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Date: 23 September 2014

Dear Member

**ADULT SOCIAL CARE AND HEALTH CABINET COMMITTEE - FRIDAY, 26  
SEPTEMBER 2014**

I am now able to enclose, for consideration at next Friday's meeting of the Adult Social Care and Health Cabinet Committee, the following report, which was unavailable when the agenda was printed.

<b>Agenda No</b>	<b>Item</b>
B7	<b><u>Adult Social Care Transformation - Phase 1 Update and Appointment of Partner for Phase 2 Design (Pages 3 - 14)</u></b>

The attached new item, B7 – *Adult Social Care Transformation – Phase 1 Update and Appointment of Partner for Phase 2 Design*, replaces the previously circulated item D2 – *Adult Social Care Transformation & Efficiency Partner Update*, which will now be withdrawn.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Sass', is written over a light blue horizontal line.

**Peter Sass**  
**Head of Democratic Services**

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By: Graham Gibbens, Cabinet Member for Adult Social Care & Public Health  
Andrew Ireland, Corporate Director for Social Care, Health & Wellbeing

To: Adult Social Care & Health Cabinet Committee – 26 September 2014

Decision No 14/00120

Subject: **ADULT SOCIAL CARE TRANSFORMATION - PHASE 1 UPDATE AND APPOINTMENT OF PARTNER FOR PHASE 2 DESIGN**

Classification: Unrestricted

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Summary: This report provides the 6 monthly update on Phase 1 of the Adult Social Care Transformation Programme and the outcome of the Phase 2 Assessment work. It sets out the basis for the recommended decision to appoint Newton Europe to support KCC in the next element of the work, Phase 2 Design.

Recommendation Adult Social Care & Health Cabinet Committee is asked to:

1. NOTE the update on Phase 1 of Adult Social Care Transformation.
2. NOTE the outcome of the Assessment stage of the Phase 2 of Adult Social Care Transformation.
3. COMMENT on the report and either endorse or make recommendations to the Cabinet Member on the proposed decision:

The Cabinet Member for Adult Social Care and Public Health will be asked to:

- i). Make the key decision to appoint Newton Europe to support KCC in designing the second phase of adult social care transformation;
- ii). Delegate authority to the Corporate Director Social Care, Health and Well Being, in consultation with the Cabinet Member for Adult Social Care and Public Health, to enter into the necessary contracts following final confirmation of funding details and the satisfactory negotiation of detailed terms and conditions, to a maximum value of £2.5m.
- iii) That the Corporate Director for Social Care, Health & Wellbeing, or other delegated officer, undertake the necessary actions to implement this decision.

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## 1. Background

- 1.1 Following a competitive tendering process, a decision was taken to appoint Newton Europe as the Adult Social Care Transformation and Efficiency Partner for Phase 1

(Key Decision 13/00010, 2 April 13), As part of this a commitment was made to provide the then Social Care and Public Health Cabinet Committee with 6 monthly updates. This report provides the latest update.

- 1.2 Newton Europe started working on site 7 May 2013. During the past 17 months consultants have been working in partnership with KCC staff to deliver the first phase of adult's transformation.
- 1.3 Phase 1 has been now coming to an end and has been implemented within agreed timescales.
- 1.4 The 3 main programmes of activity were focused on:
  - Care Pathway
  - Optimisation
  - Commissioning and Procurement

## **2. Care Pathways Programme Update**

- 2.1 The 3 major projects within the Care Pathways Programme include:
  - Enablement – support and guidance allowing people to live independently for longer after a change in circumstance (a fall, hospital visit, illness etc.)
  - Telecare – allows service users to remain in their own homes for longer with the help of specialist equipment, devices and connections
  - Promoting Independence Reviews – a review of care provision to ensure the most appropriate level is provided, based on needs, with a review of voluntary support services which may aid the service user
- 2.2 These 3 projects have each been successful in their own right but have provided added value when used in combination. Examples of the impact the use of these services have had include:
  - A 97 year old lady who fell, broke her hip, was very frightened of returning home after being discharged from hospital. She was reassured that the enablement service would support her twice a day on her return home. After a little while, equipment (and support on how to use them) was provided to help her carry out her daily activities. She is now happy with her progress and managing to live completely independently.
  - An elderly woman, with dementia, was prone to wandering into other properties within her sheltered housing complex at night. The warden and family were in favour of moving her into a residential home. An exit sensor was installed on her door, notifying the daughter (who lived nearby) if her mother left the house during set hours. This solution satisfied the concerns of the family, warden and residents and allowed the elderly woman to remain living in her own home.
  - A 47 year old lady, living on her own, with physical and mental health difficulties was initially provided domiciliary care, once a day, to help with meals and reminding her to take her medication. On review, she was finding it difficult to pay her contributions towards her care, so she was offered enablement to learn to be more self-sufficient. During this short period of support our enablement provider

