Government Commercial Function

ANNEX 1 Definitions of Extended Workforce Services

Guidance Note

November 2026

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1. Definitions

1.1. Consultancy

1.1.1. Consultancy is broadly defined as provision of advice to fill a knowledge gap. This can be to identify options and recommendations, or advice to assist with implementing solutions, and will be time limited. It will usually relate to business change or transformation, but can also focus on more technical, sector-specific expertise. The individuals (consultants) delivering the service (output) will operate outside of the client organisation's structure and staffing establishment.

1.1.2. This definition includes:

- Management consultancy, which is the provision of objective advice on an organisation's strategy, structure, management and operations. This includes advice on: long-range planning, reorganising structures, rationalising services and general business appraisals.

1.2. Contingent labour

1.2.1. Contingent labour refers to workers who are used to fill existing in-house roles or business-as-usual (BAU) positions for a fixed term. They will work under the supervision, direction and control of the contracting authority's organisation.

1.2.2. This definition includes, but is not limited to:

- temporary staff, interims, or contractors - workers who are not on the contracting authority's payroll. They may be self-employed through a personal services company, or be employed by an umbrella company or agency.
- named individuals - specific people brought into the contracting authority under a contingent labour model.

1.3. Resource augmentation

1.3.1. Resource augmentation is an approach where a contracting authority contracts with a supplier to supplement existing in-house teams with external resources to fill a specific skills gap or capacity need.

1.3.2. This is similar to contingent labour, but some key differences exist.

- As staff are chosen by the supplier, there should be no interview process. However, it's common for the contracting authority to review profiles.
- Staff are under the direction and control of the contracting authority, but annual leave, annual appraisals, pay and bonuses are managed by the supplier.
- The supplier determines the day rates.
- It should involve knowledge transfer to the in-house team as part of the contract.
- This can be done on a short term, tactical basis or longer term to manage a surge in capacity.
- Resource augmentation benefits from the procurement process to ensure value for money.

1.3.3. Be aware that for workforce planning and management purposes, resource augmentation will be considered as contingent labour.

1.4. Professional services

1.4.1. Professional services is an approach where external workers with specific professional experience, accreditation or both, are used to fill a skill or capability gap, to assist the contracting authority in delivering or implementing an operational service. These services normally support digital, procurement, legal, accounting, auditing, engineering, architectural, actuarial, and other recognised professional disciplines.

1.4.2. Work conducted via professional services can include, but is not limited to, the following:

- delivery of specific project activities or discrete work packages as part of BAU

- services procurement or statements of work (see below for these definitions)
- work that leads to organisational change for the contracting authority
- unique activities that aren't BAU

1.4.3. Professional services engagements should be managed by deliverables rather than time and materials to help manage cost and quality.

1.5. Services procurement

1.5.1. Services procurement is an industry term for the process of managing an extended workforce to deliver a Statement of Work (SoW), it may also just be referred to as Statements of Work. Services procurement are under the supervision, direction and control of a supplier and focuses on specific outcomes or deliverables rather than the provision of hours worked.

1.6. A Statement of Work

1.6.1. A Statement of Work is a legally binding contract detailing a specific requirement that needs to be delivered by a supplier. Often it is part of a bigger contract, but it can also stand alone.

1.7. Outsourced services

1.7.1. Outsourced services are services which are being performed by a third party. Traditionally, the supplier is paid to own and deliver the process. There are also co-sourcing arrangements where an external partner works alongside the in-house team, who retain overall control of the process. Managed Service Provider arrangements would normally fall under 'outsourced services', where the supplier is paid to operate. There are instances where Managed Services procurement falls under "Services procurement" because they are used to award individual Statements of Work.

