PRACTICE

SAINSBURY CENTRE
for MENTAL HEALTH
removing barriers achieving change

About Time

Commissioning to transform day and vocational services

Helen Lockett, Linda Seymour & Adam Pozner

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Note: This guide has been developed from real life examples of service change. It should not be used as a substitute for legal advice on any aspect of employment law or other statute that applies to the processes set out in the guide.

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Foreword

As the commissioners who led the process of service re-commissioning in Surrey, we are delighted to endorse the contents of this guide. It will help both commissioners and providers to address the challenges of providing day and vocational services that are based on the aspirations of individuals and that will make a difference in their lives.

People with serious and enduring mental health problems have the lowest uptake of employment opportunities of all disability groups, and suffer social stigma and isolation. Commissioners from both the health and social care economies need to recognise the strengths of each individual and commission services that promote social inclusion and self-directed care. They face challenges in working together in a strategic framework to ensure equal access to services and equity of service provision across the different sectors.

Involvement of service users and carers is critical to the successful redesign of services. Our experience shows that if you can establish a strong coalition of partners with a clear vision of what future services should look like, then you are on track to achieve improved outcomes.

This guide is an excellent reference tool for any work on re-commissioning day and vocational services. We hope that it will be widely used to promote the development of services that will make a real difference to the lives of people with mental health problems living in our communities.

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Introduction

The importance of day and vocational services

Research shows that having social contacts and being in work are good for mental health and wellbeing, and that these play an important role in recovery from mental ill health (Warner, 1994; CSIP *et al*., 2007; Shepherd, Boardman & Slade, 2008). Adults with mental health problems, however, are one of the most excluded groups in society. They suffer high rates of social isolation and unemployment (Social Exclusion Unit, 2004) that not only hinder their recovery, but also increase the risk of their mental health deteriorating and of suicide.

Fewer than two in ten people with severe mental health problems are in employment. For those with a diagnosis of schizophrenia the employment rate is even lower, at one in 20 (Grove, Secker & Seebohm, 2005; ONS, 2005).

This high worklessness rate cannot however be attributed to a lack of interest or severity of illness, as research has consistently shown that between 60% and 90% of people who suffer from periods of mental ill health would like to work (Secker, Grove & Seebohm, 2001; Seebohm & Secker, 2005) and that diagnosis or severity of illness are not predictors of employability (Grove & Membrey, 2005).

The provision of services that are able to support access to and maintenance of social and employment opportunities is therefore crucial if people are going to have a realistic chance of achieving their hopes and aspirations and of participating fully in their communities. Furthermore, there is a need for services that intervene early, before people lose their social and work connections in the first place. The role of adult mental health day and vocational services in achieving these goals is crucial and should lie at the heart of service delivery.

Existing services are underachieving

The most recent survey of national investment in mental health services estimates that £153 million was spent on adult day and vocational services in 2006 / 2007 (Mental Health Strategies, 2007).

These figures, together with recent commissioning guidance from the Department of Health (DH, 2006a; 2006b), indicate that neither is this investment achieving desired outcomes, nor is it apportioned appropriately across day and vocational services. For example, even though many people with mental health problems want to work, there is under investment in vocational services in many localities. These investment decisions translate into limited opportunities to support people to find and keep employment. Even where there is investment, little of it is utilised to procure services that are based on proven research evidence.

Traditional services are also failing to meet the needs of the diverse populations that they serve. Some groups are often poorly represented within services, e.g. young people, women and those from black and minority ethnic communities. Individuals are required to choose from a menu of options, rather than services being responsive to their individual aspirations and needs. Pathways into and between services can be cumbersome.

Perhaps unsurprisingly, people with mental health problems are increasingly rejecting traditional day services and sheltered work projects. Despite the safe haven that these services have provided, many individuals want to take up mainstream social and cultural opportunities, and to build broader social networks. Traditional services have been less than effective in enabling these sorts of opportunities. (Crowther *et al*., 2001).

In short, local services need to be adapted to reflect the needs and wishes of all the people who are going to use them. This transformation is likely to involve a re-commissioning process to develop new services that are grounded in proven research evidence and recognised best practice.

About this guide

About Time provides a step-by-step guide to the re-commissioning process. It shows how to review services and investment, to consult with stakeholders, to understand future demand, to construct a vision of what new services might look like, and then to manage a re-commissioning process to develop an array of services that will better meet people's needs.

It is based on recent, practical experience in supporting the re-commissioning of day and vocational services in a number of localities in Southern England. The case studies in Appendix 2 describe these experiences. The principal site was in Eastern Surrey, where the process involved the transfer of day and vocational services operated by an NHS mental health trust to third sector providers. However, the guide also draws upon practical experience in other localities, such as East Sussex, where the re-commissioning process has taken other forms.

This guide is not intended to be an authoritative, regulatory document on procurement or commissioning. The intention is to offer guidance for health and social care commissioners working across the country to improve both the delivery and accountability of services for people with mental health problems. Legislation covering particular parts of the re-commissioning process is referenced and commissioners are advised to seek legal advice where it is deemed necessary.

A critical element of any complex change process is collaboration between key stakeholders. For re-commissioning mental health services, the crucial partnerships are between health and social care commissioners, statutory and voluntary sector providers, and service users and carers.

Readership

About Time is aimed at commissioners from local authorities and primary care trusts who commission primary and secondary care services for adults with mental health problems. It will also be of interest to others who have a commissioning role in, for example, GP practices or NHS foundation trusts.

Although of relevance to service users and carers, who themselves may be commissioners of services through direct payments, individual budgets and self-funding, this guide does not provide specific and

detailed information tailored to their particular needs. The organisation *In Control* has produced comprehensive guidance on self-directed support and individual budgets, and although this has been developed with people with learning disabilities, it has relevance to anyone who wants to take more direct control over commissioning their own social care services. For further information see www.in-control.org.uk.

The Government has also produced some specific guidance on direct payments (DH, 2006c; DH, 2007a) and has a website dedicated to the individual budgets pilot programme (http://individualbudgets.csip.org.uk/index.jsp). A report detailing the findings from the pilot sites will be published during 2008. These documents and websites should be useful for individuals seeking to purchase their own support services.

About Time focuses on mental health but will have wider applications than just the re-commissioning of day and vocational services. The processes and principles described here have been field tested with positive effect. As a consequence they could be usefully applied to re-commissioning across the service spectrum, both in other mental health services and in health and social care more widely.

Terminology

The term 'day service' that is used throughout this guide refers to services that provide opportunities for social and leisure activities, skills development and daily support. Such services may involve group activity or one-to-one support, in segregated or mainstream settings.

The term 'vocational service' refers to services that provide support for individuals to move towards, to find and to keep employment. These types of services could include careers advice and guidance, vocational skills training, work preparation programmes, sheltered work projects, or employment support services that help individuals find and keep jobs in the mainstream labour market.

While every effort has been made to avoid unnecessary jargon, there may be certain terms or phrases used in this guide that are unfamiliar to the reader, and an explanation of these is provided in a glossary at the end of this guide.

The need for change

A new vision for services

Research evidence and policy guidance have now provided a much clearer vision of what day and vocational services should look like. Both the commissioning guidance on day services and on vocational services issued by the Department of Health (DH, 2006a; DH, 2006b) make recommendations for commissioners. There are clear stipulations for all key stakeholders on what future services should look like – what principles should underpin them, what functions they should have, and how they should be delivered.

The commissioning guidance on day services (DH, 2006a) suggests that current day services should be modernised to offer four kinds of opportunity:

- Social contact and support;
- Help to sustain existing new roles, relationships and social / leisure activities;
- Support to develop new roles, relationships and social / leisure activities in *mainstream* settings and to sustain them;
- Scope for service users to run day services and support each other.

In similar fashion, the commissioning guidance on vocational services (DH, 2006b) recommends that evidence-based employment services and social enterprises / firms should be introduced. The former would work closely with mental health teams to provide individualised and ongoing support for individuals to find and keep ordinary jobs.

There is an expectation that service users will have an increasing role as purchasers of services through direct payments and individual budgets. In order to respond to these changing circumstances, service redesign should result in services that service users wish to buy, and a structure that enables individuals to purchase these services directly.

Levers for change

The modernisation of day and vocational services is a priority for all stakeholders (service users, carers, commissioners and providers) and there is now widespread acceptance of the need to change (DH, 2008).

Commissioners are increasingly aware that considerable resources are tied up in services that meet a small proportion of need, but are not achieving the desired outcomes for which they were established. Most importantly, they are not services that will be in demand in the near future.

The policy and practice landscape within which commissioners will be making changes is in flux and some of the critical influences are discussed in the following pages.

The changing role of the NHS

In addition to a change in demand from people who use services, the last ten years have seen a change in the way care is provided by the NHS. The focus is now on health and wellbeing, prevention, early intervention and supporting independence (DH, 2004, 2007b). Within mental health services, there is an increasing focus on the 'recovery' of ordinary daily activities and networks, alongside the treatment and management of symptoms (Shepherd, Boardman & Slade, 2008).

Research evidence on what works

There is now much clearer research evidence about what works in vocational services. Of particular interest is the finding that personal factors such as diagnosis, age, symptoms and disability status are not predictors of successful vocational outcomes. The best predictors are, in fact, the motivation of an individual to work and their belief in their ability to work (Grove & Membrey, 2005).

There is also international consensus that traditional vocational rehabilitation approaches are not effective in supporting individuals with severe mental health problems into employment (Burns *et al.*, 2007). The individual placement and support (IPS) approach, or 'evidence-based supported employment', is more than twice as effective as traditional sheltered work or training programmes (Crowther *et al.*, 2001; Bond, 2004, 2007). IPS has seven key principles or ingredients (Bond *et al.*, 1997; Bond, 2004):

1. Support for *anyone* who wants to work (i.e. zero exclusion);
2. A focus on real jobs in the ordinary labour market;
3. Early help to search for jobs;
4. Employment support from dedicated employment specialists based in clinical teams;
5. Tailored support in line with individual preferences;
6. Ongoing support for as long as needed;
7. Expert benefits advice being made available.

The policy context

The policy agenda is rich with publications that describe the intended change to the way services are commissioned and managed, that promote the role of third sector providers, and that focus on the need for change to day and vocational services. Some of the key policy documents are shown in Box 1.

A useful overview of policy and guidance relating to vocational services has been published by the Care Services Improvement Partnership's South East Development Centre (CSIP, 2008).

Box 1: Key policy documents

- *Mental Health and Social Exclusion* (Social Exclusion Unit, 2004)
- *Disability Discrimination Act 1995* (amended 2005)
- *Reaching Out: An action plan on social exclusion* (Social Exclusion Task Force, 2006)
- *Direct Payments for People with Mental Health Problems: A guide to action* (DH, 2006c)
- *From Segregation to Inclusion: Commissioning guidance on day services for people with mental health problems (DH, 2006a)*
- *Our Health, Our Care, Our Say: A new direction for community services* (DH, 2006d)
- *Supporting Women into the Mainstream: Commissioning women-only community day services* (DH, 2006e)
- *Vocational Services for People with Severe Mental Health Problems: Commissioning guidance* (DH, 2006b)
- *Commissioning Framework for Health and Wellbeing* (DH, 2007b)
- *Comprehensive Spending Review: Public service agreements* (HM Treasury, 2007a)
- *World Class Commissioning* (DH, 2007c)

The increasing role of the third sector

The Government has made clear its intention to grow new types of providers for a range of mental health services. Its stated aim is to encourage cross-sector working to meet the needs of local populations, to position local communities to be integrally involved in local commissioning, and to develop services in line with evidence-based practice.

This approach has particular relevance to increasing the role of voluntary and community organisations and social enterprises – the third sector – in the delivery of services for people with mental health problems.

The establishment of the Office for the Third Sector in May 2006, the appointment of a dedicated Government Minister, and the development of the National Programme for Third Sector Commissioning have all been key steps in developing this vision. The Government has also published its ten-year vision of support for the third sector (HM Treasury & Office of the Third Sector, 2007).

Research has demonstrated that some, though not all, third sector organisations seem able to develop better relationships with people who use services (National Consumer Council, 2007). The expectation is that greater choice and improved quality of service provision will result (National Consumer Council, 2007; HM Treasury & Office of the Third Sector, 2007).

In summary, recent years have witnessed the emergence of a wealth of relevant policy and research evidence that supports the modernisation of day and vocational services. What has been missing is a step-by-step guide on just how commissioners can achieve this.

Who is in the driving seat for re-commissioning?

The principal commissioners for day and vocational services are of course primary care trusts and local authorities. Increasingly, however, commissioners are likely to include practice-based commissioners, the Department for Work and Pensions, and Jobcentre Plus, as well as individual service users taking advantage of individual budgets and direct payments. The latter will have an

increasingly important role in the future which makes it essential that service redesign considers the views of all service users across a locality.

The Government has identified *personalisation* as the cornerstone of public services (www.dh.gov.uk/en/SocialCare/Socialcarereform/Personalisation/index.htm). This philosophy encapsulates a set of principles that include a strategic shift towards early intervention and prevention. There is the possibility that every person who receives support, either from statutory services or funded by themselves, will have choice and control over the shape of that support in all care settings. Direct payments and individual budgets are crucial to delivering greater personalisation, choice and improved quality (http://individualbudgets.csip.org.uk/index.jsp).

All of these developments will inform the design and delivery of day and vocational services.

Transferring to transform

Some day or vocational services operated by local authorities or NHS trusts involve large annual investment, but these bodies may be ill-suited to run them. This is particularly the case where they have a business focus such as sheltered workshops, cafes or retail outlets. Local authorities and NHS trusts, in many cases, are simply not equipped to promote business development and income generation.

One option for developing more modern, responsive services is to transfer such services to voluntary and community sector providers with a track record of provision in the field. They can build on existing provision, develop new services, and offer a different culture of service delivery – focusing on service users' strengths and skills rather than their diagnosis and their mental ill health. The use of this type of transfer has been more widespread in local authorities than in the NHS, and has rarely been applied to mental health services. However, it is important to note that there is still limited research evidence on the improved outcomes gained by this approach, and therefore the importance of gathering data before, during and after the change process is paramount (see Chapter 6, 'Managing and Monitoring the New Services', p63, for further discussion).

KEY POINTS

- Traditional day and work projects have been ineffective in promoting social inclusion – enabling people to participate in mainstream community activities and find jobs.
- People with mental health problems are increasingly rejecting traditional services preferring personalised support to access mainstream options.
- Where services have been changed, there is improved accessibility, reduced segregation and better outcomes for people using the services.
- There are a number of levers for change that can support commissioners in modernisation, including government commissioning guidance; the changing role of the NHS; a growing base of research evidence on effective supported employment; and the increasing role of the third sector.
- Transfer of services to voluntary / community sector providers with a track record of provision in the field provides a key development option.

Key factors for success

The following list sets out the key factors for success that may be useful for those about to embark on, or in the middle of, a re-commissioning process. It draws upon the practical experiences of those who have been through these processes in their localities.

A whole systems approach

A re-commissioning process should ideally take a 'whole systems approach', encompassing both day and vocational services. It should include all services provided by both statutory and voluntary sector providers in the locality, including those not purchased by health and social care commissioners.

A joint commissioning framework

It is important that there is a commitment from both health and social care services to work together to modernise day and vocational services, pooling their resources and expertise where appropriate. It will only be possible to achieve a 'whole systems approach' through this kind of working partnership.

Together with local strategic partnerships and the cross government public service agreement (PSA) targets, it is also recommended that the joint commissioning framework includes colleagues from Jobcentre Plus, who may have an increasing role as commissioners of local employment services.

Commitment at senior level

Re-commissioning is likely to be an intricate, lengthy and challenging process. It requires consistent commitment at a senior level if it is to succeed. There will be a need for strong management, flexibility in how tasks are undertaken, and the capacity to take calculated risks sometimes. As a rule, these complex processes can best be managed by involving those working at the most senior decision-making level.

Multi-agency involvement

A successful re-commissioning process will require a partnership approach and all key stakeholders should be part of the planning from the outset. Commissioners, service users and carers, current providers of day and vocational services and other interested parties should all be involved. The unique expertise and knowledge that each of these partners can contribute will be needed to meet the challenges of the re-commissioning process.

Service user involvement

Equal involvement of service users at all stages in the re-commissioning process is crucial. Service users should be involved right from the outset – agreeing principles that should underpin the re-commissioning process and helping to shape the approaches taken. Appropriate support and training (for example in interviewing skills and how to make an informed contribution to the tendering process)

should be provided for service users so that their involvement will add maximum value. Those service users who participate in decision-making processes may wish to have a mentor to help support them through that period.

Project management

A dedicated resource is needed to ensure that the re-commissioning process keeps moving forward. It is essential that momentum is maintained and there is support for all parties as and when they need it.

Expertise in mental health day and vocational services

It is important to bring expertise in day and vocational services to the re-commissioning process. This will be particularly important when undertaking the review of services, consulting with stakeholders, and drafting service specifications. Contracting with an external agency to provide this expertise and bring an independent stance to these tasks may be a helpful approach. There are also social inclusion leads across all Care Service Improvement Partnership (CSIP) regions who will have expertise and knowledge that may be valuable to the re-commissioning process.

Expertise in contracting / procurement

Any process to select new providers of services will be complicated and will involve a range of legal requirements. It is therefore essential to have access to expertise in these areas throughout the re-commissioning process.

Consultation

There should be opportunities for local stakeholders to express their views throughout the re-commissioning process. An open public consultation process is an ideal way to address stakeholder interests early on; with ongoing informal and formal consultation at regular intervals.

Communication

It is important that there is clear and regular communication with all stakeholders, particularly service users and staff of provider agencies, who may be affected by the re-commissioning process. Tapping into dedicated expertise on communications can be a very useful approach.

Transparency

Openness and transparency can be key elements in addressing resistance to proposed changes. There should be clarity as to the boundaries of the process, for example which elements of the process are negotiable and which are not; where formal responsibility ultimately lies; and how decisions are made and the reasons for those decisions. The use of a structured decision-making process such as an 'options appraisal' (see Chapter 3, 'Shaping Future Provision', p39), can provide clarity about how decisions have been reached and can be valuable in explaining what may be difficult decisions.

Transitional funding

Such a resource can be useful to ensure that there is a smooth transition between old and new providers, and that clients do not experience disruption in services. In some instances, new services may need to run in parallel with old services for a limited period to guarantee the wellbeing of people using those services.

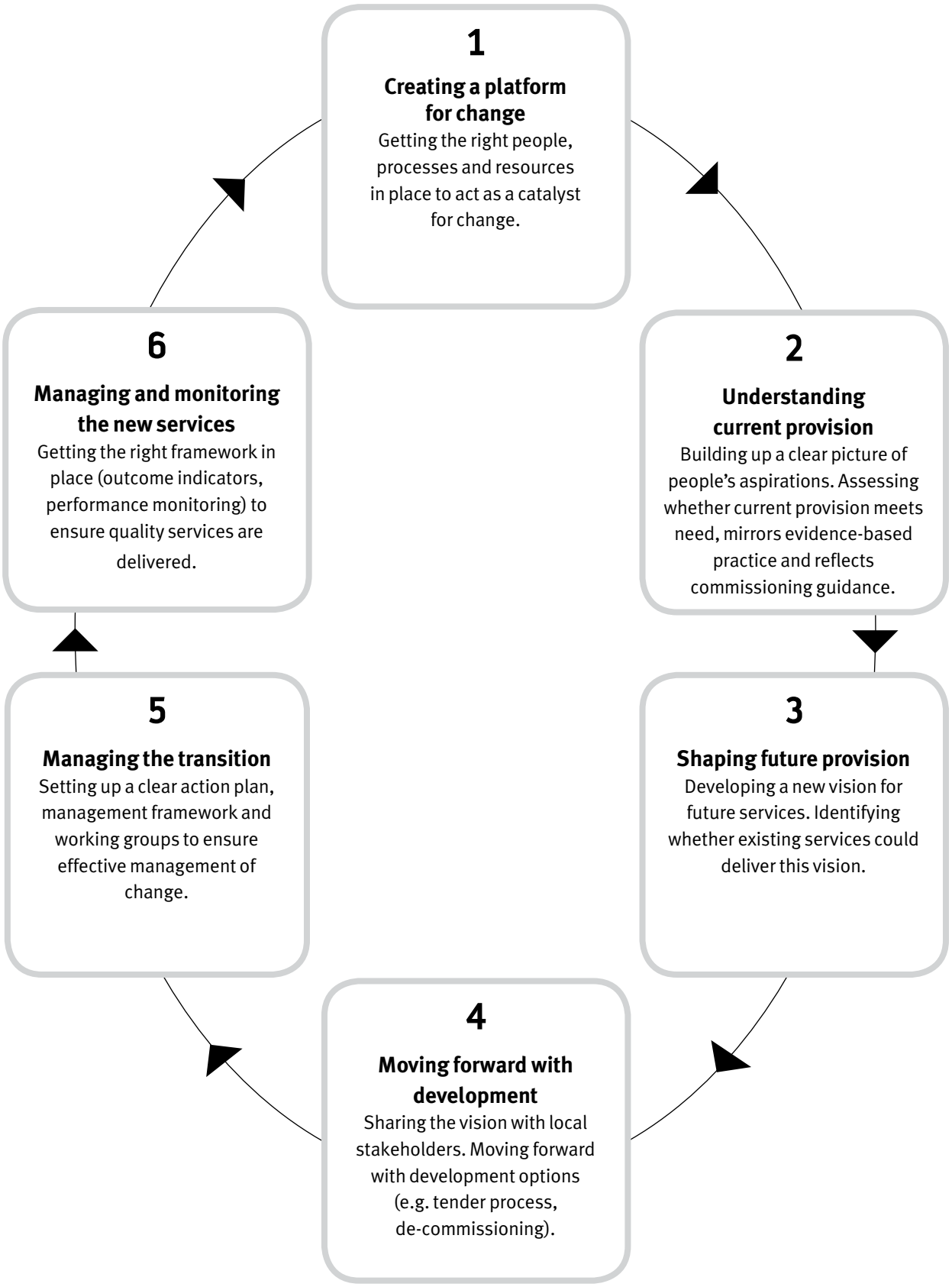
Perseverance and planning

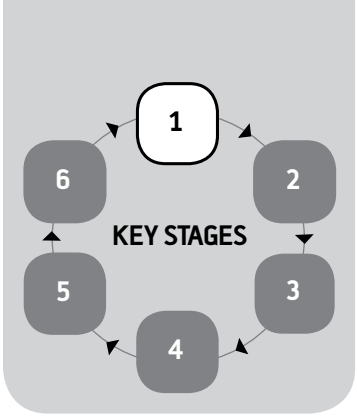
During this process, all those involved need to be committed and persistent, and provide constructive support and dialogue to one another; and most importantly to keep positive and optimistic during difficult times.

