

BRIEFING PAPER

SUBJECT: Budget Matters – Interim Transformation Partner
DATE: 22 August 2024
RECIPIENT: Overview and Scrutiny Management Committee

THIS IS NOT A DECISION PAPER

SUMMARY:

This briefing summarises budget matters relating to the appointment of an interim transformation partner to support the successful implementation of the council's "adapt | grow | thrive" organisational transformation programme.

This proposed appointment is a key element in the organisational transformation of the Council in order to reach a position in which its General Revenue Fund budget is balanced in future years' without the need for Exceptional Financial Support from the government. This is a key component in enabling the Council to achieve long-term financial sustainability.

This appointment follows, and directly relates to, the completion of a diagnostic phase of work by the proposed interim transformation partner, Newton Europe.

It was intended from the outset that an implementation phase of the transformation programme would follow the diagnostic phase if that diagnostic phase was successful in identifying transformation activities and financial savings opportunities of sufficient scale and impact to support the commissioning of the second phase.

Annex 1 sets out the confidential and commercially sensitive terms relating to this report and the appointment of the interim transformation partner

BACKGROUND and BRIEFING DETAILS:

1. The Council undertook a process in the 2023/24 financial year to appoint a transformation partner to undertake a Diagnostic Phase (the "Diagnostic Phase"), primarily relating to the Wellbeing (Children & Learning) and Wellbeing & Housing areas of the Council. This process envisaged that the transformation partner could be appointed to undertake a subsequent Implementation Phase (the "Implementation Phase") at the sole discretion of the Council.
2. The route to market identified for this process was a further competition through the Crown Commercial Service RM6187 Management Consultancy Framework Three Agreement ("MCF3"). This framework includes a maximum framework price against which bidders provide their price to ensure best value is evidenced. Following the competitive process, the Council we received 2 bids and Newton Europe were identified

BRIEFING PAPER

through a Most Economically Advantageous Tender evaluation as the successful supplier.

3. Newton Europe was appointed in March 2024 to undertake the Diagnostic Phase as the result of an urgency decision by the (previous) Chief Executive taken under delegated powers on 22 December 2023.
4. This Diagnostic Phase was primarily focused on identifying the potential financial savings, associated benefits and process improvements that could be achieved across Children's Services and Adults Social Care through a subsequent Implementation Phase of transformation activity. The Diagnostic Phase has now been completed and has successfully achieved its aims and objectives.
5. Following the completion of this diagnostic phase, and other work carried out by all areas of the council, the full scope of the council's Transformation Programme, named "[adapt | grow | thrive](#)", was approved by Cabinet in July 2024. This report sets out that in order for the council to successfully deliver its transformation plan, external support would be required throughout the implementation phase of the programme.
6. Consideration of whether the Council wishes to proceed with Newton Europe as its main transformation partner for the full Implementation Phase, covering the period up until the end of the 2027/28 financial year, will be the subject to a further report to Council in September 2024.
7. The report in September 2024 will set out the full scope of work that would be undertaken by a lead Transformation Partner and other key considerations, including detail of the proposed commercial model, demonstration of value for money, and the accompanying assurance mechanisms that the council will use to manage any future commercial relationship.
8. In view of the Council's financial challenges, it is imperative that the Council ensures that all elements of the implementation of its transformation programme are commenced immediately to realise savings as early as possible. This therefore requires a period of interim transformation partner support until a decision on the full implementation phase can be taken. Approval is sought for an interim agreement with Newton Europe covering September and October 2024.
9. Approval of the interim arrangement set out in this report, along with the exempt appendix, in no way prejudices or pre-empts any future decision regarding the appointment of a transformation partner for the full implementation phase.

RESOURCE/POLICY/FINANCIAL/LEGAL IMPLICATIONS:

10. The resource implications are contained in Annex 1 to this report.

OPTIONS and TIMESCALES:

- **Do not proceed with the implementation of transformation proposals.**
This option was rejected as it would result in the Council failing in its plan to become financially stable.
- **Undertake a procurement process to appoint an alternative transformation partner.**

BRIEFING PAPER

This option was rejected as the implementation phase of this element of the transformation programme was envisaged in the original procurement process and subsequent appointment of Newton Europe. The implementation phase directly relates to the diagnostic phase; the implementation phase has been designed by Newton Europe as a result of the diagnostic phase and, therefore, this appointment enables continuity and speed in proceeding with the implementation phase.

- **Proceed with the transformation proposals using only existing Council resources and/or temporary staff appointments.**

This option was rejected as the Council does not possess sufficient skills, knowledge and, crucially, capacity to implement the proposals itself without external assistance and support.

RISK MANAGEMENT IMPLICATIONS

The risks associated with continuing to the full Implementation Phase will be contained in the full Council report in September 2024.

Appendices/Supporting Information:

1. Annex 1 – Confidential briefing containing financial and contract details

Further Information Available From:	Name:	James Wills-Fleming – Transformation Director
	Tel:	023 8083 2054
	E-mail:	james.wills-fleming@southampton.gov.uk