identified that telecare could be used to prompt her to take her medication. Her confidence grew and she became totally self-supported.

- A 53 year old lady, who has well controlled schizophrenia, was suffering from ME and dizziness. She was staying in bed all day, due to perceived tiredness and fear of the TV. Her food was being brought to her 3 times a day by carers. The social worker spent several sessions discussing these issues and both agreed that the fatigue was related to poor confidence. After a 3 week period of enablement, she is now able to make her own evening meals and the amount of support she receives has reduced. She is now working on a plan to reduce the support she needs further, with the long term goal of being completely independent.

2.3 A significant number of people have benefited from the aforementioned services between November 2013 and July 2014. These break down into:

- 1,910 people have benefited from enablement – many of whom have been enabled to live independently in their own homes with less or no homecare support.
- 1034 people have had telecare equipment installed which has helped them to remain living independently in their own homes.
- 1820 people have been reviewed under the Promoting Independence review model - with packages being adjusted according to their current needs and making better use of available community resources and other enabling services.

### **3. Optimisation Programme Update**

3.1 Since the start of the project, significant improvements to frontline processes and the efficiency in service delivery were made (including a 70% reduction in lead time from contact to assessment and a 60% reduction in overdue reviews). This has meant that with the natural attrition which occurred over the course of the project, a vacancy freeze could be initiated, resulting in a lower staff base that more closely matched a proposed staffing establishment (reduction of 23% from Sept 2013).

3.2 Following a period of consultation, the new structure was agreed, and staff are currently going through the HR process of interviews, slotting and finding suitable alternative employment. This work is due to complete in November 2014. It is expected that this restructure will cause minimal compulsory redundancies, due to natural staff attrition.

### **4. Commissioning and Procurement Programme Update**

4.1 Following a robust tendering process, the number of homecare providers used to deliver homecare to our service users has reduced from 147 to 23.

4.2 The reduction in providers means that a large number of service users have been moved to new providers. This transfer work will continue in the following months, as the new providers execute TUPE arrangements and employ more staff. Some service users have asked to remain with their current provider. Where the person has

capacity to make this decision, the service user is being transferred to a direct payment, so as to formalise the continuing arrangement.

- 4.3 As service users transfer to KCC's new providers, both KCC and those clients who contribute towards their care, will benefit from reduced hourly rates.

## **5. Skills Transfer and Phase 1 Handover**

- 5.1 During the last 17 months Newton Europe has been working closely with both adult and corporate staff to develop new processes, train managers to regularly use the 'improvement cycle, agree key performance indicators, design performance monitoring dashboards and encourage adoption of new behaviours into business as usual activity.

## **6. Phase 1 Benefits**

- 6.1 In summary, the changes that Newton Europe has helped KCC to deliver have increased productivity, reduced costs and improved service user outcomes.
- 6.2 The amount of cashable savings that KCC is forecasting from partnership work with Newton Europe is in the region of £30m. These savings will be realised over the current and following financial year.
- 6.3 It should be noted that this level of benefit has been achieved without cutting any front line services and is above the £26m savings Newton Europe guaranteed they would help KCC make.

