

Cabinet – 16 July 2008

Progress Report of the Dudley and Walsall Mental Health Partnership

Portfolio: Councillor McCracken, Social care, health and housing

Service: Social Care and Inclusion

Wards: All

Key decision: No

Forward plan: No

1. Summary of report

Further to the Cabinet reports of 21 March 2007 and 6 February 2008, this report summarises progress toward the implementation of the Dudley and Walsall Mental Health Partnership NHS Trust. Subject to Ministerial approval, it is anticipated that the establishment date of the new Trust will be 1 October 2008.

2. Recommendations

That the Cabinet supports and endorses the formal arrangements for the proposed Dudley and Walsall Mental Health NHS Partnership Trust.

3. Background information

1. Dudley and Walsall Mental Health Partnership Trust Communication/ Consultation Strategy
2. "A Better Idea" Public Consultation document
3. Walsall and Dudley Mental Health Partnership Business Case (July 2007)
4. Health Scrutiny Panel Paper 31 January 2008

4. Resource considerations

4.1 Financial:

Joint Commissioning arrangement with Walsall tPCT will continue under a revised Section 75 agreement. The local authority budgets will not be pooled under this agreement, but will be managed together with grant funding awarded to the authority as accountable body, e.g. area based grant or capital funding, by the delegated officers of the council (Joint Commissioner and Walsall Joint Director). In this way close financial monitoring will continue to manage and control spending. Efficiencies gained for this model have already been taken into account when setting the 2008/09 and future years budgets.

Legal:

Mental Health provider functions of the Local Authority will be delegated to the new Trust as part of a Section 75 Agreement and a formal contract will be negotiated to ensure the performance requirements of the council are met.

4.3 Staffing:

At this stage it is proposed that MBC staff currently working in mental health will remain employees of the local authority, seconded to the proposed new Trust until such time as TUPE arrangements become preferable.

5. Citizen impact

The commissioning arrangements will be robust to ensure the needs of the local community continue to be met. The council's strategy and commissioning plans will underpin these.

6. Community safety

No significant change

7. Environmental impact

No significant change.

8. Performance and risk management issues**8.1 Risk:**

Current risk assessment identifies minimal risk to the local authority with the management and joint scrutiny arrangements that have been agreed.

8.2 Performance management:

The proposed new Trust will report directly into the council's performance management framework.

9. Equality implications

The proposals support the equality and diversity commitment of the local authority.

10. Consultation

The formal consultation period ran from 26th September – 19th December 2007. Walsall and Dudley formed a joint Health and Social Care scrutiny panel to consider these proposals, which confirmed its support for the partnership.

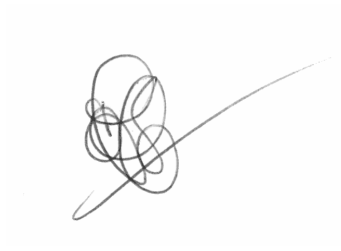
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David Martin
Executive Director
Date: 30 June 2008

A handwritten signature in black ink, starting with a capital 'B' followed by a period and the name 'McCracken' in a cursive script.

Councillor Mrs B McCracken
Portfolio holder
Date: 2 July 2008

1. Background and History

Mental Health services in Walsall are currently managed jointly with the teaching Primary Care Trust (PCT). The proposed Dudley and Walsall Mental Health NHS Trust (subject to Ministerial approval) will bring together mental health services from across both boroughs into a single NHS mental health provider organisation. It is intended that the new Trust will work to achieve 'Foundation Trust' status as soon as possible following establishment, in line with Department of Health policy for NHS provider services.

Historically, an unusually high proportion of mental health services in the West Midlands have been directly provided by Primary Care Trusts (PCTs). Consequently, in 2002, the Department of Health commissioned a review of mental health services in the West Midlands with a view to understanding key issues and risks arising from the configuration of mental health services.

