

# the choice

either cut services or change the model

Optimising outcomes from  
your contingent workforce

## The choice - either cut services or change the model

This is how our tried and tested public to public partnership model for contingent workforce can:

- Put money in the pockets of your local residents
- Build the skills and talent pipeline you need
- Put social value at the heart of your recruitment and change lives

Did you know that local government spend in the region of £3.4bn annually on contingent workers? This temporary workforce is key to responding to the rise and fall of demands for services as well as providing necessary cover for harder to fill permanent roles. However, the larger the council the more significant the percentage of revenue budget this contingent workforce becomes.

Current trends show that these costs are continuing to increase. Some increases are out of an employer's control such as cost of living increases and labour market changes but those coming from increased off-contract spend are driving up hourly rates and impacting the attractiveness of permanent roles. This was a specific area highlighted in the MacAlister Independent Review of Children's Social Care (2022). Budgets remain under significant pressure so coupled with the current skills shortages, particularly in key areas such as social care, this is creating a perfect storm and a real threat to filling vacancies. Local government can't stop using temporary staff so what other options are there?

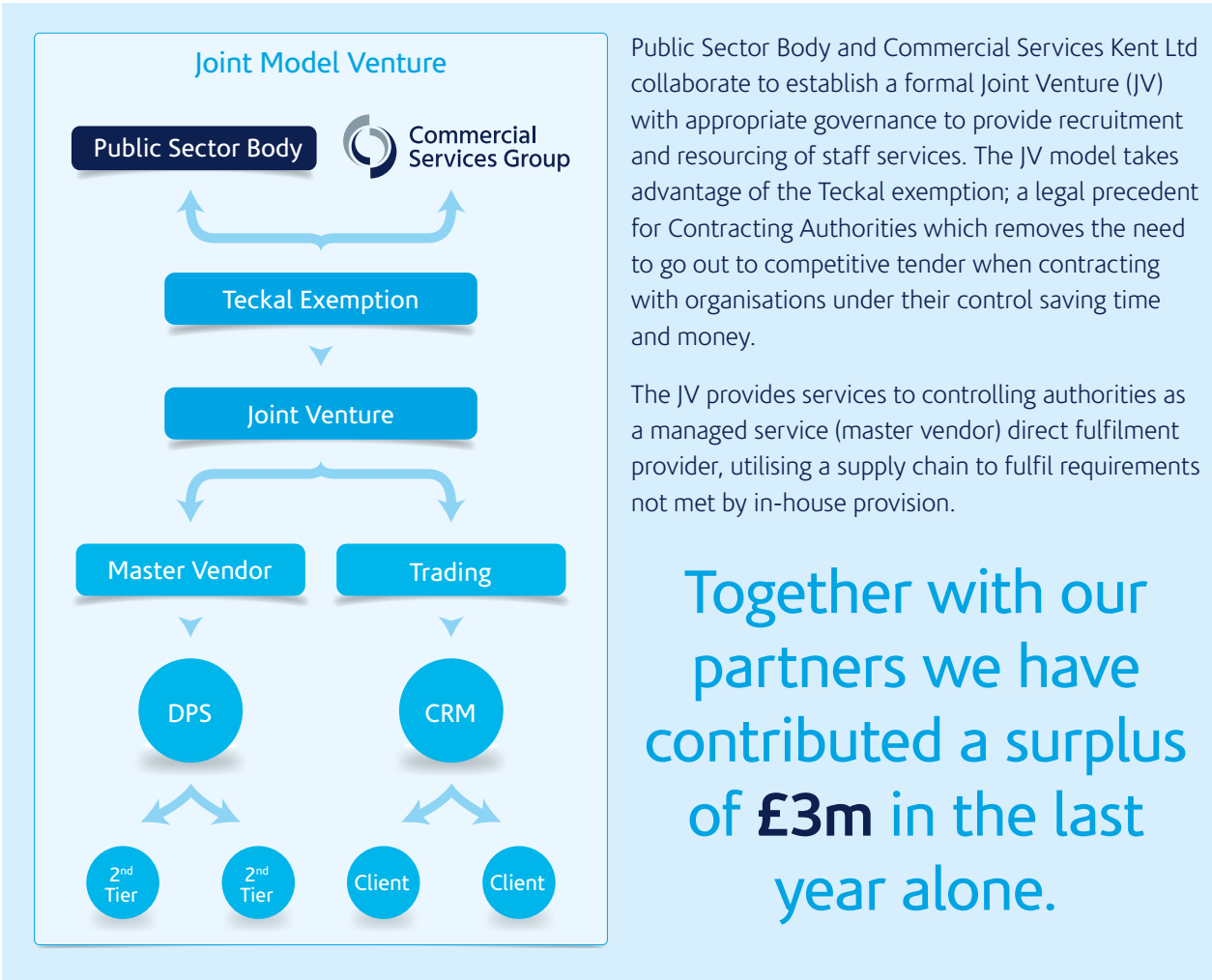
## CSG's Local Government Joint Venture Partnership

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 15000 customers we work closely across the public sector and understand the many challenges being faced.

We co-developed our public to public joint venture model for contingent workforce with our local government partners in response the recruitment market changes. We have created an insourcing model that not only meets public sector recruitment needs but delivers skills and talent and provides a surplus for reinvestment for public services.

