SUMMARY

An update on the One Kingston Project ‘Transforming Adult Social Care’ was provided to the People’s Services Committee on 3 July 2012. The report included some details on work that had been undertaken under the Adult Social Care efficiency programme to identify areas to improve outcomes for service users and delivering efficiencies in processes and commissioning arrangements that maintain or enhance the quality of services. The Council used funding from the Local Government Association to commission a consultant to assess the feasibility of achieving additional efficiencies to those already planned under the One Kingston project. The analysis demonstrated that there is a potential opportunity for additional and sustainable efficiencies by undertaking a further review of processes, care packages, and other areas with an aim to achieve positive impact to service users in a time of severe financial pressure.

As a result of the review, the Council has progressed to selecting a consultancy company to undertake further analysis and progress this to design and implementation.

Action proposed by the Lead Members for Finance and Resources and Healthy Living and Adult Services

It is proposed that

1. the contract is awarded to the tenderer (as set out in the Exempt Annex to this report) for 3 years with an option to extend for one year at the Council’s discretion and note that the contract is based on a contingent fee model.

2. the Director of Health and Adult Social Services is authorised to negotiate with the tenderer to finalise the delivery arrangements for the contract.

Reason for action proposed

To award the contract for delivering Adult Social Care efficiencies to make additional and sustainable efficiencies to maintain or enhance service quality and improve outcomes for service users.

BACKGROUND

1. The report to People’s Services Committee on 3 July 2012 gave an update on the Transforming Adult Social Care Programme which aims to focus on improving outcomes for service users, helping more people to live at home, and to maximise value for money.

2. The report also highlighted some recent analysis work that was undertaken by a consultant (Newton Europe) to assess whether further efficiencies could be identified in addition to those already in the programme. The Council has signed up
to the Local Government Association Efficiency programme and Newton was one of the companies accredited by the LGA. Newton were subsequently commissioned, using LGA funding to undertake this initial feasibility study which took the form of a diagnostic assessment within the department.

3. The review identified some potential opportunities such as:

- reviewing high cost packages of care in Learning Disabilities, supporting findings from a Deloitte report. Many local authorities have seen improvements in quality and value for money through a more rigorous approach to achieving better outcomes for people with a learning disability.
- adopting a zero cost approach to personal budgets
- review of commissioning arrangements for domiciliary care
- redesigning the review process to utilise reablement and occupational therapy for existing service users
- more effective use of reablement

4. Newton’s assessment was that the Council could achieve additional savings of approximately £2.75m by undertaking analysis, design and implementation of the above, plus other areas, as an efficiency programme. Newton proposed a contingent fee model, whereby the consultancy company which would undertake this work would be paid only based on the savings achieved.

5. The opportunities identified by Newton and that would be undertaken by the successful bidder will improve services as well as achieve efficiencies. This will include streamlining and speeding up processes, offering easier access and greater choice for users.

6. RBK has prioritised the continued delivery of high quality Adult Social care services. In a time of severe financial challenge the Council has sought to maintain core services by improved commissioning, developing partnership and promoting efficiency.

7. Significant savings have already been made through changing workflow systems. The Kingston at Home project will deliver change to the entire health and social care system, which will use resources better and prioritise support in peoples own homes.

8. Continuing to find efficiencies of process and better commissioning is crucial to retaining the maximum resources in front line services. Kingston Adult Social care have already had an LGA Safeguarding peer review in 2012 and the efficiency work arose from involvement in an LGA efficiency process. External challenges and support is viewed positively and can help to streamline and focus services.

9. The Council consulted with other Councils to assess the relative benefits of commissioning consultancy work on the contingent fee basis.

COMMISSIONING

10. While the Council’s Transforming Adult Social Care Programme is on track to deliver its targets to improve outcomes and make efficiencies, there is a pressing need to identify additional efficiencies to support the protection of front line services and improve outcomes for service users. Following the evaluation of the feasibility
of the model, moving this work from analysis into design and implementation was proposed to deliver these efficiencies.