## **7. Adults Social Care Transformation - Phase 2**

- 7.1 Now that Phase 1 transformation is coming to an end, KCC's focus is on moving towards what will be included in the next phase of transformation and how the next set of savings will be delivered. Phase 2 will build on the foundations put in place during Phase 1 and will take KCC closer towards the long term goal of becoming a commissioning authority.
- 7.2 In order to identify the next steps for Phase 2 transformation, KCC asked Newton Europe to carry out an up to date assessment of the business - including looking at referrals into social care from GPs and those as a result of hospital discharge. This assessment has now ended and the findings have identified the following areas for transformation:
- The development of an effective suite of voluntary services which enable more service users to maintain their independence in their own community;
  - A reduction in the number of placements of older people in residential care, through improved decision making and improving the use of step down beds to gain positive outcomes for people being discharged from hospital into short term residential care;

- A more efficient and cost effective enablement service that will allow even more people to live independently, whilst reducing the cost of the service;
- A reduction in learning disability service users being placed in residential care by designing alternative accommodation options which allow them to live independently;
- An improved pathway to smooth the transition of learning disability service users coming from children’s services into adult services;
- Improved outcomes for learning disability service users from accessing services such as ‘Shared Lives’ and ‘Pathways to Independence’;
- A reduction in the average unit cost of support contracts for learning disability service users.

7.3 Not only will these proposed changes bring benefits to social care users but they will also deliver savings of between £19m and £33m (see fig 1).

Fig 1

Service	Area	Name	Target	Target Total	Stretch	SU Outcomes
Older People, Physical Disability	Acute	Short Term Beds Reduction	£1.20m	£4.14m	£1.60m	<i>Improved outcomes from acute. Fewer service users requiring long term residential placements</i>
		Acute outcome improvement	£2.94m		£6.04m	
	Outcomes & Process	Enablement Volume	£1.83m	£7.77m	£2.44m	<i>Access to enablement service for all service users regardless of referral route. Standardised effectiveness across the service</i>
		Enablement Outcomes	£3.44m		£4.58m	
		Enablement Efficiency	£0.10m		£0.70m	
		Enablement Outsourcing	£2.40m		£4.60m	
	<b>Older People, Physical Disability Total</b>				<b>£11.91m</b>	<b>£19.96m</b>
Learning Disability	Reshaping the Market	Alternate Models of Care	£4.10m	£4.84m	£6.64m	<i>Development of supported living options</i>
		Reshaping support contracts	£0.42m		£0.83m	<i>Greater independence for service users</i>
		Process improvement Shared Lives	£0.32m		£0.49m	<i>Strategic relationship with housing and support providers</i>
	Enablement	Pathways to Independence	£1.93m	£1.93m	£5.03m	<i>Measurement and improvement in outcomes for service users</i>
<b>Learning Disability Total</b>				<b>£6.77m</b>	<b>£12.99m</b>	
<b>Adults Total</b>				<b>£18.68m</b>	<b>£32.95m</b>	

7.4 The amount that KCC realises is dependent on:

- More detailed development of the proposed solutions;
- KCC’s risk appetite for implementing the proposed solutions;
- KCC’s commitment to resourcing partnership activity;
- The pace at which decisions are made and changes are delivered internally (it should be noted that some of these savings are likely to be realised over a number of years);

- Whether savings come through at the expected level.
- 7.5 In line with assurance processes set out in 'Facing the Challenge', the output from Newton Europe's assessment has gone through a formal assurance gateway. The checkpoint review team has given assurance that the evidence base for the identified opportunities is sound.
- 7.6 The next step, in realising the identified opportunities, is to work up the proposed changes in more detail. The 'design phase' will include:
- Refining the scope of Phase 2;
  - Further strategic thinking about a possible Phase 3;
  - Working with stakeholders to redesign processes;
  - Piloting of some new processes and ways of working;
  - The agreement of baselines and key performance indicators against which progress/savings will be monitored;
  - The development of tools and training to support the 'implementation phase';
  - The development of a detailed implementation plan, skills transfer plan and handover plan; the establishment of a KCC run PMO, to support both partnership projects and KCC only projects, to ensure the right change initiatives are being delivered and to coordinate the delivery of change initiatives in the right way.
- 7.7 As with Phase 1 of adult social care transformation, KCC does not have sufficient staff with the spare capacity and the specific skill set needed to support design activity (although it should be noted that Newton Europe has been working with KCC to transfer some of these skills to KCC staff). KCC is therefore looking to purchase expertise for the design phase externally. Due to the complexity of the business, the knowledge that Newton Europe has built up over the past 2 years and their track record to date, it is proposed that KCC procure (single source) Newton Europe for the 'design' activity, through the HTE framework.
- 7.8 Based on the reduced rates KCC and Newton Europe agreed for Phase 1, procuring Newton Europe to support the 'design phase' for 28 weeks is estimated at a one off cost of £2.29m. (It should be noted that the exact cost is dependent on the scope of work that the Adults Portfolio Board agree over the coming months.) The fees for both design and implementation is expected to provide a payback ratio of between 4:1 and 5:1.
- 7.9 The fees for design phase are guaranteed on a 100% contingent basis. If at the end of the design phase Newton Europe are unable to present an implementation plan with targets to deliver annualised savings in excess of the combined fees to deliver the implementation programme (to include the assessment and design phase fees) then the fees for the design phase will be reduced by 50% (i.e. in recognition that this is a joint programme between KCC and Newton, Newton will share equally with the Council the risk that the opportunities identified in the assessment phase reduce substantially during the design phase.)



