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TRANSCRIPT OF “FILE ON 4” – “THE ACCOUNTANT KINGS”

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REPORTER:	Simon Cox
PRODUCER:	Lucy Proctor
EDITOR:	David Ross

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“FILE ON 4”

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Producer: Lucy Proctor

Reporter: Simon Cox

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COX: The public sector is undergoing a massive transformation.

Do you know who is running your services here? Do you still think it's the council?

PAT: It's Capita.

BARBARA: They're doing all the finances, aren't they? Controlling all the money.

ACTUALITY OF BIN LORRY

COX: Firms like Capita started off with our bins in the 1990s, but these companies, created and run by accountants, now do a lot more than just collect rubbish. They have taken over big swathes of local government.

CLANCY: As an individual councillor, I have lost control of the future.

COX: Nationally, with the civil service set to shrink by 25%, the big traditional accountancy firms are taking on a greater role too in the delivery of public services. But how would you feel about them running this?

ACTUALITY OF PHONE CALL IN SURGERY

RECEPTIONIST: Good afternoon, Surgery, Sam speaking. How can I help you? Okay, with the doctor. I'll just

COX: So who are these huge accountancy firms making deals behind the scenes? How much influence do they have? And they are undoubtedly a force for change, but are they a force for good?

SIGNATURE TUNE

COX: Birmingham's Victorian council house with its Doric columns and fearsome stone lions is the centre of local government power - a grand, serious building where decisions are made about the running of public services. But a tenth of Birmingham's budget, over £100 million, is out of its hands and controlled by a private company.

ACTUALITY OF ANSWERPHONE MESSAGE

RECORDED VOICE: Thank you for calling Birmingham City Council. We record calls for quality and training purposes. Your data is handled in accordance with ...

COX: As befits the largest local authority in England, Birmingham has an outsourcing contract to match. In 2006 it formed a partnership with Capita - called Service Birmingham - to run IT services and a call centre for the city's two million residents.

RAWLES: My name is Trevor Rawles. I am from the East Quinton Citizen Tenant panel.

COX: Trevor lives in a small council flat in the west of Birmingham. His main contact with the council is through the call centre run by Capita.

RAWLES: You're normally put on hold. When you finally do get to speak to a human being is whether they actually understand what your problem is and they can put you onto the right people or ...

COX: What about the cost of it?

RAWLES: Well apparently I've been told its £4 for every time a member of the public calls the call centre. How on earth it comes to £4 for a call I don't know, but to me it's just somebody making a lot of money out of the citizens of Birmingham.

COX: That somebody is Capita, whose contract with Birmingham Council was worth £126 million last year. And the growth of Capita is one of the ways that accountants have become more powerful. The company was started by a former local authority accountant, Rod Aldridge, in the 1980s. Now it has over fifty thousand staff, a turnover of more than £3 billion and pre-tax profits of £425 million. Its background in accountancy is one of the keys to its success – being able to quantify and charge councils for answering phone calls or collecting council tax and the ability to construct complex deals which are hard to understand.

BAILEY: As a citizen of Birmingham I got interested in the relationship between Capita and Birmingham City Council because so much money is being spent on this particular contract.

COX: Outside Birmingham's council house, I meet Professor David Bailey from Aston University. He has been trying to find out more about the £126 million that Birmingham spent with Capita last year.

BAILEY: That's over a tenth of the council's controllable budget, so over 10% of everything they can control each year goes to Capita. So that's £345,000 a day spent by the council, £58,000 in gross profits. I don't think there was ever any expectation that it would be that profitable for Capita.

COX: So is it clear, exactly what services Capita are providing or is that hard to find out?

BAILEY: That's hard to find out. I mean, we've tried to drag out of the council an idea, so we think they are providing a core IT service, we think that costs around £50 or £60 million. What the other money goes on we're not entirely sure, but we think it's to do with billing or revenue, a call centre, business transformation programme, but we don't know how much is spent on each or whether there's anything else.

