

## Public Accounts Committee

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Meeting Venue:  
**Committee Room 3 – Senedd**

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Meeting date:  
**5 March 2013**

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Meeting time:  
**09:00**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



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### Agenda

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- 1. Introductions, apologies and substitutions (9:00 – 9:05)**
- 2. Briefing from the Auditor General for Wales on the Wales Audit Office report The Procurement and Management of Consultancy Services (9:05 – 9:30)** (Pages 1 – 60)  
PAC(4) 07–13 – Paper 1 – The Procurement and Management of Consultancy Services
- 3. Briefing from the Auditor General for Wales on the Wales Audit Office report Consultant Contract in Wales: Progress with Securing the Intended Benefits (9:30 – 10:00)** (Pages 61 – 115)  
PAC(4) 07–13 – Paper 2 – Consultant Contract in Wales: Progress with Securing the Intended Benefits
- 4. Papers to note** (Pages 116 – 117)
- 5. Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**  
Items 6 to 9.
- 6. Consideration of the handling of the Wales Audit Office report The Procurement and Management of Consultancy Services (10:00 – 10:10)**
- 7. Consideration of the handling of the Wales Audit Office report Consultant Contract in Wales: Progress with Securing the Intended**

**Benefits (10:10 – 10:20)**

**8. Consideration of the handling of the Wales Audit Office report Caldicot and Wentlooge Level Internal Drainage Board (10:20 – 10:40) (Pages 118 – 133)**

**9. Consideration of draft Committee report The Welsh Government's acquisition and action to dispose of the former River Lodge Hotel, Llangollen (10:40 – 11:00) (Pages 134 – 218)**



# The Procurement and Management of Consultancy Services



# The Procurement and Management of Consultancy Services

I have prepared this report for presentation to the National Assembly under the Government of Wales Act 1998 and 2006.

The Wales Audit Office study team comprised Simon Howells, Phil Jones, Jackie Joyce, Jeremy Morgan and Emma Roberts under the direction of Paul Dimblebee.

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**Report presented by the Auditor General for Wales to the  
National Assembly for Wales on 21 February 2013**



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## Summary

- 1 Public bodies in Wales spent some £133 million on consultants in 2010-11. Public bodies use consultancy services for many reasons. If used effectively, consultants' knowledge, skills and resources can help deliver new services and initiatives quickly and expertly. Public bodies also use consultants when they do not have the capacity in-house to carry out work.
- 2 However, if public bodies do not manage consultancy services effectively, they can be an expensive way to deliver public services, and opportunities to make best use of consultants' skills and to gain new knowledge and skills might be missed. Getting value for money from consultancy services depends on defining and justifying the need, efficient procurement, effective project management and a robust evaluation of the benefits delivered.
- 3 The Welsh Government's Efficiency and Innovation Programme's<sup>1</sup> Procurement Taskforce published a report in February 2011 that reviewed public procurement in Wales.<sup>2</sup> The report identified consultancy services as an area of high spend amongst the Welsh public sector and recommended a further examination of the procurement and management of consultancy services, including consideration of the scope for all-Wales collaborative agreements.
- 4 This report examines whether the public bodies in Wales are procuring and managing consultancy services in a way that delivers good value for money. Overall, we concluded that, although public bodies in Wales have reduced their expenditure on consultants, they cannot demonstrate value for money in the planning, procurement and management of consultancy services. The achievement of value for money is hampered by the lack of a strategic approach, insufficient collaboration between public bodies and, in many cases, a failure to follow widely-accepted good practice in the procurement and management of consultants.
- 5 **The public sector has reduced its expenditure on consultancy services, but few public bodies have a robust strategy for the procurement and management of consultants**
- 5 **The public sector has reduced its expenditure on consultancy services from an estimated £173 million in 2007-08 to £133 million in 2010-11.** Expenditure on consultancy services in 2010-11 represented around four per cent of the total invoiced expenditure on goods and services across the public sector. The largest category of consultancy services expenditure in 2010-11 was property and construction consultants (£54 million), followed by business and management consultants (£46 million).

1 The pan-public-sector Efficiency and Innovation Programme was established by the Welsh Government in 2010 to provide a national framework for developing an approach to reducing costs and improving services through efficiency and innovation.

2 *Buying Smarter in Tougher Times: Conclusions and Recommendations of the Efficiency and Innovation Board Procurement Taskforce*, February 2011





- 6** Local government was the highest spending sector (£86 million), followed by the Welsh Government (£42 million) and health (£5.5 million). However, the Welsh Government's spend on consultancy services represented 16 per cent of its salary costs. This compared with averages of 3.1 per cent in local government and 1.6 per cent in health.
- 7** In 2010-11, total expenditure on consultancy services has fallen by £40 million since 2007-08, which was the previous time data from across the Welsh public sector was collected and analysed. The Welsh Government reduced its expenditure on consultants by 19 per cent (from £52 million to £42 million) between 2007-08 and 2010-11. This is partly due to a concerted effort to reduce expenditure on management consultants. Over the same period, expenditure on consultants by the local government and health sectors also reduced, by 21 per cent (£23 million) and 50 per cent (£5.5 million) respectively.
- 8** Reducing expenditure is only one facet of achieving value for money from consultancy services. To secure and demonstrate good value for money, public bodies need to adopt a strategic approach to the procurement and management of consultancy services based on established good practice.
- 9** **Few public bodies have a strategic approach to the procurement and management of consultants that is supported by reliable data.** Only 20 per cent of public bodies said they have a specific strategy for procuring and managing consultancy services. However, where strategies existed they amounted to little more than guidance or a policy on how to purchase consultancy services, rather than a strategic approach to the procurement and management of consultancy services.
- 10** Public bodies have little reliable management information, such as on the skills gaps that have been filled by consultants and evaluations of consultant performance, on which to base a strategic approach, and we encountered a number of difficulties in obtaining accurate, reliable and consistent management information in respect of consultancy services. Expenditure data is also largely unreliable. Our only consistent source of data was through a data collection exercise by Spikes Cavell,<sup>3</sup> although this provides only a reasonable estimate of spend because of the way it is collected.
- 11** Not only are public bodies not collecting or analysing data on consultancy services, but they also use different definitions of consultancy services, both between and within public bodies. This means that expenditure is coded in different ways leading to further inconsistencies in the quality and comparability of management information.
- There is little collaboration between public bodies in the procurement and management of consultancy services**
- 12** **Initiatives aimed at encouraging more consistent and coherent approaches across and within sectors have had a limited impact to date.** We found little evidence of collaboration in the procurement of consultancy services between public bodies in Wales, and consider that the potential exists for much more extensive collaboration. Whilst some consultancy projects may be very specific to individual public bodies, many others are of a type that suggests the potential for collaboration should be explored. This would include where public bodies are procuring the same or similar services from the same supplier, such as in the areas of treasury management, financial consultancy and management consultancy.

<sup>3</sup> A private company providing spend and data analysis services to the UK public sector.

- 13** Value Wales is assessing the merits of a Consultancy Advice Service that would provide a platform for the provision of guidance and sharing best practice information on the procurement and management of consultancy services. Value Wales is planning to launch the service in April 2013.
- 14** The Procurement Service of the NHS Shared Services Partnership, which was established in April 2011, has identified consultancy services as being towards the top of a list of areas of common and repetitive spend for the NHS. However, it is too early to make conclusions about the impact of the Service in facilitating greater collaboration.
- 15** Although collaboration has been a feature of local government procurement for a number of years, local government procurement consortia do not currently procure consultancy services on behalf of their members. The North Wales Procurement Partnership has no specific initiatives for consultancy services, although it is renewing a professional services framework contract for construction. The Welsh Purchasing Consortium (made up of 16 local authorities in South, Mid and West Wales) has identified particular areas of spend on consultancy services where there is potential for collaboration. However, it recognises that it needs to do more to persuade contract managers of the benefits of collaboration.
- 16** **A planned National Procurement Service is intended to be a strategic vehicle to facilitate procurement savings through better collaboration across all parts of the public sector.** Since December 2010, Value Wales has been leading on the development of a business case for a National Procurement Service, to strengthen collaborative procurement across the Welsh public sector. Value Wales has identified consultancy services as a key category for potential savings of between £1.4 million and £5.6 million per year through implementing the National Procurement Service across the public sector.
- Public bodies are putting value for money at risk by failing to follow good practice in the procurement and management of consultancy services**
- 17** **Implementing good practice in the procurement and management of consultancy services should lead to public bodies achieving better value for money from their use of consultants.** We developed audit criteria based on established good practice from the Chartered Institute of Public Finance and Accountancy (CIPFA), the National Audit Office and the former Office of Government Commerce (OGC) to examine how well public bodies exercise good practice in procuring and managing consultancy services across five stages of a typical project:
- a** stage 1: assess need and specify resource requirement;
  - b** stage 2: considering resource options;
  - c** stage 3: tender, award and contract;
  - d** stage 4: project delivery, team commitment and skills transfer; and
  - e** stage 5: post contract evaluation.
- 18** The National Audit Office's 2006 report on central government's use of consultants identified potential efficiency savings of up to 30 per cent if central government departments adopt good practice. Applying the same methodology to public bodies in Wales, we identified potential efficiency savings



of more than £23 million (18 per cent) if all public bodies were to follow good practice in procuring and managing consultancy services, particularly with regard to assessing needs and specifying requirements and exploring alternatives to the use of consultants.

**19 The quality of records in support of consultancy services projects is generally poor.**

With the exception of the Welsh Government, we found that records in relation to the procurement and management of consultants were poorly maintained, and basic information was often difficult to locate. Inadequate records management constrains effective decision-making and project management. It also limits the ability of public bodies to demonstrate compliance with relevant legislation.

**20 Many public bodies did not have robust systems for assessing the need for consultants and specifying their requirements.**

Before purchasing consultancy services, public bodies should ensure that their use is justified and reasonable. Public bodies should set this out in a business case that reflects the size, impact and risk of the project. The business case is key to setting and maintaining a clear direction for any project, and should include details of the proposed scope of the project, delivery options, anticipated benefits, timing, reporting and governance arrangements. We found that consultancy services projects were rarely supported by a business case, and only 17 per cent of the projects we reviewed across seven public bodies had any form of business case on file. Where business cases had been developed, they were of varying quality and often were missing key information, such as cost estimates and anticipated benefits.

**21** Business cases should clearly specify the detailed requirements of the project including expected outputs and benefits. A clear specification ensures that the client and contractor know exactly what is required, and makes it easier to negotiate fixed price contract which reduces the risks of cost and time overruns. We found a clear preference amongst public bodies for using fixed price contracts, but many admitted that there were occasions when time and materials contracts had to be used, particularly where the project specification was not clear enough.

**22** Engaging with suppliers at an early stage of the project planning process allows a public body to improve its understanding of its requirements from a consultant and become a more intelligent client. This should result in clearer specifications and better tailored responses to invitations to tender. However, we found that few public bodies seek to engage with the consultancy market during the planning of a project.

**23 Public bodies are not giving enough consideration to resource options when planning consultancy projects.**

The business case should include a comprehensive, but proportionate, assessment of whether there are alternative options to using consultants. Public bodies told us that the main drivers that prompt their use of consultancy services were the need to access specialist skills and knowledge and new or innovative thinking, and that they cannot identify suitable internal staff to deliver projects. However, we found that only seven per cent of the consultancy projects we examined included an appraisal of the suitability and capability of internal resources that could potentially deliver the project instead of consultants, even though half of the public bodies we surveyed said they had a formal process for doing so.

- 24** Where public bodies consider that their use of consultants is being driven by the lack of suitably skilled internal resources to deliver projects, they should identify their skills gaps to feed into medium and long-term workforce planning, in order to reduce their future reliance on consultants. However, we found little evidence of public bodies analysing the work that consultants carry out to inform workforce planning.
- 25** **There is scope to improve the procurement of consultants in most public bodies.** Public bodies generally comply with EU procurement rules and principles and internal standing orders and policies when purchasing consultancy services. However, we found some notable exceptions where:
- a** the purchase of lower value, but sometimes high risk or high importance consultancy services, is often carried out by people with no procurement training;
  - b** purchases do not comply with internal guidelines and procurement legislation;
  - c** competitive tendering has been lacking, for example, through single tender actions; and
  - d** senior managers have overridden internal procurement guidance.
- 26** We found some good use made of framework agreements, which generally result in lower prices, and almost a third of consultancy services were purchased this way. The framework agreements in place were mostly set up by the Government Procurement Service,<sup>4</sup> with some developed by Welsh purchasing consortia and individual public bodies. However, almost sixty per cent of contracts purchased through a framework agreement were direct awards to suppliers on the framework without any form of competition between them. A lack of competition within frameworks leaves public bodies open to some of the risks associated with single tender action - of not getting the benefits of competition, better prices and a broader range of ideas for delivering a project.
- 27** **Contract management during the delivery of consultancy projects is weak in many public bodies.** Once consultants have been contracted, public bodies need to manage them effectively to ensure the delivery of the intended benefits to time, cost and quality. We found that the standard of contract management was variable, and few public bodies provide training to staff to ensure that they have the skills and capabilities to provide effective contract management.
- 28** Performance management arrangements and management information requirements should be described in the business case and specified in the contract. However, we found that only 14 per cent of consultancy contracts had documented information relevant to the performance of the consultant during the delivery of the contract, and few public bodies had developed guidance for contract managers on how to evaluate consultant performance. We found that contract monitoring and evaluation, where it is done at all, tended to be ad-hoc and informal, and largely based on perceptions of supplier performance.
- 29** One of the benefits to be gained from using consultancy services is the potential for the consultants' skills to be transferred to an organisation's own staff during the delivery of a project. Effective skills transfer enhances the internal skills base and has the potential

<sup>4</sup> An executive agency of the Cabinet Office with the overall priority to provide procurement savings for the UK Public Sector as a whole, and specifically to deliver centralised procurement for Central Government Departments.





to reduce future reliance on potentially more costly consultancy services. However, we found little evidence of public bodies routinely planning for skills transfer, and none of the contract specifications we examined set out how skills transfer should take place. Only one of the 93 projects we reviewed had appraised whether there had been any transfer of skills from consultants to public body staff upon completion.

- 30 Public bodies do not routinely evaluate the benefits of, or learn the lessons from, their use of consultants.** Public bodies should evaluate completed consultancy projects to demonstrate value for money from the work carried out by consultants, and to learn the lessons from completed projects. However, few public bodies carried out any form of post-project evaluation at the end of consultancy services contracts. Only one of the consultancy contracts we examined had done this. Even where public bodies had developed formal evaluation processes, they tended not to be applied.

## Recommendations

### Management information

- 1 The quality of management information to support the procurement and management of consultancy services is poor. Public bodies do not collect reliable expenditure data in a consistent way and are reliant on external suppliers to provide them with meaningful expenditure information. Management information in respect of procurement, contract delivery and consultant performance is also of poor quality and is of little use in informing buying decisions or supporting effective contract management. **We recommend that:**
  - a **public bodies in Wales, individually and collectively, seek to improve the quality, timeliness and consistency of the information they collect to support the procurement and management of consultancy services; and**
  - b **Value Wales or the planned Consultancy Advice Service (once established) should support public bodies through the identification and sharing of good practice, and the establishment of a central database of information on consultants that would be useful to all public bodies.**
- 2 The availability of good quality, consistent and comparable management information is hampered by public bodies using different definitions of consultancy services. **We recommend that Value Wales should encourage public bodies to agree and adopt a common definition of consultancy services, and to align their categorisation and coding of consultancy services in their financial systems and procurement databases.**

### Collaboration

- 3 The Welsh Government is considering the development of a Consultancy Advice Service to provide advice on procuring and managing consultants. **We recommend that, in developing a Consultancy Advice Service, the Welsh Government should take into account the recommendations of this report and established good practice, such as the Consultancy Advice Programme, the National Audit Office's Consultancy Self-Assessment Toolkit and CIPFA's Contract Audit Toolkit.**

### Self-Assessment

- 4 Public bodies should continually look to improve their performance and get better value for money when procuring and managing consultants. The National Audit Office has developed a Consultancy Self-Assessment Toolkit, which provides a methodology to enable public bodies to analyse their performance in procuring and managing consultancy services across five key stages, and identifies the key areas where their behaviours and processes need to improve in order to obtain better value for money from consultants. **We recommend that Value Wales encourages public bodies to use the National Audit Office's Consultancy Self-Assessment Toolkit annually, to analyse their performance in procuring and managing consultancy services, and to identify potential efficiency savings by improving performance. Value Wales should co-ordinate the self-assessment exercise, evaluate the outputs at sectoral and all-Wales levels, and play key messages from the evaluation back to public bodies.**

### Records management

- 5 The quality of records in support of consultancy services projects is poor in most public bodies. Public bodies should maintain proper records in support of consultancy services projects, as an evidence base to support decision-making and the effective management of projects. Properly maintained records also facilitate audit and inspection, and provide evidence that the organisation has complied with relevant legislation. **We recommend that public bodies improve their management of information in support of consultancy services projects, along the lines of the Welsh Government example, whereby records for all phases of a project, whether in paper or electronic format, are kept together.**

### Business cases and appraisals of options

- 6 Before purchasing consultancy services, public bodies should ensure that their use is justified and reasonable. Public bodies should set this out in a business case that reflects the size, impact and risk of the project. The business case is key to setting and maintaining a clear direction for any project, and should include details of the proposed scope of the project, delivery options, anticipated benefits, timing, reporting and governance arrangements. We found that few consultancy services projects were supported by a fully documented business case. Where business cases have been developed, they are of variable quality. **We recommend that public bodies develop a template business case, and related guidance, to be used for all consultancy services projects. The template should require all essential factors, which public bodies need to consider when purchasing consultancy services, to be addressed. It should require:**



- a the articulation at an early stage of exactly what service is required, the desired outcomes and the likely costs, to provide a firm foundation for project approval and subsequent contract management and evaluation, and to facilitate the agreement of fixed price contracts;
- b the evaluation of alternatives to using consultants, including the use of internal staff, and the recording of whether consultants are required because internal staff cannot undertake the work or because consultants are likely to offer better value for money;
- c early engagement with the consultancy market to explore a range of possible approaches and contracting methods, and to encourage more tailored and innovative responses to the public body's requirements; and
- d early consideration of the potential for, and means of, skills transfer.

### Workforce planning

- 7 Consultants are often used because public bodies do not have the necessary skills in-house. Public bodies should be identifying skills gaps that are filled by consultants to feed into medium and long-term workforce planning, to reduce their future dependency on external consultancy services, but there is little evidence of this happening. **We recommend that public bodies should analyse their historic use of, and future demand for, consultants and factor this analysis into their workforce plans.**

### Procurement

- 8 Choosing a supplier to provide the right service at the right price and to the right quality usually requires a competitive procurement process. There is room for improvement in how public bodies procure consultancy services to get value for money and ensure compliance with legal requirements. **We recommend that public bodies:**
  - a tighten control over the use of single tenders by, for example, requiring senior management approval of single tender action;
  - b train all staff who are responsible for purchasing goods and services in the basics of procurement regulations and related internal guidance and standing orders;
  - c ensure that senior management teams are aware of internal procurement guidance and standing orders;
  - d where appropriate, carry-out mini-competitions when procuring within frameworks arrangements; and
  - e where appropriate, make use of incentive-based contracts.

### Contract management and evaluation

- 9 Careful and effective management of consultants is required if consultancy projects are to deliver their intended outcomes and benefits. However, few public bodies train their staff in how to manage contracts, leaving public bodies at risk of consultancy projects not delivering value for money. We also found little evidence of effective performance management during the delivery of contracts,

or evaluation of performance and lessons learned on their completion. **We recommend that:**

- a the Welsh Government, through Value Wales, promotes, and encourages use of its contract management training course across the public sector;**
- b public bodies provide contract management training for, and seek to improve the commercial skills of staff who are responsible for managing consultancy services contracts; and**
- c public bodies evaluate the benefits delivered by completed projects, using good practice criteria, such as the Consultancy Performance Reviews developed by the Consultancy Value Programme, and covering all stages of the contract planning and management process.**





## Part 1 – The public sector has reduced its expenditure on consultancy services, but few public bodies have a robust strategy for the procurement and management of consultants

### The public sector has reduced its expenditure on consultancy services from an estimated £173 million in 2007-08 to £133 million in 2010-11

- 1.1** External consultants provide a range of services to public bodies. If used effectively, consultants can provide specialist knowledge, expertise and capacity quickly and independently, usually for short-term, defined projects. Consultancy services (Box 1) account for a large amount of discretionary spend across the public sector in Wales.
- 1.2** Expenditure on consultancy services is not routinely collected or monitored by all public bodies in Wales, and where it is, it is not done on a consistent basis. As part of a Value Wales strategy to promote efficiency savings in the procurement of goods and services across the public sector, the Welsh Government engaged Spikes Cavell to collect and analyse expenditure data from public bodies in relation to the procurement of all goods and services in 2007-08, and again in 2010-11 (Box 2).

#### Box 1 – What are consultancy services?

Consultancy is work contracted to an external supplier that is project-based, outside the client's 'business as usual', and where there is a clear end-point for the supplier's involvement. Responsibility for the final outcome, or on-going service, rests largely with the client. Consultancy services usually include:

- finance;
- human resources, training and education;
- information and communications technology and information systems;
- management consultancy (strategy, project and programme management);
- marketing and communications;
- property and construction; and
- technical.

Consultancy services differ from contracted out services/outsourcing, which are clearly defined, essentially routine services from a supplier for a specified duration (eg, the provision of routine Information and Communications Technology services).

Consultancy services also differ from staff-substitution/interims, which are services within the normal business of an organisation which has insufficient staff to do the work (such as social workers employed through a recruitment agency).

*Source: Cabinet Office and National Audit Office. Categories are from the Office of Government Commerce's Public Sector Procurement Expenditure Survey.*

### Box 2 – Spikes Cavell data collection

Spikes Cavell is a private company providing spend and contract data analysis services to the UK public sector. In 2008, the Welsh Government commissioned Spikes Cavell to undertake a cleansing and analysis of expenditure in 2007-08 by the 22 local authorities in Wales and itself. The exercise was repeated in respect of 2010-11 expenditure, along with the Forestry Commission, South Wales Fire and Rescue Authority and Mid and West Wales Fire and Rescue Authority.

A key process in Spikes Cavell's work was cleansing the data provided by public bodies. This involved standardising the data, removing duplicates, and identifying and correcting errors.

**1.3** Based on our analysis of the Spikes Cavell data, and additional analysis in respect of public bodies not included in the Spikes Cavell exercise (Figure 1)<sup>5</sup> we estimate that in 2010-11 the 32 public bodies concerned between them spent £133 million on consultancy services. This represented four per cent of all expenditure on goods and services across the public sector.

The majority of the expenditure was on construction consultants (£54 million) and business and management consultants (£46 million) (Figure 2).

**1.4** In 2007-08, which was the first year spend data was collected by Spikes Cavell, the 32 public bodies spent an estimated £173 million<sup>6</sup> on consultancy services<sup>7</sup>, representing six per cent of total expenditure on goods and services across the public sector. Over the three years to 2010-11, spending on consultancy services reduced by some £40 million (23 per cent). Over the same period, total expenditure on goods and services across the public sector fell by eight per cent.

**1.5** Expenditure on consultancy services in 2010-11 comprised payments to 1,129 suppliers. We were not able to ascertain the total number of consultancy contracts as public bodies do not routinely collect this information. However, we found that consultancy services expenditure can include

**Figure 1 - Sources of data for analysis on consultancy services expenditure**

Sector	Number of public bodies	2007-08	2010-11
Welsh Government	1	Spikes Cavell	Spikes Cavell
Local Government	22	Spikes Cavell	Spikes Cavell
Health	9	NHS Financial Returns	NHS Financial Returns

<sup>5</sup> To enable a meaningful comparison to be made over time, we did not include in our analysis the three other public bodies that were included in the Spikes Cavell data exercise in 2010-11, but not for 2007-08 – the Forestry Commission, South Wales Fire and Rescue Authority and Mid and West Wales Fire and Rescue Authority. Expenditure on consultancy services by these three public bodies in 2010-11 amounted to £0.7 million.

We also excluded seven other public bodies (Assembly Commission, Brecon Beacons National Park Authority, Countryside Council for Wales, Higher Education Funding Council for Wales, National Museums and Galleries of Wales, Pembrokeshire Coast National Park Authority and South Wales Police Authority) who were not involved in the Spikes Cavell exercise but who provided us with an estimate of their expenditure on consultancy services for 2010-11, totalling £1.48 million.

Four public bodies (Arts Council for Wales, Dyfed-Powys Police Authority, Snowdonia National Park Authority and Sports Council for Wales) were unable to provide any expenditure data on consultancy services.

<sup>6</sup> This figure is different from the estimated £224 million expenditure on consultancy services for 2007-08 published in *Buying Smarter in Tougher Times*. The Welsh Government had included £51 million of ICT outsourced services, which are not consultancy services, in its estimate.

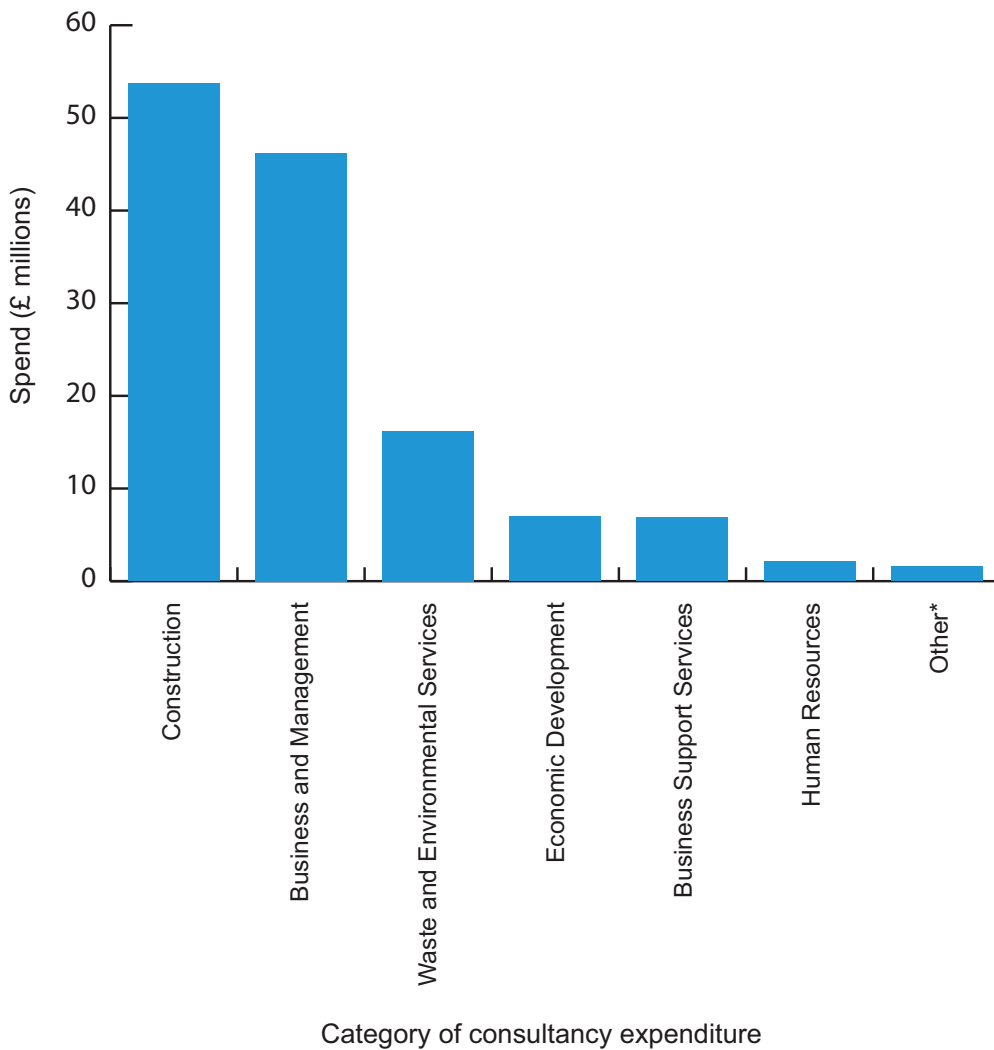
<sup>7</sup> The expenditure data for health bodies in 2007-08 and 2010-11 was taken from NHS financial returns from 22 Local Health Boards and eight NHS Trusts.



a number of large contracts. For example, of the £4.5 million on consultancy service spent by Cardiff Council in 2010-11, some £1 million related to its transformational change programme.