Experience has shown that a well planned and managed re-commissioning process can make an enormous difference to people's lives.

Key stages of the re-commissioning process

The following six chapters describe the key stages of the re-commissioning process.





Creating a platform for change

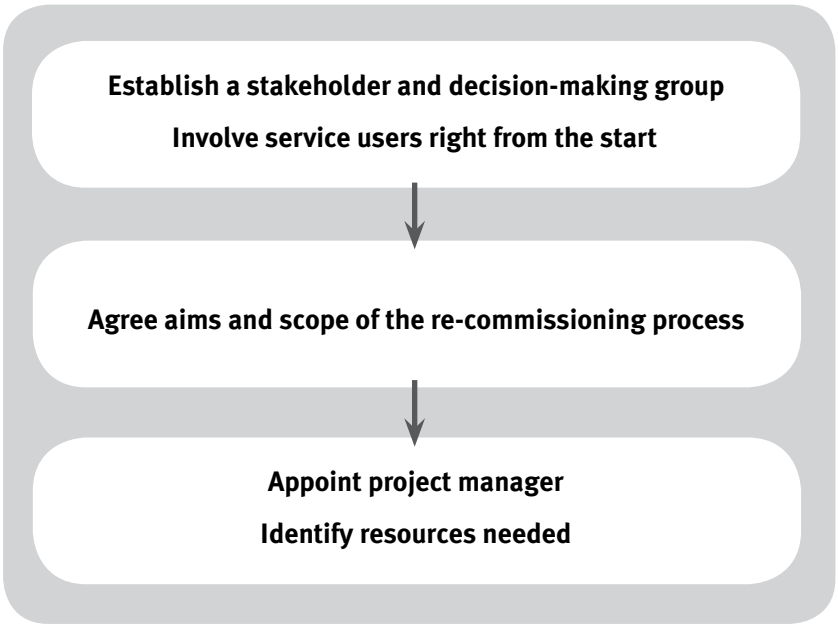
Summary

Modernising day and vocational services is in most cases a complex and challenging process, and as such will need careful planning and management. It is essential therefore that there is a solid platform in place before setting out to ensure change takes place in an effective and co-ordinated manner.

A key stakeholder and decision-making group should be established to provide strategic direction and guidance. Service users should play a major and equal role in this process right from the start. The aims and scope of service re-commissioning should be agreed and made clear to all.

It is crucial that adequate human and financial resources are available to drive the process forward and a project manager is appointed at an early stage.

Stage 1: Creating a platform for change



A whole systems approach

All local day and vocational services should form part of any review process, whether they are provided by the statutory or voluntary sector. The current balance of investment in day and vocational services is critical to the review; in most localities there will have been an over-investment in traditional day services.

Including all services in this process does not necessarily mean that every service will be included in any future tendering process (see Chapter 3, 'Shaping Future Provision', p39), but taking this approach ensures that a thorough understanding of all local service provision and current investment informs the re-commissioning process.

A joint commissioning strategy

It is important that there is a commitment from health and social care services to work together to modernise day and vocational services, pooling resources and expertise where appropriate. Ideally, joint commissioning structures are already in place locally.

However, the publication of a joint commissioning strategy on the modernisation of day and vocational services would be an important anchor for the re-commissioning process. Such a strategy should state long term commissioning objectives for day and vocational services and should reflect local priorities, including:

- Development of recovery-focused day and vocational services, close to home;
- Development of good pathways through services to facilitate social inclusion;
- Access to evidence-based employment support for all;
- Reducing inequalities; meeting the needs of diverse groups;
- More equitable distribution of spending across the locality;
- Better value for money;
- Transparency over any cuts in or maintenance of investment;
- Increasing the role of third sector providers if appropriate;
- Gaining a broader range of providers.

Aims and objectives

It is important to be clear about the overall aims and objectives of the re-commissioning process, and the underpinning values and principles. These should be agreed in consultation with key local stakeholders.

Stakeholders need to develop a shared vision of what is to be achieved through any change process. This can be managed in a number of ways. Consultation events for interested parties – service users, carers, the general public and provider agencies – may be a useful approach. One approach that has been found helpful in some localities is the 'solutions focused approach' where people are encouraged to envisage their 'perfect future' (Jackson & McKergow, 2002).

(See www.southeast.csip.org.uk/silo/files/an-ideal-world.pdf for a description of how this approach has been used to help people with mental health problems envision a future where they receive effective support for finding and keeping employment.)

Whatever the approach to consultation, the aims, objectives, values and principles that are agreed will need to take account of the following key elements:

- The current and future aspirations of local service users and carers;
- The 'key principles for refocusing day services' and 'key functions of day services' laid out on pages 5 and 6 of the commissioning guidance on day services (DH, 2006a);
- Guidance offered within the commissioning guidance on vocational services (DH, 2006b);
- Evidence-based practice: what the research literature tells us in terms of what principles should underpin day and vocational services.

A summary of the core aims of the re-commissioning process adopted in Eastern Surrey is shown in Box 2.

Box 2: Core aims of the re-commissioning process in Eastern Surrey

The core aims of the re-commissioning process in Eastern Surrey were agreed as follows:

- To identify, build on and expand current good practice;
- To ensure that there are a range of progressive, accessible support services;
- To ensure that services are delivered by an appropriate provider;
- To ensure that service provision will respond to individual needs across the localities;
- To deliver a re-commissioned service by a specified date.

The drivers behind the re-commissioning process were considered to be:

- To bring better outcomes for people with mental health problems, through the development of better support to gain and maintain employment or take part in the local community.
- To modernise the services in line with the *National Service Framework for Mental Health* (DH, 1999), the Social Exclusion Unit report (SEU, 2004) and evidence-based practice.
- To offer co-ordinated services which allow individuals to create their own pathways between services and into the community.
- To be more responsive to individual needs in local areas, ensuring equality of access and an increased range and choice of services.
- To be able to involve service users and carers in the design, running and evaluation of services.
- To bring in specialists in the field to build partnerships with the local community and voluntary sector providers.
- To attract new funding sources to enhance services.

Scope

From the outset, it is important to be clear about the scope of the re-commissioning process: which services will fall within the remit of this process, and which will not? What aspects of each service will be under review? Commissioners need to be explicit about these parameters, as they will be an important reference point as the process unfolds. This is likely to encourage service users and other stakeholders to participate in and to trust the process.

Box 3 shows the key principles that were identified for day services during the re-commissioning process in East Sussex.

Box 3: Key principles of day services in East Sussex

Principles: The aim of day services is to provide meaningful day time activities for those people who do not feel ready or able to move into mainstream education or employment, or who need additional support to do so. Services will:

- **Promote recovery:** Enable people with mental health problems to maintain and/or rebuild meaningful, valued and satisfying lives even in the face of ongoing mental health problems.
- **Focus on community participation:** Support people to access existing opportunities in their local community rather than creating segregated activities, and increase the capacity of communities to accommodate those with mental health problems.
- **Reduce social isolation:** Provide people with opportunities to extend their social networks and form relationships not only with other people with mental health problems and staff, but also with people outside the mental health system.
- **Offer opportunities for people with mental health problems to provide support to each other and to run their own services:** Increase the extent to which services are led and run by people who have mental health problems themselves.
- **Maximise choice and self-determination:** Enable people with mental health problems to determine what is provided via user-led services.
- **Meet the needs of diverse groups:** Address the diverse needs of different groups within the population, especially those who have historically been poorly served, being mindful of the need to provide services that are sensitive to age, gender, ethnicity, religion, sexuality and disability and explicitly meeting those needs in their design.
- **Ensure that services are accessible to people who are more seriously disabled by their mental health problems:** Meet the needs of people with a range of problems including those with more severe and enduring difficulties who may require a relatively high level of support on an ongoing basis.
- **Involve users and carers:** Maximise use of the expertise of those with personal experience of mental health problems in designing and developing services, including those who may not be using existing day services because they find them inaccessible or unacceptable.
- **Increase diversity of provision:** Maximise the contribution of the voluntary and independent sector in service provision, supported by statutory services.
- **Improve cross-sector working:** Ensure integrated, participative working, not only across statutory and voluntary providers of mental health and social care but also with and between providers outside the mental health system.

Steering group

A crucial first step is to establish a steering group, which includes representation from local stakeholders, to provide strategic direction and guidance during the re-commissioning process. Essential members will be service users, directors of commissioning from both health and social care, and any project manager appointed. Senior decision makers from relevant local agencies should be part of this group and be involved from the outset.

Conflicts of interest will arise if local provider agencies that are in contention to be potential suppliers of future day and vocational services are on the steering group. In Eastern Surrey, the local NHS trust was able to participate as a valuable member of the steering group as it had made clear that it was not planning to continue its provider role for these types of services in the future. In most cases, however, local providers are likely to be potential future bidders, so they cannot be on the steering group. Therefore, particular care should be taken to ensure that they are involved in the process in other ways as they will have a valuable role to play in the restructuring of services, whether they continue to provide services or not.

The steering group needs to be able to make recommendations about the future commissioning of services, and to report directly to senior decision-making governing bodies, such as joint commissioning boards or the equivalent. The steering group is strategic, not operational, and needs to have a clear mandate to fulfil this role right from the start.

It may also be helpful to draw up a contract for members of the steering group to sign up to, which sets out what everyone can expect from each other. This may also cover areas such as confidentiality, the payment of service users, and the way that meetings are run.

Box 4 shows the membership of the steering group in Eastern Surrey.

Box 4: Membership of steering group in Eastern Surrey

- Director of mental health commissioning, PCT
- Director of mental health commissioning, local authority
- Director of operations, mental health NHS trust
- Contracts officer, local authority or PCT
- Project manager
- Local service users
- Finance manager NHS trust
- Operations manager NHS trust
- Estates manager NHS trust
- Service user consultant – providing independent support to service users on the steering group and a communication link between the group and wider service user forums in the locality.

Project manager

The appointment of a project manager with the pertinent expertise, experience and seniority to lead the project is critical. This role would be suitable for a short fixed term appointment, a secondment or a consultancy contract with an external agency that has an appropriate track record.

Contracting with an external consultancy, the chosen approach in both Eastern Surrey and East Sussex, provided expertise and capacity that was not readily available in-house. Most importantly, an external project manager is independent and therefore may be viewed with less suspicion by service users and existing providers.

The project manager should be line managed and ultimately accountable to health and social care commissioners, but the role is to work with all stakeholders on the steering group. Box 5 shows the key competencies that were required of the project manager appointed to lead service modernisation in Eastern Surrey.

Box 5: Key competencies of project manager in Eastern Surrey

- Specialist expertise and knowledge in the field;
- Ability to work for commissioning but with all parties as required;
- Excellent interpersonal communication and negotiating skills;
- Good understanding of commissioning and procurement processes;
- Ability to prioritise;
- Ability to think through problems and work through solutions;
- Ability to work under pressure and to meet tight deadlines;
- Approachable and flexible;
- Ability to communicate and liaise effectively with other agencies and professionals, service users and carers.

The project manager can be the engine that drives the re-commissioning process forward. In both Eastern Surrey and East Sussex, the project manager was immediately tasked upon appointment to undertake an independent review of all day and vocational services, mapping service use, delivery and outcomes and building a clear picture of investment. This initial phase was followed by an in-depth consultation process with stakeholders to develop new specifications for future service delivery.

Service user involvement – enabling full and equal participation

Public and service user involvement are crucial parts of the design and delivery of health and social care services and are central to the Government's agenda of personalisation. Service users can utilise their lived experience of what a service was like for them in order to improve future services. The process of involvement empowers individuals and can be therapeutic in itself, especially if changes result from their input.

Mental health service user involvement can take a variety of forms. In 2005, Peck and colleagues offered a formulation of some of the different ways that service users can become involved (Peck *et al.*, 2005). Involvement was conceptualised at different levels of interaction, from recipients of communication, to subjects of consultation, through to agents in control. This offers a useful framework, but a noticeable feature is the absence of service users as commissioners of services, involvement being limited to participation in local implementation teams and stakeholder conferences as part of the planning of services.

This may reflect the fact that, although service user involvement in mental health is increasingly stressed at policy level (DH, 2006c; DH 2007a), it is still less common in the actual commissioning process.

The most common role for service users in commissioning has been as participants in service reviews or as purchasers of their own care and support through individual budgets and direct payments. However, in a few localities, there has been a wider and fuller role available in service modernisation. In Aberdeen, for example, service users received training and support to participate on a full and equal basis with professionals in the redesign, commissioning and provision of new vocational services (Hughes, 2000).

Service users can also play a key role in providing leadership and vision in the re-commissioning process. In Brighton and Hove, commissioners funded two voluntary sector organisations to work with service users to develop their own proposals for the future of day services across the city. This followed significant resistance to earlier proposals for restructuring day services, and the realisation that a different approach was needed (NSIP, 2007a).

There are lessons that can be drawn from these and other localities where service users have had full and equal participation in the re-commissioning process:

Right from the start

Service user involvement should be in place right from the outset, so that individuals can be involved in shaping the re-commissioning process. This may include setting the terms of reference of the project, agreeing principles that should underpin service redesign, as well as appointing a project manager.

A range of perspectives

It is helpful to involve service users who come from a range of perspectives – people who are currently using day and vocational services, as well as those who are not.

Clear roles and responsibilities

From the outset, there should be clarity over the roles and responsibilities of service users and the commitment required of them. That way, individuals can make informed decisions about their level of participation. Where timescales for the re-commissioning process are uncertain, it may be useful to agree time limits for an individual's membership of a group. Their terms of involvement – whether it is paid work or working as volunteers with expenses paid – should be agreed at an early stage. Methods of being paid or claiming expenses should be as simple and rapid as possible.

Information sharing

For those individuals who may be members of the steering group and who may be involved in key decisions regarding local services, it is important to have clear guidelines about sharing information. All members of the steering group need to know what is confidential, what can or should be communicated to a wider audience, and why. It can be useful to provide a summary at the end of each meeting to agree which points discussed during the meeting are confidential and which are not. Often it is less about the information being confidential and more about the timing of information being shared.

Decision making

Although health and social care commissioners on the steering group will, in the final analysis, be responsible for the use of public funds, the intention should be that service users play a full and equal role in the commissioning process. The views of service users should have an equal weighting to those of the professionals in the group.

There may be occasions, however, where it may not be appropriate for all members of the steering group to participate in some decisions due to a potential conflict of interest. In East Sussex, for example, it was agreed that service users would not participate in decisions concerning services they were currently attending, although they contributed their views of that service.

In Eastern Surrey there was a stage in the re-commissioning process when confidential human resource issues had to be examined, and this was undertaken by a sub-group consisting only of the project manager and representatives from the human resources department.

Consideration should be given at an early stage of the re-commissioning process to these kinds of issues, how they might arise and how they will be managed.

Support

Due to the complexities and challenges involved in service redesign, it is crucial that all service users involved are offered support throughout the process.

Taking on a decision-making role, alongside commissioners, can sometimes place service users in a difficult position, particularly in relation to other service users. For example, recommendations may be made by the steering group about the closure of a particular service, and this may cause difficulties for service users who still attend that service. Although they may have withdrawn from participation in the decision for closure, other users of that service may not be aware of this. Indeed, their involvement in the process in itself may prompt a negative reaction from some other service users.

Service users may also be in a difficult position if they have information which provider staff do not have and which they cannot disclose. Staff may question service users about future developments because they do not have the information themselves. There need to be clear guidelines concerning communication with provider staff.

Support can be provided in a number of ways – for example through established user forums and networks, or an independent advocate (see Appendix 2, Case Study B, p87). In both East Sussex and Eastern Surrey, an independent service user consultant was contracted to work with a group of service users in all stages of the re-commissioning process. The service user consultant provided information and support to service users and carers, helping them to develop their ideas and feed them into the service development process.

Communication

After every steering group meeting, it is important to make time to agree the content of an update briefing that can be circulated to keep project staff, service users and other stakeholders abreast of developments. Even when there is not much to report, it is important that this fact is communicated. These written briefings will help service user members of the steering group to deal with questions they may be asked when they next attend day or vocational services.

Training

During the initial stages of a re-commissioning project, funding should be identified to ensure that training can be made available for service users as and when required. Experience suggests that training should not be delivered in a single block, but around the time each project task needs to be undertaken. Training programmes should be flexible as service users often identify their own training needs as the project develops. As well as expertise in the topic being covered, training providers need to have an understanding of the needs of users of mental health services.

A training programme for service users should include all or some of the following elements:

- Commissioning and contracting – the basics: What is commissioning? Why is it needed? Why re-commission services? What is the role of the commissioner? Who are they accountable to?
- The role of service users in commissioning: What can service users bring to the commissioning process? Why is this important? What would I actually be doing? Who would I be working with? How do I manage difficult conversations and questions?
- How can we ensure future services reflect what service users want? How do I get my voice heard? What are service specifications and how do we design them?
- How will decisions be made? What is my role within this, and how much influence will I have?
- Day and vocational services: What service models exist? What are the different ways to support people with mental health problems to maintain existing and develop new social, leisure and cultural activities in mainstream settings or to find and keep employment? Service users need a reasonable understanding of what is possible if they are to play a role in shaping new services.
- Selecting new providers: Why carry out a tender process? What is the procurement process and what are the rules? Who are potential providers and what can they offer?
- Performance management: How do we monitor performance on contract delivery?

A more detailed modular training programme is suggested in Box 6.

Box 6: Sample training programme for service users involved in re-commissioning

Session 1: Purpose of training

- Project details: process and people;
- Commissioning process: whys and wherefores;
- Identifying skills needed;
- Looking at tasks;
- Responding to support needs.

Session 2: Information gathering exercise

- Purpose of and the planning of visits;
- How to do it: handling different situations;
- Support needs: pre- and post-task briefing etc.

Session 3: Options appraisal and new service specifications

- Why and how options appraisals are undertaken;
- What are service specifications and how are they drawn up in the light of information gathered?

Session 4: Thinking about new services

- Visits to services of selected bidders;
- What to look for;
- Briefings on different models of service e.g. social firms.

Session 5: Selecting new providers

- Looking at the process: e.g. the pre-qualification stage and the invitation to tender, evaluation of bids, short listing and interviewing. How these are undertaken and the skills needed.

Session 6: Ensuring the quality of new services

- Ensuring that services continue to meet specifications;
- How to undertake monitoring and evaluation;
- How to ensure service user involvement in all aspects.

Juliet Jeater, Service User Consultant, 2007.

Payment

It is always desirable to offer payment to service users for their involvement where this is feasible, although some people will choose to participate on an expenses only basis. This sends a clear message about the equal value of service user involvement and the importance of their views. Service users may need welfare benefits advice to enable them to claim payments without jeopardising their financial situation. There are a number of recent publications that provide guidance on this matter (Care Services Improvement Partnership, 2007; DH, 2006f; Social Care Institute for Excellence, 2005).

Resources

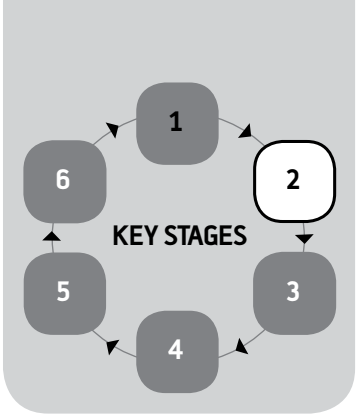
The re-commissioning of day and vocational services will need to be adequately resourced if it is to have any chance of success. While much activity may be resourced through mainstream budgets, commissioners may need to identify additional resources for the following key areas:

- Project management;
- Training for service users on the steering group;
- Payments for service users on the steering group;
- Independent service user advocacy and support;
- Funding for the transition phase.

In Eastern Surrey, the re-commissioning process took place over a two-year period, and project management was crucial throughout.

KEY POINTS

- ☐ Aims and objectives, scope, underpinning principles and timescales of the re-commissioning process should be agreed from the start.
- ☐ A key stakeholder and decision-making group (steering group) should be established to oversee and steer the process.
- ☐ A project manager should be appointed to drive the process forward.
- ☐ Service users should be involved on an equal basis at all stages of the process and clear mechanisms should be developed to achieve this.
- ☐ Service users should be provided with adequate support and training.