COX: So we don't know exactly how much it's for, what they're providing?

BAILEY: No, we don't know a lot really and their reported profits, I think, are only the tip of the iceberg. Of that £126 million, there was £54 million worth of purchasing from other Capita Group companies. Now within that they would have made a profit, so it understates the true profit figure as well. But again this is all shrouded in secrecy at the moment and we've been struggling to get the contract into the public domain.

COX: When you saw they had made over £20 million, on that contract, what did you make of that?

RAWLES: I think it's difficult to understand when my next door neighbour has been waiting three years for a new front door on a council property, and these are the things that affect people's daily lives. I think increasingly I feel that as citizens we have no control and at the moment those elected representatives don't seem to either have the control over the contracts or wish to exert control over the contracts. Certainly one of my local councillors is actively interested in the issue.

CLANCY: I'm Councillor John Clancy.

COX: Have you seen the contract?

CLANCY: As a member of a particular scrutiny committee, I actually did demand to see the contract and I have actually read the contract.

COX: Trevor's local Labour councillor, John Clancy, is one of the few people in the city who know the precise details of the deal between Birmingham and its contractor, Capita. As a former commercial lawyer he understands the way that these deals are constructed.

CLANCY: It is the nature of public outsourcing contracts that they have, in terms of the time that's involved over which the contract is operated and the way that contract is operated, extremely complex. They're deliberately so, I believe.

COX: And what did it tell you?

CLANCY: I can't tell you what it told me, because it is the very nature of these contracts that they are bound up in commercial confidentiality. I would love to be able to have a free and open and honest discussion with other councillors and with my electors about this contract. I can't, it's as simple as that. And this is another angle of the nature of these big outsourcing contracts, because they do indeed protect, to a certain extent, trade secrets, pricing structures, which would only work in these contracts, and they are the things that make these contracts make money.

COX: So neither he nor the council can tell the people of Birmingham much about the contract. But one thing that is known is the profit Capita is making at a time when the council is having to make drastic cuts to save tens of millions of pounds each year. It has led to calls for the council to scrap the contract and pay a penalty. John Clancy knows how much this is - so could he tell me? Would you be able to see in that contract how much it would cost the council to get out of it, what the exit fee would be?

CLANCY: I can, yes.

COX: So you would know and the other members on the committee would know how much that is, but you couldn't tell anyone?

CLANCY: That's correct.

COX: Following pressure from campaigners, Birmingham Council has agreed to publish a redacted version of its contract with Capita, but crucially it won't reveal any figures as this could help bidders for future contracts. Capita didn't want to be interviewed for this programme, but in a statement told us it had significantly reduced the council's costs due to more efficient processes and had carried out a business transformation programme, which had saved £500 million. But Ian Ward, Deputy Leader of Birmingham Council claims eventually the savings will be even bigger. But how is that possible?

WARD: The business transformation programme, which its final year was 2012/13, that has delivered a net £1 billion worth of savings for the City Council, so the taxpayers of Birmingham have seen the enormous benefit of that.

COX: Business transformation, that's basically making cuts effectively, isn't it?

WARD: No, it's about changing the way that we do things and the business

COX: By having fewer people, yeah?

WARD: Not necessarily. I mean, it's ... we have downsized the number of people that we employ over recent years, but that's as a result of government cuts. What the business transformation programme was about, was about doing things differently, about increasing the efficiency of staff, the flexibility of staff, in order that we could improve our service delivery.

COX: I wonder whether people would believe you can save £1 billion just by working a bit differently.

WARD: Well, that's what we've done, remarkable as it sounds. That's why the contract has been such good value for Birmingham.

COX: Where does that figure come from then, the £1 billion? How do you work out that you are saving a billion pounds?

WARD: Well, we invested £500 million pounds in business transformation and we got out in savings £1.5 billion so we have a net £1 billion saving.

COX: So over how long is that, over what period? You mean from 2006 to ...?

