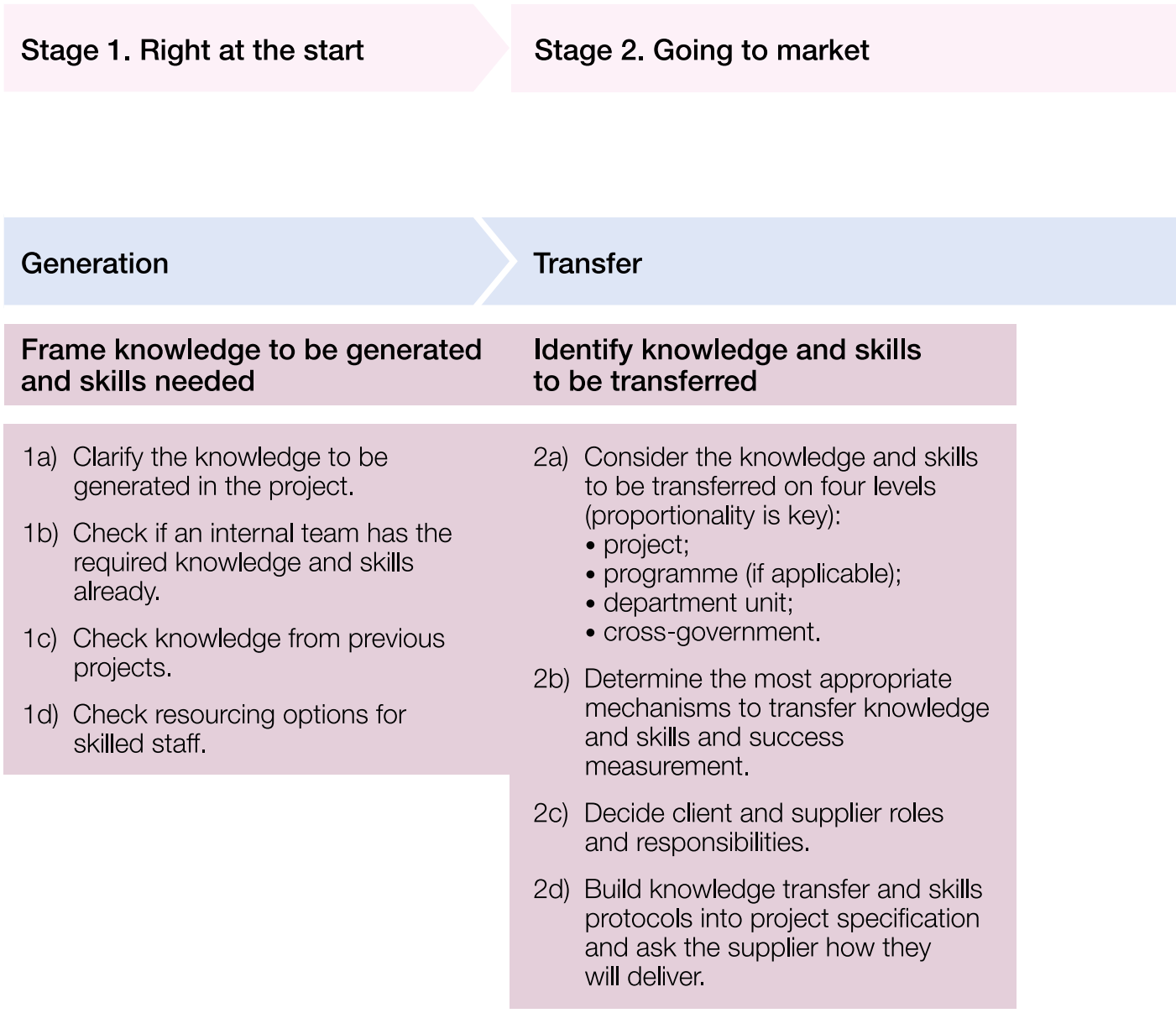
The activities listed above could be included in the contract or SoW milestone stages.

Separately, if there is a supplier transition during the requirement, the contracting authority should support collaboration between the outgoing supplier and the incoming supplier to transfer knowledge, if applicable.

Refer to the updated **Knowledge and Skills: Generation, Transfer and Skills Guidance Note** for further detail on knowledge transfer.

There is further guidance on the management and exploitation of knowledge assets such as intellectual property, business processes, expertise, and data in government, in **The Rose Book**.

Figure 4. Optimising Knowledge and Skills Transfer



Stage 3. Maximising value throughout

Before	During	After
		Share
Put in place the knowledge and skills transfer plan		**Deliver and amplify knowledge and skills**
3a) Determine and maintain the governance around knowledge and skills transfer. 3b) Transfer relevant skills throughout the project, ensuring connection with any strategic workforce plan (if applicable).		4a) Knowledge assets should be codified, scrubbed and delivered.

Right at the Start

Contracting authorities should consider what knowledge and skills are necessary to deliver the required project outcomes. You should check if a similar project has been undertaken in your own department or across government and consult strategic workforce plans. Understanding exactly what knowledge needs to be generated and any gaps in knowledge and skills will help to inform the decision to go to market.

