Health, Wellbeing and the Environment Overview and Scrutiny Committee Meeting

REPORT DETAILS	
Meeting Date	25 October 2016
Report Title	Mental Health Recovery, Learning and Work Services Case for Change Proposal
Presented by	Rob Devlin – Senior Commissioning Manager
Prepared by	Baljit Bahi – Project Lead Mairead Hawker – PMO Support Officer Mandy Holmes – Senior PMO Manager
PURPOSE OF REPORT	
Summary of report	To inform the HOSC of the mental health recovery, learning and work services case for change proposal.
Recommendations	HOSC are asked to **RECEIVE** and consider this report for approval to proceed to consultation, which includes the summary case for change for the service proposal.
OUTCOMES OF REPORT	
HOSC Action Required (double click on box to indicate which applies)	☒ For Approval/Decision ☐ For Assurance ☐ For Review (information) ☐ To receive Update
IMPLICATIONS	
Financial	The Mental Health Recovery, Learning and Work Services proposal will be delivered within existing Clinical Commissioning Group resources over the 3 year contractual period, with no additional investment required.
Patient & Public Involvement	Patient and public involvement have been considered in the case for change proposals, a full consultation exercise will be carried out in advance of the procurement but there are no implications for this report
Equality & Diversity	An equality analysis has been completed and no adverse impacts for protected or vulnerable groups were identified.
YES	The Equality Analysis report was signed off on 26 July 2016
Outcome of Equality Analysis (Summary of if applicable)	An equality analysis has been completed and no adverse impacts for protected or vulnerable groups were identified. Recommendations were made that would need to be built into the service specification to ensure that services would meet the needs of protected and vulnerable groups
Workforce/Educational	None

HEALTH, WELLBEING AND THE ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE MEETING

25 OCTOBER 2016

MENTAL HEALTH RECOVERY, LERNING AND WORK SERVICES CASE FOR CHANGE PROPOSAL

Purpose of Report

1. To inform the HOSC of the Mental Health Recovery, Learning and Work Services Case for Change proposal and seek approval to proceed to consultation.

Background

2. Current day and employment services are provided by nine separate providers commissioned under block contracting arrangements. They comprise eight 'day service' providers and one employment and training service. The day services are a combination of traditional day centres funded through Birmingham City Council and mental health day services funded by the CCGs. These services are funded under collaborative commissioning arrangements on behalf of Birmingham Cross City CCG, Birmingham South Central CCG, Sandwell and West Birmingham CCG and Birmingham City Council. The proposal recommends a procurement that would provide an opportunity to redesign Birmingham-wide services to ensure the same quality assured services are available to all. It is anticipated that new services would be in place from September 2017.

3. The financial modelling in the case for change proposes that the newly procured service will be delivered within the existing financial envelope, and as such does not require additional resources.

Implications (Inc. Financial, Consultation, Equalities, HR & Legal)

4. Financial:
The Mental Health Recovery, Learning and Work Services proposal will be delivered within existing resources over the 3 year contractual period, with no additional investment required. It has been assumed that the Birmingham City Council financial contribution (£456,062 in 2016/17) will cease from 2017/18, this model would be resourced from within the current CCG resource allocation of £1,796,401 per annum.

5. Consultation:
Pre-consultation with service users and providers was undertaken before the development of the proposal. A 12 week formal consultation process will be implemented following approval of the case for change. The consultation will focus and seek views on a number of scenarios for a proposed new model of service delivery; one lead provider development of recovery focussed services, increase in specialist employment advisor provision and introduction of Personal Health Budgets

6. Equalities:
An equality analysis has been completed, approved in July 2016, and confirms that there are no adverse impacts for protected or vulnerable groups were identified. Recommendations were made that would need to be built into the service specification to ensure that services would meet the needs of protected and vulnerable groups.

7. Procurement:
   In the absence of an existing framework for the proposed service, the intention will be to run a full procurement process, using the 'Light Touch Regime', following a Prior Information Notice and advert from October 2016. This will ensure both the Patient Choice and Competition Regulations and the PPCR (Public Procurement Regulations 2015) are adhered to.