7.10 Due to the value of this contract, the Cabinet Member for Adult Social Care and Public Health will be required to make a key decision. The cabinet committee is therefore asked to endorse this decision.

7.11 As the exact costs of the design depends on the scope agreed, we ask that cabinet committee endorses the decision based on the assumption that the spend will be no higher than £2.5m.

## **8. Policy Context**

8.1 Adult Social Care Transformation is crucial to delivering a significant proportion the savings KCC needs to make in order to meet the budget deficit.

8.2 The decision is in accordance with the Policy Framework – specifically the delivery of ‘Bold Steps for Kent’, ‘Facing the Challenge - Whole Council Transformation’ and ‘Facing the Challenge – Delivering Better Outcomes’.

## **9. Consultation and Communication**

9.1 There is no requirement to consult on the procurement of a supplier.

9.2 A cross party briefing on adult social care transformation phase 2 was provided to leaders of the opposition on 16<sup>th</sup> September 2014.

## **10. Financial Implications**

10.1 The design phase is required to put KCC in a position to deliver the £19-£33m of savings Newton Europe identified in the Phase 2 assessment.

10.2 Due to the size of adult social care, the success of its transformation activity is critical to KCC meeting its budget deficit.

## **11. Legal Implications**

11.1 Advice has been provided by Corporate Procurement in considering the procurement of Newton Europe for the design phase.

## **12. Equality Impact Assessments**

12.1 There is no requirement to carry out an equality impact assessment for the appointment of a supplier.

## **13. Sustainability Implications**

13.1 There are no negative sustainability implications to identifying and appointing Newton Europe for the design phase.

## **14. Alternatives and Options**

14.1 If Newton Europe are not appointed to support KCC in the design phase, gaining alternative resource will delay both the design and implementation phases. This in turn will delay the transformation of Adult Social Care and the realisation of savings and put pressure on KCC to find alternative and potentially larger savings for 2014/15 and 2015/16.

## **15. Risk and Business Continuity Management**

15.1 If transformation is not successfully delivered, adult social care will be unable to operate effectively within the forecast budget – particularly with the expected increase to the over 65 population and rising levels of dementia. Financial and operational pressures have the potential to affect the safeguarding and support of thousands of vulnerable people. These pressures are also highly likely to impact the large provider market in Kent.

15.2 There is a financial and reputational risk to the Council if this decision is delayed.

## **16. Conclusion**

16.1 Using Newton Europe to support KCC in designing the second phase of transformation will increase KCC's likelihood of successfully delivering improved outcomes to vulnerable people in Kent and of achieving the savings.

