

Procurement

the benefits of insourcing



Local Government Temporary
Labour Procurement



Time for a new model and new savings

As a local government procurement professional what are you measured on? Quality. Value for money. Social Value. Environmental impact. All of these are incredibly important but usually top of the list comes savings; even more so in the present economic climate.

Savings are becoming increasingly hard to find and if you are a council with responsibility for social care, you will be acutely aware that the scarcity of skills coupled with rising wages mean even keeping costs to a similar level is a challenge let alone finding savings.

- Reduce Costs
- Deliver the skills and talent required
- Create social value
- Prioritise local communities
- Enhance the local economy

Our co-developed public to public joint venture model for your contingent workforce can deliver all of this.

How? Most local authorities use agencies to recruit their contingent workforce and although frameworks, work efficiencies and technology have helped to drive down costs, there are finite savings that can be delivered with this existing outsourced business model.

But there are other models. The latest update of the National Procurement Strategy for Local Government in England has recognised the opportunity for partnering and collaboration to bring services 'in-house' to deliver fresh savings for councils¹.

Public to public partnerships with Commercial Services Group

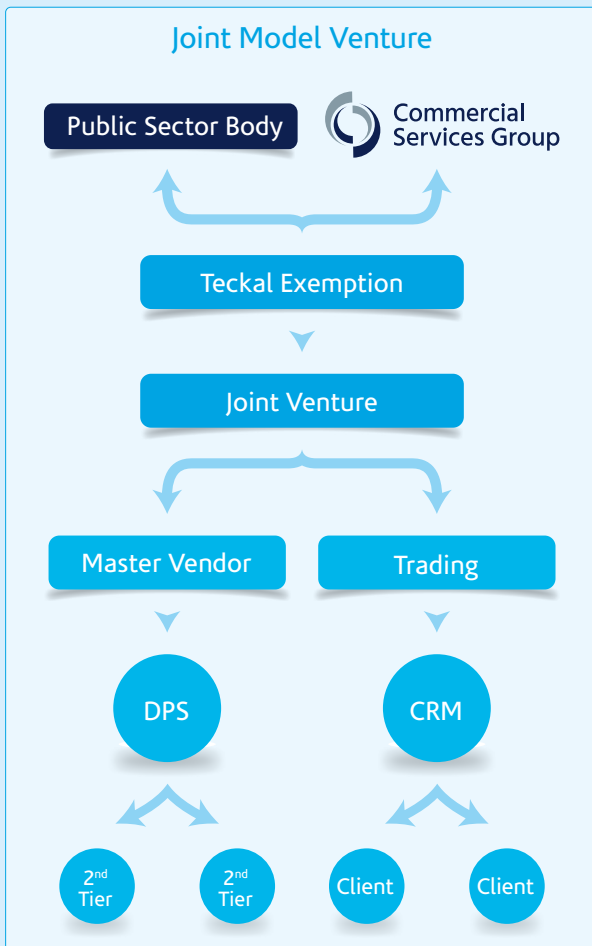
Commercial Services Group (CSG) is one of the largest, local authority owned, trading organisations of its kind in the UK, wholly owned by Kent County Council. With over 15,000 customers we work across the public sector and understand the many challenges being faced.

Our joint venture model addresses the potential operational barriers to bringing contingent workforce in-house by working with you to deliver our tried and tested partnership so that you can benefit from:

- Our market knowledge
- Shared initial investment
- Our experienced team
- Established and successful systems and processes
- Shared management of organisational risk

¹ LGA National Procurement Strategy for Local Government in England 2022 Toolkit – Options Appraisal

How the Joint Venture Model works



Public Sector Body and Commercial Services Kent Ltd collaborate to establish a formal Joint Venture (JV) with appropriate governance to provide recruitment and resourcing of staff services. The JV model takes advantage of the Teckal exemption; a legal precedent for Contracting Authorities which removes the need to go out to competitive tender when contracting with organisations under their control saving time and money.

The JV provides services to controlling authorities as a managed service (master vendor) direct fulfilment provider, utilising a supply chain to fulfil requirements not met by in-house provision.

Together with our partners we have contributed a surplus of **£3m** in the last year alone.

Our partners:



Hampshire County Council

Luton



Our JV model is based on procurement best practice

CSG is in an unrivalled position to work with local government to efficiently implement sustainable Teckal solutions. Although the rules around the Teckal exemption can seem complex we have already launched five successful managed service partnerships with local authority partners representing in excess of £130m annual spend.

At the heart of best procurement practice are some fundamental principles that our JV model can help you deliver:

Supplier management and performance monitoring

With all but a few managed service models in the recruitment market provided by private sector organisations, this represents a significant barrier to accurately monitoring supplier performance and challenging poor cultural practices. By insourcing you will immediately have direct access to the financial performance of your recruitment agency. Budgets are clearly monitored and reported on and performance statistics available at your fingertips.

