Cambridgeshire Multi-Systemic Therapy Services

Business Plan

Version 0.12

Document Control Sheet

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Contents

1. Executive Summary

This Business Plan has been prepared to obtain approval from Cambridgeshire County Council ("CCC") to 'spin-out' the Cambridgeshire MST service into a staff-led mutual whose ambition will be to expand the MST service and other evidence based practices regionally. The plan covers:

- Our vision;
- An analysis of the market place we will operate within;
- An explanation of the range of services we will offer;
- A description of our legal form and our governance arrangements;
- An overview of the infrastructure needed to underpin our business;
- Our financial forecasts demonstrating the viability of our business; and
- A transition plan outlining how we will establish the new organisation.

Our business plan sets out our ambition to build on the established track record of our staff and their outstanding skills and expertise. We believe that it is not only a viable proposition, capable of maintaining the current service, but that it represents an exciting and enterprising route to expand the service regionally and beyond. There are new opportunities for the involvement of social investment in public services. We intend to position ourselves to capitalise on these through partnerships between commissioners, financial intermediaries, socially motivated investors and public services as outcome based commissioning develops. Our aim is to deliver high quality evidence based practice in order to create sustainable outcomes for families and young people.

The name of our new social enterprise was developed during the transition phase in collaboration with staff. The company has been registered with Companies House and with the Regulator for Community Interest Companies and will be referred to in this document as **Family Psychology Mutual**.

The business planning work has been led by a project team consisting of senior Cambridgeshire MST staff in collaboration with all of the affected MST staff. This work is supported by the specialist consulting services of Social Finance, Mutual Ventures and Winckworth Sherwood (as part of the Cabinet Office's Mutual Support Programme).

1.1 Drivers for change

There is significant encouragement and support from Government to create new organisations to deliver public services and in doing so unleash the creativity and entrepreneurship potential currently held in Local Authorities and the NHS. Therefore the decision to seek to 'spin out' this service from the Local Authority is a both an opportunity and a positive choice. The public service delivery landscape is increasingly diverse and in an age of austerity the need to focus on outcomes for young people and families with entrenched and enduring needs is a high priority. This is not simply about the cost of services but about the effectiveness of services in delivering outcomes for families and young people which can be sustained for the long term and therefore benefit those concerned and society in general.

The emergence and spread of evidence based practices such as Multi Systemic Therapy (MST) and other programmes have demonstrated a clear relationship between intensive services delivered with a high degree of fidelity and the predictable achievement of outcomes which outperform treatment as usual. However it is known that such programmes challenge established practices and the systems into which they are introduced. There are challenges for implementation, professional practice, identification of referrals and for the full utilisation of the team or service. It is vital that the maximum

potential of the investment in a programme can be realised. Having worked in this area for longer than any other organisation in mainland Britain, Family Psychology Mutual has significant experience to bring to the market. The offer will be to either assist organisations to establish themselves through implementation or programme management or to take a service on as the direct service provider.

Currently the MST Teams are embedded services based in Cambridgeshire (MST standard and MST Problem Sexual Behaviour (PSB)) The MST PSB team is currently embedded in Cambridgeshire but also contracted by Bedford Borough and Central Bedfordshire. It is intended to continue to work in this way. Operating an MST team requires a team to be built at an optimum operating size which is dictated by the developers. Teams cannot grow by one or two staff and so are of a fixed size with a licence agreement to operate. This means that a commissioning authority must be assured that the throughput will match the team capacity and that systems are able to keep the referral pipeline of suitable cases flowing. Given the high implementation and set up costs of a team it is most cost effective if it is utilised efficiently without voids. This business model can make smaller authorities uncertain regarding the investment costs. A mixed commissioning model of a minimum number of contracted cases and then a commercial arrangement for spot purchasing above the contracted cases is one way to spread the risk of commissioning a team for both the small authority and for the service provider although our preference is for a wholly contracted service by one or more local authorities, if possible. This kind of flexible arrangement is suited to a traded market based approach which is quite different from operating from a Local Authority.

To move into an emerging social investment market to develop both the provision and commissioning has some risks but also holds opportunities. There is a task to develop the organisation as a provider as well as to develop new commissioning options. The use of social investment is very new in public services. The understanding and potential applications of new financial instruments such as Social Impact Bonds (SIB) are not well developed either by service providers or Local Authority Commissioners. This means that the relative immaturity of the market itself becomes a risk. Government and financial intermediary organisations therefore have to spend time creating the conditions into which commissioners can learn and understand the risks and potential of social investment. The lead in time to initiate and then mobilise new services can be a long one if commissioners have to be supported through a development journey before they are sufficiently confident to embrace social investment. The company Directors have knowledge and experience garnered via the MST SIB in Essex which means that this can be brought to bear in discussions with potential new clients. It does appear that there are translational gaps between the language spoken by social investors and by Local Authority commissioners which the company may be able to successfully bridge in order to develop the market further. There is also a considerable time lag between the decision to commission and the outcomes being achieved.

1.2 Vision for the future

The vision is to create a company which is wholly owned by the staff group and one which values and practices evidence based approaches. The purpose of the company will be to deliver services to young people and their families, commonly described as being on the edge of care or the edge of custody. The methodologies employed will be rooted in research proven approaches. The company will be guided by evidence of effectiveness, including promising practices which will be evaluated by routine outcome measures and comply with practice based evidence.

The vision is to develop strategic relationships with Local Authority and NHS commissioners so that outcome based commissioning can be realised in public services. There is also a desire to use social investment via innovative financial mechanisms and vehicles such as Social Impact Bonds to create new investment opportunities promoting the expansion of evidence based programmes. This may

include participation in outcome based contracts or arrangements. The company may also act in a brokerage role between public services and socially motivated financial intermediaries.

It is intended to make a broad market offer with a range of services concerning evidence based practice. The offer will include direct service delivery, programme management, consultancy and training.

1.3 Service Delivery

The company will bring the experience of the last 15 years of delivering evidence based practice with it. The staff group who will move into the new company from the Local Authority and the NHS are the two existing MST teams. Senior staff already programme manage two contracted MST teams in Northamptonshire on behalf of Cambridgeshire and Peterborough Foundation Trust (CPFT) and we seek to take this programme management contract with us into the new company subject to the agreement of CPFT. The company has been contracted to programme manage two MST teams in Essex under contract from Action for Children. This began in July 2015. The company will also provide consultancy to Children's Support Services Limited (CSSL) a special purpose vehicle company which is delivering the Social Impact Bond for Essex County Council.

The company is following up leads with several Local Authorities whom are interested in developing evidence based services. It is intended to compete for tendered work. Having previously offered sector support through the Department for Education sector adviser role, it is anticipated that paid for consultancy support of Local Authorities will form part of the business offer.

1.4 Organisational form, ownership and governance

The company is a Community Interest Company limited by shares. This is a not for profit structure which has a community benefit described and enshrined within the company articles. The community benefit has been approved by the CIC Regulator. The choice of a share ownership structure will allow for the company to raise equity funding should it be necessary to do so. The company cannot be sold commercially nor can it sell more than a single share to any investor; however there may be more than one investor in the company.

A board will be formed which will provide the company with governance and strategic direction. There will be two Non-Executive Directors from professional backgrounds who will provide advice and external challenge from a business and trading perspective. Employee representation will be a clear part of the board but will also be infused throughout the company in the operational delivery of services.

Any profit above that required for investment in the company will be gifted to a charitable organisation set up by and for the benefit of the company objects. As a separately constituted charity the governance arrangements will be directed by charity rather than company law. This is in keeping with the values of the founders of the company and will provide the means to operate with certain beneficial tax advantages.

1.5 Our staff and leadership

The staff group and our collective experience of evidence based practice are the key assets which the company will hold as it moves into the market. Maintaining a vibrant and committed staff group is essential to the survival and growth of the business. This aim will be significantly assisted by the mutual nature of the company in which every member of staff will be a shareholder (following completion of a probationary period for new staff). The company structure will provide every member of the staff group with a vested interest in high performance and accountability. Employee

representation will be decided by the staff group through the election of an employee representative for the board.

