

**Proposed Officer Key Decision to be taken by the  
Head of Strategic Commissioning  
on or after 13<sup>th</sup> September 2013**

**Targeted CAMHS Joint Tender**

**Recommendation**

That the Head of Strategic Commissioning authorises the start of a joint tender exercise with Coventry City Council for the provision of targeted Child and Adolescent Mental Health Services (CAMHS) on terms and conditions acceptable to the Strategic Director for Resources.

**1.0 Key Issues / Background**

- 1.1 Child and Adolescent Mental Health Services (CAMHS) provision in Warwickshire aims to meet standard nine of the National Service Framework for Children, Young People and Maternity Services:

*“All children and young people, from birth to their eighteenth birthday who have mental health problems and disorders have access to timely, integrated, high quality multi-disciplinary mental health services to ensure effective assessment, treatment and support, for them and their parents and carers.”*

- 1.2 The Government recently reiterated its commitment to addressing children’s mental health recently in the Department of Health report ‘*No Health Without Mental Health*’ (2011) which highlights research that shows ‘half of all lifetime mental health problems emerge before the age of 14 (*Kim-Cohen et al., 2003; Kessler et al., 2005*)’.
- 1.3 Warwickshire’s strategy for addressing children’s mental health follows the established four-tiered framework for planning, commissioning and delivery of child mental health services. This tender relates to tier 2, or targeted CAMHS, which provides early intervention to prevent emerging mental health issues from escalating into more acute, entrenched, and costly disorders.
- 1.4 There are two recent trends that have resulted in concerning capacity pressures on Tier 2 services: firstly, the continuing reduction in public sector finances has led to a reduction in annual funding for the current services of 47% since 2010. Secondly, a growing body of research is demonstrating the growing prevalence of mental health disorders in children and young people, and the need for early intervention.

## 2.0 Options and Proposal

2.1 The increasing demand for tier 2 services, supported by the increasing evidence for early intervention (both financial and in young people's outcomes), is a challenge to the continuing reduction in funding. In response, the opportunity has been taken to redesign tier 2 CAMHS services with Coventry City Council and a new model for tier 2 services is proposed that will:

- Provide one service across Coventry and Warwickshire for tier 2 CAMHS.
- Provide face to face, on-line, group work interventions as well as information and self-help resources.
- Focus on pathways and prevalent issues faced by children and young people
- Target resources on those children and young people with greatest need.
- Link with Specialist CAMHS to provide a single point of entry (SPE) for tier 2 and 3.
- Rely on evidence gained from consultation with stakeholders including service users, referrers and providers.
- Apply digital-by-default principles to reduce the need for more intensive interventions.

2.2 This approach will afford the following benefits:

- Increase the range of services available to children and young people with mental health needs
- Ensure low levels of provision are available to all children and young people who require mental health support
- Provide a proportionate response by increasing interventions available to those young people with greater need
- Improve transitions between tier 2 and tier 3, specialist CAMHS
- Work in partnership with Coventry to share risk and increase efficiencies
- Seek innovation from the market in providing cost effective interventions
- Be deliverable with reduced levels of funding

2.3 The following options were considered in developing this proposal

- a) Do nothing and retender existing contracts in due course
- b) End provision of tier 2 targeted CAMH services
- c) Retender for one targeted CAMHS contract across Warwickshire only
- d) Undertake joint tender for one targeted CAMHS contract across Coventry and Warwickshire

- 2.4 A joint tender for one targeted CAMHS contract across Coventry and Warwickshire is the preferred option for the reasons listed above.
- 2.5 An EIA for the service demonstrates that there will be no adverse impact on children and young people with protected characteristics; it recognises, however, that children and young people with protected characteristics face additional vulnerabilities that may exacerbate their mental health. As such, equalities issues will be explicitly evaluated as part of the tender evaluation process and embedded in the contract management process.
- 2.6 Previously, tier 2 provision was open access, whereas young people's requirements will now be triaged. There will therefore be an impact for those young people accessing the service who may not meet the threshold for more intensive support (e.g. counselling). Nevertheless, they will be able to access less intensive support that was previously not available (such as group work and online information) and will be eligible for counselling if their needs escalate.
- 2.7 It is important to note that service users for tier 2 CAMHS access the service for a time limited period and so the client group changes from one year to the next as cases are closed. As such, no individuals will have their provision cut as a result of this service redesign.
- 2.8 The cost of the service to Warwickshire is estimated to be £160,000 per annum, or £640,000 over the lifetime of the contract. Savings have been applied to this budget, which has been reduced by £40,000 per annum from 2011/12 levels. This saving target was identified in February 2013 for CAMHS.
- 2.9 The contribution from Coventry is estimated at £112,500 per annum, or £450,000 over the lifetime of the project. The lower figure from Coventry reflects the smaller population and reduced estimated prevalence rate; the unit costs between the two authorities are broadly comparable.