Our joint venture model:

- Provides control and governance above and beyond any available from a traditional managed service solution
- Ensures true transparency and compliance to agreed supplier markups
- Delivers an increase in quality and compliance through in-house ownership
- Gives you full control of your agency supply chain through a compliant DPS Framework
- Supports your Employee Value Proposition (EVP) to market
- Our joint venture becomes the equivalent of your managed service provider paying you to fill roles.

Suppliers spend analysis

One of the weaknesses of the existing outsourced model is that managed service providers including neutral, hybrid and master vendors have, over the past few years, already delivered the obvious efficiencies. The majority of the main Framework options are now in their second and third generation and while they may offer immediate savings on paper, what further savings are they likely to deliver in the longer term?

By insourcing your contingent workforce recruitment, you will have full transparency of operational and financial performance. Working closely with you, we will create a financial model based on your existing agency spend and outline the opportunity available by applying the JV model. When the business case stands up, we believe so strongly that we invest our own money.

Understanding the market

You may be concerned that internally there is a lack of market knowledge for establishing an 'in-house' model, which would in turn increase risk. Our JV model overcomes this with:

- Our team of recruitment experts who have the capacity and capability to establish a strong recruitment brand in your local market with the systems to back them up
- Knowledge sharing of best practice to address the challenges of setting up and delivering a managed service model including cost management
- A proven track record in organisational transition and transformation with complete adherence to TUPE.

Our JV model delivers 46% savings on fees when compared to outsourced provision.

Employee Value Proposition and social value

Challenges of attracting and retaining talent in the current market remain significant. A managed service provider is not invested in your EVP, you are one of many customers. Insourcing allows you to take control of your EVP, encourages investment in skills as the opportunity to retain staff grows and helps deliver money back to the council for frontline services.

Alongside the existing challenges for local government the new procurement legislation coming into force within the coming months will add additional pressures to public sector procurement. Have you considered yet how will you be able to demonstrate the social value that your contracts are achieving? Our commitment is to build a sustainable joint venture that has your long-term strategy at its core by prioritising local communities, delivering for local SMEs and investing in the local economy.

“

Working with CSG is a real partnership experience. The potential complexity of this project has been made simpler for us with the support and involvement of CSG colleagues. We are already seeing the benefits of greater transparency and great working practices.”

Carolyn Williamson, Chief Executive Hampshire County Council



How to get started

Each council is different, and CSG has invested in developing a comprehensive business case template, based on the experiences of working with our partners. This detailed business case includes capturing existing agency spend and how the application of a JV model could work in your local area.

When the business case stands up, we invest our own money. We can help overcome some of the potential challenges facing local authorities in setting up their own company by providing:

- Tried and tested business case with rigorous cash flow forecasting
- Successful governance structure
- Recruitment market expertise and additional support as your trusted advisor

Free options appraisal

If you're still unsure, we offer a free consultation to review your existing recruitment process. Or, if you prefer, you could choose to use an independent consultant.

Our JV model is based on using the Teckal exemption which means there is no need to complete a full procurement process which delivers further savings; however, our options appraisal will thoroughly explore how the JV model performs against alternatives.

The final report will outline the suitability of the joint venture approach for your organisation including a comprehensive SWOT analysis versus other options. This, for us, is about developing a long-term partnership and our guarantee is that if the figures don't show savings can be delivered, we won't recommend going ahead.



Commercial
Services Group

Procurement

the benefits of insourcing

About Commercial Services Group

Since its inception over 70 years ago, CSG has grown to be one of the leading suppliers of products and services to education and the public sector. CSG is the umbrella for 25 trading brands which continues to grow, with 1800+ staff and nearly £500m in revenue. We are about profit with a purpose and have contributed over £45m back to front line public services.

As we continue to develop, CSG is proud to be recognised not only by our public sector peers, but also within the UK Recruitment market

Our partnerships:

connect  kent[®]

connect  hampshire[®]

Connect  Luton[®]

Connect  Surrey[®]

Connect  Dudley

Can't wait to know more?

We would be delighted to have an opportunity to talk through what we can offer your organisation.

Steve Wilson - Commercial Director

stephen.wilson@csltd.org.uk

t 01622 236694 m 07885 823393



WINNERS 2023

Best Partnership/Collaboration and GOLD Award



SHORTLISTED 2023

Most Effective Back Office Operation and Best Client Service



SHORTLISTED 2023

MSP of the Year - Connect2Hampshire



SHORTLISTED 2023

Best Innovation in Recruitment



WINNERS 2022

Best Public/3rd Sector Agency



SHORTLISTED 2022

Best Recruitment Agency Marketing Team



SHORTLISTED 2022

Public/Public Partnership - Luton Borough Council

1 Abbey Wood Road, Kings Hill, West Malling, Kent ME19 4YT

commercialservices.org.uk