

**From:** Paul Carter, Leader and Cabinet Member for Business Strategy, Audit and Transformation

**To:** Policy and Resources Cabinet Committee,  
16 January 2015

**Decision No:** 14/00154

**Subject:** Appointment of Strategic Efficiency and Transformation Partner

**Classification:** Unrestricted

**Past Pathway of Paper:** Transformation Advisory Group

**Future Pathway of Paper:** Cabinet Member Key Decision

**Electoral Division:** All

**Summary:** This paper explains the rationale for appointing a Strategic Efficiency and Transformation Partner, outlines the procurement approach being taken to appoint a suitable partner, and seeks approval to proceed with the procurement exercise and to delegate authority for appointing the successful provider.

**Recommendations:**

Cabinet Committee is asked to:

- Consider and endorse, or make recommendations to the Leader and Cabinet Member for Business Strategy, Audit and Transformation on the proposed decision to procure a Strategic Efficiency and Transformation Partner to support KCC's continued savings delivery activities

**1. Introduction**

2.1 Like local authorities across the UK, KCC is under continued pressure to further reduce the costs of delivering services to our residents. £440m of savings have already been achieved since 2008, however the pressure continues and the Council is now focused upon achieving at least an additional £207m of savings by 2017/18. It is widely recognised that this will not be an easy target to achieve, and will require further significant service transformation balanced with the responsibilities of looking after Kent's people and place.

2.2 The Council has used the expertise and additional capacity provided by several external organisations to deliver the savings realised to date.

Transferring skills from these consultants to KCC staff has started, to ensure that our need for external support reduces over time, however given the scale and complexity of savings still to be achieved, we expect additional capacity and expertise to continue to be required for at least the next two years.

- 2.3 By moving from purchasing this support on a tactical basis to a more strategic approach with a chosen transformation partner, KCC will be able to achieve improved value for money as well as accelerating the skills development of our workforce.

### 3. Background

- 3.1 To deliver the savings we have achieved to date and which we need to realise by 2018, the Council has established four change portfolios:

- **0-25 Change Portfolio** - focuses on transforming the way we deliver services for children, young people and their families.
- **Adults Change Portfolio** - focuses on transforming the way we deliver services for vulnerable adults and older people, with our health, voluntary and community partners.
- **Growth, Environment and Transport Change Portfolio (previously Place)** - transformation activity that brings together our universal services which touch the everyday lives of Kent's communities.
- **Business Capability Change Portfolio** - corporate change programmes that create new capability to support the delivery of frontline service transformation

- 3.2 The majority of transformation activity within these portfolios has been undertaken by KCC staff, however the Council has also used the support of several external organisations to support its transformation activities to date, most extensively within our transformation programmes within the 0-25 and Adults portfolios. As a model of joint working, with coordinated County Council and partner project working, it has represented a sound investment. For example, to date we have spent approximately £5m on external support for our Adults transformation programme, which is expected to eventually achieve approximately £30m savings. Continuing to use external support where appropriate will provide additional capacity and expertise to ensure that we achieve the required savings set out in the Medium Term Financial Plan of c£207m by 2018.

- 3.3 To date, these external organisations have been procured to deliver specific projects and programmes, for example:

- Delivery of assessment, design and implementation for Adults Phase 1
- Delivery of assessment and design for the 0-25 portfolio
- Review of KCC's procurement function and external expenditure

- 3.4 This approach has had the benefit of enabling us to assess our requirement for external support at regular intervals, however we have not benefited from the value for money benefits which might be possible were we to have committed to a longer-term relationship with one organisation.
- 3.5 As our transformation maturity develops, there is clear evidence that the skills required to deliver transformation are developing across KCC. For example, we have numerous members of staff working closely with the organisation delivering our 0-25 design programme to learn how to apply the methodology the company is using, as well as starting to develop the skills which their staff bring to KCC.
- 3.6 Nonetheless, despite this increasing capability, the rate of change across the Council means that we continue to require external support, in particular to ensure that we can continue to deliver the high quality services that our residents expect from KCC.
- 3.7 As such there are significant benefits that can be achieved from appointing a single Strategic Efficiency and Transformation Partner, including:
- Reduction in procurement time from not needing to procure resource and expertise for individual projects
  - A stronger relationship with our selected partner, so that they build up a more in-depth knowledge and understanding of KCC and our priorities
  - Benefitting from the investment that our selected partner is likely to make in the partnership arrangement, for example providing us with 'added value' services
  - Giving KCC the opportunity to reconsider its requirements from a strategic transformation partner so that priorities such as transferring skills to our staff become higher priorities for the organisation we work with.