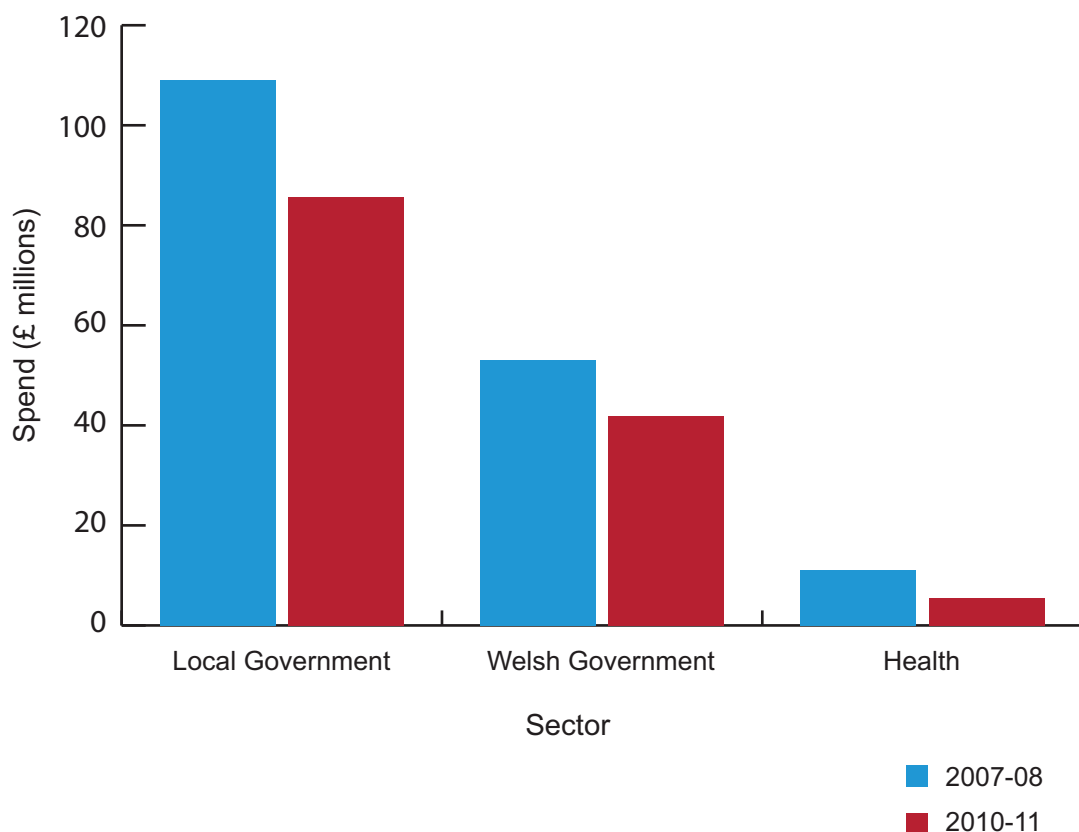
**1.6** In 2010-11, local government was the sector with the highest spend on consultancy services (£86 million), with the Welsh Government spending just under half that amount (£42 million). Spend by the health sector has been lower than other sectors and in 2010-11 it spent £5.5 million on consultancy services (Figure 3).

**Figure 2 - Expenditure on consultancy services by public bodies in 2010-11**



\* Transport management; ICT; social care and services; and laboratory  
 Source: Wales Audit Office analysis of Spikes Cavell data

**Figure 3 - Expenditure on consultancy services by sector in 2007-08 and 2010-11**



Source: Wales Audit Office analysis of Spikes Cavell data and NHS Financial Returns

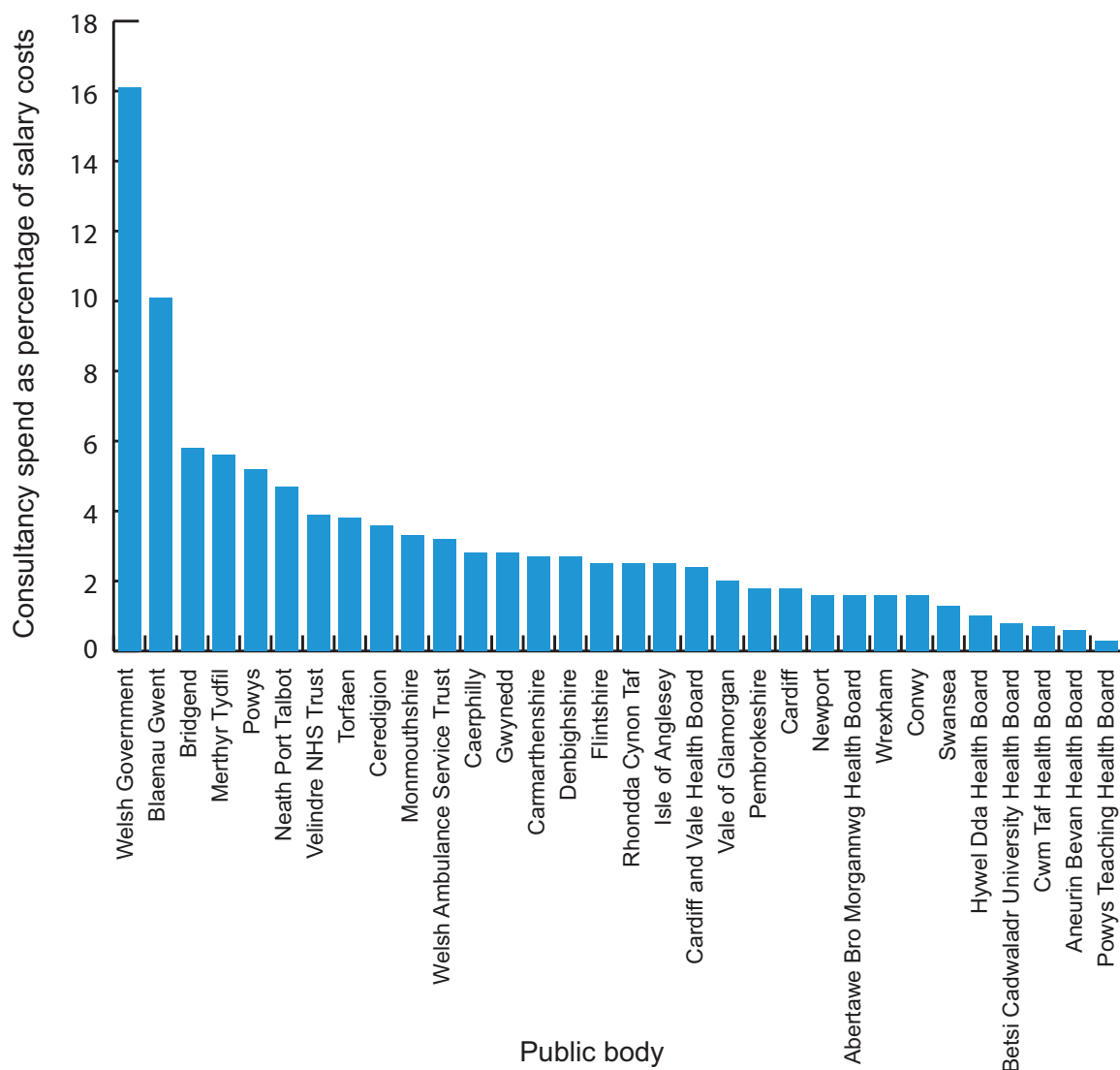
**1.7** To provide a measure of the extent to which different public bodies use consultancy services, we calculated the cost of consultancy services as a percentage of total salary costs<sup>8</sup> in 2010-11 (Figure 4). This showed that the Welsh Government’s spend on consultancy services was 16 per cent of its salary costs. This compared with averages of 3.1 per cent in local government and 1.6 per cent in health. The Welsh Government told us that its figure does not represent a static reliance on consultancy services to support overall staff numbers and routine activity.

Instead, it represents expenditure on resources it does not employ on a substantive basis, to provide expertise to support specific programmes and projects. The Welsh Government considers that there will always be a call for time-limited specialist skills and knowledge that often only consultants can provide, for example to support the implementation of business and financial management software or its road construction programme.

<sup>8</sup> 'Salary cost' includes gross salary; overtime; recruitment and retention allowances; private office allowances; and any other allowance to the extent that it is subject to UK taxation.



**Figure 4 - 2010-11 expenditure on consultancy services as a percentage of total salary costs**



Note: Salary costs for health bodies only relate to administrative, clerical, maintenance and works staff; they do not include medical, dental, nursing and therapeutic staff costs.  
 Source: Wales Audit Office analysis of Spikes Cavell data; Health Board Financial Returns 2010-11; Whole of Government Accounts 2010-11; and Welsh Government Consolidated Resource Annual Report and Accounts 2010-11

## The Welsh Government has reduced its expenditure on consultancy services by 19 per cent over the three years to 2010-11

- 1.8** The Welsh Government has reduced its expenditure on consultancy services by 19 per cent over the last three years, from £52 million 2007-08 to £42 million in 2010-11. This represents a reduction of expenditure on consultancy services as a percentage of total salary costs from 22 per cent to 16 per cent.
- 1.9** The Welsh Government established its *Managing with Less* programme in February 2010 (Box 3), which identified consultancy expenditure (in particular, management consultancy<sup>9</sup>) as a target area to release savings. A paper from the Welsh Government's Corporate Procurement Service to the Welsh Government's Strategic Delivery and Performance Board in July 2011 updated progress on work to reduce management consultancy expenditure. The paper summarised that expenditure on management consultancy had reduced from £10.8 million in 2009-10 to £4.2 million in 2010-11, mainly through using existing staff instead of purchasing external consultants.<sup>10</sup> Other areas of consultancy services expenditure have not been targeted or analysed in the same way.
- 1.10** Welsh Government officials told us there is a widespread public perception that consultants are an 'expensive luxury', and that reductions in their use should not only reduce cost, but also avoid an adverse public reaction in times of financial constraint. Although *Managing with Less* has reduced the amount spent on management consultants over the last few years, the focus of the programme has been

on cost reduction, rather than a more strategic approach to getting the best value for money from consultants.

### Box 3 – Welsh Government's *Managing with Less* Programme

The Welsh Government set up the *Managing with Less* programme in February 2010, with the aim of engaging staff in identifying ways to reduce the Welsh Government's running costs. It set the target of reducing its central services budget by £77 million in real terms between 2010-11 and 2013-14. The Welsh Government estimates that the programme had saved around £14 million as at the end of May 2011, although the estimate has not been independently validated.

Source: *A Picture of Public Services 2011*, Wales Audit Office

## The local government and health sectors have also reduced their expenditure on consultancy services

- 1.11** Although year-on-year data are not available, the local government and health sectors also reduced their expenditure on consultancy services between 2007-08 and 2010-11 (Figure 3).<sup>11</sup> The local government sector reduced its expenditure by 21 per cent (£24 million), and the health sector by 50 per cent (£5.5 million).
- 1.12** Apart from the Welsh Government's *Managing with Less* programme, we found no other sector-wide initiatives or directives in place to reduce expenditure on consultancy services. Whilst some individual local authorities and health boards told us they saw spending on consultancy services as an area they had targeted for reduced expenditure in times of financial constraint, they had no strategic approach to doing so.

<sup>9</sup> Management consultancy has been defined by the Management Consultants Association as the creation of value for organisations, through improved performance, achieved by providing objective advice and implementing business solutions.

<sup>10</sup> *Reducing Consultancy Spend across Welsh Government*, July 2011

<sup>11</sup> Data for intervening years is not available. The Welsh Government funded Spikes Cavell to carry out the data collection exercise for local government and itself in 2007-08 and 2010-11 (which also included health boards and trusts) only. Health sector data for 2007-08 is taken from financial returns.





## Few public bodies have a strategic approach to the procurement and management of consultants that is supported by reliable data

**1.13** Reducing expenditure alone does not mean that public bodies are getting better value for money from expenditure on consultancy services. To obtain good value for money, public bodies need to adopt a strategic approach to the procurement and management of consultants. They need to effectively assess their need for external resources as part of good workforce planning, and then to plan, procure, manage, report on, evaluate and continuously improve their use of consultants. Good quality data is also needed to ensure value for money from expenditure.

### Only 20 per cent of public bodies in Wales have a specific strategy for procuring and managing consultancy services, and the quality of the guidance that existed was variable

**1.14** As part of our survey of public bodies, we asked if they had a specific strategy for the procurement and management of consultancy services. Just one in five told us that they had a strategy. However, on closer examination, we found that most strategies amounted to little more than guidance or a policy on how to purchase consultancy services, rather than a strategic approach to the procurement and management of consultancy services. For example, Pembrokeshire County Council has produced its own internal guidance on how to procure and manage consultancy services, but Council officials told us that the Council's strategy is to minimise the use of consultants by looking in-house first for the relevant skills and maximising the use of its own staff.

However, this strategy is not articulated in any organisational policy or guidance.

- 1.15** The guidance and policies produced by the public bodies we visited were of varying quality and were often out of date. For example, the Welsh Government based its current guidance for procuring and managing consultancy services on Cabinet Office guidance. The Welsh Government's guidance states that when officials engage consultants, they must inform the Efficiency Unit; that project managers can contact the Efficiency Unit for advice on project management; and that Project Managers should consult the Efficiency Unit on proposals at an early stage, to determine if the work can be carried out in-house. However, the Efficiency Unit is not part of the Welsh Government, but was a former division of the Cabinet Office that no longer exists.
- 1.16** In Cwm Taf Health Board, we found that parts of the organisation were not aware of the guidance that existed. The Health Board's guidance on procuring and managing consultancy services was given to us by the Director of Finance and Procurement, but some departments outside of Procurement and Finance were not aware of the guidance.

### Public bodies do little to collect and analyse management information to support a strategic approach to procuring and managing consultants

- 1.17** Public bodies do not routinely collect sufficient relevant management information to support a strategy for the use of consultants, and on which to make informed decisions about their current and future requirements for consultancy services. Good practice suggests that, as a minimum, public bodies should collect and analyse information on:

- a** past spend and estimated future spend on consultancy services, in individual service areas and across the organisation;
- b** the type of consultancy services that are bought and trends in usage;
- c** the skills gaps that drive demand for consultancy services;
- d** the performance of consultants;
- e** the value and benefits delivered by consultants;
- f** contract management information, such as the length of engagements and contract extensions; and
- g** estimates of future requirements for consultancy services.

**1.18** Our survey and visits to public bodies found no evidence of any systematic collection and analysis of any of this type of management information. We also found no sector-wide initiatives or work by Value Wales to collect and analyse management information of this type. Although some management information has been made available by the Spikes Cavell data collection and analysis exercise, it is not available year on year unless public bodies decide themselves to fund the data collection and analysis. This has been done by just four local authorities.

**1.19** The entire set of 2010-11 data from Spikes Cavell was only made available from April 2012. The delay was mostly due to the inability of many participating public bodies to provide the necessary raw data from their financial management systems. This meant that the data had only limited use, for example, for sectoral and all-Wales analysis. The time lag between the actual spend on consultancy services in 2010-11 and the

availability of the Spikes Cavell management information also meant that the information could not be used by public bodies to support a strategic approach to procuring and managing consultancy services based on up-to-date management information, or to inform buying decisions in 2011-12.

### **There are uncertainties about the accuracy and consistency of expenditure data**

**1.20** In carrying out our fieldwork, we encountered a number of difficulties in obtaining accurate, reliable and consistent management information, especially in relation to expenditure on consultancy services projects. For example, for many projects we were unable to match the invoice and expenditure data held by public bodies to individual contracts or projects.

**1.21** The uncertainties around the quality of expenditure data are consistent with audit findings in other parts of the UK (**Figure 5**).

**1.22** In the absence of reliable and consistent expenditure data from public bodies, the main source of data is that provided by Spikes Cavell. Although the information provided by Spikes Cavell is sourced from public bodies, because of the data cleansing carried out by Spikes Cavell (**Box 2**) it is more comprehensive and reliable than that provided by public bodies directly. However, the information from Spikes Cavell only provides a broad estimate of expenditure on consultancy services. This is because the analysis is based on the main activity of the supplier and not the actual services provided. For example, if a supplier's main business activity is civil engineering, and it also provides consultancy services, any expenditure on consultancy services counts as civil engineering expenditure because that is the company's main business activity. Despite this





**Figure 5 - Audit findings on the quality of consultancy expenditure information in the UK**

Audit body	Report	High level finding
Northern Ireland Audit Office	<i>Use of Consultants (2004)</i>	Northern Ireland Civil Service maintains details of consultancy expenditure, but the information it collates is variable and limited in nature. This restricts the ability to adequately monitor and audit consultancy expenditure within departments.
	<i>Use of External Consultants by Northern Ireland Departments: Follow-up Report (2011)</i>	There are specific inaccuracies in relation to the expenditure data received and the sample of external consultancy contracts assessed. This included the provision of expenditure figures which were inconsistent with those published by the Department of Finance and Personnel's annual compliance report.
Audit Scotland	<i>Central Government's use of consultancy services (2009)</i>	There is a lack of central records and a narrow classification of consultancy. This makes it difficult to identify what central government is spending on consultancy services and how this expenditure is changing over time.
National Audit Office	<i>Central Government's use of consultants (2006)</i>	The Office of Government Commerce has collected spend information on consultants in the past as part of an exercise looking at government expenditure. However this activity is no longer carried out as the information received from departments was inconsistent and incomplete, diminishing the value of the exercise.
	<i>Central Government's use of consultants and interims (2010)</i>	In general, the quality of departments' management information is poor. There is little depth to management information on consultants. Few departments can provide accurate information on classification of spending by type of consultancy service.

Source: Northern Ireland Audit Office; Audit Scotland; and the National Audit Office

limitation, the management information from Spikes Cavell does bring a degree of consistency for benchmarking across public bodies and sectors that is not possible from analysing and comparing management information provided individually by public bodies.

### Public bodies define consultancy services in different ways

- 1.23** The reliability and comparability of data on consultancy expenditure is further diminished by the use of varying definitions of consultancy services, both between and within public bodies. Our discussions with Value Wales and visits to public bodies found that there is no standard definition for consultancy services. The lack of a clear definition of consultancy services, or the use of different definitions, leads to public bodies coding expenditure to financial systems inconsistently.
- 1.24** We found on our visits that some public bodies defined consultancy services as only being management consultancy, and did not include other areas where contracts were awarded to external organisations for project-based work with a defined end-point. In Cwm Taf Health Board, one senior manager was not aware that the Health Board's definition of consultancy services was wider than just management consultancy. When we visited Cardiff Council, they told us that they had recognised that there was no nationally recognised definition of consultancy services. As a result they adopted the definition that we have used for this study (Box 1). Both Blaenau Gwent County Borough Council and Pembrokeshire County Council told us that they do not have any corporate definition of consultancy services. Pembrokeshire told us that they would be including a formal definition of consultancy services in the next revision of their Protocol for Appointing Consultants.
- 1.25** For the purposes of this study, we examined consultancy projects that fell under definition of consultancy services used by the National Audit Office in their 2006 and 2010 reports on Central Government's use of Consultants, on the grounds that the types of project falling under the definition have similar risks, and therefore require appropriate planning, procurement, contract management and evaluation. The definition used by the National Audit Office is closely aligned to the definition used by the Cabinet Office (Box 1).<sup>12</sup> We used this definition for our survey of public bodies. During our fieldwork, we found that several public bodies (for example, Cardiff Council) had subsequently adopted this definition, as they did not have one previously.

<sup>12</sup> Central Government's use of Consultants, National Audit Office, 2006; Central Government's use of Consultants and Interims, National Audit Office, 2010



## Part 2 – There is little collaboration between public bodies in the procurement and management of consultancy services

**2.1** This part of the report examines public sector initiatives that have attempted to bring greater collaboration and coherence to procuring and managing consultancy services across Wales, within sectors and across regions. Collaborative procurement can save money in the purchase of goods and services for the following reasons:

- a** using collective market intelligence to challenge supplier prices should lower prices;
- b** aggregating demand should increase purchasing power;
- c** removing duplicated tendering exercises should lead to lower administration costs; and
- d** administering fewer invoices and transactions should lower transactional costs.

### Initiatives aimed at encouraging more consistent and coherent approaches across and within sectors have had a limited impact to date

**2.2** In 2011, the Efficiency and Innovation Programme's Procurement Taskforce (**Box 4**) published a report that examined opportunities for procurement to deliver efficiencies and support economic regeneration across Wales. The report concluded that total spend on goods and services across the public sector 'remains too fragmented, and, whilst pockets of excellence exist within some sectors, as a whole we have too many organisations buying similar items without joining up'.<sup>13</sup> The report also said that 'where we do collaborate, our behaviour sometimes undermines the benefits, as there is reluctance to compromise on specifications and commission in a different way, which reinforces the existing culture'.

**2.3** The Procurement Taskforce's report identified consultancy as being an area of high expenditure and recommended that public bodies should explore the scope for all-Wales agreements, especially in regard to the highest consultancy spend areas of ICT, property and construction, and management consultancy.

<sup>13</sup> *Buying Smarter in Tougher Times: Conclusions and Recommendations of the Efficiency and Innovation Board Procurement Taskforce*, February 2011

#### Box 4 – The Efficiency and Innovation Programme and the Public Services Leadership Group

The pan-public-sector Efficiency and Innovation Programme was established by the Welsh Government in 2010 to provide a national framework for developing an approach to reducing costs and improving services through efficiency and innovation. The programme brought together public sector leaders to develop projects across a whole range of areas, including procurement and commissioning. The Procurement Taskforce, which comprised procurement specialists from across a range of public bodies, was a sub-group of the Procurement and Commissioning work-stream. The Taskforce had the aim of examining 'capability' (the skills, systems, infrastructure, processes - ie, how procurement is carried out) and 'categories' of expenditure (examining current strategies and opportunities in the main areas of Welsh public sector expenditure).

Following the 2011 National Assembly for Wales elections, the Minister for Local Government and Communities decided to end the Efficiency and Innovation Programme and replace it with the Public Services Leadership Group. This new group has taken forward much of the work of the Efficiency and Innovation Programme. The group includes a Procurement Board which aims to:

- develop proposals for a National Procurement Service for common and repetitive spend;
- increase the adoption and utilisation of on-line procurement tools;
- simplify and standardise procurement practice across the public sector; and
- encourage greater use of collaborative procurement agreements.

#### There is potential for greater collaboration in the procurement of consultancy services

**2.4** Our survey of public bodies indicated that 35 per cent had collaborated with other public bodies in respect of the procurement of consultancy services during the previous three years. However, our visits to public bodies found that collaboration was less extensive than had been indicated by the survey. We found only one framework agreement – for the provision of legal services - that is used across the public sector in Wales. Where there was collaboration, it tended mostly to be small scale in terms of expenditure and only involved a small number of public bodies. Examples included:

- a** several agreements between local authorities for the procurement of both engineering and construction consultancy services;
- b** collaboration between several North Wales local authorities on obtaining consultancy advice for setting up a regional procurement service;
- c** collaboration between Powys and Gwynedd Councils for consultancy advice on setting up a joint venture company for engineering, building and property services; and
- d** the three Welsh National Parks jointly procured consultants to review their development control services.



**2.5** Based on our analysis of expenditure in 2010-11 and our visits to public bodies, we consider that there is scope for much greater collaboration between public bodies in the procurement of consultancy services. Whilst some consultancy projects may be very specific to individual public bodies, many others are of a type that suggests the potential for collaboration should be explored (Figure 6). For example, we found that 18 per cent (£23.7 million) of all consultancy expenditure across the public sector in Wales in 2010-11 was through the Capita Group. This comprised contracts between the Capita Group and 24 public bodies.

### Value Wales is assessing the merits of a consultancy advice service

**2.6** In 2010, Value Wales reviewed consultancy expenditure by the Welsh public sector, based on expenditure data provided by Spikes Cavell for 2007-08.<sup>14</sup> The resulting report outlined preliminary plans to develop a consultancy advice service to all public bodies. The service would act as a platform for the provision of guidance and sharing best practice information on procuring and managing consultancy services.

**Figure 6 - Potential areas of collaboration for consultancy services**

Potential area for collaboration	Wales Audit Office analysis of 2010-11 expenditure
Treasury management	Contracts with 13 local government and Fire and Rescue organisations, amounting to £700,000 expenditure. Each of the 13 organisations had a separate contract with Sector Treasury Services Ltd, part of the Capita Group.
Business support services	Contracts with 42 different suppliers, amounting to £8.5 million expenditure. 22 public bodies, across all sectors, had used PricewaterhouseCoopers.
Property and construction consultancy	Although various framework agreements exist for construction consultancy, there is potential for more collaboration. 345 different suppliers, amounting to £54 million expenditure. 14 public bodies' contract with Capita, amounting to £11.5 million expenditure.
Marketing and communications	Six public bodies contracted with Euro RSCG Riley, amounting to £1.5 million expenditure.
Management consultancy	Contracts with 488 different suppliers, amounting to £46 million expenditure. 24 public bodies' contract with Capita, amounting to £5.5 million.

Source: Wales Audit Office fieldwork and analysis of Spikes Cavell data

<sup>14</sup> Consultancy Expenditure Review Report, Value Wales, 2010

- 2.7** Value Wales is currently in the early stages of developing the business case for the service, with a view to launching the service in April 2013. The governance and funding arrangements for the service have yet to be determined.

**The NHS Shared Services Partnership's Procurement Service should result in increased collaborative procurement of consultancy services, but it is too early to make a judgment about its impact**

- 2.8** The NHS Wales Shared Services Partnership's Procurement Service was established in April 2011. It combines the procurement functions that were previously part of individual health boards and trusts and the former Welsh Health Supplies<sup>15</sup> organisation. The Service aims to strengthen collaborative working and standardise systems, pricing and procedures.
- 2.9** Early work by the Procurement Service has identified consultancy services as being towards the top of a list of areas of common and repetitive spend for the NHS in Wales. The Service is currently identifying the potential for savings and other benefits through collaborative procurement, but it is too early to make a judgment about the impact of the Service in facilitating greater collaboration.

**Local Government procurement consortia do not currently procure consultancy services on behalf of their members**

- 2.10** Collaboration has been a feature of local government procurement since the formation of the predominantly south Wales-based Welsh Purchasing Consortium in 1974, and the North Wales Procurement Partnership in 2008 (Box 5).

**Box 5 – Local government procurement consortia**

**Welsh Purchasing Consortium**

The Welsh Purchasing Consortium is made up of 16 local authorities in South, Mid and West Wales. The Consortium aims to deliver a range of benefits to its members. These include delivering competitive procurement arrangements, which have produced significant savings and other efficiencies, sharing best practice, and the development and adoption of a suite of standard procurement documentation. A central management team, comprising a procurement manager and two procurement specialists, supports the Consortium, which is governed by a management board comprising councillors and procurement officials from each member authority. Each member authority arranges contracts or framework agreements on behalf of all 16 local authorities.

**North Wales Procurement Partnership**

The six North Wales Councils formed a procurement partnership in 2008, with the aim of saving millions of pounds from the cost of goods and services purchased by them. Gwynedd Council hosts the Partnership and has a small team of staff who work with groups of professional procurement officers throughout the region to buy more goods and services collaboratively. The Partnership is funded by all six North Wales Councils, and is managed by a joint management board.

- 2.11** In January 2009, the Welsh Purchasing Consortium established a Professional Services and Corporate Needs Group, one of six category groups which determine the goods and services to be purchased through the consortium through the process of category management (Box 6). One of the priority areas for increased collaboration identified by the Group is consultancy services.

<sup>15</sup> Welsh Health Supplies was a service provider to NHS Wales and was managed by the former Bro Morgannwg NHS Trust. Its role was to provide two key links in the supply chain to Welsh NHS Trusts: the negotiation of contracts and managing stocks and inventories of materials.





## Box 6 – Category Management

Category management is the grouping together (into categories) of similar or related goods and services, such as office equipment or professional services. A category management approach encourages organisations to move from having pockets of procurement activity towards having a more strategic approach which should release savings through streamlining procurement activity.

There are a number of key elements involved in category management: defining the categories and sub-categories; understanding internal requirements and stakeholders for each category; understanding the market and suppliers for each category; developing category strategies and plans; evaluating and selecting a supply option and contracting route for each procurement exercise in the category; supplier selection; implementing contracts; and contract and supplier management.

Partnership is exploring potential areas of collaboration for consultancy services, and has identified as a priority the renewal of a professional services framework for construction.

## A planned National Procurement Service is intended to be a strategic vehicle to facilitate procurement savings through better collaboration across all parts of the public sector

**2.12** The Professional Services and Corporate Needs Group have identified treasury management and insurance as two areas of consultancy spend where there is potential for collaboration. However, lead officers in the Group have encountered little appetite for collaboration amongst local authority officers who manage existing consultancy contracts in these areas. The Group has recognised that, although procurement officials within local authorities understand the potential benefits of collaboration, it needs to do more to convince and articulate the benefits to contract managers who are using the service on a day-to-day basis.

