Annex G: Planning guidance for NHS-led Provider Collaboratives

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1. Introduction

From April 2020 NHS England and NHS Improvement are enabling local service providers to join together under NHS-led Provider Collaboratives (PC) who will be responsible for managing the budget and patient pathway for specialised mental health, learning disability and autism care for people who need it in their local area, covering adult low and medium secure, CAMHS tier 4 and adult eating disorder services.

The PC model is based on what were formerly known as New Care Model (NCM) pilots. These pilots were launched in 2016/17 and trialled new ways of working across mental health providers. Their aim was to empower local systems, including people with lived experience, their families, carers and clinicians, to work collaboratively to support people who use specialised mental health services, with a view to reducing the number of people who were cared for out of area and creating the services their population needed through local re-investment. The success of NCM pilots in repatriating out-of-area patients, reducing bed days and reinvesting efficiencies in local community mental health services resulted in a decision to transition to a permanent model and to expand service coverage. NCM pilots covered adult secure mental health, CAMHS and adult eating disorder services: both adult and child and adolescent coverage has now been expanded to include learning disability and autism services. This approach is now being rolled out nationally as the Provider Collaborative Programme - Mental Health, Learning Disability and Autism.

Under the arrangement NHS-led PCs will hold a budget for a particular geographically-based population that they are responsible for. To begin with, Provider Collaboratives will deliver Child and Adolescent Mental Health services (CAMHS), Adult Low and Medium Secure services and Adult Eating Disorder Services, and lead providers will be responsible for the relevant budgets for these specialised services.

Following a selection process, a number of Provider Collaboratives are ready to go live in April 2020, and throughout 2020/21 we will be running a “mixed economy” together with live Collaboratives and potential Collaboratives under development.

The NHS Long Term Plan sets an ambition for all appropriate specialised mental health services and learning disability and autism services to be managed through PCs over the next five years. The PC programme will support the delivery of the NHS

Long Term Plan ambition for greater local system integration and autonomy and enable local providers of services for people with learning disabilities and/or autism to take control of budgets to improve outcomes. All STPs/ICSs have been asked to mobilise for the changes in commissioning of specialised mental health services through the NHS Long Term Plan planning process and will need to work alongside PCs to manage whole care pathways. Wherever possible, these collaboratives will seek to avoid inpatient admissions and provide high quality alternatives to admission. However, where stays are required, they should be short, close to home in a high quality, safe and therapeutic service. The shift towards more integrated, population-level health systems will also support more localised and personalised responses to health inequalities across the prevention and treatment spectrum.

A PC is:

- A collective of mental health, learning disability and autism providers from a range of backgrounds led by an NHS lead provider and working in partnership to provide specialised mental health, learning disability and autism services for a given population, to improve and standardise care

- Clinically led, with improved patient experience and outcomes at the centre of their approach

- Financially and clinically responsible for their patient population, which will span a number of CCGs

- Able to pool financial risk across the partnership, allowing resilience to volatility in demand, having the flexibility to make savings and reinvest in community and step-down services to improve the whole pathway and reduce reliance on the most specialised services

- Responsible and accountable for the placement and care of a cohort of patients

- Accountable to NHS England for the decisions made and the quality of care provided

- Supported by appropriate governance, contract and decision-making processes, with NHS England involved in collaboration at a strategic level.

1.1 Overview of the Provider Collaborative selection process

The PC selection process is working through 2 phases: an initial business case submission and assessment process, and a subsequent development and approval process. The 2 phases are managed through regionally-led panel assessments which have run in July-September and December respectively. The scope of each PC covers one or more of the 3 service areas - adult secure, CAMHS and adult eating disorders - with a different mix of PCs and geographic coverage for each service area based on providers' own determination of what works best, using CCG footprints as building blocks for the geographic coverage. Applicant PCs are being placed on one of 3 tracks:

- a fast track to go live from April 2020,
- a development track to go live from October 2020
- and a further development track to go live at a later date.

A contract will be in place between NHS England and each lead provider before a PC goes live. Contracts are due to be signed before the end of March 2020 for PCs due to go live in the fast track in April 2020. Contracts will have a 4-year duration to enable longer term planning and the realisation of the ambition of localisation of services. PC contracts will be held by the lead provider of each PC, and the lead provider will award sub-contracts to other providers for services provided to the population they cover. A partnership agreement will also be in place between providers in each collaborative to set out their risk-gain share, governance and other inter-provider arrangements.

For CCG footprints that have not been included in any PC applications in each of the service areas, the budgets for these services and populations will continue to be commissioned through regional NHS England and NHS Improvement teams in 2020/21. Budgets for those PCs that are not live at any given date will also continue to be commissioned through regional NHS England and NHS Improvement teams in 2020/21, or in some instances, through existing NCM pilot sites if it is agreed this is a more appropriate transitional arrangement.

