

The long goodbye? Taking on the Consultants

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I At Labour's annual conference in October [2023 Shadow Chancellor] Reeves vowed to introduce 'tough new rules' to 'slash government consultancy spending' in half if the party comes to power in the election expected this year. Government expenditure on consultants in core departments, including the Home Office and Ministry of Defence, rose 130 per cent to £723mn between 2018-19 and 2021-22, the *Financial Times* previously reported.¹

The paragraph above was in a *Financial Times* report from January 2024. It followed the news that the Labour Party was taking unprecedented levels of support in kind from consulting firms like EY UK and the other members of the 'big four' consultancies. The same *FT* article reported 'Dame Meg Hillier, Labour chair of the House of Commons public accounts committee, who said it was "completely right" that opposition parties preparing for government would use external consultants with "the right skills and expertise at their fingertips".' Such an unquestioning justification could, of course, be used to defend any government's use of consultants, not least at a time when once again departments are being asked to cut staffing levels.

One development which Reeves is tackling first, is to reverse a change made in 2023 to make it easier for the government to hire consultants. This relaxed financial rules limiting the value of contracts needing central approval from £600,000 to £20 million.² The cost of consultants hired by the government has certainly risen dramatically. One website that promotes such business claimed that the government spent £2.8 billion on consultants in 2022, a rise of 75% over 2019 (estimates of spending on consultants vary widely).³

A question begs to be asked: what's so wrong with consultants that

¹ 'Labour quadruples use of consultants in run-up to UK election'
<<https://www.ft.com/content/b7b48c83-3f53-4efc-9df5-6495cdb372af>>

² 'Cabinet Office ditches consultancy and professional services spend controls'
<<https://shorturl.at/4WCNQ>> or
<<https://www.civilserviceworld.com/professions/article/cabinet-office-ditches-consultancy-professional-services-spend-controls>>

³ <<https://govdata.co.uk/news/public-sector-spending-on-consultants-soars/>>

Reeves wants to cut them back by half? Is it that their performance is sub-par? Is it because they don't share the public service ethos? Or is it that they rip-off the taxpayer by overcharging and taking excessive profits? According to a government press release, 'New controls are being brought in across government to address *unnecessary* consultancy spending by departments.'⁴ (emphasis added) This implies that half of government spending on consultants simply wasn't necessary, which raises the question: how were the consultants so able to con the government? Perhaps Reeves has brought with her memories of her time as Chair of the Business, Energy and Industrial Strategy Select Committee, when she said (following an inquiry into the Carillion collapse):

Auditing is a multi-million-pound business for the Big Four. On this morning's evidence from KPMG and Deloitte, these audits appear to be a colossal waste of time and money, fit only to provide false assurance to investors, workers and the public. We heard from auditors who don't attend audit meetings, fail to visit projects which they themselves say are at risk, and who provide clarity only about what is not included in an audit rather than what is.⁵

Given how auditing firms became big players in management consultancy, her remarks could easily be aimed at that profession, too. At the time of writing I am not aware that she intends to challenge the auditing industry's deceptions.

Reeves' determination to cut consultants is an echo of President-elect Trump's desire to slash 'inefficiency' in the U.S. government and his nomination of Elon Musk to preside over a new Department of Government Efficiency (DOGE). In Reeves' case, her ambition is to slash consultants but also reduce government departmental spending by five per cent, a task which will be accomplished – predictably and ironically enough – with the employment of consultants: 'Whitehall budgets will also be scrutinised by former senior management at private sector companies like Lloyd's and Barclays Bank to make sure they are cutting out waste, the Treasury said.'⁶

The declared need for such outside assistance perhaps reflects Prime

⁴ <<https://shorturl.at/V5Jdn>> or <https://www.gov.uk/government/news/new-controls-across-government-to-curb-consultancy-spend-and-save-over-12-billion-by-2026?trk=public_post_comment-text>

⁵ <<https://shorturl.at/fiopN>> or <<https://committees.parliament.uk/committee/365/business-energy-industrial-strategy/news/97286/carillion-tpr-17-191/>>