**2.13** The North Wales Procurement Partnership has defined four categories of goods and services to be purchased through the partnership: social care; fleet and transport; corporate and education; and construction. Professional services, including consultancy services, forms part of each category. The

**2.14** The Efficiency and Innovation Programme's Procurement Taskforce report in February 2011 recommended the development of a shared service model for procurement across the Welsh public sector. The model would be based on the principles of category management, with professional services as one of the categories.<sup>16</sup> Since December 2010, Value Wales has been leading on the development of the business case for a National Procurement Service, which would have the purpose of:

- a identifying areas of common and repetitive spend across all public bodies, and then buying between 20 per cent and 30 per cent of goods and services through the shared service (with estimated potential savings of between £9.2 million and £24.6 million per year); and
- b being responsible for all tendering, catalogue and contract management for the identified areas of common and repetitive spend, and requiring all public bodies to commit to using the shared service contracts.

<sup>16</sup> The National Procurement Service Business Case anticipates that the categories of common and repetitive spend to be procured through the National Procurement Service will be professional services, ICT, transport, building and engineering materials, waste management provisions, office consumables, street lighting, protective clothing and cleaning.

**2.15** In developing proposals for the National Procurement Service, Value Wales intends to take into consideration existing structures, such as procurement consortia in the local government and health sectors. The basic principle underpinning the case for the National Procurement Service is that although there has been a significant amount of collaborative procurement across Wales to date, it has focused on maximising the benefits of purchasing power, for example through economies of scale. The business case for the National Procurement Service states that the public sector has not fully exploited other procurement strategies, such as the demand management, which is concerned with managing requirements (for example, through a policy that limits who can receive a good or a service) and distinguishing between wants and needs.

**2.16** Value Wales has identified consultancy services as being a key sub-category of professional services with the potential for savings through implementing the National Procurement Service across the public sector. The business case has estimated potential savings on consultancy services expenditure of between £1.4 million and £5.6 million per year through:

- a** negotiating lower prices through increasing the number of purchasers;
- b** improved use of the public sector's own internal resources rather than procuring consultants, although this part of the remit of the National Procurement Service was challenged by the procurement professionals who were consulted; and
- c** more detailed specification of contract requirements.





## Part 3 – Public bodies are putting value for money at risk by failing to follow good practice in the procurement and management of consultancy services

### Implementing good practice in the procurement and management of consultancy services should lead to public bodies achieving better value for money from their use of consultants

- 3.1** To secure and demonstrate good value for money from the procurement and management of consultancy services, public bodies need to adopt and follow processes and procedures that accord with best practice. This part of the report examines how well public bodies exercise good practice in the key areas of:
- a** stage 1: assess need and specify resource requirement;
  - b** stage 2: considering resource options;
  - c** stage 3: tender, award and contract;
  - d** stage 4: project delivery, team commitment and skills transfer; and
  - e** stage 5: post contract evaluation.

### We developed audit criteria to examine how well public bodies exercise good practice in procuring and managing consultancy services

- 3.2** We developed audit criteria that covered key processes that need to be in place if consultancy services are to be procured and managed efficiently and effectively in accordance with good practice. The basis of our audit criteria was the Contract Audit Toolkit produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2009 (**Box 7**).
- 3.3** We tailored the toolkit by incorporating specific consultancy service questions and audit criteria drawn from two sources of established good practice: the National Audit Office's Consultancy Self-Assessment Toolkit, based on the findings from its 2006 report on Central Government's Use of Consultants (**Box 8**) and the Office of Government Commerce's Consultancy Value Programme (**Box 9**). The toolkits and good practice consistently identify the need for a systematic approach to procuring and managing consultancy services based on ensuring sound project management and reducing risk, with the overall aim of achieving better value for money.

### Box 7 – The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Contract Audit Toolkit (2009)

The Contract Audit Toolkit was designed by Transport for London. It was highly commended by CIPFA as a submission for its Cliff Nicholson Award for innovations in audit. The toolkit follows a lifecycle for procurement and contracting, breaking the process down into the stages that take place before and after the award of a contract. It establishes the risks associated with each stage, providing a basis for risk-based audit. It also sets out the law of contract as it relates to each stage.

### Public bodies in Wales could save more than £23 million (18 per cent) on their consultancy services expenditure by implementing good practice

**3.4** Using Spikes Cavell expenditure data, the data from our survey and evidence from our visits to public bodies, we assessed the performance of the seven Welsh public bodies we visited against the evaluative statements in the National Audit Office’s Consultancy Self-Assessment Toolkit ([Appendix 2](#)). This enabled us to identify the main areas that the seven public bodies in Wales needed to improve in order to get better value for money from procuring and managing consultants. Whilst we identified the potential for improvement in all five stages, we found that the particular areas in need of improvement were:

- a** stage 1: assess need and specify resource requirement;
- b** stage 4: project delivery, team commitment and skills transfer; and
- c** stage 5: post contract evaluation.

### Box 8 – The National Audit Office’s Consultancy Self-Assessment Toolkit (2006)

The National Audit Office report, *Central Government’s Use of Consultants* (2006), recommended how Central Government could improve the way it manages the procurement and use of consultancy services. The recommendations were based on the overarching conclusion that it had not been possible to make an overall assessment of the benefits that have arisen from the money spent on consultants, in part because departments rarely collect any information on what has been achieved. The National Audit Office developed a Consultancy Self-Assessment Toolkit based on the findings and recommendations of its report.

The National Audit Office’s toolkit provides a methodology to enable public bodies to analyse their performance in procuring and managing consultancy services across five key stages. The key stages represent areas where behaviours and processes need to improve in order to get better value for money from consultants.

#### **Stage 1: Assess need and specify resource requirement**

Examines how the use of consultants fits into the organisation’s recruitment and training strategy, and how their use is justified and specified.

#### **Stage 2: Considering resource options**

Looks at the options for filling the resource gap, for example through using internal staff.

#### **Stage 3: Tender, award and contract**

Considers whether tendering and contracting is conducted effectively by procurement teams, for example through the use of framework agreements, different payment structures and competition.

#### **Stage 4: Project delivery, team commitment and skills transfer**

Evaluates communication and relationships with consultants, and skills transfer from consultants to client staff.

#### **Stage 5: Post contract evaluation**

Assesses the collection and use of management information, including post-project evaluations.

Source: National Audit Office



### Box 9 – The Office of Government Commerce’s Consultancy Value Programme (2007)

In response to the National Audit Office report, and following a benchmarking study, the Office of Government Commerce, in collaboration with central government departments, launched the Consultancy Value Programme in 2007. The ultimate aim of the programme is to support Central Government organisations in ensuring that consultancy spend delivers value for money, by addressing, amongst other things, demand management, contract performance review and supplier management.

The programme centres on consistent, controlled and effective use of consultants through sustained behavioural changes. It includes the use of a standard business case to establish that consultancy is the best solution or whether there are more suitable alternatives.

The programme has been implemented in Central Government. The Office of Government Commerce claims that it has achieved a high profile within departments and across government, and has resulted in:

- a reduction in spend;
- the ability to manage within significantly reduced consultancy budgets;
- better control and visibility of consultancy services within departments;
- greater awareness of need to improve approaches to consultancy spend; and
- the ability to respond to criticism around excessive use of consultants.

The Programme is now being piloted in local government in England on a regional basis in the South West, East Midlands and West Midlands.

Birmingham City Council has been piloting the Consultancy Value Programme since the start of 2009-10. On implementing the Programme, the Council’s expenditure on consultancy services fell by 33 per cent from £18 million in 2009-10 to £12 million 2010-11. The Council said that although some of the reduction was because of budget constraints, it was predominantly because the Council had implemented the Consultancy Value Programme’s principles: improved demand management, increased political scrutiny of engagements and a heightened awareness of the need to complete a formal standard business case. The Council said that just the act of having to complete a standard business case deters casual consultancy engagements.

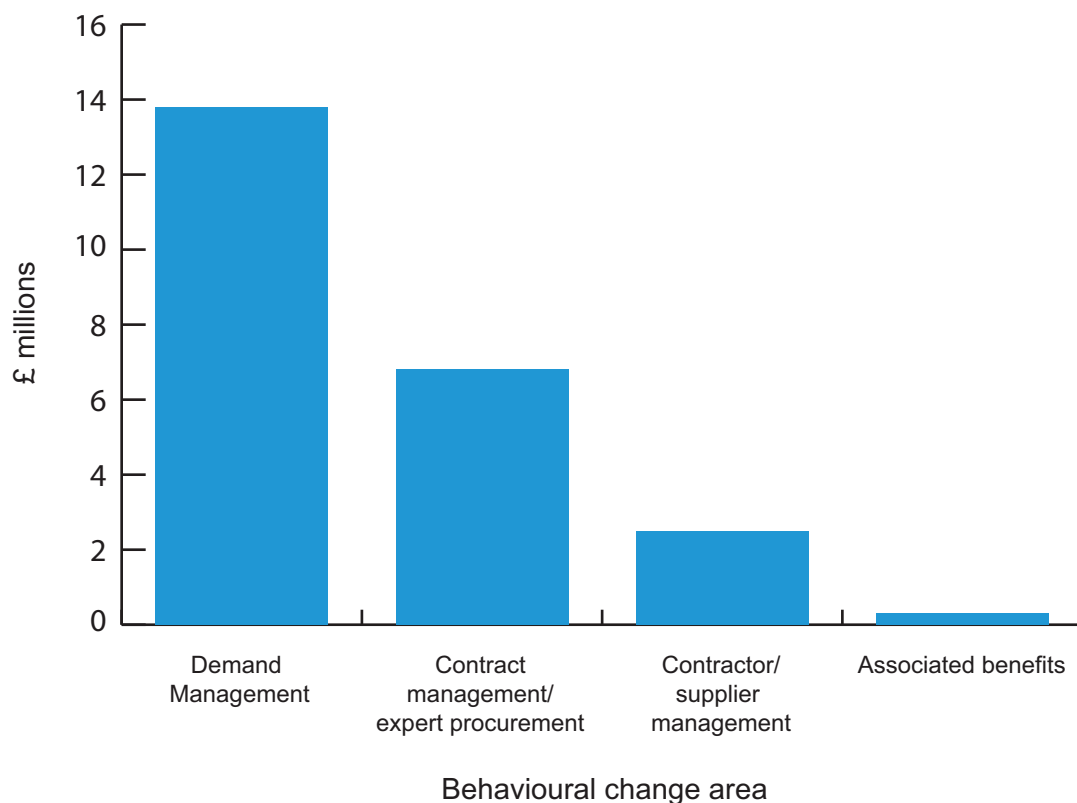
Source: Office of Government Commerce and Improvement and Efficiency West Midlands<sup>17</sup>

**3.5** The National Audit Office’s toolkit also includes an efficiency savings calculator to quantify efficiency savings that public bodies could potentially achieve if they follow good practice and change their behaviour in how they procure and manage consultancy services (**Appendix 2**). The National Audit Office’s report on Central Government’s Use of Consultants estimated that if all central government departments adopted its recommendations for procuring and managing consultancy services, efficiency savings of up to 30 per cent could be achieved.

**3.6** Using the efficiency savings calculator, we estimated that efficiency savings of 18 per cent could be achieved in the seven public bodies we visited, mainly through improved demand management. If this picture was replicated across all public bodies in Wales, based on an overall spend on consultancy services of £133 million in 2010-11, we estimate that annual efficiency savings of more than £23 million could be possible (**Figure 7** and **Appendix 2**). However, the efficiency savings calculator is only as reliable as the quality of information and the judgements that form the basis of the calculations. As such, it only provides a broad indication of the scale of efficiency savings that might be possible.

<sup>17</sup> Improvement and Efficiency West Midlands is a sector-led organisation that supports local authorities and their wider public sector partners in their drive to increase efficiency and improve local public services.

**Figure 7 - Annual efficiency savings that could be achieved if all public bodies exercised best practice**



Source: Wales Audit Office analysis of seven public bodies using the National Audit Office Consultancy Self-Assessment Toolkit and Efficiency Savings Calculator

## The quality of records in support of consultancy services projects is generally poor

**3.7** Public bodies should maintain proper records in support of consultancy services projects, as an evidence base to support decision-making and the effective management of projects. Properly maintained records also facilitate audit and inspection, and provide evidence that the organisation has complied with relevant legislation.<sup>18</sup>

**3.8** During the course of our file review of consultancy services projects at the seven organisations we visited, we encountered difficulties in obtaining basic information in support of projects, such as business cases, the names of contract managers, key event dates, cost information, and details of contract monitoring and post contract evaluations. Either the information did not exist, it could not be found, or it was spread across several departments and services. We found examples of:

<sup>18</sup> For example, Freedom of Information and European procurement legislation.



- a records supporting contract tender and award being held by the procurement function, but not by the contract manager;
  - b for the same consultancy services project, some records held electronically and others held on paper file;
  - c some records retained by a service or department, whilst others had been archived;
  - d consultancy projects that had been managed by different contract managers at different times, with each manager holding his or her own files for the period they were managing the project; and
  - e files from recently completed consultancy projects that had been destroyed.
- 3.9** We found a notable exception with the Welsh Government. It holds all records and project information on files that relate to the project, rather than to the different stages of the project. The project file is then kept together so that all officials involved in the various stages of the project have access to all the relevant project information.
- 3.10** Where the procurement and management of consultancy services is fragmented, there is an increased risk that there will be poor records management. We found examples where the procurement function carried out the tendering activity and retained the relevant paperwork, and the service area retained the records relating to project planning and management. Most of the public bodies we visited where this was an issue told us that implementing category management should lead to more centralised procurement and management of consultancy services, and related improvements in overall oversight of projects and records management.

**3.11** The remainder of this part of the report examines the performance of public bodies against the best practice for each of the five stages of a typical consultancy project identified by the National Audit Office (paragraph 3.1 and Box 8).

## Many public bodies did not have robust systems for assessing the need for consultants and specifying their requirements

**Business cases, used to assess the need for and specify the requirements of consultants, were mostly of poor quality**

- 3.12** Before purchasing consultancy services, public bodies should ensure that their use is justified and reasonable. Public bodies should set this out in a business case that reflects the size, impact and risk of the project. The business case is key to setting and maintaining a clear direction for any project, and should include details of the proposed scope of the project, delivery options, anticipated benefits, timing, reporting and governance arrangements. Setting out a clear view of what is required from consultants should make it more likely that public bodies will choose the right supplier through the procurement process, as well as make it more likely that the project's desired outcomes will be achieved.
- 3.13** We found that consultancy services projects were rarely supported by a business case. Our file review of 93 projects in the seven public bodies we visited found that only 17 per cent had used a form of business case or financial justification to set out why consultants needed to be engaged, with the remainder having some form of approval, either formal or informal, but without the support of a business



case. In our survey, we also asked public bodies whether business cases are used when deciding to use consultants. Fewer than 20 per cent said they require a business case to be prepared and approved in advance of purchasing consultancy services.

**3.14** Where projects were supported by business cases, we found that they were of variable quality and few were based on a standard template. We found that business cases were not proportionate to the size and complexity of projects, and many did not include a robust estimate of costs, did not identify the desired benefits and outcomes expected, or did not include evaluation proposals.

**3.15** There are many business case templates that are available for public bodies to use, most of which can be adapted to reflect the size and nature of individual consultancy projects. For example, Capital Ambition<sup>19</sup> and the Consultancy Value Programme have produced standard business case templates for consultancy services that can be used by public bodies.

**3.16** The Office of Government Commerce's Consultancy Value Programme (Box 9) recommends a standard business case format, supported by a checklist of essential considerations, to be used when procuring consultants.<sup>20</sup> The use of a standard business case has the potential to bring the following benefits:

- a** all consultancy projects, managed by different people across an organisation, will be required to provide a minimum set of information at the start of a project, providing a baseline for managing and evaluating the project;

- b** the provision of standardised baseline data (such as estimated costs and timeframes) enables the performance of projects to be monitored on a consistent basis;
- c** the benefits from projects can be measured, to enable consistency and benchmarking of consultants' performance; and;
- d** a more efficient process, saving time and money.

**3.17** We asked the public bodies we visited if they use a standard business case template for procuring consultancy services, but none did. We found only one example of a public body in Wales using a standard business case template for consultancy services, which was attached to our survey return (Case Study 1).

**3.18** Business cases should set out in some detail the requirements that the use of consultancy services are intended to meet. CIPFA's Contract Audit Toolkit says that to get good value for money from any contract, good preparation is essential and that this should include an accurate assessment of needs and requirements which helps create a clear output-based specification. It should also help public bodies estimate costs, and ensure that prospective consultants are clear on what services they are expected to deliver.<sup>21</sup>

**3.19** If business cases clearly define expected outputs and benefits, it is likely to be easier for public bodies to negotiate to a fixed-price contract with the consultant. Fixed price contracts generally help control costs and require both parties to be clear about what is expected, by when and for how much.

<sup>19</sup> Capital Ambition is a Regional Improvement and Efficiency Partnership set up to support London's authorities and local strategic partnerships to deliver efficiencies, improve performance and support innovative ways of working.

<sup>20</sup> Consultancy Value Programme Toolkit – Local Government, Office of Government Commerce, 2010

<sup>21</sup> Contract Audit Toolkit, Chartered Institute of Public Finance and Accountability, 2009



### Case Study 1 – Gwynedd Council's business case template for procuring consultancy services

Gwynedd Council adapted the London Centre of Excellence's<sup>22</sup> business case template for consultancy services. The template sets out minimum requirements, with the option to extend its scope dependent on the complexity and cost of an individual project.

The template was developed because the Council's procurement function had been concerned that the Council was not managing the use of consultants effectively. The purpose of the business case template is to ensure that the various options for delivery are fully considered, and that the Council obtains value for money. However, Gwynedd's Procurement Manager told us that, following its introduction in July 2009, the business case template had not been well received, and that the requirement to complete a business case pre-procurement was considered by some officers to be excessive.

Use of the business case template has not yet been mandated, and it has been used only four times since July 2009. In each case consultants were appointed, and the reasons cited were:

- 1 the need to obtain external expertise; and/or
- 2 the need for additional (independent) capacity to complete a business case for a collaborative project in a short timescale.

**3.20** Where outputs are less well-defined and it is less clear what the public sector body expects of the consultant, public bodies may choose to use time and materials contracts.<sup>23</sup> However, time and materials contracts do not directly encourage a consultant to work efficiently, and the public body bears the risks of extended project duration and escalating costs (**Case Study 2**).

### Case Study 2 – Public Sector Broadband Aggregation (PSBA) Voice project - consultancy support

The PSBA network is a collaborative national communications service between Welsh public sector organisations delivering voice, video and data communication services across over 100 public bodies at more than 2,500 sites.

The Welsh Government contracted 4C Strategies as consultants to support implementation of the PSBA Hosted Voice Service. This project will allow connected organisations to make telephone calls across the network, without charge, to other PSBA-connected organisations, and will also reduce their current switchboard costs through new contact centre services.

4C Strategies are paid on a time and materials basis with an original target cost of £60,000. However, because of delays in the delivery of the original contract, the need to carry out more extensive stakeholder engagement, new requirements under the emerging UK Government Public Services frameworks and to cover capability gaps, the Welsh Government granted an extension of time and the project was expected to exceed its target cost.

In awarding the extension, a notional 12 month period was given to provide more flexibility. The Welsh Government did not estimate the cost for the remainder of the project, but decided to extend the target cost to £250,000. Rather than being based on any robust estimates, the purpose of the higher target cost was to provide sufficient payment headroom to cover any further changes in UK Government PSN scope or requirements.

The work under the contract is near completion and, as at June 2012, costs totaled £267,000.

*Source: Wales Audit Office review of Welsh Government project files*

<sup>22</sup> Precursor to Capital Ambition.

<sup>23</sup> Time and materials refers to contracts whereby payment is based on the time worked and materials used rather than on the production of specific outputs.

**3.21** Our survey of public bodies found that most preferred to use fixed price contracts, but many admitted that there were occasions when only the use of time and materials contracts was possible, because the project specification was not sufficiently clear. During our visits to public bodies, we asked staff who were involved in procuring and managing consultancy services what they considered to be the main challenges they faced in getting good value for money from consultants. In reply, the majority referred to the need for tighter output specifications.

### **In developing their requirements, public bodies are not engaging effectively with suppliers**

**3.22** Engaging early with the market during the project planning phase allows a public body to improve its understanding of its requirements from a consultant and what the market is able to provide. This should result in clearer specifications of requirements and better tailored responses from suppliers to invitations to tender. Public bodies may also benefit from some innovative ideas or alternative solutions that constructively challenge the original procurement and contracting approach.

**3.23** Our file review and interviews with project managers at the seven public bodies we visited found that few public bodies seek to engage with the consultancy market prior to formally specifying their requirements and issuing invitations to tender. To engage effectively with the consultancy market, public bodies need the skills of an intelligent customer. The consultancy market is mature and full of firms with a great deal of experience, and public bodies that lack intelligent customer skills risk losing the benefits of early engagement with the market.

## **Public bodies are not giving enough consideration to resource options when planning consultancy projects**

### **Few public bodies routinely carry out robust appraisals of alternatives to using consultants**

**3.24** All business cases should include a comprehensive, but proportionate, appraisal of whether using consultancy services is the most appropriate approach to delivering the desired outcomes of a project. They should evaluate alternative options, including whether there are suitable internal resources with appropriate capacity and skills to deliver the project.

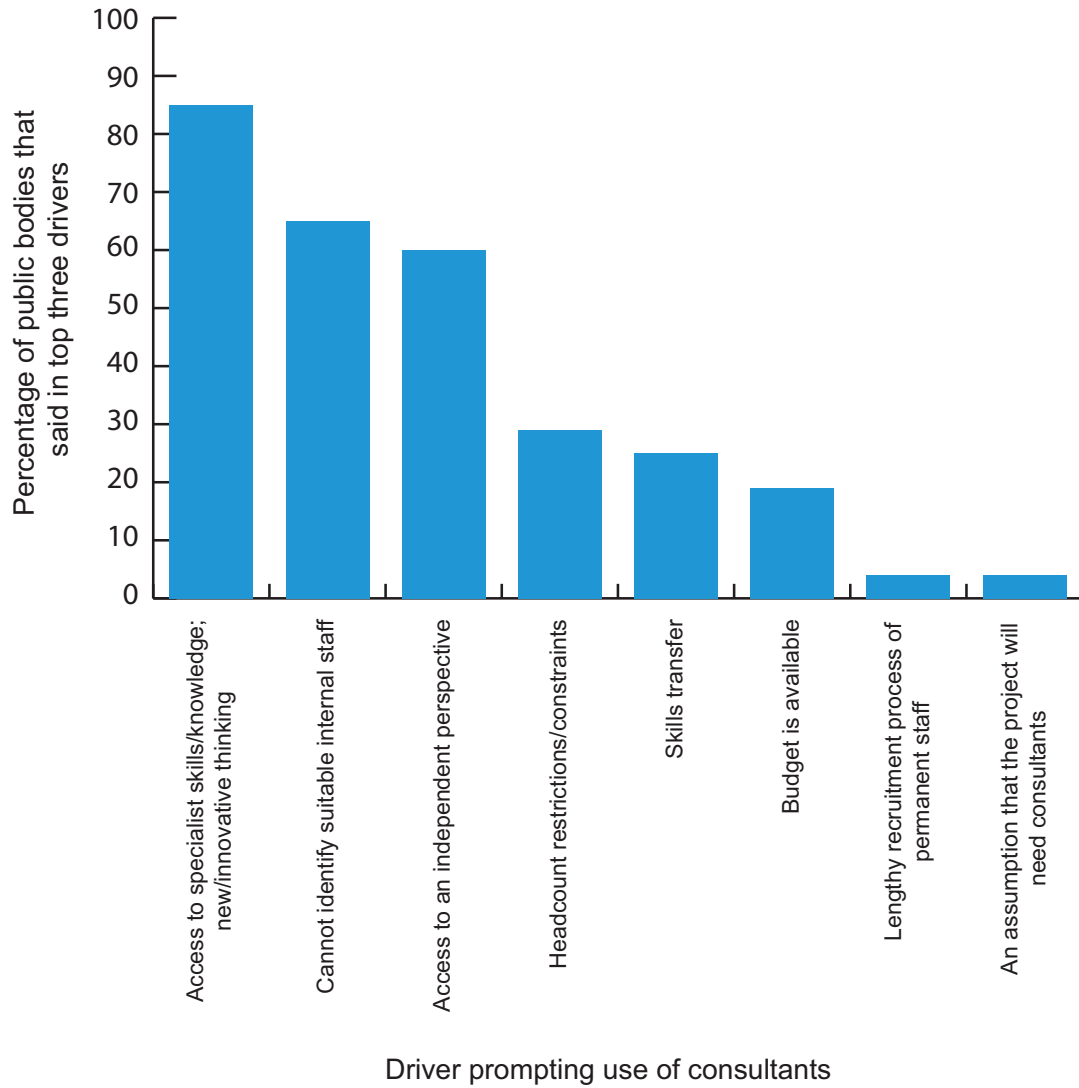
**3.25** In our survey, we asked public bodies what, from a list of eight options, they consider are the three main drivers that prompt their use of consultancy services (**Figure 8**). Sixty three per cent of public bodies told us that the lack of suitable internal staff was one of their top three drivers.

**3.26** Our survey of public bodies indicated that 50 per cent had a formal process for looking for internal staff to deliver projects or programmes prior to considering the use of consultants. However, our file review of 93 consultancy services contracts at seven public bodies found that only seven per cent of consultancy projects included an appraisal of the suitability and capability of internal resources that could potentially deliver the project, instead of consultants. With a few possible exceptions (**Case Study 3**), we found little evidence of public bodies consistently operating procedures to look for internal staff to deliver projects or programmes prior to considering the use of consultants





**Figure 8 - Main drivers that prompt the use of consultancy services**



Source: Wales Audit Office survey of public bodies

### Case Study 3 – Welsh Government Solutions

As part of its *Managing for Less* programme, the Welsh Government developed a pool of staff for potential redeployment to any part of the organisation where their skills and experience might be of benefit. Since 2010, the Welsh Government's Solutions team assess all potential consultancy projects before any procurement activity, to check if there is an internal resource available to deliver the project rather than using external contractors. One aspect of the programme is to train a group of officials in project management to enable them to manage centrally-funded projects. The Welsh Government is currently increasing the numbers of trained project managers as demand is outstripping supply. The Welsh Government is hopeful that this will reduce the need to purchase consultancy services.

(Case Study 4). Some contract managers told us that they would consider using internal resources before employing consultants, but there was no mechanism in place to enable them to identify appropriately skilled internal resources and ensure their availability.

### Public bodies are not making effective use of workforce planning to reduce their dependency on consultancy services

**3.27** Being unable to identify suitably skilled internal staff to deliver projects was the second most common of the top three drivers that prompt public bodies to use consultancy services (Figure 8). This suggests that public bodies might not be making effective use of workforce planning to identify future skills requirements, and recruit and develop their own staff, in order to reduce their future reliance on consultancy services.

### Case Study 4 – Identifying the availability of internal resources at Pembrokeshire and Cardiff Councils

All purchases of consultancy services by **Pembrokeshire County Council** are subject to senior management approval. Officials told us that the Head of Service was required to make an assessment as to whether or not there were internal resources available to carry out the work. The Council's protocol for appointing consultants states that 'Consultants shall only be employed where the Director of Finance and Leisure has agreed that there are insufficient resources available to perform the services required in-house and that appropriate budget provision exists'.

**Cardiff Council's Contract Standing orders and Procurement Rules** say that before any external procurement is considered, 'it is important to ensure that no existing in-house provision exists for the Goods, Services or Works required'. Council officials told us that there is an expectation for contract managers to look for internal resources, but there is no formal mechanism or procedure for actually doing this. We found no evidence of any such analysis in respect of the 12 projects we examined in Cardiff Council. The Council is in the process of adopting new internal procedures and guidance to ensure all future requests for consultants include a business case.

**3.28** Where public bodies consider that their use of consultants is being driven by the lack of suitably skilled internal resources to deliver projects, they should identify their skills gaps to feed into medium and long-term workforce planning. During our file review and interviews with officials at the public bodies we visited, we looked for evidence of public bodies analysing the work that consultants carry out to inform their skills needs in the medium to long-term. However, we found little evidence that public bodies were using information from their use of consultancy services to inform workforce planning, such as whether the skills and methods used by consultants could be developed by internal staff for future use.



## There is scope to improve the procurement of consultants in most public bodies

**3.29** The correct choice of supplier with the necessary skills to deliver a project at the right price and quality through a competitive procurement process is critical in getting better value for money from consultancy services.

### When procuring consultants, public bodies generally comply with organisational procurement guidance and legal requirements

**3.30** European Union (EU) Public Sector Procurement Rules<sup>24</sup> apply to the procurement of all goods and services, including consultancy services. Public bodies are required to advertise contracts above certain financial threshold values<sup>25</sup> in the Official Journal of the European Union (OJEU). However, even when contracts fall below the EU thresholds, procurement procedures should follow the general principles of European Competition law,<sup>26</sup> which include:

- a** equal treatment;
- b** transparency; and
- c** non-discrimination.