### **3.0 Timescales associated with the decision and next steps**

September 2013	Finalise Procurement Plan
September 2013	Key Decision
September 2013	Advertise tender
November 2013	Open tender
December 2013	Award contract
April 2014	Contract starts

## Appendices

### A) Targeted CAMHS Joint Tender Detailed Business Case

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# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

## Background:

Child and Adolescent Mental Health Services (CAMHS) provision in Warwickshire aims to meet standard nine of the National Service Framework for Children, Young People and Maternity Services:

*“All children and young people, from birth to their eighteenth birthday who have mental health problems and disorders have access to timely, integrated, high quality multi-disciplinary mental health services to ensure effective assessment, treatment and support, for them and their parents and carers.”*

The Government recently reiterated its commitment to addressing children’s mental health recently in the Department of Health report ‘*No Health Without Mental Health*’ (2011) which highlights research that shows ‘half of all lifetime mental health problems emerge before the age of 14 (*Kim-Cohen et al., 2003; Kessler et al., 2005*)’. The report goes on to promote the need for early intervention:

*“We spend a great deal of public money on dealing with the consequences of mental health problems. Much of this money could be spent more efficiently, and many of the personal, social and economic costs could be prevented, by addressing the causes of these problems and identifying and treating them if, and as soon as, they arise.” (p.10)*

Warwickshire’s strategy for addressing children’s mental health follows the established four-tiered framework for planning, commissioning and delivery of child mental health services, as shown by diagram 1, below. Tier 1 relates to universal services, such as schools, and their need to be aware of mental health concerns and support low level issues.

At tier 2, CAMHS are targeted towards early intervention to prevent emerging mental health issues from escalating into more entrenched and costly disorders. Diagram 1, below, shows that four targeted services are commissioned in Warwickshire:

1. Primary Mental Health Workers team (PMHW), providing consultation advice and training to practitioners in supporting children and young people with emerging mental health issues;
2. Journeys, commissioned jointly with Coventry to provide targeted support to looked after cyp (LAC) and their carers;
3. Relate provides face to face counselling to children and young people across Warwickshire;
4. Kooth provides online counselling and peer support through online forums targeted.
5. MHISC provides targeted interventions for children and young people with an open CAF

At tier 3, CAMHS is provided by Coventry and Warwickshire Partnership Trust (CWPT) across the sub-region. In Warwickshire this specialist service is delivered out of four locations in Nuneaton, Rugby, Leamington and Stratford and aims to meet the needs of children and young people with severe mental health issues.

