

By: Andrew Ireland, Corporate Director Families and Social Care

To: Mr P Carter, Leader of Kent County Council

Subject: **APPOINTMENT OF A TRANSFORMATION AND EFFICIENCY PARTNER - ADULT SOCIAL CARE TRANSFORMATION PROGRAMME** (Decision number 13/00010)

Classification: Unrestricted

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Summary: This report provides information relating to the key decision to appoint a transformation and efficiency partner to manage the adult social care transformation programme.

Recommendations The Leader is recommended to:

Appoint Newton Europe as the transformation and efficiency partner who will manage the delivery of the Adult Social Care Integration Programme.

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## 1. Introduction

(1) KCC's financial deficit over the next two years (2014-16) is estimated at around £200m and it is clear that public spending will remain under pressure for a number of years. As Adult Social Care is a third of KCC's non-school budget, Families and Social Care is preparing to make significant savings over the coming years. The basis of the Adult Social Care Transformation Programme is that savings of the magnitude that will be needed can only be achieved through transformation (re-designing how social care is delivered). This approach was set out in the Adult Social Care Transformation Programme Blueprint and Preparation Plan which was endorsed by County Council on 17<sup>th</sup> May 2012.

(2) As transformational changes take time to implement, benefits will take time to grow. The ability to start implementing transformational changes as soon as possible is therefore vital to KCC's ability to manage budgets over the next few years.

(3) In October 2012 an independent efficiency review was undertaken. Based on the considerable amount of detailed analysis, this evidenced that significant opportunities exist for adult social care to transform as well as to help support achieving savings of the order of £18m in the first year.

(4) KCC does not have readily available capacity of appropriate capability to manage a programme as large and as complex as FSC's Transformation Programme.

(5) The expertise of the consultancy used during the review, and the way they worked with KCC staff, was a positive and successful experience. This gave KCC confidence that it was possible to work in partnership with a consultancy. It also gave KCC

clarity regarding the added value a transformation and efficiency partner could bring to the implementation stage of the programme and ways of sharing risk.

(6) To identify a suitable efficiency partner a three stage tender process was initiated. The tender process is now complete, a clear leader is identified and we are now in a position to award the contract. Additional information on the outcome is contained in the exempt Appendix A.

## **2. Reasons for appointing a Transformation and Efficiency Partner**

(1) Transforming social care will be a complex and time consuming task – taking at least 4 years. This change programme will be resource intensive and require KCC to transform the business, whilst simultaneously ensuring we continue to meet our statutory duties.

(2) The complexity of improving outcomes for vulnerable people in Kent, building a sustainable social care market which is fit for the future, whilst simultaneously working within reduced budgets is a huge challenge. KCC intends to reduce the risks associated with managing a programme of this size and complexity by: a) using a consultancy with enough capacity to support our programme; b) using a consultancy with a high level of expertise and with experience in implementing similar programmes elsewhere.

(3) Without a transformation and efficiency partner KCC's ability to transform adult social care will be severely hindered.

## **3. Tender Process**

(1) The tender took place through the Health Trust Europe (HTE) framework via a mini-competition open to 19 organisations that specialise in organisational change. The contract on offer is for 2 years, with an option for KCC to extend by 12 months a maximum of 2 times. A three stage process was designed to ensure that bidders have the relevant skills and experience and that the strongest and best value bid would win the contract.

(2) **Stage One: Track Record.** We received 3 submissions providing evidence of appropriate skills and experience to deliver our programme. All bidders were invited to submit a stage two proposal and, upon signing a Non-disclosure Agreement, were provided with data from the diagnostic.

(3) **Stage Two: Costed Proposal.** All three bidders submitted their proposals detailing proposed changes, resources, estimated benefits, fees and options of how they could share risk with us. Proposals were evaluated based on 4 key criteria (with sub criteria). These were evaluated by a different member of the evaluation team to ensure consistency and fairness in the evaluation process. All three bidders were invited to Stage Three to discuss their proposal in further detail. All bidders were asked to clarify specific issues prior to interview.

(4) **Stage Three: Interview.** Each bidder was interviewed by a panel. Bidders were asked a number of specific questions which tested the robustness of their proposal and checked 'fit' with our organisation and the programme needs. The panel discussed bidders in detail after each interview and scored based on consensus opinion.

(5) **Outcome of the tender process:** At the end of the process Stage Two & Three scores were totalled. One bidder was the clear leader. The lowest scoring bidder was un-awardable due to the poor robustness of their proposal and their poor fit with our organisation. The other two bidders were potentially awardable but further clarification was required to be absolutely certain about what was being offered. Following post-interview clarification, it was agreed that the highest scoring bidder's proposal was awardable, subject to approval of the key decision.

#### **4. Policy Context**

(1) The Adult Social Care Transformation Programme is crucial to improving outcomes for vulnerable people in Kent at the same time as delivering the £18.8m of transformation savings identified in the 2013/14 budget.

(2) The decision is in accordance with the Policy Framework – specifically the delivery of Bold Steps for Kent.

#### **5. Consultation and Communication**

(1) There is no requirement to consult or communicate on the identification and appointment of a transformation and efficiency partner.

#### **6. Financial Implications**

(1) The Transformation Programme will deliver significant savings for the Council over the next few years. As outlined in the KCC Budget, the adult social care transformation programme is required to deliver £18.8m in 2013/2014.

(2) The attainment of a large proportion of both FSC and KCC future savings will be dependent on the success of the adult social care transformation.

(3) Investment in external capacity, expertise and innovation is essential in a time of severe financial pressure to maintain or improve services for Adult Social Care. Not taking action now is likely to increase pressures in the immediate and long-term.

#### **7. Legal Implications**

(1) Advice has been provided by Corporate Procurement and Legal Services throughout the process to identify and appoint a transformation and efficiency partner.

## **8. Equality Impact Assessments**

(1) There is no requirement to carry out an equality impact assessment for the appointment of a transformation and efficiency partner.

## **9. Sustainability Implications**

(1) There are no negative sustainability implications to identifying and appointing a transformation and efficiency partner.

## **10. Alternatives and Options**

(1) If a transformation and efficiency partner is not appointed – KCC will need to fully resource the programme alone. As KCC does not have enough staff with the composite skills and experience, a significant proportion of this resource will need to be recruited externally. As resources are likely to be recruited individually, it will take time to build a team and for them to get up to speed and work in consistent and co-ordinated way. This will mean a delay to implementation starting and therefore a delay to the realisation of the benefits. Each month of delay ‘costs’ approximately £1.5m of savings not achieved in 13/14.

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

(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.

(2) There is a financial and reputational risk to the Council if this decision is delayed.

## **12. Conclusion**

(1) Using a transformation and efficiency partner to manage the implementation of the adult social care transformation programme will increase our likelihood of successfully delivering improved outcomes to vulnerable people in Kent and of achieving the savings.

(2) Appointing the highest scoring bidder as the adult social care transformation and efficiency partner will enable FSC to start the implementation phase of the transformation programme imminently.

### **13. Recommendation**

That the Leader:

1. Agree the award of the contract to Newton Europe the transformation and efficiency partner who will manage the delivery of the Adult Social Care Integration programme
2. Delegate Authority to the Corporate Director Families and Social Care in consultation with the Cabinet Member for Adult Social Care and Public Health to enter into the necessary contracts following the satisfactory negotiation of detailed terms and conditions

### **14. Background Documents**

Adult Social Care Transformation Blueprint and Preparation Plan, May 2012

Appendix A – Additional Tender Information (Exempt by virtue of paragraph 3 of part 1 of Schedule 12a of the Local Government Act 1972 – When an award is finalised some of the information will become public via the Kent contracts database)

#### **Contact details**

Juliet Doswell  
Project Manager  
01622 221844  
[juliet.doswell@kent.gov.uk](mailto:juliet.doswell@kent.gov.uk)