**3.31** All public bodies should have procurement policies, guidance and standing orders which set out how to comply with EU Public Sector Procurement Rules. For example, NHS Wales has issued Model Standing Orders for Local Health Boards which make provision for the procurement of goods and services.<sup>27</sup> Public bodies should also have their own procedures

and standing orders for procurement at values that fall below the EU thresholds. In general, we found that the consultancy services projects that we examined followed EU procurement rules and related internal standing orders or policies.

### Procurement is not always carried out by staff with appropriate qualifications and experience

**3.32** Without qualified and experienced procurement professionals, there is an increased risk of procurement not delivering value for money, for example by producing inadequate contract specifications, by not choosing the most cost effective payment method or by failing to carry out robust evaluation of tenders. However, the public bodies we visited told us that finite resources meant that the procurement function cannot be involved in the purchase of all consultancy services.

**3.33** In our survey, we asked public bodies if they had thresholds of contract spend above which the procurement function must be involved. Eighty two per cent of public bodies said they had established thresholds for when the procurement function is involved in procuring any good or service, with the contract manager procuring contracts falling below the threshold. The thresholds ranged from four per cent of public bodies that involve the procurement function in all procurements, to nine per cent of public bodies that involve the procurement function only for projects that are over the EU thresholds (Figure 9).

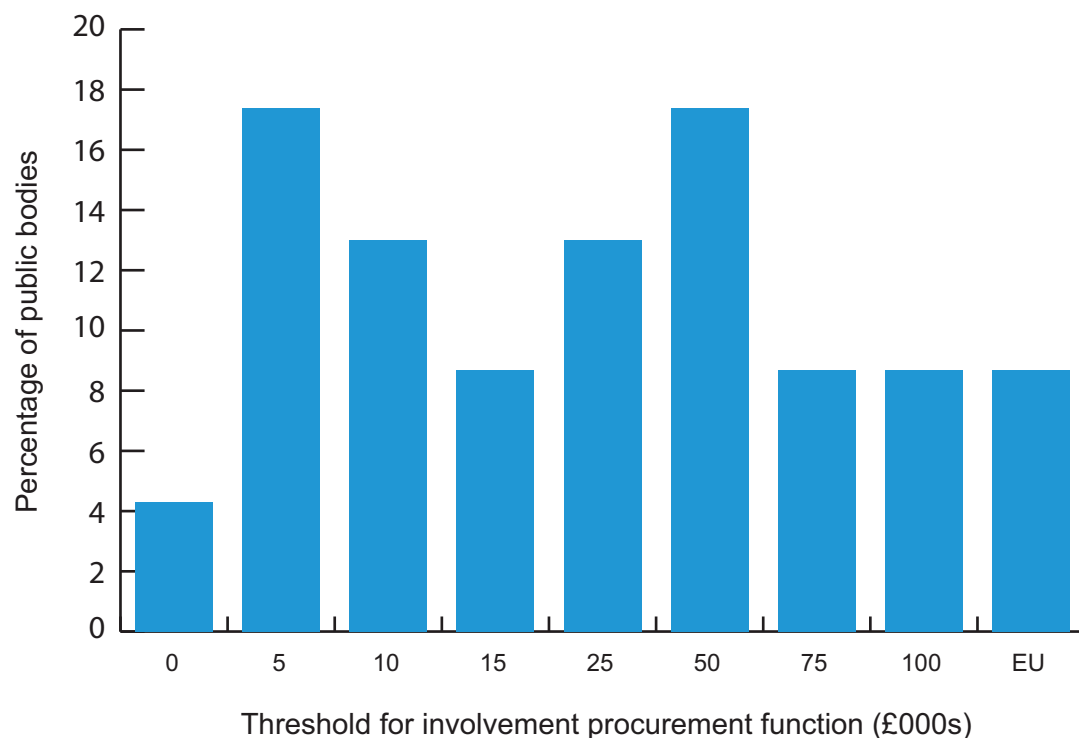
<sup>24</sup> Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the co-ordination of procedures for the award of public works contracts, public supply contracts and public service contracts.

<sup>25</sup> From 1 January 2012, all services over £113,057 procured by central government bodies, and over £173,934 for all other public bodies, are subject to EU Public Sector Procurement Rules.

<sup>26</sup> Commission Interpretative Communication on the Community law applicable to contract awards not, or not fully, subject to the provisions of the Public Procurement Directives (2006/C 179/02)

<sup>27</sup> Model Standing Orders, NHS Wales, April 2011

**Figure 9 - Public sector body thresholds for procurement function involvement in procuring goods and services**



Source: Wales Audit Office survey

**3.34** For the projects we examined in detail, we found less extensive compliance with good procurement practice and/or public sector guidance and standing orders in respect of projects that fell below the thresholds for the involvement of the procurement function. From our interviews with contract managers for projects that fell below the thresholds, including some projects valued at more than £100,000, we found that few had had any formal procurement training, leaving these projects open to a greater risk of non-compliance, impropriety and poor value for money.

**3.35** We also found that thresholds were set only in respect of contract values, and that no consideration had been given to the strategic importance, potential impact or risk of consultancy projects. For example, all local authorities use consultants for advice on investing what can amount to many millions of pounds of surplus funds, known as treasury management.<sup>28</sup> Although the consultancy contracts were of relatively low value, averaging around £50,000 per year, they were high risk by nature, because of the sums of money involved. Procurement professionals were not involved in the procurement of any of the five treasury management contracts we examined in detail.

<sup>28</sup> Defined by CIPFA as being 'the management of the organisation's cash flows, its banking, money market and capital market transactions and loan management; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'. More broadly treasury management refers to the set of policies, strategies and transactions that an organisation adopts and implements to raise finance at acceptable cost and risk and to manage its cash resources.



**3.36** In the Welsh Government, the threshold for involving its central Corporate Procurement Service is any contract valued at more than £25,000. Contracts that fall below this threshold are procured by officials from individual business units and Directorates. One of the Welsh Government's Business Unit Managers<sup>29</sup> told us that more expertise is needed at a departmental level because departmental staff procure contracts infrequently and their expertise can be highly variable.

**3.37** A recent report by the National Assembly for Wales' Enterprise and Business Committee found a 'significant skills deficit in the Welsh procurement sector'.<sup>30</sup> The Welsh Government has recognised the lack of qualified procurement professionals across the public sector and is looking to increase procurement skills and capacity across Wales. For example, it is leading a Transforming Procurement through the Home-Grown Talent project, which aims to raise procurement skills and capability across public services.<sup>31</sup>

### Some of the consultancy projects we examined did not comply with procurement rules

**3.38** If public bodies fail to comply with procurement rules and regulations, they leave themselves open to legal challenge from unsuccessful bidders, regardless of whether the contract is above or below the EU procurement thresholds.<sup>32</sup> At the seven public bodies we visited, we identified that around 10 per cent of the 93 contracts we examined in detail had not complied with either EU regulations or internal policies and standing orders. We found examples of:

- a** contracts being awarded on the basis of criteria that were not set out in the advertised specification;
- b** the retrospective approval of contracts that had already been awarded to a supplier;
- c** follow-on contracts of high value work (more than £25,000) being agreed with consultants without a separate competitive process or documented justification for the additional work; and
- d** extensions to contracts resulting in the total contract cost exceeding OJEU thresholds.<sup>33</sup>

**3.39** Although the examples we found related to consultancy projects, they reflected non-compliance with general procurement rules, regulations and standing orders. This suggests that the risks of non-compliance might extend beyond the procurement of consultancy services, to the procurement of other goods and services, by the public bodies concerned.

### The majority of consultancy contracts are procured competitively, but a high proportion were let by single tender

**3.40** In most cases, competitive tendering offers public bodies the best means of ensuring that they achieve value for money in the procurement of consultancy services, and helps demonstrate propriety in the use of public money. Twenty per cent of the consultancy contracts we examined at the seven public bodies we visited were let through single tender action, without competition between potential suppliers.

<sup>29</sup> Business Unit Managers plan, direct and co-ordinate the Welsh Government's directorates.

<sup>30</sup> *Influencing the Modernisation of EU Procurement Policy*, National Assembly for Wales Enterprise and Business Committee, May 2012

<sup>31</sup> A 4-5 year, £5.7 million European Social Fund Convergence Programme-funded project to improve procurement across public services in Wales.

<sup>32</sup> In relation to contracts below EU procurement thresholds, European law states that principles of community law may be engaged and may, therefore, require to be observed by contracting authorities.

<sup>33</sup> The estimated value of the whole contract must be added together even where there is an extension and the aggregate value is the one which must be applied. If this aggregated estimated value exceeds the threshold, each contract has to be advertised in OJEU, even if the estimated value of each individual contract is below the threshold.

**3.41** While there may be certain circumstances where its use may be appropriate (**Box 10** and **Case Study 5**), public bodies should try to minimise the use of single tender action or they will not get the benefits of competition, such as better prices and a broader range of ideas for delivering a project. Where single tender action is proposed, the case for it should be clearly set out in the business case. Our file reviews at the seven public bodies we visited found that only one in five of the contracts let by single tender were appropriate. We also found that, although 45 per cent of contracts let by single tender had some form of approval on file, 20 per cent of these were approved retrospectively, after the work had started or been completed.

#### Box 10 – Where single tender action is appropriate

According to the UK Government's Department of Health's procurement guidelines,<sup>34</sup> there are two circumstances when single tendering can be justified:

- 1 The work is directly related to a recently completed contract, and the benefit gained from the additional work being given to the same contractor outweighs any potential reduction in price that may be derived through competitive tendering. This approach would be justified only where the resultant contracts are of low value.
- 2 The expertise required is only available from one source. This may be due to ownership of exclusive design rights or patents, but the specification should be reviewed to ensure that a substitute product would not be able to meet users' requirements.

#### Case Study 5 – Single tender actions for specialist work – Welsh Health Estates

Since April 2011, Welsh Health Estates has been part of the NHS Wales Shared Services Partnership and is now known as the NHS Wales Shared Services Partnership - Facilities Services. The service is an all-Wales NHS organisation which promotes and facilitates the delivery of high standards in patient care in Wales through the built environment. Prior to becoming part of the NHS Wales Shared Services Partnership, Welsh Health Estates was part of Cwm Taf Health Board, which carried out all its procurement and was subject to Cwm Taf's internal procurement rules and guidelines.

In 2010, Welsh Health Estates carried out a review of the robustness of its backlog maintenance data collection and found that there were areas for improvement. Towards the end of the review, Welsh Health Estates staff found a journal article by a former senior consultant of NHS Estates, England. The article identified a fundamental flaw in national guidance for assessing backlog maintenance risks and questioned the risk-assessment methodology used by most NHS organisations in the UK, which did not use internationally accepted techniques. The author of the article was invited to present his findings and ideas for a revised methodology for assessing risk to Welsh Health Estates. Welsh Health Estates decided to apply the methodology to their own risk assessments and to contract the author of the article as a consultant to pilot the methodology in several hospitals in Wales. As the risk assessments were using a methodology pioneered by the consultant himself, single tender action to procure his services was approved.

Following the pilot, Welsh Health Estates were confident that the new risk assessment methodology provided them with a more robust and accurate assessment of risks from backlog maintenance, and they are now looking to apply the methodology to the rest of NHS Wales.

<sup>34</sup> Procurement Policy, Department of Health





- 3.42** The use of single tender action to procure consultancy services was particularly prevalent in the two health boards we visited. Of the 12 consultancy services contracts let by Cwm Taf Health Board since 2008-09, ten (total value £437,000) were awarded by single tender.<sup>35</sup> We also found that four (total value £124,000) of the five consultancy services contracts let by Betsi Cadwaladr University Health Board since 2007-08 were let by single tender action.
- 3.43** Most of the public bodies we visited make provision in their procurement rules, policies and standing orders for the use of single tender action, which is usually subject to senior management scrutiny (**Case Study 6**). In Cwm Taf Health Board and Betsi Cadwaladr University Health Board, where there were high proportions of single tender contracts, we found that all except one of the contracts we reviewed had been scrutinised and approved by senior management. However, we also found examples where approval processes were not working effectively. For example, we found consultancy contracts where the public body concerned had approved single tender action retrospectively, after the work had either started or been completed.

### **We found some evidence of senior managers overriding internal procurement guidance and standing orders**

- 3.44** During our examination of consultancy projects, we identified three examples of where senior managers overrode their organisation's internal procurement guidance and standing orders to secure the use of consultants.

#### **Case Study 6 – Welsh Government approval of single tender action**

The Welsh Government's procurement policy states that any contract over the value of £5,000 must have three written quotations, and anything above £25,000 must be subject to a full and open competition. The Welsh Government classifies single tenders as departures from normal contract procedures. A single tender action valued above £5,000 can only proceed by approval from the Welsh Government Head of Corporate Governance Unit, who will seek advice from Corporate Procurement Services.

- 3.45** For example, in October 2011 the Chief Executive of Cwm Taf Health Board directly recruited by single tender a consultant to support a change programme. We found that that non-one had approved the single tender action. The Health Board's standing orders require single tender action to be approved by the Chief Executive, with subsequent further approval required from the Health Board's Audit Committee. The contract was listed as an entry on a contracts database, but had no paperwork associated with it. In April 2012 the Health Board's Audit Committee retrospectively approved the contract, and gave its retrospective approval to a number of other single tender actions.

<sup>35</sup> We examined six of these 12 contracts in detail.

## Public bodies are making good use of framework contracts to procure consultancy services

**3.46** The use of framework agreements to procure services can result in lower prices and can reduce procurement and transaction costs for suppliers and customers (Box 11).<sup>36</sup> Public bodies might also be able to use framework agreements set up by other organisations. From our survey we found that public bodies purchased nearly a third of consultancy services contracts through a framework agreement. During our visits to public bodies, we were told that the majority of these purchases were through agreements already set up by the UK Government Procurement Service.<sup>37</sup> However, there were framework agreements for consultancy services set up specifically by Welsh purchasing organisations or Welsh public bodies, including:

- a a construction professional services framework set up by four local authorities;
- b an engineering consultancy services framework set up by Ceredigion, Gwynedd and Powys local authorities;
- c separate Welsh Government and North Wales Procurement Partnership legal services frameworks;
- d a single supplier framework with Capita Gwent Consultancy for engineering consultancy is used by four local authorities (Case Study 7);
- e Welsh Health Estates frameworks for property and construction consultancy services;

### Case Study 7 – Capita Gwent Consultancy

Capita Gwent Consultancy is a partnership between Capita Symonds and four local authorities in South East Wales (Torfaen, Monmouthshire, Blaenau Gwent and Caerphilly), which came into force in September 2002. The partnership saw Gwent Consultancy, a free-standing business jointly owned by the four local authorities, form a joint venture with Capita Symonds, part of the The Capita Group Plc.

Capita Symonds invested £1 million in the new company and is the majority (51 per cent) shareholder. Contracted to run for 10 years, the joint venture aimed to provide services worth around £83 million and the creation of up-to 200 new, high-skilled jobs over time.

With over 260 staff Capita Gwent Consultancy provides professional services covering the design, transportation, civil engineering, environment and road safety sectors.

- f a technical consultancy framework set up by the Welsh Government, intended to cover all areas of property-related technical services and available for all public bodies in Wales to use; and
- g a Corporate Efficiency Partner Framework set up by Newport City Council (Case Study 8).

**3.47** Our survey indicated that sixty per cent of contracts awarded under framework agreements were awarded without any further competition within the framework. Although permitted, unless it is a single supplier framework, this practice is not compliant with the principles of EU procurement rules and regulations of competition. This leaves public bodies open to some of the risks associated with single tender action, of not getting the full benefits of competition, better prices and a broader range of ideas for delivering a project.

<sup>36</sup> A review of collaborative procurement across the public sector, National Audit Office and Audit Commission, May 2010. Ninety-three per cent of the public bodies surveyed by the National Audit Office and Audit Commission in their 2010 report on collaborative procurement said they had used a framework agreement during 2008-09. Most felt that this had always, or often, resulted in better value for money and that greater collaboration had the potential to further improve value for money.

<sup>37</sup> The Government Procurement Service is an executive agency of the Cabinet Office with the overall priority to provide procurement savings for the UK Public Sector as a whole and specifically to deliver centralised procurement for Central Government Departments.



### Box 11 – Framework agreements

Public bodies use framework agreements when there is a need to buy similar knowledge and skills on a repeated basis. Agreements cover the essential terms for the award of a series of specific contracts during a given period. Their terms may include the duration, pricing, conditions of performance and services envisaged.

When setting up a framework agreement, a competition usually takes place to identify one or more potential suppliers of the service over the lifetime of the agreement. Once the agreement is in place, public bodies can agree contracts for specific services faster and at lower cost. This can involve further mini-competitions between the framework contractors.

Framework agreements can take one of two forms:

- a single supplier framework (might be suitable for procurement of complex or sophisticated services and/or where requirement involves the need for a close relationship or a big upfront investment on the supplier's side); or
- a multi-supplier framework (might be suitable for procurement of standard supplies and/or where the requirement could not be met by a single supplier).

The value of the framework is the estimated value of all contracts envisaged to be awarded under the agreement for its duration (in most cases limited to four years) and is subject to OJEU thresholds. Frameworks awarded through the OJEU process will not then require mini-competitions under the framework agreement to go through the full EU procurement process, but the principles of competition should still apply.

### We found little evidence of public bodies using incentive-based contracts

- 3.48** The nature of some consultancy projects makes them suitable for incentive-based contracts. In incentivised contracts a proportion of the payment is based upon the performance of consultant, for example in identifying and delivering efficiency savings.
- 3.49** In our survey, we asked public bodies how many contracts awarded for consultancy services in 2010-11 were incentive-based. We found only three: two awarded by Wrexham County Borough Council and one by Newport City Council. The development of risk-reward contracts within Newport dates back to 2009. Since then, three contracts have been let, covering transport, social services and procurement. The most advanced contract relates to transport and has realised savings in excess of £3 million to date, already exceeding its contractual target. The contract was awarded prior to the development of an incentive-based framework agreement for efficiency and performance consultants (**Case Study 8**).

### Case Study 8 – Newport City Council’s incentive-based efficiency and performance consultants framework

In March 2011, Newport City Council established a four-year framework agreement with 10 consultants to help identify and deliver efficiency savings from the Council’s services. The framework, which the Council considers to be unique in the UK, has been set up using a model which provides incentives for the consultants to deliver savings.

The Council considers that the benefit from the framework is twofold. First, it has seen a substantial reduction in the time required for bid submission, reducing from a standard European procurement timescale of approximately six months to three weeks, which enables savings to be generated sooner. Second, the approach has resulted in greater competition and reduced fee levels.

Previous arrangements had required a separate contract to be let after the initial diagnostic stage, with associated costs and elongated timeframes. The current approach enables a contract in its entirety to be let with the option of a break after the first stage, if required.

The two stages are:

- 1 The consultants will carry out a fixed price diagnostic review of the Council’s service, to determine the level of efficiency and performance gains that are possible and develop proposals about how they can be achieved. The cost of the diagnostic review can range between £0 and £100,000.
- 2 If agreed by the Council, the consultants will implement the findings of the proposals set out in the diagnostic review without having to retender. The fees for the implementation phase are based on a percentage of the savings achieved:

Up to £1 million savings fee range (%)	Up to £5 million savings fee range (%)	Up to £10 million savings fee range (%)	Over £10 million savings fee range (%)
20 to 40	15 to 40	8 to 35	7.5 to 35

If the savings identified by the diagnostic review are not delivered in full, the Council is entitled to a refund of all of the consultants’ fees under the contract.

Any local authority in Wales can use the framework agreement. The selection of consultants through the framework must be through a mini-competition. Newport has used the framework on two occasions, for social services and procurement. Total savings are estimated at £10.7 million from the social services contract and £4.9 million from the procurement contract. In addition, Wrexham and Flintshire councils have used the framework for a collaborative project to deliver an efficiency programme within transport services.

Other local authorities have plans to use the framework and Newport City Council are receiving requests for documentation and other help in the procurement process from a number of councils across Wales.



## Contract management during the delivery of consultancy projects is weak in many public bodies

**3.50** Once public bodies have procured consultancy services, they need to manage the subsequent contracts effectively, to ensure the delivery of the intended benefits to time, cost and quality. Amongst other things, inadequate contract management increases the risks of unsupported price variations and unwarranted extensions to contracts. Public bodies therefore need to ensure that appropriately skilled staff are in place to provide effective contract management after a contract has been let, including:

- a managing the relationship with the consultant;
- b controlling costs and payments;
- c managing operational risks;
- d managing performance;
- e controlling contract changes and resolving disputes; and
- f managing relevant data and information.

### The standard of contract management is variable, and few public bodies provide any contract management training or formally assess the capability of staff who are responsible for managing contracts

**3.51** The Efficiency and Innovation Board's Procurement Taskforce report<sup>38</sup> included the conclusions of a procurement capability self-assessment exercise by local authorities, the NHS and the Welsh Government, which was carried out in 2010. The self-assessment looked at areas such as performance management, strategy, purchasing processes,

contract management and specifications. The self-assessment exercise found a particular weakness in contract management across all sectors. The report concluded that the standards of contract management were variable.

**3.52** With a few notable exceptions, we found from our visits to public bodies that few have written policies or guidance on contract management. Where guidance does exist, it is often poorly communicated. For example, in one public body we found contract management guidance that was held by the procurement department, but had not been seen by the organisation's contract managers.

**3.53** During our visits to public bodies, we asked if the staff responsible for managing consultancy services contracts had received generic contract management training, and whether assessments had been made of staff experience and capability in managing contracts. We found only the Welsh Government had provided substantial contract management training ([Case Study 9](#)), and that no public body had made a formal assessment of staff experience and capability in managing contracts.

### Little performance management is carried out during the delivery of consultancy projects

**3.54** To be able to monitor that the objectives of the consultancy are being delivered to time, cost and quality, public bodies should establish, as part of the business case, performance management requirements and the information to be collected by contract managers during the contract delivery stage. The process for providing management information and the means by which performance will be managed should also be set out in the contract.

<sup>38</sup> *Buying Smarter in Tougher Times: Conclusions and Recommendations of the Efficiency and Innovation Board Procurement Taskforce*, February 2011



### Case Study 9 – Welsh Government's contract management training

In 2011, the Welsh Government introduced contract management training for its staff for the first time.

The training is either standalone for targeted staff who are managing contracts, or it forms part of a wider 'Passport to Procurement' training package.

The training, which is not specific to the management of consultancy contracts, sets out what the role of the contract manager entails and addresses the four main aspects of contract management:

- delivery management - ensuring that the contract is delivering what has been agreed;
- relationship management - managing the relationship with the contractor;
- contract administration - handling the formal governance of the contract, such as contract maintenance, change control, cost monitoring, payment and management reporting; and
- continuous improvement - aiming for improvement over the life of the contract, for example through the use of incentives.

The training has been available since April 2011 with 16 people having completed it by March 2012 as a standalone course; and more than 50 as a module of the Passport to Procurement training.

The Welsh Government is exploring the possibility of making the training available to the wider public sector in Wales, and both the Scottish Government and the Northern Ireland Executive have shown interest in tailoring the course for their own uses.

**3.55** Our file review of 93 contracts across seven public bodies found that only 14 per cent of consultancy contracts had documented information relevant to the performance of consultants during the delivery phase of the contract. Also, during our visits to public bodies, we did not find any guidance for contract managers on how to evaluate the performance of consultants. Evaluation was left to the discretion of individual departments and contract managers, with the risk that it is not done at all if managers have had no contract management training.

**3.56** Contract monitoring was limited to discussions that project managers have with consultants at key milestones in the contract, such as during project review meetings or when invoices need to be paid. We found, from our interviews and file review, that project managers considered that these discussions provided them with sufficient assurance that contractual obligations were being met. However, in these circumstances, evaluation relies on the general perceptions of contract managers and other project team members, rather than on more formal indicators of performance.

**3.57** Where consultant performance is being monitored, contract managers must be empowered to raise and address issues relating to performance. Also, consultancy contracts should include mechanisms to enable contract managers to address problems arising from under-performance, including remedies for poor performance. Otherwise, challenge by the contractor is more likely when a sanction is applied. Our file review and interviews with project managers found that, where performance was being actively monitored, these components of contract management tended to be missing.

### The transfer of skills from consultants to public bodies is often overlooked in planning consultancy projects

**3.58** One of the benefits to be gained from using consultancy services is the potential for the consultants' skills to be transferred to an organisation's own staff during the delivery of a project. Effective skills transfer enhances the internal skills base and has the potential to reduce future reliance on potentially more costly consultancy services. Our survey found that 25 per cent of public bodies thought that skills transfer was one of the top three drivers that prompt the use of consultancy services





(Figure 7). Swansea County Council considered skills transfer from consultants to the Council to be the most important driver in prompting the use of consultancy services. The Council told us that, upon the completion of a project, public bodies need to do more to share good practice on how to achieve skills transfer.

**3.59** When consultants bring particular skills that would be of continuing use to public bodies, the scope for skills transfer should be explicitly identified in the business case, and how the skills are to be transferred should be set out in the contract specification. However, apart from a few exceptions (Case Study 10), our examination of consultancy contracts in seven public bodies showed that, in planning consultancy projects, public bodies are not routinely identifying opportunities to transfer skills from the consultants to in-house staff.

**3.60** We found that only 15 per cent of the 93 consultancy contracts that we reviewed referred to skills transfer in the planning documents, but none of the contract specifications examined set out how skills transfer should take place. The need to ensure the transfer of skills does not form part of the standard terms and conditions for the Welsh Purchasing Consortium, the Welsh Government or NHS Wales. Just one of the projects we reviewed had appraised at the end of the contract whether there had been any transfer of skills from consultants to public sector body staff during the project or upon its completion.

#### Case Study 10 – Skills transfer in Cardiff Council, Cwm Taf Health Board and Pembrokeshire County Council

Although Cardiff Council has no formal process in place to ensure that skills are transferred from consultants to in-house staff across all projects, we were provided with a number of examples of where consultants working on Transformation projects had sought to transfer their skills. Examples included:

- lunchtime briefing sessions from consultants;
- on-the-job training for in-house staff working alongside consultants; and
- service improvement courses run by consultants.

The transfer of skills is seen as an important aspect of Cardiff's on-going change programme and the Council's engagement with consultancy firm PwC. The business case for the 'Implementing Change' part of the programme says that the in-house team who will be delivering a substantial part of the change programme need to have the necessary capacity and experience to do so. To maximise skills transfer, PwC were required to ensure that the Council's officials learn from PwC's proven methodology, and to provide support to service areas that will be implementing change programmes themselves.

Cwm Taf Health Board uses law firms to provide advice, particularly around employment law and clinical negligence issues. A contract with an employment law firm prescribed a number of ways in which skills should be transferred to health board staff, for example through frequent meetings with in-house staff to pass on learning, and briefings for Human Resource managers.

Pembrokeshire County Council purchased consultancy advice to support a project to review the pay and grading of its staff. The consultant came in at the start of each phase of the project to advise the Council's human resources staff. As the project progressed, input from the consultant reduced over time because the consultant was transferring skills to Council staff.

The Council is now at the phase of designing and costing pay structures for the organisation, and the consultant is now only used to quality assure the process which it had trained the Council's staff to administer.

## Public bodies do not routinely evaluate the benefits of, or learn the lessons from, their use of consultants

**3.61** Public bodies should evaluate completed consultancy projects to demonstrate value for money from the work carried out by consultants, and to learn the lessons from completed projects. The Consultancy Value Programme has developed guidance on how public bodies can carry out performance reviews of consultancy projects (Case Study 11).

**3.62** Where public bodies have developed formal evaluation processes (including the use of evaluation templates), they tend not to be used. Only one of the projects we examined at the seven public bodies we visited had carried out a post-project evaluation at the end of consultancy services contract.

**3.63** The Welsh Government's internal guidance on procuring and managing consultants states that 'the Director is responsible for ensuring that all consultancy projects are subject to a project evaluation'. Its updated draft guidance states that 'all projects should be subject to full project closure including lessons learnt and an evaluation of their success'. However, from our examination of projects and interviews, we found no evidence that evaluation of consultants' performance is routinely carried out by Welsh Government officials.

**3.64** For evaluation to be feasible, public bodies need to establish, at the outset of the procurement process, the benefits they expect to achieve through the consultants' work. However, we found from our file review that many public sector contracts for consultancy services focus on the outputs and lack a clear articulation of expected benefits of the project.

### Case Study 11 – Consultancy Value Programme performance review guidance

The Consultancy Value Programme has developed a standard set of performance criteria against which both consultant and public body performance can be measured. The aim of the guidance is to:

- identify and capture the value delivered by a consultancy assignment; and
- understand why value was or was not delivered, so that improvements can be made to ensure success next time.

