

Consulting Expenditure in Public Administration

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Consulting Expenditure in PA: 3 main segments

“Assignments under threshold”

1,500M€



Source: estimates on data base
“Operazione Trasparenza”, Ministry
of Public Administration and
Innovation (2012)

“Above-threshold tenders”
(ICT included)

3,500 M€ (ICT)
250 M€ (Consulting)



Source: internal estimates
(2012)

“In House”
Companies

10,000 employees
(first 20 “In House”
enterprises in Italy)



Source: internal estimates
(2012)

Not easy questions to answer:

1. What is the total expenditure in Consulting in the PA?
2. How much expenditure is allocated on public evidence tenders?
3. How much expenditure is allocated to improve organization and process automation?

Assignments as from “Operazione Trasparenza” (source: Department of Public Administration and Innovation)

<i>Period:</i>	Year 2010	Year 2011
<i>Total amounts</i>	€ 1,238,561,127	€ 689,643,008
<i>“Active” assignments</i>	363,937	209,995
<i>Beneficiaries (individuals and enterprises)</i>	205,039	133,361

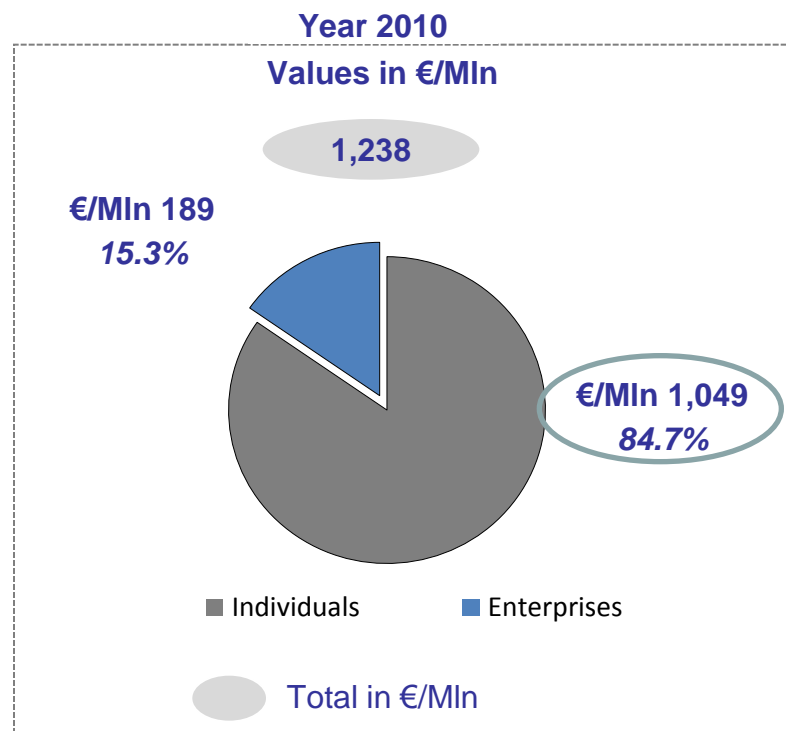
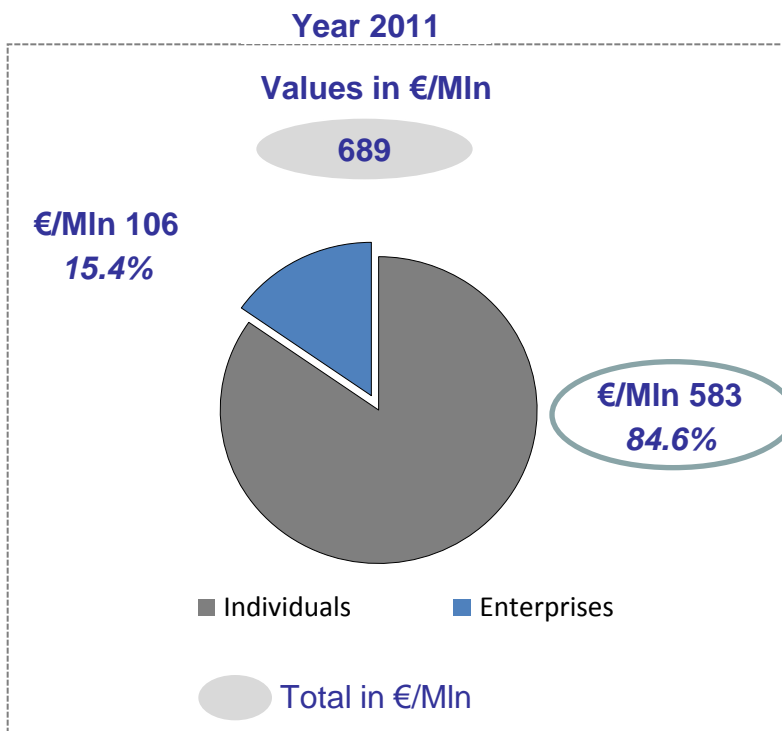
Type of represented information: **Assignments by national and local Public Administration to consultants**