2. Financial arrangements for Provider Collaboratives

2.1 Underpinning financial principles

A number of financial principles have been set out and agreed in relation to NHS-led PCs. In summary:

- **Finance assumptions and business rules**. PC budgets will be set under the same rules as budgets set for specialised mental health services in scope for the PC programme that remain regionally or NCM pilot commissioned, and will include the same financial expectations regardless of whether commissioned through lead provider arrangements or not – including in respect of setting aside financial contingency, the framework around CQUIN, and assumptions on tariff uplift, growth and QIPP savings. PC budgets will be set on the basis of the actual historic cost of services for the particular geographically-based population that they are responsible for, subject to adjustments (see below).

- **PCs will be responsible for managing an agreed budget**. They will be set a budget for the length of the lead provider contracts, which will be up to 4 years. The budget will be future proofed and therefore not liable to year on year variation unless the scope of services is extended via a contract variation. After a period of initial negotiation and confirmation, new contract baselines will not be subject to further retrospective adjustment

- **Cross flow process**. Arrangements that are put in place for geographic cross border flows, and flows between programmes or categories of care, are expected to be honoured by PCs in order that the whole system continues to work.

- **Dataset monitoring and reporting**. PCs will be responsible for reporting and submitting accurate activity and finance data on a regular basis

- **Reinvestment governed through a partnership approach**: Partnership agreements will set out how decisions on investments will be made. NHS

England and NHS Improvement will be part of the partnership board that signs off decisions on investments.

2.2 Baseline allocations

Baseline allocations for PCs for 2020/21 have been set using actual activity-costs for contracted inpatient services and for exceptional packages of care (EPCs) on the basis of 2018/19 outturn. These have been attributed to the actual CCG that patients originate from, and the CCG level costs have been aggregated up to individual PC footprints. The approach to working out baseline allocations has also included the following:

- The costs of individual EPCs over £300k per patient per annum have been averaged out across commissioners based on the rest of the EPC costs to avoid fixing unusual spikes in spend where they sit over the full contract lifecycle.

- Adjustments have been made to outturn activity and cost to enable non-inpatient costs to be included, such as block contracts which were underutilized in 2018/19, and recurring community investments including those from NCM pilots.

- Adjustments have also been made to 2018/19 outturn activity and cost to reflect a subsequent reduction in costs associated with the transfer of monies to Transforming Care Partnerships as Building the Right Support inpatient targets are met for learning disability and autism patients; and some other specific non-recurrent expenditure coming to an end.

- Costs have been uplifted to 2020/21 baselines using tariff uplift, growth and QIPP savings consistent with national planning assumptions for all of specialised mental health services.

- CQUIN funding of 1.25% per annum and 2020/21 contingency of 0.5% have been added in line with national planning assumptions and the “fair shares” principle articulated above.

- Staffing budgets will also be transferred to PCs for the full cost of posts transferring from NHS England and NHS Improvement as part of the transfer of the management of the budgets for the relevant specialised services.

- Treatment of non-recurrent allocations expected to continue beyond April 2020 is subject to ongoing review.

There are a number of adjustments to be made to the 2020/21 baseline budgets before contracts are signed off, which are being managed through regionally-led panel assessments. These include:

- The addition of staffing budgets following the closure and outcome of staff consultation in December

- Any material in year adjustments related to 2019/20

- Confirmation of the assumed price and population uplifts and QIPP savings targets for 2020/21.

2.3 Planning for future years

PC contracts run for up to a 4 year period from April 2020. Contracts will be subject to variation under a limited number of exceptional circumstances such as:

- Adjustments to reflect year on year national price and population uplifts and QIPP savings targets; or

- Scope change, which could include additional services coming into the scope of PCs, or it could include a change in the populations covered by a PC (for instance, PCs taking on the commissioning of services for CCG footprints not currently applied for).

2.4 Inclusion of learning disability and autism services

Learning disability and autism services are included in scope for PCs. Specialised commissioning currently provides some funding to Transforming Care Partnerships (TCPs) in adult learning disability and autism services through a transfer of funds (the Funding Transfer Agreement (FTA)) linked to a net reduction in inpatient activity towards the national inpatient target set out for learning disability and autism services within Building the Right Support.

It has been agreed that the existing FTA, related to net inpatient reductions achieved to date, will continue to be paid to TCPs. A review is underway to consider the arrangement to be put in place for funding any further inpatient reductions towards the target from April 2020 onwards. During the period of the review, by mutual agreement between a region and a PC, the PC may opt to hold the budget for learning disability and autism services calculated following the methodology set out above. If there is not a mutual agreement to hold the budget, then the budget will be deducted from the allocation pending the outcome of the review. This only relates to adult learning disability and autism services because the FTA only relates to adults: therefore, it is only adult secure PCs that are affected.

2.5 Development of standard operating procedures

Standard operating procedures for finance are being revised to incorporate PCs. These will include areas such as cashflow, treasury management, and financial reporting.

It has been confirmed that lead providers of PCs will account for the delegated budgets in their own books i.e. IFRS15 pass through accounting treatment will not apply.

