

To:
SHA Chief Executives
SHA Directors of Commissioning
SHA Directors of Finance
SHA Mental Health Lead
31 March 2010

Gateway Ref: 14088

Dear Colleague,

**MENTAL HEALTH SYSTEM REFORM –
*Towards Delivering New Horizons and Quality & Productivity***

This letter relates to the range of significant systems reforms that come into effect in 2010/11 and that will affect how Mental Health services are commissioned, performance managed, and incentivised to deliver improvements in quality, efficiency and responsiveness.

In particular, the attachment to this letter serves to highlight how the system reforms can be used to take forward the delivery of *New Horizons – a shared vision for mental health* (2009) in ways that complement and support your local plans.

I have highlighted the potential impact of the updated World Class Assurance Framework, the NHS Standard Contract including the CQUIN payment framework, and the key milestones towards the introduction of Mental Health Payment by Results - but the paper also demonstrates how the reforms, working collaboratively, are designed to be mutually supportive in the delivery of the reform and the quality framework agendas.

The following actions are recommended:

- Communicate with the NHS and its partners, the value associated with the delivery of *New Horizons* and Quality & Productivity in mental health.
- Review delivery of *New Horizon* actions regionally, including how the reform levers within the NHS Standard Contract and the World Class Assurance framework are being used to take this work forward.
- Work with PCTs to support the readiness for the use of a national Mental Health PbR currency in all healthcare systems in 2011/12.

To support this work, DH will be working with Commissioning/PbR Leads and Mental Health leads in SHAs – for example providing a series of national workshops on

Mental Health System reforms, support and development forums, and on-line support resources, many of which are referenced in the attached paper.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Behan". The signature is written in a cursive style with a large, prominent loop at the beginning of the first letter.

David Behan
Director General for Social Care, Local Government and Care Partnerships

Mental Health System Reform ***Towards Delivering New Horizons, Quality and Productivity***

Mental Health System Reform 2010

1. The Quality Framework¹ sets out how policy, including the key drivers in the *Next Stage Review*, can together deliver services with both higher quality and greater efficiency. Included within the framework are some significant areas of reform that apply to Mental Health Services in 2010/11. It is the first mandatory year of the NHS Standard Contract, the Commissioning for Quality and Innovation (CQUIN) framework and Quality Accounts, while there are significant milestones in the delivery of Mental Health Payment by Results (PbR).

New Horizons - A new Vision for Mental Health

2. 2010 is also a significant year for mental health and mental health service development. *New Horizons – a shared vision for mental health* (12/2009) is moving into implementation; at the same time all public services are being challenged to deliver quality and productivity (QIPP) - ensuring continuous improvement, while delivering best value within finite resources, and the generation of £15-20 billion efficiency savings by 2013/14.
3. *New Horizons* is a cross-government programme of action with the twin aims to improve the mental health and well-being of the population, and to improve the quality and accessibility of services for people with poor mental health. It is an ambitious programme that puts a significant focus on promoting public mental health and the prevention of mental ill health, alongside earlier intervention in proven treatment methods for those who need it.
4. To deliver change on this scale will require cooperation between partner organisations, including agreeing joint disinvestment and reinvestment decisions to bring about the greatest gains in mental health and mental health services.
5. At the core of System Reform is the delivery of better health for all, better care for all, and better value for money through a self-improving NHS. Therefore applying the reform levers has rarely been as pertinent in mental health as it is now. This paper describes some of the key milestones in mental health system reform in 2010 and gives some examples of how the reforms can be applied to bring about improvement.
6. The paper focuses on World Class Commissioning, Payment by Results, and The Standard Contract including the CQUIN payment framework, but it also refers to the wider range of reforms levers that can be used to deliver *New Horizons* and improve Quality and Productivity.