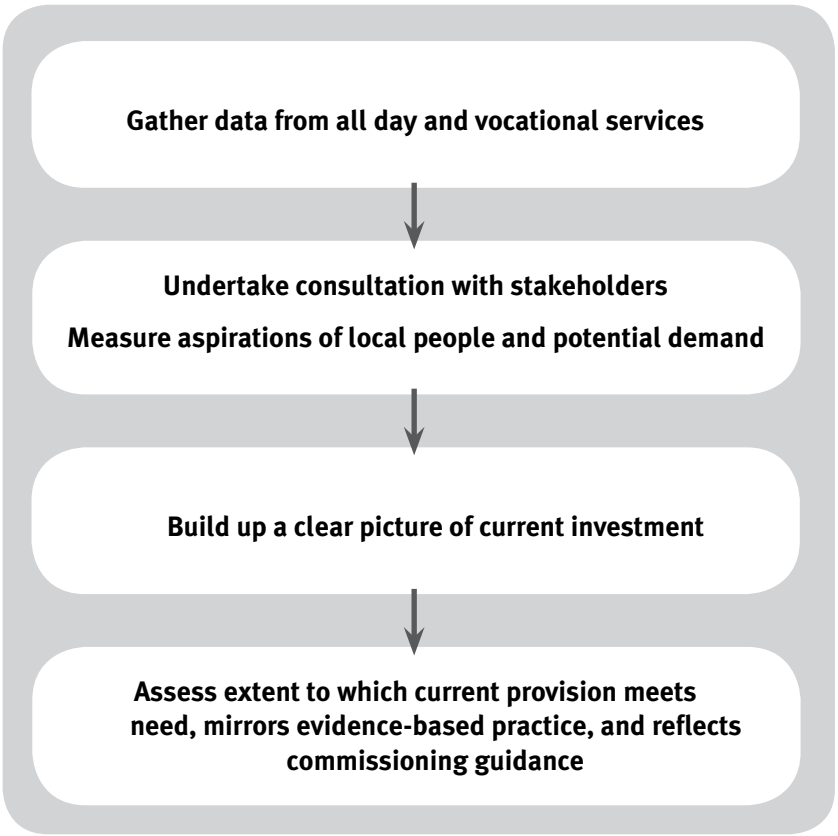


Understanding current provision

Summary

A major task in the re-commissioning process is to review existing provision. This includes assessing the extent to which it meets the current and anticipated future needs of local people with mental health problems, and looking at how day and vocational services interact with clinical mental health services. It will be important to find out the aspirations of local people, what kinds of services they would like, and what level of service is needed. A clear understanding of investment in services and how it could be better targeted will be essential. This chapter considers what kind of information might be required and suggests useful approaches to gathering it.

Stage 2: Understanding current provision



Reviewing current provision

One of the first tasks for the steering group will be to develop a thorough understanding of the current range of day and vocational services across the locality.

- What types and quality of services are on offer?
- Who uses these services and how do they reach them?
- What do current service users want from day and vocational services, and are they getting their needs and wishes met from current services?
- What are the intended outcomes of day and vocational services, and are they being achieved by current provision?
- What is the relationship between day and vocational services and clinical mental health services?

Much of this data may already be available from previous reviews. However, it is important that any analysis of needs is based upon up-to-date information, and it will be crucial to gather current data from services, particularly explicit and implicit financial information.

A range of approaches

It can be useful to gather information using a range of approaches, which could include:

- Individual interviews with service users;
- Discussion groups with service users;
- Self-completion questionnaires;
- Interviews with staff;
- Staff meetings;
- Observational visits;
- Interviews with referral agencies.

Information gathered in a variety of ways and from a range of perspectives is likely to create a more detailed and accurate picture of provision.

It is important that information is gathered by those with the right experience or expertise. With the appropriate training and support, service users can play a key role in gathering information, particularly in relation to the views of users of local day and vocational services and their future aspirations. This approach has been used to good effect in a number of localities; for example within the South East Essex Service User Research Group (SE-SURG) research study (2006).

It is also important that those gathering information about local day and vocational services have a good understanding of these kinds of services, the variety of forms (or service models) they can take, and the research evidence on good practice. Again, it may be possible to impart this knowledge and understanding through appropriate training.

People who are not using current services

It is essential to gather information from people who currently do not use existing day and vocational services. Their reasons for not using services and how these could be improved to meet their needs will be particularly pertinent to the analysis of service provision.

For obvious reasons, it can be difficult to identify such individuals. However, a useful way to reach people may be through community mental health teams, primary care mental health teams and local

mental health voluntary groups. Some of their clients or members may have rejected current services or chosen to use local community groups rather than mental health services.

The use of self-completion questionnaires which can be returned by post can be an important means of gathering the views of this group.

Assessment tools

It is helpful to use structured assessment tools, such as interview schedules and questionnaires, when gathering information from services, service users, carers and others. These need to be designed carefully to ensure that data gathered is comprehensive, relevant and will allow the kind of analysis that is required. The design should be informed not only by an understanding of day and vocational services and their functions, but reflect a good knowledge of evidence-based practice and a familiarity with the Department of Health commissioning guidance for both day and vocational services (DH, 2006a; 2006b). Input from service users into the design is extremely important.

Building a profile of current services

Requirements for information will depend upon local circumstances. However, the following basic data on a service are likely to be useful in any analysis.

- Aims and objectives;
- Types of programmes and support offered;
- Geographical area served;
- User profile: ages, gender, ethnicity, referral routes, length and frequency of attendance, usage of other services;
- Staff profile e.g. registered mental health nurses (RMNs), occupational therapists (OTs);
- The perceived benefits that service users gain from attending;
- Service user outcomes in terms of increased participation in volunteering, education, social and leisure activities in mainstream settings, training and employment;
- Financial data, i.e. income from funding grants and trading, expenditure, premises and other fixed costs;
- Opportunities for service users to take up paid positions within the service;
- Levels of service user involvement in decision making and day to day running of the service;
- What users value about the service and how it could be improved.

Different types of services may require different assessment tools. In Eastern Surrey, for example, a specific assessment tool was designed for services that were offering direct support to gain and maintain employment. The tool was based upon the individual placement and support (IPS) Fidelity Scale (Bond *et al*., 1997) which allows vocational services to measure their closeness to the principles of the IPS approach.

The National Social Inclusion Programme has also developed useful checklists for both commissioners and providers wishing to benchmark current day services against the recommendations set out in the commissioning guidance (NSIP, 2006a; NSIP, 2006b; NSIP, 2007b).

A 'Data Collection Checklist' giving a list of data that may be needed in any comprehensive review of provision can be downloaded from www.scmh.org.uk/employment by following the links to the *About Time Resources*.

Equality impact assessment

Under the Equality Act (Sexual Orientation) Regulations 2007, local authorities are required to carry out an equality impact assessment (EIA) to examine the impact of policies and procedures on different groups of the population, to prevent discrimination on the grounds of race, age, gender, disability, sexual orientation, religion or belief.

In terms of the re-commissioning process, an EIA could be undertaken during the process of gathering information on current services to help identify the impact of current provision on different groups. This information will support the planning of future services to ensure different groups are adequately represented and are not discriminated against within the new service configuration. In the context of day services, for example, a plan to deliver a service only on a Friday might prohibit access to the service for individuals from particular religious groups, and this would therefore need to be taken into account when making any changes.

For further advice and guidance about carrying out an EIA, contact the equality and diversity team within your local authority. A pdf of the Equality Act can be downloaded from www.communities.gov.uk/documents/corporate/pdf/equalityimpactassessment.

Assessing potential for social firm status

One element of gathering information may be to examine the feasibility of an existing day or vocational service becoming an independent social firm – i.e. *externalisation* from a public body or other managing agent to a standalone enterprise. Social firms, however, are not 'easy options'. They require the involvement of the right people, now commonly referred to as 'social entrepreneurs', to constantly balance the core values of social firms – enterprise, employment and empowerment. Developing as a social firm is not just an option for an existing vocational service, it could also be a way forward for a drop-in or another type of day service.

The key things to look for when considering whether development as an independent social firm is the best option for an existing service are:

- Is it a well-established business with an extensive customer base?
- Has it a strong cash flow and market position?
- Does it have a staff team who want to work towards independence provided their terms and conditions of employment can be protected?
- Does it have a track record of employing people with mental health problems within the workforce?
- Can it provide excellent work experience and training opportunities?
- Can it deliver against any of the new service specifications developed by the commissioning group?
- Does the idea have support among service users currently involved with the service?

If the answer to most of these questions is 'yes', then supporting development as an independent social firm may be a feasible way forward. Detailed guidance on 'externalisation' of social firms is available in *Bringing Social Firms out of Public Authority Control* (Social Firms UK, 2006).

Further chapters outline how to take this option forward, should development as an independent social firm be the preferred option. The Travel Matters case study in Appendix 2, Case Study D (p94), gives a detailed example of how this was achieved in Eastern Surrey.

Assessing future demand

Day services

In most localities, it is unlikely that current day services are meeting the needs of all those who might require them. Some groups are frequently under-represented within day services: young people, people from black and minority ethnic communities, women and those living in rural areas. Other individuals do not use local day services because they see them as outdated and stigmatising, and feel they do not meet their aspirations.

Attendance data and waiting lists may give some indication of current demand, but tell you little about what might be the wider demand for fully modernised day services – ones offering individualised, high quality programmes in attractive community settings. They also do not tell you whether those people accessing the services are people who require this support on an ongoing basis or have instead become dependent on a service, in part as a result of how it operates.

There are, however, significant difficulties in assessing the levels of potential demand for fully modernised day services. There are few studies in the research literature that have examined this or attempted to quantify what might be optimum service levels.

The Department of Health commissioning guidance on day services (DH, 2006a) suggests that opportunities for social contact and support, and to retain existing or develop new roles, relationships and social / leisure activities should be *"available in every PCT area at a level determined by local need"*. Opportunities for service users to run day services and support each other should also be available at levels according to local need.

We are thus thrown back on the need to find proxies to gauge local need. Care Programme Approach (CPA) registers may (prior to changes this year in the scope of CPA) give some idea of the potential 'market' for day services, but a more useful approach may be to commission local surveys of individuals who use secondary mental health services. It is important, also, not to overlook the potential demand for individuals receiving care and support in primary care settings.

Vocational services

In the arena of vocational services, although we are still not able to be precise, there are more sources of data to draw upon to provide an estimation of potential demand and to set targets for service levels. One way to get a broad sense of potential demand for vocational services is to use data from a number of national surveys and to extrapolate these to your locality.

Using the Psychiatric Morbidity Survey 2000 (Singleton *et al*., 2001), it is possible to generate estimates for the numbers of people with mental health problems in a particular locality. The survey reports prevalence rates of 164 per 1000 of the general population for neurotic disorders (e.g. anxiety and depression) and 5 per 1000 for probable psychosis and severe affective disorders, and suggests that approximately one in 25 individuals has a personality disorder.

Using these prevalence rates, and the latest, mid-year (working age) population estimates for a particular locality (available from the Office for National Statistics), it is possible to generate estimates for the numbers of people with neurotic, psychotic and personality disorders of working age in a locality.

By applying national worklessness rates from the latest Labour Force Survey (published quarterly by the Office for National Statistics) to these estimates, one can then estimate the numbers of individuals with severe and enduring mental health problems who are not in employment. Based on certain assumptions, you can also arrive at estimates for the numbers of individuals with neurotic illnesses not in employment. An example showing how to generate these kinds of local estimates is provided in Appendix 1, Resource 1 (p69).

This approach has some limitations as it uses national data in order to calculate worklessness rates in a local labour market. This may be problematic if the local area is very different from the national average in terms of labour market or other characteristics. Commissioners, with their knowledge of local populations, need to take this into account when using these kinds of estimates.

An alternative approach may be to generate estimates for worklessness based upon local data for the numbers of people with mental health problems in receipt of incapacity benefit (available from www.dwp.gov.uk/asd/tabtool.asp). This has the virtue of using readily available local data on the group that would be a key target for vocational services.

Of course, not all these individuals will have the need for or the desire to use vocational services. However, we do know that between 60% and 90% of individuals with severe mental health problems would like to work given the opportunity (Bates, 1996; Secker, Grove & Seebohm, 2001; Seebohm & Secker, 2005). It is therefore possible to arrive at an estimate for potential demand.

Irrespective of efforts to estimate future demand, the Department of Health commissioning guidance on vocational services (DH, 2006b, page 19) does provide some recommendations for levels of provision. There should be a whole-time equivalent employment specialist in every clinical team (e.g. community mental health, assertive outreach, rehabilitation, early intervention in psychosis and mental health in primary care), and they should provide vocational services for up to 25 people at any one time. In addition, for every 100,000 of population, there should be opportunities for supported work (within social enterprises or firms) for 10–15 individuals at any one time.

It is also important to anticipate the increase in demand as vocational services develop. The aspirations of service users change particularly towards employment, as the culture of services changes and other service users gain and maintain employment. This has certainly been the case in Eastern Surrey (Clarke, Jeater & Lockett, 2008, forthcoming).

Gathering financial data

It is important to develop a detailed understanding of current investment in all day and vocational services. To this end, one needs to gather as full a picture of income and expenditure as possible for each service. This should include information on:

- All income streams; including income from other local authorities and NHS trusts where 'out of county' payment arrangements may have been established;
- Salaries and on-costs (e.g. national insurance and pension contributions);
- Non-pay costs;
- Overheads;
- Capital charges for premises owned by public bodies or rental costs of current buildings used;
- Premises costs: utilities, maintenance;

- Management charges;
- Any hidden costs (for example staff working within the service but not included in budgets, shared premises costs, and where services operate to a deficit which is absorbed by the current provider agency).

Independent sector providers will have service level agreements with commissioning agencies, and full financial data should therefore be readily available to commissioners as part of the existing monitoring arrangements.

However, gathering financial data from statutory services may not be as straightforward. Large providers of day and vocational services (e.g. NHS trusts) may historically have had 'block' contracts, covering a range of mental health services, with primary care trusts, and find it difficult to isolate financial data for individual services. In this situation, budgets used by service managers will not necessarily reflect the real costs of running the service. There may be items not included in these budgets, e.g. rent or utilities, which represent the real costs of running such a service. These revenue costs need to be identified or, if accurate data are unavailable, estimated. This information is essential to inform realistic funding for the service in any future provision of the service or re-allocation of investment. Some provider agencies may also be reluctant to share what is considered commercially sensitive information; however all fixed costs for services should be made transparent.

In many localities, services may have developed in an *ad hoc* fashion, perhaps reflecting the historical locations of the large psychiatric hospitals of the past. Current investment across the region may not reflect population distribution and access to services may be inequitable. A clear picture of the geographical spread of current investment is therefore also important. Resource 2 in Appendix 1 (p72) provides a useful template for comparing current investment against population distribution across a geographic area and can be used to plan future investment.

Joint strategic needs assessment (JSNA)

An understanding of current and future need has always been a key platform for effective commissioning. However, with the focus on commissioning for specific outcomes, there is now a statutory requirement for all local authorities and primary care trusts to undertake joint strategic needs assessments (JSNA). These reviews are intended to inform the local area agreements that have been drawn up between local services to reflect common priorities for their community.

At a recent conference on joint commissioning, the JSNA was described in the following terms:

"*JSNA is seen as the bedrock of person-centred commissioning. It should be focused on outcomes, focused on the future, and should:*

- *include joint analysis (between health and social care) of current and predicted health and wellbeing outcomes;*
- *take account of what people in local communities want from their services (statutory sector and the wider marketplace);*
- *provide a view of the future*
  - *predicting and anticipating new or unmet need;*
  - *include opportunities for disinvestment and resource transfer;*
  - *help shape the supply side through the publication of a prospectus showing the gaps and what the plan is to address these which is circulated to the provider forums.*"

(*Joint Commissioning in Practice*, November 2007, Bob Ricketts, Department of Health – based on his presentation at the Joint Commissioning Community Care Conference.)

A JSNA for employment and health

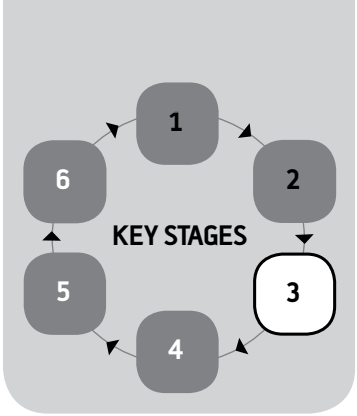
So what should be included in a JSNA for employment and mental health? It is similar to the information that has already been identified in this chapter and is likely to include data on:

- Prevalence: how many adults of working age currently have a mental health problem (common and severe)?
- Unemployment rates: how many people currently with a mental health problem (common and severe) are currently unemployed and how does this compare with the local unemployment rate?
- What services are there in the locality that support people with mental health problems to find and keep work, how integrated are they with clinical mental health services and what are their outcomes?
- What other services in the locality provide day and vocational support for people with mental health problems?
- How do these current services match up to evidence-based practice?
- If people want to find employment, what support do they require in the locality, and how does this differ from evidence-based supported employment?
- Are there any particular groups that are under represented in the current employment services?
- Are there any parts of the locality where there is an under investment according to identified need, or where investment is concentrated only in urban areas?
- What are people's anxieties about any change process?

When assessing expressed demand for employment, it is always important to be aware that low expectations of success and people's fear of being forced back into work can have a negative impact on demand. This scenario is especially likely in areas that have lacked any employment focused services, where professional expectations are low, and where peer role models are lacking. Interest and aspirations will increase in areas where a successful employment service exists.

KEY POINTS

- ☐ A review of current provision should be undertaken to measure the extent to which it meets the needs of local people with mental health problems.
- ☐ It will be important to identify the aspirations of local people, the kinds of services they would like and what level of demand can be anticipated.
- ☐ A clear understanding of current investment and how it could be better targeted will be needed.
- ☐ A range of information will be gathered and this should be fed into a joint strategic needs assessment (JSNA).



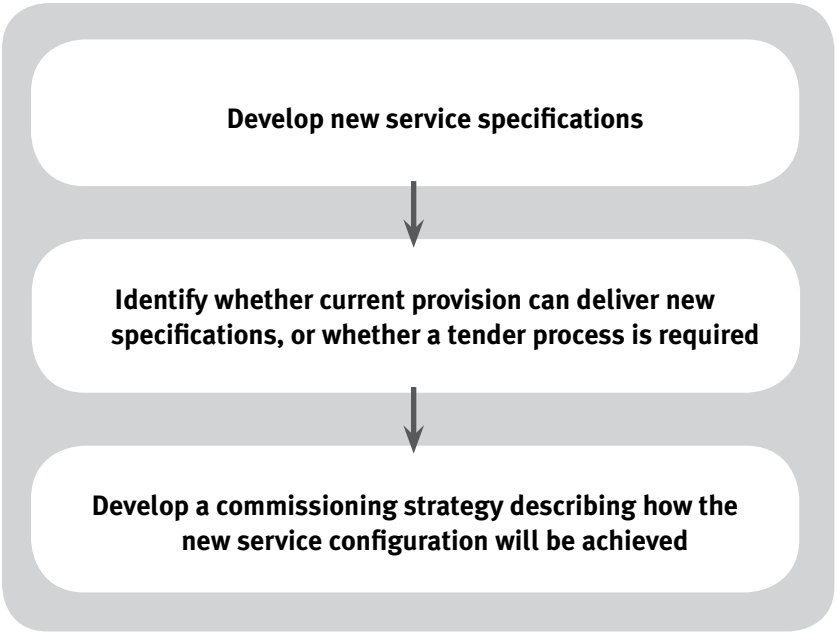
Shaping future provision

Summary

This chapter explores how information gathered during the review stage should be used in the next phase of the re-commissioning process.

Having developed an understanding of levels of investment, current provision, and the extent to which it meets need, the next step will be to construct a clear vision for the shape and balance of future services. One key element will be the crafting of service specifications for proposed new services. Another will be an objective assessment of whether current provision will be able to deliver these new specifications or whether a tendering process is required. A final element will be the production of a coherent and well-evidenced commissioning strategy, laying out clear recommendations for future services with plans for their delivery and a timescale for change.

Stage 3: Shaping future provision



Developing new service specifications

A service specification is a key document. It spells out in detail the services to be provided such as the types of support or activities that the provider will offer, the commitment to people who use the service, and the outcomes that will be achieved. It will also describe *how* the provider will have to demonstrate they are achieving the promised outcomes and detail the reporting arrangements and performance management required by the commissioner to ensure the specification is fulfilled. Good service specifications provide the cornerstone for effective commissioning.

National guidance and policy

Service specifications need to reflect the guidelines on day and vocational services expressed in the Department of Health's commissioning guidance (DH, 2006a; 2006b). There is also a need to be mindful of principles or targets within recent policy statements e.g. the *Commissioning Framework for Health and Wellbeing* (DH, 2007b) or public service agreement targets. The HM Treasury website provides an overview of public service agreements and their targets: (www.hm-treasury.gov.uk/pbr_csr/psa/pbr_csr07_psaindex.cfm).

Research evidence

Service specifications should reflect the research evidence on effective practice where this is available. As outlined in earlier chapters, there is clear international research evidence on what is effective in vocational services. Service specifications for vocational services should incorporate the key principles and outcome measures recommended for the individual placement and support (IPS) approach (Bond *et al.*, 1997).

For day services, there is less research evidence on what constitutes effectiveness. However, what is clear from a large number of consumer surveys is that most service users would like support to participate in social, leisure and cultural activities alongside other members of the community, rather than in settings specifically designed for people with mental health problems. Anecdotal and locally gathered evidence about the effectiveness of some of the newer approaches to delivering day services – principally those focused on user-led activities, community rather than building-based services and individualised support – also point to their increased effectiveness in delivering meaningful outcomes.