The co-leadership of the company by Brigitte Squire and Tom Jefford will provide a strong basis for business growth, clinical accountability and sustainability. The Supervisors and Business Manager are part of the project planning team and will transform into the company leadership team once the company is established. This will be the main operational management group and it will report to the board.

1.6 Resources

It is anticipated that the company will negotiate a contract with Cambridgeshire, Bedford Borough and Central Bedfordshire for the provision of MST and MST PSB. The contracts for programme management of Northamptonshire teams and the Essex teams will transfer, subject to agreement with respective commissioners, as will the advisory position with CSSL.

The company will be initially supported by the Innovation Grant secured from the Department for Education in the start-up phase. The business plan is based on the growth and development of new services and diversification of the business base and this is described in the growth plan which is a separate appendix.

As part of the grant funding an evaluation has been commissioned from the Anna Freud Centre via the Rees Centre at Oxford University. This takes the form of action research and will assist the company in early development. The company aims to be prepared to be a business which can offer long term evaluative capacity.

1.7 Financial Viability

A financial plan has been prepared as part of the business plan which shows that the organisation will be financially stable over the period analysed. The costs of Tom Jefford will be part time for a fixed period so that the company can build business and respond to tenders without the full cost of this post accruing to the company in the early stages.

Making sustainable financial plans will be key to the successful operation of the business and advice will continue to be taken from a wide range of commercially minded advisers.

1.8 Transition

It is our ambition to establish Family Psychology Mutual as a social enterprise and be fully operational by late spring 2016, having fully transitioned all necessary staff, resources and services in the run up to establishment.

The Transition Plan is based on the assumption that the Council agrees (at the 9th February 2016 Children and Young People Committee) that spinning out the MST service to an independent social enterprise presents a commercially viable business.
Further details of the transition phase are given in Section 12 and Appendix 2 (Transition Plan).

Funding for external support for the transition implementation phase is included in the Cabinet Office MSP grant which provides specialist support from Social Finance, Mutual Ventures and Winckworth Sherwood during this period.

2. Context and Planning Assumptions

2.1 Context and drivers for change

In the year ending 31 March 2014 over nearly 69,000 children were looked after[1] by local authorities in England; the number of children in care has risen by 7% since 2010 and is at its highest level since 1994[2]. Of those children looked after, 37% were aged 10-15 and when combined with those aged 16 and 17 this rises to 58%[3]. 28% of all children in care in 2014 were accommodated under 'voluntary' s.20 placements, which are usually enacted due to children's disruptive behaviour/other relevant Child in Need (CIN) categories; these placements are disproportionately utilised in the 10-17 age group, and so we would expect that an even greater proportion of adolescents enter care as a result of parents being unable to cope with their children's challenging behaviour.

Outcomes for children in care are notoriously poor: 16.3% of LAC achieved 5 A*-C GCSEs in 2014 compared to 54.3% in the general population[4]. 34% of young people leaving care are NEET (Not in Education, Employment, or Training) at 19 compared to 15.5% in the general population[5]. 33% of boys and 61% of girls aged 15-18 in young offender institutions said in a survey in 2013 that they had spent time in care[6] and 40% of prisoners under 21 were in care as children[7]. Around 60% of looked after children and 72% of young people who are looked after in residential care settings have some level of emotional or mental health problem[8] and children who are or have been looked after are 4-5 times more likely to attempt suicide as adults[9].

Furthermore, councils spend an average of £137 per day, equating to just over £50,000 per year, supporting each child they look after[10]. A standard foster care placement costs around £400 per week, with residential care – which serves many adolescents, particularly those with disruptive behaviour – rising to up to £5,000 per week. The average cost of incarceration ranges from £60,000 in a young offender institution to £160,000 in a secure training centre and £125,000 in a local authority secure children's home[11].

Data from the Washington State Institute for Public Policy[12] indicates that evidence based interventions such as Multi Systemic Therapy (MST) generates savings per $1 spent of $12 – $28[13]. This original work is being translated into a UK context by the Dartington Social Research Unit. Nationally and internationally there are now well-evidenced programmes which aim to prevent children from entering public care by addressing behavioural difficulties and strengthening families[14]. As one such programme, Multi Systemic Therapy (MST) is a manualised programme originally

[1] SFR36/2014, Department for Education
[2] *Children in Care*, National Audit Office, 27 November 2014
[3] SFR36/2014
[4] SFR50/2013 – Outcomes for Children Looked After by Local Authority, Dec 2013
[5] DfE, National Statistics First Release, 2007
[6] Prison Reform Trust, *Keeping children in care out of trouble: an independent review*, launch article http://www.prisonreformtrust.org.uk/ProjectsResearch/CareReview
[7] DCSF 2007, *Impact Assessment for White Paper on Children in Care* p35
[8] NICE: Promoting the quality of life of looked-after children and young people. NICE public health guidance 28. 2010., quoted in "Report of the Children and Young People's Health Outcomes Forum – mental health sub-group, July 2012
[9] "Report of the Children and Young People's Health Outcomes Forum – mental health sub-group, July 2012
[10] Councils' expenditure on looked after children: Using data from the Value for Money Profiles, August 2014, Audit Commission
[11] Hansard, House of Commons, 15 October 2009: col 1018W, quoted in Reducing the number of children and young people in custody, NACRO, July 2011
[12] www.wsipp.wa.gov
[13] Aos et al 2001 quoted at www.mstuk.org/mst-outcomes/cost-effectiveness
[14] See www.blueprintsprograms.com

developed in the USA and designed to prevent entry to custody by young people. It has been shown to reduce re-arrest rates by 25 – 70% and reduce out-of-home placements by 47– 64%[15].

However the successful implementation of such programmes can be challenging: successfully implementing a new and highly-prescribed service requires a strong fit with local services so that mutual adaptation of the model and of the organisational setting can allow the programme to flourish. The emerging body of research known as implementation science demonstrates how the quality of the implementation process can dictate the later success or failure of an evidence based programme. In the current economic climate commissioners may lack the available funds to pay upfront for such intensive preventative services even when there is a strong economic case.

Since the service was established 15 years ago, Cambridgeshire's MST Standard services have served several hundred adolescents and their families. A local research sample of 57 cases eligible for MST between January 2009 and November 2010 demonstrated significant differences in outcomes in both the number of days in care and the continued involvement in services between the MST and non-MST groups at 12 month follow up. Implemented in 2012 the service for adolescents with Problem Sexual Behaviour has seen 100% avoid further reconvictions and all 23 cases have remained living at home. Unlike most services the MST teams all report back to commissioners with outcomes at a defined follow up stage post treatment unlike most other services. *(Please see Appendix 1 of the Committee Report for the full outcome data).* Reflecting at least in part the success of these services, Cambridgeshire has one of the lowest rates of youth offending in the region (0.35 per 1000 10 – 17year olds in 2013). Other areas have rates up to 3 times worse: Bedford Borough and Central Bedfordshire have a rate of 0.56 per 1000, while Luton and Peterborough are at 0.90 and 0.93 respectively[16]. This demonstrates a need for preventative services to divert young people from committing crimes, and may therefore suggest a role for MST in these areas. Furthermore, 3 of the authorities mentioned above have comparatively high rates of looked after children compared to Cambridgeshire and other LAs in the East of England: Cambridgeshire had a rate of 39 per 10,000 at March 2014, compared to 74 per 10,000 in Bedford Borough and Luton, and 80 per 10,000 in Peterborough. This further suggests that these areas could benefit from an MST service in terms of diverting new entrants to care[17].

