
**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Overview and Scrutiny Committee -
10 March 2011

Subject: Mental Health Pooled Budget, context and future planning

Report of: Liz Bruce – Strategic Director Adults

Summary

To provide a brief chronological context in relation to the mental health pooled fund and subsequent proposed changes brought about by national health system reform and planned GP commissioning consortia.

Recommendation

Members are asked to:

- Note the contents of the report which is set in the current context of proposed national and local Health Service reform options
 - Comment on the overall approach that Manchester City Council withdraw from the pooled fund in order to protect its investment and deliver savings
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Wards Affected

All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

White Paper 'Equality and Excellence: Liberating the NHS'. July 2010.

1. Background

- 1.1 In 2002, Manchester City Council Adult Social Care entered into an agreement made under Section 31 of the Health Act 1999 with the three Manchester Primary Care Trusts (North, Central and South PCT's) for the provision of social care mental health services.
- 1.2 The Section 31 agreement included arrangements for pooling resources as well as delegating local authority commissioning functions to the PCT, who would act as the 'host' to manage the pooled fund and lead on commissioning on behalf of local authority commissioners. A joint monitoring committee was established for the purpose of monitoring and governance of the commissioning agreement and planning and performance of service delivery. It is important to note that the agreement is out of date and we are currently seeking legal advice on its validity.
- 1.3 The powers to pool resources and delegate functions are now contained in Section 75 of the National Health Service Act 2006. However, the reform of the NHS has led to uncertainties around governance arrangements and, to date, we have received no assurances from the PCT about the commissioning of mental health services through the pooled budget. Currently, the proposal is that Greater Manchester Clusters will commission specialist mental health clinical interventions but it is unclear how these clusters will work with local councils.

2. The pooled budget

- 2.1 In 2002, the total mental health pooled budget was £62.3m of which Adult Social Care contributed £9.3m. The Directorate for Adults has maintained a consistent contribution of 14.95% to the pool as per the original Section 31 agreement, which is annually reviewed and with inflationary uplifts had risen in the financial year 2009/2010 to £13.193m. The PCT are asking that Manchester City Council (Directorate for Adults) contributes approximately £17m to the pooled fund during 2010-2011.

3. Service provision

- 3.1 Adults' contribution is held by the Joint Commissioning Team of NHS Manchester (JCT NHSM) as the host and lead commissioner and is allocated on the basis that it pays Manchester Mental Health & Social Care Trust (MMH&SCT) and other Third Sector providers for the provision of social care services.
- 3.2 The greatest share of the funding goes to MMH&SCT (£11.3m). Since 2002 the organisation has spot purchased mental health placements in a range of accommodation on behalf of the Joint Commissioning Team's Lead Commissioner. This includes Residential Homes, Nursing Homes, Day Care, Home Care and supported accommodation placements. However, the Council remains concerned about expenditure from the pooled fund on secure provision.

4. The case for change

4.1 Joint Mental Health & Wellbeing Commissioning Strategy 2009-14

The City Council and NHS Manchester are jointly responsible for the delivery of the above strategy. The aim is to improve the mental health of people in Manchester by:

- Delivering preventative services which promote mental well-being
- Reducing the risk of people developing mental health problems
- Reducing the damaging effect of mental health problems for those who experience them
- Providing more services in the community
- Ensuring that services will work with a recovery model

The Social Care Commissioning Transfer Project has been developed within the Directorate for Adults in partnership with NHS Manchester to ensure that the council can contribute to the delivery of the strategy through the commissioning of social care, focussing on prevention and recovery for people with mental ill health.

4.2 Social Care Commissioning Transfer Project

The Strategic Director for Adults recognised in early 2010 that spot purchasing arrangements made by MMH&SCT had not been strategically reviewed since the inception of the pooled fund (2002), and that the lack of a mental health contractual and pricing framework, had resulted in a disparate range of service provision, delivery models and costs. The Directorate for Adults concluded that a conflict of interest was presented by MMH&SCT performing the commissioning function on behalf of the Joint Commissioning Team, given their status as a 'Provider' of mental health social care services.

Furthermore, the effectiveness of joint commissioning arrangements has also been called into question by the limited improvement in the Trust's performance.

The Social Care Commissioning Transfer Project was established to:

- Identify what social care funding was being spent on
- Refresh and reconfigure the current commissioning arrangements for non hospital placements
- Remodel pathways

As a result, the Directorate for Adults has reviewed services to identify opportunities to deliver efficiencies via framework agreements and to improve value for money by redesigning services to strengthen their focus upon recovery and promoting independence.