Outcome and key performance indicators

It can be difficult to measure community participation. The National Social Inclusion Programme has developed a framework of outcome indicators that can be used to measure how well day services enable their clients to take up mainstream opportunities (NSIP, 2007b). Commissioners can use this to monitor and evaluate the effectiveness of their day services, alongside measurement of outputs and value for money. Again, it is recommended that service specifications incorporate outcome indicators from this framework that are appropriate to local services, taking into account the outcomes expressed as desirable by the local community and identified through the joint strategic needs assessment.

There is further discussion on the use of key performance indicators and their role in provider performance management in Chapter 6, 'Managing and Monitoring the New Services' (p63).

Values and principles

Service specifications should describe what service users can expect from the service, particularly in terms of the values and principles that should underpin the delivery of that service. An example of the 'values base' of a vocational service, in this case a service offering support to find paid employment, is shown in Box 7.

Box 7: Extract from a service specification used in Eastern Surrey

Values	What people using the service can expect
Control	For individuals to be able to choose the types, pace and direction of employment support they receive from the service.
Respect / safety	To promote the feeling of self-worth, which supports wellbeing, risk taking and a feeling of safety.
Employment	Employment support to be offered to everyone who wants to work and believes that they can work.
Partnership	To be able to receive support from mental health teams, other vocational advisors, Jobcentre Plus, Citizens Advice Bureau and Surrey Supported Employment without having to find ways through the system themselves.
Continuity	A nominated case manager or employment support worker as the one main point of contact throughout the job search process and continuing in-work support.
Equal opportunities	To provide services to everyone regardless of but responsive to ethnicity, gender, sexual orientation, religion, past history, level of disability or diagnosis.
Independence	To receive as much support as is necessary (and no more) to achieve their employment goals.

Consultation

Service specifications need to be drawn up through consultation with all local stakeholders, particularly service users. They need to be built on what service users say they want, for example a job or the opportunity to join a sports club or to learn a foreign language. Service specifications should be focused primarily on outcomes to be achieved by the service, rather than a minutely detailed process of achieving them.

Once the service specifications have been drafted, they should be re-circulated to local stakeholders for comment and amendments. It is important to demonstrate that the service specifications have grown out of the review of services and service user feedback locally, as well as policy and available research evidence.

The language of service specifications can often mean it is hard for stakeholders to see how these have incorporated their responses to the consultation. For example, where an individual has

expressed an interest in attending a local gym, this can be lost in a service specification for a 'community connections' service which talks only about "*one-to-one support to sustain social and leisure pursuits*". It is worth appending a short explanatory note with each service specification, illustrating with examples how the document has incorporated local aspirations.

The service specifications for a 'Community Links (bridge-building) Service' and 'Vocational Service' designed during a recent re-commissioning process are available on www.scmh.org.uk/employment by following the links to the *About Time Resources*.

Who should deliver the new services?

Once the specifications for new services have been developed, the next step is to conduct objective and impartial assessments as to whether each of the current services could be adapted to deliver them. For example, some existing services may be a reasonably close fit to what is required in the future. In these circumstances it may be feasible to negotiate new or amended contracts so that the current providers can deliver the new services.

In other cases, however, a judgement may be made that current services are a poor fit to what is required, and that it is unlikely that current services could be adjusted – within a reasonable time period – to deliver the new service specifications. Based on performance against existing contracts, commissioners may not be convinced that a current provider has the appropriate expertise, ethos or organisational capacity to deliver the kind of new services required. In such a situation, a tendering process will be needed to identify a new service provider or a service will have to be de-commissioned. As with all key re-commissioning decisions, service user input will be invaluable in deciding who should be selected to deliver new services.

Options appraisal

These assessments on current provision will have significant implications for many parties, including service users, their carers and provider agency staff. For this reason, it is crucial that assessments are conducted in a manner that is impartial, objective and transparent – and that all stakeholders are aware that this kind of approach is being used.

A useful mechanism that might be considered is that of the 'options appraisal'. The Care Services Improvement Partnership website describes the value of the options appraisal thus...

> *"Appraisal is a systematic way of working through all the options to ensure that the choice of option is not just based on personal preference, but is the end result of a process that has a degree of objectivity, can involve all the stakeholders, and is assessed as being the best way to achieve the intended outcomes."*

The options appraisal approach is only relevant if there is more than one option available in a change process. If there is only one option (e.g. tendering for a new provider), then there is no need to use this approach. However, where there is a range of options (e.g. renegotiating with existing providers, de-commissioning and tendering for new providers), it is important to have a mechanism for assessing the relative strengths of each option against the intended benefits of the change process. It is crucial that service users are involved in all stages of this appraisal.

Appendix 1, Resource 3 (p74), shows the different stages of conducting an options appraisal – from drawing up a list of possible development options and creating an options appraisal decision grid to developing the list of requirements (what is referred to as the 'benefits criteria') for a new service.

The options appraisal will allow the steering group to identify the most viable option for each day or vocational service. The group will then be in a position to move forward with the next phase of the re-commissioning process.

Making the case

It will be important to draw together the work that has been undertaken so far – the review of services, the development of new service specifications, and results of the options appraisal – to produce a commissioning strategy. This will present a position statement and business case for change, clearly marshalling the evidence gathered during earlier stages. The strategy should include:

- The background rationale for the re-commissioning process;
- The aims and objectives of re-commissioning;
- The scope of the re-commissioning work;
- The work to date: findings from the review process, stakeholder consultation and any options appraisal process;
- Detailed recommendations regarding future services, delivery agencies and investment;
- Anticipated outcomes for service users as a result of these changes;
- The implications – financial, estates, human resources – of recommendations for existing and potential future providers of day or vocational services (in the event of tender / transfer or de-commissioning of services);
- Proposals for any further public consultation that might be undertaken;
- Potential risks;
- Proposed next steps;
- Timetable for managing the transition to the re-configured services.

The strategy should be submitted to relevant bodies for approval and ratification, for example the specialist commissioning board or the joint commissioning board. If the proposed changes have substantial implications for the local NHS trust, an NHS 'business case for change' will need to be prepared and submitted to the relevant decision-making bodies i.e. the local authority's health scrutiny committee, the primary care trust board and the NHS trust board.

Once the commissioning strategy and / or business case have received formal approval, consideration needs to be given to ensuring local stakeholders understand what developments are planned, and have a chance to comment on them (see Chapter 4, 'Moving Forward with Development', p45).

KEY POINTS

Based on all the information gathered from the review of current services and consultation with local stakeholders:

- Service specifications for new services should be developed, detailing interventions, anticipated outcomes and ways of measuring them.
- There should be an objective and transparent assessment of whether current services can deliver these or whether a tendering process is required. (An options appraisal approach may be a useful way of carrying out this assessment.)
- A commissioning strategy should be developed making clear recommendations for the shape of future day and vocational services, identifying who will be delivering these services and the timescale for service change.

Resources for shaping future provision

Commissioning

Making ends meet, a website for managing money in social services sponsored by the Audit Commission and Social Services Inspectorate, has a module on the commissioning process: www.joint-reviews.gov.uk/money/commissioning/2-21.html

Commissioning ebook: A resource to improve commissioning of community services, (on the Care Services Improvement Partnership website), has a section on commissioning with service users and carers: http://icn.csip.org.uk/betterCommissioning/index.cfm?pid=858

Conducting an options appraisal

The Audit Commission and Social Services Inspectorate website: *Making Ends Meet* website also provides information on carrying out options appraisals: www.joint-reviews.gov.uk/money/homepage.html. See also the CSIP health and social care change agent team website: www.changeagentteam.org.uk

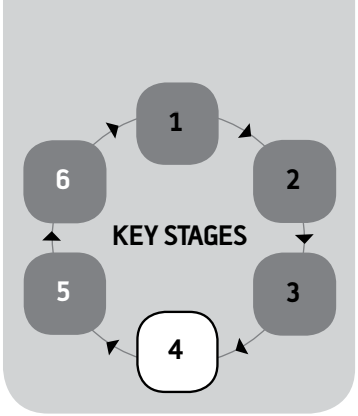
Developing a business case

Galloway, M.J. (2004) Developing a business case: Best practice guideline – writing a business case for service development in pathology (No 177). *Journal of Clinical Pathology*, **57,** 337–343.

Developing service specifications

What is a service specification? The Office of Government Commerce website has useful information on procurement and specification writing: www.ogc.gov.uk/briefings_specification_writing_.asp

Writing service specifications: CSIP A Guide to Fairer Contracting Part Two – Service Specifications (June 2007). This relates to residential and domiciliary care contracting but can also be applied to day and vocational services: www.integratedcarenetwork.gov.uk/index.cfm?pid=446&catalogueContentID=2118



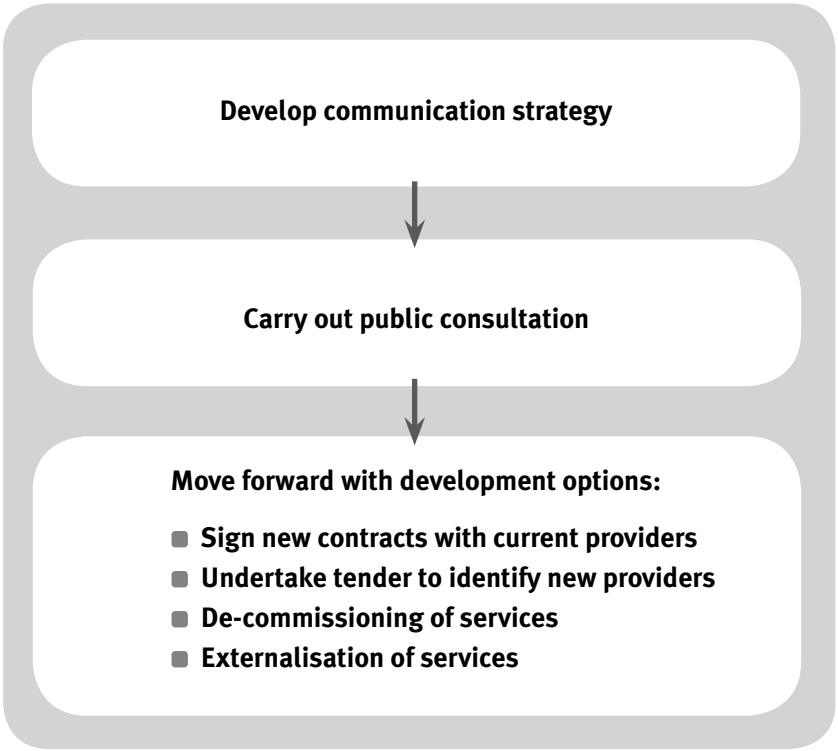
Moving forward with development

Summary

Once the commissioning strategy and business case have received formal approval, there are a number of essential steps that should be taken to ensure that key stakeholders understand clearly what developments are planned and have a chance to give their input. A coherent communication strategy needs to be developed, and a public consultation process may need to be undertaken.

After any public consultation, the next steps will be to move forward with the development options that have been agreed and ratified – negotiating and signing off new contracts, tendering for new providers, or de-commissioning existing services.

Stage 4: Moving forward with development



Developing a communication strategy

During any complex change process, as already highlighted in earlier chapters, regular and transparent communication with the full range of stakeholders is essential. This is often much easier to say than to do.

It will be useful to include communication managers from the primary care trust and local authority within the steering group membership. If these skills are not represented on the group, as was the case in the Eastern Surrey re-commissioning process, the project manager should meet regularly with these people right from the outset and throughout the process.

A joint communication strategy should be developed which is shared by all steering group members. Suggested objectives for this strategy will be:

- To ensure that all key stakeholders feel they are receiving up-to-date information on the change process;
- To ensure that stakeholders have an opportunity to continue to register their views;
- To inform key audiences of the aims of the change process and to give clear reassurance where required.;
- To reassure key audiences that commissioners are being open with them about this process, and are looking for better services not for savings (if this is the case);
- To ensure that all audiences receive consistent messages;
- To ensure information is disclosed in an effective, user-friendly manner, particularly when difficult decisions have been made.

The strategy should include:

- A brief background to the project and update on work to date;
- A clear overview of timescales, particularly for any formal consultation;
- The intended outcomes of the change process;
- An outline of the key messages for all stakeholders and how these will be communicated e.g. face-to-face, websites, mail shot, telephone support line, press releases etc.;
- A list of all the key potential audiences;
- A written communication action plan for each audience, including timescales and responsibilities.

(A copy of the communication plan used in the Eastern Surrey project can be downloaded from www.scmh.org.uk/employment by following the links to the *About Time Resources*).

Undertaking a public consultation

Throughout the re-commissioning process, there should be ongoing consultation with all those who will be most affected by any change to services i.e. service users, carers and staff running existing services. The views of these groups may not necessarily coincide. The consultation should have provided opportunities to give input into the review of services, to offer a vision of how to craft service specifications, to facilitate the shape of the final report or business case, and to share in any decisions regarding future delivery of new services. Most importantly, consultations should work to establish

trust and good faith. This is hard won and easily lost, so openness is very important especially in these days of internet communication when control of information is virtually impossible.

A new addition to the range of consultation options will be the Local Involvement Networks (LINks). These have now replaced Patient and Public Involvement Forums in order to help strengthen the system that enables communities to influence the services they receive. They are co-ordinated by local government and aim to provide everyone in the community, from individuals to voluntary groups, the chance to say what they think about local health and social care services: what is working and what is not. LINks also give people the chance to influence how services are planned and run.

If significant change to services is envisaged as a likely result of the re-commissioning process, it is probable that a formal 12-week public consultation will be required. In such circumstances public consultation is a statutory and legal requirement under Section 11 of the Health and Social Care Act 2001. The purpose behind this section is to ensure that patient's views are obtained "*where decisions may make a material change to the services being or to be provided or may materially affect patients*". (Counsel for the Secretary of State, Pam Smith v N.E. Derbyshire Primary Care Trust) (www.capsticks.com/pubnews/smithvnederbypctappeal).

The steering group should agree the target audience for this consultation process, which as a rule would involve the main interested parties from the local mental health sector, including service users, carers and a range of health and social care professionals. There may also be wider community interest if, for example, there is a proposed change to the use of buildings or premises.

A variety of media can be used to engage with the community such as public meetings, smaller discussion groups, or a written consultation document with details of how, where and by when to respond. It is also important to work with the local press and radio, providing them with a press release which includes details of forthcoming consultation events and an outline of the proposed changes etc.

The consultation process should be very clear on where decisions have already been made, where there is scope for community input and precisely what views are being sought. For example, the consultation might seek views on the commissioning strategy and any report or business case for change prior to embarking on the change process itself. The Care Services Improvement Partnership has developed a website devoted to service user involvement in commissioning; this is part of the Change Agent Team website: www.changeagentteam.org.uk.

In the re-commissioning process in Eastern Surrey, public consultation took place after extensive pre-consultation, to inform people of the changes taking place as a result of the tendering process and to gain views on the detail of the future service proposals being put forward (Eastern Surrey PCT, 2006).

The timing of the tender process will depend upon circumstances. However, the crucial element is to be clear what decisions people can and cannot influence. Raising unrealistic expectations among lay people about the extent to which they can effect change has been a recurrent flaw of public consultation exercises and has been associated with public disengagement from these involvement activities.

Moving forward with development

After any public consultation process has been completed and any adjustments to the proposed change process made accordingly, the next steps will be to move forward with the key developments that have been agreed and ratified.

These could include any or all of the following:

- Undertaking a tendering process to select providers to deliver the new service specifications;
- Building on existing strengths: negotiating with an existing provider agency to deliver the new service specifications;
- De-commissioning a service: terminating a contract with an existing provider and shutting down a service;
- Externalisation: transferring a service from public authority control to independent status.

Undertaking a tendering process

An existing service may not fit with the new service specification and may be unable or unlikely to make the necessary adjustments within a reasonable timeframe. The market must be tested to find an alternative provider to take on the service and develop it in line with the new specifications. Alternatively, it could be the case that there are no services of any kind that are able to deliver the new specifications. In either of these cases a tendering process will be required.

Any new service provider must ensure that there is no gap in service provision and this requirement should not only form part of the tendering process, but also be written into any eventual contract. Health and social care commissioners will have a duty of care and a moral obligation to provide ongoing support for existing service users and so their management of the transition must reflect these values.

New providers may be sought to deliver more than one type of service, i.e. day services as well as employment services. In such a situation, it might be advantageous to run a single, rather than multiple, tender process. There may be transaction cost savings to be made, and potential providers may wish to bid for delivery of more than one of the new types of services.

Procurement law

All public authorities are subject to legislation on procurement and it is important that the right expertise is available to the steering group to oversee any tender process (HM Treasury, 2007b). As suggested in Chapter 1 ('Creating a Platform for Change'), it is essential that the steering group co-opts people with relevant expertise in this area from the earliest possible stage. It is crucial that there is someone on the group who understands the re-commissioning process and can spot legal or procurement requirements at each stage. Such a person will be able to provide guidance and ensure compliance with 'contract standing orders'. Most local authorities will have a contracts team. If a local authority does not have internal expertise, the Office of Government Commerce (OGC) is a good source of advice and guidance (www.ogc.gov.uk).

Applying to conduct a tender process

To instigate any tender process, a commissioner usually needs to submit an application to a 'procurement review group' or equivalent body. Each local authority is likely to have such a group, and a standard application form for completion. The group will examine the following areas:

- The current contract;
- Any options appraisal undertaken;
- The services to be included in the tender;
- Estimated contract value and duration;
- Whether there is a requirement to tender under European contracting law. All public sector contracts which are valued above a certain threshold must be published in the *Official Journal of the European Union* (see www.ojec.com);
- Timescales for the tender;
- Designated officers responsible for each part of the tender process.

Consideration of TUPE issues

Under certain conditions, the new provider may also have responsibilities under the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations to employ members of staff from the previous service and to protect their terms and conditions of employment. A briefing paper on TUPE regulations is available from the Chartered Institute of Personnel and Development: www.cipd.co.uk/subjects/emplaw/tupe/tupe.htm.

It is crucial that commissioners seek legal, contractual and human resource advice and guidance in respect of the application of TUPE legislation in the proposed re-commissioning process. It is helpful and cost effective to include this advice in the tender information to potential providers.

When a tender process is undertaken, a judgement by the steering group, in conjunction with appropriate legal advice, needs to be made as to whether TUPE will apply to any of the staff employed in the current services in respect of the proposed new services. This judgement is dependent on whether what is being tendered is a re-provision of an existing service or an entirely new and substantially different service. It is also dependent on whether the staff roles in the new service require similar skills and experience to those in the existing service. It may be the case that TUPE applies to some staff roles and not others.

As part of the tender process, commissioners should make clear the liabilities that potential bidders may have if TUPE applies. This involves maintaining all the terms and conditions of employment for the transferred members of staff. In particular, when staff are being transferred from statutory to voluntary sector organisations, some of these commitments, such as pension arrangements and redundancy liability, may be far in excess of those that usually apply in the voluntary sector.

TUPE regulations state that employees employed by the previous employer when the undertaking (service) changes hands *automatically* become employees of the new employer on the same terms and conditions as they were on before. Thus employees' continuity of employment is preserved, as are their terms and conditions of employment under their contracts of employment.

The judgement as to whether TUPE applies is best made by commissioners before the service is tendered. This will enable providers to take it into account on an equitable basis when preparing their bids. If, due to pressures of time or not having all the relevant information, commissioners are not able to make this judgement in advance, the tender should not be fully binding, but leave room for

adjustments to the contract to be mutually agreed between commissioners and the successful bidder before it is signed and after the TUPE implications have been fully identified.

Stages in the tender process

There are several stages in any tender process: expressions of interest and pre-qualification; invitation to tender; evaluation of tenders; and interview and selection of preferred provider(s).

- Expressions of interest and pre-qualification: In many tender processes, there is an initial 'pre-qualification' stage. Potential bidders are asked to submit 'expressions of interest' (including pre-qualification questionnaires) which are 'sifted' to reduce the number of competing organisations to a manageable level. This is a particularly useful approach where it is anticipated that a large number of organisations will submit bids. More detailed guidance on the pre-qualification process is provided in Appendix 1, Resource 4 (p77).
- Invitation to tender: Once pre-qualification questionnaires have been assessed, organisations selected to continue will be invited to submit a full tender. This is done through 'invitations to tender' – formal invitations from commissioner to potential providers asking them to submit a proposal for taking on the delivery of a new service or services. The key elements that should be included within an invitation to tender document are suggested in Box 8. Additional information can be found on the National Audit Office website in the *Procurement Manual,* Chapter 8, Issue of Invitation to Tender: www.nao.org.uk/manuals/procurement/chapter8.htm.
- Between the initial invitation to tender and actual tender submissions, there are clear rules for supply of information to bidders (see National Audit Office and Office of Government Commerce websites). This process is usually overseen by the contracts team who will deal with requests for information. All bidders will receive copies of all questions raised and responses given. In some cases, bidders will have an opportunity to visit services. In others, general information will be supplied or briefing days held.
- Evaluation of tenders: The steering group will need to decide whether some or all members will form part of the evaluation panel. Ideally, the panel should include a sufficient range of perspectives and expertise to make a good selection, but without involving an unwieldy number of people. Each member of the panel should carry out their own evaluation of each tender submission against the pre-agreed selection criteria.
- Interview and selection of preferred provider(s): The interview process is usually designed to enable potential providers to present the detail of their service proposals. Again, a number of questions need to be agreed and set in advance by the evaluation panel and put to each potential provider. It is also very useful to ask providers to prepare a presentation for the panel, the detail of which should be set by the panel in line with the selection criteria.
- The interview panel should include service user representation and interview skills training may need to be provided beforehand. As with the evaluation of the bids, each member of the panel carries out their evaluation of each potential provider against the pre-agreed selection criteria. The scores are then totalled up and used to select the preferred provider or providers. All members of the panel should have equal scoring rights.