Recommendations

8. HOSC is asked to **RECEIVE** and consider this report for **APPROVAL / DECISION**, which includes the summary case for change for the service proposal.

HOSC is asked to: -

- **CONSIDER** the proposal for **APPROVAL**

Appendix 1

Recovery and Employment Services

The case for Recovery and Employment

'An Agreed Purpose for Improved Mental Health in Birmingham' requires that more people with chronic health problems enter sustainable employment and embeds recovery as one its key principles. The Public Health target in the Health and Wellbeing Strategy is that the number of adults in contact with secondary care in employment is increased to from 6% to 8.9%. In addition, the Government Mandate to NHS England is to increase the number of service users accessing personal health budgets from 4,000 to 50-100,000 by 2020. Our proposed Model aims to achieve all these requirements.

Individual Placement and Support Services are designed to support people who want to enter employment more quickly and to sustain their employment for longer. The proposed Model would enable the CCGs to meet the expectation in the Five Year Forward View for Mental Health that localities will implement the fidelity Individual Placement Support model.

The Centre for Mental Health 'Implementing Recovery through Organisational Change' says that Recovery Colleges can revolutionise mental health services and help people to fulfil their potential. Recovery Colleges deliver comprehensive, peer-led education and training programmes within mental health services. The proposed Model would enable the development a Recovery College network in Birmingham and provide a service focused on recovery, empowerment and employment, with an opportunity for service users to access self-management courses, physical activities and co-produced and peer-led services

Through the introduction of Personal Health Budgets (for newly referred service users) in the way Recovery and Learning & Work services are provided, we would enable service users to increase their personal independence and take charge of their own recovery.

Current situation

Services are provided by nine separate providers commissioned under block contracting arrangements. They comprise eight 'day service' providers and one employment and training service. The day services are a combination of traditional day centres funded through Birmingham City Council and mental health day services funded by the CCGs. These services are funded under collaborative commissioning arrangements on behalf of Birmingham Cross City CCG, Birmingham South Central CCG, Sandwell and West Birmingham CCG and Birmingham City Council.

The existing services:-

- Do not share a single underpinning vision for recovery and there is an inconsistent level of interface/joint working with Community Mental Health Teams, Primary Care and other NHS mental health services;
- Operate with fidelity to Individual Placement Support (IPS) model. The current provider operates social enterprises which offer a 'sheltered employment' type of provision which has not been shown to be effective in moving service users onto paid employment outcomes;
- Include Personal health budgets; and
- Providers are not offered any payments by results incentive payments to improve performance.

Proposal

This procurement provides an opportunity to redesign Birmingham-wide services to ensure the same quality assured services are available to all. It is anticipated that new services would be in place from **September 2017.** Our proposed model would:-

- increase the number of Individual Placement Support workers from two to thirteen and place them within community mental health teams, ensuring adherence to the best practice model;
- Develop four recovery centres aligned to the four newly created integrated community mental health services in Birmingham (based in Erdington, Small Heath, Rubery and Handsworth);
- Engage with Forward Thinking Birmingham to ensure services link into the developing 18-25 community based provision.
- Offer 1:1 recovery support planning including a Personal Health Budget 'brokerage' function and recovery-focused activities based on a Recovery College model . The brokerage function involves the 1:1 personal support aspect of the service and supports budget planning and achieving desired outcomes. The preferred scenario is expected to deliver 135 mental health service users with a direct payment personal health budget by 2020 and 310 service users receiving a notional budget;
- Support the development of peer-led support networks and groups.

In addition, a move to outcome based contracting should deliver improved outcomes for patients and greater financial stability for the health economy. It is supported by NHS England and is being adopted by a growing number of CGGs.