Some of the local authorities in the region and further afield are significantly smaller than Cambridgeshire such that they are unlikely to be able to generate sufficient referrals to sustain an entire team of MST therapists. The MST-PSB service managed by Cambridgeshire County Council is commissioned and referred to by Cambridgeshire, Bedford Borough and Central Bedfordshire Councils. This model proves the viability of a shared service, thereby representing a solution to the issue of smaller individual authority volumes/caseloads. This model of commissioning and operation could be taken to other areas where joint ownership and/or use of a single service could make a crucial difference in terms of service viability.

We know that establishing new services is challenging, complex and a skill in itself with an emerging academic discipline of implementation science. At present evidence based practice represents a very low volume of commissioned activity and not every site that has done so has achieved the full benefit due to poor implementation issues. Organisations are sometimes reticent to establish wholesale new services, particularly manualised programmes with reasonably strict license requirements. Cambridgeshire's MST's managers have been asked to consult on various implementation and operational projects across the UK including Newcastle, Sheffield, Northamptonshire, Essex and

[15] A complete research overview is provided at: www.mstservices.com/outcomesstudies.pdf

[16] Young People receiving a conviction rate per 1000 of 10-17 population, featured in the DfE LAIT, last updated January 2014, Source: Youth Justice Statistics

[17] SFR36-2014, Department for Education

Coventry and have been able to bring expertise and experience to those other authorities, which have enabled them to avoid common implementation pitfalls and establish effective and efficient services.

2.2 Planning Assumptions

The development of the business plan and financial model is naturally predicated upon a number of assumptions in various areas. Relevant assumptions are discussed in greater detail in the sections of the business plan to which they relate.

The assumptions in this section are intended to give a high level overview of the headline points that impact the business plan as a whole:

- **Funding** – Family Psychology Mutual to be funded through service contracts with Cambridgeshire County Council (CCC), for a minimum 3 year contract. Family Psychology Mutual will also look to develop additional revenue streams through winning tenders and attracting other forms of investment (e.g. Social Impact Bonds). It may be possible to convert a fee for service contract into a Social Impact Bond in Cambridgeshire should the Council seek to do this.

- **Commissioning Route** – Family Psychology Mutual will also be an approved provider to CCC with additional opportunities for income invoiced on a spot purchase basis over and above the core three year contract .

- **Staff** – All staff employed by the service at the point of spin-out will transfer to Family Psychology Mutual on existing terms and conditions to those enjoyed within CCC. Staff will retain membership of the Local Government Pension Scheme, on identical terms. Any future staff will be recruited on competitive rates that will be in-line with the living wage. CCC staff that TUPE into the new company will retain all their obtained benefits. Discussions with CPFT indicate that NHS staff will continue to work within a partnership agreement with the new company and therefore will automatically retain access to the NHS pension scheme. Pension liabilities for new staff are being considered presently as to whether a closed or open scheme will be created for new entrants. The market may dictate that new staff who are employed by the NHS or Council can only be recruited if they continue their pensions with the NHS / Local Authority. The partnership agreement with CPFT will seek to establish this principle for new staffing.

- **Assets** – Operational assets will transfer in ownership from CCC to Family Psychology Mutual, where legally practicable.

  Liabilities – Whilst yet to be negotiated it is likely that from the point of spin-out, Family Psychology Mutual will bear the portion of any redundancy liability based on service with Family Psychology Mutual whilst CCC & CPFT will retain liability for the portion based on service with the Council. However, this is subject to negotiation.

  Family Psychology Mutual will become liable for meeting future pension contributions for relevant employees. The final pension liability for existing LGE staff who TUPE to the new company has yet to be finally agreed with the Council.

- **Property** – It is assumed that the relatively small head office functions will move out of CCC although this has yet to be negotiated with LGSS. However, the embedded nature of the service provision means that it is both operationally desirable and mutually beneficial for the MST teams

to remain in situ at Scott House in Huntingdon. The nominal costs which this arrangement will cost CCC can be set out in the financial plan but a recharge for the desk, computer, phones and office space is not planned, with negotiations with LGSS taking place via the project board. However these actual costs should be recorded in terms of the bottom line costs used to evaluate and price services for both the commissioner and for the company.

- **Support services** – Support services will be delivered through a combination of outsourcing and in-house delivery. Family Psychology Mutual will look to recruit for certain required positions e.g. a Finance Director and contracted Marketing/Business Development manager as the business grows.

  Other services will be purchased from the Council /third party providers based on best value and their ability to provide the service required.

The full list of assumptions used in developing the financial projections is shown in a separate appendix.

3. Vision and Purpose

Our vision, mission and values are a result of continuous consultation and engagement with staff, service users and other stakeholders. They will be the overarching principles that will drive our strategic and operational plans. These are reflected in the choice of company structure and stated community benefit.

3.1 Vision

Our vision describes our ambition and what it is that we hope to achieve. It reflects both how we currently operate our services and our drive for the future organisation:

"Empowering families towards a safer and happier future"

3.2 Mission

Our mission sets how we will achieve our vision:

"Working together with young people and families in their homes and communities to create and sustain positive changes, using high quality outcome-based psychological therapeutic interventions."

Family Psychology Mutual is built on a foundation of staff experience working for and in collaboration with young people and families where there are high levels of risk and conflict. Our mission represents a commitment to continue in this work and to utilize our valuable expertise making the home a safer and a happier place for all. A cornerstone of current evidence-based practices such as MST is the need to provide ecologically valid therapeutic treatment. In that regard, all of our work with families is done in their homes and communities. This ecologically valid approach fuels our mission to sustain positive change through ensuring that all of the services offered by Family Psychology Mutual can continue to thrive within the homes and communities we serve following the conclusion of service delivery. We therefore endeavour to empower family members to use new skills and understanding to be able to deal with problems which they may face in the future. Our commitment to being a centre of excellence in the field of evidence-based practice demands that we continuously deliver outcome-based psychological therapies of the highest possible quality. This will be achieved through the active utilization of feedback from our service users, commissioners and fellow professionals.

3.3 Strategic Objectives

Our strategic objectives reflect our ambition to build an effective staff-owned organisation. The new company will benefit the community, while addressing the challenges of the current and future environment within which the service will operate. These objectives are listed below:

Build a "mutual" culture within the new organisation:

- We will continue to consult and engage staff to ensure that they take more ownership of the organisation through personal and professional accountability.
- We will ensure that staff understand the new organisation and their role in it as owners of the new company with a new culture established.
- We will encourage active participation of the staff in the operation of the new company and service delivery by representation on the board and we will continuously seek their feedback on operational and strategic decisions.

Become an outcome-based led organisation:

- We will have a sophisticated data collection system that will provide outcomes of the goals we will work towards with families. This data will inform service improvement and enable smart report writing to commissioners.
- We will continuously gather robust data from our service users about their progress and their experience of the service received in real time.
- We will seek user feedback and involvement in the ongoing service development (e.g. involving current and ex-service users in recruitment, setting up an advisory board).
- We will seek feedback from referrers and other relevant stakeholders and incorporate these in regular reviews about the functioning of the service to strive for optimal effectiveness and efficiency.
- We will review all data collection on a regular basis to ensure we are a flexible, efficient and resilient organisation. We will continue to develop a range of personalised services which meets people's needs using routine outcome measures to ensure progress and engagement in therapy.

Build a sustainable organisation:

- We will manage our financial objectives by improving efficiency and managing costs to ensure the future stability of the organisation.
- We will invest in securing excellent working relationships with established contractual partners and communicate effectively with them.
- We will identify new business opportunities to help grow and develop our organisation.
- We will invest in service delivery, quality and innovation, seeking opportunities to pilot new approaches and to work with research partners.
- We will identify and partner with organisations that will help us achieve our strategic objectives.

Improve outcomes for our service users and the community:

- We will strive for the best outcomes for our service users in collaboration with other agencies and provide individualised service applications within the evidence-based framework.
- As we embrace an ecological theoretical basis and practical implementation, we work directly with and within the community and enable families to re-connect with their local provisions and reduce violence in neighbourhoods.
- As a CIC we will invest any surplus for community benefit.