## **17. Recommendation**

Adult Social Care & Health Cabinet Committee is asked to:

1. NOTE the update on Phase 1 of Adult Social Care Transformation.
2. NOTE the outcome of the Assessment stage of the Phase 2 of Adult Social Care Transformation.
3. COMMENT on the report and either endorse or make recommendations to the Cabinet Member on the proposed decision:

The Cabinet Member for Adult Social Care and Public Health will be asked to:

- i). Make the key decision to appoint Newton Europe to support KCC in designing the second phase of adult social care transformation;
- ii). Delegate authority to the Corporate Director Social Care, Health and Well Being, in consultation with the Cabinet Member for Adult Social Care and Public Health, to enter into the necessary contracts following final confirmation of funding details and the satisfactory negotiation of detailed terms and conditions, to a maximum value of £2.5m.

iii) That the Corporate Director for Social Care, Health & Wellbeing, or other delegated officer, undertake the necessary actions to implement this decision.

## **18. Background Documents**

18.1 Appendix 1 – Adult Social Care Transformation – Phase 2 Design Partner Appointment – Proposed Record of Decision

Kent County Council, 17<sup>th</sup> May 2012, Item 9 - Adult Social Care Transformation Blueprint and Preparation Plan, May 2012

<https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=113&MId=3905&Ver=4>

18.2 Social Care and Public Health Cabinet Committee, 21 March 2013, Item B2 - 13/00010 - Appointment of a Transformation and Efficiency Partner - Adult Social Care Transformation Programme

<https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=747&MId=5129&Ver=4>

18.3 Social Care and Public Health Cabinet Committee, 4 October 2013, Item B3 – Adult Social Care Transformation and Efficiency Partner Update

<https://democracy.kent.gov.uk/documents/s42746/B3%20-%20ASC%20Transformation%20Update%20October%202013%20v0.2.pdf>

18.4 Adult Social Care and Health Cabinet Committee, 2 May 2014 Item C2 – Adult Social Care Transformation and Efficiency Partner Update

<https://democracy.kent.gov.uk/documents/s46410/C2%20-%20Adult%20Social%20Care%20Transformation%20Update.pdf>

## **19. Contact details**

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# KENT COUNTY COUNCIL - -- PROPOSED RECORD OF DECISION

## DECISION TO BE TAKEN BY

Graham Gibbens, Cabinet Member for Adult Social Care and Public Health

## DECISION NO.

14/00120

*If decision is likely to disclose exempt information please specify the relevant paragraph(s) of Part 1 of Schedule 12A of the Local Government Act 1972*

**Subject: :** Adults Social Care Transformation - Phase 2 Design Partner Appointment

### Decision:

As Cabinet Member for Adult Social Care and Public Health, I AGREE:

- 1). To appoint Newton Europe to support KCC in designing the second phase of adult social care transformation;
- 2). Delegate authority to the Corporate Director Social Care, Health and Well Being, in consultation with the Cabinet Member for Adult Social Care and Public Health, to enter into the necessary contracts following final confirmation of funding details and the satisfactory negotiation of detailed terms and conditions, to a maximum value of £2.5m.
- 3) That the Corporate Director for Social Care, Health & Wellbeing, or other delegated officer, undertake the necessary actions to implement this decision.

### Any Interest Declared when the Decision was Taken

None

### Reason(s) for decision, including alternatives considered and any additional information

KCC does not have sufficient staff with the skills needed to support design activity (although KCC have been developing these skills during the Phase 1 of Transformation). KCC is therefore looking to purchase expertise for the design phase externally. Due to the complexity of the business, the knowledge that Newton Europe has built up over the past 2 years and their track record to date, it is proposed that KCC procure (single source) Newton Europe for the 'design' activity, through the HTE framework.

### Background Documents:

Recommendation Report from Corporate Director to Cabinet Member

### Cabinet Committee recommendations and other consultation:

The 26 Sept 2014 Adult Social Care & Health Cabinet Committee will consider the recommendation report and make comments to the Cabinet Member.

### Any alternatives considered:

If Newton Europe are not appointed to support KCC in the design phase, gaining alternative resource will delay both the design and implementation phases. This in turn will delay the

transformation of Adult Social Care and the realisation of savings and put pressure on KCC to find alternative and potentially larger savings for 2014/15 and 2015/16.

**Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:**

None

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signed

.....  
date

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Decision Referred to Cabinet Scrutiny			
YES		NO	

Cabinet Scrutiny Decision to Refer Back for Reconsideration			
YES		NO	

Reconsideration Record Sheet Issued			
YES		NO	

Reconsideration of Decision Published			