# DETAILED BUSINESS CASE

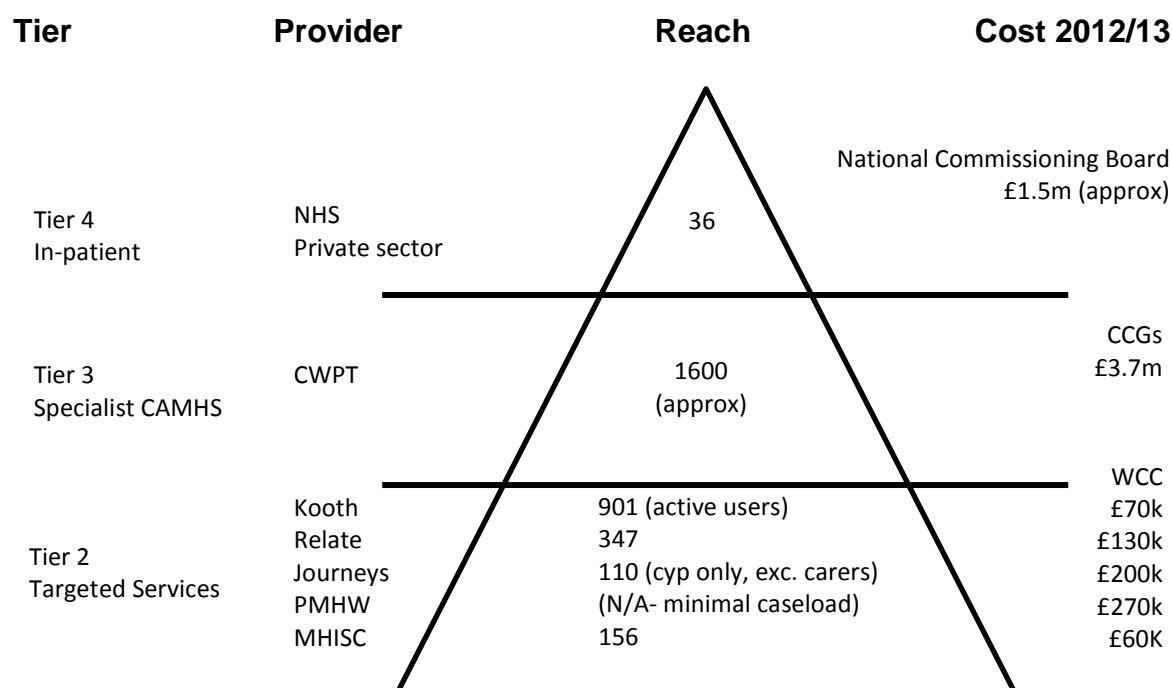


<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
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Tier 4 refers to in-patient admissions for children and young people that need hospitalisation. This is commissioned by the NHS National Commissioning Board (NCB) and is delivered through a network of out of county NHS and independent in-patient units.

Funding for CAMHS services varies across the tiers. Tier 2 services are funded by the local authority, while tier 3 services are funded by the CCGs. Tier 4 is funded at the national level.

Diagram 1: CAMHS tier system of providers



This business case relates specifically to the redesign of the general targeted CAMHS provision as currently delivered under the following two contracts:

1. Time for You: face to face counselling provided by Warwickshire Relate
2. Kooth: Online counselling provided by Xenzone

Time for you has provided counselling sessions in schools and in the community, with Kooth offering online counselling via chat sessions and direct messages as well as an online forum for peer support and an e-magazine for additional information. Key features of these contracts, with an outline of their performance in 2012/13 are shown in the table below:

# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

Table 1: Key features of current targeted CAMHS contracts in 2012/13

2012/13	Relate face to face counselling	Kooth online counselling
<b>Contract price</b>	£270,000 from WCC (additional £31,350 from schools to contribute to school sessions)	£70,000
<b>Caseload</b>	347	901 (Active users)
<b>Activity</b>	3,400 counselling sessions 9.8 average sessions per client	702 Online counselling sessions 1,446 Individual messages 253 Forum posts
<b>Top presenting issues</b>	21% Low mood 19% Anxiety 14% Behaviour 6% Trauma	26% Low mood 16% Anxiety 5% Behaviour 11% Trauma
<b>Outcomes</b>	54% Avg improvement per client	55% Avg improvement per client
<b>Unit cost</b>	£401 Avg price per client £45 Price per session	£78 Avg price per 'active user' £40 Contracted price per hour
<b>Customer feedback</b>	82% Very good	70% Rating of Kooth website

Comparing these services in more detail shows that both address similar issues and reach young people with a similar age profile, with the majority of clients aged 14-15. While Relate reaches a broadly equal gender split, however, 77% of Kooth clients are female.

The critical difference between the two services is the way clients access support: Relate provides structured counselling sessions, 70% of which are completed within 12 weeks. Kooth clients are seen to dip in and out of the service throughout the year, accessing the website at times of difficulty. This is shown by the lower activity levels on Kooth, with less than 1 on-line counselling session per active user.

This difference in the two services has enabled young people with emerging mental health issues to receive a choice of support that best meets their circumstances and needs.

## Business Requirement:

CAMHS tier 2 provision is facing two sources of increasing pressure: firstly, the continuing reduction in public sector finances has led to a reduction in annual funding for Kooth and Relate of 47% since 2010.

Secondly, a growing body of research is demonstrating the growing prevalence of mental health disorders in children and young people, and the need for early intervention:

- Referral rates to CAMHS in England have increased by more than 40% between 2003 and 2009/10 (Durham University Mapping Unit).
- One in ten children aged 5 to 16 has a clinically significant mental health problem. (Meltzer et al, 2003, for the Office for National Statistics).
- Mental health disorders in childhood can have high levels of persistence:

# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

- 25% of children with a diagnosable emotional disorder and 43% with a diagnosable conduct disorder still had the problem three years later
- young people experiencing anxiety in childhood are 3.5 times more likely than others to suffer depression or anxiety disorders in adulthood.  
(CAMHS Review, 2008)
- Conduct disorder is the most common mental disorder in childhood. By the time they are 28 years old, individuals with persistent antisocial behaviour at age ten have cost society ten times as much as those without the condition.  
(Scott et al, 2001)
- Any child can experience mental health problems, but some children are more vulnerable than others. Risk factors include include being:
  - from a low-income household; families where parents are unemployed or families where parents have low educational attainment.
  - looked after by the local authority
  - disabled (including learning disabilities)
  - from a BME group, including gypsy and traveller backgrounds
  - LGBT
  - in the criminal justice system
  - a child with a parent who has a mental health problem
  - a substance misuser
  - a refugees or asylum seekers
  - abused.  
(Healthy Lives, Healthy People, 2010, HM Government)
- The savings associated with providing an early intervention service approach rather than standard mental health care for patients with psychosis have been conservatively estimated at £50 million per year in the short term and more than £20 million in the long term.  
(McCrone et al, 2010, University of Kent)

