

Report to the Cabinet Member for Adult and Community Services
Report submitted by: Director of Programmes and Project Management
Date: 14 September 2015

Part I

Electoral Divisions affected:
All

Commissioning and Procurement Arrangements for the Mental Health Residential and Nursing Home Market for People with Mental Health Needs
(Appendix 'A' refers)

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Executive Summary

In November 2014, the Cabinet Member for Adult and Community Services approved a series of recommendations for the reshaping of Adult Mental Health Services. This report sets out the proposals to develop a specialist framework for residential and nursing care for people with mental health needs. At present placements are individually purchased leading to a wide variation in the costs, quality and outcomes for individuals. The framework will introduce a new specification with clearly defined outcomes, quality requirements and will seek to incentivise providers to promote rehabilitation with a new fee structure which will manage costs.

The current system has led to longer than expected lengths of stay in very intensively supported settings and there is a need to maximise people's abilities, reduce dependency and to improve the flow of people from intensive 24hr support to appropriate levels of support to maintain an individual's wellbeing.

This is deemed to be a Key Decision and the provisions of Standing Order No 25 have been complied with.

Recommendation

The Cabinet Member for Adult and Community Services is recommended to:

- (i) Endorse the proposals for a programme of work to establish new procurement arrangements including a new provider framework for implementation by September 2016; and
- (ii) Approve the design of the contracts to enable new approaches and innovations in service delivery and payment mechanisms.

Background and Advice

Lancashire County Council is seeking to commission a Residential and Nursing Home Framework for Adults with mental health needs that is focussed on rehabilitation and improved outcomes. Adults with mental health problems can and do recover. This may or may not include clinical recovery but does mean, as far as possible, that the individual leads as fulfilling a life as possible; contributing to family, society and the local economy.

There is an increase in the numbers of service users with complex needs requiring support e.g. dual diagnosis issues, personality disorder and an increase in older people developing mental illness.

At present placements are individually purchased leading to a wide variation in the costs and quality and outcomes for individuals. The framework will introduce a new specification with clearly defined outcomes, quality requirements and will seek to incentivise providers to promote rehabilitation with a new fee structure which will manage costs.

There is a significant difference between the County Council and other comparator authorities in the level of volume and spend on Residential and Nursing Home Care indicating an overreliance on residential and nursing home care. Our current expenditure in these areas is significantly higher than other authorities, with individual costs ranging from £296 to £3,611 per week.

Mental health service provision in Lancashire operates as a number of individual, separate services within a disjointed and unconnected system. This lack of a whole system approach results in inconsistency, weakness in matching individuals to services and no clear flow/pathway that enables people to move on towards independence.

The intended emphasis for Mental Health services in Lancashire will be on recovery and rehabilitation within the community away from settings such as hospitals and residential care. There will be a growing emphasis on prevention and early intervention.

Ensuring that services are fit for purpose and provide quality and value for money will require a new specification which will establish a number of requirements to provide a sustainable framework for delivery. This framework is intended to be a transitional arrangement moving the care pathway towards an emphasis on recovery and rehabilitation and a growing emphasis on prevention and early intervention. Where residential or nursing care is required, providers will deliver support in a recovery focussed way. This will address weaknesses with our current system, which has led to increased lengths of stay in very intensively supported settings and move us towards one which maximises people's abilities, reduces dependency and improves the flow of people from intensive 24hr support to appropriate levels of support, to maintain an individual's wellbeing.

The proposed framework will reshape Lancashire's residential and nursing home market to support people by reflecting rehabilitation principles and outcomes in all

mental health contractual frameworks and reducing reliance on long term placements whilst rewarding results for effective interventions leading to recovery.

The County Council wants mental health providers to be able to work with its customers in ways that place the person at the centre of their care and support plan. The recovery approach requires a different relationship between people who use services and professionals which is a shift from staff seen as remote, in a position of expertise and authority, to someone who behaves more like a personal coach or trainer. The intention is to provide the person with the resources, information, skills, and networks and support to manage their own condition as far as possible and to help them access resources they want to live their lives.