11. The contract with Newton was for initial 'market testing' – i.e. testing a new possible model which could then form the basis of a specification to be delivered to achieve the savings. The Council’s assessment of the work undertaken by Newton in this phase was that there is a need for external expertise to continue to identify ongoing efficiencies and manage and drive forward the necessary changes to processes and structures. It was therefore agreed to progress into commissioning an external consultant to lead this work.

12. The outcomes to be identified through this work (efficiencies and improved outcomes) are in addition to those already planned through the Transforming Adult Social care programme. These are efficiencies which may be difficult to achieve and the 'risk/reward' contingency fee model offers low risk to the Council or service users.

13. An option was investigated to undertake this work ‘in-house’. However, this would require additional capacity, resources and infrastructure. The use of an external provider through a contingent fee model would be minimal risk to the Council. If efficiencies and service improvements are not delivered, in effect the Council does not pay the contractor. It is therefore the lowest risk option. Details of the in-house option are shown in the exempt ANNEX.

14. As the original contract only covered the initial feasibility, it has been necessary to undertake a compliant procurement route to progress into a contract that progressed from analysis to design and implementation, and open up this opportunity to a wider market. As the potential savings identified were approximately £2.75m, this would need appropriate level of resource and engagement from a consultancy, so it was assessed that the value of the contract (based on a fee proposal to achieve the savings) is in excess of the EU Threshold.

15. The specification was developed to include how any potential consultancy would undertake analysis, design and implementation, how indicative savings would be achieved, and what the relative fees would be based on the contingent model.

16. The Director of Health and Adult Services has met with the Chief Executive and Executive Director at the LGA to confirm Kingston’s approach to delivering this efficiency programme.

17. 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.

INVITATION TO TENDER

18. The Council assessed a number of procurement routes for carrying out a competitive tender for this project. A number of compliant procurement frameworks were assessed which would enable a faster and more cost effective procurement route while still complying with Public Contracting Regulations and EU Directives. The NHS Healthtrust Europe Framework – Management Consultancy, due to the specialised nature of the work to identify Health & Social Care efficiencies was chosen as the most appropriate route.
19. The Council undertook a ‘mini-competition’ whereby all 19 consultancy providers were sent Invitations to Submit Proposals. The Proposals set out the context for Kingston and the Adult Social Care Programme and asked them to demonstrate the following:

(a) Track Record in delivery of savings and efficiencies in health & social care
(b) References
(c) Capacity and capability
(d) Quality, accreditation and training
(e) Approach – how they would undertake analysis, design and implementation and what level of resources they would allocate, and what tools would be used.

20. The Contractors were also asked to summarise how they would deliver a return on investment, using the Contingent Fee model. They were asked to:

(a) set out capacity, resources, equipment and management information data required from the Council to achieve the savings.
(b) set out their approach to ensuring that the savings delivered are sustainable, both in terms of service outcomes and knowledge transfer regarding the improvements and changes.
(c) outline the methodology for assessing the fixed fee to be agreed with the Council, which will be based on the level of savings they consider deliverable after undertaking the analysis phase.
(d) set out clearly your approach to sharing the potential risk and reward with the Royal Borough of Kingston upon Thames.
(e) provide a profile of scheduled fees and proposed cash flow profile against illustrative savings across each financial year from 12/13 – 15/16.
(f) provide a mechanism to be used to increase the scope of work and fees payable, in the event that more savings could be identified.

21. During the tender process, clarification questions were addressed and circulated to all consultancy providers. During this period, a number advised they would not be submitting a bid on this occasion. Four tenders were received and were evaluated in accordance with the above criteria. Clarification interviews took place where each provider was asked to confirm some areas of their bids.

22. Details of the evaluation process and the submitted proposals are set out in the Exempt ANNEX of this report.

PROPOSAL

23. The Committee awards the contract to the tenderer (as set out in the Exempt ANNEX to this report) for 3 years with an option to extend for one year at the Council’s discretion and note that the contract is based on a contingent fee model.

24. The Committee authorises the Director of Health and Adult Social Services to negotiate with the tenderer to finalise the delivery arrangements for the contract.
TIMESCALE

25. If the contract is awarded, the standard Council call-in period will take place. Following the end of this period, the stand still period of 10 days start. The contract can commence following that period (subject to no call-in or challenge). It is estimated that this will be by mid October.