This national trend is echoed in Warwickshire by local mental health organisations who reported, anecdotally, at a provider consultation event in March 2013, increases in both the number and complexity of clients. Furthermore, the Warwickshire Education of Children Out of School Service (ECOS) reports an increase in the number of children being educated out of school due to mental ill health (Warwickshire CAMHS Needs Analysis).

The Child and Maternal Health Observatory (ChiMat) has published figures at local authority level for the estimated prevalence of mental health disorders using census data for 2012. These figures are shown in tables 2 and 3, below (please note that these estimates are based on two different studies, resulting in different overall prevalence rates).

Table 3 presents estimated diagnostic data. At tier 2, where mental health concerns are emerging, these are felt by children and young people as issues such as: relationship problems (either with friends, family or boyfriend/girlfriend), low mood, anxiety, or anger issues.



# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

Table 2: Estimated number of children and young people per CAMHS tier

Warwickshire	Tier 1	Tier 2	Tier 3	Tier 4
<b>Number of CYP (0-17)</b>	16,659	7,773	2,055	82

Office for National Statistics, 2012. Kurtz, Z. (1996).

Table 3: Estimated prevalence of common disorders in 5-16 year olds

Disorder	Est. number of 5-16 yr. olds
<b>Conduct disorders</b>	4,231
<b>Emotional disorders</b>	2,741
<b>Hyperkinetic disorders</b>	1,096
<b>Less common disorders</b>	990

Office for National Statistics, 2012. Green, H. et al (2004).

This data is available at a district level; however it is based on population numbers so is less likely to reflect socio-economic factors. The Warwickshire CAMHS Needs Analysis presents a table showing the proportion of children with a Statement of Educational Need (SEN) due to behavioural, emotional and social difficulties (BESD) across the County (table 4). This shows a higher prevalence in Rugby and Nuneaton and Bedworth which have over 60% of all BESD statements. Nevertheless, over 30% of BESD statements are within Stratford and Warwick Districts, emphasising the need to provide targeted CAMHS across the County.

Table 4: Distribution of pupils with new BESD statement issued in 2010/2011

North Warks	Nun & Bed	Rugby	Warwick	Stratford
8%	33%	28%	17%	14%

Warwickshire County Council

With an increasing population of children and young people in Warwickshire, it is reasonable to assume demand for tier 2 services is likely to continue to increase in the foreseeable future. The services provided by Kooth and Relate currently reach approximately 1,200 young people per year, this being only 15% of the estimated demand at tier 2. In order to meet demand, with ongoing pressure on resources, it is important to deliver targeted CAMHS as effectively as possible. This will be achieved by triaging needs of children and young people at initial assessment and providing interventions that range from less intensive to more intensive as required. This will include on-line information and self-help resources that will ensure a significant proportion of children and young people manage their needs at low cost or now cost to the service.

# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

## Objectives / Outcomes:

The increasing demand for tier 2 services, supported by the arguments for early intervention (both financial and in young people's outcomes), is a challenge against the continuing reduction in funding. In response, an opportunity has been developed to redesign tier 2 CAMHS services with Coventry City Council and a model for tier 2 services is proposed that will:

1. Re-tender one contract across Coventry and Warwickshire for tier 2 CAMHS.
2. Specify provision of face to face, on-line, group work interventions as well as information and self-help resources.
3. Focus on pathways and prevalent issues faced by children and young people
4. Target resources on those children and young people with greatest need.
5. Link with Specialist CAMHS to provide a single point of entry (SPE) for tier 2 and 3.
6. Be based on evidence gained from monitoring and consultation.
7. Apply digital-by-default principles to reduce the need for more intensive interventions.

This approach will afford the following benefits:

- Be deliverable with reduced levels of funding
- Increase the range of services available to children and young people with mental health needs
- Ensure a basic level of provision is available to all children and young people who require mental health support
- Provide a proportionate response by increasing interventions available to those young people with greater need
- Improve transitions between tier 2 and tier 3, specialist CAMHS
- Work in partnership with Coventry to share risk and increase efficiencies
- Seek innovation from the market in providing cost effective interventions

By tendering with Coventry, as well as combining online and face-to-face interventions into one service, it is expected that efficiencies will be realised by reducing the management and infrastructure overheads into one contract as well as allowing increased economies of scale for providers. This approach will also enable group work, which is well established in Coventry as a cost effective intervention, to be provided in Warwickshire.