Within the Black Country area, there was a great deal of support for the development of a clinical network for mental health. Whilst the network arrangement achieved some success in sharing information, developing protocols and facilitating peer support, it was felt that its impact on service development was relatively minor.

Therefore, in view of the limitations of the network and emerging Government policy, an option appraisal for the configuration of mental health services in the Black Country was undertaken in 2005. This was supported by the former Birmingham and Black Country Strategic Health Authority and involved senior officers from the Black Country PCTs, Local Authorities and Sandwell Mental Health Care Trust.

The Health Services Management Centre prepared a report 'Looking Ahead – potential future configurations for mental health services in Wolverhampton, Dudley, Sandwell and Walsall' which outlined two emerging options:

1. Create a Mental Health Partnership Trust involving two or more boroughs with the potential to lead to Foundation Trust (FT) status.
2. A multi-service Care Trust arrangement for one borough.

By definition, these options are not mutually exclusive and could be pursued together. The options were assessed against a set of agreed criteria. There was no national 'blueprint' for the size and configuration of mental health services and consequently, the local circumstances within each borough became key in determining the resulting configuration of services. As a result, it was decided that Wolverhampton would pursue option 2 (multi-service Care Trust) and that Sandwell, Dudley and Walsall would pursue option 1 (single Mental Health NHS Partnership Trust).

Formal project arrangements to implement the Sandwell/Dudley/Walsall partnership were established in early 2006. A pre-consultation exercise done in 2006 indicated general support for the proposal. However, prior to formal consultation, Sandwell Mental Health Care Trust decided that they did not wish to continue to be part of the proposed arrangements and subsequently withdrew from the partnership to pursue their application for Foundation Status. This action does not prevent further exploration of a broader partnership in the future and we are still hopeful that the possibility of a Black Country Wide Mental Health Service may be an option at some time.

Dudley and Walsall PCTs agreed that they remained committed to a partnership and in line with the original option appraisal, confirmed their intentions to pursue a two-borough partnership. The supporting project arrangements were revised in early 2007 to reflect these changes and informal pre-consultation work with stakeholders continued. In light of the recent Department of Health guidance on NHS reconfiguration, a business case supporting the proposal was developed and subsequently approved by NHS West Midlands in September 2007.

The formal consultation period ran from 26 September – 19 December 2007. At their meetings on 10 January 2008, the PCT Trust Boards considered the responses to the consultation, in particular the view of the Joint Health and Social Care Scrutiny Panel (Walsall and Dudley Local Authorities), and agreed to request that the Strategic Health Authority (SHA) make a recommendation to the Secretary of State to set up the new Trust. The SHA approved this course of action at its meeting on 22 January 2008 and a submission was subsequently made to the Department of Health on 7 February 2008. This was included in the report to Cabinet on 6 February 2008.

Once SHA approval of the direction of travel was confirmed, the project to develop the partnership moved into 'Implementation' phase. An interim Chief Executive was appointed and project arrangements were revised in order to ensure that the new Trust is set up robustly and appropriately in readiness for 'go live'.

2. Key Drivers for Change

The Business Case which was developed in spring 2007 identified the following factors as being key drivers for the proposed changes:

- Mental Health services are too important to evolve by default and should be developed by design.
- The next phase of mental health service reform is complex and requires single-focus leadership.
- PCTs more than ever are required to focus on expert commissioning of services to meet assessed health needs rather than provide services directly.
- The scale of any Mental Health organisation needs to be sufficiently large to deliver Choice and Value for Money, be innovative and have the authority to engage directly with other major stakeholders.
- Although Mental Health Trusts can successfully provide services across boroughs, they need to remain local enough to engage with community-based stakeholders.
- Local Mental Health leaders need to have a firm belief in the benefits of a joint service in order to carry through the reconfiguration process successfully.
- Proposals for reconfiguration should be congruent with the policy and trajectory of NHS provider Trusts.