Development of the Framework

To date, there has not been a detailed commissioning framework for Adult Mental Health services which sets out requirements in relation to contracting and market management, workforce and quality and the required service/individual outcomes. The new framework specifically wants to achieve the following:

- Drive the quality of support that goes beyond minimum standards
- The new framework will be linked to a care pathway
- Set out clear outcomes for service provision and individuals
- Effective rehabilitation services
- Individuals become less dependent on formal supports recognising how to manage their wellbeing and prevent relapse

The existing Residential and Nursing care contract is not 'fit for purpose' for a new framework. A number of proposals have been developed and consulted on for providers of residential and nursing care for older adults and the intention is to incorporate a number of these elements in relation to:

- Incentivising and rewarding investment in care homes
- Creating a simple, clear and affordable fee structure based on levels of assessed individual need and dependency
- Incentivising and rewarding the quality of care
- Creating a clear and equitable offer to people who are admitted into care homes
- Complying with the statutory requirements in terms of people being able to exercise choice of home

There are opportunities to explore ways in which we can work alongside and negotiate joint approaches to market shaping and management responsibilities with other commissioning organisations to reflect our commitment to driving up quality, standardising monitoring and improving outcomes for individuals.

Next steps

A project team has been established with an agreed programme of work who will undertake the necessary work to devise and consult upon a new framework scheme.

It is anticipated a further report will be submitted by the end of the year seeking approval for a procurement process to be undertaken over the subsequent 6 months.

Consultations

Discussions have been initiated with service providers and key stakeholders, further consultations will be planned as the framework options are developed, particularly with people who use the services and their families.

Implications:

This item has the following implications, as indicated:

Risk management

A project team has been established to undertake this work within the necessary timescales. This is important to ensure the new framework is in place and operations to contribute to the County Council's agreed transformation and reshaping of Mental Health services.

Financial

This procurement involves the commissioning of around £17m of residential and nursing care services (including around £4m of services funded by contributions from service users and Health Care funding). This represents around 72% of the total spending on commissioned adults mental health care by the County Council.

The development of the new framework arrangement will need to consider the following factors:

- The overall affordability of the scheme
- The current cost of care and support
- Benchmark rates

Procurement

The procurement process will potentially pose risks to the County Council derived from the scale of the change to the current market condition which will impact on financial payments, quality measurements and contract monitoring. There is a risk suppliers in the market place will resist the changes or challenge the new processes.

To mitigate the risks to the procurement process the project team have liaised with other project teams of a similar nature, and used lessons learnt to inform decisions. The project team are also using research, information gathering and consultation with the market place to ensure transparency and openness in the initial planning stages, to reduce the risk of challenge at procurement stage, and make the transition process as effective as possible.

There are over 100 residential and nursing care homes registered to provide specific mental health support in Lancashire with over 600 places available. There are 36 registered care organisation across 50 different sites.

As at March 2015 there were 348 placements (259 residential, 89 nursing) in addition there are a further 41 short term or temporary placements. Of these:

- 91 people in placements are over 65
- 28 people are in placements out of Lancashire
- 116 jointly funded placements with NHS commissioners

Legal

The Care Act came into force in April 2015 and section 5 of the Act places new duties and responsibilities on local authorities to facilitate and shape the market. The framework will enable the County Council to meet its responsibilities in regards to mental health services.

The current residential and nursing care contracts does not include any specific outcome's quality indicators or details of costs. Any replacement arrangements established will need to fully comply with EU and UK procurement law.

Equality and Cohesion

An Equality Analysis was completed in November 2014 to support a previous report, Reshaping Mental Health Services: A Case for Change. This has been refreshed and is attached at Appendix 'A'. The report will be updated to consider the implications of any future recommendations for commissioning and procuring Residential and Nursing care services for people with mental health issues. This will therefore take fully into account the duties imposed by section 149 of the Equality Act 2010.

List of Background Papers

Paper	Date	Contact/Tel
Reshaping Mental Health Services: A Case for Change http://council.lancashire.gov.uk/mglIssueHistoryHome.aspx?Id=31284	May 2014	Jane Johnson/01772 534374
Reshaping Mental Health Services in Lancashire	Nov 2014	

Reason for inclusion in Part II, if appropriate

N/A