

Delivering world-class consultancy services to the public sector

A statement of best practice



M·C·A
MANAGEMENT
CONSULTANCIES
ASSOCIATION



Forewords

Central government spends over £0.6 billion on consultancy and it is vital that these relationships are managed wisely. As well as seeking to deliver value for money from that spend, the consultancy service provided is important to the proper running of government. Similarly, government is seen as an important client by many consultancy providers and so it is only common sense that both sides should seek to promote better understanding and working between them.

The 1994 Cabinet Office Efficiency Scrutiny “The Government’s use of External Consultants” and the subsequent 2001 National Audit Office Report “Purchasing Professional Services” emphasised the need for both sides to enhance their working relationships to deliver the service that departments need and expect, with a clearer understanding of respective roles and responsibilities.

This statement of best practice, first issued in 1999 and now updated, will help to promote these goals. It supports best working practice between departments and management consultancy and serves as a model which all parties regard as world class. Therefore we strongly encourage departments to confirm compliance with this statement when purchasing consultancy services, so that both parties to the contract are treated fairly and responsibilities are allocated appropriately.

We believe that this statement has wider applicability and that, in time, other industry sectors and other parts of the public sector will wish to use this approach, which may well serve as a model. Indeed, we would hope that all public sector customers and suppliers under framework agreements will adopt statements of best practice. We recommend this Statement of Best Practice for the provision of Management Consultancy Services.



*Peter Gershon
Chief Executive
Office of Government Commerce*

A handwritten signature in black ink that reads "Peter Gershon". The signature is written in a cursive style and is underlined with a single horizontal stroke.



*Sir John Bourn
Comptroller and Auditor General
National Audit Office*

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Forewords

The UK Government is keen to draw on private sector expertise, best practice and resources in order to deliver high quality public services. Hence, the public sector has become a major purchaser of management consultancy services. It is in the interest of everybody involved in these projects to ensure that maximum value is derived from this investment in consultancy.

The original Statement of Best Practice, published in November 1999, was a groundbreaking document. For the first time, good practice was available for sourcing managers in Government to assist them with the management of consulting assignments.

The Management Consultancies Association (MCA) and the Institute of Management Consultancy believe that this latest world-class document continues that good work. Both organisations are delighted to have been able to work with the Office of Government Commerce to develop this Statement of Best Practice and to encourage its adoption as a benchmark standard for the procurement and delivery of consultancy projects in the public sector. Both MCA & IMC strongly encourage all management consultancies providing services to the public sector to confirm compliance with this statement.

The National Audit Office report on the use of professional services by Government concluded that good practice in the use of professional services is not universal. All the signatories to this document believe that it will make a significant contribution to delivering best practice across the public sector.



*Stephen Cook
(PA Consulting Group)
Chair MCA Public Sector
Mutual Interest Group*

A handwritten signature in black ink that reads "Stephen Cook".



*Brian Ing
President
Institute of Management
Consultancy*

A handwritten signature in black ink that reads "Brian Ing".

Management Consultancies Association (MCA) was formed in 1956 and represents the leading UK-based consulting firms, which currently employ over 25,000 consultants and generate over £4bn in annual fee income. MCA members work for most of the top FTSE 100 companies and all government departments. Management consultancy is an increasingly important industry for the UK economy with revenues for 2002 estimated at £8bn, contributing £1bn to the UK balance of payments. As well as setting and maintaining standards in the industry, MCA provides advice on the selection and use of consultancy firms.

The **Institute of Management Consultancy** was founded in 1962 to establish management consultancy as a profession. The Institute's Mission Statement is "To promote excellence in management consultancy", primarily through its Certified Management Consultant (CMC®) qualification based on international standards held by the International Council of Management Consulting Institutes. The Institute has an important engagement with Certified Practices, including IBM, ATOS-KPMG, Atkins, Anite Public Sector, Hewitt Bacon & Woodrow, MoD, Xansa, Shell, Abbey National and Nationwide and currently has a membership of 4,400 individual members, together with 22 audited and more provisional Certified Practices in process.

Purpose and benefits of the statement

PURPOSE

The Management Consultancies Association (MCA), Institute of Management Consultancy (IMC) and the Office of Government Commerce (OGC) have developed this statement of best practice. It emphasises the working relationships that the public sector client and consultant will seek to achieve in the development and execution of a consultancy contract, and establishes a way of working.