Combining services into one contract and linking into the single point of entry will enable more effective tracking of service users through different interventions, ensuring provision offered is appropriate to their individual needs. In this way, those with lower level needs can be pointed to less costly online provision (such as message boards or self-help information), and more costly interventions (such as face to face counselling) can be targeted at those with greater need. This will be enhanced by specifying a focus on pathways, so the appropriate level of intervention can be determined for children and young people with differing presenting concerns.

Embedding tier 2 services into the single point of entry will improve the transition between tiers, reduce the risk of children and young people bouncing between services, and be a simpler system to access for referrers.

# DETAILED BUSINESS CASE



Directorate:	People	Division/Team:	Strategic Commissioning
Programme:	CAMHS	Project:	Tier 2 Tender
Proposer:	Andrew Sjurseth	Date:	31 July 2013

The five key outcomes for this service will be:

1. Reduce the number of emerging mental health issues from escalating into more costly specialist treatment.
2. Improve the long term mental health outlook for children and young people by improving resilience at the early onset of mental health issues.
3. Minimising the disruption to schooling and achievement caused by mental health distress.
4. Improve referral mechanisms into CAMHS at the most appropriate level from professionals who traditionally always refer into Specialist CAMHS.
5. Increase number of young people who find their own solutions to low level mental health issues through use of self-help and information resources.

These outcomes, and the model proposed to meet them, contribute directly to Warwickshire County Council's vision of: *"Working in Partnership to put Customers First, Improve Services and Lead Communities"*. In so doing, the service will meet the following corporate ambitions:

1. **Community and Customers:** by enabling children and young people to help themselves.
2. **Safety and Protection:** building protective factors of children and young people to:
  - reduce risk of abuse;
  - reduce risk of substance misuse
  - reduce instances of anti-social behaviour
3. **Care and Independence:** by embedding the principles of early intervention so that children and young people, have the support they need, when they need it

This proposed service also contributes directly to the People Group mission statement: *'To support people, especially the most vulnerable and disadvantaged, to access throughout their lives, every opportunity to enjoy, achieve and live independently.'* It applies the principle of targeting investment early to reduce the need for specialist intervention.

## Stakeholders:

In developing this proposed model for tier 2 CAMHS, consultation was undertaken by both Coventry and Warwickshire, focussing on the three main stakeholder groups of service users, providers, and referrers. A series of consultation exercises were undertaken in Warwickshire from April to May 2013 that comprised of:

- Provider workshop
- Questionnaire to GPs and other referring professionals
- Questionnaire to primary schools and secondary schools
- Consultation event and questionnaire for CYP accessing CAMH services

# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

The results from the consultation exercises are summarised below:

## Provider workshop

In March, Warwickshire County Council and Coventry City Council co-hosted a workshop for providers delivering tier 2 mental health services in the area to discuss a) what should be included in the refreshed CAMHS needs assessment, and b) what needs to be considered in providing a tier 2 CAMH service across Coventry and Warwickshire. The table below outlines what providers said and how their views have been considered:

*Table 5: Response to provider feedback*

<b>Consultation feedback</b>	<b>Response</b>
Increasing demand and complexity of cases; more children in need than are diagnosed	Reflected in business case for Tier 2 service provision
Interfaces with family services; mental health issues often need work with the family	Family and Parenting to be represented at Tier 2 steering group.
Ensuring effective pathways between tiers 2 and 3 to escalate and step down cases	Joint single point of entry between tiers 2 and 3
Maintaining choice and flexibility in services- not to lose specialist skills	Tier 2 specification requires online, face to face and group work. Also, MHISC Framework provides opportunity for wider range of providers
Ease of access and referral- maintaining self-referral option in addition to SPE	Self referral and direct referral in tier 2 services will be maintained
Focus on early intervention and direct work	Core principle of the proposed tier 2 model
Meeting demand and maintaining low waiting lists	Focusing resources at those most in need while providing low cost support to wider base of low level needs will assist in managing demand.