WARD: 2006 to 2021.

COX: So how much have you saved so far of that billion then?

WARD: We have saved in excess of £500 million so far.

COX: But critics of the contract, like Professor David Bailey, are sceptical about the savings so far from the business transformation plan.

BAILEY: When the council says that the Capita service Birmingham contract has led to big efficiency savings, no doubt that that business transformation programme led to savings. They would have had to make savings anyway, and I think the scale of the savings made in the contract are now dwarfed by the scale of the cuts coming down and the fact they are going have to make even bigger savings.

COX: Instead of scrapping the contract, the council is trying to renegotiate its deal with Capita and is using Ernst and Young (rebranded as EY) as their advisers. They're one of the big four accountancy firms, along with KPMG, Deloitte and PWC. If Capita's contract with Birmingham is complicated and impenetrable, it's nothing compared to the deals which brought the big four further into the public sector: Private Finance Initiative or PFI deals – using private capital to fund public infrastructure projects such as schools and hospitals. Capita and PWC were the Government's partners in launching PFI and played a key role in the development of the policy, which brings frustration for residents in Birmingham on the receiving end of these deals.

ACTUALITY BY BUS TERMINUS

COX: Pat and Barbara, why don't you tell us where we are first of all?

PAT: Well we're in Simmons Drive, Quinton and we're standing just below the 24 bus terminus.

COX: And what did you want here that you can't have at the moment?

BARBARA: A grit bin.

COX: So what, there's a path just behind us sloping up and you wanted a grit bin there?

BARBARA: Yes, because when it rains and it freezes, it just ices over.

PAT: And then there's also a problem there where a pipe was adjusted, wasn't it, from the bought property. So it now seeps down here towards Barbara's bungalow.

BARBARA: The two lots of water join together, so all the way down here and all the way down the pavement it's just a sheet of ice – it's unusable.

COX: So why couldn't you get a grit bin? They're not very expensive, are they?

BARBARA: Well we were told that we can't have a grit bin because it's going to cost the council from Amey £4,500 for a grit bin.

COX: Four and a half grand for a grit bin?

PAT: Yes, I've got a bucket that I bought of grit for my front garden path, which cost me £4.99 and I can't justify £4,500 for a grit bin.

BARBARA: No way, no way, you can't justify that. Ludicrous.

COX: And is that it? There's no way you can get your grit bin?

BARBARA: Well at the moment ...

PAT: At the moment, I mean we try, we keep voicing our opinions. But as I've said, no one's listening.

CLANCY: Literally we used to call it 'pavement politics'. It's what local councillors were about. But in fact it's very, very difficult to operate pavement politics at the moment, because as an individual councillor, I have lost control of the future.

COX: John Clancy's frustration is with a £2.5 billion PFI contract which Birmingham Council signed with the services company, Amey, for the maintenance of its roads, pavements, trees and parks for 25 years, which means a grit bin, which you can buy online for £200, costs twenty times as much for Birmingham Council.

CLANCY: In the past, the council would maintain a number of grit bins and if you as a councillor realised that the pattern wasn't working you'd say, 'Look, we won't grit bins at locations A, B and C, can we sort this out?' However, the number of grit bins and indeed the grit is determined in a long term contract. So, I know where the contractual grit bins are in the ward in Quinton, but really that's your lot, because if I find now that I wish to try on behalf of some of the citizens in the ward to have a grit bin somewhere else, it's an extra. Because the grit bin would have to be supplied under the contract, and because it's a long term contract, you would have to pay all the future fees upfront. So in order to get one grit bin, we were going to have to spend £4,000.

COX: In spite of this, the contract with Amey is seen as one of the most successful in the country, employing lots of local people and it brings in an extra £50 million a year in a PFI grant from central government. Birmingham Council's Deputy Leader, Ian Ward, says £4,500 for a grit bin is an awful lot, but it gives the council and voters a truer picture of costs in the long term.