All three parties to this document expect that providers of professional services will abide by a statement of best practice and recommend this one is incorporated into contracts for consultancy services.

This statement will be reviewed on a regular basis to ensure that the maximum benefit is derived for both parties, and that the spirit of its messages do not weaken with time.

BENEFITS

Used constructively, this statement will benefit both public sector clients and consultants by:

1. Maximising the appropriateness of the advice the client receives.
2. Ensuring an appropriate allocation of responsibilities to the party best able to manage them.
3. Working in a supportive and constructive relationship.
4. Having an agreed timetable highlighting key milestones and decision points.
5. Knowing both parties are committed to the achievement of best value.
6. Having a structure for resolving concerns or disputes rapidly and at the lowest practical level.
7. Being clear about what is expected of the client and the consultant.
8. Enabling the incorporation of knowledge transfer, where this is appropriate and adds value.

The procurement process

Please note that whilst both parties will be engaged in parallel activities, the activities themselves are not necessarily parallel.

Therefore, throughout this document, there are occasions when identically numbered activities are clearly not the same.

PUBLIC SECTOR

1.P General Principles

- 1.1.P Be truthful and constructive to, and easily contactable by, consultants and other stakeholders.
- 1.2.P Do not be defensive. The consultants are there to assist your organisation.
- 1.3.P Do not be afraid of providing too much information. Consultants would much prefer this to a lack of detail.
- 1.4.P In general, ensure that risk lies with the entity with the greatest ability to manage that risk.

2.P Project Definition

- 2.1.P Select the form of contractual relationship which will facilitate achievement of project objectives. Consider innovative types of agreements, such as frameworks, as alternatives to traditional contracts.
- 2.2.P Identify potential “life of project” benefits as well as initial investment required.
- 2.3.P Following discussions with representative consultants, develop a list of qualities needed from the consultants.

3.P Pre-Qualification & Tender

- 3.1.P Ask for brief, sensible and relevant information at a preliminary statement of interest stage.
- 3.2.P Restrict the tender list to the minimum that will ensure effective competition recognising the wide range of consultancies in existence and the nature and scope of their work.
- 3.3.P Always provide an adequate length of time to allow consultants to prepare their proposals, appropriate to the size and complexity of the project.
- 3.4.P Take time to brief all consultants properly on a one-to-one basis, where appropriate.

CONSULTANTS

1.C General Principles

- 1.1.C Be truthful and constructive to, and easily contactable by, client and other stakeholders.
- 1.2.C Respond to the client's initial request and avoid second guessing the problem at an early stage.
- 1.3.C Explain to the client the information that is needed.
- 1.4.C In general, ensure that risk lies with the entity with the greatest ability to manage that risk.



2.C Project Definition

- 2.1.C Select the form of contractual relationship which will facilitate achievement of project objectives. Consider innovative types of agreements, such as frameworks, as alternatives to traditional contracts.
- 2.2.C Help the client clarify their initial and longer term needs.

3.C Pre-Qualification & Tender

- 3.1.C Respond as fully as possible to the Request for Information.
- 3.2.C Provide constructive suggestions. Explain the pros and cons of various approaches explaining in broad terms the range of approaches available.
- 3.3.C Consultants should always be realistic about the amount of experience they can bring to an assignment and be prepared to validate any claims made.
- 3.4.C Some idea of the necessary timeframe to complete the work should be given and key milestones defined along with deliverables at the milestones.

PUBLIC SECTOR

3. Pre-Qualification & Tender - *continued*

- 3.5.P The briefing for the consultants should contain information about the project and the people involved, and should outline broad criteria used at the selection of bidder and evaluation of tender stages.
- 3.6.P Build in the expected outputs from the project and any budgetary constraints which the business case has highlighted.
- 3.7.P Permit presentations from short-listed consultants of their capabilities and their tender proposals.
- 3.8.P Be prepared to consider professional liability cap, from the consultants, according to the nature of the work.
- 3.9.P Keep bidders informed if there is slippage to decision timetables.
- 3.10.P Give adequate debriefings.