3.4 Values

Our values have been developed through consultation with staff and will be at the heart of the organisation. These values will create our culture and influence the way our organisation and its members conduct themselves. We will be:

Strengths-based in our approach to working with families and young people
Committed to those with whom we work, through challenges and difficult times, and committed to the organisation as employee stakeholders to secure its sustainability and high quality
Honest in our work with families, professionals and ourselves
Accessible to those with whom we work
Non-judgmental in the way in which we work with families and think about them
Accountable for our actions and outcomes to families, ourselves and commissioners
Empathetic to the needs of families and their life experiences
Creative in our service delivery and ready to work in new ways to create sustainable change
Supportive of families, each other and of the professional systems with whom we work
Ethical in our working practices as we strive to attain high standards in all our interactions
Investors in staff training, wellbeing and safety

3.5 Parent body benefits

The set-up of an independent social enterprise presents many important benefits for CCC as highlighted below:

- **Reduced liability** for service provision.
- **A clear outcome based commissioning pathway**. The mutual will demonstrate in data reports how the service is performing and what outcomes have been made. This will allow CCC to have a clear understanding of the benefits of the service and assess whether the service is addressing the identified needs. It will show an example as to how other services might want to report on their effectiveness, something that is still very much in an infant stage.
- **Expanded service offering** to communities with edge-of-care needs through the ability to reinvest surpluses in service development and adopt an innovate approach to service design: in a time of austerity it becomes increasingly challenging for local authorities to invest in the development of new services designed specifically for their needs. Working as an independent mutual with a financial model which thrives on data-driven service development and design will allow CCC to request service provisions designed specifically to target its identified gaps or challenges.
- **A new entrant to the marketplace** from which to commission services: having an option as to which service provider to commission allows for flexibility in strategic thinking within CCC, and pushes for increased value within service offerings.
- **Retention of skills** in the area: during a time in which certain services may be downsized or closed, retaining specialist skills for cases necessitating those skills becomes a challenge. Spinning out allows for CCC to have access to these specialists in a dynamic way.
- **Improved reputation** with partners for embracing the new model of public service delivery: moving forward and embracing a new delivery model demonstrates a resilience and commitment to maintaining vital provisions for vulnerable populations while remaining a leader in innovation and implementation practice.

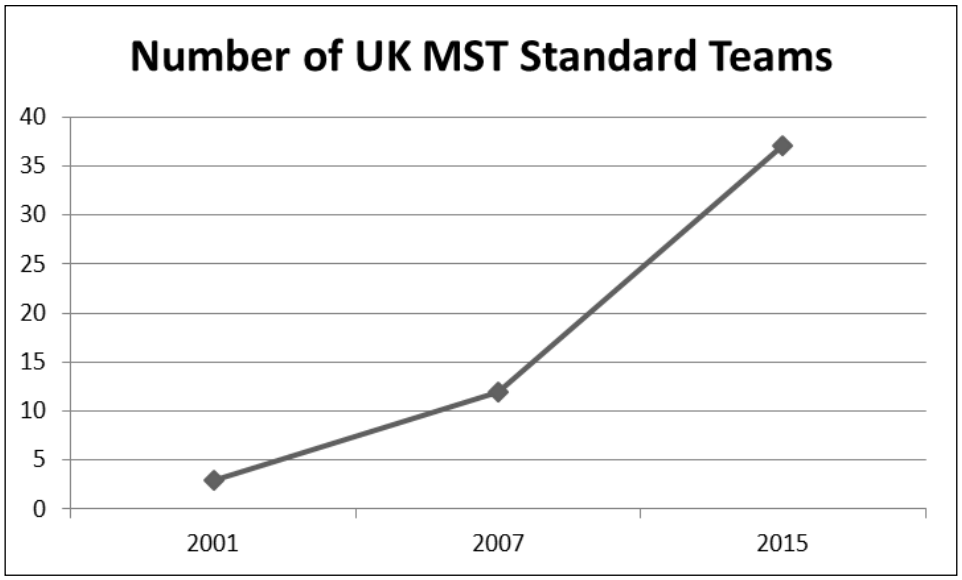
4. The Market

The research in this section indicates the key market considerations that will impact the future success of the MST service as an independent mutual organisation. This also relates to the growth plan which has been commissioned from Social Finance.

4.1 Current Market

Market Overview – Nationally

The number of MST teams in the UK grew rapidly following the success of the first three MST sites (which included Cambridgeshire MST). In 2007/8, 10 new MST teams launched with the aide of Department of Health (DoH) and Department for Education (DfE) funding. 9 out of 10 took part in the START national MST research trial. The steady increase in the number of MST teams in the UK represents a trend of commitment within local authorities to maintain the service following the removal of DoH and DfE funding. Numerous teams have been successful in starting up without government funding, including 5 in Scotland and 4 in England with no financial support, and 5 with only minimal support for start-up costs.



Established MST teams typically sustain themselves through financial savings or cost avoidance strategies. Some Local Authorities are using Troubled Family funding. Of the 13 MST teams established by 2009, 11 remain in effect without the aid of government subsidy. Of the current total number of MST teams, 6 have expanded to include additional teams to accommodate the need of the local area. Only 4 MST sites have closed since MST began in the UK. Of those 4 closures, it was the loss of the supervisor which was key in the closure of 3. One of the strengths of Family Psychology Mutual is its team which includes two supervisors and a programme manager who can also supervise, mitigating the risk of losing a single supervisor by distributing work.

Market Size – Locally

The Cambridgeshire MST standard team takes on an average of 33 appropriate referrals per year (based on the number of referrals from 2011-1015) given the high travel times for the County.. Social Workers, Youth Offending Officers and CAMH professionals must seek advice from their manager or supervisor before referring in and the threshold to be able to refer is very high. MST does not hold a waiting list due to the high risks in the families who are considered for referral. Potential referrers check out with the supervisor if there are any vacancies before they decide to refer. In this way it is

difficult to assess the exact local need. The service is refocussing on edge of care adolescents in Cambridgeshire via the section 20 panel as the drive to reduce the LAC population continues. The MST service now sends a representative to each meeting which is proving successful. We know from experience that the number of appropriate MST cases within the population and the demand on the service is far greater than the number of referrals sent to the MST service. This has been evidenced anecdotally by the number of enquiries received by professionals that must be turned away due to the lack of vacancies. The LAC Board development work is establishing a more accurate picture of the potential demand. The recently completed service review by Shirley Magilton identified a number of opportunities for the commissioning of services at the edge of care including expanding MST standard to a second team. This is now under active consideration and financial appraisal.

The MST PSB team is a relatively unique offering, as nationally only three MST sites presently offer PSB service. The PSB team received an average of 14 cases per year and operates at capacity. Spinning out will enable Family Psychology Mutual to utilize the specialist knowledge of the PSB team to offer this service to new local authorities as either a fully specialized PSB team, or a blended team able to accept both PSB and standard cases.

PESTLE analysis

Provided below is a summary of the key trends affecting the MST service from a macro-economic perspective. This was developed by the service at a planning workshop. By understanding the current environment and assessing any potential changes, we believe that our organisation will be better placed to respond to changes**.**

Political

- Increasing prevalence of social impact bonds
- Government Support for Mutuals (PCR 2015)
- Positive view of evidence-based practices by central gov.
- A mixed picture of LAs being supportive of MST
- LA driven by data/results of evidence-based practices (social impact needs to be proved)
- Cuts to NHS services
- Move towards payments by results
- Increased focus on troubled families agenda

Economical

- Short term focus for investments by LA
- Drive for lower costs and immediate savings
- Cuts of preventative services due to budget constraints
- High fixed costs for MST services impact its attractiveness
- Cuts to educational psychology services

Social

- Adolescence needs are increasing
- Cases are more complex after user leaves service
- Increase in pressure on families due to economic environment
- Fewer social activities options for young people

Technological

- Productivity gains through use of mobile technology
- Surveys through use of tablets
- Classroom-based training still preferred
- IT system needed for client database
- System to track performance of organisation and KPIs

Legal

- Safeguarding legislation
- Potential Children's Bill in the making (or ring-fencing of budget)
- Implementation of Social Care Act
- Implementation of Family Drug and Alcohol Court measures

Environmental

- Licence agreement of 1.5hrs travel limit from base to client homes
- Resources constrained by case load capabilities
- Predominantly home-based service, therefore much travel
- Recruitment constraints due to type of service offered (24hr on-call / travel / increased levels of stress / values of organisation)

As listed in the table above, there are risks as well as potential opportunities in the market environment. Local Authorities are exploring ways to achieve significant cost savings so the opportunities for evidence based and outcome led commissioning are increasing. The devolution deals currently being considered across England provide a new opportunity for thinking about and delivering services in new ways.