**We have already successfully launched JVs  
with spend in excess of £130m.**

## How the Joint Venture Model works



## Our partners:



## What are the problems with outsourcing?

Our own research from working closely with our local government partners found that outsourcing contingent workforce results in:

- Lack of financial control
- Lack of quality candidates
- Inability to retain candidates

### Lack of financial control - where are the next savings coming from?

Spend through a recruitment agency is driven by service area needs. Whilst initially temporary cover for a vacant post can be provided from the existing budget these costs can quickly spiral out of control particularly if there is a failure to recruit to the permanent role. Whilst public sector frameworks have helped to drive some economies of scale in procurement and providers continue to improve efficiency, there is a big question as to whether next generation frameworks will be able to deliver much more in the way of future savings. Investment in technology, such as Talent Pools, can only go so far in delivering future efficiencies; candidates still need attracting, placing and managing. So, what other options do councils have to take back control of their spend?

### Lack of quality candidates – how does your offer compare?

All recruiters know there is a national shortage of quality candidates meaning the market is highly competitive. Agencies will place candidates wherever their own priorities fall, primarily driven by their own business targets. You just want to be first in the queue for the right candidate with the right skills but higher hourly rates or conflicting business objectives may mean the best candidates are placed elsewhere.

### Inability to retain candidates – do they know what you stand for?

Temporary staff are just that and the present skills shortages mean that they will be tempted to chase the higher rates. If an agency supplier has multiple local authority customers the outsourced model actively encourages them to move candidates around to where their best value (i.e. profits) will be delivered. This process continues to amplify the problem making it unwise for local authorities to invest in the skills of temporary workers who may just leave. Whether your objectives are about improving diversity, supporting local jobs for local people or getting the long-term unemployed into employment; is it realistic that a third party will act as though they are you? Only if you are in control can you be sure that your value proposition is being clearly communicated to candidates.

## It's time to ensure you are the priority

You can address all these issues and more by moving to our insourcing JV model working with us as your trusted partner. We are confident our public to public partnership will deliver:

- A demonstrable proven model that works for local government
- A fully compliant approach without the procurement costs
- Shared and strictly managed risk and rewards
- Flexibility to meet changes in specifications
- Significant savings
- Complete transparency of operational and financial performance
- Dividends, from a surplus, to your organisation
- Your social value objectives for your local community

## 46% savings on fees, when compared to an outsourced provision.

## CSG Joint Venture – delivering best value

CSG is in an unrivalled position to work with local government to efficiently implement sustainable Teckal solutions. We already have five partnerships with local authorities representing in excess of £130m annual spend.

The great news is that our model isn't about starting from scratch and taking a leap of faith; it is about replicating a service model that was developed with and is already working successfully for local government.

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*Connect2Dudley is a true partnership between Dudley Council and Commercial Services Group (CSG) to provide high quality, compliant workers at a challenging time in recruitment. The key driver was an income for the Council to reinvest in services. CSG has provided Dudley with the systems and expertise to get the JV up and make it a success. Ten months in, we are overachieving our income targets, have been shortlisted for 'Business Start Up of the Year' at the Nachural Awards and more. It is genuinely a pleasure to work alongside an organisation like CSG.”*

Faye Parrett, Head of Commercial Commercial Digital, Customer & Commercial Services, Dudley Council

## What you think may be holding you back

Your concerns	How CSG help
Having the right skills and resources	We have the knowledge and experience of successful JVs already worth more than £130m. And as the experienced partner we do 80% of the set-up work for you.
Technology	We already have the systems in place to deliver the insourcing model
Money to invest	If the business case stacks up then we share the investment required to set-up the JV
Risk	As partners we will manage and reduce the risk through our proven model and partner experience
We tried a LATCo before and it didn't work	Our JV model is about insourcing your supply chain rather than outsourcing your supply. As one of the UK's largest and most successful LATCo's we have the demonstrable track-record of delivering JVs including significant dividends back to shareholders
Will it fit with our members?	We have already partnered with a diverse range of organisations and we have been able to address their political concerns

Simply overcoming the “not invented here” objection may be your hardest challenge.

If you think this might apply to you, we have built up an exceptional network with our existing JV partners who are happy to share their best practice and learning. Just ask to speak to one of our partners.

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*What the local authority lacks is that ease of taking risks, of having commercial skills and experience but because we are working in a joint venture, we are sharing the risk. You get into a partnership where you share the risk but also you share a greater chance of the reward which is the profit or the surplus. And for me that was one of the key successes.”*

Cllr Jacqui Burnett - Luton Borough Council

## How to get started

Each council is different, and CSG has invested in developing a comprehensive business case template, based on our experiences of working with our partners. This 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 believe so strongly that 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
- Full transparency for operational and financial performance and supplier chain management
- Successful governance structure
- Thorough knowledge of the recruitment market
- Additional support as your trusted advisor

There aren't many other opportunities for councils to save money whilst increasing the quality of supply of staff.

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*The industry knowledge of the CSG team is second to none. This is hugely important in giving reassurance to key stakeholders and in delivering solutions that have the potential to really make a difference to how we resource our business. There is a creativity involved, which I haven't experienced from any other temporary resourcing solution I have worked with.”*

Arabella Smith – Head of Insights, Programmes & Governance, People & Change - Surrey County Council

## Free options appraisal

If you're still not sure it's for your council, we offer a free consultation to review your existing recruitment process. Or, if you prefer, you could choose to use an independent consultant.

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

The final report will outline the suitability of the JV 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 would not go ahead.

## 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 frontline 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:



## 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

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**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