Data sources:

Estimates of Assoconsult on database “Operazione Trasparenza”, Department of Public Administration and Innovation (2011).

<http://www.innovazionepa.gov.it/lazione-del-ministro/operazione-trasparenza/presentazione.aspx>

Assignments as from “Operazione Trasparenza” Individuals vs Enterprises – Total Amount



Mandates assigned to **individuals** (2010 and 2011) count around **85% in value** of the total expenditure

Assignments as from “Operazione Trasparenza” Individuals vs Enterprises – Numbers of assignments

Year 2011



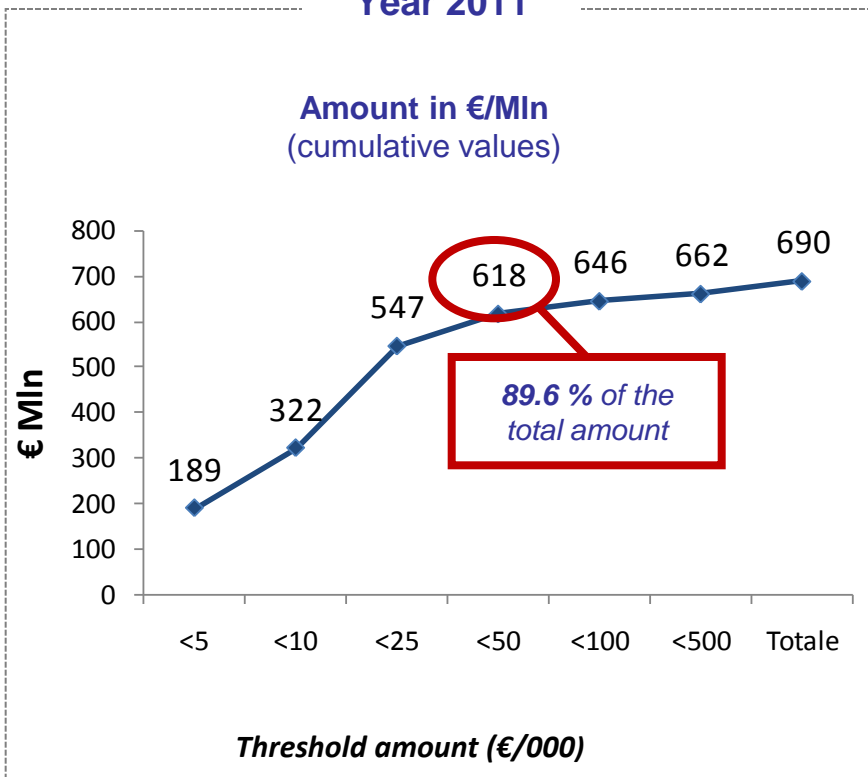
Year 2010



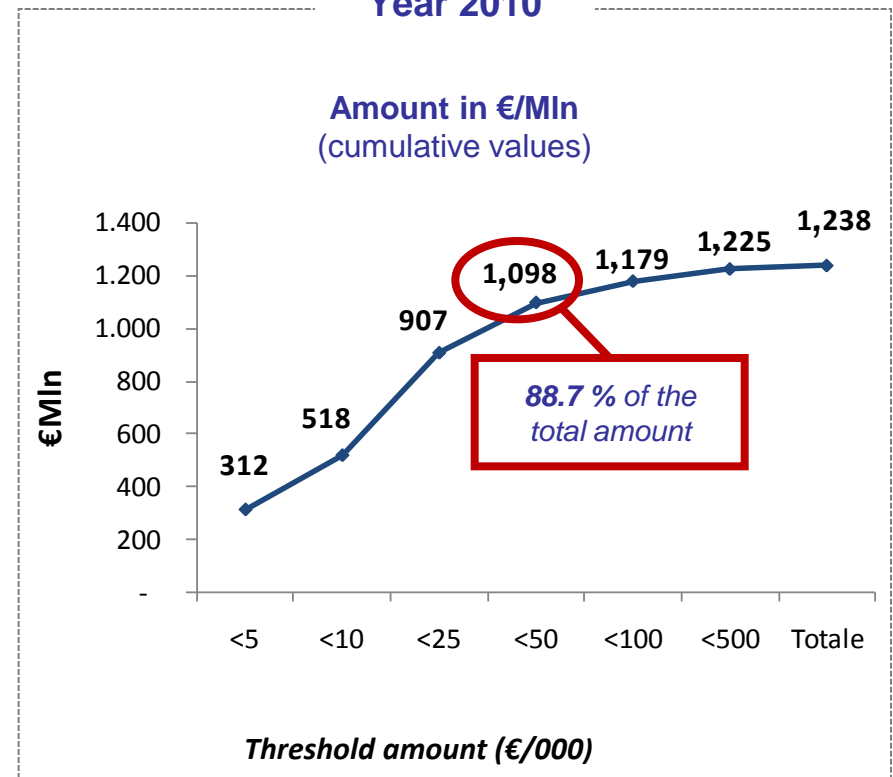
Mandates assigned to **individuals** (2010 and 2011) count around **88% in number** of the total expenditure

Assignments as from “Operazione Trasparenza” ABC Analysis – Size of assignments/ amount

Year 2011

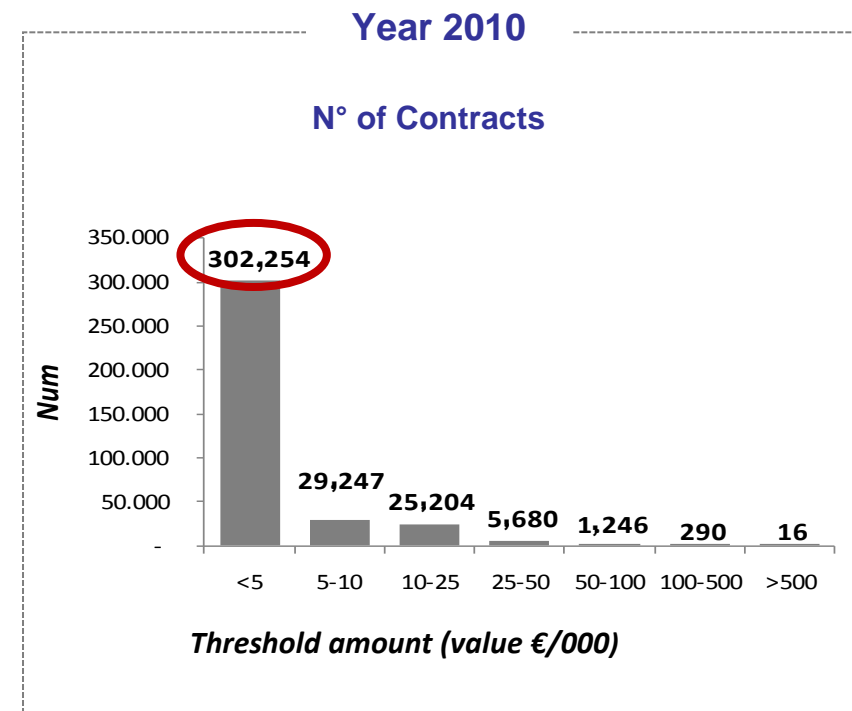
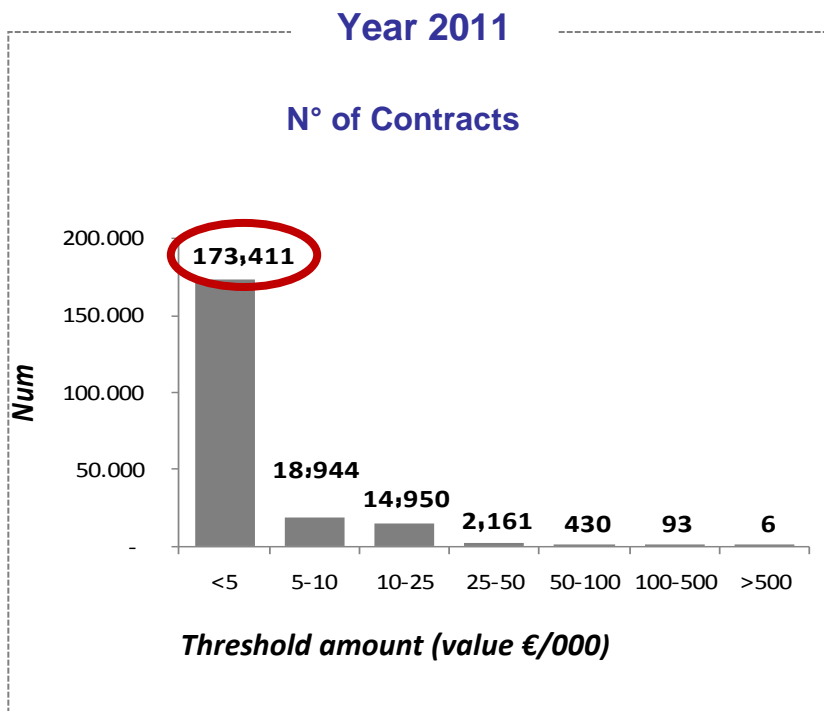