26. There are three elements to the work to be undertaken by the consultancy provider: Analysis, Design and Implementation. It is estimated that the Analysis phase will take between 4-6 weeks. The Design and Implementation phases will be worked up to include milestones to achieve sustainable efficiency improvements to outcomes for services users between 2013 – 2015. As the work progresses, there will be a ‘handover’ from the consultancy work to Council business as usual.

FINANCIAL IMPLICATIONS

27. The investment required by the Council will be based on the consultancy fees (a percentage based on savings achieved). The consultancy provider has confirmed that while internal Council staff will be required to support and provide information as necessary, this will be limited and the provider is bringing additional capacity to manage the project. This is set out in the Exempt ANNEX.

28. The target savings for the Council are £2.75 million per year and the proposed fee for the consultancy provider is shown in the Exempt ANNEX, noting that the risk and reward model means that they will get significantly less (or none) of the fees in the event that the savings are not achieved.

LEGAL IMPLICATIONS

29. Legal Services confirmed that the NHS HealthTrust Europe was able to be accessed by the Council. It also confirmed that the Council could undertake a mini-competition within the framework.

30. Legal Services are also satisfied with the Terms and Conditions of the Framework and will be involved when the final contract if negotiated, specifically to cover any risks to the Council. Legal Services will also be included in the event there are any implications from the Design and Implementation phases of the project.

RISK ASSESSMENT

31. The contingent fee model potentially offers less financial risk to the Council than a standard fee approach. The model requires the consultancy to identify savings and their fee to achieve them. On a ‘sliding’ percentage basis, should the savings not be achieved, then the contractor receives less fees. This model has successfully been adopted in other Councils.

32. The main risk to the Council relates to the monitoring and management of the consultancy. The Council will need robust mechanisms within the contract to ensure that the Consultancy is delivering on the objectives within the specification. This will also need to include relevant clauses related to ‘non-payment’ in the event that savings are not achieved. The tender specification has set out robust requirements from the Consultancy on how this would be managed.
33. The other main risk to the Council is whether there is potential for disagreement on savings – i.e. if achieved, how to demonstrate it is as a direct result of the consultancy work. Conversely, if the savings aren’t achieved, there is potential for disagreement around the reasoning for this. For example, whether the lack of progress has been due to unavailability of information or key staff from the Council to drive this forward.

34. There are risks from the challenges the process will pose staff. The work will examine and challenge existing ways of working and is likely to change some work practices and responsibilities. It will be important to ensure good communication and project management with the consultancy company in order to ensure staff are included in the process. Staff responded very positively to initial diagnostic work.

35. These risks will be mitigated by ensuring a robust contract is in place which will be rigorously monitored by Adult Social Care Programme manager, and Finance. Milestones throughout the project will be set up and monitored. Each proposal put forward by the Consultant will need to be agreed by the Adult Social Care Programme Board, prior to implementation. Delivery of efficiencies will then be signed off by the board when achieved.

36. There is a risk of not proceeding with this approach in that it is highly unlikely that additional efficiencies (and associated improved outcomes) would not be achieved without any additional investment.

EQUALITY IMPACT ASSESSMENT IMPLICATIONS

37. An Equality Impact Assessment is not required for awarding the tender. However, it is highly likely that EQIAs will need to be complete as the consultancy carried out the work to identify and deliver efficiencies, to ensure no groups are disadvantaged by any decision.

ENVIRONMENTAL IMPLICATIONS

38. All bidders are part of the NHS HealthTrust Framework and as such have been evaluated as having satisfactory environmental policies covering waste, energy, water, transport, buildings and procurement. While this type of service has minimal environmental impact, the tenderer will consider environmental implications during delivery and management of the service.

Background papers: held by Chris Morgan, Capability Lead, Commissioning – 020 8547 5300, e-mail: chris.morgan@rbk.kingston.gov.uk (Author of report)
- Invitation to Submit Proposals
- Financial Information for Adult Social Care
- NHS HealthTrust Europe Framework Access Documents and Conditions
- Tender submissions Exempt