4.P Award and Contract Terms

- 4.1.P Always use equitable Conditions of Contract and those which are appropriate to the type of work being done and the risks being run by both parties.
- 4.2.P The standard Conditions of Contract should only be amended where strictly necessary.
- 4.3.P Use defined and objective terms. Avoid subjective measures of performance, such as satisfaction.
- 4.4.P Address Intellectual Property Rights (IPR) issues, both pre-existing and those that emerge during the course of the project, recognising that, in many cases, consultants will wish to retain IPR of generic tools and techniques, while the client will wish to retain IPR which specifically relates to their project.
- 4.5.P Core terms and conditions no longer require unlimited liability. Be prepared to look at this on a case-by-case basis, according to the level of risk.
- 4.6.P Negotiations should be carried out by staff with the experience and authority to negotiate any agreed contract amendments and clarifications.

CONSULTANTS

3. Pre-Qualification & Tender - *continued*

- 3.5.C Ensure the firm has the available and appropriate consultants to perform the work it is tendering for.
- 3.6.C Acknowledge within the bid that additional specialist staff may be necessary and specify whether these would be provided at no extra cost.
- 3.7.C Where tendering prices vary from one part of the public sector to another, for what might appear similar work, be prepared to give an explanation.
- 3.8.C Be prepared to consider adjusting professional liability cap according to the nature of the work.
- 3.9.C Highlight in the tender whether similar work has been done and demonstrate added value from experience.



4.C Award and Contract Terms

- 4.1.C Be aware that public sector organisations may require higher liability limits than are normally encountered. Be prepared to provide adequate evidence of insurance cover.
- 4.2.C Be prepared to provide the client's negotiating team with the background information concerning the project in hand, so they can make informed decisions.
- 4.3.C Define reasonable and demonstrable performance measures and acceptance criteria.
- 4.4.C Be prepared to grant the client title in works that it has fully funded and limited usage right in your pre-existing Intellectual Property Rights.
- 4.5.C Identify key consultants who will be involved in the assignment and agree, if necessary, the scope of any changes to those consultants during the assignment.

PUBLIC SECTOR

5.P Project

- 5.1.P On appointment, confirm with a written statement the key elements of the way the project will be carried out, to include a plan, deliverables and expectations. This should also contain a risk register defining who is responsible for which risks.
- 5.2.P Throughout the project maintain close liaison with the consultancy team and its director.
- 5.3.P Flag up problems with the project early so that remedial action can be implemented.
- 5.4.P Obtain from the consultants routine progress reports on the project as well as interim results.
- 5.5.P Hold regular reviews on the progress and delivery of the contract and project. Action points arising from review meetings should be agreed in writing.
- 5.6.P Where necessary and agreed, provide staff, facilities and information promptly.
- 5.7.P Ensure payment of invoices, in accordance with the terms and conditions of contract.

6.P Post Project

- 6.1.P At the end of the project both parties should undertake a joint project review to see what they have gained from the experience. This should be within six months of project completion.

CONSULTANTS

5.C Project

- 5.1.C On appointment, create a written statement of the key elements of the way the project will be carried out, to include a plan, deliverables and expectations. This should also contain a risk register defining who is responsible for which risks.
- 5.2.C Define in conjunction with the client what information is required from them and when it is required.
- 5.3.C Do not pilot methodologies without prior agreement from the client.
- 5.4.C Inform the client regularly about all aspects of the progress and delivery of the project. Do not hide problems from the client as they will always come to the surface.
- 5.5.C Only assign alternative consultants after client approval and be prepared to explain any impact on supervisory arrangements and fee levels.
- 5.6.C Where necessary and agreed, provide staff, facilities and information promptly.
- 5.7.C If using an innovative approach tell the client, and seek prior approval explaining the circumstances behind the decision.
- 5.8.C Ensure a well established protocol is in place for altering the make up of a team. Ensure it has been signed off by the client.
- 5.9.C Keep confidential information confidential. It may be unlikely that all client staff are as well briefed as the consultant.
- 5.10.C Submit prompt invoices that correctly reflect the contract terms.

6.C Post Project

- 6.1.C At the end of the project both parties should undertake a joint project review to see what they have gained from the experience. This should be within six months of project completion.



About OGC

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Commerce – is an Office of HM Treasury.

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OGC customers can contact the central
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OGC business.

The Service Desk will also channel queries
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We look forward to hearing from you.

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