4.2 Future Market

As we can see from the trend in the expansion of MST teams nationally in recent years without government funding, several Local Authorities have looked at the local evidence of outcomes and cost savings and have committed funding for the set up and expansion of teams. These Local Authorities are making strategic long term investment in proven evidence based services for adolescents on the edge of care or custody. But there have been a smaller number of MST teams that have lost local funding. We can assume several reasons for this. One reason might be that the team was not fully embedded in the local services and with the loss of the supervisor; there was not local championship for the service. Some local authorities are seeking to reduce services in the age of austerity and so make short term financial decisions. There can also be cultural reasons related to ambivalence in social work about the value and utility of evidence based programmes and the preference to stay with business as usual. Some of the reasons may be programme specific whilst others relate more to issues of implementation and sustainability planning.

A potential solution to the pressure on local authorities to make strategic savings while investing in evidence based practices is the consideration of Social Impact Bonds (SIB). The social investment market is a new and emergent one. The first (SIB) for children in Essex County Council has achieved proof of concept as an investment structure delivering strong outcomes. Whilst this model has been replicated in Birmingham and Manchester it appears likely that it can be brought to scale with a much reduced start up process. A risk in this new market is unfamiliarity with the concept of social investment generally by Local Authority commissioners and political leaders. Outcome based commissioning has been described in policy and is not a new concept but it has yet to be adopted or embraced by Local Authorities and NHS Commissioners. This means that the technical ability of commissioners and the appetite to take on risk with an outcome based investment approach requires significant support at this stage. This is often led by the social investment sector itself with support also emanating from central government departments. The early stage of the market is a risk in itself. However, it is advantageous to be ready for the market expansion whilst there are a limited number of organisations competing for work. The social investors with whom the company has been in touch have been highly encouraging in regard to a new service provider organisation being established with a clear orientation to evidence based practice.

One of our strengths is the experience and connection to social investment which we can bring to the marketplace. This has been gained through the work of several members of the company in the Social Impact Bond in Essex at operational and at strategic levels.

The delivery of outcomes for young people at the edge of care or custody is an area of increasing attention by Local Authorities given the various policy drivers of Troubled Families, delegation of remand budgets and the increasingly high costs of public care. Safely retaining young people in the community with their families during periods of offending, acute stress and disruptive behaviour is a key aim of the evidence based practices we shall be employing.

It is intended to find new ways to create capacity to deliver evidence based practices which can be commissioned through contracting and also spot purchase. This does create some challenges in regard to implementation best practice. This is because the system into which a practice may be purchased is unlikely to have adapted to or be familiar with the requirements of the programme being bought in. Therefore a foreshortened implementation approach may have to be created around the

individual case so that a micro system or wrapper around an individually purchased case can facilitate the best means of achieving success. There is a danger that a trial case in an un-adapted setting may lead to a failure on behalf of the setting rather than the programme itself.

The best examples of evidence based practice and its successful implementation have tended to be where Local Authorities have developed their understanding of local need through a thorough needs assessment followed by commissioning which is outcome led. The integration of Public Health into the Local Authority is beginning to change the way in which commissioning decisions are made with greater focus on data and outcomes. The company has experience of making the case for an evidence based programme through the analysis of needs assessments. The evidence based programmes themselves are highly data driven and are strongly quality assured to maintain adherence and fidelity to the model. MST can demonstrate consistency in achieving both short and long term outcomes so has good potential to demonstrate cost savings. The international evidence base is broadly supportive of this in regard to cost benefit analyses.

In March 2013, NICE published guidelines for the treatment of conduct disorders and they recommended MST as the most promising Evidenced Based Practice (EBP) for adolescent conduct disorder. Although some NHS based CAMH Services are reducing their offer for conduct disorder as they struggle to deliver these specialist services from their clinic base, there is still a growing need for these services, which means that Local Authorities are increasingly filling these gaps themselves or seeking joint commissioning arrangements to do so.

4.3 Customer Analysis

The growth planning work will undertake a market sensitivity analysis to test the following assumptions and gauge market conditions

Current customers

Cambridgeshire County Council – Provision of an MST standard team for young people on the edge of care or custody with a referral pathway from social care, YOS and CAMHS. Provision of MST PSB for young people with problematic sexual behaviour in partnership with Bedford Borough and Central Bedfordshire, a contract for services will be negotiated.

Bedfordshire Borough Council – Currently spot purchase MST PSB and may be interested in MST Standard. The support of the Bedfordshire Clinical Commissioning Group may prove helpful in securing the long term support of MST across the two Bedfordshire authorities.

Central Bedfordshire Council – Currently spot purchase MST PSB and may be interested in MST Standard.

Milton Keynes Council – Currently undertaking a trial case for MST PSB.

Northamptonshire County Council – Two MST teams which are contracted from Cambridgeshire and Peterborough Foundation NHS Trust (CPFT) programme managed by Brigitte Squire. They are also developing MST (FIT) for the return of young people from custody or care which may be a service in which other areas may be interested.

Action for Children – We currently programme manage two Action for Children MST standard teams in Essex.

Potential customers whom may be interested in commissioning a service from us

Peterborough City Council – Have expressed interest in using Troubled Families funding to establish a Functional Family Therapy (FFT) Team and have indicated that they would like to buy MST Standard cases on a spot purchase basis.

Luton City Council – Bridges Ventures have suggested that there is interest in developing MST because of gang related issues with young people and that this might be funded via profits held in trust by the airport.

Buckinghamshire and Hertfordshire County Council – have expressed an interest in MST standard although have no firm plans.

Suffolk Clinical Commissioning Group – Brigitte Squire attended a commissioner and provider event for tier 2 services in May 2015 and there may be interest in MST or other evidence based services.

Diabetes UK – We are developing work on MST Health for young people with poor control of type 1 diabetes. A development grant application to Big Lottery's *Commissioning Better Outcomes Fund* was successful and feasibility work is underway to test the viability of this as a new adaptation in the UK..

Customers for other services (consultancy)

Bridges Ventures – have expressed their support and interest in a service provider coming on stream.

National Implementation Service – There is some potential for collaborative working regarding consultancy work which may be explored.