Going to market

Once a decision has been made to engage with the market, organisations should consider what knowledge and skills must be transferred during the life cycle of the assignment. Contracting authorities should think about four different audiences and their respective transfer needs:

- project
- programme (if applicable)
- departmental/ business unit
- cross-government

When these needs have been identified, it is then important to consider the best mechanisms for transfer and how to measure the effectiveness of the transfer process for each deliverable. Guidance for how to do this is contained within the **Knowledge and Skills: Generation, Transfer and Sharing Guidance Note**.

Knowledge and skills transfer strategies should be proportionate and tailored to the resource capacity within teams. The plan should consider the nature of that knowledge, how quickly it will go out of date, how easily it can be written down and the intended audience. In smaller, resource limited or highly technical projects, more light touch activities may be appropriate, such as sharing a scrubbed version of the final deliverables of the project. However, organisations and suppliers are encouraged to avoid the pitfalls of thinking that the knowledge generated and skills needed in their project are unique or not applicable elsewhere.

It is crucial that knowledge transfer is an active, two-way conversation that is considered at all stages of the project to maximise benefits for both clients and suppliers. There should be clear roles and responsibilities for the client and the supplier; the supplier should know what they are being expected to deliver in regard to knowledge and skills transfer and measurement, and at which points during the project that these deliverables should be fulfilled. On the client side, resources and time should be made available to support and champion the transfer process. It is worth bearing in mind that working as part of a ‘blended team’ with consultants results in a more collaborative engagement and significantly increases the effectiveness of knowledge and skills transfer.



The brief should be carefully designed to address the knowledge and skills determined to be transferred. For smaller projects it may be that a short paragraph describing the deliverable, the measure of success, the timings for delivery and roles and responsibilities is sufficient. However, larger more complex projects will have multiple deliverables and measures of success and in these cases it is best to include a knowledge transfer plan in the documentation.

Maximising value throughout

Knowledge and skills transfer expectations laid out in the specifications should be covered as part of the good contract management practices established in the project. Touchpoints should be fixed and the key knowledge and skills transfer contacts on the client and supplier side should meet regularly to review progress against the knowledge transfer plan.

Continually sharing information and working documents along the life cycle of the project and recording key dates and decisions will ensure that the development of codified knowledge assets or learning sessions are as fresh as possible and limit the risk of the 'thread of thinking' being lost when the project ends.

All agreed deliverables should be shared with the client point of contact at the end of the project. A final review meeting should take place to confirm that what was expected has been delivered. Codified knowledge for the project, programme and departmental audiences will be delivered to the appropriate internal repository.

For knowledge being shared to a cross-government audience there is also a requirement for the deliverables to be scrubbed of sensitive information. Guidance for how to do this is contained within the **Knowledge and Skills: Generation, Transfer and Sharing Guidance Note**.

Post-engagement evaluation

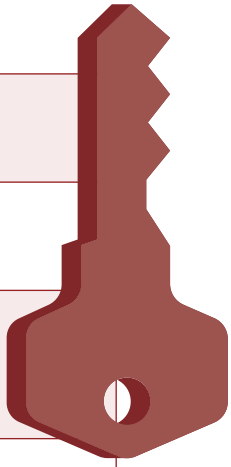
At the end of a consultancy engagement, you should also evaluate the effectiveness of the engagement, particularly in terms of the value for money gained. These insights can support you with future decisions on procurement strategies, contract management and project delivery.

When conducting a post-engagement evaluation, you should:

- involve a mix of colleagues from a range of professions (including analysts, policy professionals and delivery, where relevant) and provide them with clear roles and responsibilities for the evaluation
- determine the purpose of the post-engagement evaluation and deciding the appropriate methods (quantitative or qualitative, or both) and proportionality required
- identify the key questions you want to address, and who your stakeholders are
- decide where you will source the necessary data, and identify who holds it and how to access it
- decide how to effectively manage the post-engagement evaluation process, to ensure it is delivered on time, remains relevant and is methodologically sound
- plan how you will share and communicate your findings in a clear and accessible manner

For more information on how to maximise value when working with consultants, **National Audit Office's guide on 'Using consultants in government'**.

Key points



1. Both the client and the supplier should be open and honest about resource commitments.
2. Develop robust contract management mechanisms and ensure that these are clearly understood by both parties.
3. Aim to create a blended team that can work iteratively with consultants but be clear about current skills, sought skills and capacity.
4. Understand whether off-payroll working rules will apply to engagements with consultants and meet the legislative requirements where they do.
5. Be clear about the knowledge and skills necessary to deliver the required project outcomes and check existing knowledge and skills before engaging with the market.
6. Be specific about the knowledge and skills that should be transferred, considering the audience, the appropriate transfer mechanism and measures of success.
7. Create capacity to support knowledge and skills transfer at the beginning and end of a project, and ensure transfer is considered as part of the contract management process.
8. Information and working documents should be continually shared and throughout the project deliverables should be 'scrubbed and shared' and opportunities taken to create events that will share knowledge with the wider Civil Service.
9. Conduct an post-engagement evaluation to assess the value for money gained in the consultancy engagement and provide you with future insights.

Want to know more?

1. See the **Knowledge and Skills: Generation, Transfer and Sharing Guidance Note**.
2. See **The Rose Book: Knowledge asset management in government**.
3. See the NAO's guide on **'Using consultants in government'**.