The guidance encourages the assessment of performance at three stages:

- **Stage 1** measures how well the assignment was set up at the outset to ensure the best chance of success with regards to value delivery, and should include an assessment as to whether initial requirements and expectations were clearly set-out.
- **Stage 2** measures how well the assignment was managed, delivered and measured from the outset, to ensure that the value delivery remained the focus of both client and supplier, and that all benefits were realised.
- **Stage 3** measures whether the value expectations were meaningful and ultimately met, including whether opportunities to improve client capability and reduce the need for duplicating consultant support were identified and achieved.

Both the public body and consultant are scored. The results should be used to identify where improvement needs to be made, and examples of good practice that can be applied to improve performance across future assignments.



## Appendix 1 – Methodology

We used the following methods:

### Literature review

We reviewed a wide range of reports on procuring and managing consultancy services from other audit bodies, including:

- *Use of Consultants* – Northern Ireland Audit Office (2004)
- *Central government's use of consultants* – National Audit Office (2006)
- *Central government's use of consultancy services* – Audit Scotland (2009)
- *Central government's use of consultants and interims* – National Audit Office (2010)
- *A review of collaborative procurement across the public sector* – National Audit Office and Audit Commission (2010)
- *Consultant Use in Selected Health Organizations* – Office of the Auditor General of Ontario (2010)
- *Use of External Consultants by Northern Ireland Departments: Follow-up report* – Northern Ireland Audit Office (2011)

We also reviewed relevant research and guidance material from a number of other sources, including:

- Office of Government Commerce (*Guide to Consultancy Pricing; Supplementary Guidance for the Procurement of Consultancy Services; Demand Management in Nine Steps; Consultancy Value Programme - Benefits Methodology; Category Strategy for Consultants; Consultancy Performance Review Guide; Consultancy Strategy Outline; Gloucestershire County Council Case Study; Local Government Consultancy Value Programme Gate Process; Local Government Consultancy Value Programme toolkit*);
- Welsh Government (*Buying Smarter in Tougher Times*);
- Committee of Public Accounts of the House of Commons (*Twelfth Report - Central government's use of consultants and interims*, December 2010);
- Capital ambition (*Commissioning toolkit for the procurement of consultancy and professional services*); and
- Centre of Excellence London (*A Guide to Buying Consultancy, and Other Professional Services*).

## Data and Statistics

We conducted a survey of public bodies in late 2011 to enable us to identify and analyse the processes used by public sector bodies in the procurement, management and benefits evaluation of consultancy services. We asked a range of questions on: strategy; assessing need; procurement; assessing value; guidance and best practice; cost, performance and value of consultants; and expenditure.

We surveyed the following public bodies and received an 88 per cent response:

- 22 Unitary Authorities;
- ten NHS bodies;
- six Welsh Government Sponsored Bodies;
- four Police Authorities;
- three National Park Authorities;
- three Fire and Rescue Authorities;
- the Welsh Government; and
- the Assembly Commission.

We collected data on consultancy services expenditure, initially drawing on a Value Wales expenditure exercise which, through Spikes Cavell, analysed purchase ledgers from 2007-08 and 2010-11. The public bodies that were not part of this exercise were contacted separately to provide expenditure data.

Other sources of data included:

- Health Boards financial returns;
- NHS Trust financial accounts; and
- Local Government Annual Improvement Reports.

## Visits to public bodies

We visited seven public bodies in the period between January and April 2012. These visits provided opportunities to explore in greater detail the issues raised by the survey responses. We visited the following public bodies:

- Betsi Cadwaladr University Health Board;
- Blaenau Gwent County Borough Council;
- Cardiff Council;
- Cwm Taf Health Board;



- Pembrokeshire County Council;
- Powys County Council; and
- Welsh Government.

Prior to our visits we requested and examined specific corporate documents, including:

- contract registers;
- corporate procurement strategy and guidance;
- contract management policies and guidance;
- standing orders relating to procurement and contracts management;
- training documents for procurement and contract management;
- corporate benefits evaluation strategy;
- approved lists of contractors for consultancy; and
- details of any framework contracts which have a consultancy element (such as planning, social care, engineering).

During our visits, we conducted a file review of a sample of consultancy services projects and interviewed key staff. At each site we selected our sample from contract databases to cover different service areas, consultancy types and values.

Public body	Number of contracts examined	Total value of contracts examined (£000s)
Betsi Cadwaladr Health Board	5	250
Blaenau Gwent County Borough Council	9	413
Cardiff Council	12	2,227
Cwm Taf Health Board	7	676
Pembrokeshire County Council	14	839
Powys County Council	13	764
Welsh Government	33	9,775
<b>Total</b>	<b>93</b>	<b>14,944</b>

We developed an audit toolkit for our file review based on the Chartered Institute of Public Finance and Accountancy's (CIPFA) Contract Audit Toolkit (2009) and the National Audit Office's Consultancy Assessment Toolkit, which we adapted for our purposes.

We also carried out interviews with the following staff:

- Corporate Director with responsibility for procurement;
- Head of Procurement;
- Contract Managers for consultancy projects subject to file review;
- a finance staff member, with regard to payment processes; and
- a human resources representative, with regard to skills identification and transfer, resourcing etc.

In some cases when particular issues were identified during our file review, we conducted further interviews with those involved with business planning and business cases, procurement link officers, corporate learning officers, and legal officers.

## Other interviews

We gathered information from interviews with other key stakeholders including: Value Wales; the Welsh Purchasing Consortium; the North Wales Procurement Partnership; the Consultancy Value Programme project manager; the Cabinet Office, the Management Consultancies Association; the NHS Shared Services Partnership and Spikes Cavell.





## Appendix 2 – The National Audit Office Consultancy Assessment Toolkit

The National Audit Office's consultancy assessment toolkit has previously been used to support work undertaken by the Office of Government Commerce's Consultancy Value Programme. The toolkit provides a framework for assessing the extent to which a public body is achieving value for money from its use of consultants. After using the toolkit, organisations will more fully understand their baseline position with regards to the use of consultants, and will be able to define what action they need to take if they wish to improve their processes and embed good practice.

The toolkit can be applied to the procurement and management of all consultants within an organisation, or at a project-level, and is divided into five stages. For each stage, the organisation's approach to procuring and managing consultants is rated against a series of statements. Depending on the answers, the public body will be given a red, amber or green status.

The table below represents our overall assessment based on our visits to seven public bodies and related survey information. Our assessment is based on taking an average of the status from the seven public bodies.

### Results from applying the consultancy assessment toolkit to seven public sector bodies in Wales

Stage 1: Assess need and specify resource requirement		RAG Status
Statement 1A	The authority has a strategy governing its use of consultants, which is tied into its plans for training and recruitment of staff.	Red
Statement 1B	Sufficient management information is collected and analysed to inform the organisation's approach to using consultants.	Red
Statement 1C	Detailed business cases and recruitment specifications are regularly produced, explaining and justifying the need for consultants.	Amber
Stage 2: Considering resource options		
Statement 2A	An efficient mechanism is in place to identify relevantly skilled internal staff before procuring consultants.	Amber
Statement 2B	Reviews are conducted to ensure the presence of each member of the consulting team is essential and that their capabilities cannot be matched by any (available) internal employee.	Amber
Statement 2C	The key roles on major programmes are filled by internal staff.	Amber
Statement 2D	The organisation communicates well internally with staff and externally with other organisations about its use of consultants.	Amber

Stage 3: Tender, award and contract		RAG Status
Statement 3A	The organisation has a procurement team which is always used in procuring consultants and its work is highly valued.	Green
Statement 3B	A variety of payment mechanisms are always considered when engaging consultants.	Green
Statement 3C	Framework agreements are routinely used when engaging consultants.	Orange
Statement 3D	When there is a need for a consultant, the contract is put out to tender, allowing a broad range of firms to apply.	Orange
Statement 3E	Projects regularly engage with the market prior to the formal issuance of a tender.	Red
Statement 3F	Consultants are contracted for very defined, short to medium term durations. Decisions to extend contracts are not taken lightly.	Green
Stage 4: Project delivery, team commitment and skills transfer		
Statement 4A	Skill transfer is considered important and is planned for and encouraged, where appropriate.	Orange
Statement 4B	The relationship between consultants and the internal staff on project teams is strong, featuring regular, open communication.	Orange
Statement 4C	Project aims and targets are realistic and clearly defined. They are communicated to all individuals involved in the project and both client and consultant staff are equally committed to achieving these aims.	Orange
Statement 4D	Both internal staff and consulting firms are given suitable incentives to reward an investment in a high standard of work and effort on the project.	Red
Statement 4E	Consultants' fees and expenses are routinely checked according to the organisation's policies.	Orange
Stage 5: Post contract evaluation		
Statement 5A	Valuable information is routinely collected, analysed and shared at the end of consulting projects to inform and provide advice for future procurements both within the organisation and across other authorities.	Red



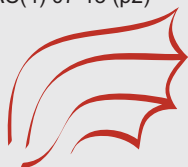
## Results of the potential benefits calculator for public bodies in Wales

Based on annual consultancy expenditure, potential efficiency savings are calculated on the basis that public sector bodies improve the way they procure and manage consultancy services until best practice is implemented across all the five stages. Each question in the Toolkit requires the selection of a red, amber or green (RAG) status based on the guidance provided for each level. These questions have been grouped under four benefit areas and the average RAG status for each area is used to identify the typical percentage benefits that could result from implementing good practice. The potential savings from implementing good practice were calculated by a benchmarking exercise carried out by the Office of Government Commerce across both public and private sector organisations to understand the level of savings that had been achieved through similar activities and how these had been realised. A benchmarked percentage saving – adjusted for the public sector environment – was identified for each of the four benefit areas. These were then pro-rated to account for the fact that organisations were starting from different levels of pre-existing activity and so had different scales of benefit opportunity.

Based on annual expenditure on consultancy services of £133 million, across local government, health and the Welsh Government, we used the National Audit Office's potential benefits calculator to calculate potential savings of £23.4 million a year:

Behavioural Change Area	NAO Tool Kit Statements	RAG Status	Overall RAG Average	% of Potential Benefits to be realised	£ Potential Benefits to be realised
Demand Management	Stage 1: A	Red	Amber	10.4%	£13,832,000
	Stage 1: B	Red			
	Stage 1: C	Amber			
	Stage 2: A	Amber			
	Stage 2: B	Amber			
	Stage 2: C	Amber			
	Stage 2: D	Amber			

Behavioural Change Area	NAO Tool Kit Statements	RAG Status	Overall RAG Average	% of Potential Benefits to be realised	£ Potential Benefits to be realised
Contract Management / Expert Procurement	Stage 3: A	Green	Amber	5.1%	£6,783,000
	Stage 3: B	Green			
	Stage 3: C	Amber			
	Stage 3: D	Amber			
	Stage 3: E	Red			
	Stage 4: A	Amber			
	Stage 4: D	Red			
Contractor / Supplier Management	Stage 4: B	Amber	Amber	1.9%	£2,527,000
	Stage 4: C	Amber			
	Stage 5: A	Red			
	Stage 3: F	Green			
Associated Benefits	Stage 4: E	Amber	Amber	0.2%	£266,000
					£23,408,000



## Consultant Contract in Wales: Progress with Securing the Intended Benefits



# Consultant Contract in Wales: Progress with Securing the Intended Benefits

I have prepared this report for presentation to the National Assembly under the Government of Wales Act 1998 and 2006.

The Wales Audit Office study team that assisted me in preparing this report comprised Anne Beegan, Katrina Febry, Philip Jones, Malcolm Latham and Elaine Matthews under the direction of David Thomas.

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## Report presented by the Auditor General for Wales to the National Assembly on 28 February 2013



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## Summary

- 1 The first consultant contract was introduced in 1948 and essentially remained unchanged until new contract negotiations started in 2000. These negotiations were the result of an increasing recognition by managers and consultants alike that the old contract no longer reflected working patterns and the needs of the modern NHS. Originally, these negotiations involved the four UK health departments, employers' representatives from the NHS Confederation, and the British Medical Association (BMA). These negotiations produced a first set of proposals that were published in February 2001, and were immediately rejected by doctors, leading to a second framework agreement in 2002. Although the second set of proposals was accepted by consultants in Scotland and Northern Ireland, they were rejected in England and Wales, preventing any national agreement from being introduced.
- 2 In Wales, following this rejection, the Welsh Government negotiated an amendment to the existing contract with the BMA and these were agreed by consultants following a 94 per cent 'yes' vote. Because the new Welsh contract is an amendment to an existing contract, it was binding on all consultants in Wales and became effective on 1 December 2003. This is different to the contracts agreed in the rest of the UK, where the new terms and conditions only applied to new consultants appointed after the separate agreement dates.
- 3 This amended contract brought in a number of benefits for Welsh consultants which included:
  - a a new salary scale;
  - b improved arrangements for recognising on-call commitments;
  - c new arrangements for Clinical Commitment and Clinical Excellence Awards; and
  - d a commitment to improve flexible working.
- 4 These new arrangements were designed to deliver three specific benefits for the NHS:
  - a improving the working environment for consultants;
  - b improved consultant recruitment and retention; and
  - c facilitating health managers and consultants to work more closely together to provide a better service for patients.
- 5 Underpinning the delivery of these benefits would be the introduction of a more vigorous approach to consultant job planning. This mandatory job planning process was designed to ensure the individual consultant and the employer had greater clarity on the content and scheduling of activities that comprise the working week, and the desired outcomes associated with these activities.



- 6** The amended contract in Wales is based upon a full time working week of 37.5 hours, equivalent to 10 sessions of three to four hours each. At the time of introducing the new contact arrangements, it was recognised that many consultants were working in excess of 10 sessions a week. The extent of these 'unrecognised' sessions was quantified through the first round of job planning which took place in NHS trusts between the autumn of 2004 and early 2005.
- 7** A key output from this first round of job planning was a bid from each NHS body to the Welsh Government for payment to cover the additional unrecognised sessions. The then Audit Commission in Wales was asked to review job planning approaches in NHS bodies to provide the Welsh Government with assurance that bids for additional sessions were based on robust and effective job planning. The result of this work was that NHS trusts had put a lot of effort into establishing sound job planning processes, although practices did vary, and in some NHS bodies, auditors identified a number of concerns about the arrangements.
- 8** There had been no independent review of the implementation of the amended consultant contract in Wales since the work of the Audit Commission in Wales in 2004-05. Local audit work was therefore undertaken at all NHS bodies in Wales that employ consultants between late 2010 and the end of 2011. In addition during 2012, depending on local issues, follow-up work was undertaken in some NHS bodies. This work sought to examine whether the intended benefits of the amended consultant contract in Wales are being delivered. The work had a strong focus on the extent to which consultant job planning had been embedded with NHS organisations,
- given its importance in underpinning effective implementation of the new contract arrangements.
- 9** Each NHS body has received a report setting out the findings of our local work, and in some cases, additional follow-up work has been undertaken to ensure that sufficient progress is made against local audit recommendations. Copies of local audit reports for NHS bodies are available on the Wales Audit Office website ([www.wao.gov.uk](http://www.wao.gov.uk)).
- 10** This report summarises the findings from our local work to present a view of how the amended consultant contract is being implemented across Wales. The overall conclusion from our work is that all the intended benefits are not being achieved largely because the amended contract has not been underpinned by effective job planning.
- 11** The report considers:
- a** the key features of the amended consultant contract in Wales;
  - b** the costs arising from its introduction;
  - c** the extent to which the intended benefits that were originally identified are being delivered; and
  - d** how effective consultant job planning is as a tool to underpin implementation of the contract and delivery of the intended benefits.
- 12** **Appendix 1** provides details of our audit approach, which included a survey of NHS consultants across Wales.

### An amended contract was introduced for NHS consultants in Wales in 2003, with a number of intended benefits

- 13 The first consultant contract was introduced in 1948 and essentially remained unchanged until a new amended contract was introduced in Wales in 2003. Because it was an amendment to the existing contract, it was binding on all consultants in Wales. This is different to the contracts agreed in the rest of the UK, where the new terms and conditions are voluntary.
- 14 The aims of the amended consultant contract were ‘... to improve the consultant working environment, to improve consultant recruitment and retention, and to facilitate health managers and consultants to work together to provide a better service for patients in Wales. This is an integral part of the modernisation of NHS Wales.’
- 15 Expectations were that the culture of long working hours for consultants would be addressed, the recruitment of consultants in Wales would be improved, and that consultants would be more effectively engaged in efforts to modernise service delivery and improve patient care. Underpinning the delivery of these benefits would be the introduction of effective job planning.
- 16 Although there have been amendments, the pay structure for consultants remains complex with basic pay, based on the number of sessions agreed in the job plan plus any additional sessions as agreed by negotiation. In addition, pay can include Commitment Awards and Clinical Excellence Awards, on-call supplements, and other fees and allowances.

### A significant amount of money has been spent implementing the contract

- 17 The Welsh Government originally set aside £18 million to fund the introduction of the amended contract. Following the first round of job planning and the assurance provided by the Audit Commission in Wales review, the Welsh Government provided an additional £17 million to fund the cost of additional sessions, bringing the total cost of implementing the contract to £35 million. The Welsh Government continued to centrally fund unrecognised additional sessions until 2009-10; after this, individual NHS bodies were responsible for meeting these costs.
- 18 Since the introduction of the amended contract, the overall pay bill which includes pay awards for consultants has increased from £250 million in 2004 to £331 million in 2010. This in part reflects increases in the number of consultant posts in the NHS over that period. However, over the same period, consultants’ average earnings have increased by 29 per cent as result of changes to consultants’ pay structure.
- 19 In September 2005, a Consultant Outcome Indicators (COIs) project was launched as a jointly sponsored initiative between the then NHS trust chief executives and the Welsh Government. The aim was to develop a suite of outcome indicators for individual consultants which could be used as a tool to inform job planning discussions.
- 20 The project was an innovative initiative that had the potential to significantly enhance job planning and appraisals. However, ongoing concerns about the quality of the indicators led to the project being closed down in 2009 without having achieved most of its intended aims with the exception of promoting a





greater awareness of outcome measures and the limitations of existing NHS information systems.

- 21** A number of factors contributed to the failure of the project to deliver its aims. A fundamental problem was that the data being used as the basis of the indicators came from Patient Administration Systems (PAS). This data was never intended to be used for clinical outcomes at individual clinician level and problems with data accuracy were quickly experienced.
- 22** Ultimately the decision not to continue with the project was a pragmatic one, given that a significant amount of additional time and resource would have been needed to address the concerns which were emerging. Given the problems that were experienced, it is perhaps surprising that the steering group overseeing implementation of the project did not take this decision earlier. The end result is that a standard set of acceptable outcome measures for all specialties to support job planning has not been produced. There is still a need for such an output, and it is important that learning from the project is not lost, but is instead used as a basis for fresh work to generate this important information.

**Whilst there have been some notable changes, not all the intended benefits of the amended consultant contract have been realised**

- 23** On average, a consultant's working week has reduced by just over four hours since the start of the contract. In 2004, consultants were working an average 46-hour working week. By 2010, the working week had reduced to an average of 42 hours. This reduction is mainly due to consultants undertaking less work as Direct Clinical Care (DCC) activity, mainly because work has been redistributed within the clinical team combined with more

consultants being employed. In overall terms, however, the total number of DCC sessions available to the NHS has increased by 3,160 per week.

- 24** In Wales, the amended contract's original intention was for all consultants to have a 37.5 working week. This was later relaxed and the expectation is that consultants should not work more than 12 sessions. Currently, only a third of consultants in Wales have 10-session contracts. This reflects the fact that many consultants are willing to work additional sessions to increase activity, take on management responsibilities or to help the development of their own clinical practice. This flexible arrangement directly benefits both the NHS and the individual consultant.
- 25** Some consultants are still working excessively long hours. A detailed analysis of reported job plans undertaken as part of our local audit work found that around one in six consultants are working 46.5 hours or more with the vast majority in this group working in excess of the 48-hour European Working Time Directive (EWTD) limit.
- 26** Recruitment and retention of consultants has improved and the level of reported vacancies has substantially reduced. Annual workforce information provided to the Welsh Government by NHS bodies shows that there has been a 37 per cent increase in the number of Whole Time Equivalent (WTE) NHS consultants between 2004 and 2011.
- 27** The increase in the numbers of consultants working in the NHS in Wales since the implementation of the amended contract has been accompanied by a reduction in the number of consultant posts which are vacant. On average across Wales, the percentage of consultant posts which are vacant has decreased from 8.4 per cent in 2004 to 2.1 per cent by March 2011.

- 28** Broadly speaking, the amended contract has not been the significant driver for service modernisation as was originally anticipated. Less than half the consultants who completed our survey felt that the amended contract and job planning had provided opportunities to discuss service modernisation and improvements to clinical practice, and even fewer felt it had improved patient care or changed the way they worked for the better.
- 29** This is disappointing given that much work was undertaken in the early stages of the contract's implementation to establish effective job planning arrangements to underpin the contract and help secure the intended benefits. Indeed, Wales was the only part of the UK to seek independent commentary on the robustness of the initial round of job planning at NHS bodies. This review was undertaken by the Audit Commission in Wales and completed in March 2005, and resulted in each of the then NHS trusts having a set of recommendations for improving and embedding their job planning arrangements.
- 30** Following the Audit Commission in Wales work, the Welsh Government introduced a requirement that each NHS body would prepare an annual report that set out the progress being made with implementation of the amended contract and how they were tackling the auditors' recommendations. The annual reporting requirement was in place between 2006 and 2009.
- 31** NHS trusts' annual reports were largely self-reported developments and the Welsh Government accepted these on face value on the basis that they had been signed off by the chief executives and agreed with the Local Negotiating Committee (LNC) representing the consultant body. Our interviews suggested this was not always the case although the Welsh Government, through discussions with the BMA and consultant representatives at the Joint Welsh Consultant Contract Committee, had tried to improve the arrangements. Our local audit work has subsequently shown that the descriptions of progress set out in the annual reports was overly optimistic and did not identify important issues such as the frequency of job planning and the quality of the processes that were in place to support it.
- In most health boards and trusts, implementation of the amended contract has not been underpinned by effective job planning arrangements**
- 32** Local audits found that many consultants do not have an annual job plan review. On average across Wales, only 61 per cent of consultants reported that their job plan was reviewed annually.
- 33** In 2004, most NHS trusts developed local guidance to supplement that produced by the Welsh Government and other bodies such as the BMA. This local guidance helped ensure that job planning was applied consistently within individual organisations. Over time, however, different approaches have been adopted, often on an informal basis. With NHS trust mergers and the subsequent NHS reorganisation, most health boards and trusts inherited a range of approaches to job planning from their predecessors.
- 34** An equally variable approach was observed in relation to the provision of training for staff taking part in job plan reviews. In 2004, the implementation of the amended contract was accompanied by comprehensive training on job planning in NHS trusts. However, because the same staff in these organisations were undertaking job reviews each year, the need for ongoing training tailed off. Successive organisational changes and the



recruitment of additional consultants and new clinical directors has meant that training has once again become important to ensure consistency.

- 35** The local audits found that for the majority of consultants, the practical arrangements associated with their job planning meetings were appropriate. Less positively, our audits found that job planning for many consultants is hampered by a lack of information to inform the discussion at these review meetings. The failure of the COI project has meant that meaningful data on outcomes is still missing for the majority of consultants.
- 36** Without access to the appropriate information, job planning discussions will inevitably focus more on timetabling of activities, rather than on the outcomes that need to be achieved from these activities.
- 37** A wide range of staff can be involved in job planning discussions. As a minimum, the consultant will need to meet with an appropriate clinical manager. However, to ensure that job planning becomes an integral part of business and service delivery planning appropriate input is also needed from directorate or general managers. Our audit work found managers were often not involved in discussions, which would appear contrary to one of the key aims of the amended contract which is to foster closer working between consultants and NHS managers.
- 38** The contents of job plans can vary significantly and very few contain identifiable and measurable outcomes. Where there are wide variations in the number of sessions in job plans, consultants with fewer sessions told us they were aware of the discrepancies and felt they were not being treated fairly.
- 39** Supporting Professional Activities (SPAs) form an important element of a consultant's working week, and NHS bodies need to ensure an appropriate amount of SPA sessions are included in consultant job plans.
- 40** When the amended contract was introduced in Wales it indicated that full-time consultants should 'typically' have three SPA sessions per week. This had the effect of creating an expectation in some quarters that three weekly SPAs would be the norm, regardless of the professional needs of the clinician, or the business needs of the organisation. This debate has moved on, and in reality very few consultants have three SPAs per week. However, the legacy of this is that much of the debate within NHS bodies has focused on the number of SPA sessions rather than looking more holistically at what type of SPAs are needed and how the value of them can be demonstrated.
- 41** In overall terms, our local audits found that there is considerable scope to improve the management of SPA sessions through better job planning to ensure both the consultant and the NHS are realising the full benefit from this investment.

## Recommendations

### Strengthening job planning processes within NHS bodies

- 1 Many of the intended benefits from the amended consultant contract in Wales are predicated on effective job planning processes being in place. Local audit work has shown that there is much that still needs to be done within NHS bodies to embed robust approaches to consultant job planning. **In order to strengthen current arrangements we recommend that NHS bodies in Wales that employ consultants should ensure that:**
  - a All consultants have a job plan that is reviewed annually to ensure that it reflects the business needs of the NHS organisation and the continuous professional development of the consultant.
  - b Where changes to NHS services are occurring following public consultation, consultant job plans should be updated and agreed to reflect new service models. This should happen as an integral part of the process to redesign services, rather than a retrospective activity that occurs after the new services are in place.
  - c Job planning is supported by up-to-date local guidance material and regular training for all staff who participate in the process.
  - d There is involvement in consultant job planning from general managers to ensure that wider organisational objectives, service improvements and financial issues are considered when agreeing consultants' job plans, and to help managers understand what resources and support consultants need to deliver their job plan commitments.
  - e While job planning and appraisal are separate processes, there is a clear linkage between appraisal outcome and job planning when meeting the development needs of a consultant. NHS organisations will need to ensure the two separate processes are appropriately aligned and integrated to support the requirements for the new General Medical Council (GMC) revalidation requirements that will be introduced in 2013.
  - f They work jointly with universities in agreeing job plans for consultants that have academic contracts such that the expectations and requirements of both organisations are properly and fairly considered; similar arrangements should be in place for consultants working for two or more NHS organisations.
  - g They have monitoring processes in place to check that all consultants have an up-to-date job plan, and that job planning is being undertaken in accordance with guidance that has been issued; monitoring processes should include an update report to the Board, at least annually, that demonstrates the extent to which consultant job planning is embedded across the organisation as a routine management practice.





**2** Whilst consultant job planning is primarily an activity that needs to take place between a consultant and his or her employing organisation, it is important that a consistent approach to job planning is adopted across NHS organisations in Wales. The Welsh Government has a role to play in helping to ensure that consultant job planning is undertaken consistently and in line with recognised good practice. **We therefore recommend that the Welsh Government:**

- a** **Updates and reissues the all-Wales guidance that was previously developed in 2003; it may be beneficial to convene a working group with representation from different NHS organisations, professional groups and employee representative organisations to oversee this process, and to ensure that the updated guidance reflects good practice that has been successfully adopted in individual NHS bodies in Wales in respect of job planning.**
- b** **Includes, as part of its revised guidance, job plan template documentation that supports consistency in the way that the components of a consultant's job plan are described, and the way in which desired outputs and outcomes are articulated and measured.**

### **Using the right information to inform job planning**

**3** For job planning to be meaningful, clinicians and managers need access to local data and information on key factors such as demand for services and current capacity so that job plans can reflect the delivery arrangements that are necessary to achieve organisational aims. Basing job plans on historic levels of activity is no longer sufficient to meet the needs

of a modern and evolving NHS.