Reform Milestones in 2010

7. **World Class Commissioning (WCC)** The WCC Assurance process underpins PCTs' capability to deliver all aspects of the system reform process i.e. the setting and monitoring of contracts, delivery of service quality

¹ See Annex 1 for overview of Quality Framework, in relation to System Reform

improvement, and managing the market to deliver innovation and best value for money are all parts of the commissioning cycle.

- **QIPP through improved Procurement** – A Roadmap for Commissioners for the Procurement of Mental Health Services is available on the National Mental Health Development Unit (NMHDU) web site (<http://www.nmhd.org.uk/resources/resources>) along with other useful resources to support decision making. In addition, DH will publish a Procurement Guide that is applicable to a wider range of services, including Mental Health, shortly. This will be followed by a series of commissioning packs that will include pathway-based service specifications and procurement templates, as well as advice to commissioners on procurement, contractual matters and issues such as pricing and risk management. Packs will be co-produced with the NHS in combination with clear clinical leadership. They will provide clinical service specifications underpinned by evidence-based medicine; minimise unwarranted variations in the delivery of care and therefore deliver cash releasing savings for PCTs, encourage greater innovation in the delivery of care that will improve quality and increase financial productivity simultaneously.
- A nmhdu conference “Meeting the Challenge – Driving Quality and Productivity through Mental Health Commissioning” took place on March 25th 2010 in London. To obtain associated materials on mental health QIPP visit <http://www.mnhd.org.uk/our-work/mental-health-commissioning-programme/>
- **Market Management and Delivering QIPP** *The West Midlands Specialised Commissioning Team* working with the Department of Health’s Commercial Directorate, have put in place a four-year Framework Contract covering the provision of low and medium secure services, as well as Child and Adolescent Mental Health Services (CAMHS) Tier 4 provision. The procurement process aimed to improve service quality and outcomes through the development of enhanced specifications and models of care, and, in terms of resource efficiency, has delivered total financial savings in six months of £2.1 million for secure services, and £913k for CAMHS, allied to quality and efficiency gains in contract management.

8. In 2010/11 the Regional Commissioning Development Programme facilitated by the NHS Institute for Innovation and Improvement, includes collaboration with the NMHDU to ensure inclusion of mental health commissioning priorities. In addition, a joint publication on world class ‘intelligent’ commissioning to support delivery of *New Horizons* is under development between ADASS, the NHS Confederation, NMHDU and DH. This will set out expectations for what ‘world class’ performance looks like for Councils and PCTs as commissioners of mental health and well-being services, and aims to contribute to local commissioning development as well as helping inform organisational assurance processes.
9. In order to align improved commissioning capability with measuring improvement, the Year 2 WCC Assurance framework has additional Mental Health Indicators. These include Public Service Agreement (PSA) 16 on settled accommodation and employment, which are prominent *New Horizons*

goals. The WCC Indicators can also act as stretch quality improvement goals for CQUIN schemes and/or inform the selected Quality areas for Reporting in Quality Accounts.

10. Some PCTs will have included the additional WCC mental health indicators as local performance targets in 2010/11 while others can add these as the robustness of contractual relationships and performance information systems grows.

- **Quality Accounts and New Horizons Delivery** - In June 2009, Norfolk and Waveney Mental Health NHS foundation trust were among the first to produce a Quality Report, as part of the testing process for Quality Accounts led by Monitor and NHS East of England. The trust chose four Quality Priorities including to increase the number of assessments and referrals for in-patients wishing to quit smoking. Their rationale was that *High Quality Care for All* identified reducing smoking rates as one of six key public health goals, but that people with mental health problems are more likely to smoke than people who do not have mental health ill health. In addition to the important physical health benefits of making this a trust quality priority it will also demonstrate the Trust's commitment to treating the whole person.