Box 8: Sample checklist for the key elements in an invitation to tender document

An invitation to tender document could include the following elements:

- A statement of confidentiality: covering the information provided in the tender as well as the information supplied by the potential bidder.
- A clear timetable of the process including precise deadlines e.g. 5pm Friday 14 November 2008.
- Instructions for completion.
- The service specifications to be commissioned.
- A profile of the current services that are included for bidders to consider in the tender process that should include all fixed capital and revenue costs e.g. premises costs, staffing costs.
- A sample contract from the commissioner's legal team.
- Details of the criteria and weightings to be assigned to each part of the tender process.
- A questionnaire for the bidder to complete that includes: a brief overview of organisational information with details of any coalitions and information on current services the evaluation team could visit if required.
- Information on the bidder's proposals to manage the transition from the current services to the new service specifications, as applicable.
- Questions about the implementation of the new service specifications.
- Questions on management capacity.
- Information about how people who use the service will be involved in developing and running it.
- Details of the bidders full service proposals including pricing and outcome schedules.
- A form of tender which bidders need to read through, sign and return with the tender proposal confirming delivery of services.

Retaining an existing provider

In this option, a judgement has been made that an existing service can be adapted to deliver a new service specification and that this can be achieved within a reasonable time period. Commissioners would therefore negotiate with the existing service provider to explore whether they would be willing or able to deliver the new service specification. If agreement can be reached, a new contact can be drawn up.

The retention of an existing provider to deliver a new service specification designed through a re-commissioning process can be a very effective approach; maintaining and enhancing existing good practice (Clarke, Jeater & Lockett, 2008, forthcoming).

If the options appraisal identifies that the current service and provider are the best way to deliver the new service specification, there is likely to be no requirement to go through a tender process; contractual advice should be sought for each individual situation.

It may be the case that the current provider is unable to or not interested in continuing to provide the service when commissioners are negotiating an agreement with them. If this is the situation, then the service could form part of the tender process to seek an alternative provider (as outlined here).

It is always worth bearing in mind that a tender process is likely to be time consuming, costly and unsettling. It needs to be justified by a clear improvement in service quality and effectiveness, and may not always therefore be the preferred development option.

De-commissioning services

The decision to de-commission services may arise in different circumstances. For example, the options appraisal has identified that an existing service might be so far removed from the vision of the new service specification, that it cannot be adapted in a reasonable timeframe, or through an alternative provider. In these instances, commissioners would need to clearly outline the reasons for de-commissioning, as identified through the options appraisal, and adhere to any requirements in the existing contract particularly around the time period required to give notice of non-renewal of contract. Again, contractual advice should be sought, to ensure due process.

Such a course of action will have significant implications for staff and users of this service. It will therefore be important to manage this process carefully. The following strategies should be considered:

- Consulting with all parties affected;
- Providing clear, unambiguous and timely information to all parties affected;
- Ensuring service users and staff understand the reasons for the changes;
- Ensuring service users are aware they will receive appropriate alternative service provision in a way that minimises disruption, and then ensuring that they do so in practice;
- Providing appropriate support to service users who may be feeling very anxious about the changes to their day service provision;
- Providing appropriate support to staff affected by redeployment or redundancy;
- Exploring fully any implications for the commissioning body (in terms of redundancy liabilities, human resource implications etc);
- Being clear how the money released by the de-commissioning is to be used.

Externalisation

One development option that may be considered in a re-commissioning process is externalisation – the process of transferring services from public authority control to independent status. This alternative could be of relevance to day or vocational services, for example social firms or enterprises, user-led drop-ins or activities or sheltered workshops.

Social firms and enterprises

The most common form of externalisation facing commissioners will be the transfer of social firms which have been developed and operated by NHS trusts or local authorities, such as horticultural or catering enterprises staffed by service users. The commissioning guidance for vocational services (DH, 2006b) recommends that social firms and social enterprises should ideally be operated by voluntary and independent sector agencies. Indeed many statutory health and social care agencies may increasingly feel themselves ill-equipped to run such businesses. In such circumstances, the public authority may consider externalisation of these bodies to create independent enterprises. Key features of a process to externalise social firms are shown in Appendix 1, Resource 5 (p79).

Tender waiver

One of the first steps in this process will be to secure approval from the contracts department that existing services that are candidates for externalisation will not need to go through a competitive tender process. For this approval, it is likely that an application for a tender waiver will need to be submitted to the relevant procurement group or senior management team. An outline of what the application for tender waiver should comprise is suggested in Box 9.

Box 9: Key elements of an application for tender waiver

- The background to the service;
- Detail of the options appraisal carried out on the service in question;
- The relevant government policy and guidance in relation to the whole service re-configuration and the move to independence proposal;
- The scope of the services to be provided by the social firm;
- Details of the service level agreement proposed, terms and where the funding will come from;
- The evidence of need;
- Details of the NHS business case submitted to the health scrutiny committee.

A case then needs to be made for what is called a 'single sourcing service level agreement'. The claim being made is that only the current service in the form of a limited company would be in a position to develop the service as an independent social business. Under the umbrella of any other provider agency, its viability would be in question. Once this approval has been granted, a timetable for the move to independence can be developed, without the requirement to put the service out to competitive tender.

Continued support

Although the majority of income should be generated through the sale of goods and services, independent social firms are likely to be reliant upon an element of subsidy from health or social care services, usually in the form of a service level agreement. Another source of income may be contracts with local Jobcentre Plus or Learning and Skills Councils for the provision of employment rehabilitation or vocational training, or through government grants aimed at building the capacity of social enterprises (see the Social Enterprise Coalition website www.socialenterprise.org.uk for details of potential funding sources).

Such guaranteed funding provides social firms planning independence with the leverage necessary to get access to local authority or NHS pension schemes, in order that staff terms and conditions can be protected and transferred across to the newly established limited company, in line with the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Business plan

After the tender waiver has been secured, the firm should submit a viable business plan to commissioners in order to procure a contractual agreement for providing services against the new service specifications. There will be local variation, but in every case the business plan should provide details of the types of day, but more usually the employment support on offer through the firm, and how these services meet the new specifications.

Further information

A case study on externalising social firms in Eastern Surrey is provided in Appendix 2: Case Study D (p94). Social Firms UK has also published a useful guide on bringing social firms out of public authority control (Social Firms UK, 2006). Some of the areas covered include the policy context and funding environment; cultural change; planning for independence and the political and management support required. There are also useful checklists and timetables.

Working with statutory providers to manage the changes

Where the re-commissioning process will involve the closure, reduction or transfer of NHS trust or local authority run services, there are likely to be significant estates, human resources and financial implications. They may be facing loss of income from commissioners, workforce redundancies and other changes.

The full implications of these changes for the NHS trust or local authority will need to be explored and worked through, and formal agreements made on how to minimise the impact and share the costs of the changes. For example, a risk share agreement including a phased transfer of services to the independent sector to minimise the impact of the overhead loss on the NHS trust. Any risk share agreement development should include the following:

- Reviewing timescales for service changes;
- Agreeing NHS overheads and their treatment;
- Agreeing timescales for any changes in treatment of overhead charges;
- Agreeing phasing and funding of any redundancies;
- Exploring any transitional funding available;
- Sharing new service costs.

The complexities of the proposed changes within an NHS trust can sometimes slow down or halt the change process. Negotiations should therefore include finance directors from both NHS and primary care trusts, as well as the primary care trust's director of commissioning.

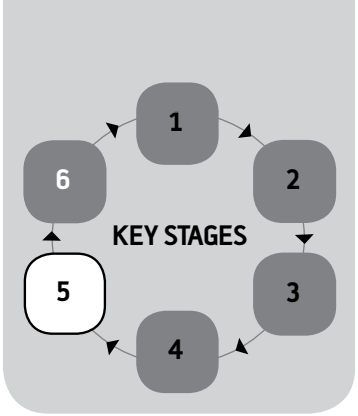
Developing new contracts

Commissioners will need to meet with each new service provider to agree key elements of the new services in line with the new service specifications. These will include outcomes, performance targets, geographic catchment area, service user involvement in the design and delivery of new services and local partnership working. It is an opportunity to develop a stronger infrastructure for providers, offering longer-term contracts coupled with greater accountability for delivery. In the Eastern Surrey re-commissioning process, three year contracts were agreed with an option for two additional years based on satisfactory performance against the contract.

After the key elements of a new service have been agreed, a new contract can be drawn up. The Third Sector Commissioning Task Force has produced a model contract that health and social care commissioners can use when developing a commercial contract with third sector providers, which can be tailored to local conditions (DH, 2006g).

KEY POINTS

- A coherent communication strategy should be developed so that key stakeholders can understand clearly what developments are planned.
- Stakeholders should also have an opportunity to comment on planned developments through a public consultation process.
- After ratification of the commissioning strategy by public authorities, the next steps in reconfiguring services may include:
  - undertaking a tender process to select new providers;
  - negotiating new contracts with existing providers;
  - de-commissioning services;
  - facilitating the transfer of services to independent status.
- The full implications of any transfer of services from NHS trust or local authority to independent sector providers need to be carefully explored and agreements should be drawn up on how to share the impact.
- Key elements of the new provision will need to be agreed with providers and embedded in new contracts.

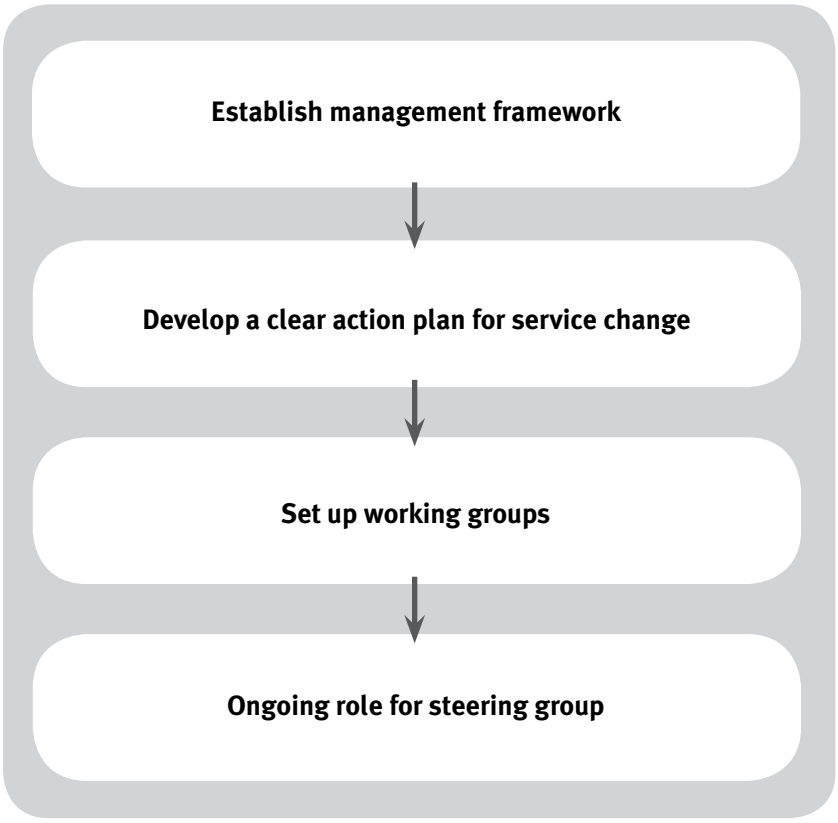


Managing the transition

Summary

Once the preferred providers have been identified, it will be important to set up a framework to carefully manage the transition to a new configuration of services. This transition will often be complex – perhaps involving the closure of some services, the transformation of others and the start-up of entirely new ones. A clear action plan for service redevelopment will be important, as will the continued operation of a steering group or equivalent body to drive implementation forward. It can be helpful to set up a number of working groups to manage particular aspects of the change process.

Stage 5: Managing the transition



Establishing a management framework

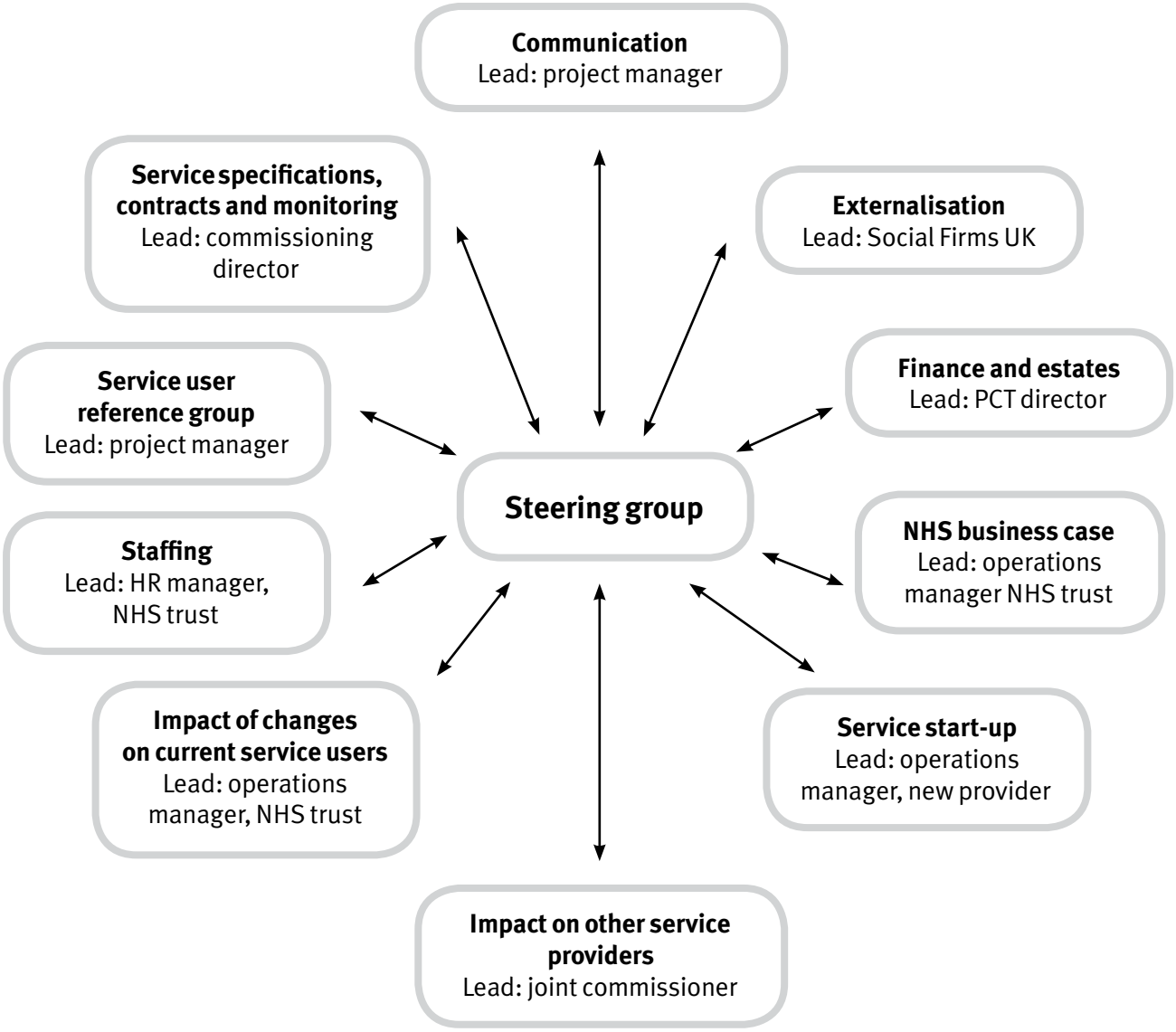
The management of change requires planning and co-ordination. How long the process of moving from the existing configuration of services to the new one will take will vary according to local situations, but it is likely to be at least a six month process. The most important aspect is that all parties are clear on the timescales involved and the action which needs to be taken, and that responsibilities are clearly defined.

The continued operation of a steering group or equivalent body, supported by the project manager, will be crucial to oversee the changes. It will also be helpful to have an overarching action plan for service redevelopment, with key milestones and action points set out.

Working groups

It can be useful to set up a number of working groups to manage particular aspects of the changes that will take place. Each working group would be answerable to the steering group, providing regular reports showing progress against action plans. The latter would be developed by a lead person for each working group, and would ensure that all members are clear on their responsibilities, and that work is completed as required within the deadlines set. A possible structure for working groups is shown in Figure 1. These working groups are, as the name suggests, set up to complete specific tasks, and to actively oversee and manage identified aspects of the change process.

Figure 1: A possible structure for working groups



Key roles for working groups

Communication

This group would ensure regular, clear and two-way communication with stakeholders, co-ordinating any informal and formal consultation processes. The group should include operational staff and service users from the current providers and local authority.

Externalisation

This group would focus on any externalisation of day or vocational services that might be taking place, for example the transfer of social firms from public authority to independent status. In Eastern Surrey, this group was led by Social Firms UK who were able to support the project manager in assessing social firm viability and in negotiation with the NHS trust. They also provided invaluable support to the

social firm managers, including development of a realistic action plan for moving to independence by an agreed date. Social Firms UK (www.socialfirms.co.uk) would be the best first point of contact for other localities looking for support in externalising current services; whether they can provide support directly would be dependent on the timing and particular circumstances.

Finance and estates

This group would assess the full financial implications of the new service specifications (including any premises transfers), identify what commissioning monies are available for the new contracts, and identify funding required for any transitional phase.

NHS business case

This working group would be needed where an NHS business case is required. It would pull together information from the other working groups into a written proposal outlining the full financial, estates and human resources impact on the NHS for submission to the health scrutiny committee and other relevant boards for authorisation and approval.

Service start-up

Led by the new provider(s), this group would work with new and existing provider agencies to establish new services, and ensure they are set up and ready to replace any de-commissioned services.

Impact on other service providers

This group would communicate the proposed changes in service provision to other service providers in the locality. It would have a role in developing provider networks and ensuring that service users have easy access routes and pathways into and out of services.

Impact of changes on current service users

Led by current providers, this group would be particularly important where NHS trust or local authority day or vocational services are being de-commissioned. It would aim to ensure that these changes are managed effectively and that service users have uninterrupted access to services.

Staffing

This group would identify any implications of the changes to services for staff working in day or vocational services operated by NHS trusts and local authorities, and ensure that TUPE regulations are followed (see Chapter 4, 'Moving Forward with Development', p45). The group should include a senior human resources manager, union representatives, the operations manager from the current provider and other key trust and local authority representatives. As outlined earlier, useful fact sheets on TUPE regulations can be found on the Department for Business, Enterprise and Regulatory Reform (www.berr.gov.uk) and Chartered Institute of Personnel and Development (CIPD) websites (www.cipd.co.uk).

Service user reference group

This group would ensure that there is ongoing, timely and effective communication between the wider service user population and the steering group, as well as offering a reference point for developing and publishing information briefing and consultation documents. It would help to gather feedback on how the transition phase is progressing and its impact on current service users.

Service specifications, contracts and monitoring

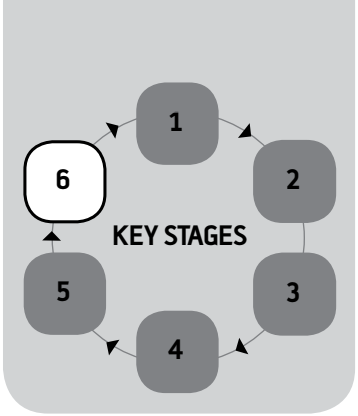
This group would focus on finalising the new service specifications, contracts and framework for performance monitoring which would involve taking account of feedback from informal and formal consultation, as well as any financial analysis.

Accountability to the steering group

This phase of the re-commissioning process will require excellent communication. It is important that lead members of working groups notify the project manager as soon as possible when tasks do not go to plan, deadlines are missed or new risk factors are identified. This is important as task completion for one working group may well be dependent upon completion of tasks by another.

KEY POINTS

- ▢ It will be important to establish a framework to manage the transition period to a new service configuration.
- ▢ The continued operation of a steering group or equivalent body will be crucial to oversee the changes.
- ▢ There needs to be an overarching action plan for service redevelopment, with key milestones and action points.
- ▢ It can be useful to develop a number of working groups to carry out specific tasks and to oversee particular aspects of the changes taking place.