## Questionnaires to GPs, schools and other referrers

Online questionnaires were sent to those who refer into CAMHS services, notably GPs and schools which comprise the majority of CAMH referrals. The focus of the questionnaires was on the awareness referrers have of the different services available, and their views on the effectiveness of CAMHS services. The table below presents the views of referrers that relate to tier 2 services and how these views have been incorporated into the proposed model:

*Table 6: Response to referrer feedback*

<b>Consultation feedback</b>	<b>Response</b>
Awareness of Tier 2 services patchy and suggest more awareness of T2 is required	Single point of entry will simplify referral system for referrers
The referral processes split the views of respondents between having good, or needing to improve their processes.	All referrals will go through the single point of entry
Overall, Tier 2 services are more highly regarded than Specialist CAMHS	Care will need to be given in the redesign and award of the tier 2 contract as well as in the ongoing contract monitoring

# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

Services were rated reasonably well for their location and meeting individuals' needs	Consideration to location will need to be given in evaluation scoring. Meeting individuals' needs will be explicit in the specification.
Relate, in particular, was rated well for outcomes, providing a timely service, and customer care	Contract monitoring will need to keep an oversight of waiting times and customer views.
Less refer to Kooth and Relate, reflecting the lack of awareness in these services.	Will be addressed through the single point of entry
Overall, tier 2 services are regarded markedly more helpful in responding to referrals than Specialist CAMHS	As with customer care comments above, standards will be set out in specification and form part of contract monitoring
All services are reported to be slow in delivering a service	Providing a proportionate service where low level issues are supported with low cost interventions will be used to manage waiting times.

## Consultation with children and young people

In May 2013 a consultation event was held at WAYC for young people who have accessed CAMH services. This workshop was facilitated by an artist as a means of prompting responses from participants. The themes explored during the consultation included how young people view the services they received and what changes they would want to see. These themes were also put to young people accessing Kooth services as they were not able to attend the event.

*Table 7: response to CYP feedback*

<b>Consultation feedback</b>	<b>Response</b>
Stigma in attending CAMHS which is exacerbated by waiting in CAMHS buildings for appointments	Specify and monitor use of community venues for appointments
Appointments are made 'one sided' by CAMHS and often during school times-making it difficult to avoid telling other pupils why lessons have been skipped.	Specification will make clear school time appointments to be avoided unless there is good reason, and with the agreement of the child or young person.
Personal information needs to be repeated to so many different people. In the end young people end up not telling the whole story	One contract will enable a single assessment to be made at the entry into the service
It's hard to build up trust with a counsellor and then that person leaves and the process starts again	Specification will make clear that each client should keep the same contact wherever possible. May be difficult in transition from online to face to face counselling
There's an expectation to tell personal information over the phone, making it even harder to trust and having the anxiety of personal information being passed on	Skype to be investigated with providers to assess potential
So many people need to be told about a personal issue there's a loss of anonymity	Will be alleviated by reducing number of assessments and having named individual

# DETAILED BUSINESS CASE



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<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

There need to be more attention and support during transition to adult services	Will need to be considered as part of all age mental health strategy
Some young people clearly preferred either on-line or face to face counselling, so shouldn't be seen as interchangeable	Both will be available in new contract
Several respondents requested support groups for young people with similar issues, something not offered in Warwickshire	Group work will be available in the new contract
Young people were prepared to use a variety of means for referral	Single point of entry will simplify process. Self-referral will also be available

## Assumptions:

The following assumptions have been made in developing this business case:

- Funding will be maintained through the lifetime of the contract
- A shared service across the sub-region is viable
- Coventry withdrawing from the partnership (for funding, strategic or operational reasons) will not destabilise the service
- A single contract covering all requirements (face to face, online and group interventions) is viable, and can be delivered with the funding available
- The proposed model is viable to stakeholders (and will be tested in consultation)

## Scope:

A project group has been set up with Coventry City Council to oversee the CAMHS Tier 2 tender and is comprised of:

Andrew Sjurseth	Strategic Commissioning, Warwickshire County Council
John Hopper	Strategic Procurement, Warwickshire County Council
Marina Kitchen	CAF Manager, Warwickshire County Council
Alan Butler	CAMHS Commissioner, Coventry City Council
Harpal Sohal	Project Manager, Coventry City Council
Stephanie Brennan	Procurement and Commissioning, Coventry City Council
Stuart Hunter	Extended Service, Coventry City Council

The project group is undertaking the following areas of work:

### Consultation

A consultation process is being run in August and early September on the proposed model to deliver a tier 2 targeted CAMH service across Coventry and Warwickshire. The results of this consultation will be available by the 13<sup>th</sup> September, which will be delivered through:

- Online questionnaires to Service users and their families
- On line questionnaires to referrers

<b>Document Reference:</b> CAMHS T2 Business Case	<b>Version:</b> 2	<b>Page:</b> 1 0
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# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

- Provider event to existing and potential providers

## *Preparing Tender process*

A tender action plan (in appendix A) has been developed with the following key dates:

- Advert to go live: 30 September 2013
- Tender to close: 29 November 2013
- Award contract: 31 December 2013
- Contract start: 1 April 2014

Current providers in Warwickshire and Coventry have been informed of the proposed model, with the following contractual implications for Warwickshire so as to ensure service continuity:

1. Relate contract to be extended to end of March 2014 under CSO exemption
2. Kooth contract to be ended at the March 2014 under existing contract provision

## **Options:**

There are four options available for consideration:

1. Do nothing and retender existing contracts in due course
2. End provision of tier 2 targeted CAMH services
3. Retender for one targeted CAMHS contract across Warwickshire only
4. Undertake joint tender for one targeted CAMHS contract across Coventry and Warwickshire

### **1. Do nothing**

This option will continue the status quo of service delivery, with an opportunity for service improvements and efficiencies as each of the two contracts are re-tendered individually. As the Relate contract is up for renewal at the end of December 2013, this will require a retender of the face to face community counselling contract to be undertaken imminently. The Kooth contract has an option to extend in November 2013 for a further two years.

The advantage of this option is in continuing a service model that has delivered good outcomes for children and young people in recent years, with the opportunity to improve each service through active contract management and redesign at points of re-tendering.

Nevertheless, this option has the following limitations:

- Two separate contracts requires funding the management overheads and infrastructure costs of two different providers
- It is difficult to track the progress of clients between two services leading to the likelihood of some not receiving equitable services, falling between services, or benefiting from both services.
- Reduction in funding may disproportionately affect service delivery as the proportion of funding going to fixed overhead costs is likely to be higher under two separate contracts.
- Continuing the status quo limits the scope for innovative service redesign.

<b>Document Reference:</b> CAMHS T2 Business Case	<b>Version:</b> 2	<b>Page:</b> 1 1
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# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

In summary, the 'do nothing' option is a viable option, but is not preferred as it is less cost effective and can lead to service inequalities.

## 2. End all provision

This option will be to end provision of targeted CAMHS services. It will enable Warwickshire County Council to save £160,000 per year. However, ending targeted provision will lead to the following outcomes:

- Existing clients will have their service terminated unless a wind down process is implemented.
- 1,250 new and emerging service users per annum will not have an early intervention / targeted mental health service available to them.
- Referrals to specialist CAMHS will increase significantly, leading to severe pressures on an already overstretched system (as evidenced from Specialist CAMHS quarterly reports).
- Referring agencies, including schools, Social Workers, GPs, and other front line Council Teams will have no options for clients with emerging mental health issues leading to increased pressures on their workloads and service delivery as they attempt to manage the presenting issues.
- It can be assumed, from considering the impact of the most common presenting issues that there will be an increase in the incidence of:
  - Self harm and (possibly) rates of suicide.
  - School refusal and reduction in school attainment
  - Anti-social behaviour
  - Substance misuse
- Immediate savings of £160,000 per annum will be lost through increased pressures on other public services, including emergency services, Social Care, School, WCC Early Intervention Services, and Specialist CAMHS.

In summary, this option is not viable in the effect it will have on young people across the County and the anticipated increase in costs to surrounding services.

## 3. Re-tender across Warwickshire

This option will be to redesign targeted CAMHS into one contract across Warwickshire. This option will enable the system improvements not possible in option 1, namely:

- One contract delivering all required services (face-to-face counselling, group work and on-line) will reduce the proportion of overhead and infrastructure costs
- Clients will benefit from a single service where their progress through interventions is coordinated and there is reduced likelihood of falling through the gaps.
- From a commissioning perspective, it will be more easy to understand the supply, demand and need within the system
- Any future reduction in funding can be implemented with less chance of destabilising the system

Disadvantages of this model are the potential to undermine the existing market by moving to one contract. This may be mitigated if a partnership of providers is successful. Also, this model increases the range of interventions being delivered under one contract, raising the possibility that the market is unable to deliver and an award cannot be made that meets the specification.

<b>Document Reference:</b> CAMHS T2 Business Case	<b>Version:</b> 2	<b>Page:</b> 1 2
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# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

In summary, this is a viable option that can deliver improvements and efficiencies.