Strategic fit

Our proposal supports multiple strategic goals of the Birmingham CCGs:-

- The Government mandate to NHS England for 2016/17 requires 50,000 to 100,000 people have personal health budgets or integrated personal budgets by 2020/21. In the Midlands and East area this translates to 1,000 – 2,000 people with mental health needs having a budget by 2020. Our proposal expects to deliver 135 mental health service users with a direct payment personal health budget by 2019/20 and 310 service users with a notional budget by 2019/20.
- The Five Year Forward View for Mental Health expects the fidelity Individual Placement Support model to be implemented by all localities. The Public Health target in the Health and Wellbeing Strategy requires an increase from 6% to 8.9% in the number of adults in contact with secondary care into employment. Our proposal will expand the number of employment advisers from two to 11.5 and 1.5 senior advisers based across 4 integrated community mental health teams. They will be expected to achieve at least 360 paid employment outcomes per annum.
- The commitment to recovery is embedded in the strategic purpose document 'An Agreed Purpose for Improved Mental Health in Birmingham'. Our proposal will develop recovery centres to support service users into sustainable recovery with as much independence from mental health services as possible. The introduction of a Recovery College model and peer led and peer supported services, promote independence and build self-reliance.

Procurement route

In the absence of an existing framework for this service we intend to run a full procurement process, using the 'Light Touch Regime', following a Prior Information Notice and advert from October 2016. This will ensure both the Patient Choice and Competition Regulations and the PPCR (Public Procurement Regulations 2015) are adhered to.

Numbers/Service Flows

Number of people who are eligible for the service

The service is available to individuals who are supported within secondary care by community mental health teams (n=14,415 p.a.[1]) and those who are on GP Serious Mental Illness Registers (n= c16,000). NB: it should be noted that there is very substantial cross over between the CMHT GP SMI Register cohorts. CMTS hold an active caseload of c2300 at any given point in time.

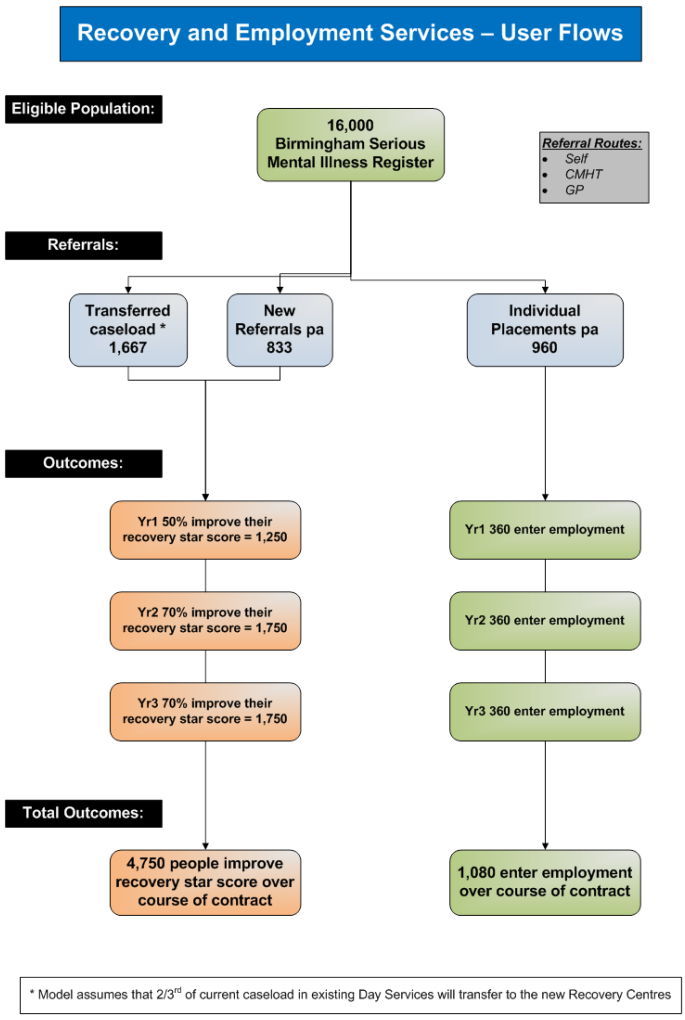
Figure 1 below sets out how individuals will flow through the service and how this will translate into measurable outcomes. NB: for Recovery Services we have modelled outcomes for people newly referred *and* those who transfer from existing day services.

Access

All services are accessed voluntarily; i.e. through self-referral or via a recommendation from a healthcare professional. It is anticipated that workers in CMHTS will receive input in respect of the scope and focus of the service to support appropriate referrals. Commissioners would encourage recovery centres and IPS services to develop self-referral routes (supported by good quality information resources) for those eligible.