11. **The NHS Standard Contract.** The 2010/11 NHS Standard Contract is a three-year contract. It ensures clear expectations between commissioner and providers; it recognises quality through the mandated and locally agreed performance requirements, and recognises and rewards the achievement of stretching quality improvement and innovation goals through the Quality Performance Incentive Scheme clause. The contract includes a standard template for CQUIN schemes, which can also be found alongside an illustrative example scheme on the website.

http://www.institute.nhs.uk/world_class_commissioning/pct_portal/cquin.html

- **CQUIN framework and New Horizons** The delivery of personalised care features strongly in *New Horizons*, with seven priority actions to deliver it. In 2009/10 Devon and Torbay PCT used their CQUIN scheme to increase the number of people in receipt of direct payments and individual health budgets. This is an example of how health and social care systems are using the payment reforms and the Choice and personalisation agenda in the context of a provider's contract and commissioning in more integrated ways with local authorities.
- *New Horizons* recognises the need to improve the interface between mental and physical health, and healthcare interventions. This had previously been noted in the national Dementia Care Strategy. The NHS Standard Contract for mental health and learning disability includes recommended quality requirements relating to access to liaison mental health services and physical health checks for those in long-term care. Warwickshire and Coventry PCTs have built on this by using the CQUIN framework across each of their main providers of acute, community and mental health to improve the recognition and treatment of people with dementia in an integrated way.

12. There are considerable opportunities for commissioners to use the NHS Standard Contract for Mental Health to raise outcomes and hold providers more clearly to account through defining clear service specifications and using contract performance management to best effect. Because of the clearer expectations within the contract, it also allows a wider range of providers to enter the market knowing what standards and performance is expected. Competition and tendering is one way of seeking innovative approaches to delivering outcomes, and contributes towards services staying ahead and showing continuous improvement
13. In 2010/11 PCTs will review contract performance in line with new performance arrangements set out in the contract. In addition, as PbR currencies will be used and recorded in 2011/12, PCTs, guided by SHAs, could be using flexibilities in the contract this year to put into place modifications that will allow this important transition. Key to this are service specifications based on care clusters, additional information needs from provider Trusts, and changes to payment systems.
14. The contract is intended to support joint commissioning arrangements between PCT and Local Authority commissioners in order to underpin the provision of seamless services. A future priority will be to review this to identify any further contract changes required to support joint commissioning. The DH Contracts team has set up an e-mail helpline (contractshelp@dh.gsi.gov.uk) for queries relating to the standard contract.
15. **Payment by Result (PbR)** a set of national currencies based on care clusters has been published for use in 2010/11, which is an important preparatory year. By 2011/12 all health economies will be using the currencies – this will mean identifying the care cluster for service users of working age and older adult services. It will also be important to establish local prices for the care clusters during 2011/12. This will then allow the care clusters to become a mandatory contract currency in 2012/13.
16. PbR supports the recognition and reward of quality, as it will identify where money is spent in the patient pathway and enable commissioners to make much more informed strategic decisions with regard to service provision, facilitating innovative approaches towards prevention and earlier intervention.
17. PbR will also enable the matching of service users to the expected level of care that will be linked to defined outcome measures (these are currently under development). Clarity over expected care levels will also support greater patient empowerment, in effect giving a menu of options for a care plan, and enabling the setting of personal health budgets.

➤ **PbR and Personalisation** Personalisation and PbR are both about the individual. They move away from focusing on what care organisations traditionally provide to what people need in their particular circumstances. By breaking funding down to an individual level, they give the opportunity for more services user decisions over the care they can access. The two policies even offer the opportunity to combine separate funding streams to meet individual needs. The Yorkshire Health Improvement Programme (YHIP) has commissioned a pioneer of individual budgets in social care, to demonstrate the linkages between personalisation and PbR. The output from this will be available by summer 2010.