⁶ <<https://shorturl.at/d6Zi1>> or <https://www.huffingtonpost.co.uk/entry/rachel-reeves-pledges-to-take-an-iron-fist-against-waste-in-spending-crackdown_uk_6757f480e4b013f1cf64fbce>

Minister Starmer's view that 'Too many people in Whitehall are comfortable in the tepid bath of managed decline.' He later apologised to civil servants for his denigration of them but:

One senior government source said: 'Dominic Cummings was right about Whitehall. But I blame him and the Conservative Party for 14 years of low pay, bad leadership and demoralisation which means we don't have the right people in the right places.'⁷

How, one wonders, will the government inspire its civil service to do sufficiently better in order to rely 50% less on management consultants? Perhaps in a less confrontational form the current verbiage about reducing the size of government is redolent of Ronald Reagan's remark that government doesn't solve the problem but is the problem. But in the era of Reagan and Thatcher's attempts to reduce the size of government, the employment of consultancies rocketed:

At the time of the 1979 general election in the United Kingdom, the government was spending about £6 million on consulting services annually; when Margaret Thatcher stepped down as prime minister eleven years later, the amount was more than 40 times greater at £246 million.⁸

Where the Iron Lady failed, Reeves' 'Iron Fist' promise of cuts may well follow. A constraint on Reeves' Iron Fist may turn out to be that the government's dependency on management consultants makes it impossible to move swiftly without exposing the lack of civil service capacity caused by that very dependency. Authors Mazzucato and Collington cite one example:

[the] incremental loss of up-to-date knowledge [in the civil service] also affects public bodies' ability to negotiate suitable terms for new contracts with consultancies and other providers. Again, this is particularly the case in highly technical areas of public services, such as environmental monitoring, finance and digital technologies. This became apparent in the United Kingdom in the aftermath of the Blair/Brown years, during the period of the Coalition government's policy to slash spending on consultants. In one instance, a major rail franchise tender was withdrawn because the Department for Transport lacked the in-house contracting skills to run the contract competition. The

⁷ <<https://www.bbc.co.uk/news/articles/clyv2g2pe5ro.amp>>

⁸ Mariana Mazzucato and Rosie Collington, *THE BIG CON: How the Consulting Industry Weakens our Businesses, Infantilises our Governments and Warps our Economies* (London: Penguin, 2024) p. 51

department had grown used to outsourcing the task of tendering to external consultants.⁹

That clearly was a failure. What might success look like (at least for the consultants)? A report in the *Financial Times* from 2020 gives us a clue

Britain's planned HS2 high-speed railway line spent £34.7m on the Big Four consultancy firms last year, underscoring their increasing role in advising on large-scale infrastructure projects. The amount spent by HS2 Ltd on PwC, Deloitte, KPMG and EY rose by £24m in the year to September 2019, up from £10m the year before, according to research by Tussell, a data provider on government contracts and spending. Although the Big Four management consulting firms traditionally provide auditing and financial analysis on large infrastructure projects, they are increasingly competing for project management roles that have in the past been taken by specialist construction and engineering consultancies such as Bechtel, Mace and Jacobs. On HS2, for example, KPMG was initially brought in to make the economic case for the project but now acts as its representative — liaising between the Department for Transport and the high-speed rail team managers.¹⁰

A big success for the consultants but a disaster for taxpayers as HS2's costs spiralled so far out of control that much of it had to be cancelled. Acting as intermediaries, one wonders to what extent KPMG would be incentivised to keep the costs down. The government has launched an inquiry into the project's 'ballooning' costs which is due to report in winter 2024/25.

The latest opportunity for consultants will be how will departments fare with the advent of Artificial Intelligence (AI), a technology which former PM Tony Blair has set great faith in solving no end of public sector challenges. With former Tory leader William Hague he launched a Tony Blair Institute of Global Change report 'AI can shape the future of Britain' in which it is hard to imagine a whole new niche industry for management consultants will not be created.¹¹ After all, there may be a lot of the UK's 477,000 management consultants looking for somewhere to go.¹²

What hopes can we entertain that the use of consultants will be reduced in reality? Let's look at a few government departments, starting with the Foreign

⁹ Mazzucato and Collington (see note 8) p. 166

¹⁰ <<https://www.ft.com/content/61f5f844-3397-11ea-a329-0bcf87a328f2>>

¹¹ <<https://institute.global/insights/news/ai-can-shape-the-future-of-britain>>

¹² Nicholas Shaxson, *The Finance Curse: How Global Finance is Making Us All Poorer* (London: Bodley Head, 2018) p. 233

Office, now called the Foreign, Commonwealth and Development Office (FCDO) after the abolition of the Department for International Development (DFID).