WARD: What the cost of putting extra assets on the highway network cover is not only the cost of that asset going in, so a grit bin clearly doesn't cost £4,000. The cost will also cover maintenance for the next 25 years, and that's what's factored in. Previously, of course, we would have picked up those costs in an ad hoc way, we wouldn't have had the transparency for the taxpayer of how much these things cost over the lifetime of the asset. I think we now have that transparency, we know we can put a grit bin in location, we know what the cost is, we know it will be maintained for the next 25 years. That's much more open and transparent than what we were previously doing. We have to interrogate and expose our true costs.

COX: There's an equation somewhere in the Amey contract that will have produced this £4,500. But when councillors and officers are agreeing these deals, it's very difficult to see this kind of detail and know, for example, how much an extra grit bin will cost. Nick Taylor tried to get hold of the Birmingham contract for the website he ran, PFI Exposed. He didn't succeed, but he did get hold of a similar one which shows just how complicated they are.

So, we've got this contract here, Nick, that you'd actually managed to get hold of, and I've only got a part of it in front of me here. How long is the whole thing?

TAYLOR: I'm guessing it's around a thousand pages.

COX: And looking at it here on page 8, I can see, I mean, there's a beginning of a very long calculation here?

TAYLOR: Yes.

COX: And that's one of many, isn't it? So did you try and work some of this out, go through these equations, because I think one equation often then leads to another one, doesn't it?

TAYLOR: It does. A lot of the equations relate to different elements which are contained within the various pages of the full contract and you do have to go from one page to another to actually surmise all the information that's actually needed to fully complete the actual equation.

COX: And did you have any kind of maths background or speciality in this to start working this out?

TAYLOR: No, I didn't, it was just by sitting down and spending many hours of actually trying to understand the different elements of the contract. I was spending some days twelve, fifteen hours doing the research and looking through contracts and ...

COX: Did you finally then manage to work out from this contract how much it was actually going to cost the council for this particular service on this PFI contract?

TAYLOR: I've never actually been able to gain a true and accurate figure for this contract, because so many of the elements are missing.

COX: Do you think the councillors would be able to understand this if they didn't have a specialist background?

TAYLOR: No. Personally unless they have, like you said, a background in accounting or finance, I think they would struggle to fully comprehend the full terms of the contract.

COX: Faced with thousand page contracts and endless equations like this, you have to call in the big accountancy firms, as they understand it best – they have become indispensable because they help make up the rules in the first place. This has brought them substantial fees. One accountancy expert we spoke to estimated the big four had made up to £1 billion from PFI. David Heald, Professor of Accounting at Aberdeen University, spent over twenty years as a special adviser to the Treasury.

HEALD: The Treasury has always been very dependant in this area on technical advice. My recollection is that secondees from the big four actually wrote or were key players in the development of the Treasury's rules, and then important in finding, in advising people how you could satisfy the rules to get the answer that was desired. There became an industry in cosmetic presentation of projects. One of the problems for a public sector client is that the PFI new hospital or the kind of rebuilding of a school estate is

HEALD cont: a one in a lifetime experience for the people who are doing it. So obviously one does not have that capacity oneself, so there's a genuine expertise issue. And one of the things about the big four is because of their sheer size and the intellectual and professional capacities that they can bring is they're sufficiently big that they can always generate that capacity for a client. But of course it does mean that the client is actually very dependent of that kind of expertise.

ACTUALITY IN CANARY WHARF

COX: PWC and Deloitte were the two biggest players in PFI and we wanted to talk to them about this, but they didn't want to be interviewed for this programme. Neither did EY. But one of the big four – KPMG – did agree to speak to us. So I've come to London's financial centre in Canary Wharf where, nestled just between HSBC and Barclays is the headquarters of KPMG. I'm going to meet the company's chairman, Simon Collins, to find out exactly what they do.

COLLINS: We're in the business of providing advice to people - to companies, to governments, to agencies. Advice about navigating risk, complexity, finance in business.