Year 2010



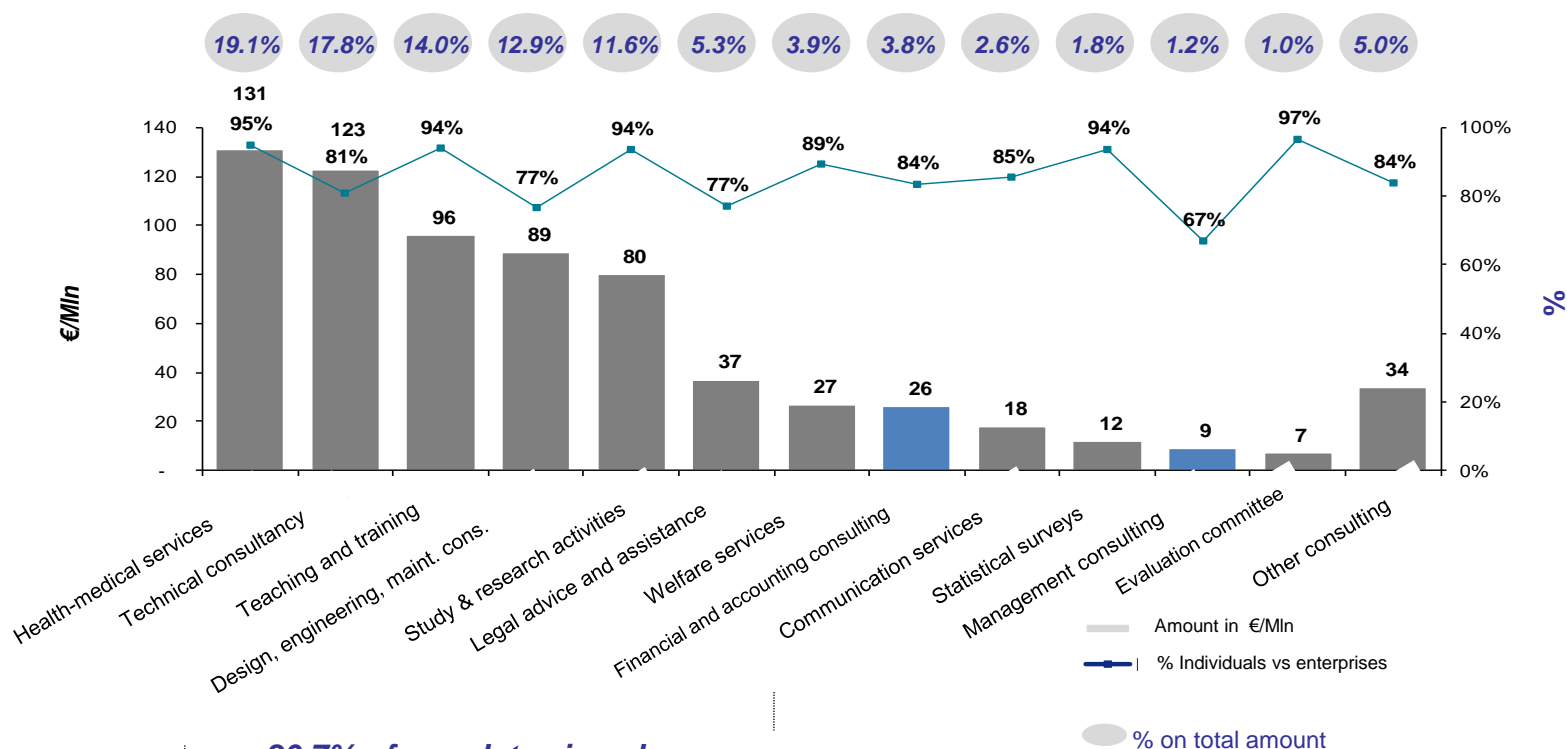
Assignments under €50,000 represent the majority of the total amount
(2011: about 90%; 2010: about 89%)