II

Speaking at a recent conference, the former Permanent Secretary of DFID, Mark Lowcock, said:

the tragedy of the destruction of the department is that it's now almost impossible – because of the haemorrhaging of the expertise and the destruction of systems – to do a good, even a decent job, at turning the money into real world outcomes.¹³

This problem will only be intensified by the outcome of the 2024 United Nations Climate Change Conference, more commonly known as COP29, which agreed that developed nations should be paying developing nations \$300 billion a year by 2030 to deal with climate change adaptation and mitigation. This represents a threefold increase on the current agreement of \$100 billion per year. The UK's contribution based on the previous agreement amounted to £11.6 billion over the five years between 2021/22 and 2025/2026.¹⁴ If the UK's contribution needs to rise in line with the COP29 agreement, we're talking about £34.8 billion over the term of this government. In addition to the funding pressures agreed at the November 2024 COP29 conference, the Labour government also has a commitment to restore its level of development aid to 0.7% of GDP. This commitment was reaffirmed at the G20 meeting in Brazil in July by Development Minister Anneliese Dodds, who ominously added 'Britain could supply the expertise of the City of London banking sector to drive reforms and attract private capital to financing the clean energy transition.'¹⁵

Bearing in mind Mark Lowcock's remarks above, how likely is it that the UK government will be able to deliver a good or even decent job at turning vastly more aid money into real world outcomes?

This does not appear to be an area in which it is even remotely feasible for Reeves to 'slash government consultancy spending in half.' It is rather a time when well established consultancies will be keen to boost their contracts with government. The largest consultancy contracted with the FCDO is Adam

¹³ 'DfID's rise and fall provides lessons for government departments' <<https://www.instituteforgovernment.org.uk/comment/department-international-development-rise-lessons>>.

¹⁴ <<https://shorturl.at/i8e4i>> or <<https://questions-statements.parliament.uk/written-statements/detail/2023-10-17/HCWS1071>>

¹⁵ <<https://shorturl.at/jORvu>> or <<https://www.reuters.com/world/uk/uk-plans-boost-development-aid-when-fiscal-circumstances-allow-minister-says-2024-07-24/>>

Smith International Ltd. (ASI), a spin-off from the eponymous neo-Liberal institute. A report on the website *Publish What You Fund* contains an analysis of how ASI spends its income. This reveals (for a period it doesn't specify) that of income of \$179,647,820, around 40% or \$73,503,180 was spent on what *Publish What You Fund* called 'salaries, consultant fees and other costs.'¹⁶ That category no doubt includes profits. The website reports that ASI in 2022/2023 had contracts worth £198 million with the FCDO, so if around 40% of that goes to ASI internal expenditure, we are looking at a figure in the region of £80 million. This would seem like a good place for Rachel Reeves to start her savings drive.

How much profit does ASI rake in? Looking at the company's 2023 accounts, it shows that on a turnover of £64,115,465 for 'advisory services' it made a net profit of £1,587,086.¹⁷ However, to understand what ASI money is flowing where it would be necessary to employ a professional company accountant to e.g. properly explore ASI's transactions with its 13 listed subsidiary companies and indeed its parent company, Adam Smith International Holdings Ltd. ASI's 2023 annual report says that 'certain' employees will receive share options in AS International Holdings Ltd – from the report I assume this refers to the two directors of the company. Note 13 to the accounts 'Dividends' refers to a figure of £45,341,646. I can't relate this to anything else in its accounts. A newspaper report in 2016 said 'ASI is the biggest specialist firm. It saw post-tax profits more than double in two years to £14.3 million and handed out six-figure dividends to directors on top of salaries of up to £239,617.'¹⁸