COX: We tend to often think of KPMG, the big four as accountants. Are you accountants? Would you ever call yourself an accountancy firm now?

COLLINS: I think we do call ourselves an accountancy firm. I mean, I think it's a question we ask ourselves. I mean, the roots of the firm are absolutely firmly in the accountancy profession and we're very proud of that. We see our heritage and our present and our future as providing assurance to people. I like to think that it gives a mindset, it gives a backbone of trust, of integrity, of providing assurance to our clients and to society in general.

COX: How important is the public sector to your business?

COLLINS: It's an important part of our business. The public sector is important to us in aggregate, probably somewhere around 6/7% of our business in total, but the public sector is a very very wide, large description. Yeah, that can include individual

COLLINS cont: Health Service Trusts through to central government departments, so we don't think of the public sector as one big monolithic buyer where it's a lot of different clients.

COX: But the big four's public sector work is moving beyond advice on building huge PFI infrastructure projects like schools or hospitals. Changes to the NHS, along with welfare reforms, offer a new way for accountants to become involved in the public sector, helping to run services.

COLLINS: Yeah, healthcare's hugely important to us, because it's hugely important to society and therefore to our clients, so it comes back to demographics. There's worldwide, this is not just a UK problem, there's worldwide, there is a grappling with the increased demand for healthcare and finite resources to provide it with, so there is definitely a healthcare meets business way of solving this problem for society. We think that's a commercial opportunity, we're not shy about that, but we also think that our expertise and experience helps bring private and public sector together to benefit society.

COX: So you're a kind of broker, in a sense, bringing ... you've got the Government, the public sector on one side and then maybe some of the private sector companies who'd like to move more into the markets?

COLLINS: I wouldn't say broker so much as translator sometimes.

COX: Whether translator or broker, the increasing role of KPMG, the big four and Capita in the Health Service makes some people uneasy. Just last week the NHS put £5 billion worth of contracts out to tender, including £1 billion to run elderly services in Cambridgeshire. KPMG and Capita are just two of the firms bidding for a chunk of this work.

ACTUALITY OF PHONE CALL IN DOCTOR'S SURGERY

RECEPTIONIST: I can do Friday, 9.20 with Dr And your date of birth?

COX: This surgery in Kings Heath is one of the largest in central Birmingham and part of a big Clinical Commissioning Group or CCG – one of the two hundred GP-led bodies which commission care for people and now have the bulk of the NHS budget in England. These commissioners rely on CSUs or Commissioning Support Units for all their IT and back office functions, and many CSUs are now using big accountancy firms to help run their operations. This worries Bob Morley, a GP and chairman of Birmingham's local medical committee.

MORLEY: Well, we know that they're providing an awful lot of work for both CSUs and CCGs in very different areas. They're involved, for example, in training CCG governing body members and CSU employees as well, they're involved in being commissioned to project manage lots of major initiatives that CCGs might have.

COX: What's wrong with getting that outside expertise though?

MORLEY: There is nothing wrong in getting the right advice and paying the right sort of money for the right advice if it's in the best interest of the NHS. The concern is perhaps that some of these decisions might be made for the wrong reason and that these very large, powerful, multi billion pound, multinational companies can use their persuasive powers to persuade people that this might be a very good idea. Clearly these organisations are acting out of the interests of their own profits at the end of the day, so it's very, very difficult to be certain that all decisions are always made for the very best reasons.

COX: The Commissioning Support Units get over £600 million of the NHS budget, but how much of that is going to Capita and the big four? Well, I'm looking at some of the NHS England documents where we can see, for example, KPMG says it's working with half of the Commissioning Support Units, Capita says it's actually commissioning services. But we can't see how much of the budget is going to these firms. We asked NHS England and they told us they don't collate the information and if we asked for it under freedom of information legislation, we wouldn't get it anyway, because it's commercially confidential. And in 2016, these units will be independent and profit-making, and it's expected that firms like KPMG and Capita could take a lead in running them.