Assignments as from “Operazione Trasparenza” ABC Analysis – Size of assignments/ numbers



Assignments under **€5,000** are the main way to engage consultants

Assignments as from “Operazione Trasparenza” Analysis of Expenditure – Type of Consultancy



80.7% of the assignments refers to health-medical services, technical consultancy, teaching and training, design/engineering/maintenance consultancy, study & research activities, legal advice and assistance

Market analysis on tenders

(source: estimates from AVCP - Authority for the Supervision of Public Contracts)

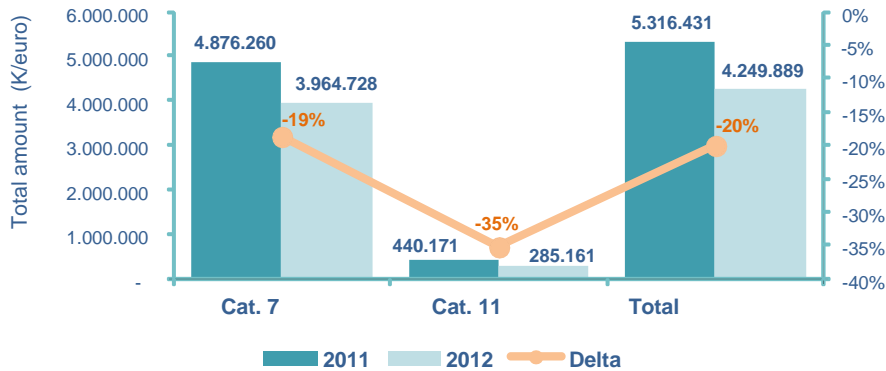
The analysis refers to calls for tenders published by the Public Administration (Central Public Administration and Local Public Administration) in 2011 and 2012

Note:

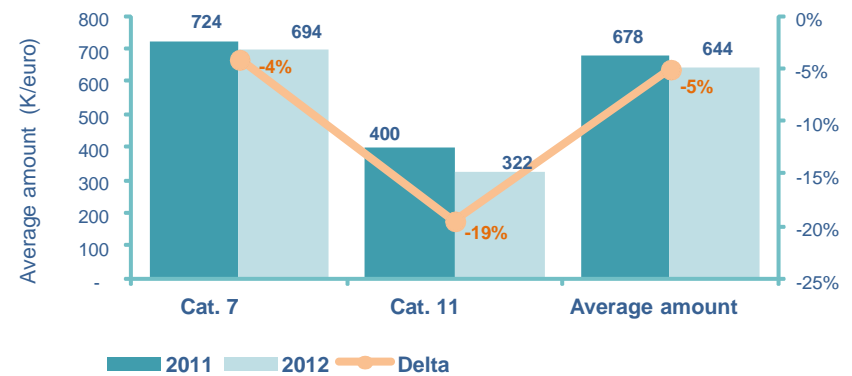
- Monitoring on public tenders at national level has been recently established by AVCP
- All Public Administrations must cooperate with AVCP by transferring all the relevant infos
- Cat. 11 refers to consulting services
- Cat. 7 refers to ICT services as the main object even if it includes some consulting services