**We therefore recommend that NHS bodies develop an information 'framework' to support job planning, on a specialty-by-specialty basis. Clinicians and managers will need to work together to identify the components that need to be included in such a framework for each speciality but it would be expected to include: information on activity; cost; performance against local and national targets; quality and safety issues; workforce measures; and plans and initiatives for service modernisation and reconfiguration.**

### **Using job plans to clarify expectations and support service delivery**

- 4** Job planning needs to be much more than a simple agreement of a timetable of activities. The job plan needs to be a prospective agreement that sets out the consultant's duties, responsibilities and outcomes for the year, with a clear link between the consultant's objectives and the organisation's outcomes. Clearly articulating a consultant's objectives and outcomes will help clarify what is expected of them, and what support and resources the consultant needs to deliver them. **We recommend that NHS bodies ensure that they have clear and robust processes in place to discuss and agree objectives and outcomes for consultants as part of the job planning process. It will be important to ensure that clinicians and managers involved in setting these objectives and outcomes receive the appropriate training and support to undertake effective job planning with consultants.**
- 5** When agreeing job plan contents and expected outputs and outcomes, specific attention needs to be given to SPAs. Collectively SPAs represent a significant investment of time and resource and it is

important that there are clear and tangible benefits for the organisation, the consultant and the patient resulting from SPA activity. Local audit work has shown that there has been too much focus on the number of SPAs rather than what is achieved from them. **We therefore recommend that:**

- a **NHS bodies ensure their job planning process includes a clear and informed discussion on the SPA needs of individual consultants, recognising that these will not be the same at different stages in a consultant's career. The job planning discussion should specify the SPA activities to be included in the job plan, and identify the outputs and outcomes that should be achieved, and the location where these activities will be carried out.**
  - b **The Welsh Government issues clear guidance to NHS bodies reinforcing the importance of SPA activities and the need for the number and type of SPA activities to vary from consultant to consultant to reflect the needs of individual clinicians and those of the NHS organisation they work in.**
- 6 A key aim of the consultant contract was to improve the working environment for consultants and to facilitate improved working arrangements to deliver better services for patients. As clinicians frequently work in teams there are a number of advantages to adopting a team-based approach to job planning such as helping to clarify the roles of individuals within teams and ensuring that there is an even and fair distribution of work. Despite these potential benefits, local audit work showed that team-based job planning was not frequently employed. **It is therefore recommended that NHS bodies should look to adopt a team-based approach to**

**job planning where it can be shown that this would be beneficial. Consultants would need to be persuaded to participate rather than coerced, based on a clear explanation of the benefits associated with a team-based approach, and should still retain the right to agree an individual job plan with their employing organisation.**

#### **Developing a clearer focus on benefit realisation**

- 7 The lack of a clear and sustainable framework for monitoring implementation of consultant contract in Wales has made it difficult to comment comprehensively on benefit realisation. The annual reporting mechanism that operated between 2005 and 2009 did provide a means to track progress with securing the intended benefits but there has been nothing similar since. In addition, the decision to terminate the outcome indicator project means that there are no specific indicators which can be used to gauge whether intended benefits are being realised. More fundamentally, specific benefits associated with performance and productivity were not stated aims of the amended contract. With the above as context, it is recommended that the Welsh Government develops a fresh approach to assessing the ongoing benefits that are being realised by the amended contract. **This approach should include:**
- a **undertaking a formal evaluation of the consultant outcomes indicators project to fully understand the reasons why it failed, and also to identify where there were positive aspects of the project that could be built upon;**
  - b **using the lessons learnt from the outcome indicators project to inform fresh work that identifies specific and measurable outcomes that will help assess whether the intended benefits are being realised;**





- c** where relevant, establishing all-Wales groups to identify the core data sets that form the information frameworks for each specialty, and to identify where data can be sourced centrally from NHS Wales informatics systems to complement locally available data; and
  - d** identifying fair and meaningful measures of consultant productivity that can inform debate on benefits realisation and enable a clearer assessment to be made of the value for money that is being achieved from the pay modernisation that resulted from the amended consultant contract.
- 8** Locally, individual NHS bodies need to have a strategic approach to benefits realisation and **we recommend that there is a more explicit demonstration of how consultant job planning is being used to support the delivery of service improvement and modernisation, and the achievement of organisational priorities and performance target.**

## Part 1 - An amended contract was introduced for NHS consultants in Wales in 2003, with a number of intended benefits

- 1.1** This section outlines the key elements of the amendments to the consultant contract in Wales, and contrasts them to those introduced in other parts of the UK. Changes to consultants' pay structures and their working week are considered, along with the intended benefits that the amended contract sought to deliver.
- 1.2** The first consultant contract was introduced in 1948 and essentially remained unchanged until new contract negotiations started in 2000. These negotiations were the result of an increasing recognition by NHS managers and consultants alike that the old contract no longer reflected working patterns and the needs of the modern NHS.
- 1.3** Originally, the contract negotiations involved the four UK health departments, employers' representatives from the NHS Confederation, and the BMA. These negotiations produced a first set of proposals that were published in February 2001, and were immediately rejected by doctors, leading to a second framework agreement in 2002. Although, the second set of proposals was accepted by consultants in Scotland and Northern Ireland, they were rejected in England and Wales preventing any national agreement from being introduced.
- 1.4** In Wales, following this rejection, the Welsh Government negotiated an amendment to the existing contract with the BMA which was accepted by the profession following an overwhelming 'yes' vote in a ballot of consultants.
- 1.5** The amended contract in Wales is based upon a full time working week of 37.5 hours, equivalent to 10 sessions of three to four hours each. A consultant's working week comprises of a mixture of DCC sessions, such as clinics and ward rounds, and SPA sessions, such as research, clinical audit and teaching. The amended contract identified that the working week would 'typically' comprise seven DCC sessions and three SPA sessions.
- 1.6** The amended contract in Wales became effective on 1 December 2003. Because it was an amendment to the existing contract it was binding on all consultants in Wales. This is different to the contracts agreed in the rest of the UK, where the new terms and conditions only applied to new consultants appointed after the separate agreement dates.
- 1.7** Shortly after the amended contract was introduced in Wales, new consultant contract arrangements were also introduced in England, Northern Ireland and Scotland. This has resulted in some differences in terms and conditions covering the hours worked and how consultants were remunerated across the UK countries. The different contract arrangements are summarised in [Exhibit 1](#).



### Exhibit 1 - Contract differences between Wales and the rest of the UK

Wales	England	Scotland	Northern Ireland
Implemented 1 December 2003	Introduced October 2003 and implemented April 2004	Implemented April 2004	Implemented April 2004
Binding on all consultants	The new contract is available to all consultants but they were not obliged to transfer to it	The new contract is available to all consultants but they were not obliged to transfer to it	The new contract is available to all consultants but they were not obliged to transfer to it
Typically 7 DCC 3.0 SPA split	Typically 7.5 DCC 2.5 SPA split	Typically 7.5 DCC 2.5 SPA split	Typically 7.5 DCC 2.5 SPA split
Based on a 37.5-hour working week	Based on a 40-hour working week	Based on a 40-hour working week	Based on a 40-hour working week
Core hours not defined	Core hours 7am to 7pm	Core hours 8am to 8pm	Core hours not defined
Introduced a new Commitment Award and Clinical Excellence Awards Scheme on top of the basic salary	Introduced a new Clinical Excellence Awards Scheme on top of the basic salary. This scheme includes local awards agreed with the employer effectively providing a similar scheme to the Commitment Award.	Retained Distinction Awards which are reviewed every five years.	The Northern Ireland Clinical Excellence Awards Scheme was introduced in 2005 and is broadly similar to the English scheme
Consultants undertaking private practice are not required to offer additional work to the NHS	Consultants undertaking private practice and remaining eligible for pay progression must be prepared to work an additional programmed activity to the NHS	Consultants undertaking private practice and remaining eligible for pay progression must be prepared to work an additional programmed activity to the NHS	Consultants undertaking private practice and remaining eligible for pay progression must be prepared to work an additional programmed activity to the NHS

Source: NHS England, Northern Ireland, Scotland and Wales Consultant Contract guidance

## The amended contract in Wales identified a number of specific benefits for both consultants and the NHS more widely

- 1.8** The aims of the amended consultant contract were ‘... to improve the consultant working environment, to improve consultant recruitment and retention, and to facilitate health managers and consultants to work together to provide a better service for patients in Wales. This is an integral part of the modernisation of NHS Wales.’
- 1.9** This was against a background of shared concerns of the service, the Welsh Government, and the BMA that increasingly consultants were unable to make the necessary contribution to service delivery requirements in Wales. Concerns over mounting service pressures, recruitment difficulties, the low level of attention given to the old job plans, and the lack of an effective structured engagement of individual clinicians with their employers about their work commitments, were all felt to be factors that needed to be addressed through the amended contract.
- 1.10** Expectations were that the culture of long working hours for consultants would be addressed, the recruitment of consultants in Wales would be improved, and that consultants would be more effectively engaged in efforts to modernise service delivery and improve patient care.
- 1.11** The amendments to the consultant contract in Wales were designed to create:
- a** a basic full-time working week of 37.5 hours, in line with other NHS staff;
  - b** a better definition of the working week;
  - c** organisational clarity through a revised job planning process;
  - d** a new salary scale with enhancements and additional increments;
  - e** improved arrangements for on-call pay;
  - f** new arrangements for clinical commitment and clinical excellence awards;
  - g** a commitment to improve flexible working; and
  - h** a shared commitment to enhance the quality of service for the benefit of patients.
- 1.12** Underpinning the delivery of these benefits would be the introduction of effective job planning. This mandatory job planning process was designed to ensure the individual consultant and the employer agree on the outcome, content and scheduling of activities that comprise the working week.

## The amended contract more clearly defines a consultant’s working week

- 1.13** In Wales, the working week for a full-time consultant is divided into 10 sessions with a timetabled value of three to four hours each. The contract states that the working week should ‘typically’ comprise of seven sessions of DCC commitments and three SPA commitments. The contract also states that any variations to this split will need to be agreed by the employer and the consultant at the job planning review.



**1.14** Essentially, the DCCs represent the amount of time spent on delivering services. The SPAs cover time spent on the equally important work of service development and improving the quality of services and clinical care, education and developing the consultant’s own expertise plus that of junior doctors and the wider team.

**1.15** The work undertaken by a consultant can be varied and it was recognised that consultants made a considerable contribution to managing and improving services as well as undertaking roles that benefited the wider NHS. This work would be recognised either as additional responsibilities or as other duties.

**1.16** Any time recognising additional responsibility must be included in the job plan whether it is paid separately or forms part of the consultant’s main contract and replaces some of the DCC sessions. This is different to recognising the time spent on other duties. Although this time may benefit the NHS, it can impact on local service delivery. To overcome this conflict, including other duty sessions in a job plan must be specifically agreed with the employer. **Exhibit 2** summarises some of the activities which could be included in the final job plan under the various headings.

**Exhibit 2 - Typical duties and responsibilities included in sessions**

DCC	SPAs	Additional responsibilities	Other duties and activities within the wider NHS
<ul style="list-style-type: none"> <li>• Emergency duties (including emergency work carried out during or arising from on-call)</li> <li>• Operating sessions including pre and post-operative care</li> <li>• Ward rounds</li> <li>• Outpatient clinics</li> <li>• Clinical diagnostic work</li> <li>• Other patient treatment</li> <li>• Public health duties</li> <li>• Multidisciplinary meetings about direct patient care</li> <li>• Administration directly related to patient care (eg, referrals, notes)</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Continuing professional development</li> <li>• Teaching</li> <li>• Audit</li> <li>• Job planning</li> <li>• Appraisal</li> <li>• Research</li> <li>• Clinical management</li> <li>• Local clinical governance activities</li> </ul>	<ul style="list-style-type: none"> <li>• Medical directors, clinical directors and lead clinicians</li> <li>• Caldicott guardians</li> <li>• Clinical audit leads</li> <li>• Clinical governance leads</li> <li>• Undergraduate and postgraduate deans, clinical tutors, regional education advisor</li> <li>• Regular teaching and research commitments over and above the norm, and not otherwise remunerated</li> <li>• Professional representational roles</li> </ul>	<ul style="list-style-type: none"> <li>• Trade union duties</li> <li>• Acting as an external member of an advisory appointments committee</li> <li>• Reasonable quantities of work for the royal colleges in the interests of the wider NHS</li> <li>• Specified work for the GMC</li> <li>• Undertaking inspections for health regulatory bodies</li> </ul>

Source: Amendment to the National Consultant Contract in Wales

## Although there have been amendments, the pay structure for consultants remains complex

**1.17** Under the amended contract, a consultant's total pay is made up of the following elements:

- a** basic pay, based on the number of sessions agreed in the job plan plus any additional sessions as agreed by negotiation;
- b** Commitment Awards;
- c** Clinical Excellence Awards which replace the previous system of discretionary point/distinction award payments;
- d** on-call supplements; and
- e** other fees and allowances.

**1.18** **Exhibit 3** sets out more information on each of the elements and details of the remunerations associated with them are shown in **Appendix 2**.





### Exhibit 3 - Elements of consultants' NHS pay

Element of pay	Further information
Basic pay	The amended contract introduced a new salary scale putting all consultants on the same six-point incremental pay scale.
Commitment awards	<p>The amended contract ended the discretionary points and distinction awards scheme replacing them with Commitment Awards and cClinical Excellence Awards.</p> <p>Commitment awards are available to all consultants as a form of regular pay progression once they have reached the top of their incremental scale. Payment of the award is subject to a satisfactory job plan review or the absence of an unsatisfactory job plan review.</p> <p>All consultants will be eligible for a Commitment Award once they have completed three years' service after reaching Point 6 on the Consultant Pay Scale, and then at three-yearly intervals after they have received their previous Commitment Award, until they have achieved the eight Commitment Award levels available under the scheme.</p>
Clinical Excellence Awards	<p>A national Clinical Excellence Award Scheme operates for England and Wales. An Advisory Committee on Clinical Excellence Awards makes these awards. Objectives, criteria and eligibility for awards are set nationally. Consultants who have at least one years' experience at consultant level are eligible for Clinical Excellence awards.</p> <p>There are four levels of Clinical Excellence Award (Platinum, Gold, Silver and Bronze) worth an accumulative amount per annum ie, once the first level of Clinical Excellence Award is made, this replaces any Commitment Awards previously made to the consultant and higher Clinical Excellence Awards replace any existing Clinical Excellence Award the consultant is then receiving.</p>
On-call supplements	Unpredictable emergency work is to be handled through on-call arrangements. There are intensity banding payments (paid annually) reflecting the 'disturbance factor' for a consultant having to be available for work when on-call. Actual work done for regular on-call commitments is included within DCCs in the job plan.
Planned additional sessions	Consultants may be requested by their employer to carry out additional sessions from time to time in excess of their contracted sessions. These additional sessions will be voluntary. They may be undertaken during the working week in uncontracted time within an agreed overall annual total. Remuneration for such work will be locally negotiated between the employer and the consultant.
Other fees and allowances	Waiting list initiatives work may be requested by the employer to be carried out in addition to the consultant's contracted sessions. These additional sessions will be voluntary. Such sessions may be undertaken in uncontracted time. Remuneration for such work will be at the rate set out in the terms and conditions of service when carried out on trust premises.

Source: Amendment to the National Consultant Contract in Wales

## Part 2 - A significant amount of money has been spent implementing the contract

**2.1** This section of the report provides information on the costs associated with implementation of the amended contract in Wales. Trends in consultant pay are considered along with the work that was undertaken to introduce a framework of outcome indicators for consultants.

### Initially, £35 million was spent introducing the new contract

**2.2** Most provisions of the amended consultant contract in Wales were implemented immediately upon the contract becoming effective on 1 December 2003, including new pay scales and terms and conditions of employment. An important aspect of the implementation of the amended contract was the payment of previously unrecognised consultant sessions over and above those in the standard 10-session week. The Welsh Government had set funds aside for this but had indicated to NHS bodies that they would only be released once assurance could be taken that the job planning processes which had identified those sessions were sufficiently robust.

**2.3** The Welsh Government asked the then Audit Commission in Wales to provide an independent assessment on the robustness of job planning arrangements in each NHS trust that existed at the time. Formal audits of job planning arrangements were undertaken between December 2004 and March 2005, after which the Welsh Government were able to confirm funding decisions for additional

sessions to individual NHS trusts. The release of funding to some trusts was held back until assurance could be obtained that they had addressed concerns identified by the external audit.

**2.4** The Welsh Government originally set aside £18 million to fund the introduction of the amended contract. Following the first round of job planning and the assurance provided by the Audit Commission in Wales review, the Welsh Government provided an additional £17 million to fund the cost of additional sessions, bringing the total cost of implementing the contract to £35 million.

**2.5** The Welsh Government indicated to NHS trusts that it expected them to implement actions to reduce the amount of additional sessions worked by consultants over time, through measures such as clarifying consultants' working patterns through job planning, rebalancing work across consultant teams, recruitment of additional consultants where necessary and transfer of activities to other staff groups where appropriate.

**2.6** The Welsh Government continued to centrally fund additional session payments until 2009-10, after which time payment of additional sessions was met by local NHS bodies via their baseline allocations. Year-on-year reductions in additional sessions worked by consultants were achieved between 2005-06 and 2009-10, although in 2010, the figure still stood at 2,145 ([Exhibit 4](#)).



**Exhibit 4 - Welsh Government funding for additional consultant sessions**

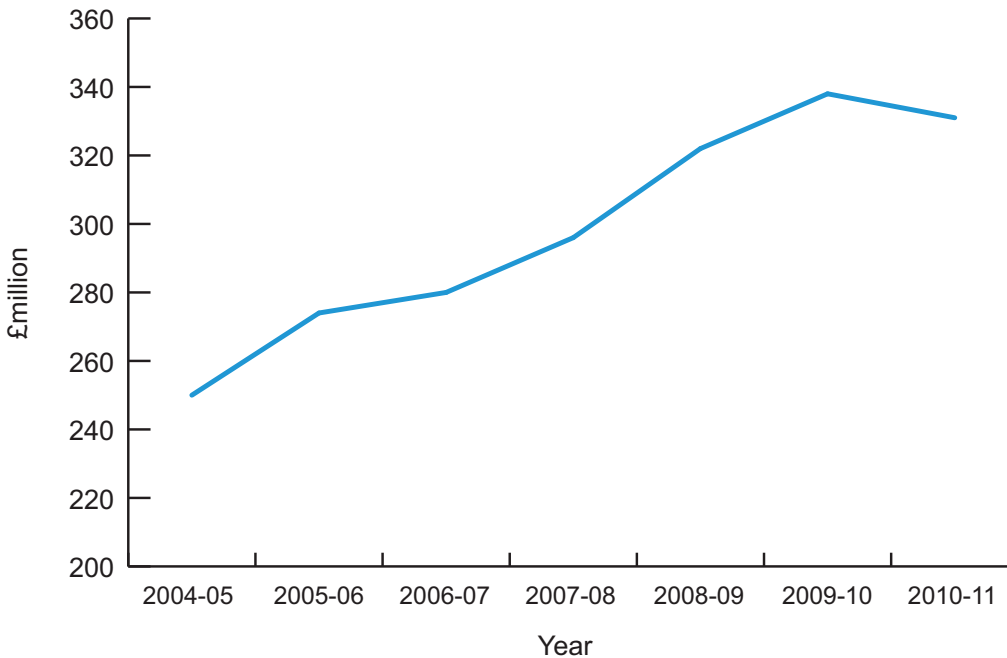
Year	Additional sessions worked across Wales
2006	2,901
2007	2,518
2008	2,268
2009	2,233
2010	2,145

Source: Welsh Government

**The overall pay bill for consultants and average consultant pay has increased since the introduction of the amended contract**

**2.7** Since the introduction of the amended contract, the overall pay bill which includes pay awards for consultants, has increased significantly, rising from £250 million in 2004 to a peak of £338 million in 2009 falling back to £331 million in 2010 (**Exhibit 5**). Over the same period, consultants' average earnings increased by 29 per cent.

**Exhibit 5 - Annual total pay bill for consultants**



Source: Welsh Government

**2.8** The increase in the overall consultant pay bill is, in part, simply a product of an increase in the numbers of consultants working in the NHS (see **Part 3** of this report). However, other factors have also contributed (**Exhibit 6**). Under the amended contract arrangements, commitment awards replaced discretionary points and effectively used the same pot of money that had previously been available for the latter. In addition, Clinical Excellence Awards replaced Distinction Awards with the increasing costs for the former being counterbalanced by the reductions in the latter.

#### Exhibit 6 - Factors contributing to changes in consultant pay

Element of consultant pay	Changes since 2004
Basic pay	Over the six years to 2010, total pay for consultants increased 29.1 per cent. Over the same period there has been an increase in WTE consultants of 30.6 per cent.
Additional session payments	In 2010, health boards and trusts agreed to pay consultants an additional 1,897 sessions above the contracted 10-session week for additional work and commitments. These sessions accounted for around £15.7 million of the total pay budget, based on a midpoint session cost.
Commitment awards	In 2010, 1,136 consultants had received a commitment award accounting for £9.7 million of the total wage bill.
Clinical excellence awards	These awards replaced Distinction Awards. In 2004, the total pay bill for clinical excellence awards was £1.7 million. By 2010, this had increased to £9.0 million spread among 170 consultants.
Distinction awards	In 2004, 159 consultants had a distinction award amounting £7.4 million of the total wage bill; by 2010, because of retirement, this had reduced to 32 costing £1.8 million. This award is closed to new entrants.

Source: Welsh Government



## £1.9 million was spent on developing a Consultant Outcome Indicators project that ultimately did not deliver the desired outputs

**The Consultant Outcome Indicators project was an innovative initiative that had the potential to significantly enhance job planning and appraisals**

- 2.9** In September 2005, a COI project was launched as a jointly sponsored initiative between the then NHS trust chief executives and the Welsh Government. The aim was to develop a suite of outcome indicators for individual consultants which could be used as a tool to inform job planning discussions and appraisal as part of the implementation of the amended consultant contract in Wales.
- 2.10** At its inception the project was seen as an innovative initiative and reflected widespread comments from clinicians and the service that they would welcome a framework for discussing outcomes that was holistic, based on outcomes rather than inputs, specialty-specific, and consistent across Wales.
- 2.11** CHKS, an organisation already providing benchmarking services to NHS Wales, was commissioned to run the COI project, which became known as Compass. Each NHS trust entered into a five-year agreement with CHKS, with funding for the work being provided by the Welsh Government, totalling £1.9 million over the period of the agreement.
- 2.12** The project was launched following the successful completion of pilot exercises undertaken by the former North West Wales and Bro Morgannwg NHS trusts.
- Ongoing concerns about the quality of the indicators led to the project being closed down in 2009 without having achieved its intended aims**
- 2.13** The first full set of outcome indicator reports was sent to consultants in July 2006. Feedback from consultants highlighted a number of concerns with the information that was being generated. Concerns included reports with too many indicators, or with indicators that were out of date or which simply did not provide information which was useful for job planning or appraisal.
- 2.14** It would be unrealistic to have expected the outputs to be perfect first time around, and a programme of engagement was set up. This gave each consultant in Wales an opportunity to contribute to the ongoing development of robust and meaningful indicators within their specialty.
- 2.15** Despite this, the engagement of consultants remained variable, both across and within NHS trusts. In some organisations levels of engagement, as judged by the completion of the online returns, was high at over 80 per cent. However, in other organisations, this response rate had dropped to less than 20 per cent by 2008-09.
- 2.16** There were also significant variations in engagement with the project across different specialties reflecting ongoing difficulties identifying meaningful indicators in specific clinical areas such as anaesthetics, mental health, radiology and pathology.
- 2.17** Several consultants interviewed as part of local audit work indicated that they had lost confidence in the quality of the information that was being presented to them, stating that it did not properly reflect their work. There were also anecdotal examples of consultants being

given outcome indicators on clinical activities they did not perform. Responses to a survey conducted as part of our local audit work are particularly telling – on average, 77 per cent of respondents indicated that they had used the outcome indicators but only nine per cent had any confidence in the accuracy of the information.

- 2.18** At the end of 2009, following a request from the then NHS trust medical directors, the Welsh Government agreed that it would not fund a two-year extension to the initiative and that the all-Wales project would come to an end in December 2009.

### **A number of factors contributed to the failure of the project to deliver its aims**

- 2.19** It is of concern that large sums of money were invested in a project that ultimately did not achieve its overall aims, and which as a result, did not provide value for money.
- 2.20** A fundamental problem was that the data being used as the basis of the indicators came from the PAS. This data was never intended to be used for clinical outcomes at individual clinician level, and for many specialties, CHKS was unable to turn this data into indicators that clinicians could recognise as useful or meaningful.
- 2.21** A steering group had been convened to oversee the implementation of the project. Although the group considered the increasing number of problems and tried to resolve them, it then became increasingly clear that the NHS Wales information system limitations were beyond the power of the steering group to resolve. It would seem reasonable to expect that it should have considered closing the project much earlier once the extent of the problems with the indicators became clear.
- 2.22** The fact that it did not is surprising, particularly since the project has been running for several years. However, this is partly explained by the fact that in some specialties it was felt that good progress was being made with the development of the indicators, and given more time, further improvements would have been made. Indeed, the chair of the steering group had written to the then Medical Director of NHS Wales, setting out the reasons why the project should be extended.
- 2.23** Ultimately the decision not to continue with the project was a pragmatic one, given that a significant amount of additional time and resource would have been needed to address the concerns which were emerging. The issue of whether to ask the supplier for a partial refund or to continue to work to deliver the commissioned outputs without any additional funding does not appear to have been considered by the steering group or the Welsh Government.
- 2.24** The end result is that a standard set of acceptable outcome measures for all specialties to support job planning has not been produced. One outcome is that the project promoted a greater awareness of outcomes and the strengths and limitations of existing information systems. However, there is still a need for such an output, and it is important that learning from the Compass project is not lost, but is instead used as a basis for fresh work to generate this important information.





## Part 3 - Whilst there have been some notable changes, not all the intended benefits of the amended consultant contract have been realised

- 3.1** As indicated in **Part 1** of this report, the amended contract was introduced with the intention of securing a number of specific benefits, chiefly that:
- a** consultants' working environment would be improved, most notably by more clearly defining the working week, and addressing the culture of long working hours;
  - b** recruitment and retention of consultants would be improved; and
  - c** consultants would be better engaged with health service managers in efforts to modernise health services and deliver improvements to patient care.
- 3.2** This section of the report describes the progress that has been made in securing these intended benefits.

### The working week has reduced overall but some consultants are still working long hours

**On average, a consultant's working week has reduced by just over four hours since the start of the contract**

- 3.3** In 2004, analysis of job plans by the Audit Commission in Wales showed that consultants were working an average 46-hour working week containing 9.3 DCC sessions and 2.2 SPA sessions. By 2010, the working week had reduced to an average of 42 hours with 8.3 DCC sessions and 2.6 SPA sessions, with total average weekly sessions reducing from 12.4 to 11.2 (**Exhibit 7**).

#### Exhibit 7 - Changes in consultant weekly working patterns between 2004 and 2010

Year	Average weekly sessions				Total DCC sessions	Total SPA sessions
	DCC	SPA	Additional and other	Total		
2004	9.30	2.20	2.20	12.40	15,223	3,601
2010	8.34	2.60	2.70	11.21	18,383	5,731
<b>Difference</b>	<b>-0.96</b>	<b>0.40</b>	<b>0.50</b>	<b>-1.19</b>	<b>3,160</b>	<b>2,129</b>

Source: Welsh Government Consultant Contract Database

- 3.4** The reduction in the working week is mostly due to consultants undertaking less work as DCC activity, mainly because work has been redistributed within the clinical team combined with more consultants being employed. In overall terms, however, the total number of DCC sessions available to the NHS has increased by 3,160 per week. Similarly, the overall number of SPA sessions has increased by 2,129 per week.
- 3.5** In Wales, the amended contract's original intention was for all consultants to have a 37.5 working week. This was later relaxed and the expectation is that consultants should not work more than 12 sessions. Currently, only a third of consultants in Wales have 10-session contracts. This reflects the fact that many consultants are willing to work additional sessions to increase activity, take on management responsibilities or to help the development of their own clinical practice. This flexible arrangement directly benefits both the NHS and the individual consultant.
- Some consultants are still working excessively long hours**
- 3.6** Whilst working additional sessions can be of benefit to both consultants and the NHS, it is generally accepted that to avoid excessive workloads, consultants' weekly sessions should not exceed 12.
- 3.7** A detailed analysis of reported job plans undertaken as part of our local audit work found that around one in six consultants are working 12.5 sessions (46.5 hours) or more with the vast majority in this group working in excess of the 48-hour EWTD limit. The proportion of consultants working in excess of 12 sessions a week varies significantly across NHS bodies in Wales ([Exhibit 8](#)).
- 3.8** Working excessive hours is not confined to full-time consultants and the audit identified 23 consultants on part-time contracts working 10 sessions or more, making them full-time posts in reality.
- 3.9** The audit found that in some circumstances, additional sessions were the result of a consultant taking on management responsibilities over and above their clinical commitments, whilst in others, the consultant was a single-handed practitioner with a high workload. However, in general terms, none of the health boards or trusts had undertaken any detailed work to understand why some consultants had excessive workloads, or whether these sessions were needed in the first place. Without such review, NHS bodies may be failing to identify risks associated with excessive clinical workloads, or missing opportunities to secure better value for money by challenging whether some additional sessions are necessary.
- 3.10** Only Cardiff and Vale University Health Board had any formal arrangements in place to review job plans that exceeded 12 sessions and this arrangement was relatively new at the time of audit. Whilst in Velindre NHS Trust, job plan reviews were being prioritised such that that they started with those consultants with the highest number of sessions.
- 3.11** Across Wales, consultants are providing an additional 334 sessions above the 12 session threshold. If these additional sessions had to be undertaken by employing new consultants based on seven DCCs, an additional 47 consultants would be needed. This raises concerns about the long-term sustainability of this arrangement and the impact on service delivery and the quality of care if this position is not actively managed.