AS International Holdings Ltd, which was incorporated in November 2022, has not yet filed accounts (as of 25/11/2024 they were recorded as overdue) so it's hard to say what the finances of that company are. It shares two directors with ASI Ltd and has four other directors and all of them have senior roles within the main subsidiary. The key player amongst them is Timothy Mitchell, who was previously CEO of 'safety security group Frontier/MEDEX' which was sold to UnitedHealthcare in 2012.¹⁹ (More on UnitedHealthcare later.) He also worked for Kroll Security International and G4S Risk Management, and was a director of several companies which shared the name Iqarus providing 'Consultancy Services'. 'Iqarus is the World Leader in the

¹⁶ <<https://shorturl.at/i5jO6>> or <<https://www.publishwhatyoufund.org/2023/09/a-new-frontier-in-aid-transparency-private-sector-aid-contractors/>>

¹⁷ Companies House records accessed 25 November 2024.

¹⁸ <<https://www.pressreader.com/uk/the-mail-on-sunday/20161204/281505045837833>>

¹⁹ <<https://mergr.com/transaction/unitedhealth-group-acquires-frontiermedex-group>>

Development and Deployment of Healthcare Solutions Globally’, according to their website.²⁰ One can understand the need for agencies working in potentially volatile environments needing security and health expertise and Tim Mitchell’s career illustrates the interconnectedness of these businesses.

The Adam Smith International website gives a glowing picture of its activities but it was not always thus. In 2016 it became the focus of adverse attention by the *Mail on Sunday* when the paper published an article entitled ‘Exposed, the foreign aid giant which conned MPs with fake glowing testimonials about overseas work to snaffle £329 million of taxpayers’ cash’ and followed this up with further stories.²¹ The gist of the *Mail’s* story was ‘FAT CAT foreign aid contractors paid millions by the taxpayer tried to deceive MPs and protect their lucrative business by faking glowing testimonials about their work overseas.’ The *Mail’s* reports led to a special investigation by the House of Commons International Development Committee (IDC) for whom some of the ‘fake’ testimonials were intended. The final conclusion of the IDC’s report on ASI said:

We remain concerned about the culture within ASI, including how it operates and the methods it employs to secure contracts from DFID. We are looking further at these wider issues as part of our inquiry into DFID’s use of contractors.²²

ASI continues to be at the forefront of consultancies working for the government, despite many criticisms levelled at it in the countries in which it operates, which the organisation Carbon Brief discovered.²³ Given ASI’s continued very close and rewarding relationship with government, perhaps it’s a case of ‘too big to fail’, which makes it harder to see how its revenues could be cut in half in line with the new Chancellor’s promise. In this example, who would do the ousted consultants’ work? Is it likely that a government with a stated intention of reducing departmental expenditure by five per cent is going to launch a huge recruitment drive for new in-house staff?

III

HHealth Secretary Wes Streeting (reported in ‘The View From The Bridge’ in this issue of *Lobster* as having received £175,000 from donors with private health

²⁰ <<https://iqarus.com/what-we-do/consultancy-services/>>

²¹ <<https://www.pressreader.com/uk/the-mail-on-sunday/20161204/281505045837833>>

²² <<https://publications.parliament.uk/pa/cm201617/cmselect/cmintdev/939/939.pdf>>

²³ <<https://shorturl.at/foOw4>> or <<https://www.carbonbrief.org/revealed-tenth-of-uks-climate-aid-spending-goes-via-private-consultancies/>>

interests) clearly has no compunction about getting into the metaphorical bed with the private health business, nor has any obvious concerns about conflicts of interest. He follows in a long line of both Tory and Labour health ministers who have increasingly turned to the private sector to help them 'reform' the NHS. This sad continuum has been comprehensively documented, for example in *NHS For Sale*, published in 2015, which examined the deepening relationship between government and private health interests, particularly during the passage and enactment of the Tory/LibDem Coalition's Health and Social Care Act of 2012.²⁴ That Act was a charter for privatisation and a goldmine for consultants. At the head of the queue to profit was McKinsey, who contributed to the drafting of the original Bill. (It is a long-standing practice in the U.S. for private organisations to draft legislation, particularly at State level where some legislatures are effectively part-time.)