ACTUALITY WITH DOOR

COX: They are not only benefitting from this policy. Just as with PFI in the 1990s the suspicion is that the big four helped to develop these radical plans through the revolving door between consultants and the Department of Health. We've come to our big revolving door handily here in Broadcasting House to explain how this works. So, for example, in 2002 Simon Leary is seconded from outside - from PWC - to be Head of Strategy at the Department of Health. And once he's inside Government, he joins another former PWC man, Adrian Masters, who is Director of the Health Team at the Prime Minister's Delivery Unit. He's now moved on to the regulator, Monitor. And it's not just a one way street. There are those who've gone from inside Government out to the private sector. So in 2009 Gary Belfield leaves the Department of Health, where he's Head of Commissioning, to join KPMG. And once he's outside, he joins Mark Britnell, who was also Head of Commissioning at the Department of Health, and he is tipped to eventually return and go back inside Government as Head of the NHS. These are just some of the many secondments that take place between these big four and Government. It all looks a bit cosy, but is there anything wrong with it? Simon Collins from KPMG.

COLLINS: I think, possibly naively, but I think we as a profession have been probably a little stung by some of the reaction to secondments. I mean, we see secondments as a way in which we can give better value provision of experienced resource into departments, for example. It's great training for the individuals and they receive a different exposure to a different set of organisations and challenges and so on. We get them back with experience of different things in the same way that we might second them to a charity or to a company as well. We've definitely seen it as mutually beneficial and I think when you put different lenses on things, we probably are considering more carefully now the optics of some of those things and how they look.

COX: Why have you thought then about thinking about that a little bit more whether you do it? Is that just because of the criticism there has been?

COLLINS: No, I think we're very committed to doing it, because I think it's a way of developing our people, it's a way of helping our clients, so we absolutely want to do it. We feel very passionate that it's for, in some sense for the greater good, it's for the good of our people, the firm and for our clients, so it's for the greater good in aggregate.

COLLINS cont: I think what we're being more thoughtful about is just taking a look at how somebody could portray it and saying, well, you know, we know how we think that arrangement is structured and characterised. If somebody wanted to look at it differently, do they have a point? And just making sure that we've made ourselves comfortable on that.

COX: The critics of it - and you've mentioned there has been some criticism - is this idea of are you offering policy advice and that the policy advice would be advantageous to either you as a company or the big four generally.

COLLINS: Well, I think we see a sovereignty of our clients, so it's their decision, so in the case of Government departments it's their policy, in the same way with the board of a company, it would be their decision. We can give expertise and suggestions and help, and when people are on secondment they can form parts of teams and help. I think it's a million miles away from being capable of being characterised as us drafting policy or, you know, it just doesn't feel like that. That isn't the substance of it, that isn't the intention of it, either in Government or in the private sector.

EXTRACT FROM SPEECH

HODGE: What is completely inappropriate and wrong to me, seems to me, is that the guy who helped write the law – he actually helped write the law – is that goes then back to you and supports your clients in using that law to a purpose for which it was never intended.

COX: This is probably one of the reasons why KPMG may be more wary about secondments. Margaret Hodge, a onetime PWC employee, tormented representatives of the big four at the Public Accounts Committee that she chairs over the links between accountancy firms and HMRC.

EXTRACT FROM SPEECH

HODGE: It wasn't intended to avoid tax, it was intended to support innovation, so you're a poacher turned gamekeeper and then you go back and you're a poacher again. And that is shocking. I don't know what you want to say about it.

COX: She wants changes to the way that secondments are run.