### Exhibit 8 - Consultants working more than 12 sessions in 2010

Health board/ NHS trust	12.5- 12.9	13.0- 13.4	13.5- 13.9	14.0- 14.9	15.0- 15.9	16.0- 16.9	≥17.0	Total	Percentage
Abertawe Bro Morgannwg UHB	27	24	7	5	1	1	0	65	13.8%
Aneurin Bevan HB	12	24	1	3	10	0	0	50	14.5%
Betsi Cadwaladr UHB	15	42	14	12	1	0	0	84	20.1%
Cardiff and Vale UHB	14	34	12	16	7	2	1	86	16.1%
Cwm Taf HB	7	2	5	2	0	0	0	16	7.2%
Hywel Dda HB	4	18	0	2	0	0	0	24	11.2%
Public Health Wales NHS Trust	0	1	0	0	0	0	0	1	1.3%
Powys THB	0	1	0	0	0	0	0	1	25.0%
Velindre NHS Trust	0	3	0	2	1	1	0	7	20.0%
<b>Wales</b>	<b>79</b>	<b>149</b>	<b>39</b>	<b>42</b>	<b>20</b>	<b>4</b>	<b>1</b>	<b>334</b>	<b>14.4%</b>

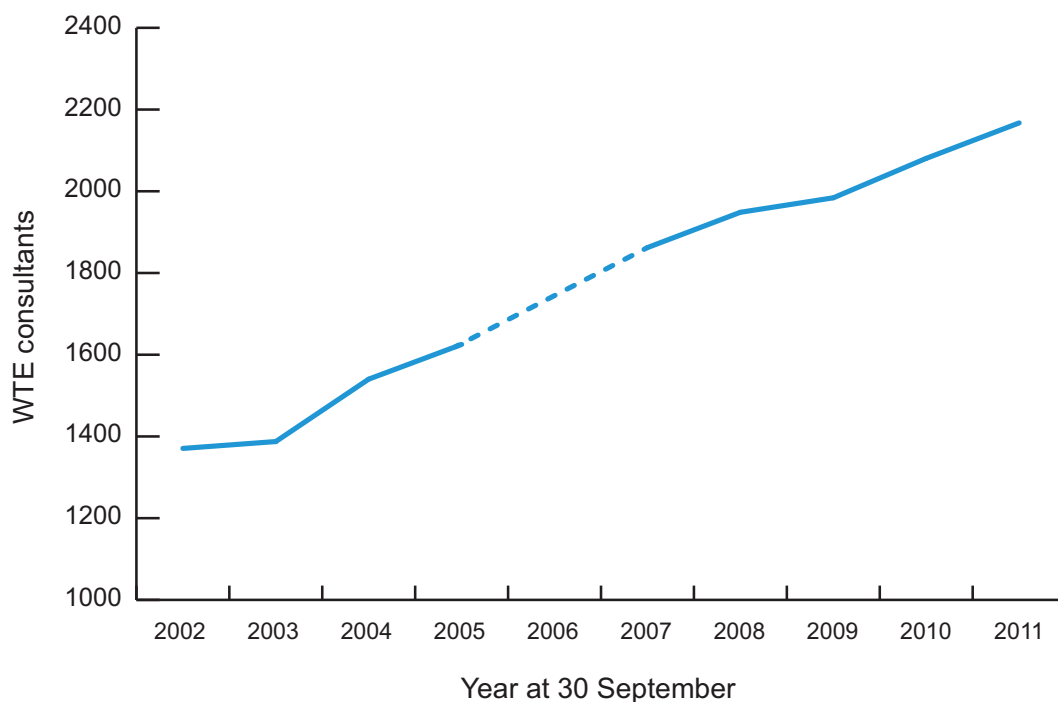
Source: Welsh Government Consultant Contract Database, 2009-10

## Recruitment and retention of consultants has improved and the level of vacancies has substantially reduced

- 3.12** There has been a steady year-on-year increase in the number of consultants working in Wales since the amended contract was implemented, and a related drop in the number of vacant posts.
- 3.13** Annual workforce information provided to the Welsh Government by NHS bodies shows that there has been a 37 per cent increase in the number of WTE NHS consultants between 2004 and 2011 (**Exhibit 9**). However, these workforce returns represent an underestimate of the actual numbers of consultants working in the NHS in Wales as they only measure consultants with a permanent contract. This means that consultants on fixed term, locum or honorary contracts are excluded. Up until 2010, the Welsh Government kept a separate database recording the job plan of all consultants in Wales. In 2010, this showed that there were 2,316 consultants working in Wales, compared to the 2,179 posts recorded as part of the annual workforce return for that year.
- 3.14** The increase in the numbers of consultants working in the NHS in Wales since the implementation of the amended contract has been accompanied by a reduction in the number of consultant posts which are vacant. On average across Wales, the percentage of consultant posts which are vacant has decreased from 8.4 per cent in 2004 to 0.4 cent in 2010 although long-term consultant vacancies had increased to 2.1 per cent by March 2011 (**Exhibit 10**).
- 3.15** Before the contract was amended, Wales was experiencing significant difficulties recruiting consultants with long-term vacancies peaking at 170 at 31 March 2002. In overall terms, at the time of our audit, none of the health boards or trusts reported difficulties in recruiting consultants to vacancies or new posts, other than to specialties that were proving more difficult to recruit due to national shortages, such as in emergency medicine, mental health, and paediatrics.
- 3.16** In overall terms, Wales has experienced improved consultant recruitment and retention and whilst it is difficult to measure the direct impact of the consultant contract on this issue, the marked improvement in recruitment and retention since its introduction strongly suggests it has been a significant contributory factor.



### Exhibit 9 - Increase in numbers of consultants (WTEs)



**Note**

Data missing for 2006 hence dotted line

Source: *Welsh Government Stats Wales*

### Exhibit 10 - Total number of WTE consultant posts vacant for three months or more

Year at 30 September	2004	2005	2006	2007	2008	2009	2010	2011
Total number of consultant vacancies	145	112	61.3	57	29.8	25.0	11	45.1
% posts vacant	8.4	6.2	3.2	2.8	1.3	1.0	0.4	2.1

**Note**

Data for 2011 is for 31 March as the Welsh Government ceased collecting this data.

Source: *Welsh Government Stats Wales*

## The amended contract has not been a significant factor in driving service modernisation and better working relationships between consultants and NHS managers

- 3.17** One of the key aims behind the introduction of the amended contract was to facilitate better engagement between consultants and NHS managers in the modernisation and improvement of NHS services. However, our local audit work has indicated that the amended contract and its associated job planning activities have had only limited success in securing these benefits.
- 3.18** NHS trusts between 2006 and 2009 provided annual reports to the Welsh Government on progress and outcomes with the implementation of the amended contract. These reports did identify examples of service

modernisation that were attributed to the amended contract arrangements ([Exhibit 11](#)). Local audit work also found examples of where services had been modernised and although it was difficult to attribute change directly to the impact of the new contract, managers and clinicians said it was certainly a contributory factor. [Case Study 1](#) provides an example from local audit work of the impact of different ways of working and modernising services.

- 3.19** Broadly speaking, however, the amended contract has not been the significant driver for service modernisation as was originally anticipated. Less than half the consultants who completed our survey felt that the amended contract and job planning had provided opportunities to discuss service modernisations and improvements to clinical practice, and even fewer felt it had improved patient care or changed the way they worked for the better ([Exhibit 12](#)).

### Exhibit 11 - The number of NHS trusts reporting specific modernisation examples

Development	2006	2007	2008	2009
Extended role nurse	1	3	1	1
Other professions extended role	3	2	2	1
Consultants involved in service reconfiguration design	4	8	7	7
Increased capacity	1	7	5	6
Additional consultant posts created	1	4	2	3
Improved patient management	4	7	8	7
Reducing locum usage	1		1	

Source: Welsh Government consultant contract annual reports





### Case Study 1 - Five-week job plan at Abertawe Bro Morgannwg University Health Board

The cardiologists in secondary care at the health board's district general hospitals have followed a structured process for their job planning review meetings for the last three years. Before the merger, the cardiologists in the Princess of Wales Hospital decided what service they wanted to deliver and how many DCC sessions they had available across the whole team. They agreed that they would all work to a five-week job plan which consisted of each of the cardiologists working one week of ward rounds, one week of clinics, one week of angiography, etc. They also have time planned for their own specialisms. The advantages are that it provides continuity of care on the wards through daily ward rounds resulting in reduced lengths of stay for patients and improved job satisfaction for the consultants. The five-week job plan has been rolled out to other hospitals in the health board.

Source: Interview at the Abertawe Bro Morgannwg University Health Board

**3.20** Local audit work identified variations in the extent to which clinicians and managers had worked together to provide better services. Whilst there were plenty of examples of this happening across Wales, there were also examples of where consultants had found it difficult to engage with managers in developing new services or ways of working.

**3.21** Of some concern is the finding that only 55 per cent of consultants who responded to our survey reported that they had a positive working relationship with managers and that less than one in five consultants thought that since the introduction of the contract the relationship had improved. In overall terms, our audit work found the relationship between consultants and managers to be very variable within and between organisations.

### Exhibit 12 - Consultants' views on the extent to which the new contract has supported service modernisation

Statement	Percentage of consultants who answered yes, or either agreed or strongly agreed
Job plan review has provided an opportunity to discuss modernising services and introducing new ways of working	47%
Job plan review has provided a stimulus to discuss steps that could be taken to improve clinical practice	46%
The consultant contract and job planning improved patient care	28%
The consultant contract and job planning changed the way I work for the better	20%

Source: Wales Audit Office survey of NHS consultants

## Whilst the Welsh Government had an identified approach to assess benefits realisation, it was not sufficiently challenging

- 3.22** Wales was the only part of the UK to seek independent commentary on the robustness of the initial round of job planning at NHS bodies that was part of the implementation of the amended contract. The work undertaken by the Audit Commission in Wales provided the Welsh Government with the necessary assurances that the bids for additional session payments were based upon sound job planning processes.
- 3.23** Following the completion of the work of the Audit Commission in Wales in March 2005, the Welsh Government introduced a requirement that each NHS body would prepare an annual report that set out the progress being made with implementation of the amended contract.
- 3.24** The annual reporting mechanism was a key part of the Welsh Government's approach to assessing whether the benefits of the amended contract were being realised. ~Annual reporting started in 2006 and continued until 2009, although in 2010, health boards were required to update the Welsh Government's database of consultant sessions. This database summarises the number of sessions each consultant has in their job plan. Guidance produced by the Welsh Government set out the requirement for the annual reports to be discussed by the health body's senior executive team, signed off by the chief executive and reported to the board before being submitted to the Welsh Government's Pay Modernisation Unit (PMU).
- 3.25** The reports identified an improving position and indicated that job planning was becoming increasingly embedded in NHS organisations. These annual reports were largely self-reported developments and the Welsh Government accepted these on face value as they were meant to be signed off by the chief executives and agreed with the LNC representing the consultant body. Our local audit work found that this was not always the case.
- 3.26** Within the reporting arrangements the Welsh Government used the year-on-year changes to individual job plans recorded in the all-Wales database as a proxy to assess the quality of job planning locally. Regular and significant changes to the number of DCCs and SPAs were seen to be indicative of a meaningful job planning process, whilst the absence of any changes suggested that local processes were less effective. Whilst the proxy arrangements measured change, they did not identify the quality of the job planning process and any associated outcomes. Our local audit work has subsequently shown that the descriptions of progress made in annual reports at times was overly optimistic and did not fully identify issues around the frequency and quality of job planning.



## The NHS has not developed any productivity measures that allow the trends in consultant activity to be accurately measured

- 3.27** The implementation of the amended contract was not associated with any explicit intention that consultant 'productivity' would be improved as a result. Nonetheless this is something that bears consideration when looking at the wider benefits that could or should be accrued for the additional expenditure that has been invested as a result of the new contract arrangements.
- 3.28** In global terms the new contract has resulted in job plans which show an increase in clinical activity, as measured by DCCs, across Wales as a whole. As shown earlier the total number of DCC sessions per week has increased by 3,160 between 2004 and 2010. If an average session is taken as 3.5 hours that equates to an additional 11,060 hours of consultant-led clinical activity a week.
- 3.29** However, this assumes that the content of job plans accurately reflects what consultants actually do, and we know from our local audit work that this is not always the case. In Wales, there is very little data available to directly measure the work consultants undertake, and hence it is difficult to evidence the impact of the new contract arrangements on activity.
- 3.30** Proxy measures of consultant activity which can be used are Finished Consultant Episodes (FCEs)<sup>1</sup>, and the number of new outpatient attendances. There have been increases in both these measures between 2004 and 2010 mirroring the overall increase in DCC sessions recorded in job plans ([Exhibit 13](#)).
- 3.31** Whilst there have been global increases in activity, the average numbers of DCCs a consultant undertakes each week has reduced since 2004, as has the average number of FCEs ([Exhibit 14](#)). This is to be expected given the stated aims of the amended contract in relation to reducing excessive hours of work for consultants and improving recruitment.

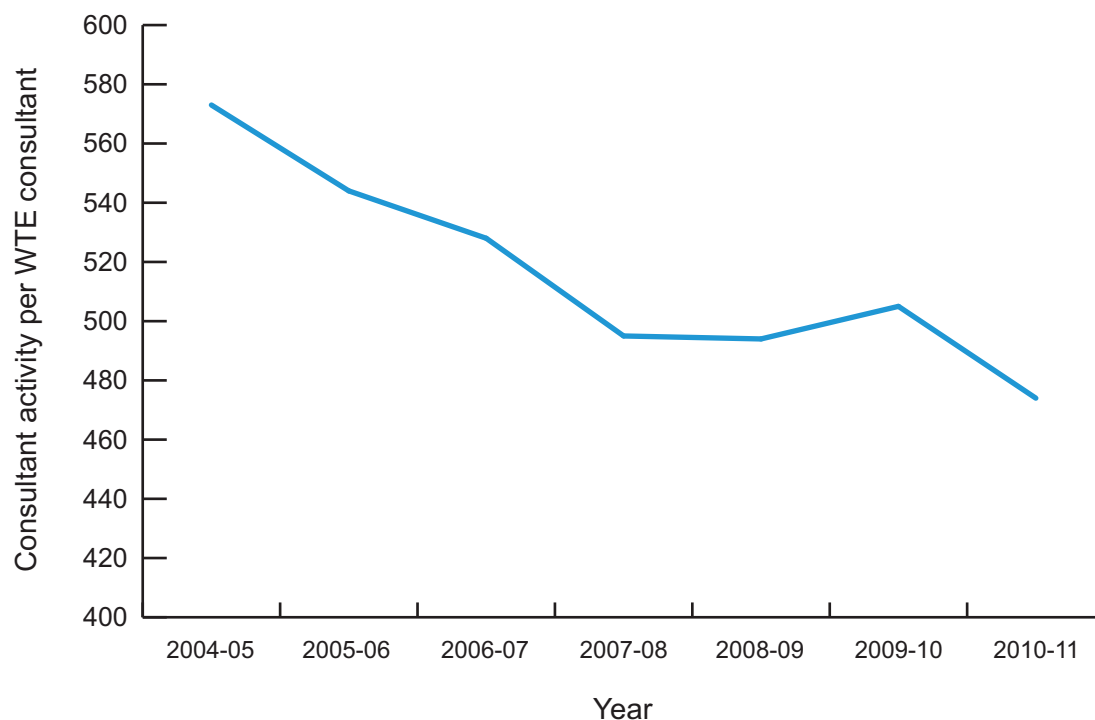
### Exhibit 13 - Trends in FCEs and new outpatient attendances

Activity indicator	2004	2010	% change
FCEs	896,000	1,023,000	+12%
New outpatient attendances	67,500	77,800	+14%

Source: NHS Wales Informatics Service

<sup>1</sup> A period of admitted care under a consultant.

### Exhibit 14 - Change in the average number of FCEs 2004 to 2011



Source: NHS Wales Informatics Service

**3.32** Current measures of activity are too crude to properly inform debate and do not reflect productivity. For example, FCEs reflect the number of patients admitted to hospital for care but they do not include all activity such as anaesthetic intervention or the work of diagnostic specialties. In addition, when a patient attends for a new outpatient appointment, they may not always see a consultant.

**3.33** The Office for National Statistics produces an annual measure of UK NHS productivity which does not disaggregate Wales from England. This data shows that NHS productivity fell by an average of 0.2 per cent a year since 2000,

and by an average of 1.4 per cent a year in hospitals. However, the data is not universally accepted, and has been criticised for not taking into account important considerations such as increased time doctors spend with patients, and reductions in mortality rates and waiting times.

**3.34** Thus there is little consensus about what constitutes a meaningful measure of productivity, and in the absence of accepted measures of outcomes, it is difficult to make an assessment about the value for money that has been achieved from the additional investment in the amended consultant contract.



**3.35** What is generally accepted is that new ways of working are going to be necessary to improve efficiency and sustainability of current services. Given that so much NHS money is tied up in staff costs, workforce contracts need to be used to best effect. For the consultant contract this will not happen unless job planning is effectively embedded within NHS organisations, and properly linked to consultants' appraisals. The progress that has been made with this is considered in **Part 4** of this report.

## Part 4 - In most health boards and trusts, implementation of the amended contract has not been underpinned by effective job planning arrangements

- 4.1** This section of the report considers the extent to which the implementation of the amended contract in Wales is being underpinned by effective job planning. The key aims of job planning are considered, and findings are presented on:
- a** how guidance and training are being used to support effective job planning;
  - b** the way in which job planning is being conducted;
  - c** what outputs are being generated from job planning discussions; and
  - d** how job planning is linked to consultants' appraisals.
- 4.2** Job planning arrangements for consultants were first introduced in 1991 and were just a timetable of commitments which rarely reflected actual working patterns and responsibilities. It was recognised that for the amended contract in Wales to be implemented as intended, it would need to be underpinned by a more vigorous approach to job planning which was mandatory for all consultants.
- 4.3** Effective job planning was therefore at the centre of much of the guidance that was produced to support the implementation of the amended contract in Wales. The key aims and objectives of the revised approach to job planning in Wales are summarised in [Exhibit 15](#).
- 4.4** The new job planning process began in earnest in NHS bodies in Wales between autumn 2004 and early 2005. This followed the issue of detailed guidance on job planning, developed jointly by the BMA, Welsh Government and the service, and an extensive programme of training in each NHS organisation, supported by the Welsh Government's PMU. Each NHS body established a local implementation team with a dedicated project manager to oversee the introduction of the new job planning processes. The importance of job planning in the context of securing payment for additional consultant sessions meant that there was a strong organisational focus on job planning within NHS bodies when the amended contract was initially implemented.
- 4.5** Collectively the arrangements described above, together with the formal reviews of job planning by the Audit Commission in Wales, provided NHS bodies with a sound platform and framework from which to develop and embed robust job planning arrangements. However, our local audit work indicated that over time the focus on job planning within NHS bodies in Wales has gradually diminished such that it has not been embedded into normal management activity in the way that





## Exhibit 15 - Aims and objectives of job planning

Definition	A consultant job plan should be a prospective agreement that sets out a consultant's duties, responsibilities and expected outcomes for the coming year. In most cases, it will build upon the consultant's existing NHS commitments.
Overall aims	<p>Effective job planning should be based on a partnership approach enabling consultants and employers to:</p> <ul style="list-style-type: none"> <li>• better prioritise work and reduce excessive consultant workload;</li> <li>• agree how a consultant or consultant team can most effectively support the wider objectives of the service and meet the needs of patients;</li> <li>• agree how the NHS employer can best support a consultant in delivering these responsibilities;</li> <li>• provide the consultant with evidence for appraisal and revalidation; and</li> <li>• comply with working time regulations.</li> </ul>
Content of job plans	<p>Consultant job plans should:</p> <ul style="list-style-type: none"> <li>• set out agreed expected personal outcomes and their relationship with the employing organisation's wider service objectives;</li> <li>• set out how the employer will support consultants in delivering agreed commitments eg, through providing facilities, training, development and other forms of support;</li> <li>• include a work schedule that covers all professional work, including teaching, research, management or other service responsibilities and clinical governance activities, and takes into account discussion on any non-NHS commitments that could affect this;</li> <li>• set out agreed arrangements for the location(s) at which consultants carry out their duties and responsibilities, including identifying work that can be carried out flexibly;</li> <li>• set out agreed arrangements for carrying out Category 2 work (eg, work for government departments and other NHS organisations) and other similar work, based on the underlying principles that such work should not disrupt NHS duties and that there should be no 'double payment';</li> <li>• be reviewed annually; and</li> <li>• be undertaken on a team basis, where this is likely to be more effective.</li> </ul>

Source: Joint BMA and Welsh Government Job Planning Guide, December 2003

the amended contract intended. This has been exacerbated by reorganisations within the NHS in Wales, which have disrupted continuity and resulted in new NHS bodies inheriting a range of different approaches to job planning from predecessor organisations.

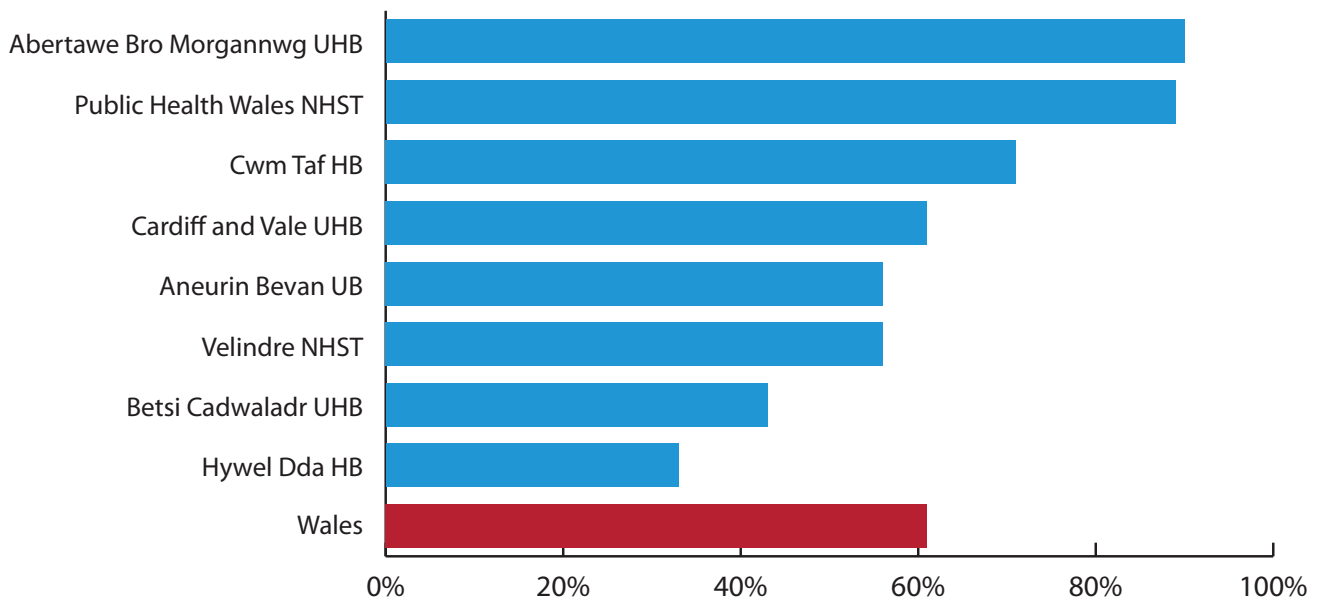
## There is scope to increase the frequency of job plan reviews for many consultants

- 4.6 Guidance issued to support implementation of the amended contract made it clear that job planning should be undertaken annually. This should allow consultants and their employers to ensure that job plans take account of changing patterns of service delivery, evolving organisational and personal objectives, and advances in technology and medical practice.
- 4.7 In reality, the local audits found that many consultants do not have an annual review. On average across Wales only 61 per cent of consultants reported that their job plan was reviewed annually. Within this figure there

were significant variations across individual NHS bodies, with almost all consultants receiving an annual job plan review in Abertawe Bro Morgannwg University Health Board compared to a much smaller proportion in Hywel Dda Health Board and Betsi Cadwaladr University Health Board (Exhibit 16).

- 4.8 Responses to our survey also revealed that a number of consultants had never had a job plan review (ranging from two per cent of consultants in Abertawe Bro Morgannwg University Health Board to 14 per cent in Cardiff and Vale University Health Board).

**Exhibit 16 - Proportion of consultants who said that their job plan was reviewed annually**



Source: Wales Audit Office survey of consultants



## The extent to which job planning is supported by local guidance and training has varied significantly

**4.9** In 2004, most NHS trusts developed local guidance to supplement that produced by the Welsh Government and other bodies such as the BMA. This local guidance helped ensure that job planning was applied consistently within individual organisations. Over time, however, different approaches have been adopted within organisations, often on an informal basis. With NHS trust mergers and the subsequent NHS reorganisation to create new health boards, existing NHS bodies in Wales inherited a range of approaches to job planning from their predecessor bodies which created anomalies within specialties (this is considered further later in this section).

**4.10** The extent to which updated local guidance has been introduced varies across NHS bodies. In some NHS bodies this was done soon after the 2009 NHS reorganisation, whilst in others it has only been a relatively recent development, and was still being worked on at the time of the local audits.

**4.11** An equally variable approach was observed in relation to the provision of training for staff taking part in job plan reviews. In 2004, the implementation of the amended contract was accompanied by comprehensive training on job planning in NHS trusts. However, because the same cadre of staff in these organisations were undertaking job reviews each year, the need for ongoing training tailed off. Successive NHS reorganisations and the recruitment of additional consultants and new clinical directors has meant that training has once again become important, particularly to ensure that staff are aware of revised local guidance where this has been introduced.

**4.12** Local audits found the extent to which training had been provided both for consultants in general, and for those tasked with reviewing the job plans of others, varied between and within the organisations. The position at each NHS body in Wales at the time of audit in relation to the production of local guidance and training is summarised in [Exhibit 17](#).

## The approach to job plan review meetings can vary considerably within and between health bodies

**4.13** For job plan review meetings to be effective, a number of factors need to come into play:

- a** there needs to be adequate preparation time ahead of the job plan meeting;
- b** consultants and reviewers need access to appropriate information on activity and outcomes to support the discussion;
- c** sufficient time needs to be allowed to conduct the review meeting and an appropriate location chosen; and
- d** the right people need to be involved in the meeting, particularly when consultants have more than one employer.

### Whilst the practical arrangements for job planning meetings were typically sound, discussions were often hampered by a lack of appropriate management information

**4.14** The local audits found that for the majority of consultants, the practical arrangements associated with their job planning meetings were appropriate. Of those consultants who responded to our survey:

- a** 88 per cent indicated that they had sufficient time to prepare for the meeting;

- b** 94 per cent felt that the meeting took place in an appropriate location, free from interruption;
- c** 79 per cent felt that the time allocated for the meeting was about right; and
- d** 85 per cent indicated that the meeting was conducted in a constructive and positive tone.

**4.15** Less positively, our audits found that job planning for many consultants is hampered by a lack of information to inform the discussion at the review meetings. The failure of the COI project, as described in **Part 2**, has meant that meaningful data on outcomes is still missing for the majority of consultants. More generally, our review found very little evidence of information being used effectively

to support job planning. This finding was confirmed by the survey which found only around half (53 per cent) of the consultants had access to information from local clinical or management information systems to support job planning discussions. Few consultants (three per cent) relied solely on the health board/trust's information with most taking their own (52 per cent) or using the health board/trust's information plus their own (28 per cent). The remainder (11 per cent) took a range of different sources of information while seven per cent took no information at all to the meeting.

**4.16** However, the audit did find that some NHS bodies have been successful in developing approaches to generate information to support job planning (**Box 1**).

### Exhibit 17 - Development of guidance and training for job planning

Organisation	Position in 2011
Abertawe Bro Morgannwg UHB	New guidance developed and in place for 2010-11. This guidance was supported by access to training for consultants new to the process.
Aneurin Bevan HB	Updated guidance in place supported by a training programme which was scheduled to be rolled out during 2012.
Betsi Cadwaladr UHB	No health board wide guidance in place. Job planning approaches based on three distinct approaches inherited from the predecessor NHS trusts.
Cardiff and Vale UHB	New guidance developed and issued in 2010 supported by comprehensive training and ongoing communication.
Cwm Taf HB	New system set up in 2009-10 with detailed guidance for clinical directors and managers but was not issued to all consultants. Training provided to senior staff.
Hywel Dda HB	New guidance developed and being introduced supported by training for reviewers.
Public Health Wales NHST	No formal guidance or training in place as in most areas the same reviewers have been providing annual reviews since 2004.
Velindre NHST	New medical director introduced revised job planning procedures in 2010 although they provided no guidance or training for consultants.