18. In 2010/11, if they have not already done so, PCTs are advised to establish PbR implementation governance arrangements with LA partners and providers, while Providers will want to identify strong clinical, informatics and financial leadership. The timeline for Projects will be agreed locally and SHAs will want to seek assurance that such local processes are in place. For further information, including guidance on establishing local governance, please see *A Practical Guide to Preparing for Mental Health PbR* on the DH website. http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_100816

➤ **Aligning reforms to support transformational change** - Knowing where resources are committed in a pathway, for what outcomes, is key to delivering service redesign. PbR has huge potential to assist the delivery of efficient, high quality and innovative services. Recognising this all PCTs in the West Midlands Region negotiated an agreed portion of the CQUIN monies in 2009/10 to reward the implementation and collection of care cluster information from each of their providers. This collaboration to fast track the transition towards PbR has been extended into the 2010/11 contract period.

19. Key to implementation of PbR is understanding information issues: these are principally collecting the necessary assessment information to place individuals in clusters and the ability to record this on information systems. In addition, in 2010 work needs to start on local costing to determine prices. Providers will want to ensure mental health professionals in their organisations can access training in the use of the 'Mental Health Clustering Tool'.
20. Further development of PbR in 2010/11 is a joint project between DH and the NHS. This will include work to develop quality and outcome measures linked to cluster groups, the examination costing pilots and refinement of clusters based on their findings. There will also be the development of an algorithm to support clinical decision making in allocating to patients to clusters.

Summary

21. 2010 /11 is a year of significant challenge to deliver both service reforms and productivity in mental health and mental health services. However for Mental Health there now exists a raft of recently implemented reforms, which offer real opportunity for commissioning organisations to capitalise on experiences reached in other care sectors, but tailored to the health and social care environment in which mental health is both commissioned and delivered. There is also, for the first time in recent years, a cross-governmental strategy for a new vision for mental health. *New Horizons* sets out a series of actions by government that reinforce the drive for change through the efforts of local partners at PCT and Local Authority level.
22. However, not all the significant reforms are in place yet, and in particular, the work-up to have engagement with mental health PbR currencies in 2011/12 will require significant effort this year. The DH Mental Health PbR team have established a Commissioning Reference Group that has contributed to the content of recent update to the Practical Guidance for Implementing PbR. (<http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsP>

[olicyAndGuidance/DH_11228](#)). In addition, there will be two workshops on Mental Health System reform, with a significant focus on what PCTs could be doing now to deliver a smooth transition to PbR. These events take place in London (June 10th 2010) and Leeds (June 22nd 2010). To register interests please contact katy.davies@nmhdu.org.uk.

ANNEX 1 - System Reform and the Quality Framework

High Quality Care for All set out that quality should be at the heart of the NHS and gave a clear definition of quality spanning patient experience, effectiveness and safety. This is summarised in the Quality Framework (Figure 1) that pulls together existing policies, including existing system reforms.

Figure 1 – The Quality Framework – *mapping across to areas of System Reform (italics)*

Bringing clarity to quality	Measure Quality	Publish quality performance	Recognise & reward quality	Leadership for Quality	Safeguard Quality	Stay Ahead
→	→	→	→	→	→	→
NICE Quality Standards <i>Standard Contract core Quality expectations</i> NHS Evidence	Quality Observatories <i>Patient Reported Outcome Measures</i> Indicators for Quality Improvement (IQI).	<i>Quality Accounts</i> NHS Choices NHS Operating Framework – sets priorities and performance regime inc <i>Performance Framework</i> <i>Care Quality Commission</i>	<i>Standard National Contract, including CQUIN payment framework</i> <i>PBR – outcome based currency</i> <i>Quality and Outcomes Framework (QOF)</i>	<i>WCC Quality Assurance of PCTs</i> Practice Based (Clinical) Commissioning National Clinical Directors/SHA Medical Directors National Quality Board (NQB).	CQC Registration Professional Standards regulation <i>Performance Framework</i>	CQC Special Reviews Never events Innovation Funds and Health Innovation and Education Clusters. <i>Commissioning for change and best value – flexibility in Standard Contract; procurement guides and market management.</i> <i>Transformation in Social Care –e.g. REEPS.</i>