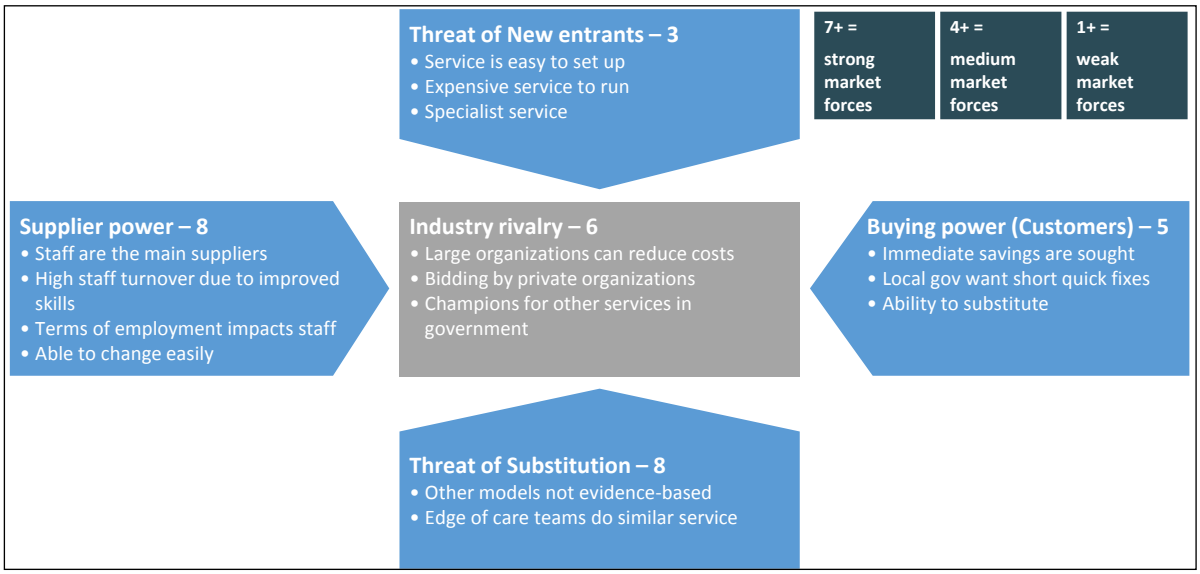
Evidence Based Social Investments (EBSI) – Are seeking to bid for work with secured social investment and are interested in consultancy support regarding implementation. An initial piece of work with Manchester City Council has been commissioned by EBSI from the new company.

Catch 22 – May be interested in consultancy as they begin to build their own business base of evidence based practice.

4.4 Competitor Analysis

In our analysis of the competitive intensity and the residual attractiveness of the MST market, we have assessed that Family Psychology Mutual possesses a competitive advantage in the market given the level of service we currently provide, and the difficulty in setting up a new service.

The figure below outlines the market forces analysis conducted at a staff workshop.



MST Market Forces Analysis

Our main competitors and the services they offer are outlined below.

Action for Children is a large children's services provider charity with a national presence and significant scale. They are currently operating the MST teams in Essex under contract. They have been funded to develop a combined service in London with MST, FFT and Treatment Foster Care. They are not a specialist supplier of evidence based programmes but are developing a track record for delivery. They also run a fee for service MST team in Greater Manchester. They are likely to be able to make strong bids on the basis of size and financial stability

Catch 22 is a children's services charity that wishes to enter the market place for evidence based services but have no current services.

The Brandon Centre in London is a well-known mental health charity in North London who have substantial experience of MST. They do not seek to expand outside of North London at this point.

Cambian Group is a venture capital backed private provider of specialist residential care who wish to develop market presence through aggressive growth into evidence based practices.

Cambridgeshire and Peterborough NHS Foundation Trust are currently contracted to deliver the MST Teams in Northamptonshire although these are programme managed by Brigitte Squire from the company. It remains to be seen if they will seek to re-tender for the work once it comes up for re-commissioning in 2016.

4.5 Strengths, Weaknesses, Opportunities and Threats

Having identified a market for the provision of MST services, we have performed an analysis on our current capabilities to identify any challenges and opportunities that would impact the performance of the new organisation.

Below is an outline of the factors upon which we aim to work to improve the performance of the new organisation.

Strengths

- Long history of delivery MST
- High qualification of staff and experience
- Quality-assurance service provided
- 2 delivery teams and clinical program manager
- Reputation of teams and individuals in the team
- Financial backing due to grants
- Transferrable implementation model (so can set up quickly)
- High political currency for type of service
- Links to social investors and grid concentration
- Unique aspects of service, e.g. on call service, home service

Weaknesses

- Expensive service – hard to drive down costs
- Relative high staff turnover (work not company related)
- Not enough champions of service and organisation politically
- Lack of business experience
- Too specialist in terms of service
- Lack of technology in business
- More analysis of internal assets needed
- Lengthy analysis of cases (PIRs) – puts off some customers

Opportunities

- Plenty of unmet need (increasing needs in society)
- Government support of mutuals
- A wide variety of funding available such as: Innovation funds for Edge of Care services / Adoption fund for purchase of service / Social Impact bonds
- Potential to create community change and drive systemic change
- Developing different relationships with other local authorities, commissioners and service developers
- Bid for work and expand services
- Different training opportunities available (staff can develop different career paths)

Threats

- Ideological rejection by some commissioners
- Cash flow impact (by being an independent organisation)
- Basic business errors
- Susceptible to economic and political uncertainty
- Competitive environment
- Difficulty in recruiting
- Keeping staff when transferring to a mutual
- Perception of new organisation by families and service users
- No cushion/security of local authority (in terms of funding
- Being a small team – impacted by sickness/maternity leave

4.6 Differentiation and Unique Selling Points

A major unique selling point of the organisation is the pedigree and history of the delivery of MST in England. MST was introduced in 2001 by Tom Jefford and Brigitte Squire in the Youth Offending Service in Cambridge within an Intensive Supervision and Surveillance Programme for young people as an alternative to custody. This was originally funded by the Youth Justice Board. Since this time Brigitte has been the key clinical psychologist and programme manager who has developed a deep understanding of MST and work with young people on the edge of care and custody.

Brigitte and Tom have introduced new clinical variants of MST into the UK with MST Child Abuse and Neglect and also with MST Contingency Management (substance abuse). For both services Brigitte and Tom worked with stakeholders and programme developers from MST Services in the USA to understand the clinical and system requirements for the set up and delivery of these new options. Brigitte and Tom have offered consulting advice as Sector Advisors for the Department of Health and Education to a number of areas who have set up MST. Brigitte has a long history of sharing her clinical experience through direct support, programme management and also in recruitment and selection of MST Supervisors. Brigitte and Tom have a wide network nationally and internationally for

evidence based practice and implementation. Brigitte and Tom are founding members of the UK Implementation network, and Tom is a founding director of the European Implementation Collaborative.

The way the service is set up within the new organisation will secure sustainability of service provision. The operational working of an MST team is very dependent on staff retention, especially of the supervisor. It takes on average 5-6 months to recruit to a new supervisor and this can jeopardise the delivery of treatment significantly. Without a supervisor, other staff might be more likely to leave too. The fact that our organisation has 2 supervisors and a clinical programme director who can back-up any supervisory vacancy, this is a unique advantage over other potential providers.

The team also has experience of programme management, which contributes to the effective and efficient delivery of MST services, in a number of ways, and which encompasses roles that sit aside the role of the MST expert. We recognise the importance of understanding the positions and intentions of commissioners and other key local authority staff, in order to deal with issues of local delivery and to ensure the embedding of the MST service, tasks which are often beyond the remit of MST supervisors, particularly within the time constraints of their role. Secondly, we are mindful of the need for on-the-spot clinical leadership from experienced clinicians, particularly when working with challenging difficulties that pose safeguarding and ethical dilemmas; we believe it is essential that supervisors have recourse to their own clinical supervision in order to best meet the needs of families, and to ensure their ongoing safety. Finally, our significant knowledge of MST processes, for instance, the robust QI processes, means that we are able to help MST teams ensure that these demands are met in as vigorous a way as possible, and to problem-solve when difficulties arise.

MST Cambridgeshire works with well qualified staff with significant experience to be able to secure the quality of the service delivery. MST works with very risky and sometimes volatile situations and we want to provide a safe service to staff, families and the community. Other MST teams might employ less qualified staff and this might indirectly affect the safety of all involved.

As an organisation, we would profile ourselves as delivering evidence based services that have a research track record of effectiveness and when developing a new promising service we would use routine outcome measures that secures high performance by reducing drop-outs and increase positive outcomes significantly. As a small service, we can use robust data collection with sophisticated IT facilities.

We are in a unique position to develop and offer new services to existing local authority clients with which we have trusted relationships. This affords us a development platform to proliferate established evidence-based practices to new clients. Being a relatively small organization and a staff-led mutual makes it possible for us to respond quickly to the needs of clients and offer unique packages of services based on their requirements.