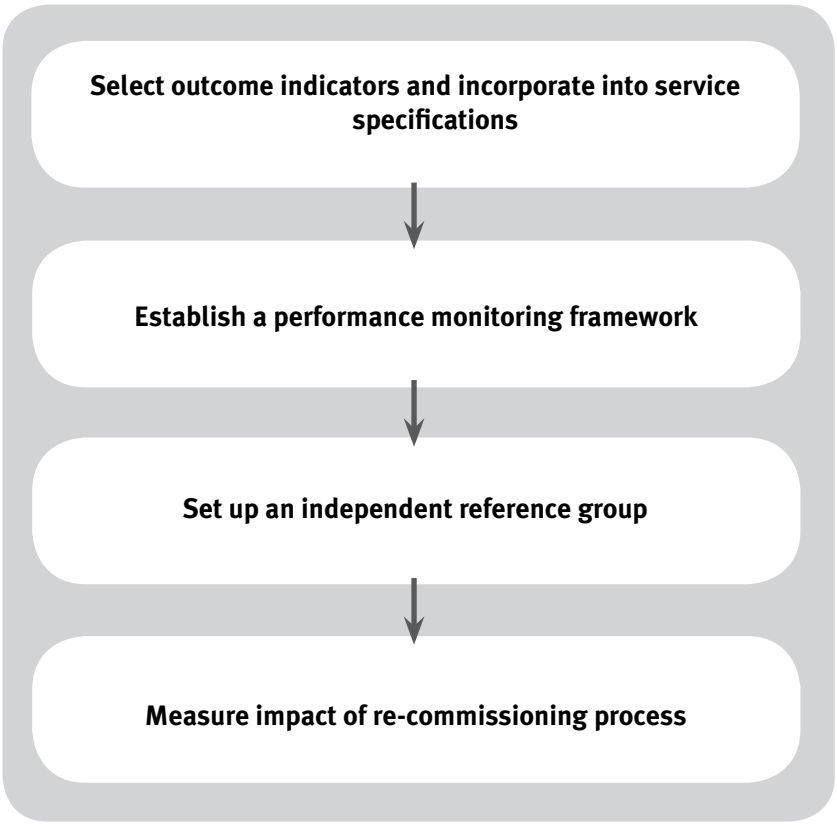


Managing and monitoring the new services

Summary

As well as careful management of the change process, it will be equally important to set in place a robust framework for ensuring that future services deliver in line with the new service specifications. This chapter will explore what information commissioners will require to measure the effectiveness of services, and how they can ensure they receive this information. It will also suggest how commissioners can measure the impact of the re-commissioning process, and ensure that service provision continues to respond to the changing needs of service users.

Stage 6: Managing and monitoring the new services



Outcome indicators

Commissioners need to be able to monitor the performance of their providers to ensure they are delivering effective services that are in line with their contracts and new service specifications. To fulfil this role they need to receive the right kind of information on a regular basis.

A key element of this process will be the examination of information supplied by providers that demonstrates progress against a number of outcome measures or indicators. These indicators will have been incorporated into the new service specifications. Targets may have been set for some or all of them.

Until recently, there has been a lack of clarity regarding the role and functions of day and vocational services. This was mirrored by the absence of a coherent framework of outcome indicators for measuring the effectiveness of these services. There was an emphasis on measuring process or outputs rather than outcomes.

More recently, however, there have been efforts to construct coherent frameworks of outcome or performance indicators for day and vocational services that reflect their changing nature as well as evidence-based practice.

Day services

The National Social Inclusion Programme (NSIP) has produced a useful framework of outcome indicators that may be useful to both commissioners and providers in measuring the effectiveness of local mental health day services (NSIP, 2007b). Of particular interest is the measure of social inclusion that developed out of an arts and mental health study (Secker *et al.,* 2007). Those indicators felt to be useful and relevant to local services can be built into service specifications and contracts. Obviously a balance has to be struck between increasing the burden on busy practitioners and getting the information needed to measure performance. For further information see the NSIP website www.socialinclusion.org.uk.

The indicators in the NSIP framework are organised in categories that reflect the different intended outcomes of day services. These include community participation; social networks; employment; education and training; physical health; mental wellbeing; independent living; choice; service user satisfaction; service user involvement; and diversity.

Under each category, a number of intended outcomes and outcome indicators are suggested, and the latter have been differentiated into key and supplementary. An extract from the NSIP framework showing possible indicators for measuring how well a service helps its users develop social networks is shown in Box 10.

Box 10: Measuring how well a service helps its users to develop social networks

Intended outcomes

- Increase the size and range of social networks for people with mental health problems.
- Increase the number of people with mental health problems maintaining social and caring roles.

Key outcome indicators

- Number of people supported to develop positive new relationships / friendships.
- Number of people supported to maintain parenting and caring roles through a crisis period.
- Number of people supported to begin accessing peer support or self-help groups.
- Number of people supported to strengthen existing relationships with family or friends.

Supplementary outcome indicators

- Number of people supported to begin accessing direct payments to maintain caring roles.
- Number of people enabled to begin giving support to others.
- Number of young carers enabled to access support.
- Number of people supported to access appropriate family interventions.

We have selected the indicators in the NSIP framework as being the most suitable for evidencing progress in each category. However, the list is not exhaustive, and there may be other indicators that commissioners will also find appropriate for their local day services. The framework can be downloaded from the NSIP website at www.socialinclusion.org.uk.

Vocational services

The Sainsbury Centre has been facilitating a group of commissioners, national regulators and service providers, from both the statutory and voluntary sectors, to develop a framework of key performance indicators for employment services. The aim is to provide a useful tool for both commissioners and providers to enable the development of local services and effective monitoring against clear, evidence-based standards.

The indicators will cover the local employment context, the characteristics of the people who use the services, how the services are being delivered (process variables) and both individual outcomes and service outputs.

This framework of key performance indicators is currently being tested in a number of pilot areas across the country and will be made available towards the end of 2008. More details as they become available will be published on the Sainsbury Centre web site www.scmh.org.uk/employment.

Performance monitoring framework

Having incorporated appropriate outcome indicators into service specifications, and ensured that contracts set out provider obligations to supply data in these areas, commissioners will need to establish a robust performance monitoring framework. Requirements for this will need to be detailed in the contracts, alongside the service specifications.

Auditing procedures need to be set up that enable commissioners to monitor services against new contracts. These are likely to reflect local procedures for contract management of health and social care services, but will need to be tailored to day and vocational services. Reporting and monitoring arrangements might include the following:

- Regular reporting of statistical information gathered through routine data collection by the provider;
- Regular reporting including analysis of stakeholder and service user satisfaction surveys, financial information and a summary of statistical information;
- An annual audit carried out by a commissioner or contracts manager;
- Regular stakeholder meetings in each locality, including provider representatives, commissioners and service users – to discuss performance against contract and address concerns at an early stage.

Independent reference group

Ultimately, commissioners will be responsible for ensuring that each provider delivers against their contract. However, they may also want to develop a wider reference group to monitor provision as a whole across the locality and to ensure that there are easy pathways for local people to move into, between and out of services. The role of such a group would be to review monitoring reports supplied by providers, but also to offer regular feedback on service delivery. It could be a forum within which service users can raise concerns, and where providers as well as clinicians can discuss development issues to ensure ongoing service development and improvement.

Depending upon circumstances, this group could be a newly established group or could be formed from the steering group for the re-commissioning process. It could be a role that an existing stakeholder group may wish to take on, for example a local service user forum or council, one of the LINks networks or the regional employment network.

Measuring the impact of change

It is important to be able to identify and assess the ongoing impact of any re-commissioning process. A number of quantitative and qualitative measures that could be used are suggested here, although this list is not exhaustive. Data on these measures would need to be gathered before, during and after the re-commissioning process has been completed to ensure that the full impact of change can be demonstrated.

Quantitative

- Demand levels for day and vocational services;
- Balance of individual versus group-based provision;
- Balance of segregated versus integrated provision;
- Demographic profile of users (as compared with local population);
- Pattern of investment (statutory versus voluntary sector; specialist versus generalist providers);
- Level of additional funding levered in by independent sector providers (e.g. regeneration) as compared with health and social care investment;
- Availability of vocational support – measured in terms of numbers of employment specialists and hours of vocational advice delivered;
- Range of referrals to day and vocational services;
- Proportion of community mental health team (CMHT) assessments that include a focus on day / vocational needs;
- Proportion of CMHT clients referred to day and vocational services;
- Number of referrals between day and vocational services;
- Level of partnership working between provider agencies: for example, this could be measured through the number of joint events held by providers or through evidence of regular meetings;
- The number of different services that users are accessing.

Qualitative

- Documentation on the cultural changes that have occurred following the transfer of services (for example reflecting the introduction of the recovery model or a greater emphasis on employment and inclusion);
- Service users' perceptions of services captured through surveys: for example of choice available to people, availability of information on services, ease of movement between services;
- Involvement of service users in the design, commissioning and monitoring of services;
- The level and pattern of partnership working between statutory and voluntary sector partnerships.

KEY POINTS

- ▢ Use outcome indicators to monitor delivery against evidence-based practice and encourage continuous service improvement.
- ▢ Set in place a performance management system.
- ▢ Establish an independent reference group to provide regular feedback on service provision as a whole.

Appendix 1: Resources

Resource 1: Estimating worklessness rates of people with mental health problems in East Sussex

[Courtesy of TriNova Consultancy and East Sussex County Council]

Step One: Obtain latest, mid-year (working age) population estimates for the county from the Office for National Statistics (see Table 1).

Table 1: Working age population

Local authority	No. ('ooos)
East Sussex	276.7
Eastbourne	51.9
Hastings	50.4
Lewes	51.9
Rother	43.9
Wealden	78.6

Source: Mid-2005 Population Estimates, Office of National Statistics. (Working age is 16-64 Male and 16-59 Female.)

Step Two: Identify national prevalence rates for people with mental health problems from Psychiatric Morbidity Survey 2000 (Singleton *et al.*, 2001). This survey reports that:

- The prevalence rate for neurotic disorders is 164 per 1000 of the general population. This equates to about 1 in 6 of all adults having common mental health problems at any one time.
- The prevalence rate for probable psychosis and severe affective disorders is 5 per 1,000 of the population. This equates to 1 in 200 of the general population having some kind of psychotic illness in the past year.
- About 1 in 25 individuals have a personality disorder.

Step Three: Estimate the prevalence of mental health problems in the county.

By using the Psychiatric Morbidity Survey national prevalence rates and the ONS mid-year population estimates for East Sussex, we can generate estimates for the numbers of people with neurotic, psychotic and personality disorders of working age across the county (see Table 2).

Table 2: Estimates of working age population with mental health problems across East Sussex

Local authority	Working age population ('ooos)	Individuals with neurotic disorders (at any one time)	Individuals with psychotic disorders (in past year)	Individuals with personality disorders
East Sussex	276.7	46,116	1,385	11,068
Eastbourne	51.9	8,650	260	2,076
Hastings	50.4	8,400	252	2,016
Lewes	51.9	8,650	260	2,076
Rother	43.9	7,317	220	1,756
Wealden	78.6	13,100	393	3,144

Note: It should be noted that these estimates are likely to be underestimates as they are based upon prevalence rates from the Psychiatric Morbidity Survey which only examines adults living in *private* households, and not those in residential accommodation. They may also not take into account economic and social deprivation levels in some localities which will be associated with higher prevalence rates for mental ill health.

Step Four: Estimate worklessness among people with psychotic illness

Using national worklessness rates of 89% for people with severe mental health problems reported in the Spring 2005 Labour Force Survey (cited in *Reaching Out: An action plan on social exclusion*, Social Exclusion Task Force, 2006), we can make the following estimates of worklessness for individuals with psychotic illness in the East Sussex population (see Table 3).

Table 3: Estimates of worklessness among people with psychotic illness

Local authority	Individuals with psychotic disorders	Not in employment
East Sussex	1,385	1,232
Eastbourne	260	231
Hastings	252	224
Lewes	260	231
Rother	220	196
Wealden	393	350

These estimates are necessarily crude as there is not an exact correspondence between 'severe mental health problems' and 'psychotic disorders'.

Step Five: Estimate worklessness among people with neurotic illness

We know that many of this much larger population will also be workless. However, we cannot extrapolate the Labour Force Survey Spring 2005 (ONS, 2005) national worklessness rate to this group in the same way, as we do not know how many of these individuals have severe or long term mental health problems.

We do know, however, that common mental health problems can have a major impact on people's lives. About half of people with common mental health problems are still affected 18 months after onset, and could therefore be considered to have long term mental health problems (Singleton & Lewis, 2003). Analysis of the Psychiatric Morbidity Survey 1993 (Department of Health, Scottish Home & Health Department and Welsh Office, 1996) data has suggested that about *half* of people with common mental health problems are limited by their condition and about a fifth are disabled by it.

Individuals with neurotic disorders are also far more likely to be classified as economically inactive (out of the labour pool) than the general population. 39% of this group are economically inactive compared to 28% of the general population (Singleton *et al.*, 2001).

It is, however, possible to generate estimates for worklessness if we make some very rough assumptions on worklessness rates for this population (see Table 4).

Table 4: Estimates of worklessness among people with neurotic illness

Local authority	Individuals with neurotic disorders	Assuming a 5% worklessness rate	Assuming a 10% worklessness rate
East Sussex	46,116	2,306	4,612
Eastbourne	8,650	433	865
Hastings	8,400	420	840
Lewes	8,650	433	865
Rother	7,317	366	732
Wealden	13,100	655	1,310

Table 4 demonstrates that if this population has only a 5% or 10% rate of worklessness, then this equates to quite significant numbers who may have need of specialist vocational services of some kind. In reality, it is likely that the worklessness rate for this group will be much higher.

Resource 2: Template for comparing investment against population distribution across localities

	Population		Current Services Expenditure		
	Number	%		Funder	£
Locality 1	**51,900**	**19%**	Service A	LA	106,000
			Service B	LA ESF	228,000
			Service C	PCT LA	119,000
			Service D	LA	26,000
			Service E	PCT	43,000
					522,000
					= 37%
Locality 2	**39,693**	**14%**	Service F	PCT	80,000
			Service G	PCT NRF	194,000
			Service H	LA	12,000
			Service J	PCT	29,000
					315,000
					= 22%
Locality 3	**38,907**	**14%**	Service K	PCT	119,000
			Service L	LA	5,000
			Service M	PCT	6,000
					130,000
					=9%
Locality 4	**21,279**	**8%**	Service N	LA	48,000
			Service O		10,000
					58,000
					= 4%
Locality 5	**30,621**	**11%**	Service P	PCT	10,000
			Service Q	PCT	12,500
					22,500
					= 2%
Locality 6	**94,300**	**34%**	Service R	LA	121,000
			Service S	ESF	14,000
			Service T	PCT	2,000
			Service U	LA	229,000
					366,000
					= 26%
	276,700	**100%**		**Grand Total:**	**1,413,500**

This template provides a breakdown of current expenditure on day and vocational services in the six localities of a county in England. It can be seen that a total of £1,413,500 is being spent on Services A-U.

Column 3 shows the percentage of the current population resident in each of the six localities. The percentage figures in column six shows the proportion of current investment in each of the six localities.

Comparison of the figures for each locality will reveal any over or under investment according to geographic locality. For example in this template, there is clearly over investment in localities 1 and 2, and under investment in localities 3, 4, 5, and 6.

This kind of analysis may allow commissioners to address disproportionate investment, although other factors (e.g. levels of deprivation or need), based on local knowledge of the area will also need to be taken into account in planning investment.

Resource 3: Conducting an options appraisal

1. Development options

Option 1 – Stay the same: This option means the continued provision of the current service by the current provider, as it is currently delivering in line with the new specifications.

Option 2 – Negotiate with current provider to adapt service: This option would be selected when the current service is not meeting the new specifications, but the appraisal process suggests the service could be easily adapted to meet the new specifications, with minimal disruption and investment and definitely within less than a year.

Option 3 – Independent social firm: This option would be selected where it was felt that a service providing goods and services but operating within the aegis of a public authority would best meet the service specification through 'externalisation' to create an independent, standalone social firm, i.e. a small business trading as a limited company or co-operative with a social mission.

Option 4 – Tender process to identify new provider: This option would be selected where the current service is not meeting the new service specifications, and the appraisal process suggests it could not realistically be adapted to do so. This may be for a number of reasons, one of which may be that the current provider is unwilling or feels unable to provide an adapted service. A tender process would then be utilised to identify a new service provider to deliver the new service specifications. The old service is de-commissioned. It may be that the new service provider will be required under contract to deliver some elements of the old service – thus ensuring that commissioners do not lose existing high quality programmes, local knowledge and connections, and support services for current service users. It may also be that the new service provider will be required under the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations to employ staff members from the old services.

Option 5 – De-commissioning: This option would be selected where the options appraisal has identified that neither adaptation nor a tendering process would be the best option for delivering the new specifications. It enables the release of resources for reinvestment elsewhere.

2. Creating a decision grid

Table 5 shows a specimen decision grid that has been used to assess how closely an existing service matches a planned new service and what scope there may be for it to deliver the new service. In the example here, the new service is a 'Resource Hub' – offering social contact and support in a safe environment, but with a much stronger emphasis on helping individuals to participate in mainstream activities in integrated settings than you would find in a traditional day centre.

The first column shows the benefits criteria – the key benefits that the new service is expected to deliver. These have been extracted from the service specification for the new service and are weighted according to their relative importance, as decided by the steering group, in the second column.

The other columns show possible development options available within the re-commissioning process. Option 1 involves awarding the contract to the provider of the existing service as there is a close match between the existing and new services. Option 2 involves adapting the existing service so as to provide the new service – the contract for the new service is awarded to the existing provider subject to negotiation. Option 3 suggests that there is a very poor fit between the existing and new

services. A tender process is needed to identify a new provider or if the service is to be de-commissioned.

Those involved in the appraisal will consider how each of the three options is likely to realise the benefits criteria. Each benefit criterion is considered separately. The more likely an option is to achieve the benefit, the higher it is scored. The option that has the highest total score (for all benefits) will be the favoured option for implementation. The way the scores are worked out is shown in Step 3.

Table 5: Options appraisal decision grid

		Option 1 Excellent fit between Service X and new service spec Award new contract to current provider		**Option 2** Reasonable fit between Service X and new service spec Award new contract to current provider subject to changes		**Option 3** Very poor fit between Service X and new service spec To realise benefits need to consider other providers through tender process, or de-commissioning	
Benefits criteria	**Weight**	Score	S x W	Score	S x W	Score	S x W
A service offering a safe space to support people of all types or levels of need	30	0	0	0	0	5	150
A service offering good choice of groups, activities and courses in both centre and mainstream settings	25	4	100	4	100	6	150
A service promoting effective pathways to mainstream activities, education, training, volunteering and jobs	25	3	75	4	100	3	75
A service promoting user involvement / partnership in running services	5	2	10	2	10	7	35
A service offering value for money	5	1	5	1	5	1	5
A service effective at attracting supplementary funding	5	1	5	2	10	1	5
Total	**95**		**195**		**225**		**420**

The sample score table shows that the preferred option for this service was Option 3. None of the other options had the potential to realise the key benefits criteria for the new service required.

3. Stages in the appraisal process

It is crucial that service users are involved in all stages of the appraisal: agreeing the key criteria for assessing services (the 'benefits criteria'), weighting them and scoring anticipated outcomes for each option.

Identifying benefits criteria: Criteria could be based on the aims, objectives and core principles of the re-commissioning project. They could also be informed by the newly developed service specifications, in particular the outcomes section. Criteria such as ease of access to services, acceptability to local users, involvement of service users, and compatibility with national guidance may be common candidates for inclusion. The criteria need to be agreed by all members of the steering group, so that all perspectives inform the appraisal.

Ranking benefits criteria: Benefit criteria are then ranked in importance and weighted appropriately. For example, if ease of access is regarded as the most important criterion, this might be given 40% of scoring. If meeting national priorities is regarded as having equal importance as involving service users, both will receive the same percentage, say 15%. Again, these weightings of benefits criteria need to be agreed by all members of the steering group and will vary according to local circumstances.

The right template: Each service will be appraised against the particular benefits that reflect the type of service that is required. For example, a service currently offering employment advice would only be appraised against the benefits criteria and options relating to new employment services.

Scoring options: Each option is given a score based on how likely it is to achieve that benefit. An option which would bring high levels of user involvement might score 9 (out of 10) for that benefit, but only score 3 on another. To arrive at a final total score for each option, the benefit score is multiplied by the weighting value, and the scores are added up: e.g. if an option scores 5 out of 10 for a criterion with a weighting of 15% its score for that will be (5x15) = 75.

4. Example benefits criteria for an employment service

This list illustrates a set of benefits that would be expected of an employment service:

- Effective in helping people get the jobs they want;
- Effective in helping people take steps towards employment (e.g. education, training, work experience);
- Effective in helping people keep and maintain their jobs by providing ongoing support;
- Offers rapid job search and placement;
- Is closely integrated with clinical teams and day services;
- Offers high quality benefits advice;
- Offers support to people according to their desire to work;
- Good access across locality;
- Attracts supplementary funding;
- Good value for money.