2.6 Managing the transition year

It is recognized that 2020/21 will be a transition year, in which some PCs are 'live' and others are not. Where PCs are not live, NHS England regional office will continue to hold commissioning budgets for the populations and services that are not delegated to PCs. Regions will also continue to hold specialised mental health budgets for services out of scope of the PCs: in particular high secure, mental health services for deaf people, CAMHS for under 13-year olds, forensic CAMHS, acquired brain injuries, perinatal mental health, personality disorders and women's enhanced medium secure services. There is a commitment to ensure that all of these services are covered by the same set of finance business rules and policy, regardless of commissioning model. This will minimise risk and ensure that cross border flows are funded fairly and equitably.

There are 6 existing NCM pilot sites that are not in the fast track of the PC programme. A proposal to continue them into 2020/21 is under consideration.

3. Governance arrangements for Provider Collaboratives

3.1 Assurance and due diligence prior to go live

There will be a requirement for regional offices and providers to carry out due diligence and assurance of the financial and non-financial arrangements before PCs go live. This process will cover strategic decision making, selection criteria and application, and mobilisation readiness. Consideration has been given to assurance from both a commissioner and provider perspective, in that this is both a change in the commissioning model for NHS England, and a change in the responsibility of providers, in particular lead providers of PCs:

- **"Commissioner" assurance**. It has been determined that formal commissioner assurance is not required because commissioning responsibility remains with NHS England. Good practice commissioner assurance has been shared with regions and (to inform their decisions regarding sub-contracting of services) with providers in the form of a specifically tailored Repeatable Assurance Model. This follows a standard approach in examining the relevance and evidence behind a number of key lines of enquiry. It is recommended that this be completed and reviewed in each PC as both assurance and to support development and maturation of the PC over time.

- **"Provider" assurance**. It has been determined that a Transactional Review process could be required of providers, with the key trigger being if a provider's year on year income increases by more than 40% as a result of the implementation of PCs. This is the case for a few lead providers, given they will hold the full budget for relevant specialised services for their local population. Where a Transactional Review is triggered, the NHS England and NHS Improvement provider development team has agreed a process of provider trust board self-certification and a commercial contract review. Relevant guidance and documentation has been shared with regions and providers. There is an expectation that this will be completed after contract sign off in February, prior to go live for fast track PCs in April. Where a formal

Transactional Review is not triggered, good practice assurance may still be supported by adopting the review approach.

3.2 Collaborative governance

Having taken legal advice, NHS England and NHS Improvement has set up a number of new contract documents that support the governance of PCs:

- a template Partnership Agreement for PCs to use to govern the relationships between the lead provider and each of the named sub-contracted providers within any given PC. This template can be amended by PCs but any changes will be subject to scrutiny by the regionally-led panels assessing the applications prior to approval to go live.

- NHS Standard Contract documentation to be used between a regional team and the lead provider for each PC, setting out the relationship between NHS England and NHS Improvement and each PC.

- contract documentation to be used to set up direct agreements between regional teams and each material provider of in scope SMH services, that will not be enacted whilst a PC is live but can be applied to enable NHS England and NHS Improvement to take back direct commissioning duties and management in the event of a failure of a PC.

Lead providers are advised to use the model standard NHS sub-contract (populated as required locally) to set out their relationship between themselves and the sub-contracted providers within the PC, as this standard sub-contract passes down relevant obligations from the NHS Standard Contract to be put in place between NHS England and lead providers.

This will be available at the following link: at https://www.england.nhs.uk/nhs-standard-contract

3.3 Regional oversight and intervention

PCs will have the authority to make sub-contracting decisions for the term of their contract where these are being successfully delivered, but they will be subject to

regional oversight in the form of routine reporting of activity, finance and quality performance. Regions will also be party to decision making on reinvestment of savings within a PC as part of the Partnership Board.

In the case where non-financial and financial performance falls below certain standards, an escalatory intervention regime can be applied. This is set out in contractual documentation such that all parties are clear on their respective roles and responsibilities, with the principle being that intervention is initiated between a lead provider and a sub-contracted provider before any involvement with a regional team, and, in the final resort, national intervention. Intervention can include the application of a financial failure regime, and if necessary, the direct agreements set out between NHS England and providers can enable regions to take over direct management of services.

3.4 Commissioner requested services

NHS commissioners have a responsibility to decide which services need the protection of the continuity of services provisions of the NHS provider licence. These are called 'commissioner requested services' (CRS).

Services can be designated as commissioner requested services because:

- there is no alternative provider close enough
- removing them would increase health inequalities
- removing them would make other related services unviable

Where services are to be designated as CRS from an unlicensed provider, the provider will be requested to be licensed by Monitor. Services provided by non-Foundation NHS trusts are exempt from CRS designation: these are covered by the terms of Essential Services under the NHS Standard Contract.

NHS England commissioners will designate services as CRS where appropriate. If provider collaboratives cover services requiring CRS designation this will be applied accordingly