Streeting inaugurated his reign as Health Secretary with an announcement of various reviews of the NHS. One, a public consultation, asks respondents lots of questions but none about the role of the private sector in the NHS.²⁵ The latest twist in the privatisation of the NHS is the elevation to health guru status of Patricia Hewitt, a former New Labour Health Secretary, now to be known as Dame Patricia Hewitt following the 2025 New Year's Honours, for services to healthcare. In a case of it takes one to know one, another former Health Secretary had this to say about Hewitt in 2006

Answers to Parliamentary Questions tabled by Jeremy Hunt MP have revealed the true cost to the NHS of McKinsey & Co, the expensive management consultants who have been tasked with developing hospital closure proposals in Surrey. So far in 2006-7, the Department of Health has spent £9,964,000 on McKinsey which is a staggering increase of over 4000% since 2004-5. Commenting on the revelations, Jeremy said: "McKinsey seem to be the NHS cuts consultants of choice. Patricia Hewitt is gambling that spending ever increasing amounts of money on them will somehow help her justify unpopular hospital closures."²⁶

After leaving parliament four years later, Hewitt took up a lucrative career in the private health sector, clearly earning Hunt's forgiveness when in 2022 he appointed her to lead a review of the Integrated Care Boards (ICB) which

²⁴ Jacky Davis, John Lister and David Wrigley, *NHS For Sale: Myths, Lies and Deception*, (London: Merlin, 2015)

²⁵ <<https://change.nhs.uk/en-GB/>>

²⁶ <<https://www.jeremyhunt.org/news/are-mckinseys-worth-nearly-2000-hip-replacements>>

replaced Clinical Commissioning Groups (CCGs).²⁷ At the same time, McKinsey were hired to delve into how digital technology would transform the NHS, leading one health tech company, Silver Buck, to proclaim 'McKinsey and Hewitt point to more changing times for health tech in 2023 . . . McKinsey is set to become the provider of the digital maturity assessment model for the NHS and Patricia Hewitt is tasked with driving efficiency in the new models of integrated care.'²⁸ So rather than learning from his own rhetoric, Hunt has provided us with a perfect example of how indispensable management consultants have become, and how smoothly the revolving door between government and consultancy rotates. The performance of the consultants seems to be no barrier. One might think McKinsey would have been struck off everybody's 'go-to' list after their run-in with the U.S. Justice Department:

McKinsey is in the final stages of negotiating a deferred prosecution agreement to resolve a US criminal investigation into the consulting firm's work helping opioid manufacturers boost sales that allegedly contributed to a deadly addiction epidemic, people familiar with the matter said. McKinsey is in talks to pay more than \$600m to resolve the longstanding US Department of Justice investigation, which also encompasses findings of civil violations.²⁹

But McKinsey is too embedded in the grain of UK government to be dismissed so easily. Their alumni are spread throughout the structure. Baroness Dido Harding, who led the failed Covid 19 Track and Trace programme, had previously worked at McKinsey, where she met her husband, fellow McKinseyite Tory MP and minister John Penrose. In 2021, Health minister Helen Whatley MP was asked about the enormous cost of the track and trace scheme, which by 2020 had ballooned to £375 million, employing 2,300 consultants.³⁰ Whatley, too, was a former McKinsey employee, 'focusing primarily on strategic issues for payors and hospitals'.³¹ The company actively

²⁷ Also in 2022. Jeremy Hunt's book on the NHS, *Zero: Eliminating unnecessary deaths in a post-pandemic NHS* (Swift Press) was published, in which Hunt suggested what was going wrong with the NHS and what needed to be done to fix it. There is no mention of the role of management consultants, no mention of competitive tendering, no mention of Hewitt and only a passing slightly negative reference to the Health and Social Care Act 2011 – which David Cameron had recruited Hunt to 'sell'.