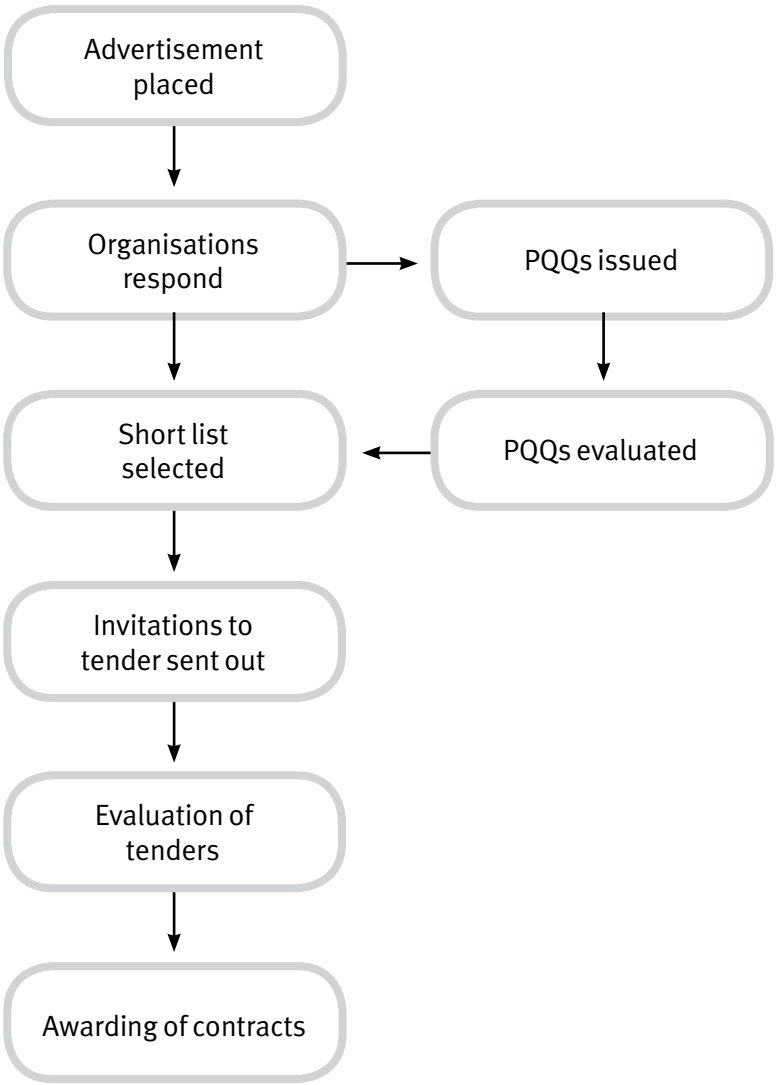
Note: These benefit criteria would need to be assigned a weighting according to the relative importance placed on each. Weightings will vary according to the perspectives of members of the steering group. However, it is important to take account of the research evidence relating to the individual placement and support approach; for example, an overly high weighting given to pre-job training over actual on the job support may result in selecting services which are unlikely to deliver employment outcomes as they would not be delivering support in line with evidence-based practice.

Resource 4: The pre-qualification process

Prior to the tender process, commissioners will seek to assess an organisation's capacity to meet future requirements for products or services. They will do this by asking them to supply information about their capabilities and resources. This information will then be used by commissioners to assess the organisation against pre-agreed criteria. The document that asks organisations to supply information about their capabilities and resources is called a business questionnaire (BQ) or pre-qualification questionnaire (PQQ).

Figure 2 shows how this pre-qualification stage fits within the broader tender process.

Figure 2: How the pre-qualification stage fits within the tender process



The pre-qualification questionnaire (PQQ)

When commissioners are evaluating an agency's suitability to tender, they will consider a wide range of information about the agency. The intention of the pre-qualification questionnaire (PQQ) is to gather all necessary information while at the same time not imposing too great a burden on those interested in submitting a tender. The areas in which the PQQ seeks information will likely include the following:

General profile: Background information about the agency, what type of organisation they are, details of any parent company and management structure.

Financial profile: Sufficient information to be sure that the organisation has the financial resources to undertake the required work, and the long term stability to be able to complete the contract satisfactorily.

Technical & professional capacity, infrastructure and resources: Information regarding the organisation's procedures for ensuring suitability and competence, and details of any problems the supplier has had on previous contracts. There are likely to be reasonable explanations for these and it is better that candidates are candid in answering questions on these issues, rather than having to justify these difficulties at a later stage.

The PQQ will also request information on other contracts undertaken over the past three years, as commissioners will want to know if the organisation has previously completed similar contracts to a good standard.

Quality management: Commissioners will want to ascertain whether possible suppliers have adequate quality management systems in place. Potential suppliers may respond to this by describing how their services are formally checked against a recognised standard (benchmarked), or by giving a detailed description of how they ensure their operations are routinely conducted to a high standard.

Equality & diversity: As public authorities have a duty to ensure that all members of the community are treated fairly and equally, commissioners will wish to know that a potential supplier accepts its legal duties in this area, and takes them seriously.

Health & safety: Commissioners will want to ensure that potential suppliers are aware of their legal responsibilities regarding the health and safety of their workforce and any other individuals involved in their operations. The PQQ will therefore ask suppliers to provide information about their health and safety policies and procedures.

Environment & sustainability: The PQQ will also allow commissioners to gather information about potential suppliers' policies and practices in relation to minimising any harmful effects of their work on the environment.

Resource 5: Key features in the externalisation of social firms

Developing an action plan

An action plan for the transfer of a social firm from public authority control to independent status should include details of all of the following:

- Application to the NHS or local authority pensions agency;
- Consulting staff on the changes;
- Consulting service users on the changes;
- Establishing a limited company;
- Setting up a bank account, payroll etc.;
- Establishing company directors;
- Agreeing a start-up date;
- Setting a TUPE transfer date;
- Agreeing the contractual arrangements with commissioners and setting targets against the service level agreement.

The action plan should also specify when these tasks will be completed by and who is responsible for undertaking them.

Externalisation as part of wider change process

It is often extremely difficult to make these types of changes in isolation. Making single service changes as part of an over-arching review or re-commissioning process facilitates each part of the externalisation process. The service is then part of a much larger business case for change and there is a climate of acceptance among stakeholders that change is required. There is also clear evidence and a business plan demonstrating that externalisation is the most effective way forward.

There is also the scope to negotiate with local commissioners for that vital service level agreement, as they are reviewing all contracts and looking for alternative, cost-effective and innovative providers.

Specialist expertise

Specialist expertise and guidance is required:

- To ensure that the existing service is sufficiently viable to be able to develop independently as a social firm.
- To support the actual process of moving to independence. This will be quite distinct from the other service developments and transfers taking place within the re-commissioning process. It could easily be lost or forgotten within this wider complex change process.

Challenges

There are number of challenges which are likely to be faced in the process of moving a service out of a public body.

It is often hard to gain a realistic understanding of the differences between financial performance within the NHS or local authority and as an independent company. This can make it difficult to assess the potential viability of the firm prior to externalisation. Thorough market testing and scrutiny of business performance is therefore needed.

If access to the NHS or local authority pension scheme is denied for the new limited company – what is known as 'being given Direction Status' – this may bring the externalisation process to a halt. There will need to be ongoing dialogue with relevant pensions schemes to ensure there is clear understanding of what is taking place, the security offered by local commissioning, the need to protect the employment terms and conditions of current staff, and the established track record of the enterprise whilst operated by the public authority.

The Social Firms UK publication, *Bringing social firms out of public authority control*, (Social Firms UK, 2006), gives detailed checklists and further guidance on moving social firms out of NHS trusts or local authorities.

Appendix 2: Case studies

Case Study A: Before and after the re-commissioning process in Eastern Surrey

Before the change process

The service landscape: At the time of re-commissioning, Eastern Surrey had a population of approximately half a million people and would be best described as a semi-rural and relatively affluent area. A number of day services had been established by the local NHS trust when several large, long stay hospitals were closed. These were modernised during the 1990s and were, for some years after, considered to be examples of good practice. At the time of re-commissioning, they included the following types of projects: horticulture; craft and art; a travel agency; employment advisors; computer training; a print finishing workshop; assembly workshop; and a picture framing workshop. Around 200 service users were attending these services, which employed 40 staff.

The services were predominantly building-based and accessed through referral from clinical mental health teams. Many service users had been accessing these services for many years, and were not offered the opportunity to move forward or work towards recovery. Eastern Surrey did not have a well-developed system of support for service user involvement.

There were also a number of other day and vocational services operated by voluntary sector providers.

Commissioning: At the start of the re-commissioning process, commissioning of health and social care services was the responsibility of one county council and two primary care trusts. The NHS trust's day and vocational services were commissioned as part of a very large service level agreement with the two primary care trusts covering all adult mental health services. It was therefore difficult to obtain accurate information on investment in, and outcomes from, specific day and vocational services.

Funding of the services provided by voluntary sector agencies had been *ad hoc*, year on year, and monitored separately by health and social care commissioners.

A desire to modernise: The main emphasis of the NHS trust services was on providing meaningful, but segregated, occupation and social support. There was very little opportunity for service users to move on from them. For the previous four to five years, commissioners had been looking to modernise these services, with a particular focus on providing more one-to-one support to enable service users to gain and sustain mainstream employment. The NHS trust acknowledged that these services did not fit within their core delivery framework. It was also recognised by the commissioners that the voluntary sector had a good track record in providing these types of services.

At this time, there were no clear service specifications by which to monitor service delivery and no clear strategies for investment in this area of service.

Inertia: Due to the complexities associated with changing these services, particularly given the human resource, financial and estates implications for the NHS, it had not proved possible to develop a feasible plan for transferring them out of NHS trust provision. This inertia had had a negative impact upon services for several years. Service users and staff were experiencing significant uncertainty and understandably this affected their morale.

The desire for a new commissioning framework: Commissioners were seeking to develop a joint strategic commissioning framework, which would provide longer-term contracts and stronger accountability for investment. Services purchased would be more responsive to individual need, closer to service users' homes, and would offer better tailored support for people to participate in mainstream community activities and to find employment.

The change process

Resistance: Service users were concerned that the planned re-commissioning process was a cost-cutting exercise and were therefore defensive about their current services. Some were unwilling, at least initially, to engage with the change process.

A new vision: Following a review of current provision and extensive consultation with stakeholders, a set of specifications for new services was drafted. These new services comprised:

- Supported employment services: offering support for individuals seeking to find and keep employment;
- Community connections services: offering one-to-one and group-based support for individuals to participate in mainstream social, leisure and cultural activities in their local communities;
- Vocational training and development services: offering opportunities to develop work-related skills (sometimes within the framework of a social firm or enterprise) as a pathway to open employment and within a customer-facing business environment.

Options appraisal: An 'options appraisal' process was used to identify which of the existing services could be built upon to deliver the new service specifications and would therefore need to go out to tender, which would need to be de-commissioned, and which could be transferred to independent status outside the NHS, in this case as an independent social firm.

Tender process: A tender process was undertaken to identify new service providers to deliver the new service specifications, taking on some of the current NHS managed services.

Negotiation with existing providers: At the same time, commissioners held meetings with each of the existing voluntary sector providers of day and vocational services. These involved discussions to agree which of the new specifications the providers could deliver, and in which localities. Through these negotiations, new contracts were drawn up for all existing voluntary sector providers, in line with the new commissioning framework.

Externalisation of social firms: Two of the current services were supported to transfer out of the NHS trust to become independent social firms. This process is described in more detail in Case Study D.

A new model of provision: Following the tender process, a new model of provision was gradually established in each of the five major population centres in Eastern Surrey offering access to group-based community connections and vocational training services. These services are aimed at, but not restricted to, people who have experienced mental health problems.

In each area there are also specialist employment advisors and community links advisors working alongside these group-based activities and training services, who liaise directly with mental health

teams. These advisors provide support for individuals on a one-to-one basis to find and keep jobs or participate in mainstream community activities.

The new service model focuses on more individualised support and more accessible services, balancing the need for local, identifiable safe environments with support to access community and employment opportunities. It aims to enable individuals to develop their own pathways, moving between support services according to their particular needs and aspirations at any given time.

After the change process

During autumn 2007, associate consultants from the Sainsbury Centre carried out a brief evaluation of the impact of the change process. The purpose was to assess the extent to which the objectives of the re-commissioning process had been met, and where further development was required. What became clear from the evaluation was that a considerable amount of progress had been made, although there were still challenges ahead.

Stakeholder views of change: Box 11 shows the differing perspectives of local stakeholders following the change process.

Box 11: Stakeholder perspectives before and after the change process

BEFORE	AFTER
Commissioners' perspectives	**Commissioners' perspectives**
No clarity on expenditure and value for money. Review after review of day / vocational services, but no clear commissioning strategy to take forward the reviews. No strategy on or joint commissioning of the voluntary sector. Low morale among stakeholders. Not achieving 'whole systems' vision.	Detailed and specific service level agreements with each provider which offer more clarity on expenditure and value for money. Integrated joint commissioning across health and social care services, with a clear commissioning strategy and infrastructure to build on for the future. Greater accountability from providers.
Service users' perspectives	**Service users' perspectives**
Lack of access for many people especially through primary care. Concern about the potential loss of provision, following the closure of a couple of services a few years earlier. Services highly valued by some, but not all. Over-investment in some services, under-investment in others.	Increased access for many people; but increased referrals from GPs are still required. Individuals reporting a change in aspirations particularly to secure employment as well as to participate in community-based activities. Increased capacity to offer one-to-one support.
Voluntary sector's perspective	**Voluntary sector's perspective**
Year on year funding. Good levels of user satisfaction. Innovative and creative.	Security of contract. Clearer monitoring procedures and accountability. Very good levels of user satisfaction. Innovative and creative.

Evidence-based practice: It was also possible to compare service provision before and after the change process in terms of what is considered evidence-based practice in day and vocational services (see Box 12).

Box 12: Evidence-based practice before and after the change process

BEFORE	AFTER
Segregated services, once recognised as excellent through being awarded Beacon status, but which had lost direction.	Employment and community connections services in place, working towards evidence-based practice.
Lack of one-to-one support for individuals to find and keep employment.	Increase in availability of one-to-one support for individuals to find and keep employment.
Services lack clarity of purpose i.e. are they a business or day service?	Services much clearer on their purpose and more aware of their partnership role with other providers.

The commissioner / provider relationship: There were significant changes to the commissioner / provider relationship in Eastern Surrey following the change process, as shown in Figures 3 and 4; resulting in a simpler and more collaborative commissioning structure.

Figure 3: Commissioner / provider relationships prior to re-commissioning

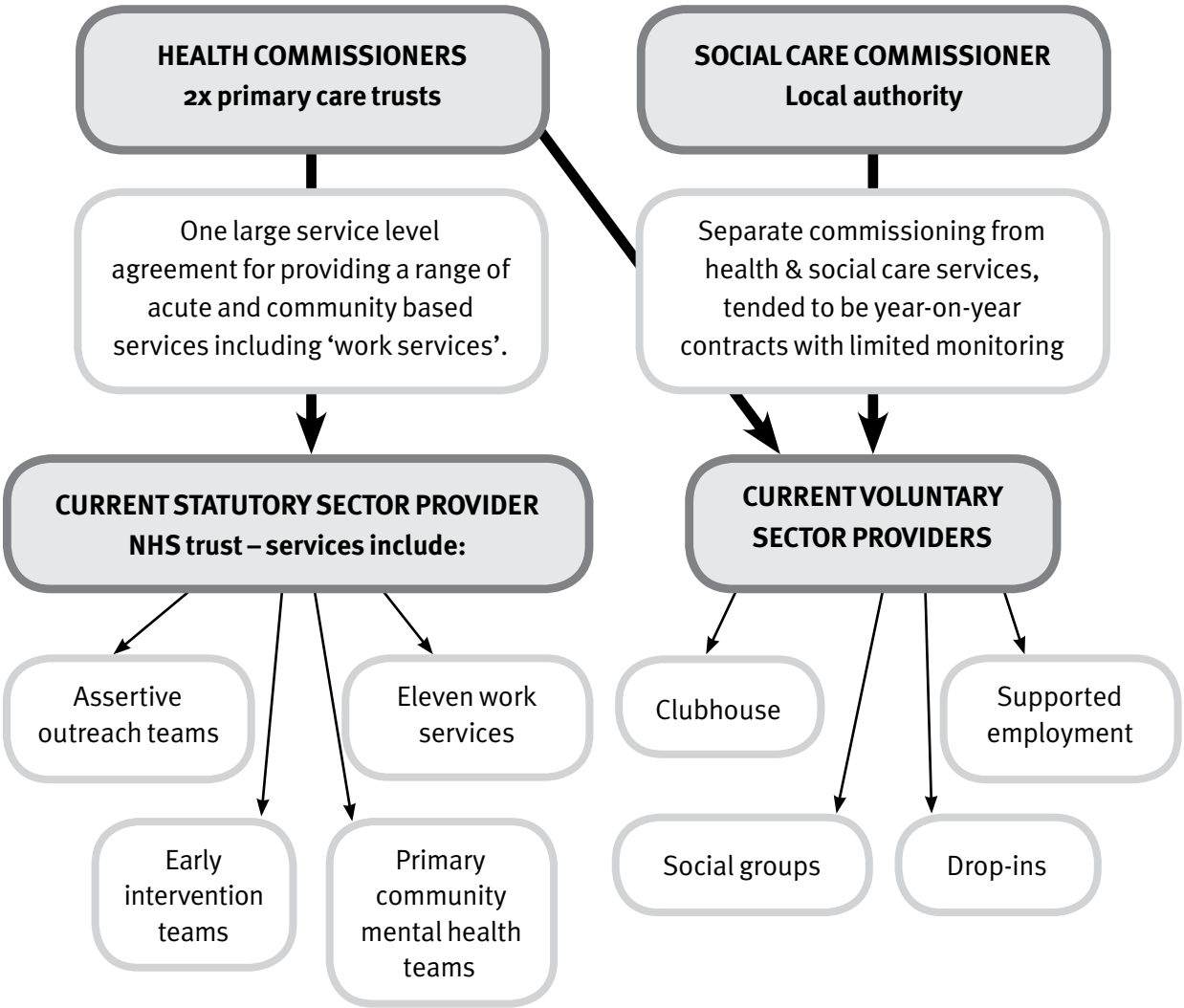
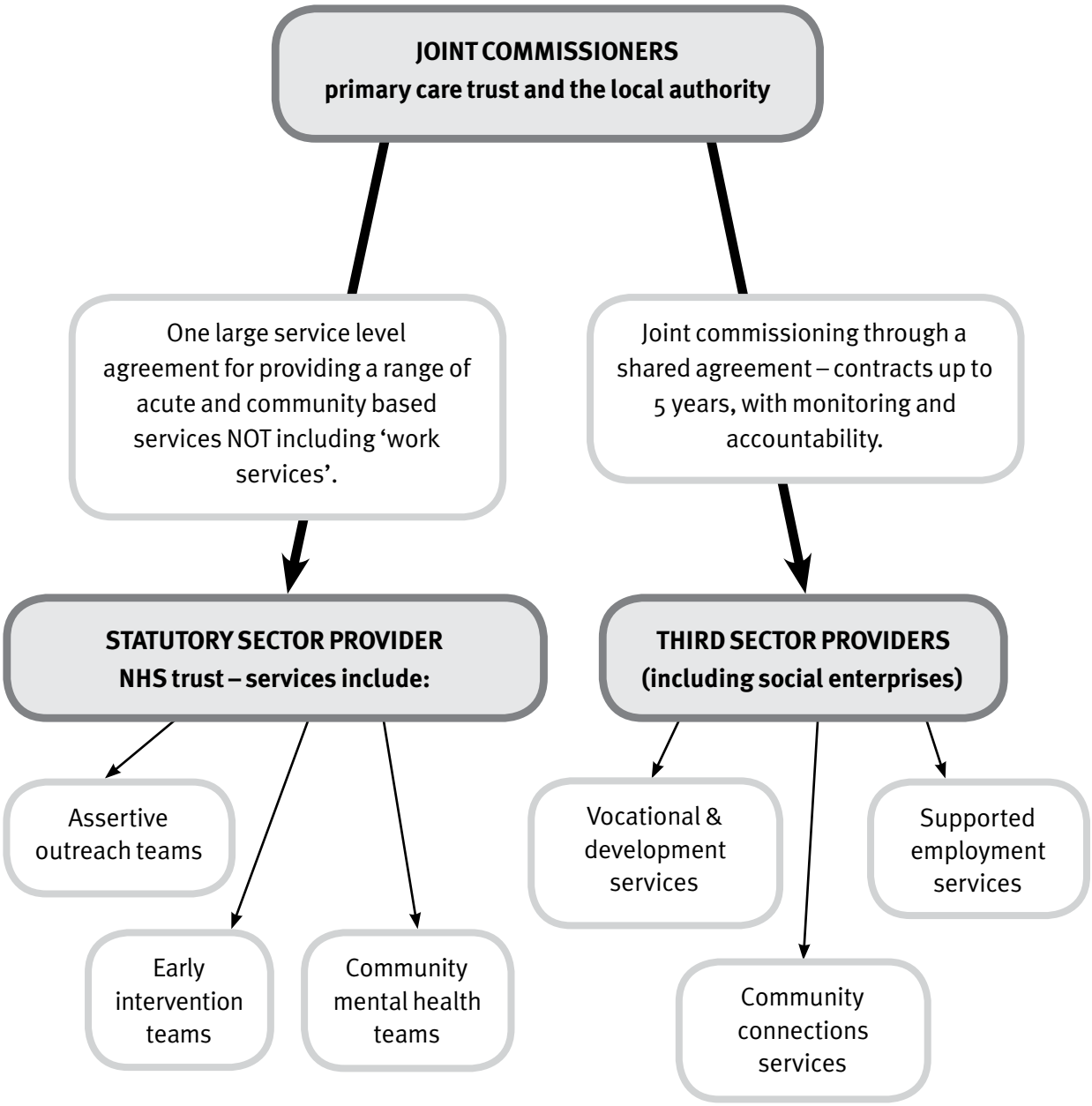


Figure 4: Commissioner / provider relationships after re-commissioning



Case Study B: Service user involvement in the re-commissioning process in Eastern Surrey

This case study discusses the different roles taken on by service users during the re-commissioning process in Eastern Surrey and highlights the lessons learnt. The extensive service user involvement throughout the process, stimulated a great deal of interest from other service users across the county. The participation of service users was essential during the re-commissioning process. Although participation in itself was frustrating at times, all involved, both service users and commissioners, learnt many lessons from the experience.