HODGE: Let's make a distinction. I think it's okay to have secondees in and out of Government, out of the civil service. I think we need to tighten up the rules, so that if somebody has spent some time working in Government from one of the big four, there are clear no go areas for a couple of years when they go back into their organisations. I mean, when I was at PWC, I actually worked that one of my close friends was a civil servant who'd been seconded out into PWC and who later went onto become a permanent secretary and I think that was a ... she would say that was a good and helpful experience for her, so I think let's have that toing and froing, but I think we've got to have tougher rules. You then come to the way politicians of all parties and their relationship with the big four, and I feel uncomfortable with it. I don't think it's right. I don't think that the big four have altruistic motives in supporting either opposition or government politicians. I think they want to deepen their influence. They will always have their company's interest as the prime motivator for what they do, and I don't think we should do it; I just don't think we should do it.

COX: She is talking about the millions of pounds worth of staff the big four have loaned to Tory, Lib Dem and Labour teams to help shape policy. But what about inside Government and the revolving door? Cabinet Office Minister Francis Maude.

MAUDE: There's nothing wrong with using consultants to help develop policy. I mean, we have a contestable policy fund where, you know, we allow ministers to hire in outside bodies to work on policy development and those could be think tanks, it could be academics or it could be consultancies. You know, as long as you are clear that at the end of it it's ministers that make the policy decisions, then it's pretty immaterial whether the advice they get is coming from civil servants, from a think tank, from a consultancy firm or from some combination which is very often the case. We want a much more open approach to policy making, where we are not dependant on a Whitehall monopoly of policy advice and that's what increasingly we are getting.

COX: The coalition promised to cut down on what it calls the comfort blanket of hiring in consultants and it has reduced spending on them from £1.2 billion a year to just over £200 million. Any secondment from a big accountancy or consultancy firm

COX cont: longer than nine months now has to have ministerial approval, and Francis Maude says he wants to improve the skills within the civil service.

MAUDE: I mean, I remember a conversation before the election with one of the big consultancies, who said it was very much against their interests – very honest of them to say this - but one part of Government, they had been in post, in place for so long and the civil servants were churning around so quickly that the entire institutional memory by then rested with the consultants. Now that's an insane way for things to operate. So we are doing things very differently, and it's not to say consultants are all bad or we should never use them – absolutely the reverse, but we should use them for what they provide high value at.

COX: Ministers can reduce their involvement in central government, but with cuts to local government and the reforms taking place, the big four and outsourcing companies like Capita are now interwoven into the fabric of the public sector. KPMG's chairman, Simon Collins, says without their advice, some parts of Government couldn't function properly.

COLLINS: As the world gets more and more complicated in terms of finance, in technology, risk, increasingly people worldwide are relying on greater specialist input to keep them safe and to help them maximise opportunities, and I think that's exactly what's going on with Government and with healthcare. I don't think I want to defend, in a sense, or get defensive about the idea that developing necessary skills and resources to make available for Government and for mutual benefit is a bad thing. I don't think Government would be able, in its broadest sense, to undertake some of the things that they do for efficiency and for delivery of service without getting specialist help from the private sector.

COX: Do you think people overestimate your power and influence?

COLLINS: It very much feels like that, yes. Yes, I mean, we don't sit here feeling that we have power and influence. We're very proud of the help we can bring and the quality of our people and the way we can help private and public sector clients, but we're certainly not sitting here imagining or daring to imagine that we have great influence other than through the quality of what we do.

COX: But the reforms to welfare and the Health Service will mean we'll see more involvement of accountants in the public sector. And Margaret Hodge argues if they want this business, they'll have to face more scrutiny.

HODGE: Over half of goods and services now provided from the taxpayers' pound goes through private companies, is provided by private companies. I think if a private company is going to deliver a public service with the taxpayers' money, they've got to open their books to public account. You have got to be able to get into the private sector companies who are delivering those public services. The other aspect of this is its no good seeing the accounts if you can't understand them, or if you write a lousy contract which allows the company to exploit you. So that requires the public sector to develop the real commercial skills and business skills to be able to write a decent contract and then monitor it in the public interest.

COX: By doing this, whether in local government or health, it could dispel some of the suspicion that accountants are no longer just advising the public sector, but shaping it in their interests.

SIGNATURE TUNE