²⁸ <<https://shorturl.at/hkWpN>> or <<https://www.silver-buck.com/mckinsey-and-hewitt-point-to-more-changing-times-for-healthtech-in-2023/>>

²⁹ <<https://shorturl.at/GrWor>> or <<https://www.msn.com/en-gb/money/companies/why-does-mckinsey-still-get-hired/>>

³⁰ <https://www.theregister.com/2021/01/06/uk_test_and_trace_consultants/>

³¹ <<https://www.hsj.co.uk/helen-whately/1202337.bio>>

maintains an alumni programme 'to help our global network of former colleagues remain engaged with the firm, our knowledge, and each other. Our alumni leverage this site to make, sustain, and build upon the close professional relationships they started while at the firm and to develop their skills and careers.'³² Once a McKinseyite, always a McKinseyite? McKinsey people are to be found all around the NHS.

The latest reforms inflicted on the NHS have been delivered with a rhetorical emphasis on transparency, joined-up thinking and equity. Hence the previous model of compulsory competitive tendering has been modified somewhat and allows Integrated Care Boards (ICBs) to be more choosy in whom they entrust their provider contracts. They just need to be a bit more careful about any of their members having conflicts of interest – in which case conflicted individuals must recuse themselves from procurement deliberations. Given the probably irreversible scale of private provider contracting in the NHS, it is unlikely that a modest tightening of the rules on transparency will make a dent to their bottom lines.

IV

The largest health insurer and provider in the United States is UnitedHealthcare, recently brought to our attention when its chief executive, Brian Thompson, was murdered on the streets of New York by what is presumed to be a dissatisfied citizen. UnitedHealthcare has long taken an interest in establishing roots in the NHS:

In mid-2014, it was discovered that the US corporation chairs a discreet forum of private companies that has been granted regular access to senior NHS officials and briefings on policies in which they may have a commercial interest. Members of the group, which also includes KPMG, PwC, Capita and McKinsey, are competing for nearly £1bn of NHS contracts advising GP groups on how to spend their two-thirds share of the NHS budget.³³

Famously – or infamously – a former Executive Vice President of UnitedHealthcare, Sir Simon Stevens, went on to head up the NHS. In a past life he had also been an advisor to Tony Blair. The informal group mentioned above was co-ordinated by UnitedHealthcare's chief lobbyist, Chris Exeter. He has previously worked for a lobbying firm run by the wife of former Health Secretary, Andrew Lansley. His predecessor in that firm was Tony Sampson, previously a No 10 health policy advisor and private secretary to Alan

³² <<https://www.mckinsey.com/alumni/about-us/about-the-alumni-program>>

³³ Davis *et al* (see note 24) p. 293

Milburn.³⁴ Milburn never turned his back on the health sector after leaving office, as the *Morning Star* reported in 2022:

His advisory business has corporate and government clients across the world. Among others, he advises Mars Incorporated and the Centene Corporation. He is chair of the advisory board at Bridgepoint Capital the leading mid-market private equity group and serves on a number of its portfolio company boards. He is a board director at Ribera Salud one of Europe's most integrated healthcare systems and is board chair of Huma, the digital health business. He is senior advisor to PricewaterhouseCooper's (PwC) government and health industries practice. So it looks like this advisory business is behind Milburn's handsome payout. Milburn has been working for Bridgepoint Capital since 2004. This private equity firm in turn does well from NHS outsourcing by buying and selling private health firms that were NHS suppliers. US health giant the Centene Corporation has been trying to break into outsourced NHS services for some years.³⁵

Milburn's 'advisory business' is called A.M. Strategy Ltd which the *Morning Star* claimed paid the Milburn family over £2 million in 2022. Companies House records that A.M Strategy Ltd had total equity of £3,875,988 as at March, 2024. Not bad for a company with just one employee.³⁶ Who better then to be appointed, in November, 2024, as lead non-exec member of the board of the Department of Health and Social Care (DHSC)? Wes Streeting said of Milburn's appointment 'His unique expertise and experience will be invaluable and he has an outstanding track record of delivering better care for patients.'³⁷ Milburn ceased to be Health Secretary in 2003 after four years in the job. He's been in the private health sector five times longer, so Streeting's glowing testimonial must be a clear indicator of his direction in making this appointment. Other members of the board include Doug Gurr, a former McKinsey partner; Sir Roy Stone, a long-time civil servant is there too, now with his own company Sir Roy Stone Ltd (incorporated in 2024) – he appears on the internet as a 'Govt. and Parliamentary Affairs advisor'; Steve Rowe, who ended a 37 year career at Marks and Spencer in 2022 as Chief Executive; Richard Douglas is another