#### **4. Our requirement**

- 4.1 The scope of the contract will be broad and flexible to enable us to use the skills and capacity of the selected partner as required, however at this stage we expect the following programmes of work to be delivered with the support of the selected partner:
- 4.2 **Adults portfolio – Phase 2 implementation:** Phase 2 includes a range of projects/programmes shown below, some of which will be implemented with our efficiency and transformation partner and others by KCC alone.
- 4.3 **Adults portfolio – Phase 3:** Having ensured best use of existing systems in Phase 1 and increased breadth of services in Phase 2, Phase 3 of the programme will focus on developing integrated commissioning by establishing integrated internal processes in the care pathway, and working with partners to develop joint strategic commissioning arrangements

- 4.4 **0-25 portfolio – Phase 2:** Work is currently underway to deliver a first phase of the 0-25 change portfolio. The design phase refined the financial opportunity and the model to be implemented, and the implementation of the resulting changes will commence in February 2015. As with the Adults portfolio, we expect there still to be a lot to do after the upcoming implementation phase, to achieve our ambitions for higher quality, lower cost services for children and families across Kent.
- 4.5 **Further transformation and efficiency projects council-wide to be identified:** we need to ensure the optimal efficiency and effectiveness of every service delivered directly by or procured on behalf of KCC. As a result we will need our strategic efficiency and transformation partner to support these aims across the Council, for example by reviewing the Council's external spend, strategic procurement capacity and approach to commissioning, and providing general strategic consultancy advice to our Officers and Members.
- 4.6 **Skills transfer and capacity building across KCC:** KCC has benefited significantly from the external expertise that we have employed over the last few years, and the skills that we have brought in have demonstrated the value of new skills to the traditional KCC workforce. Our staff have already been working closely with the consultants we have used to date, but we now want to further accelerate this model of joint working and skills transfer to help ensure that we are growing the capabilities we need in our staff for the future. In parallel to the programmes outlined above, we will require our chosen efficiency and transformation partner to design and implement a skills development and culture change programme which will ensure that we have staff across KCC who can use the skills and methodologies deployed through transformation on an ongoing basis.
- 4.7 8 responses to the Pre-Qualification Questionnaire have been received and the Invitation to Tender is expected to be issued on 12<sup>th</sup> January 2015.

## 5. Pricing

- 5.1 The majority of projects commissioned through this contract are expected to be delivered using a contingent fee / risk and reward model, supported by an agreed daily rate card.
- 5.2 Tenderers will be required to submit a proposal for a risk and reward approach. In addition, Tenderers will be required to submit pricing against a daily rate card which will include volume discounts to reflect the amount of business KCC may place with the Partner.
- 5.3 The exact price of each project or programme to be delivered by the selected partner is not yet known until the detailed scoping has been carried out for each, and until the rates and reward model is confirmed through the procurement exercise.

## **6. Procurement approach**

6.1 We are carrying out an OJEU tendering exercise using an Open Procedure. This has the advantage of allowing all suitable suppliers to have the opportunity to tender for the contract and so provide reassurance to the Council that the contract delivers best value for KCC.

6.2 The anticipated procurement timetable is shown below:

OJEU notice submitted & PQQ available via portal	5 <sup>th</sup> December 2014
Expression of Interest (EOI) window opened	5 <sup>th</sup> December 2014
Deadline for PQQ clarification questions	29 <sup>th</sup> December 2014
Expression of (EOI) Interest window closed	5 <sup>th</sup> January 2015
Deadline for PQQ submissions	5 <sup>th</sup> January 2015
Completion of PQQ evaluation	12 <sup>th</sup> January 2015
Issue of Invitation to Tender (ITT)	12 <sup>th</sup> January 2015
Deadline for ITT clarification questions	10 <sup>th</sup> February 2015
Deadline for ITT submissions	17 <sup>th</sup> February 2015
Interviews for shortlisted bidders	6 <sup>th</sup> March 2015
Pre-let meeting with preferred bidder	Week commencing 9 <sup>th</sup> March
Decision	16 <sup>th</sup> March 2015
Standstill period ends	26 <sup>th</sup> March 2015
Contract award	27 <sup>th</sup> March 2015
Contract start date	1 <sup>st</sup> April 2015

## **7. Financial Implications**

7.1 The funding for each individual project or programme will be agreed with the commissioning service and with Finance before commitments to any work are made.

## **8. Legal implications**

8.1 The terms and conditions of the contract with the selected Strategic Efficiency and Transformation Partner will reflect KCC's standard terms and conditions.

8.2 The management and broad direction of the strategic transformation partnership will be through the Council Leader, Head of Paid Service and the relevant Portfolio Board, with a specific allocated nominated officer to manage relationships with the Strategic Efficiency and Transformation Partner.

## **9. Equalities Impact**

9.1 There are no direct equalities issues related to the contract or governance. Any additional impacts or decisions arising from specific projects delivered by the Strategic Efficiency and Transformation Partner will be considered by the relevant Cabinet Committee.

## **10. Facing the Challenge and Policy Framework**

10.1 The partnership with the selected organisation will contribute significantly to the delivery of whole council transformation and to implementing the Councils' Transformation Plan – Facing the Challenge: Delivering Better Outcomes. This is being achieved within the three key transformation themes of Managing Change Better, Integration & Service Redesign, and Market Engagement & Service Review.

## **11. Conclusions**

11.1 As the Council's rate and scale of transformation continues, we are investing significantly in developing the skills and capacity of our staff to be able to lead and deliver this change, however to ensure that savings are realised and benefits are sustained, we require continued external capacity and expertise.

11.2 Appointing a Strategic Efficiency and Transformation Partner will enable us to access the support and expertise of a suitable organisation whilst delivering value for money KCC.

## **12. Recommendation(s)**

Cabinet Committee is asked to:

- Consider and endorse, or make recommendations to the Leader and Cabinet Member for Business Strategy, Audit and Transformation on the proposed decision to procure a Strategic Efficiency and Transformation Partner to support KCC's continued savings delivery activities

## **13. Background Documents**

[Facing the Challenge – delivering better outcomes, September 2013](#)

### **Contact details**

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