Market analysis on tenders Trend 2011-2012

Amount



Average amount

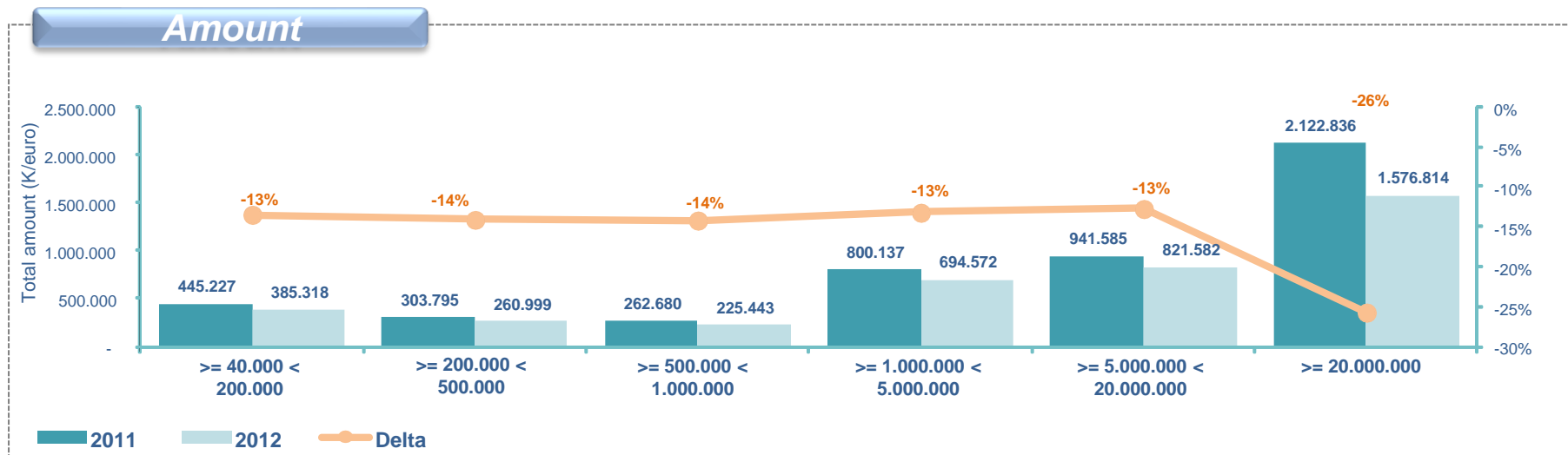


Contracts > 40k Euro

Both ICT and Consulting markets experienced a strong decrease in volume from 2011 to 2012 (around 20% for ICT; 35% for Consulting)