5. Services

The initial services to be offered by Family Psychology Mutual will be those that are currently delivered to CCC, Bedford Borough, Central Bedfordshire, Northamptonshire and Essex by the MST teams. The company is interested in opportunities to advise and consult upon the implementation of evidence based practice, building both on our experience of doing this and upon the emerging body of academic and published work known as implementation science. It is considered that there are a number of opportunities in this field which also align to social investment. Our plans are based on growth and development of a broad service offer. Both our initial and future services are described below.

Our initial objectives are as follows:

- To sustain our current activity through the conversion of existing work into contracted work
- To grow in a planned way by providing similar services to other Local Authorities, initially in the Eastern region but with the ambition to spread more widely
- To broaden our service offer so that we are less reliant upon one form of intervention
- To work with social investors and commissioners to develop new services with other Local Authorities either as consultants, programme managers or as direct service providers

5.1 Initial Services

The initial services offered will be the MST standard team and the MST PSB team. The company will also be programme managing two MST teams in Northamptonshire and two MST teams in Essex. It is anticipated that further consultancy regarding implementation or the use of evidence based practice will be forthcoming.

5.2 Future Plans and Services

The core activities of the company are mainly centred upon the delivery of evidence based programmes for adolescents on the edge of care or custody. In doing so the company wishes to continue to deliver the Multi Systemic Therapy (MST) standard team in Cambridgeshire and the MST Problem Sexual Behaviour service in Cambridgeshire, Bedford Borough and Central Bedfordshire.

We wish to explore the potential to offer Functional Family Therapy (FFT) and we have had initial discussions with Peterborough to look at this option which have been interrupted by their Ofsted inspection. We have established good links with one of the FFT programme developers, who has shown his interest to work with us.

There is work ongoing to explore the potential for MST Health (Reach for Control) for young people with poor metabolic control of type 1 diabetes. A grant has been awarded by the Big Lottery Fund for a feasibility study and deeper investigation of the programme requirements. An initial group of clinicians, commissioners and Diabetes UK have been drawn together in order to deliver the project by next July.

One of our service offers is the programme management of evidence based programmes. This is already taking place in Northamptonshire and will be taking place in Essex at the start of the mutual with each County having two MST teams. We believe that expanding the programme management skills of our senior staff and this experience will help us to deliver evidence based services and high utilisation in the areas which we support.

Leading clinical guidance in the UK often refers to the NICE Guidance which is a credible clinical resource. There are evidence based programmes referenced in the NICE guidance for conduct disorder. There is a wider set of programmes and practice which have not made the NICE lists. Whilst the company is primarily interested in evidence based practice the company will also consider exploring promising work which is not yet at this stage. This is usually known as either emerging practice or practice based evidence.

The company has discussed what opportunities may exist to set up and deliver home based parental psychological therapeutic work. Our interest is in seeking to improve the parenting capacity of adults whose lives have been affected by trauma or abuse. This may have created long term impairment in parenting capacity which prevents parents from being able to adequately parent their children. Traditional family support services may be able to support and assist parents through active practical involvement and monitoring but are unlikely to see gains sustained after case closure as parents continue to be blocked by their psychological experiences. There is therefore a strong case to be made for a home based, therapeutic offer which can treat parents and achieve sustained change. This experience has been gained following the 5 year pilot of MST Child Abuse and Neglect which closed in September 2015. The majority of these parents would not meet the threshold for adult mental health services nor were they likely to attend clinic based services. The company wishes to explore this when time allows. It is not our interest though to consider adult only work.

Our experience can be utilised in training of staff in evidence based practice, who work with adolescents at risk of care or custody or in the field of implementation. We are open to the idea of offering clinical supervision and consultation to Local Authorities and the NHS given previous experience of offering supervision to a variety of staff in the Local Authority.

6. Organisational Form

In forming the business plan there has been expert legal advice offered via the Cabinet Office Mutual Support Programme. The staff have been through a series of legal workshops to understand the options for the legal form of the company and the advantages and disadvantages of each. The decision has been reached following further advice and consultation including reference to and advice from other employee owned social enterprises.

It is proposed that Family Psychology Mutual be established as a social enterprise. Through internal discussions and with the advice and assistance of Winckworth Sherwood, Mutual Ventures and Social Finance, it has been decided that it shall be established as a Community Interest Company (CIC) limited by shares. The governance structure will provide for up to 7 directors who will also be shareholders of the company.

6.1 Key Priorities and Considerations

The discussions to date have centred upon the actual legal form and the opportunities which each will afford the company. The staff group have been clear in their view regarding being a community interest company as opposed to a charity or private company. There is a strong desire to ensure that the company is based on values resonant with public services and not one which offers personal financial gain for staff. The choice is to become a community interest company limited by shares. This choice was made in part by the potential business requirement to raise capital investment, which would more difficult if the company was created as a community interest company limited by guarantee. In order to be true to the employee owned aim, the company will never offer an investor control of the CIC and dividends on those shares are capped. The objects and articles of the company will enshrine these values by both structure and composition and are being prepared as such.

Individual shareholders will not receive dividends nor will they be able to sell their share. Share ownership will accrue after the completion of a probationary period and will cease at the point of resignation. In deciding upon a legal form, it was essential for us to identify the key priorities relating to the legal structure and governance which we identified as follows:

- The bulk of the CIC's income will come from its fees for supply of services under contracts.
- Any grants/donations/crowd funding from trust and foundations and members of the public is likely to be minimal. (This suggests it is not a priority for the entity to be a charity to qualify for charitable tax reliefs/maximise grants and donations).
- It is not intended that there will be any private gain for employee shareholders/directors as a result of the positions they hold in the governance of the entity. In particular, no employee shareholders of the entity should be eligible to be awarded dividends out of profits.
- It is crucial that employees are involved in the governance of the entity – both as directors and members.
- It was recognised that there needed to be a balance in the composition of the board with a number of independent (non-executive) directors required who could bring additional skills to the board.
- It is anticipated that each of the directors must also be shareholders of the entity with the right to vote in the directors and remove them but with no right to receive any dividends out of the profits.
- Only the 3 senior managers and 2 staff directors would be employees with the wider staff group electing the staff directors. This would involve the staff in the governance structure.
- We are keen to involve service users or their representatives/advocates in governance issues and would aim to have one of the independent directors representing service users.

- A mutual structure (whereby the staff group wholly or mainly owns the entity) would have support at Council level and from the general public/Service community.

6.2 Legal Form

The options paper prepared by Winckworth Sherwood focused on two legal structures; a Community Interest Company and a Community Benefit Society. Other legal forms were briefly touched on, these included:

- **Company limited by guarantee with charitable status** - Although this has the advantage of benefitting from various tax breaks and could attract support/donations from the public and funders, the key disadvantage was the difficulty in having staff as majority shareholders and serving as directors on the board of the charity.
- **Company limited by guarantee (without charitable status)** - Although a well-established legal form which allows for paid directors, it does not have a mandatory community or public benefit established in its constitution.
- **Charitable incorporated organisation** - This was discounted for the same reasons as for the charitable company limited by guarantee.
- **Company limited by shares** - This was discounted as it was not felt that it was appropriate for the new entity to be created as a profit making entity and award dividends to its shareholders.

Community Interest Company Limited by Shares

Having considered both the Community Benefit Society (charitable and non-charitable) and Community Interest Company models in detail it was decided to establish a Community Interest Company Limited by shares.

A CIC is a particular type of company which is a bespoke model for social enterprises that uses its assets and profits for the community benefit; the services to be undertaken by this company would clearly be for community benefit. CICs are regulated by the CIC Regulator in Companies House. In order to be registered as a CIC, a company must show that it will benefit the community; each year the directors must complete a Community Interest Report demonstrating how the CIC has benefited the community. This is filed as a public record at Companies House. The company articles have an asset lock which means that the assets of the company can never be distributed privately to individuals for non-community interest purposes unless sold at the market rate and its surpluses are reinvested in its services.