In 2006, NHS West Midlands commissioned the Health Services Management Centre of the University of Birmingham to undertake a review of PCT provider service development and configuration ('Options for PCT provider services: an evidence-based policy analysis for NHS West Midlands'). Although focussed primarily at community and primary care services, the review concluded that there are a number of criteria against which alternative models of PCT provision should be assessed.

The development of an NHS Trust providing services for Walsall and Dudley and working in partnership with the respective Local Authorities is the favoured option in considering these criteria, as follows:

HSMC Criterion	Dudley / Walsall NHS Provider
Acceptability	<ul style="list-style-type: none"> ▪ Minimises impact of change to the local system configuration. ▪ Acceptable to service users and carers, staff and local community representatives. ▪ Minimises changes to employment and contractual arrangements.
Demonstrates robust governance	<ul style="list-style-type: none"> ▪ Enables clear separation of commissioning and provider functions. ▪ Specialist focus on mental health issues enables development of more robust governance, safety and risk management infrastructure.
Supports collaboration and engagement	<ul style="list-style-type: none"> ▪ Facilitates new and existing clinical networks. ▪ Enables development of robust clinical leadership infrastructure. ▪ Facilitates more direct engagement with non statutory organisations in support of the recovery model for mental health.
Promotes innovation	<ul style="list-style-type: none"> ▪ Supports the development of new direction for mental health services. ▪ Enables an enhanced focus on service development and innovation. ▪ Facilitates extension of existing innovative service models. ▪ Enables the development of positive and appropriate relationships with commissioners.
Patient-focussed	<ul style="list-style-type: none"> ▪ Promotes choice and access to a range of therapeutic alternatives in primary care. ▪ Supports service integration. ▪ Minimises the impact on care pathways. ▪ Enables the maintenance and further development of opportunities for integration with local communities.
Improves clinical quality	<ul style="list-style-type: none"> ▪ Supports the development of robust clinical governance systems and processes. ▪ Enables the dissemination of best practice and learning.
Promotes public health	<ul style="list-style-type: none"> ▪ Promotes equity in service provision across and between health economies, based on assessed need. ▪ Supports local initiatives and community developments. ▪ Provides a distinct focus for mental health promotion and engagement with agencies needed to support recovery.
Demonstrates	<ul style="list-style-type: none"> ▪ Supports economies of scale which could not be achieved by

economic viability	<p>two separate services.</p> <ul style="list-style-type: none"> ▪ Facilitates the exploration of potential efficiencies within the services and better use of resources.
Promotes capacity	<ul style="list-style-type: none"> ▪ Enables greater flexibility in workforce utilisation and planning. ▪ Enhances ability to recruit and retain high quality staff.

The health economies of Dudley and Walsall also considered carefully the implications of not progressing with this proposal and felt that this would result in a high degree of risk for services. The timing of the proposed changes is right for both health economies and any further delay in confirming configuration arrangements would impact significantly on our respective abilities to deliver high quality, safe services.

Notwithstanding these observations the option for Walsall Council to withhold from entering a formal arrangement with the proposed Dudley and Walsall partners remains, and if this is the view of Cabinet alternative partnership arrangements could be put in place.

3. Profile of the New Organisation

3.1 Services

The new Mental Health Trust for Dudley and Walsall will provide for a population of approximately 558,000 people and employ about 1200 staff. The services to be included in the new Trust are:

- All community and inpatient mental health services for adults of working age and Older People.
- All existing health-provided Child and Adolescent Mental Health Services (CAMHS).
- Substance Misuse Services.
- The medical component of Learning Disability services.
- All elements of Psychology services, apart from those provided to people with physical health problems or a Learning Disability.
- Mental Health social care services which will be managed on behalf of the Local Authorities via partnership agreements.