Market analysis on tenders

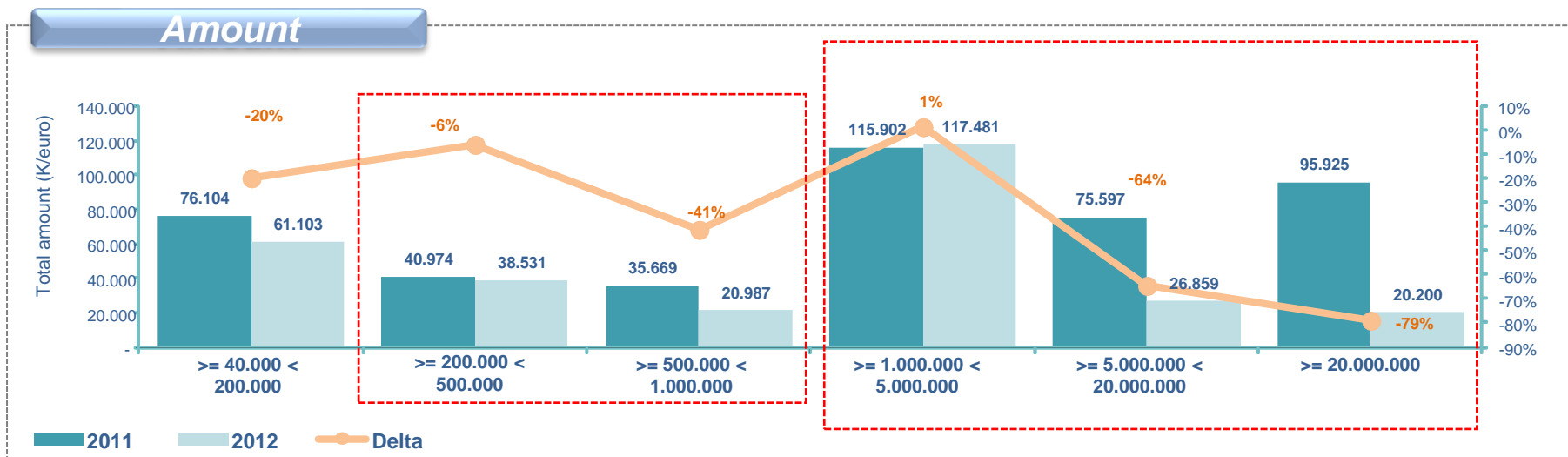
Trend 2011-2012 – Size of tenders for Cat. 7 (ICT)



Relevant decrease can be seen in all ICT tenders in every range of amount

Market analysis on tenders

Trend 2011-2012 – Size of tenders for Cat. 11 (Consulting)

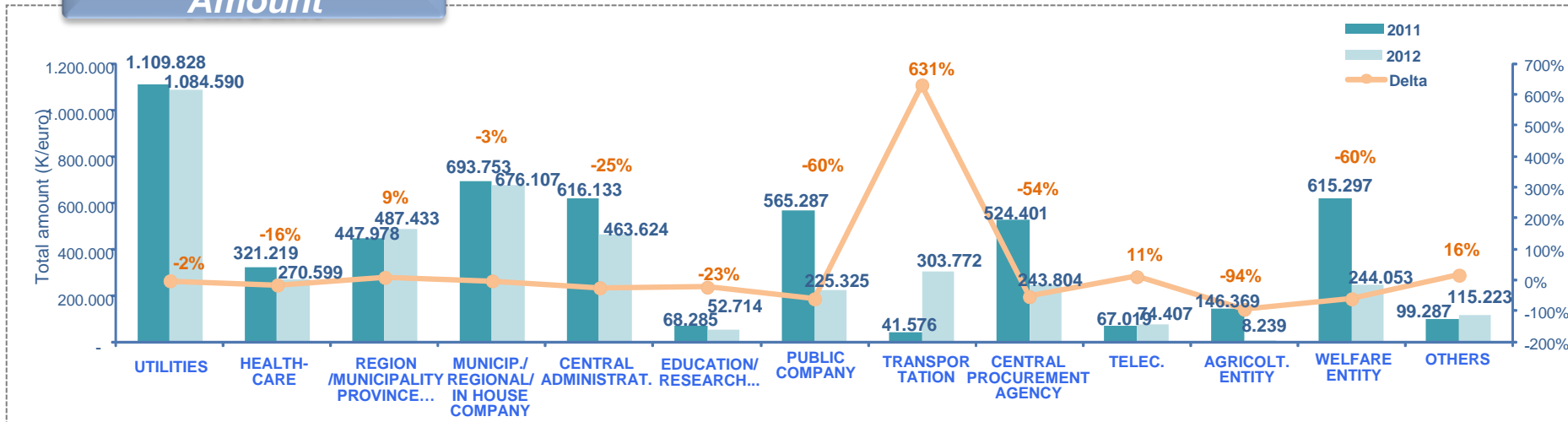


Tenders in the small-medium range (between 200k€ and 1ME) experienced a strong reduction.
Also tenders above 1ME count relevant decrease in the total amount (-43%, -120 MEuro)

Market analysis on tenders

Trend 2011-2012 – Type of contracting authority (cat. 7 and 11)