#### 4. Joint tender with Coventry

This option will be to redesign targeted CAMHS into one contract, as above, but commission this service across jointly across Coventry and Warwickshire. It has all the benefits as described in option 3, above:

- Reduction in the proportion of overhead and infrastructure costs
- Improved coordination of clients through the service
- Simplifying the system
- Future funding cuts less likely to destabilise the system

As well as the following additional benefits:

- Economies of scale to share infrastructure and management costs, as well as risk
- Reduce the risk of the contract not being viable to be delivered in one locality only
- Being coterminous with Specialist CAMHS delivered by Coventry and Warwickshire Partnership Trust, and also Journeys (the CAMHS Looked After Children service)
- Simplifying escalation and deescalation between tier 2 and tier 3 services
- Affording further service redesign in the future by reshaping the entire CAMHS system across Coventry and Warwickshire
- Meets the Council object under the memorandum of understanding

This option does require the service to be jointly managed between Coventry and Warwickshire. There is a good working relationship between both authorities as evidenced by the Journeys and Specialist CAMHS, however this relationship must remain productive for the long term. Furthermore, reducing the current number of four contracts into one will undermine the viability of the local market (to a greater extent than option 3) unless a partnership bid is successful.

**In summary, this is the preferred option as it builds on both the current model and affords more benefits than commissioning across Warwickshire alone. There are identifiable risks to this model, which can be managed to reduce likelihood and impact.**

<b>Document Reference:</b> CAMHS T2 Business Case	<b>Version:</b> 2	<b>Page:</b> 1 3
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# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

## Costs and Funding:

The estimated budget available for this contract from Warwickshire and Coventry is set out in table 8, with unit costs set out in table 9:

*Table 8: Cost of Tier 2 Targeted CAMHS contract*

Year	Coventry	Warwickshire	Total
2014/15	£112,500	£160,000	£272,500
2015/16	£112,500	£160,000	£272,500
2016/17	£112,500	£160,000	£272,500
2017/18	£112,500	£160,000	£272,500
Total	£450,000	£640,000	£1.09m

*Table 9: Unit cost*

	Contract price	Est. prevalence at tier 2	Unit cost
Warwickshire	£160k	7,773	£20.58
Coventry	£112.5k	5,147	£21.85

The cost of the service to Warwickshire is estimated to be £160,000 per annum, or £640,000 over the lifetime of the contract. Please note that the lower contribution from Coventry reflects a lower population as can be seen in table nine where. The unit cost, while comparable, does show a variance in investment per estimated prevalence of need at tier 2.

## Benefits:

The proposed model of a single tier 2 CAMHS contract across Coventry and Warwickshire will have the following overall benefits:

- Reduction in overhead and infrastructure costs per cyp
- Improved coordination of clients through their pathway
- Simplifying the system
- Future funding cuts less likely to destabilise the system
- Share contract management costs and risk with Coventry
- More attractive contract for providers to compete with increased economies of scale
- Being coterminous with Specialist CAMHS
- Affording further service redesign in the future by reshaping the entire CAMHS system across Coventry and Warwickshire
- Meets the Council object under the memorandum of understanding

<b>Document Reference:</b> CAMHS T2 Business Case	<b>Version:</b> 2	<b>Page:</b> 1 4
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# DETAILED BUSINESS CASE



<b>Directorate:</b> People	<b>Division/Team:</b> Strategic Commissioning
<b>Programme:</b> CAMHS	<b>Project:</b> Tier 2 Tender
<b>Proposer:</b> Andrew Sjurseth	<b>Date:</b> 31 July 2013

## Critical Success Factors:

The key activities required for this project to be considered successful include:

- Refreshing CAMHS needs assessment to include consultation with stakeholders (service users, referrers and providers)
- Consultation with stakeholders (service users, referrers and providers) on the proposed model
- Securing approvals to tender from Warwickshire County Council and Coventry City Council
- Managing procurement process effectively to ensure deadlines are met and successful tender can be evaluated appropriately
- Managing transition process to new service

## Risks:

The following significant risks have been identified. These will be developed into a risk register as part of the preparation for the procurement documentation:

- Approval not granted to go to tender through either Coventry or Warwickshire decision making processes
- Funding cut for the tender from either Coventry or Warwickshire prior to awarding contract, or through the life of the contract
- The market is unable to deliver against the proposed specification
- Handover between contracts and providers leaves service users distressed
- Disagreements between Coventry and Warwickshire prior to award and / or during contract management
- Not managing demand and balance across interventions, leading to waiting times, limited reach and poor outcomes

## Key Milestones / Time Scales:

The following lists the key milestones up to the awarding of the contract. More detail of the procurement process is in the project plan in appendix A:

1. Securing approval to tender in Coventry and Warwickshire 30 Sept 2013
2. Tender documentation in place 30 Sept 2013
3. Advert to go live 30 Sept 2013
4. Tender to close 29 Nov 2013
5. Award contract 31 Dec 2013
6. Contract start 1 April 2014

<b>Document Reference:</b> CAMHS T2 Business Case	<b>Version:</b> 2	<b>Page:</b> 1 5
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