This case study is drawn from a 'lessons log' kept during the re-commissioning process and from the follow-up interviews undertaken by a service user consultant with all of the service users who were involved.

Selection of project manager

This involved two interview panels, one composed solely of service users, the other comprising health and social care commissioners plus one service user.

Steering group

Regular meetings (every four to six weeks) gave members the opportunity to be brought up to date on progress. Meetings were scheduled well in advance, the dates fixed and all stakeholders encouraged to prioritise them. The more consistency the group had, in terms of membership and the way it operated, the better, not least because it provided an environment in which service users felt able to put their views forward. Each meeting was minuted, and notes and agendas were sent out in good time to encourage as much participation as possible.

The involvement of service users worked best where they were well briefed before any meetings and, in response to individual requirements, given support to prepare ideas, and read through papers and proposals. It is clearly important that service users understand what is being discussed and have the opportunity to question it.

Service users in Surrey found separate service user only meetings, which took place between steering group meetings, very valuable. They provided an important forum in which they could express their views freely, discuss any issues of concern to them, and formulate a common response to the steering group.

Support structures and training

An independent service user consultant was contracted to work with a group of service users who were involved in all stages of the re-commissioning project, from recruitment of the project manager to the evaluation of potential suppliers and the monitoring of new services. The service user consultant provided information and support to service users and carers, helping them to develop their ideas and feed them into the service development process. The role enhanced communication between service users and commissioners, and enabled concerns and questions to be addressed promptly. Service user members of the steering group were drawn from this service user group. The service user group was an invaluable mechanism for the effective involvement of and ongoing support of service users and carers.

Review of current services

The initial review involved visits to each service to gather data on the service and consult with users and staff. A service user was involved in each visit to a current service. Each person was briefed on the service beforehand and they agreed what aspect of the review visit they felt comfortable and equipped to carry out.

However, there were many complexities to this kind of involvement. People at the service being visited and those service users undertaking the visits were not always clear about what was expected. Service users making the visits did not always feel competent enough to carry out the tasks. There was some discussion as to whether service users should participate in the review of a service which they were currently using, and it was agreed that this was up to the individuals themselves. However, later feedback indicated that it is perhaps better that individual service users do not participate in reviews of services they are currently attending.

After each visit, there was a de-briefing that enabled discussion, capturing common observations from the visiting team, and identifying any further information that might be required. One service user described their experiences:

> *"Whilst I knew of the different units I had no idea what went on inside, and was amazed at the friendly working atmosphere and how everyone worked together. This was a good experience, a chance for me to see other units within [the trust], an opportunity to observe the work people did and how this actually happened. As part of the steering group committee, I found it useful not just to know about them, but what actually takes place within them ..., to see the sort of work people actually undertake. Overall it has been a useful experience for me, and a very good and positive atmosphere."*

[Extract written from Surrey Oaklands NHS Trust's magazine *Moving Forwards*, November 2004]

The level of service user involvement needed to be constantly balanced against the need to make progress with the change process. Sometimes extra time was not available, but where extra time and training can be given, this should be the priority.

The tender process

As service users increasingly participate in tender processes, contracts teams will become more expert in accommodating their involvement; however, in Surrey this was the first time service users had had such a significant level of involvement.

The contracts team: Advice and guidance from the contracts team was essential. This included offering advice on how to involve a greater number of people in the process, including service users. Contracts team staff gave advice on the legislative requirements of the tender process, and the statutory obligations to ensure a fair and equitable tendering process. Understanding what a tender process is and why it is taking place is very important. A briefing session given by the contracts team to the whole steering group prior to the start of this process would be invaluable.

Visits: Service users asked to visit selected services of bidding agencies so they could gain a better understanding of the organisations. It is important that the rationale behind the visits is made clear to all parties involved, particularly if the visit is to be 'scored' as part of the selection process. The purpose of the visit will determine how it is structured and who takes part, and this is something on which contract team officers can advise.

In Eastern Surrey, the purpose of the visits was for building the knowledge of the service users about the kinds of services that the bidding agencies provided. The visits were not, however, 'scored' or used in the 'scoring of bids'. All those who undertook visits agreed that visiting services was a very valuable exercise.

Weightings of different elements of tendering process: With this high level of involvement, it is really important that everyone involved is clear on the different weightings (level of importance) given to each part of the tendering process. This is best set out in the formal tender document. Service users should be supplied with copies of this well in advance, so the weightings can be agreed and owned by all parties, and so that people can see the weight attached to their particular part of the process.

Time and support: There is often a large amount of reading involved in any tendering process. All members of a tender evaluation group will need adequate time to read through what may be lengthy tender submissions. Service users may need additional time and support to undertake what is a complex and time consuming task.

The value of service users as commissioners

The contribution of service users to the re-commissioning process in Eastern Surrey was invaluable. The perspectives of service users enriched key stages of the change process, most noticeably the review of existing services, the development of new service specifications, and the way consultation was undertaken.

It was often the questions that service users asked or comments that they made that helped to shape and improve the way things were done. For example:

> *"What happens to services 'pre-transfer' – we don't want them to stagnate /be forgotten?"*
>
> *"What will be the referral process to access the new services?"*
>
> *"People need greater clarity about the new services."*

Furthermore, the involvement of service users on the steering group improved communication, ensuring that decisions were locally anchored, and that the steering group was continually listening to and responding to issues and concerns as they arose.

Case Study C: Reshaping services in East Sussex

Building upon previous reviews of mental health day and vocational services in 2004 and 2006, and following publication of the 2006 commissioning guidance, East Sussex commissioners established a day and vocational services development project to drive forward modernisation of these services. The project focused on fourteen services commissioned and / or directly provided by East Sussex County Council, East Sussex Downs and Weald PCT, and Hastings and Rother PCT.

The starting point

While there had been some innovative service developments over the previous five years, most of the fourteen services were still modelled on the traditional day centre: providing safe environments and refuge, but placing insufficient emphasis on helping people find jobs or participate in mainstream community activities. Most were still offering group activities within segregated settings. Relatively few individuals were making the transition out of day services into social, educational or cultural activities in the wider community or into jobs.

Previous attempts to modernise

Previous attempts at modernisation had stalled due to a number of factors:

- Poor timing (a background of successive NHS trust mergers);
- Lack of a dedicated commissioning resource to obtain commitment at the highest strategic level and to drive modernisation forward in a planned and coherent way;
- The complexities of 'externalisation' (i.e. the transition from public ownership to independent status).

In contrast, the most recent attempt was bolstered by the involvement of commissioners who had a good understanding of day and vocational services, who were empowered by new government guidance, and who now held the purse strings to provision.

A framework for change

Commissioners sought support from adult social care and PCT directors, and worked within a project management structure. A project initiation document was prepared and signed off by directors. A steering group was set up to provide guidance and an independent consultancy agency with expertise in the field was commissioned to manage the project.

Service user involvement

Service users were involved in all aspects of the re-commissioning process. A service user reference group was convened to provide general oversight of the development project, including involvement in the design and carrying out a stakeholder consultation process. Three members of this group joined the project steering group, taking on a key role in project management and influencing key decisions on service redesign.

All the service users participated on the basis of being volunteers or they were paid for their involvement, depending on individual circumstances and preferences. Support and training were provided by an experienced service user consultant.

First steps

An initial task in the re-commissioning process was to update previous reviews to develop a detailed picture of provision. This involved an independent assessment of services by the consultancy and a comprehensive consultation with key stakeholders. The aim was to assess the extent to which existing provision met the needs and aspirations of local people, and reflected research, best practice and commissioning guidance.

Stakeholder consultation

This involved gathering the views of service users, managers and staff of provider agencies, carers and local residents with mental health problems who had chosen not to use services. It was undertaken through discussion groups; face to face interviews; self-completion postal questionnaires; and through a large consultation event held in the major town. In total, approximately 500 individuals with mental health problems had an input.

Findings

The independent evaluation and the stakeholder consultation enabled the steering group to draw some key conclusions. Users of services placed great value on the opportunities that current services provided for social contact and support in a safe environment, but many wanted better opportunities to 'do things outside of the centre'. Relatively few were re-entering the labour market each year, despite the high level of worklessness (and desire to work) among this group. Several groups were poorly represented within provision: young people; women; individuals from Black and minority ethnic communities and people living in rural parts of the county. Investment did not mirror the distribution of population across the county and there was under-investment in some rural areas. In short, the needs of East Sussex residents with mental health problems for day and vocational support were not yet being fully met.

A new vision

Having a clear understanding of current services and investment allowed the steering group to develop a vision for the type of day and vocational services needed to meet people's needs and aspirations. The vision involved the development of three new service models to form the basis of future provision. The service models were as follows:

Resource hub: Offering opportunities for social contact, support, structured activity and skills development in a safe environment. It differs from the traditional day centre in providing services in a way that encourages participation of users in mainstream community activities, and actively supports people to develop their own solutions (e.g. user-led social groups, social enterprises). Where necessary, it co-ordinates a network of drop-ins or activity groups across the locality it serves, for example, in rural areas.

Community links service: Provides one-to-one support for individuals to participate in ordinary mainstream activities, alongside other members of the community. The activities cover volunteering; education and training; healthy living; leisure; visual and performing arts; and faith, spirituality and cultural communities.

Individual placement and support (IPS) vocational service: Provides one-to-one support for individuals to find and keep jobs in the ordinary labour market, and to keep existing jobs where they have them. It follows the key principles of IPS: a focus on real jobs in line with service user

preferences; zero exclusion (support is offered to anyone who wants to work irrespective of their diagnosis or severity of illness); integrated working with the clinical teams; rapid job search and placement; and time-unlimited support to both employers and employees.

The final objective of the re-commissioning process was to ensure that service users had easy access to all three types of service, irrespective of where they lived in the county.

Service specifications

Having established the service models needed to meet local people's needs and aspirations, detailed service specifications were drafted for each of the models, in close consultation with the wider service user reference group.

Selecting providers

An important stage within the re-commissioning process was to decide who would be best equipped to deliver these new services. There was a need to consider whether any of the current services were a reasonable fit with the proposed services (and could be 'adapted' to deliver the new service specifications), and which were a poor fit, thus requiring a tendering process to identify new provider agencies.

Transparency

The outcome of this kind of process can have significant implications for many people's lives, not least the users and staff of current services. It can generate great anxiety and cause resistance to change. Those within public authorities who are charged with making the political decisions to sanction these changes will therefore need to have a clear understanding of the changes needed and the rationale for making them. For these reasons, decisions were made through a process that was objective and transparent to all stakeholders.

Options appraisal

An 'options appraisal' was undertaken by the steering group (i.e. for each existing service, a number of options were considered). These included:

- Existing provider to deliver new service specification with no changes to current service;
- Existing provider to deliver new service by adapting existing service;
- Tender process to identify a new provider agency.

Each option was examined in relation to a number of key benefits criteria that future services would be expected to deliver. The benefits criteria were selected and given weightings (assigned levels of importance) by steering group members. Service users played a key role in this process. Individuals withdrew from 'scoring' services that they currently used, but had input into the steering group's discussions that preceded the scoring process.

A change in the provider landscape

The recommendations resulting from the options appraisal were that all contracts with current provider agencies in East Sussex should not be renewed, and that a tender process should be undertaken to identify new service providers.

Key challenges

Although the re-commissioning process is still some way from completion at the time of writing, it is possible to identify a number of key challenges that were experienced along the way and outline how these were met:

Uncertainty: The experience of uncertainty about the future of existing services inevitably generated anxiety among users and staff of these services. While this may be unavoidable to some degree in any re-commissioning process, a good strategy for communication with stakeholders was crucial. This involved the distribution of regular progress bulletins, the staging of an information event to present the new vision, and one-to-one meetings with providers to explain decisions made on future contracting.

Getting caught in the middle: Some service users on the steering group experienced adverse reactions from their fellow users and staff of the service they were currently using. Although they were not involved in 'scoring' their *own* service within the options appraisal, this fact was not known to their fellow users and staff. The issue of whether service user members should be involved in the evaluation of the service they are currently using should be discussed within the steering group at an early stage of the re-commissioning process, and the details of service user involvement in decision making made clear to all service users and staff.

Burden of knowledge: There were periods during the re-commissioning process when service user members of the steering group were aware of decisions made regarding the future of their service, but were unable to communicate these to fellow users or staff of these services. This was something of a burden and some service users experienced considerable pressure as a result of this. Service users also felt some responsibility for staff anxiety and were worried about possible job losses. The availability of good support for service users involved in the re-commissioning process is crucial.

Knowledge of service models: Many service users had little knowledge of the full range of day and vocational service models available, particularly the newer ones with a strong emphasis on promoting social inclusion, such as individual placement and support (IPS) or bridge-building services which offer tailored support to enable people to participate in mainstream community services. It was difficult, therefore, for them to visualise what a new service landscape might look like, increasing their anxieties about what might be lost.

This lack of knowledge was countered through written briefings and presentations on alternatives to traditional day services (e.g. social firms, community interest companies, user-led art and creative groups). Briefings were provided for both the service user reference group and the wider service user population at a county-wide information and consultation event. With hindsight, visits to services in other localities would have been helpful.

Financial information: It proved difficult to obtain accurate data on expenditure for some day and vocational services.

The future

Although the re-commissioning process still continues, there are now reasons to be very optimistic that future provision will be better equipped to meet local people's needs and aspirations – supporting recovery, promoting social inclusion and helping people to build more satisfying lives for themselves.

Case Study D: Travel Matters – Moving a social firm out of an NHS trust

Based in Redhill, Surrey, Travel Matters is a fully bonded travel agency offering a wide range of travel and holiday deals at competitive prices. It operates identically to any other high street travel agent, but its origins are quite different to those of most other travel agencies.

Until recently, Travel Matters was one of several work rehabilitation services operated by an NHS trust in Eastern Surrey. Its role was to provide work experience and training opportunities for people recovering from mental health problems. It had gradually developed into a well-established social firm, but had been experiencing significant difficulties in developing the business further while still being part of the NHS.

Between 2001 and 2006, Travel Matters began working towards externalisation from the NHS trust, a process of moving away from NHS control towards fully independent status. The process was completed in June 2006 when Travel Matters Enterprises Ltd was established. The process of externalisation was by no means simple. It was only during the re-commissioning process between 2004 and 2006 that externalisation was actually achieved.

What made externalisation possible?

An important contributory factor was that the externalisation process was part of the wider review and transfer of services away from the NHS trust and out to other provider agencies. The wider review and transfer process had director level commitment and was approved by the board of the NHS trust and the PCT.

Another key factor was the availability of financial support from the local health and social care commissioners, through a service level agreement, in addition to the business income. This meant that the firm was seen to be financially viable. Externalisation gave Travel Matters the freedom to apply for further funding.

All parties involved in the externalisation process were clear on its objectives and many were prepared to think 'outside the box'.

The availability of the right kinds of skills and expertise was crucial. There was a dedicated and experienced external project manager. The Travel Matters manager and staff were all highly committed to the change process. The availability of expertise and support from Social Firms UK was also a key factor.

In addition, there was a clear strategy for managing cash flow in the early months of business start-up. This included having secondments to the firm in the first instance, and then transferring staff at a later stage.

Finally, all parties had perseverance and persistence.

The importance of the service level agreement

Following consideration of a business plan, the primary care trust offered a service level agreement to Travel Matters. This was something that had not been available during previous attempts to externalise the firm. It was absolutely crucial for two reasons. First, Travel Matters required some

element of funding in addition to trading income for financial viability. Second, the service level agreement was needed when putting a case to the NHS Pensions Agency to protect the terms and conditions of employment of current staff and enabling a transfer of these same terms and conditions to their employment within the new firm under the the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006.

Travel Matters was and is still providing an excellent service to the PCT and local authority's client group. The service level agreement is a formal contract to provide these services in line with other suppliers.

Challenges

A particular challenge was moving premises at the same time as going independent. There were also difficulties in securing a lease for new premises for an organisation that had no track record of trading. This was overcome by obtaining a sub-lease.

It is vital that staff who are actually being 'externalised' have the necessary skills and the will to see the move through.

Another challenge was that the externalisation process took place over a period of NHS trust reconfigurations in the region. The NHS trust within which Travel Matters operated was going through a process of merger with another NHS trust to form a larger county-wide trust.

Further reading

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Travel Matters Enterprises' website www.travelmattersuk.com

Glossary

Assertive outreach

A community-based mental health team offering intensive treatment and support for people with enduring mental health problems who have a history of disengagement from mental health services.

Care Programme Approach (CPA)

The system by which each person who uses mental health services has their needs assessed and through which plans are made to meet these.

Commissioning

The process by which primary care trusts and local authorities purchase services from a service provider that could be in either the statutory, the voluntary or the private sector. Government policy now also encourages individual service users to purchase their own health and social care via direct payments and individual budgets.

Common mental health problems

Mental health problems, such as anxiety and depression, which occur most frequently. These are mostly successfully treated in primary rather than secondary care and are considered to be the least disabling in terms of stigmatising attitudes and discriminatory behaviour.

Community mental health team (CMHT)

A multidisciplinary team offering specialist assessment, treatment and care to people with severe mental health problems in their own homes and the community.

Day services

Services that provide opportunities for social and leisure activities, skills development and daily support which may involve group activity or one-to-one support, in segregated or mainstream settings.

De-commissioning

Closing down a service by terminating or not renewing a contract with the provider.

Early intervention service

A service providing support and treatment in the community for young people with psychosis and their families.

Evaluation

Measuring the value or efficacy of something.

Evidence base

The evidence in the research literature that supports a particular case or way of working.

Evidence-based practice

Using available evidence, particularly research, to design and run services.

Evidence-based supported employment

An approach to providing support to individuals to find and keep paid employment that is supported by evidence in the research literature on the individual placement and support (IPS) approach to supported employment.

Externalisation

The transfer of a service or enterprise from ownership and operation by a public authority to independent status.

Fidelity scale

A scale that measures how closely a service matches a particular model or set of principles.

Guideline

A recommendation of good practice, usually based on research evidence.

Human resources

A department found in most large organisations that works to recruit staff, assist in their development (e.g. providing training) and ensure that staff work in good conditions.

Individual placement and support (IPS)

An approach to providing support for individuals with mental health problems to find and keep employment that is supported by evidence in the research literature.

Invitation to tender (ITT)

Formal invitation from commissioner to potential providers asking them to submit a proposal for taking on the delivery of a new service.

Joint strategic needs assessment (JSNA)

The process by which primary care trusts and local authorities assess local population needs for health and social care services.

Locality

Geographical areas that have distinct boundaries for the provision of public services.

Monitoring

Observing activity in relation to defined specifications, standards or targets, directly or through reports or indicators.

NHS trust

An organisation within the NHS charged with providing a range of health care services.

Objectives

The mechanisms or processes by which you achieve your aims.

Options appraisal

A way of assessing different options in order to make a decision.

Outcomes

The changes or benefits that occur as a result of an activity.

Outcome indicators

The measures you use to assess whether the expected outcome is occurring. They assess progress towards meeting aims.

Outputs

The activities, services and products provided by an organisation.

Personality disorders

A term used to describe behaviours that do not fit into any other obvious diagnostic category, but where the person nevertheless has difficulty coping with life and where that behaviour persistently causes distress to themselves or others.

Pre-qualification questionnaire (PQQ)

Process by which commissioners assess the capacity of potential providers to deliver the proposed new service(s).

Primary care trust (PCT)

A statutory body charged with commissioning health services, including mental health day and vocational services.

Procurement

The process of identifying and securing suitable products or services.

Providers

Agencies that have been contracted to deliver services.

Public service agreement (PSA) targets

Performance targets set by government for different areas of their work. Local areas prioritise certain targets according to local need.

Psychosis

Psychosis, or psychotic disorders, involve distorted perceptions of reality and irrational behaviour, often accompanied by hallucinations and delusions.

Re-commissioning

Part of the cycle of commissioning where contracts for particular services are reviewed, performance is evaluated, and decisions are taken regarding future contracts, according to the changing needs of the local population.

Recovery

A process of changing one's attitudes, values, feelings, goals, skills and roles, and developing a way of living a satisfying and hopeful life, whether or not there are ongoing or recurring mental health symptoms or problems.

Recovery-focused service

Services imbued with the recovery philosophy – supporting users of the service to develop meaningful and satisfying lives, as defined by the person themselves.

Serious and enduring mental health problems

Mental health problems that are severe in terms of impact on the person experiencing them and serious enough to warrant contact with mental health services. These may be enduring or long lived.

Service level agreement (SLA)

A formalised contract or agreement between a commissioner and a provider to provide a service.

Service specification

A document that describes in detail what a service will provide: for example, how it will operate, what results it will achieve, how this will be measured.

Social firms

A business set up specifically to create employment for disabled people. For a full definition of social firms see www.socialfirms.co.uk.

Stakeholder

A range of people and organisations that are affected by, or have an interest in, a service or type of service. They may include users of the service, carers, staff, unions, voluntary organisations, social services, NHS trusts and commissioners.

Supported employment

The provision of support to individuals to find and keep employment (www.afse.org.uk).

Third sector

A term for organisations that share the common characteristics of being non-governmental organisations which are value-driven and which reinvest their surpluses to further social, environmental or cultural objectives. Includes voluntary and community organisations, charities, social enterprises, co-operatives and mutuals.

TUPE

The Transfer of Undertakings (Protection of Employment) Regulations.

User involvement

A variety of ways in which people who use services can be involved in the design, development, operation, management, monitoring and evaluation of these services.

Vocational services

Services that provide opportunities for careers information and vocational guidance, work experience, vocational skills development, sheltered work, support to find and keep employment, and paid employment.

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