Currently services offer a level of self-referral access but referrals are predominantly directly via CMHTs. There is an acknowledged risk that this may limit access for some individuals. It is anticipated that direct GP referral routes may be opened up going forward dependent upon levels of demand on the service.

Figure 1: Service User Flows



[1] Figure based on capacity assessment made by Mental Health Strategies (January 2016)

Financial summary

The proposed Model will be delivered within the current CCG financial envelope of £1,796,000. This assumes the current local authority contribution of £456,000 will cease from April 2017. Should there be any local authority contribution our scalable model will allow this contribution to be invested in additional staff resources, an increased Personal Health Budget allocation or any other areas identified during the procurement process.

The cost of this service over 3 years by CCG will be split as follows, Birmingham CCGs as BCC CCG 58.57% **(£3.682m**) , BSC CCG 22.63% **(£1.423m),** SWB CCG 17.62% **(£1.108m)** and Sol CCG 1.19% **(£0.075m).**

The current level of investment by CCG in 2016-17 is in table A below.

Table A

Split by CCG	BCC CCG	BSC CCG	SWB CCG	Sol CCG	Total
Day Services	227,063	15,924	193	6,820	250,000
Non NHS Contracts	826,491	389,785	315,474	14,651	1,546,401
Total	**1,053,554**	**405,709**	**315,667**	**21,471**	**1,796,401**
Share by CCG 16-17	**58.6%**	**22.6%**	**17.6%**	**1.2%**	**100.00%**

Table B, below, sets out the existing funding from 2016-17 against the proposal (new service); you will notice that the funding in 2016-17 is greater than in future years. This is due to no clear commitment being given by Birmingham City Council regarding future funding level. Any additional funding received from the local authority in future years will be invested in additional activity.

The contract with the new provider will commence on 1st October 2017 with an end date of 30th September 2020. Overall our expectation is that the contract will breakeven over the 3 year period, as set out in the table below.

Table B

Costs v Funding	2016-17	2017-18	2018-19	2019-20	2020-21	Total
NHS Funding	1,796,401	1,796,401	1,796,401	1,796,401	898,201	**8,083,805**
LA Funding	456,062	0	0	0	0	**456,062**
Total Funding	**2,252,463**	1,796,401	1,796,401	1,796,401	898,201	**8,539,867**
Existing Services	2,252,463	803,201	0	0	0	3,055,664
Service Resdesign	0	958,140	1,750,080	1,788,080	988,040	5,484,339
Under/(over)	**0**	**35,061**	**46,321**	**8,321**	**(89,839)**	**(136)**

The level of funding required each financial year by CCG is in Table C below, the cost by CCG has been split as per the proportions in Table B above, so no net new cost to each commissioner. What the table shows is that over the period of the contract BCC CCG will pay £3.216m, BSC CCG £1.238m, SWB CCG £0.963m and SOL CCG £0.065m.

Table C

Cost 3 Years	BCC CCG	BSC CCG	SWB CCG	Sol CCG	Total
2017-18	561,930	216,392	168,366	11,452	**958,140**
2018-19	1,026,387	395,248	307,527	20,917	**1,750,080**
2019-20	1,048,673	403,830	314,205	21,372	**1,788,080**
2020-21	579,466	223,144	173,620	11,809	**988,040**
Total	**3,216,456**	**1,238,614**	**963,719**	**65,550**	**5,484,339**

Funding	BCC CCG	BSC CCG	SWB CCG	Sol CCG	Total
Total	**1,053,554**	**405,709**	**315,667**	**21,471**	**1,796,401**

Variance	BCC CCG	BSC CCG	SWB CCG	Sol CCG	Total
2017-18	20,562	7,918	6,161	419	**35,061**
2018-19	27,166	10,461	8,140	554	**46,321**
2019-20	4,880	1,879	1,462	99	**8,321**
2020-21	(52,689)	(20,290)	(15,787)	(1,074)	**(89,839)**
Total	**(80)**	**(31)**	**(24)**	**(2)**	**(136)**

The incentive payment, detailed in the financial modelling table shown further in this paper, is capped at £30k (full year effect) and is based on a payment of £100 for each service user who is placed in employment, with further payments of £100 being made when the service user is sustained in employment for 6 and 12 months. The maximum incentive payment to be achieved in relation to any one service user would be £300.

