

Palais Cambon, 10 June 2025

Citizen-initiated thematic public report

LOCAL AUTHORITIES' USE OF INTELLECTUAL SERVICES PROVIDED BY CONSULTANCY FIRMS

In response to a proposal submitted via its citizen platform, the Court of Accounts is publishing an investigation into the use of consulting firms by local authorities. Conducted by the regional and territorial chambers of accounts of Occitanie, Nouvelle-Aquitaine, Provence-Alpes-Côte d'Azur, and French Polynesia, this report examines 15 local authorities across these four regions. In July 2023, the Cour had already published its first citizen-initiated report on the same topic, focusing on the national level. In addition to estimating the expenditure on these consulting services in local authority budgets, this new report addresses two key questions: why do local authorities use consulting firms rather than the skills of local civil servants and public operators? How do the services provided by these external service providers contribute to improving local public management?

Growing demand for private consulting services, despite available internal resources

As with the French State, the intellectual services commissioned by the local authorities audited represented a relatively modest share of their expenditure during the period: on average 1.3 % of their general operating expenditure and 1 % of their capital expenditure. In absolute terms, these services accounted for €195 million over the five years of the period audited in the 15 local authorities included in the sample. These services are often related to large-scale projects, such as that of the Toulouse metropolitan area concerning the future of its region after the health crisis. Furthermore, in line with the trend observed at the national level, albeit to a lesser extent, expenditure on intellectual services by the local authorities audited grew significantly, by around 20 %. The local authorities cite several reasons for using these firms, including the increase in the number of studies to be carried out, the lack of in-house expertise, the temporary unavailability of resources and the need for an outside perspective. Yet all of them have internal expertise, both in terms of quantity and quality. Several of them have set up audit and/or internal control departments, general inspectorates of services or think tanks.

The need for better evaluation of service usefulness

Although the rules on transparency and competitive tendering were generally respected when awarding contracts for intellectual services, in the vast majority of cases, the need was neither clearly justified nor clearly defined. Even though local authorities report being satisfied with the quality of the services delivered, they rarely carry out a formal evaluation of the work performed, making it difficult to provide objective evidence of its usefulness. This would be essential, at least for studies supporting projects that are fundamental to local public action. Similarly, in order to optimise the use of public funds for the remuneration of private consultants, public procurement rules should provide for the transfer of skills to the relevant teams within local authorities. The latter should also be mindful of the need to protect the often confidential data entrusted to service providers. The report identifies several levers that local authorities could use to improve the efficiency of their use of consulting firms.

For example, financial oversight bodies are calling on local authorities to identify all the skills that they can mobilise within their departments or other public bodies in order to better justify and explain the decision to use consulting firms. The report also proposes, in accordance with the principle of free access to public procurement, that efforts be made to relaunch competitive tendering. Finally, to prevent conflicts of interest between local authority staff and consulting firms, the Court recommends appointing ethics officers or introducing codes of conduct.

Read the report

The Court of Accounts ensures that public money is used properly and informs citizens accordingly.

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