Source: Wales Audit Office



### Box 1 - Examples of information being used to support job planning

**Abertawe Bro Morgannwg University Health Board** had developed its own clinical data system, Hypercube, which can be used to support job planning. Hypercube is available to consultants and clinical directors on the health board's information portal and was developed with input from consultants. The system allows performance against key indicators of quality and efficiency to be monitored. Consultants also have access to CHKS Signpost data which allows benchmark comparisons to be made against other similar hospitals.

In **Velindre NHS Trust**, job planning in the Cancer Centre is informed by activity and patient outcome data. Most of the consultants interviewed said that they could access the data and that it was robust. While it was rather basic, they all agreed that it was a useful starting point for discussing activity.

Source: Wales Audit Office

**4.17** In general terms, the audit identified a very patchy approach to the generation of information to support job planning. More needs to be done to promote consistency within and between NHS bodies. Without access to the appropriate information, job planning discussions will inevitably focus more on timetabling of activities, rather than on the outcomes that need to be achieved from these activities.

### General managers are not always involved in job plan discussions

**4.18** A wide range of staff can be involved in job planning discussions. As a minimum, the consultant will need to meet with an appropriate clinical manager (medical director, clinical director or other lead clinician). However, to ensure that job planning becomes an integral part of business and service delivery planning, appropriate input is also needed from directorate or general managers. This is particularly important when considering the resource implications of consultant activities and links between corporate and directorate objectives.

**4.19** Moreover, the absence of general management input to job planning discussions would appear contrary to one of the key aims of the amended contract in Wales which is to foster closer working between consultants and NHS managers.

**4.20** Our audit work highlighted a variable approach to the involvement of general managers in job planning meetings. In four health boards (Abertawe Bro Morgannwg University Health Board, Cardiff and Vale University Health Board, Cwm Taf Health Board and Hywel Dda Health Board), general managers were always involved. In Aneurin Bevan Health Board, managers were rarely involved in job planning while in Public Health Wales NHS Trust they were never involved. In Velindre NHS Trust, non-clinical managers only attended if there were specific issues that required discussion.

**4.21** Whilst there will be resource implications associated with both clinical and general managers attending job plan meetings, the benefits should outweigh the costs and go a long way towards achieving some of the key underpinning aims of the amended contract.

### Job planning problems can arise when consultants have more than one employer

**4.22** Some consultants are clinical academics who provide services jointly for the university and the NHS. Because of the complexity of working and dual nature of the working week, it is important that both the university and NHS employer are present at the job planning meeting to ensure that a single overall job plan is mutually agreed and that all parties are aware of the consultant's full range of commitments. There should be equal importance attached to NHS and university work, with clear delineations as to when a consultant is working for which employer.



**4.23** Two health boards in Wales (Cardiff and Vale University Health Board and Abertawe Bro Morgannwg University Health Board) have a significant number of academic consultants although the audit found that university involvement in job planning was not widespread. For example, our survey found that of the 21 per cent of consultants who had an academic contract in Cardiff and Vale University Health Board, in only 35 per cent of cases had a representative from the university been involved in agreeing job plans. However, most consultants reported that university involvement was much better in the appraisal process.

**4.24** The absence of university involvement has created some challenges in fully recognising the working week for these consultants. To overcome this, one health board – Cardiff and Vale University Health Board – recently agreed a joint job planning process with the Cardiff University partnership board.

**4.25** Some consultants work for more than one NHS employer, and in these cases, it is important that the two organisations work together particularly when making changes to the consultant's responsibilities. This problem has been particularly acute for the Public Health Wales NHS Trust as it has a large number of consultants who work both for the Trust and for a local health board. There have been examples of job planning for public health consultants within a health board taking place without consideration of the consultant's commitments in the Public Health Wales NHS Trust. The inevitable clashes in commitments which occurred then required remedial action to resolve.

### **Team job planning has not been used extensively within directorates**

**4.26** Guidance issued to NHS bodies to support implementation of the amended contract highlighted that job planning should be undertaken on a team basis where this was likely to be more effective. Team job planning offers a number of potential benefits such as the ability to ensure that there is an appropriate and equitable allocation of activities to individuals to best achieve the overall goals of the team, whilst also maintaining individuals' professional development requirements.

**4.27** Local audits identified a number of specialties within health bodies that were using team-based planning:

- a** Abertawe Bro Morgannwg University Health Board: Cardiology, Pathology and Learning Disabilities
- b** Aneurin Bevan Health Board: Neurology and Radiology
- c** Betsi Cadwaladr University Health Board: Anaesthetics in Central and Obstetrics and Gynaecology in West
- d** Cardiff and Vale University Health Board: Histopathology
- e** Cwm Taf Health Board: Accident and Emergency

**4.28** However, across Wales as a whole, our survey found that only 17 per cent of consultants who responded were involved in any team-based job planning. This may be explained by the fact that job planning has traditionally been seen as process whereby a consultant reaches an individual agreement with his or her employer. It may also reflect the fact team job planning may take longer and be more difficult to set up than individual





job planning. However, as new NHS service models develop, it is likely that a greater focus on team job planning is going to be needed.

## The contents of job plans can vary significantly and very few contain identifiable and measurable outcomes

### There are inconsistencies in the way different types of sessions are defined and recorded in job plans

**4.29** Job plans typically record consultant activities under four main categories: DCCs; SPAs; management sessions; and 'other'. Guidance to support implementation of the amended

contract contained definitions of the sort of activities which should comprise each of the categories (see [Appendix 3](#)). However, despite this guidance our review of job plans found that NHS bodies are not being consistent in the way they classify consultant activities. The most notable differences were in the way in which management and 'other' sessions were used ([Exhibit 18](#)).

**4.30** The local audits noted some key differences in the way each of the different types of sessions are defined:

- a** DCC: Some directorates had applied their own definitions. This was often more of a problem for diagnostics, mental health and public health specialties where DCC is less well defined.

### Exhibit 18 - Consultant sessions 2009-10

Health board/trust	DCC	SPA	Other	Management	Total
Abertawe Bro Morgannwg UHB	8.49	2.41	0.26	0.04	11.19
Aneurin Bevan HB	8.20	2.83	0.01	0.22	11.25
Betsi Cadwaladr Central and East UHB	8.48	2.72	0.08	0.16	11.44
Betsi Cadwaladr West UHB	8.65	2.28	0.37	0.09	11.38
Cardiff and Vale UHB	8.23	2.84	0.15	0.13	11.34
Cwm Taf HB	8.26	2.32	0.15	0.14	10.87
Hywel Dda HB	8.49	2.37	0.01	0.00	10.89
Public Health Wales NHST	7.65	2.86	0.03	0.00	10.55
Powys THB	7.87	1.67	1.26	0.36	11.16
Velindre NHST	7.84	2.85	0.00	1.15	11.84
<b>Wales average</b>	<b>8.34</b>	<b>2.60</b>	<b>0.14</b>	<b>0.13</b>	<b>11.21</b>

Source: Welsh Government database of sessions

- b** SPA: Management and 'other' activities were often included along with more recognisable SPA activity.
- c** Management time: Velindre NHS Trust made the most explicit use of management sessions in job plans, whilst other health bodies had incorrectly included some management time within DCC sessions rather than in the SPA or additional responsibility sessions.
- d** Other sessions: These were often poorly defined and their use was variable across NHS bodies.

**Some health bodies have inherited different working patterns which, in some instances, have resulted in substantial variation in the job plan for similar workloads**

- 4.31** As a result of the 2008 mergers, many of the new trusts inherited different working patterns, which have been carried through to the new health boards and trusts from October 2009. In some instances, this amounted to a full session difference. **Exhibit 19** sets out the job plans of the former trusts at the point of merger in 2008.
- 4.32** Whilst most health boards had recognised the problem, only Abertawe Bro Morgannwg University Health Board had made any significant progress in managing the issue. This was being done through more use of team-based reviews.
- 4.33** Where there are wide variations in the number of sessions in job plans, consultants with fewer sessions told us they were aware of the discrepancies and felt they were not being treated fairly.

**There has been too much focus on the number of SPAs without looking at the quality and outcome of this investment**

- 4.34** SPAs form an important element of a consultant's working week, and NHS bodies need to ensure an appropriate amount of SPA sessions are included in consultant job plans. The number and content of these sessions will need to change at different times throughout a consultant's career with the number and nature needing to be agreed each year in the annual job plan review. This position was reiterated in February 2011 when the Chief Medical Officer wrote to health board and trust medical directors confirming job plans 'should include reasonable SPA time for the consultant to be able to undertake their agreed and evidenced SPA activity, recognising that what these were will vary from person to person and, potentially, year to year'.
- 4.35** When the amended contract was introduced in Wales it indicated that full-time consultants should 'typically' have three SPA sessions per week. This had the effect of creating an expectation in some quarters that three weekly SPAs would be the norm, regardless of the professional needs of the clinician, or the business needs of the organisation.
- 4.36** This debate has moved on, and in reality very few consultants have three SPAs per week. However, the legacy of this is that much of the debate within NHS bodies has centred around the number of SPA sessions rather than looking more holistically at what type of SPAs are needed and how the value of them can be demonstrated.
- 4.37** Only two health boards had arrangements in place requiring consultants to evidence their SPA time and to monitor outcomes (Abertawe Bro Morgannwg University Health Board and Aneurin Bevan Health Board).



### Exhibit 19 - Job plan differences in constituent trusts in 2008 prior to mergers

Trusts	DCC	SPA	Other	Management	Total
Abertawe Bro Morgannwg East	9.00	2.35	0.10	0.07	11.52
Abertawe Bro Morgannwg West	8.41	2.44	0.40	0.04	11.29
Betsi Cadwaladr Central	8.84	2.77	0.08	0.02	11.71
Betsi Cadwaladr East	8.19	2.61	0.14	0.23	11.16
Betsi Cadwaladr West	8.90	2.20	0.32	0.06	11.48
Cardiff and Vale*	8.55	2.83	0.24	0.14	11.76
Cwm Taf North	8.89	2.47	0.02	0.14	11.51
Cwm Taf South	7.74	2.33	0.25	0.23	10.54
Gwent Healthcare*	8.22	2.66	0.34	0.26	11.47
Hywel Dda Carmarthenshire	8.93	2.16	0.05	0.00	11.15
<b>Hywel Dda Ceredigion</b>	<b>9.43</b>	<b>2.12</b>	<b>0.03</b>	<b>0.33</b>	<b>11.91</b>
<b>Hywel Dda Pembrokeshire and Derwen</b>	<b>7.90</b>	<b>2.50</b>	<b>0.03</b>	<b>0.28</b>	<b>10.71</b>
<b>Powys*</b>	<b>7.83</b>	<b>2.00</b>	<b>1.14</b>	<b>0.19</b>	<b>11.16</b>
<b>Velindre**</b>	<b>7.10</b>	<b>4.33</b>	<b>0.71</b>	<b>0.15</b>	<b>12.29</b>
<b>Wales average</b>	<b>8.45</b>	<b>2.61</b>	<b>0.25</b>	<b>0.14</b>	<b>11.46</b>

\* No change since 2008

\*\* Later split into Public Health Wales NHS Trust and Velindre NHS Trust

Source: Welsh Government Consultant Contract Database

A further two had recently put new guidance in place to address the issue (Cardiff and Vale University Health Board and Cwm Taf Health Board). The remainder either had no guidance (Public Health Wales NHS Trust and Velindre NHS Trust) or were about to start developing guidance (Hywel Dda Health Board and Betsi Cadwaladr University Health Board).

- 4.38** Similarly, at the time of the audit, only two health boards (Aneurin Bevan Health Board and Cardiff and Vale University Health Board) had started working with consultants to try and link some SPA activity more explicitly to service objectives.
- 4.39** The amended contract allows for SPA sessions to be delivered off-site where appropriate for important activities such as preparing presentations and writing research reports. Recognising some of the practical implications of the amended contract arrangements and that not everything is done in the workplace, Welsh Government implementation guidance<sup>2</sup> suggested up to one SPA session per week could be agreed to be undertaken at home or away from the normal place of work. Our examination of job plans found that very few identified the location where any SPA would be delivered making this difficult to monitor.
- 4.40** Our survey and interviews found that many consultants felt that their clinical and additional commitments often meant that time for their SPA sessions was squeezed. Only 55 per cent of consultants responding to our survey thought there was an appropriate balance between their DCC and SPA sessions.
- 4.41** In overall terms, our local audits found that there is considerable scope to improve the management of SPA sessions through better job planning to ensure both the consultant and the NHS are realising the full benefit from this investment.

### Very few job plans contain measurable outcomes

- 4.42** The joint guidance on job planning produced by the BMA and Welsh Government identified the need for job plans to set out agreed expected personal outcomes and their relationship with the employing organisation's wider service objectives. The nature of a consultant's expected personal outcomes will depend in part on his or her specialty, but they may include outcomes relating to:
- a** Activity and safe practice
  - b** Clinical outcomes
  - c** Clinical standards
  - d** Local service requirements
  - e** Management of resources, including efficient use of NHS resources
  - f** Quality of care
- 4.43** However, our review of job plans found that in most cases there was no record of any expected outcomes. This finding was largely backed up by our survey of consultants in which just 34 per cent of respondents said they had agreed a set of outcome indicators as part of their job plan. The importance of including outcomes in job plans does appear to be recognised, and auditors found examples of local guidance that highlighted this, yet application of the guidance was inconsistent. Whilst there is much scope for improvement in this aspect of job planning across Wales as a whole, the audit did identify some examples of good and developing practice (**Box 2**).

<sup>2</sup> Implementation Procedure (dj/26.01.04) Welsh Government NHS Pay Modernisation Unit



## Box 2 - Inclusion of outcome measures in job plans

In **Cwm Taf Health Board**, three-quarters of the job plans reviewed contained a range of objectives. Many of these referred to service improvements, for example, setting up new services or new ways of delivering existing services. Others referred to taking on new roles or delivering specific targets.

In **Hywel Dda Health Board** the outcomes section of job plans of pathologists and haematologists based in the former Carmarthenshire NHS Trust area had been well completed with appropriate SMART objectives to improve ways of working.

**Cardiff and Vale University Health Board** was seeking to improve its use of outcomes by developing a template which provides a basis to assess delivery. All consultants have to have outcome measures agreed for the year ahead reflecting the UHB performance targets and utilisation of SPA time, as well as the consultant's Personal Development Plan (PDP). A suggested format is provided as a template in the job planning guidance with sections on: hours in week; outcome measure; actions to achieve outcome measure; success criteria/measures; agreed review process and timetable; and support required.

## Exhibit 20 - Problems with job planning documentation

- no NHS body used a single job plan template and the quality of templates within organisations varied considerably;
- many job plans lacked clarity and transparency about duties and responsibilities;
- many were incomplete and did not specify the review date or the period they covered;
- most job plans had not been formally signed off;
- some identified activity but not the hours;
- documentary evidence of the discussions was often missing; and
- few were centrally reviewed and there was a lack of corporate intelligence about the content and desired outcome.

Source: Wales Audit Office

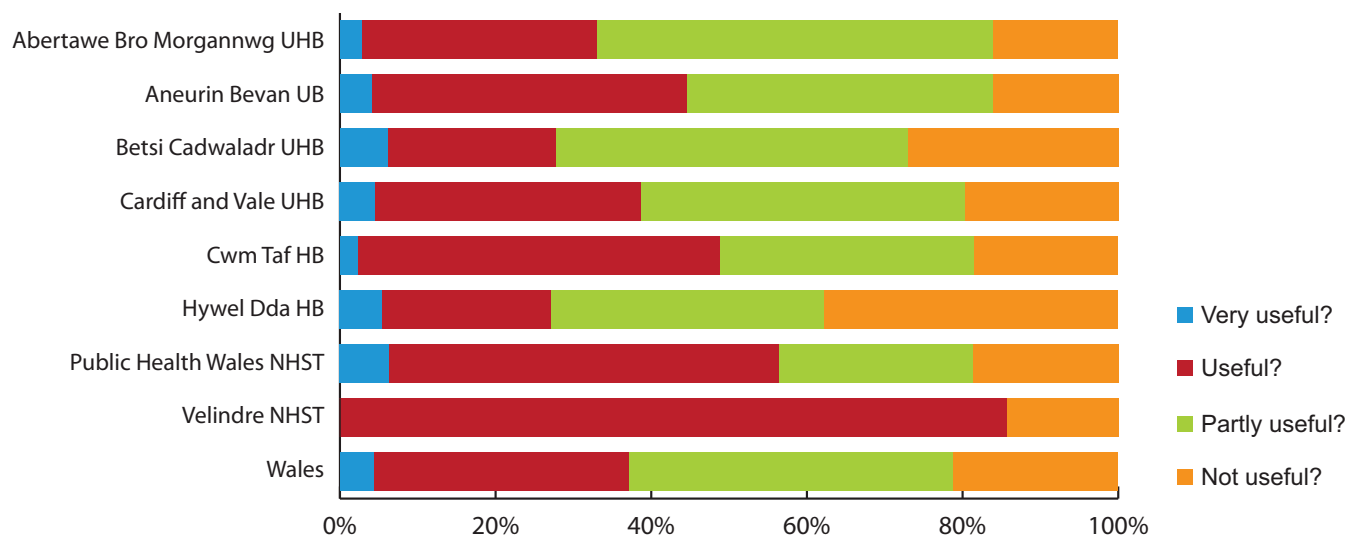
## The quality of job planning documentation was typically poor

- 4.44** It is important that NHS organisations develop appropriate documentation and record keeping arrangements in relation to consultant job plans. This will help ensure that there is clarity over duties, responsibilities and desired outcomes, and that there is a record of what was agreed and when. In addition, the use of job plan templates can help ensure consistency in the way job planning is undertaken within and across organisations.
- 4.45** As part of our local work, auditors reviewed the quality of job planning documentation across NHS bodies in Wales. In most instances, the quality of documentation was found to be poor. For most job plans that were viewed there was no evidence to indicate that they had been formally signed off, and in some cases, job plans had been lost altogether as a result of reorganisation of NHS services. **Exhibit 20** highlights the specific problems with job planning documentation identified during the audit.

## Consultants' views on job planning are mixed

- 4.46** The responses from our survey on NHS consultants highlighted some very mixed views of the usefulness of job planning. In overall terms, 37 per cent of respondents said that they found job planning to be useful or very useful. However, the picture varied across NHS bodies and the figure was typically lower in those NHS bodies where job planning was less frequent (**Exhibit 21**).
- 4.47** The majority of respondents (65 per cent) indicated that job planning had clarified the commitments expected of them. However, the fact that a sizeable minority did not agree with this statement is a worry given that this is the prime aim of job planning.

## Exhibit 21 - Consultants' views on usefulness of job planning



Source: Wales Audit Office

**4.48** NHS organisations are responsible for ensuring that consultants have the necessary support to deliver the commitments set out in their job plan. Job planning and job plan reviews should be used to identify what sort of support is needed in terms of facilities, training and development, and other resources. Job planning should also be used to identify any potential barriers to the achievement of job plan commitments.

**4.49** Responses to the consultant survey indicated that job planning is still not fully effective in these areas. Whilst 62 per cent of respondents felt that job planning allowed pressures and constraints to be considered and agree actions to address them, only 20 per cent felt that it identified resources and support needed to deliver their job plan.

## Appraisal and job planning are not always linked

**4.50** With the first phase of revalidation<sup>3</sup> due to start in Wales in April 2013, it is important that health boards are clear that appraisal and job planning are separate but linked processes. Recent guidance from the Wales Deanery states that the doctor should bring the most recent job plan to appraisal so that the appraiser can develop an understanding of the doctor's clinical practice and help identify any learning needs related to the service objectives or planned activities. These should be documented in the PDP and subsequent appraisals should be used to demonstrate how these have been addressed.

<sup>3</sup> Revalidation will be the GMC's method of regulating licensed doctors that will give extra confidence to patients that their doctors are up to date and fit to practise. Licensed doctors will have to revalidate, usually every five years, by having regular appraisals that are based on GMC core guidance for doctors, Good Medical Practice.





- 4.51** Much of the information required to support the two processes will be duplicated and the common elements between the two are the personal objectives of the consultant. The objectives which are considered during the job planning review will be derived from the corporate/directorate priorities of the organisation and from the consultant's PDP. **Exhibit 22** provides further information on the purposes of job planning and appraisal.
- 4.52** Whilst appraisals and job planning need to be linked, how this happens in practice can be determined by individual NHS bodies and should be linked to the business and planning cycles in directorates and the wider organisation. They can be distinct processes that occur at different times and with different personnel, or they can be carried out at the same time by the same person. Whichever approach is adopted there must be logical and clear links between the two processes.

- 4.53** Our audits found that there was no standard approach to appraisal. While some consultants had undertaken appraisals annually, others said that they only had an appraisal when they asked for one or had never had an appraisal. In some areas, we found that appraisal had a higher priority than job planning.
- 4.54** The audits also found that the links between the job plan review meeting and appraisal varied, with some areas running the meetings back to back while others kept them separate. Interestingly, many consultants were not clear on how job planning and appraisal were linked and only just over half (55 per cent) of the respondents to our consultant survey felt that their job plan review helped in delivering the PDP agreed at their appraisal.

### Exhibit 22 - Job planning and appraisal

Purpose of job planning	Purpose of appraisal
<p>Job planning is a systematic activity designed to produce clarity of expectation for employer and employee about the use of time and resources to meet individual and service objectives.</p> <p>It is prospective in nature.</p>	<p>Appraisal is a systematic approach to review a consultant's achievements and to consider their continuing progress and to identify developmental needs.</p> <p>For NHS consultants, it is also a prime form of evidence required for licensing and revalidation purposes.</p> <p>It is a retrospective review of professional activities with a prospective element and the development of a PDP. The resources required to deliver this will need to be discussed at the job planning meeting.</p>

Source: *Effective Job Planning, NHS Modernisation Agency, 2005*

## Appendix 1 - Study methodology

The audits were delivered locally at all health boards and trusts that employ significant numbers of consultants. Auditors selected a sample of specialities within each health board/trust and interviewed medical directors, clinical directors, general managers and staff from HR, Finance and Data Management who were involved in job planning. We also interviewed a sample of consultants selected by the health board/trust and the LNC.

The audit reviewed documents provided by the health boards/trusts such as:

- information and guidance provided to consultants and managers in undertaking the most recent round of job planning reviews;
- reports sent to the board on consultant contract issues and job planning over the last year;
- outcome monitoring reports for the job planning process; and
- any internal audit reviews related to the consultant contract.

We sent a web-based questionnaire to all consultants at health boards and trusts participating in the audit in Wales in September 2010. A total of 580 responses were received with an average response rate of 25 per cent.

We reviewed a sample of five job plans from each directorate that was audited. The job plans were reviewed against a number of criteria to understand what evidence was provided by the consultant and to establish how the sessions had been calculated. We also looked to see if the job plan had been signed by the consultant.

Benchmarking tool – Each year following the introduction of the contract, health boards and trusts provide the Welsh Government's PMU with data relating to each consultant's commitments split between DCC, SPAs, management responsibilities and other responsibilities agreed with the organisation. This information was collated by the Wales Audit Office and we built a database to analyse this data for the years 2007-08, 2008-09 and 2009-10. Auditors could review the Welsh comparison and specialty analysis within the organisation.

All the local reports were issued between January and May 2011. They have progressed through their health board/trust audit committees and were published on the Wales Audit Office website in September 2011. In addition to these reports, during 2012, in some NHS bodies follow-up audits have been undertaken to assess the progress being made with local issues.



## Appendix 2 - Elements of NHS consultants' pay

### Six-point incremental pay scale 2010-11

0	1	2	3	4	5	6
£72,205	£74,504	£78,350	£82,818	£87,918	£90,827	£93,742

Source: Review Body on Doctors' and Dentists' Remuneration. Thirty-Ninth Report 2010.

### Commitment awards scale and number of awards held by consultants 2010-11

1	2	3	4	5	6	7	8
£3,204	£6,408	£9,612	£12,816	£16,020	£19,224	£22,428	£25,632
469	220	127	103	72	60	32	53

Source: Review Body on Doctors' and Dentists' Remuneration. Thirty-Ninth Report 2010.

### Clinical excellence awards and number of awards held by consultants 2010-11

Level 9 (Bronze)	Level 10 (Silver)	Level 11 (Gold)	Level 12 (Platinum)
£35,484	£46,644	£58,305	£75,796
114	38	10	8

Source: Review Body on Doctors' and Dentists' Remuneration. Thirty-Ninth Report 2010.

### Distinction awards and number of awards held by consultants 2010-11

B award	A award	A+ award
£31,959	£55,924	£75,889
17	13	1

Source: Review Body on Doctors' and Dentists' Remuneration. Thirty-Ninth Report 2010.

Intensity supplements for consultants (paid annually)		
Band 1 (low intensity)	Band 2 (medium intensity)	Band 3 (high intensity)
£2,213	£4,426	£6,637

Source: Review Body on Doctors' and Dentists' Remuneration. Thirty-Ninth Report 2010.

## Waiting list initiative

Paid at a standard rate of £565 per session.



## Appendix 3 - Typical duties and responsibilities included in sessions

Direct clinical care	Supporting professional activities	Additional responsibilities	Other duties and activities within the wider NHS
<ul style="list-style-type: none"> <li>• Emergency duties (including emergency work carried out during or arising from on-call)</li> <li>• Operating sessions including pre and post-operative care</li> <li>• Ward rounds</li> <li>• Outpatient clinics</li> <li>• Clinical diagnostic work</li> <li>• Other patient treatment</li> <li>• Public health duties</li> <li>• Multidisciplinary meetings about direct patient care</li> <li>• Administration directly related to patient care (eg, referrals, notes)</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Continuing professional development</li> <li>• Teaching</li> <li>• Audit</li> <li>• Job planning</li> <li>• Appraisal</li> <li>• Research</li> <li>• Clinical management</li> <li>• Local clinical governance activities</li> </ul>	<ul style="list-style-type: none"> <li>• Medical directors, clinical directors and lead clinicians</li> <li>• Caldicott guardians</li> <li>• Clinical audit leads</li> <li>• Clinical governance leads</li> <li>• Undergraduate and postgraduate deans, clinical tutors, regional education advisor</li> <li>• Regular teaching and research commitments over and above the norm, and not otherwise remunerated</li> <li>• Professional representational roles</li> </ul>	<ul style="list-style-type: none"> <li>• Trade union duties</li> <li>• Acting as an external member of an advisory appointments committee</li> <li>• Reasonable quantities of work for the royal colleges in the interests of the wider NHS</li> <li>• Specified work for the GMC</li> <li>• Undertaking inspections for health regulatory bodies</li> </ul>

Source: Amendment to the National Consultant Contract in Wales

# Agenda Item 4

## Public Accounts Committee

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Meeting Venue: **Committee Room 3 – Senedd**

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Meeting date: **Tuesday, 26 February 2013**

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Meeting time: **09:00 – 11:00**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



This meeting can be viewed on Senedd TV at:

[http://www.senedd.tv/archiveplayer.jsf?v=en\\_400000\\_26\\_02\\_2013&t=0&l=en](http://www.senedd.tv/archiveplayer.jsf?v=en_400000_26_02_2013&t=0&l=en)

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### Concise Minutes:

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#### Assembly Members:

**Darren Millar (Chair)**  
**Mohammad Asghar**  
**Mike Hedges**  
**Julie Morgan**  
**Gwyn Price**  
**Jenny Rathbone**  
**Aled Roberts**  
**Jocelyn Davies**

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#### Witnesses:

**Gillian Body, Assistant Auditor General, Wales Audit Office**  
**Paul Dimplebee, Group Director – Performance Audit, WAO**

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#### Committee Staff:

**Tom Jackson (Clerk)**  
**Daniel Collier (Deputy Clerk)**

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## 1. Introductions, apologies and substitutions

1.1 The Chair welcomed Members and members of the public.

## 2. Papers to note

2.1 The Committee noted correspondence:

- between the Chair and the Presiding Officer regarding Committee timetable issues;
- a response from Cabinet Office to actions raised at the meeting on 18 February 2013; and
- the minutes of the Committee's previous meeting on 18 February.



### **3. Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**

Items 4 and 5.

#### **4. Consideration of Committee timetable issues**

4.1 The Committee discussed timetable issues and agreed proposals outlined by the Chair on the Committee's forward work programming.

#### **5. Consideration of draft Committee report The Welsh Government's acquisition and action to dispose of the former River Lodge Hotel, Llangollen**

5.1 Julie Morgan declared an interest in this item and left the meeting before discussions initiated.

5.2 The Committee considered its draft report 'The Welsh Government's acquisition and action to dispose of the former River Lodge Hotel, Llangollen.' The Committee agreed a number of changes to the report, and agreed to consider the report further at a forthcoming meeting.

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

By virtue of paragraph(s) vi of Standing Order 17.42

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