

Better Business Cases NI Supplementary Guidance

Use of Professional Services, Including External Consultants

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1 Introduction

This supplementary guidance to the Better Business Cases NI guidance provides advice on use of professional services, including external consultants. This includes how the business case should be developed in line with the BBC NI guidance and the implications of the Five Case Model, which the guidance introduced. Information is also provided on approvals and procurement.

2 Expert Advice

Appraisal and evaluation often require and generally benefit from a multi-disciplinary approach, calling on the expertise of a range of specialists. It is important that the right skills and advice are sought and applied as appropriate to the case in hand.

Departmental economists can provide general advice on economic appraisal and evaluation. DoF supply officers can advise on general issues concerning approval procedures. In particular cases, advice and support may be required from a variety of other experts on specific issues including, for example, statistics, procurement, commercial, finance and land and property – this is particularly important to consider when using the Five Case Model to develop the business case. The need for expert advice should be considered at an early stage in the development of business cases and evaluations.

3 Business Cases and Evaluations

Before deciding to engage professional services, departments must be sure that the benefits of doing so will outweigh the cost and that all in-house alternatives have been fully explored and documented. A full, but proportionate, business case confirming this should be completed for all professional services contracts and submitted to the relevant approving authority.

Section 3 of the [FD\(DFP\)07/12 attached guidance note](#) explains the nature of the necessary business case. In brief, it should set out:

- the purpose of the assignment;
- a reasoned assessment of the alternatives to external resources, and particularly the justification for using professional services. Where it is decided not to use internal consultants a full explanation must be provided for this decision;
- the immediate and long-term outputs and benefits expected from the professional services resources, when they are likely to accrue and how they will be measured;
- the proposed project management arrangements, including management of deliverables, expectations and risks;
- the means by which skills/expertise will be transferred to in-house staff and/or internal consultants if appropriate. If not appropriate, the business case should state the reasons why it is not appropriate;
- the proposed division of work between the external providers and any in-house staff and/or internal consultants who will be assisting them;
- the expected costs of both the external and the in-house effort;
- potential risks and uncertainties associated with the assignment;
- the performance review arrangements;

- how the results of the professional services will be implemented and monitored; and
- any other considerations specific to the assignment.

The business case template provided on the [Better Business Cases NI website](#) can be used to help ensure that the above issues are covered in appropriate detail, with effort proportionate to the expenditure involved.

Note that due to the information required to approve, and on the basis of proportionate effort, this type of expenditure does not lend itself to the use of the Five Case Model when developing the BC.

However, the core principles of the Better Business Cases NI guidance should still apply. Notably, the SRO has ultimate ownership of the BC from its inception to final approval. It is therefore the responsibility of the SRO to seek the appropriate input, expertise and advice from the relevant stakeholders to develop the BC, if required, before seeking approval.

Post-project evaluations (PPEs) should be completed with proportionate effort for all assignments to ensure that the objectives have been met and lessons learned. The PPE template on the BBC NI site can be used as required.

PPEs for all assignments that require DoF approval should be copied to the relevant DoF Supply Division. DoF will also undertake test drilling exercises for assignments within departmental delegated limits

4 Approvals

Departments should apply the guidance on employment of Professional Services including consultants given in [FD \(DoF\) 08/17](#); the guidance note for which can be found at [FD\(DFP\)07/12 attached guidance note](#). Further information on the assessment of large scale, complex or innovative external consultancy assignments can be found at [FD\(DFP\)13/12](#).

This supplementary guidance does not attempt to cover all the details contained in the FD guidance, but it draws attention to some key points, particularly regarding approval procedures, business cases and evaluations.

The expenditure associated with engagement of Professional Services including consultants is subject to delegated limits. Departments must abide by delegated limits and fulfil any attached conditions before a contract is awarded.

4.1 Ministerial approval of External Consultancy

Section 3.7.2 of the [FD\(DFP\)07/12 attached guidance note](#) indicates that ministerial approval should be obtained for external consultancy assignments costing more than £10,000. Each department should establish the extent to which their minister wishes to be informed of consultancy expenditure. Departments should seek ministerial approval for all external consultancy assignments expected to exceed £10,000 or any other threshold set by individual departmental ministers. Individual departments are at liberty to establish a lower level than this should Ministers wish.

4.2 Departmental approval of External Consultancy

Each sponsored body will have a delegated limit agreed with its sponsor department above which it must refer to its sponsor department for approval before engaging external consultants.

External consultants should be employed only when it is necessary and will provide value for money. If a department has staff with the skills to carry out a proposed assignment (for example internal consultancy units, ISU/IT staff, economists, accountants, and construction professionals) it should consider carrying out the assignment using its own resources. NICS core departments and executive agencies should contact the Business Consultancy Service (BCS), within Public Service Reform Division (PSRD) to establish whether it has the capability and capacity to undertake the assignment.

Engagement of external consultants may be necessary when:

- internal capacity is unavailable to undertake a new area of work;
- independence/objectivity is required and cannot be provided within the public sector;
- specialist knowledge or expertise is unavailable internally; or
- there is a direction to do so from government or by another body such as the UKG.

5 Procurement

All external professional services including consultancy assignments, other than those of a very low value, should be procured through a Centre of Procurement Expertise (CoPE), unless otherwise approved directly by the accounting officer. Once a department is satisfied of the need to engage professional services including external consultants, it must contact a nominated CoPE for advice and information as early as possible in the planning stages. Departments wishing to use a consultancy framework let by the Office of Government Commerce (OGC) should first consult DoF's Central Procurement Directorate (CPD) who will advise whether it is appropriate to do so or not.

Departments should supply clear terms of reference for the job when contacting the relevant CoPE, and should factor adequate time for tender responses and evaluation into their planning.

Terms of reference should be suitably detailed. For example, it is not generally sufficient to ask external consultants broadly to conduct a Green Book assessment for a proposal. This is because, although the Green Book sets out relevant general principles, the specific methodology required in individual cases can vary enormously e.g. the method required for appraising assistance to industry is very different to that required for a major capital project; and methods can also vary significantly between different types of capital project. Moreover, some of the requirements of Better Business Cases NI are simply not covered in the Green Book, such as details of affordability assessments and project management arrangements. Therefore, the specific requirements for each key element of the business case (or other relevant assignment) should be spelt out in detail in a manner that is tailored to suit the case in view.

Departmental economists can assist to draft the terms of reference for external economic assignments and to monitor and quality assure their implementation and completion.

In cases involving financial assistance to the non-government sectors, some departments previously provided funding to project promoters to employ external consultants to undertake appraisals and business cases. However, it is now considered that a more independent assessment will be obtained if the department or other funding body employs the consultants rather than the project promoter. This encourages greater objectivity and allows more direct control over the quality of the appraisals provided by consultants, and is now the generally recommended approach.

Additional guidance in relation to professional services including external consultancy input to PPP projects is provided in [HM Treasury Taskforce Technical Note 3 How to Appoint and Manage Advisors to PFI Projects](#).

Departmental economists should be able to provide advice or signposting on specific business case queries.

Any questions or comments about this guidance should be sent to DoF at the email address below.

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