4.3 New ways of working – Implementing mental health recovery through organisational change

Following a joint application and assessment process in December 2010 the Directorate for Adults and MMH&SCT have been selected by the NHS Confederation, the National Mental Health Development Unit and the Centre for Mental Health to be one of will be one of six national demonstration sites as part of the Implementing Recovery through Organisational Change project.

The project focuses on implementing a framework of 10 key organisational challenges to be addressed by mental health services if they are to move towards a recovery orientated model for people with mental health problems.

Promoting Recovery requires that services help and encourage people to develop and make best use of the resources, skills, networks, information, and support they need to manage their condition, live independently and to be as self reliant as possible.

The model to be implemented in Manchester focuses upon getting the best from preventative primary mental health services and other community provision to reduce demand for more costly and complex services, such as hospital inpatient beds. This approach will reduce costs to the public sector and improve outcomes for local residents.

5. The future of the mental health pooled fund

5.1 National welfare and health reform

The government published the White Paper 'Equality and Excellence: Liberating the NHS' in July 2010. This paper set out proposals to radically transform NHS service delivery, allowing commissioning to be carried out by GP Commissioning Consortia and abolishing Primary Care Trusts and Strategic Health Authorities by 2013.

The fundamental changes proposed to Health structures present an opportunity to develop new working relationships across the public sector but will also necessitate a review of established partnership arrangements. Given that the abolition of PCT's is scheduled for 2013, with a move to Greater Manchester Clusters by March 2011, the Directorate for Adults has been proactive in reviewing its contribution to the Mental Health pooled fund and is seeking to terminate the Section 31 agreement.

The Directorate for Adults has a proven track record and expertise in improving customer outcomes, contract monitoring, performance management and delivering value for money. While the future commissioning arrangements of Health service reform are still evolving and developing, the Directorate feels best placed to manage its own resources whilst realising efficiencies. The council needs to protect our investment as this is crucial to delivering savings.

The Directorate for Adults will explore future partnership opportunities when the proposed commissioning landscape has stabilised and become more

certain. We will work with GP Consortia and clinical leads in partnership to align activity and funding without a pooled arrangement.

6. Financial Impact on mental health budgets

6.1 There are three key areas of impact:

- a) The Social Care Commissioning Transfer Project has been tasked with making targeted service efficiencies of £1.8m over a three year period.
- b) The Directorate for Adults contribute £1.3m to the mental health pooled fund for the provision of Third Sector mental health services. Since the announcement of the Comprehensive Spending Review (CSR) the Directorate has been working with the Joint Commissioning Team to review all Third Sector mental health contracts. Furthermore, the budget proposal for 2011/12 has identified £2m in voluntary sector funding which will impact on Mental Health activity.
- c) In addition to this, the Supporting People fund will be reduced by £8.6m over two years as a result of the CSR across all customer groups, of which mental health will take a proportionate reduction in funding.

7. The future of mental health commissioning

7.1 A number of options have been explored for the future commissioning of mental health services for both clinical and social care. The Directorate had proposed an option to support GP Commissioning Consortia during the initial set up and transitional Shadow Pathfinder.

7.2 The Strategic Director for Adults presented an options paper to the NHS Transition Board on 19th January 2011 proposing that the Directorate hosts mental health commissioning on behalf of the GP Commissioning Consortia for an initial two year period. This would include the integration of the new duties of the local authority in terms of Public Health. However, the proposals were rejected by the PCT and Practice Based Consortia leads. The NHS Board retains the statutory function until 2013 with accountability for decisions in relation to the Health element of mental health commissioning. It was agreed to explore the establishment of a new clinical board for mental health, which will include GP leads.

8. Next Steps

8.1 With regard to the future commissioning of social care placements funded through the local authority, we wish to protect our investment and focus on releasing savings for the council. Therefore, as stated earlier, the Directorate for Adults will be seeking to terminate the Section 31 agreement although this has been legally challenged by the PCT. Officers are currently seeking legal advice as we intend to manage our own investment to commission cost effective, quality services within the community, based on the Recovery Model

outlined above. This means that staff and financial resources for social care mental health commissioning would return to the council.

- 8.2 Furthermore, as Public Health is transferring to the local authority under the management of the Directorate for Adults in a phased way; this will bring opportunities around the effective integration of primary mental health care services and Public Health commissioning.

9. Recommendation

- 9.1 Members are asked to:

- Note the contents of the report which is set in the current context of proposed national and local Health Service reform options
- Comment on the overall approach that Manchester City Council withdraw from the pooled fund in order to protect its investment and to deliver savings