
BREXIT: OFFICIALS URGED TO BE MORE 'SAVVY' WHEN HIRING CONSULTANTS

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Taxpayers could face being "ripped off" by private consultants hired to help with Brexit talks, the chairwoman of a spending watchdog has warned.

The government is short of expert staff to negotiate Britain's exit from the EU - and is already seeking help from the private sector.

But Public Accounts Committee chairman Meg Hillier says consultants have to be carefully monitored and controlled.

And she is concerned the civil service is not up to the job.

"They have got to be really savvy about how they let and manage these contracts," she told BBC News.

"After all, Brexit is supposed to save us money."

The head of the civil service, Cabinet Secretary Sir Jeremy Heywood, said he had "no doubt at all" that the service was "well equipped to deliver all of this government's priorities - including the UK's exit from the EU".

'Hidden overcharges'

Ms Hillier's committee has just published a report into how one consulting company "took advantage" of "poor decision making" in a government department to increase its profits, two years before Britain voted to leave the EU.

PA Consulting was brought in by UK Trade and Investment (UKTI) - the forerunner of Liam Fox's International Trade Department - to provide specialist advice in a three-year contract to boost trade.

But the deal was terminated in 2016, after two years, over concerns about "hidden overcharges" and poor communication with officials.

"It (PA) sold UKTI a service it is not clear it needed and failed to give the fair breakdown of its costs and profit that UKTI asked for," the committee said.

"Instead, it used the negotiations to pass on costs to UKTI that it had said in its bid that it would bear, and to increase its profit from the contract while telling UKTI that its profit had not

increased."

UKTI paid £18.8m for the first 11 months' work by PA Consulting - but it believed it lost £5m on "hidden overcharges" in the contract and was only able to recover £3m in the final settlement.

"UKTI and PA must share the blame for the dismal failings in the procurement and operation of this contract," said Labour MP and committee chairman Ms Hillier.

She told BBC News many of the failings had been seen before in the management of government contracts but this was a particularly bad example.

Ms Hillier has urged the government to commission spending watchdog the National Audit Office to carry out a forensic audit of UKTI and PA accounts to "get to the bottom of what happened".

PA Consulting, which is reported to be bidding for Brexit consultancy work, said it welcomed a forensic audit, which it was confident would find the company "charged in accordance with the agreed contract".

"PA won this work in open competition, in response to a government procurement process, responding to a requirement set entirely by UKTI," the company said in a statement.

"UKTI acknowledges that PA over-delivered against the target outcomes, including creating or safeguarding 29,010 jobs.

"We have accepted our share of the responsibility for misunderstandings between us and our client.

"We have conducted a review, and assured government that there are no other misunderstandings on existing contracts.

"We have taken the necessary steps to ensure that such misunderstandings will not happen again.

"PA has worked successfully for government for over 70 years, always seeking to act ethically, transparently, and in the best interests of our clients and UK citizens."

The Department for International Trade said the problems highlighted by the committee would not be repeated.

A spokesman said: "UKTI delivered a critical role in supporting UK businesses to grow and export their goods and services abroad - attracting inward investment to benefit the UK economy.

"This contract was an isolated incident and we took swift action to resolve issues as soon as they were uncovered."

The department's director general Catherine Raines has blamed the problems with the PA contract on commercial "naivety" among UKTI staff who have since left the organisation.

PA Consulting is reported to be one of five consulting companies, including KPMG, EY, Deloitte and PwC, bidding for a £1.5m contract to help civil servants pull together Brexit plans from across government departments and advise on policy issues.

It is the first of what is expected to be a string of commercial contracts as the government gears up for talks on a post-Brexit trade deal with the EU.

Kaynak/Source: