KENT COUNTY COUNCIL

SELECT COMMITTEE - COMMISSIONING

MINUTES of a meeting of the Select Committee - Commissioning held at Swale 1, Sessions House, County Hall, Maidstone on Tuesday, 4 February 2014.

PRESENT: Mr M J Angell (Chairman), Mr M Baldock, Mr M A C Balfour, Mr H Birkby, Mr N J D Chard, Mr G Cowan, Mr T Gates, Mr C R Pearman and Mr M J Vye

IN ATTENDANCE: Mrs P Cracknell (Research Officer Scrutiny & Evaluation, Business Intelligence), Ms D Fitch (Democratic Services Manager (Council)), Ms J Sage (Assisting Research & Business Intelligence) and Mrs C A Singh (Democratic Services Officer)

UNRESTRICTED ITEMS

13. 2.00pm - Karen Sharp, Head of Public Health Commissioning (KCC)
(Item. 3)

(1) The Chairman welcomed Karen Sharp to the meeting and invited her to outline to the Committee her role in supporting KCC, and to answer questions from Members of the Committee.

(2) Karen stated that she been in post since June 2013, as her role is a relatively new position. Public health has a £50m grant budget (increasing to £55m in 14/15) although KCC will spend far higher than this on a range of public health activities. The aim is to improve the health of the population, through a range of programmes including drugs and alcohol; sexual health; decrease inequalities and smoking with community intervention. 2 services have a budget of over £12 m each – Drugs and alcohol and sexual health. Currently, public health underperforms in health checks; infant feeding; and smoking cessation. Hoped the wider determinants of KCC can help meet health outcomes through examples such as - delivery of sport, targeted intervention with vulnerable groups, education.

Karen has worked in KCC, the NHS and in the voluntary sector both as a commissioner and also in provider organisations in the voluntary sector.

Question – Following the closure of the MIU - minor injury unit, would it be possible to combine such services with those provided by public health, NHS and Community Groups?

(3) Karen stated that although public health grants covered a wide range of services, Public health was not involved in the commissioning of MIU's as it is the responsibility of the CCG's. Better integration of NHS, CCG, Public Health, Social care will happen through the evolving structures of the Health and Wellbeing Boards. These structures are still relatively immature but progressing well. As go forward will see more joint commissioning and outcomes.

Question – With a £50m budget, how much involvement does the Government have in stating how that amount was spent and where; and

having taken over other contracts, was it possible to change more and adapt to KCC's liking?

(4) Karen explained that the public health grant came with conditions and was ring-fenced. There are 4 mandated services and a broad public health outcome framework crossing a range of services – but KCC decides the services to deliver these outcomes. KCC will need to demonstrate improvement in public health outcomes within the framework.
KCC is asked to assure that the grant is spent on what it is intended for, and provide assurance statements to ensure it is spent appropriately.

(5) Some services that KCC has inherited were already underperforming. Contracts were novated to KCC as part of transition. KCHT receives the highest spend (£20m.) to provide range of services, some are underperforming and none have gone to market. Part of the public Health team role is to separate out this contract and put services out to market to be competitively tendered over the next year. In the novated contracts there was detail about what service should look like, outputs but targets and outcome measures were not well detailed. Lot of work to prepare for next year as want to go to market to comply with KCC, EU and open up the market.

(6) £12m is the current budget for sexual health services. At market events collaboration of sectors – private, public, VCS, small was strongly encouraged. For some services the market is limited as these are clinical services, but have had proactive engagement and positive market events. The tender was broken into 7 lots, so was easier for smaller organisations to bid. Received number of collaborative bids and it was encouraging that the number of providers attending the market event was over 20.

Question – Will there be any Government testing?

(7) Public Health England has provides performance dashboards, which provide bench marking. Services will regularly be subject to inspection from the Care Quality Commission.

Question – Were there problems in contract management?

(8) Contract management is very important to public health especially as it has inherited contracts, and there is a lack of confidence in the arrangements around novated contracts.

(9) Resources used to contract manage needs to be balanced. We should commission outcomes and allow providers to decide the operational detail, and we should not incur heavy transaction costs through onerous performance management. We need to make contract management efficient and focused, and ensure it is not bureaucratic and taking up resource unnecessarily. However we need to be absolutely sharp about what is expected, pricing accordingly and only paying for what is delivered. The best example of contract management this year for public health is in the health checks contract. Improvements have been made and KCC has received a £700k credit note back from KCHT where it identified underperformance. The impact is that whilst there still underperformance, quarter 3 showed a 116% performance as opposed to 80% the previous quarter. This gives a

clear message that we will pay for what is delivered and contract manage delivery closely.

(10) To deliver more focus across the Council we should extend contact management training, the more procurement can train commissioners in approach is useful. The Challenger event was excellent on this.

.

Question – How important is the relationship between commissioning and CCG's?

(11) . Public health has a statutory duty to be represented on the CCG's – from this we will automatically work together better to develop commissioning intentions. Relationships are key – in Public health many consultants are from PCT previously which often means they have good relationships with CCG colleagues and this enables joint work. Barriers to joint working to be overcome include competing priorities against a backdrop of financial pressure.

Question – How dealing with under performance? How work with Voluntary sector? how support re PQQs?

(12) Health checks is an example of where we performing better in who we invite – but not necessarily performing well in who attends Need to shift this so can impact on behaviour. Real role for voluntary sector. E.g. go to local football club for checks (male unfit unlikely to go to GP surgery – need to think more locally about where target population may be and go to them).

(13) A particular focus is the PQQ process, and the necessity for standard questions. We need to test financial viability as organisations need a turnover 4 x higher than the contract value, so some organisations would not be able to respond to invite.

(14) Organisations need resource to be able to bid, it tends to be larger organisations with a big infrastructure that have a bidding arm within the company.

(15) This Is a challenge as value of small organisations is huge in knowing community and flexing what they do – but have to ask for financial viability as need to ensure can deliver as if fail risk continuity of service Voluntary sector can build resource by being involved in projects an example is the community chef programme– small but important work which gives real experience and leads to apprenticeships, now working to develop elsewhere by commissioning through the healthy living programme as have the infrastructure to assist them.

(16) Sexual health has been broken into 7 lots from £100k to £3.5.m. are ways to work with VS/SME but KCC must balance ensuring continuity of services, as cant risk using provider without infrastructure to support.

(17) One key issue is past experience – why do we not take account of this? Why not take previous performance into account in tendering.

Question – A large amount of contracts are not renewed. Is it a question of re-tender at the end of each contract?

(18) There is a legal framework to what should be retendered and when. Under performing contracts should be retendered. If, at the end of a contract initial period, there are no significant issues with the operation of the contract and performance is high, and there was no budget pressure, then it is a good idea to think through the market process as decommissioning can increase instability in provision and disrupt workforce. However it is worth it if a) need to increase improvements to service and/ or b) there is budget pressure and need to look at different models.

Question – Has there been investment in mental health services to promote wellbeing. Was there any liaison with the British Legion and similar organisations?

(19) Preventative mental health money has been invested this year by KCC. This is for promotion of wellbeing to those that would not go anywhere near a service for example older men who might be isolated or depressed. The Vol untary sector has been awarded these projects through competitive tender - were men had determined what the projects looked, i.e. The Mens Sheds programme received match funding from The Libor Programme. The British Legion and similar organisations are involved as national partners.

Question – Why are alternatives looked at, at the end of a contract. What is the procedure for moving from one provider to another?

(20) KCC works within KCC guidelines – sometimes a +1, +2year extension. Contracts have end dates. EU require competitively tendering to ensure best spend and services meet the needs of public.

(21)To mitigate risk in transfer of contracts, different approaches can be used. For example sexual health is a large contract and KCC have allowed a 6 month period implementation period between award date and implementation of the new contract. This allows time for good communication to stakeholders and service clients, and for the preparatory work to be done with the workforce for the new model.

Question – What is the impact of contracting with non NHS people/organisations?

(22) Tendering in 13/14 has included awards to a number of organisations outside of the NHS. These contracts have been awarded to enterprises which offer a strong service model which they are keen to expand. Services will always need to be clinically appropriate and this must be rigorously tested. There are lots of examples of clinical services delivered by Non NHS organisations for example drug and alcohol services across Kent.

Question – How many tenders have there been in public health in 3 months? - **Who decided to commence the procedure?** -

(23) Public Health Commissioning decides in consultation in various meetings. Commissioning has been aligned with the Public health business plan in 13/14. If the contract amount is over £1m, it is submitted to the Procurement Board; if it was below £1m it is agreed with divisional management team and budget partners.

Once tenders were received, who made the decision? – A Panel which includes representation from Commissioning and Procurement Board; and budget partners.
What member involvement was there? - Graham Gibbens, Cabinet Member signs off. The investment in mental health was discussed at Corporate Board. Different models have been discussed at Cabinet Committee. Public health members and deputies were invited to the sexual health stakeholder event.
How many were a statutory obligation? – 1, the others were discretionary and went to the appropriate Board.
Was there any criteria applied to discretionary tenders? – A range of performance indicators in relation to the outcomes in the Public health framework.

(24) The Chairman thanked Karen for helping the Committee with their work and for answering questions from Members.

14. 3.00pm - Ryan Campbell, CEO and Karen Tyrell, Director, Development and Marketing, KCA
(Item. 4)

1. The Chairman of the Select Committee welcomed the Chief Executive Officer of KCA, Ryan Campbell, and the Director of Development and Marketing, KCA, Karen Tyrell, to the meeting.

2. Ryan and Karen had received questions and themes that the Select Committee were investigating in preparation for the meeting. A copy of their response was included in the papers and considered by the Select Committee.

3. Ryan began by explaining that KCA was a registered charity that provided drug and alcohol misuse and mental health services. KCA provided some mental health services in Kent but no longer provided adult and drug and alcohol services sincenew contracts were awarded to different providers. KCA provided a greater proportion of services outside Kent. He advised that the competitive market had worked in KCA's favour and its business had doubled in size through expansion.

4. Grants could be seen as providing voluntary organisations with an inbuilt predisposition not to have to change or innovate – which eventually restricts services.

5. Ryan advised that KCA's experiences with KCC and commissioning were pretty good – even when they not won contracts- and without issue regarding procurement processes. There was a tendency among providers to consider the commissioners as being good if they won a contract or the commissioner had a problem with them if they are unsuccessful in gaining a contract.

6. There was little public information on commissioning nationally; so unable to equate whether KCC, as a commissioner, was good or bad or cost effective at as no measurement. But commissioning is expensive for external organisations and for KCC.

7. Commissioning can be expensive, the principle part of which was unproductive in time and expensive to resource. For example from 5 bids tendered

for may win one contract. Subsequently the funding lost in failed bids had to be recouped within those contracts won. If there was a way that this process could be streamlined reducing the cost, money would be available for more projects in the community.

8. Ryan suggested that there had been a general unpleasantness since 2006 regarding the competition for contracts in the voluntary sector. KCA had 3-6 year contracts, which meant that a third of its business was at risk every year which was stressful as always looking down the barrel of a gun. For some smaller organisations this could equate to 100% of their funding and their continued existence.

9. Statistically, KCA and every provider will lose contracts, therefore there was a fast turn around to win contracts to keep the organisation running. With shorter contracts the reality is that staff were TUPED every few years so it was difficult to retain loyalty amongst frontline staff that are continually swapped between providers. Equally, senior staff could lose their jobs if they cannot maintain business levels so it was difficult to keep them motivated.

10. Ryan said that when he started in the voluntary service there was a friendlier environment which saw shared information and best practice across organisations. Now information was kept in-house and was closely guarded to ensure do not lose competitive edge - to keep or gain contracts.

11. This could be avoided with a change in process; if commissioners looked at having a more intelligent diverse approach. There were models being trialled where the process decided which provider best suited to the requirements based rather than choosing the best proposed provider based on the quality of their bid. Such a model is being trialled in Norfolk and other places.

12. Ryan suggested that it would be helpful if decisions for awarding contracts were made with consideration for past performance. Good performance protection would increase workforce motivation - frontline staff would be assured they were doing a good job.

13. Ryan suggested:

- A mixture of long and short contracts would be better for smaller providers so that there was not a constant contract turnover over.
- Longer contracts would mean continuity and a valued service.
- Incentive and bonuses as at present only the opposite applies if you fail to perform money is taken or you lose the contract. £5k would be a lot of money to a provider the size of KCA.
- A standard Pre Qualification Questionnaire (PQQ). He was unsure why case studies were included at that stage.
- The commissioner could undertake real dialogue with prospective provider instead of relying on a paper submission – organisations can look amazing on paper – but where is the commissioner engagement with service users, staff and site visits
- Why score contract price? Commissioners know what they want to spend – so should not be part of the award criteria. Contract price should be a given can then focusses on what added value will get from the contract / question where the savings made would be used.

- The commissioning process needed to be coordinated across the local authorities. At present the commissioning process all took place in the same timescale i.e. in the summer and over the Christmas holidays.

Question – How much is (re)tendering or bidding for a new contract a balancing act?

14. Ryan advised that KCA was constantly changing and developing its services. With the different drivers such as new legislation providers needed to pitch their bids accordingly. KCA's was happy to state that it had very good services and challenged other providers to do better.

15. Commissioning was better now than it had been in the past. When a provider was in a contractual arrangement it was difficult to be critical of the commissioner. There needed to be a more grown up approach in communication and working relationships.

Question – Do you speak with commissioners?

16. Yes, but not necessarily on commissioning or design of services usually contractual matters where could be a catch 22 if critical issues. Providers, like KCA, had a broader overview of many authorities practices some of who were very inexperienced. So can alert to the pitfalls and common mistakes. It is right that we all want to improve services but reality is that many authorities are inexperienced in terms of their contractual knowledge or commissioning ability.

Question - Is Kent commissioning heading in the right direction?

17. KCA experience is:

- the procurement and commissioning by KCC were standard and competent, but needed to look at more interesting models for commissioning.
- KCC's used procurement as one of its cost cutting measures, which was handled well but was unusual when compared to other local authorities.
- There was little information on financing commissioning
- Family Intervention Service – new and politically visible service with lots of scrutiny and data prescriptive. This could be burdensome.

18. KCA would like to be in the position to offer a wider range of benefits to the communities that it served but time had to be focused on meeting targets and only after those targets were reached could other possible activities be looked at and following the procurement process there was little money left for innovation.

Question – are there to many providers in the market?

19. No, there are not too many providers in the market. Are seeing the consequence of changes to commissioning of contracts rather than grant giving. Tendency that smaller organisation are losing out, in reality if £20M organisation can cope with losing a percentage of contacts. If contract was 50 - 100% of your income, likelihood the organisation will cease trading and fold. Need to help those organisations you value, not just scoring removal.

Question – Would you favour longer contracts, but with agreement that there would be penalties if failed or didn't perform?

20. It is not straight forward as need a mixed portfolio of contracts of both short (two years) and long term (eight years). The three year cycle is difficult for both commissioners and providers, six years would allow opportunities for proper measurement of outcomes. Stretch targets would be good and would welcome the idea of reward incentives from outcome based results. Financial constraints such as the payment by results models have seen the loss of good quality providers.

Question – how maintain and manage client contact vs contract procurement / management?

21. KCA had retained its personal connection with its clients despite the changeable environment. Ryan and Karen considered that they were both still learning in terms of the voluntary organisation changeable environment. Voluntary organisations were more professionally run with a focus on competition and staff performance which they considered an improvement. One downside of this was; a loss of the opportunity to innovate from time to time and they were unsure how this could be overcome. Organisations were now organised around contractual money.

Question – How can voluntary sector facilitate KCC learning?

22. Ryan and Karen said that they were always willing to talk to local authorities regarding procurement. There had been an organisational move from caring and sharing to focus on contractual needs – staff performances, competition and new business approaches. This has brought both improvements but a loss in innovation

23. Talking to KCC commissioners and politicians facilitated learning. For example the select committee provided such an environment which would inform the procurement process.

24. Commissioners and providers need to engage before service are procured about what are the best outcomes and how best to commission them. Ryan suggested that there was willingness to talk but a lack of training in business management which did not sit naturally in the voluntary sector or local authorities.

25. We need to understand together and work together.

26. The Chairman and Members of the Select Committee thanked Ryan and Karen for attending the meeting.

15. 4.00pm - Sean Kearns Chief Executive and Stephen Bell, Director of Business Development, CXK
(Item. 5)

(1) The Chairman welcomed Sean and Stephen to the meeting and invited them to outline their roles and to answer questions from the Committee.

(2) Sean stated that he had been the Chief Executive of CXK for the past three and a half years, this organisation had previously been called Connexions Kent and Medway. This organisation had a long established relationship in Kent for delivering services firstly under GOSE (Government Office for the South East) and

under contract to KCC from 2008. Since 2012 CXK had procured contracts through the early intervention framework e.g. Parenting Services, Health & Wellbeing Services and a number of youth services e.g. detached youth service work. CXK merged with KCFN in April 2013 and are involved in a voluntary sector consortium delivering services to KCC.

(3) Stephen explained that both CXK and KCFN had similar backgrounds, KCFN was previously the Children's Fund. Kent was one of only two local authorities who had created a legacy from the Children's Fund. KCFN primarily contracted for participation and play work but had grown beyond that and had managed to grow services which had been a challenge in a recession. KCFN recognised that they needed to work closer with Connexions and therefore formed a partnership. Both of these organisations were able to offer family based services which complemented each other, KCFN tended to focus on the younger age group whereas CXK focused on young people and adults.

(4) Sean stated that CXK had obtained charitable status in 2008 and from that point they diversified their portfolio and aimed to provide a holistic offer around the family and supporting young people in readiness for training or the work market.

(5) Stephen confirmed that both organisations had moved away from grant funding streams to commissioning, and had looked at how they could maximise their work in this environment.

Question – The services that you provide are discretionary?

(6) Stephen stated that if local authorities focused solely on their statutory duty then they would be unsustainable as they would only be reacting to what was going wrong. It was essential that local authorities focused on the preventative agenda and there were cost savings to be made by local authorities from early intervention.

(7) Sean explained that CXK are commissioned providers for KCC, some services are discretionary and some form part of a statutory duty. For example specifically in the Connexions Contract we undertake the Councils statutory duty to track, record and report to the DFE on the activities of young people aged 16-18 One of the challenges was that there was no clear barometer regarding statutory provision i.e. what and how much.

Question – Why do you think that KCC not take a holistic approach to commissioning?

(8) .Sean expressed the view that KCC did not have a mature commissioning process. Officers needed to understand that they can explore beyond the specification in order to get innovation and creativity as well as accountability from commissioned services. We supply a response to your tender based on what is in the specification there is no opportunity for us to explore innovation it is purely a paper exercise, we believe that this is a missed opportunity for KCC. Additionally there was also the issue of KCC retaining part or all services in house as well as commissioning. If KCC scoped to commission the whole service they would more likely achieve a keener price and avoid duplication of effort. Often in procurement there was a presumption that you have to retain something in house this is especially the case in Kent. There is a view that in house provision is needed for

checks and balances, but this does generate additional costs. Stephen stated that a poor specification equalled poor commissioning.

Question - In relation to mental health services for children and young people there are different providers across the 4 tiers of the service, which must make it difficult to know where the boundaries are, do you get involved in looking at the big picture and specification to make sure that there is clear accountability across these boundaries?

(9) Sean stated that the Sussex Partnership (who were responsible for the tier 2 and 3 CAMH services in Kent) negotiated and agreed with CXK (who provided tier 1 - 2 services) the measure for the type of referral i.e. tier 1 to tier 2. We agreed that it would depend on whether a long term intervention was required in which case it would be the tier 2, if it was short term then it would be a tier 1 CXK intervention, this had not been worked out by the commissioners but by the two organisations delivering the services. There had been two separate tenders for what should be a seamless service.

Question – Was the commissioning for the CAMHs service good?

(10) Stephen stated that he had seen better examples from across the country where successful commissioning of CAMHS had taken place.

Question – What is your perception of this?

(11) Stephen stated that a restart of the CAMH service needed to take place in order to completely restructure the service, the service now provided by CXK (Young Healthy Minds) did not previously exist. Once the best provider had been identified then there should be an open discussion regarding the redesign and integration of the two services. There were challenges regarding the specification for the service, for example in relation to the Common Assessment Framework (CAF) which became the means of accessing tier 1 and 2 services. CXK currently do not have waiting lists over 6 weeks. This service needed time to beddown, the 3 year contract should have been 5 years to give it time to do this, with a 3 year contract they would only be getting to grips with the service when it is time to retender a new contract.

(12) Sean explained that it was necessary to look at the quality of the CAHM service prior to the commissioning, e.g. how many individuals are delivering that service now who were previously engaged to deliver it? Have the Sussex Partnership been set up to fail? Are their practitioners and practices that need to change or be managed out? One of the things that CXK look at when we are considering whether to bid for a contract was what is the current quality of the service and what value could CXK add and what judgements would we have to make to turn the service from good to excellent. The Sussex Partnership were not working to fail but there was a need for additional measures to be put into place. There is an immature market in Kent from what has gone on before, only part of it is a commissioning issue the prime issue is a whole system issue.

Question – In relation to commissioning if there is a problem with the current service there is likely to be problems for the new providers at the start of the contract, do you have any suggestions as to how the time for the new providers to turn the service around can be made as short as possible?

(13) Stephen suggested that when running a procurement exercise, potential providers should be identified and the opportunity taken to speak to them about the service and their suggestions for innovations.

Question - This process is followed for Highways contracts but it is not consistent across KCC do you agree?

(14) Sean stated that every tender in Kent for people related services was between 1 – 3 years in length, this did not engender innovation or investment on the part of the provider.

Question – Do these contracts have an automatic extension if you achieve a set threshold?

(15) Sean replied that this was never the case for people related services, there was however the opportunity to negotiate an extension.

Question – You seem to be suggesting that contacts should be for longer than 3 years? Do you see signs that the market is growing up and will this develop organically?

(16) Sean stated that the procurement framework put out by KCC two years ago was poor. He questioned the purpose of suppliers being part of a framework. KCC's specifications asked for outcomes, not innovations. Providers were measured on cost of delivering as opposed to quality of outcomes. We ask for more 3 year contracts and the framework should be set so that in the submission you could see where the value added would be, this is not just an issue with Kent, the public sector tenders tend to have a closed procurement process as opposed to the private sector. The way that tenders are let predominately supports the single supplier. When we bid we look at the supply chain and look for complementary and additional skills sets that are not within our organisation. In KCC contracts there is no reference to the supply chain. We have brokered and delivered under a consortium for other contracts very successfully to extend the outcome that we would otherwise be able to achieve as a single organisation.

(17) Stephen said that if KCC wanted to invoke change within the market then they needed to be candid about the current situation and their ambitions for the future. The voluntary sector faces huge challenges, it was shrinking in size as the pot of money was shrinking. It was important to look at how to drive innovation. The procurement framework was a half-hearted attempt as it locked out new emerging providers for years to come.

Question – Having successfully bid for a large number of services in Kent are you able to have an open and honest conversation with commissioners in Kent.

(18) Sean referred to the youth service which was the best example of dynamic purchasing by KCC.

(19) Stephen expressed the view that there should be a central procurement process across the whole of KCC, there was a need for consistent professional procurement. It was important for KCC to take this approach as it became a

commissioning authority. It was about working with providers, establishing long term relationship and influencing the market place. KCC spends over £2 billion, it should use it's spend to influence the market place and should avoid in-house duplication of commissioned services.

(20) Sean stated that senior KCC officers did not know KCC contract standing orders which are on KCC's website. What was not on KCC's website was what the funding threshold is. KCC is exposing itself to risk by allowing officers to be involved with the procurement process who are not aware of KCC contact standing orders, and are not following KCC procurement process.

Question – What can KCC do to improve this process?

(21) Stephen stated that KCC needed to engage with the market more. Sean stated that there was a need to look at how to incorporate innovation before finalising the specification. This would give KCC the opportunity to see the maturity of the market that it wanted to engage with, it was important to look at what contractors could offer.

(22) Sean suggested that if funding was a driver then don't set a specification that scores finance at 40%, be open and transparent about it. Also if funding is a driver don't put contracts out for 3 years, a longer term is needed if there is going to be any added value delivered. Contracts should be 5 year with the option to review up to 10 years. If KCC spent £20m over 10 years we would be able to go to the banks and social investment funds. We can draw in £5m of additional revenue on the basis that we have got an ongoing contract. At the moment we don't go to the social investment funds because they want us to have contracts that are longer than 3 years. There is a fantastic market opportunity that KCC is not taking advantage of.

(23) Stephen stated that he and Sean loved Kent and spent most of their voluntary time supporting KCC via the various Boards that they sat on. They wanted to act as a critical friend in the best interests of the people of Kent as they believed that Kent had a lot to offer.

(24) Sean explained another issue was TUPE transfers. It cost CXK 15% extra for each KCC employee that was TUPE'd compared to their own employees the majority of this was additional pension costs. The terms of KCC's contract require them to put in place a bond for the pension of TUPE'd employees. They were one of the few employers required to do this who are in credit and yet you were still ask us to continue to pay. This money that we are putting into this bond could go to help a young person. There was no risk KCC in relation to CXK not meeting the pension costs as the initial bond that was paid would cover this.

Question – KCC is accountable to the public, you are a charitable organisation that is trying to provide the best level of service how can we improve the current situation?

(25) Stephen stated that the key to overcoming the financial challenges was the vibrant market. There were too many voluntary bodies and this had to change and we need to work this out together so that streamlining and rationalisation was in the best interests of beneficiaries.

(26) Sean stated that in their written response there was an element of uncertainty around the independence of the voluntary sector. There were voluntary sector organisations that were set up as brokers for other voluntary sector organisations, e.g. VAWK. What has happened in the last two years is that because the market has got smaller these brokering organisations are now tendering and delivering work and are therefore not independent of the market. KCC should ensure that there was an element of transparency in the market.

(27) Sean explained that the size of KCC and the budget funding that it has could be used to get better value in the supply chain which can be added into the commissioning process, and used to drive down prices. If there was a better procurement process we would be able to deliver a better service for you.

(28) Sean acknowledged that KCC needed to make £269m in savings, he stated that in his experience when organisations were in a tough situation they were more likely to play safe, they had seen signs of this in KCC officers. The reduction in the budget to CXK as a commissioned organisation was disproportionate to the reduction in internal services. When CXK were first commissioned by KCC their contract was £12m, next year it will be £1.3 which was a 70% reduction in 3 years (although there were some statutory changes that had impacted upon this), we do not see the same reduction in internally managed services.

(29) Sean asked Members to consider what proportion of turnover of KCC was commissioned vs internally delivered? Also what proportion of frontline worker costs vs management and support overhead. CXK work on a 5% ratio of their Management staff to front line staff.? We can't see this information transparently within your budget.

(30) Stephen stated that KCC was brave in terms of policy and strategy from the Leader, this needs to be matched by the culture and behaviour of officers. There was a contradiction between the statement that KCC was moving to a commissioning authority and officers pulling services in house. He believe that consideration should be given to moving commissioning and procurement away from the directorate that delivers the service so that there can be no cherry picking of services that are easy to deliver in-house.

(31) Sean and Stephen thanked the Committee for the opportunity to come to the meeting and express their views in a free and frank way. They stated that they believed passionately in doing the right thing for Kent families and young people to improve their outcomes. They viewed this as an emerging market and there was the need for KCC officers to understand what the voluntary sector can do well.

(32) The Chairman thanked Sean and Stephen for helping the Committee with their work.