3.2 Resources

A great deal of work has been undertaken regarding the finances of the new organisation. The direct budgets which will be transferring to the new Trust have been identified. The costs of the new organisation have also been estimated and in order to facilitate this, a draft corporate management structure has been developed as a basis for costing estimations (draft Board-level structure shown as attachment 1). In a parallel stream of work, the Finance Directors from each PCT have proposed an allocation for the release of 'corporate overhead' into the new organisation. We are currently in ongoing negotiations with the PCTs regarding these allocations.

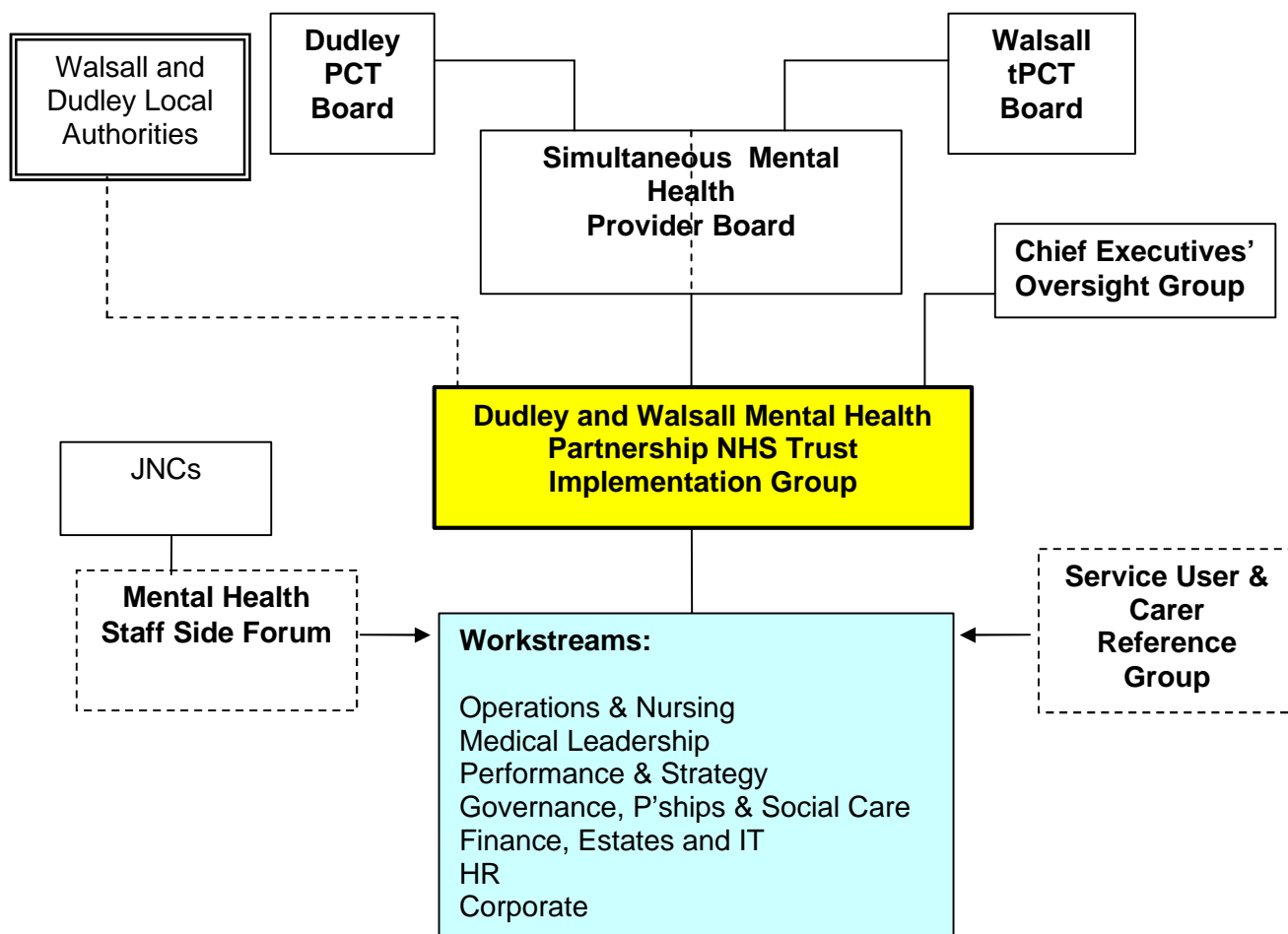
Both PCTs have stated their commitment to resourcing sufficiently the establishment of the new Trust, but this is not the case in respect of committed funding from the local authority. The proposal is to maintain the current level of investment and at this stage, it