³⁴ Davis *et al* (see note 24) p. 293

³⁵ <<https://morningstaronline.co.uk/article/f/alan-milburns-private-interests>>

³⁶ <<https://shorturl.at/KixL3>> or <<https://find-and-update.company-information.service.gov.uk/company/05989311/filing-history>>

³⁷ <<https://shorturl.at/mJRvK>> or <<https://www.gov.uk/government/news/former-health-secretary-to-help-government-fix-health-and-care>>

former civil servant and is listed as having been an advisor to Incisive Health.³⁸ Thus a significant membership of the DHSC board may be said to have a disposition towards the greater penetration of private companies providing NHS services. Is Wes Streeting's DHSC likely to be a department that will rise to Rachel Reeves' challenge to cut management consultants by 50%? It should be clear by now that management consultants are these days far more than mere consultants – many of them are providers too. Perhaps we'll soon see a redefinition of 'management consultant' to get around the cull.

Before leaving the DHSC, let's take a further look at UnitedHealthcare, which operates in the UK as Optum. UnitedHealthcare's operations in the U.S. might also make us look askance at its profiteering credentials here in the U.K.. According to website *Counterpunch*:

Thompson, a 20-year veteran of the Minneapolis-based conglomerate [and former PwC staffer], became CEO of UnitedHealthcare in 2021. In his three years at the helm, Thompson oversaw the rise of the corporation's profits from \$12 billion the year before he took over to more than \$16 billion in 2023. He was lavishly rewarded for his services, pocketing more than \$10.2 million in total compensation. The only cloud on the horizon was a pending Justice Department investigation of the company's monopolistic practices.³⁹

Those concerns have indeed been raised in the U.K., not least by the Competition and Markets Authority (CMA) which launched an inquiry into UnitedHealth's £1.2 billion deal to purchase EMIS, the NHS's electronic management system. The CMA concluded that 'United Health's £1.2bn deal to buy EMIS could reduce competition leading to worse outcomes for the NHS and ultimately patients and UK taxpayers.' Echoing the U.S. Justice Department's inquiry the CMA press release went on:

The CMA is concerned the deal could impact services provided by Optum's competitors. Optum and its competitors rely on digital connections to the data that EMIS holds, and integrations with EMIS's electronic patient record system. Optum could, if the merger went ahead as planned, choose to limit these connections and the CMA believes this could unfairly undermine competing businesses. The NHS, as the customer of these products, could then face fewer options, and

³⁸ According to its website 'an award-winning healthcare, public affairs, and communications consultancy. We provide integrated support across the full range of audiences: policymakers, payers, healthcare providers, and patients.'
<<https://www.inizioevoke.com/what-we-do/comms/incisive-health>>

³⁹ <<https://www.counterpunch.org/2024/12/06/dely-and-deny-deny-deny/>>

higher prices or lower quality offerings.⁴⁰

One doesn't actually need to research whether UnitedHealth would dispute these charges – a company as well resourced as UnitedHealth would never lack the highly paid professional expertise to do that. The CMA resolved that the NHS itself had sufficient oversight powers to ensure that UnitedHealth wouldn't take advantage of its predominant position to further its business objectives. Given the NHS's reliance on management consultants, this guarantee may prove insufficient.

V

Lastly I will take a quick look at management consultants and their cohorts within the Ministry of Defence (MoD). Over recent decades, the size of the UK military has diminished considerably. Uniformed personnel levels have dropped, with many roles, particularly in support and logistics, being taken over by civilians. In the fifteen years up to 2024, armed forces personnel have decreased from 195,000 to 148,370.⁴¹ The civilian element dropped from 86,600 to 61,620 representing 41% of the MoD's total workforce. MoD budgets may have been squeezed but there clearly remain many opportunities for private sector organisations to engage in core defence functions, quite apart from the delivery of weapons systems. Greasing the wheels of private contracts, consultants have, according to a parliamentary answer, been paid £204,974,000 (2021/2022 figure).⁴² According to the MoD:

It does not make economic sense for the MOD to permanently maintain in-house, all of the specialist skills needed, so access to some level of private-sector expertise is consequently of enduring value to the Department. Over the past few years as the Department has been going through a period of fundamental change in the way defence business is conducted, *there has been an increased need for consultancy and temporary staff. We have needed to contract on a short term basis, both for independent advice and for specialist skills which cannot currently be found among the permanent workforce. (Emphasis added.)*⁴³

⁴⁰ <<https://shorturl.at/xxpkK>> or <<https://www.gov.uk/government/news/healthcare-deal-could-lead-to-higher-costs-for-nhs>>

⁴¹ <<https://shorturl.at/biBBP>> or <<https://www.statista.com/statistics/283332/united-kingdom-uk-military-personnel-y-on-y/>>

⁴² <<https://ukdefencejournal.org.uk/mod-spends-over-200m-on-defence-consultants/>>

⁴³ <<https://shorturl.at/6HuWE>> or <https://assets.publishing.service.gov.uk/media/66aa3e400808eaf43b50db19/Ministry_of_Defence_annual_report_and_accounts_2023_to_2024.pdf>

Might UK defences be compromised without the aid of half the consultants for whom there is an enduring and increasing need? The website Consultancy.uk provides a handy ranking of consultancies working for the MoD. At 'Diamond' level and top of the list is McKinsey and Co; other top rank outfits include BAE Systems (the world's sixth largest arms manufacturer), PA Consulting and Accenture. At the 'Platinum' level many familiar names appear, not least Booz Allen Hamilton and the Rand Corporation.⁴⁴ Booz Allen Hamilton, a major U.S. military and intelligence contractor has a rich history (no pun intended). Only in January 2025 it was reported that:

Booz Allen Hamilton Holding Corporation (Booz Allen) has agreed to pay the United States \$15,875,000 to resolve allegations that Booz Allen Hamilton Engineering Services LLC (BES), a wholly owned subsidiary of Booz Allen, violated the False Claims Act by knowingly submitting fraudulent claims to the United States in connection with a General Services Administration (GSA) task order to supply computer military training simulators and systems to Department of Defense (DoD) agencies, including the Air Force.⁴⁵

Defence seems to be an area where money can be spent freely and without adequate controls, a problem which is perhaps greater in the U.S. with its boondoggle culture than in the U.K. However, when firms become so embedded in the departmental establishment (whichever one it is), it is unlikely that a miscreant firm will face total rejection, provided they commit to saying their offence won't happen again and pay the fine. This is where the revolving door comes in handy. A notable past Vice President of Booz Allen Hamilton was James Woolsey, former director of the CIA and cheerleader for the Iraq war – which, incidentally, became one of the most rewarding boondoggles of the 21st Century.⁴⁶ Along with the intelligence community, defence will be the other U.K. government agency which has the closest ties to U.S. interests, sharing technology all the way up to nuclear missiles. In such circumstances it is impossible to imagine any severing of ties with such embedded outfits like Booz Hamilton. In the growth areas of AI and cybersecurity their role is likely to increase exponentially. Once again, simple consultancy will meld into service provider status, blurring any distinction which may assist Rachel Reeves' mission.

⁴⁴ <<https://shorturl.at/QXH7C>> or <<https://www.consultancy.uk/rankings/top-consulting-firms-in-the-uk-by-industry-expertise/defence>>

⁴⁵ <<https://shorturl.at/77NXt>> or <<https://www.justice.gov/opa/pr/booz-allen-agrees-pay-15875m-settle-false-claims-act-allegations>>

⁴⁶ Tim Shorrock, *Spies for Hire* (London: Simon and Schuster, 2008) p. 364

Conclusion

At first reading the Chancellor's crusade against 'wasteful' spending on management consultants will have had wide appeal, not least in the columns of the *Daily Mail*, ever ready to contrast the excessive pay of consultants with that of nurses. There is no doubt that more checks on consultant contracts are necessary, to avoid some of the worst cases of price gouging. But unless that is accompanied by the recruitment of appropriate expertise within the civil service, it is highly unlikely that much will come of the '50% cut' promise, which, after all, was probably only delivered as an off-the-cuff pre-election soundbite.

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