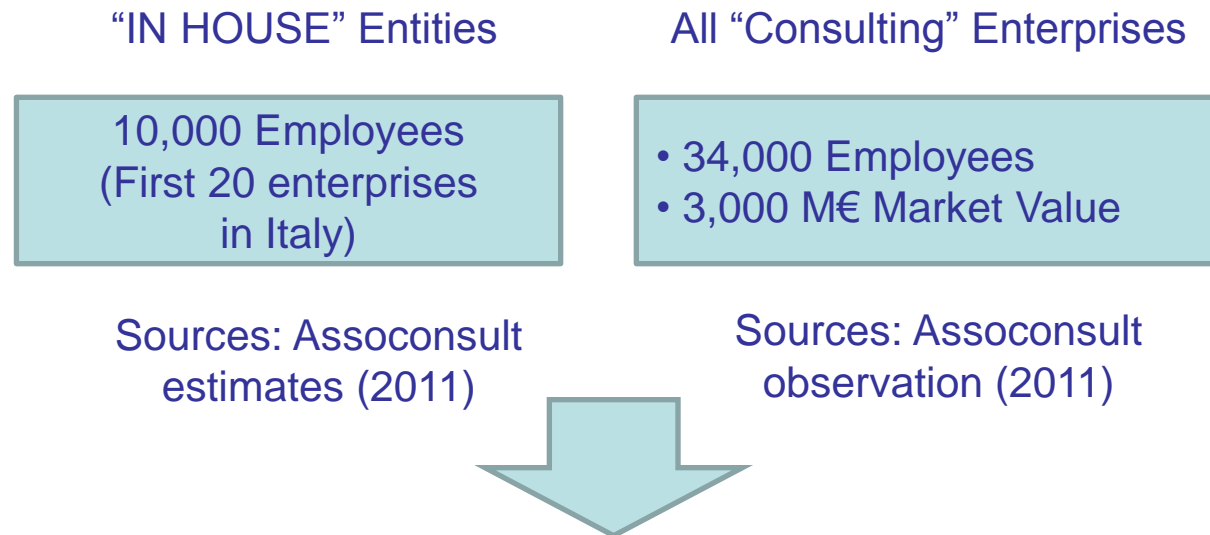
Amount



Some subsectors are stable (utilities, local gov.), some others are suffering strong reduction (central administration, healthcare, public companies, central procurement agencies, welfare entity, ...)

“In House” Companies

There are no specific sources that provide accurate figures of the “In-House” phenomenon. Some estimates can be made on the basis of numbers of employees.



Activities directly managed by “IN HOUSE” entities is relevant and can be estimated at around 50% of the value of ALL the “Consulting Market” (both PA and Private)

Final remarks

1. At a glance: the public demand is rapidly decreasing due to the spending review
2. A key issue is about reputation of “consulting” services
3. There is an issue on quality of spending (spending too fragmented, consultancy fees even more lower, poor result-based initiative, etc.)
4. There is still a very large quota of demand (“IN HOUSE” and assignments under threshold) not expressed through public tenders
5. Rates are experimenting an even stronger competition due to the large offer at disposal
6. To boost the public demand (together with new ideas and innovative projects) European Commission structural funds could represent an opportunity

Trend 2007-2011

Tender amount (Mln €)	Year					Gross total
	2007	2008	2009	2010	2011	
Service Category						
ICT Services	1,432.29	591.11	641.63	537.57	299.16	3,501.76
Consulting	104.09	316.03	390.83	260.47	119.19	1,190.62
Advertising Services	237.13	67.81	108.00	110.82	174.45	698.22
Training	51.13	19.04	20.15	18.69	60.95	169.97
Architecture & Engineering	7.51	14.88	2.30	4.02	0.00	28.72
Gross Total	1,832.16	1,008.87	1,162.92	931.58	653.75	5,589.28

Tender Amount (Mln €)	Year					Gross Total
	2007	2008	2009	2010	2011	
Category 11 - Consulting						
Technical Assistance	32.99	234.92	191.61	128.26	55.68	643.46
Management Consulting	64.07	68.98	131.19	118.66	61.55	444.45
Other	7.03	12.13	68.03	13.56	1.95	102.71
Total	104.09	316.03	390.83	260.47	119.19	1,190.62

Index Chart: Consulting Market Trend (Year 2009=100)