Commissioners have proposed to incentivise a proportion (c30%) of employment outcomes. We acknowledge the concerns that this may result in providers failing to meet the target in full.

As a new model of contracting commissioners are keen to ensure that an incentive based system does not encourage 'gaming' and produce false results. Commissioners would consider shifting to a larger proportion of incentivised payment in future contracts. There is a possibility of securing additional social finance funding during the lifetime of the contract which could fund any increased incentive payment, this will be discussed as part of on-going contract management during the lifetime of the contract. It should also be remembered that achievement of the target will be a contractual responsibility and that failure to achieve KPIs will result in contractual levers being used.

Use of such payments should be handled carefully as service users may be concerned that where providers are incentivised this may mean that service user needs are marginalised in favour of achieving financial gain.

The incentive payment will be explored further through the consultation process and exploration through market testing.

The case for change has been ratified by the Clinical Investment and Procurement Committee on the basis that NO additional funding is required. The overall net position at the end of 2020/21 is £0 funding required (even though deficits in years 17/18, 18/19 and 19/20).

The costs were based on the assumption that the Local Authority funding of £456,000 in 16/17 will not continue. If further funding is made available then it was proposed that activity would be increased.

Within the case for change, no savings were profiled against the investment detailed above.

It will be essential that discussions take place on value of setting a price cap in the contract specification, subject to discussion with the CSU Procurement Lead. Providers can bid below this value. Inflation will also be referenced in the procurement. These will be also be picked up through market testing.

Consultation

A communications and engagement strategy, based on outcomes of the equality and impact analysis and pre-consultation engagement activity, will set out how we will formally consult with stakeholders over 12 weeks. This will be in line with NHS England guidance, and agreed by Governing Body, Health, Wellbeing and the Environment Overview and Scrutiny Committee. The consultation will focus and seek views on a number of scenarios for a proposed new model of service delivery; one lead provider development of recovery focussed services, increase in specialist employment adviser provision and introduction of personal health budgets.

Financial modelling

COSTS / SAVINGS:	16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	20/21 £'000	Notes / Assumptions
4 recovery hubs	Existing service cost unchanged 2,252	Existing service to 29/09/17 773 Proposed service from 30/09/17 to 31/03/18 565	1,130	1,130	565	Costed based on a similar recovery based model currently in practice provide by MIND and Creative, staffing model based on capacity required, see activity assumption (see section 11) **Cost per Hub and by CCG spilt provided in Appendix 5**
11.5 Individual Placement Support (IPS) workers, plus 1.5 WTE senior IPS workers		210	420	420	210	11.5 workers plus 1.5 wte senior workers will engage with 900 service users per annum. Cost of £28k per worker line managed by 1.5 wte Senior IPS and includes 10% management charge
Personal Health budgets		18	58	96	47	Phased introduction of PHB, allocating £650 to £700 per service user, assume 45 service users in year 1, 90 in year 2 and 135 in year 3
Provider margin (profit) IPS and hubs		36	73	73	36	Assumes 5% provider profit margin for recovery hubs, 4% for IPS service
Payment by results payment		15	30	30	15	Incentive payment to providers,£100 per person for placed employment, further £100 per person for six months sustained employment and further £100 per person for 12 months sustained employment, based on Tower Hamlets CCG model, capped at £30k.
	0	Start up costs 94 Exit costs 30			Exit costs 95	Start up costs for premises, management costs, recruitment, rent & rates and IT costs. Exit cost of £30k relate to Phoenix Day Centre, no exit costs associated with BITA or Creative as already built into the contract payment.
		19	39	39	19	**CQUIN for IPS & Hubs @ 2.5%**
TOTAL COSTS	**2,252**	**1,761**	**1,750**	**1,788**	**998**	
Cash Releasing Savings	(0)	(0)	(0)	(0)	(0)	
TOTAL SAVINGS	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	
Total POSITION	**0**	**35**	**46**	**8**	**(90)**	Existing funding over three years (17/18 to 20/21) - £6.287 million Cost of service Redesign - £6.287 million Net Position £0K