is not proposed that any corporate overhead resource be removed from either Local Authority and that 'corporate support' to Local Authority staff should continue to be provided by the respective Councils.

The operating budget for the Partnership is will be approximately £60 million (subject to ongoing discussions about transfer and contractual arrangements). The significant majority of income for the new Trust will be from the host commissioners in Dudley and Walsall.

3.3 Progress in Implementation – Interim Governance Arrangements

The overall infrastructure for the governance and development of the Partnership Trust is shown diagrammatically below. A Joint Senior Management Team has been established for the Partnership which underpins this infrastructure.



The PCT Boards remain legally accountable for mental health services until such time that the new Trust is formally established.

The (Simultaneous) Mental Health Provider Board is a delegated sub-committee of each Trust Board and is responsible for the strategic-level decision-making and governance functions relating to mental health services in each borough. The Mental

Health Provider Boards (one in each PCT) have been meeting together since April 2008 but retain separate accountability to each respective PCT Board.

The Dudley and Walsall Mental Health Partnership NHS Trust Implementation Group ('the Implementation Group') is responsible for the delivery of the project. It is chaired by the Interim Chief Executive, supported by the Project Director and consists of the leads of all of the Workstream Groups (plus LA representation and the PCT Chief Executives). The relevant Staff Side leads are invited to attend. The group receives reports from and monitor the performance of the Workstream Groups.

The Workstream Groups are responsible for the delivery of all objectives agreed with the Implementation Group. The groups mirror the proposed board-level posts and portfolios outlined in the draft organisational structure for the new Trust.

The Mental Health Partnership Staff-side Forum consists of the Mental Health staff-side representatives from both PCTs, representatives from Social Care and Management Support. It is chaired by the Interim Chief Executive. The Forum has a key role in policy prioritisation and development, representing staff perspectives, advising the Implementation Group on staff relations issues and in developing the Recognition Agreement for the new Trust.

The Service User and Carer Reference Group consists of user and carer representatives from both localities, former PPI Forum representatives and key mental health staff. It is chaired by the Project Director. The group has a key role in advising the Implementation Group of service user and carer perspectives, prioritising the development of user and carer-related policies and advising the Group on an appropriate infrastructure for user and carer involvement within the new Trust.

4. Progress in Implementation – Appointments

A key development within the implementation of the new partnership has been the appointment of an 'in principle' **Chair designate**. The immediate priority for the Chair Designate has been the appointment of Non-Executive Directors for the new Trust (appointments expected to be ratified by the NHS Appointments Commission imminently). The Chair designate chairs the simultaneous meetings of the Mental Health Provider Boards, on behalf of PCT colleagues.

The appointment of a designate **Chief Executive**, to be followed closely by the appointment of a Finance Director and Director of HR, are critical steps in enabling us to prepare for 'go-live' for the new Trust. These key posts have been advertised in readiness for 'go live'. Their leadership, in partnership with the Chair and Non-Executive Directors, will be key in setting up the Dudley and Walsall Mental Health Partnership NHS Trust and preparing the organisation for Foundation Trust status. The selection process for the post of Chief Executive (designate) will take place on 11th July 2008. Both Walsall and Dudley Local Authorities will be represented at a senior level as part of this process.

Attachment 1 – Draft Board level structure