2. Overview of Key Characteristics

2.1. Table 1. Differences between contingent labour and resource augmentation

	Contingent labour	Resource augmentation
Resources are under the supervision, direction and control of the contracting authority	Yes	Yes, however annual leave, annual appraisals, pay and bonuses are managed by the supplier
Resources are under the supervision, direction and control of the supplier	No	No, but retains ownership of Human Resources responsibilities (as mentioned above)
Pricing mechanism	Time and materials (which are stipulated by the buyer)	Time and materials (which are determined by the supplier)
Specific deliverables outlined	Within the scope of the existing team	Yes
Provides advice	No	Can provide knowledge transfer
Integrated into an existing team	Yes	Yes
Part of BAU service delivery	Yes	Yes

2.2. Table 2. Differences between professional services, consultancy, and services procurement

	Professional services	**Consultancy**	**Services procurement** (also known as SoW)	**Outsourced services**
Resources are under the supervision, direction and control of the contracting authority	No	No	No	No
Resources are under the supervision, direction and control of supplier	Usually, yes, although there are exceptions	Yes	Yes	Yes
Specific deliverables outlined	Yes	Yes	Yes	Yes
Provides advice	No	Yes	Usually, no	Usually, no
Integrated into an existing team	Usually, no	No	No	No
Part of BAU service delivery	Yes	No	It depends	Yes

3. Examples

3.1. Consultancy

3.1.1. The buyer is a Government Department that is merging two legacy operational directorates. The buyer requires strategic advice outside of their existing organisational design and change management capability to map the end-to-end transformation. The consultancy is time limited and operates outside of the buyer's headcount. The arrangement is for an approved set of deliverables and the supplier determines how this is done. To ensure effective knowledge transfer, the supplier provides any applicable toolkits, shares methodologies and process maps used and delivers upskilling workshops to the buyer's staff to ensure lasting capability improvements within the buyer organisation and to reduce future reliance on external resources.

3.1.2. The buyer could commission the requirement on a time and materials basis, however best value would be achieved by utilising an output based pricing methodology. To do this effectively the buyer will need a detailed specification which may result in the requirement being split into a discovery phase followed by outputs. Alternatively, detailed market engagement will need to be undertaken to draft a specification that enables suppliers to understand the requirement and commit to output based pricing.

3.2. Contingent labour

3.2.1. A hiring manager in the local city council is responsible for recruiting a temporary worker to cover the role and responsibilities for maternity leave cover. Their organisation will have a recommended route for sourcing this requirement, and it will involve a CV sift and interviews to select the best candidate. The worker is brought in for a period of time, employed by the agency and under the supervision, direction and control of the council. The council pays a fixed hourly or daily rate for a worker that covers their pay, statutory costs, and a fee to the supplier for provision. If the worker wishes to take annual leave, then this is managed between the worker and their line manager at the council - the council pays only for the

days that the worker actually is present in work. The worker will be expected to abide by the council's policies and attend all staff calls.

3.3. Resource augmentation

3.3.1. The buyer has a requirement for experienced software specialists to assist the implementation of a new enterprise resource planning system and has contracted with a supplier who will provide them with the resource for an agreed period of time. The buyer has communicated an agreed project budget but the supplier will share the workers' day rates. The intention is to help speed up the deployment and upskilling of the permanent staff on the team. There is a plan to work to, and they are under the direction and control of the buyer, meaning the buyer sets the pace and direction of work. One of the specialists doesn't fit with the culture of the organisation so the buyer requests another resource of equal calibre from the supplier. Another specialist has time off coming up, notifies the buyer, but it's the supplier who grants and manages this, considering if the gap needs to be covered. As the work progresses, the buyer and temporary staff can focus on knowledge transfer and upskilling. The supplier provides templates and training packs they've previously delivered and is able to share their best practice when implementing complex back office software. Under a typical provision of contingent labour, the supplier taking responsibility for replacing the worker, granting annual leave, and providing knowledge transfer would not be expected to happen.

3.4. Professional services

3.4.1. A buying organisation submits itself to annual auditing. The supplier is responsible for auditing the organisation's financial affairs and must produce an output outlining the success and effectiveness of their governance controls, as well as provide recommendations for increasing compliance with financial rules and regulations. The work has been agreed at a fixed price. The supplier deploys a team of auditors into the organisation to review paperwork, practices and interview staff, but they do not sit within an existing team.

3.5. Services procurement and SoW

3.5.1. A buyer has a requirement to develop a comprehensive platform to provide guidance and training material on a new policy area that will be launched to the public in six months. The buyer does not feel strongly about how this is done, instead is focused on a successful outcome, providing it is compliant with accessibility and marketing and communications guidance. The buyer contracts the supplier to be responsible for the delivery of this outcome. The buyer defines milestones and acceptance criteria for agreement by the supplier, linked to payment terms. The supplier delivers the requirement on time, and to the agreed quality.

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