The key issues/considerations that led to the decision to establish a CIC included the following:

- Banks and commercial partners may be more likely to understand the CIC structure (as they will typically be comfortable with a type of company).
- Companies House/CIC Regulator are more efficient regulators than the Financial Services Authority (FSA) was although it remains to be seen how efficient the Financial Conduct Authority (FCA) will be in relation to co-operatives.
- It is more expensive to register a community benefit society than a CIC and the FCA charges higher annual fees than Companies House.
- There is greater transparency as a CIC with the requirement to publish an annual Community Interest Statement and instant access to information such as annual accounts and directors' appointments through the Companies House register.
- The regulation of CICs is unlikely to change in the foreseeable future, whereas the future for charitable community benefit societies is less certain as it is not clear when (if at all) the Charity

Commission will require community benefit societies to register with the Charity Commission or if a principal regulator will be appointed. The regulation of non-charitable community benefit societies is unlikely to change.

- The CIC structure is more suited to a smaller membership. It was decided that a smaller membership was more appropriate (see governance section below).

6.3 Governance

Membership

A number of different options in relation to governance were considered.

Whilst a wide shareholding membership involving all stakeholders (such as staff, service users and their families, the local authority, funders/commissions) was considered, managing such a structure would be costly and time consuming at a time when the resources of staff will need to focus on service delivery. Stakeholders may not have any real or sustained interest in taking on the responsibility of being a shareholder. In addition, having the wider staff as members, with the power to remove the board, could fetter the ability of the board of directors to make tough decisions.

It was therefore decided only to give all staff the opportunity to buy a £10 share with the independent directors also becoming shareholders providing a simpler, leaner governance structure. Rather than having other stakeholders as shareholders, stakeholders such as service users would be meaningfully engaged in the governance of the CIC through advsiory groups refererred to below. The staff shareholders will be alble to nominate or elect the staff director and any other rights set out in the Articles (such as attending meetings or being consulted). The company structure will be a board of up to 7. There will be up to 2 independent (Non-Executive) Directors, 2 elected staff Directors and the three Management Team Directors. The board will meet a minimum of 4 times a year. Discussions with CPFT are ongoing in regard to the position of NHS members of staff being permitted to become share owning stakeholders.

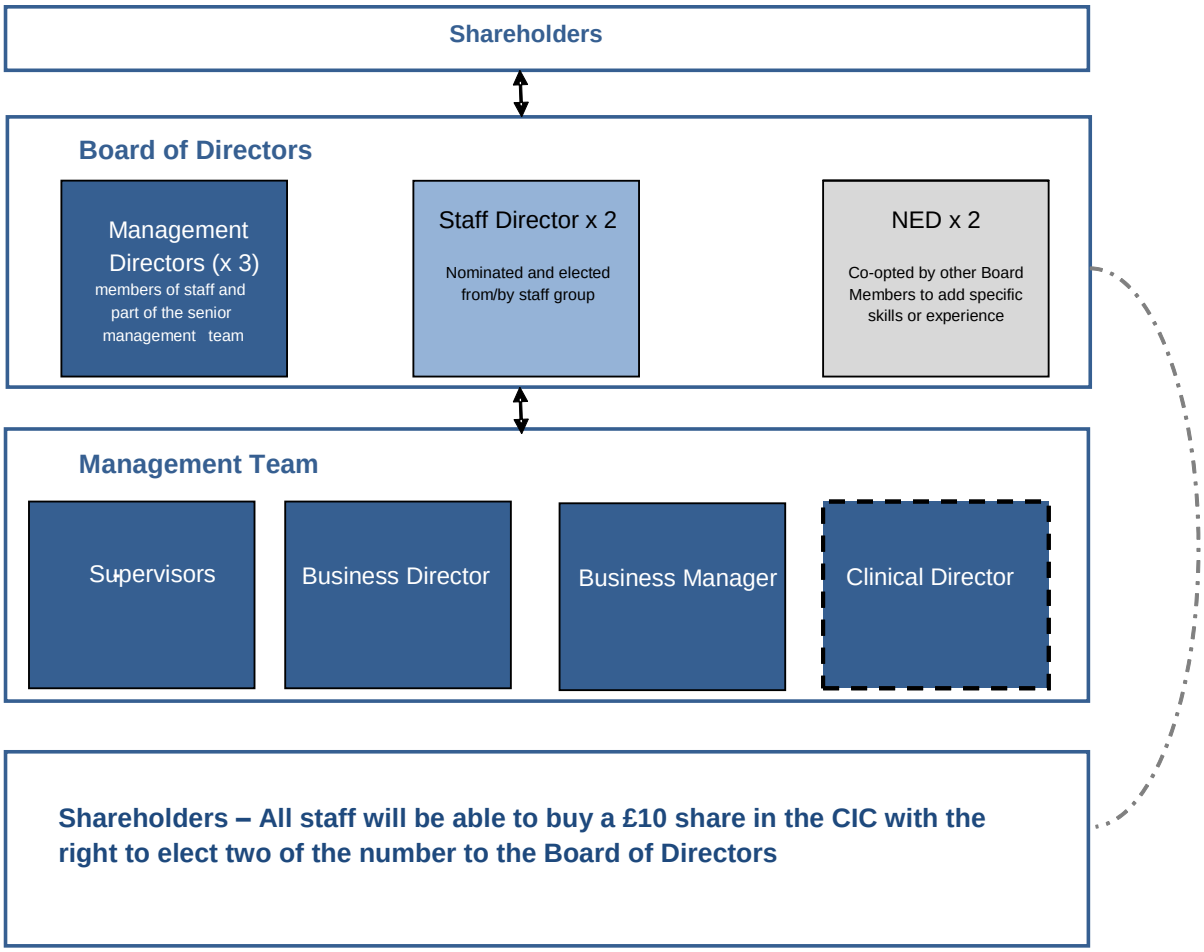
The company will develop employee representation so that it is infused through the company structure. Operational management will be led by the senior management team.

Board

It was agreed that Brigitte Squire, Tom Jefford and Judith Hill will be directors of the CIC by virtue of their office. Two independent non-executive directors will be appointed by the directors for their skills and/or experience to help establish a balanced mix of experience, sector and business skills on the Board, with up to one of these being a service user advocate or representative. Finally, two directors will be elected by the staff shareholders from amongst their number. This brings a total of 5 directors from the staff, thus ensuring that at least half the board are staff and thereby confirming its mutual status.

The Board of Directors will delegate the day to day running of the CIC to a Management Team as above. The Management Team will report performance to the Board on a regular basis, at least quarterly, and possibly every 2 months initially.

Proposed governance structure of CIC



Advisory Groups

We also discussed how other key stakeholders could have a voice/influence on the running of FAMILY PSYCHOLOGY MUTUAL in a meaningful and practical way. To achieve this, we propose that the following 3 Advisory Groups are established:

1. Service users.
2. Carers / service users' families.
3. Staff.

These groups will be chaired by Directors thereby giving a greater degree of connection between the Advisory Groups and the Board of Directors. An elected Staff Director would chair the staff group, which would comprise a cross section of staff, and a Non-Exec Director would be selected to chair each of the other advisory groups. The advisory groups would not have any formal decision making power within the new organisation.

Transition

We propose that the above governance structure is established and run in shadow form (pending the decision of the Children and Young People Committee) from February 2016 up until go-live in July 2016. This will enable coaching and mentoring of the Management Team (and Board), as well as any issues to be identified and rectified before the new organisation is formally launched. Whilst the social

enterprise would operate independently to the Council it is recognised that a strong partnership would be essential. The Council would maintain a proactive commissioning role based around a shared vision, and a robust delivery plan would underpin the agreed objectives. Regular reporting back to the Lead Member can also take place.

6.4 Distribution of Surpluses

It is our intention (and requirement as a CIC) to reinvest any surpluses we make into the service to offer enhanced service offerings to our customers. We do intend to encourage shareholders to have a direct say in how a proportion of surpluses are used. Current thinking is that they will have the opportunity to vote on a number of options for use of some surpluses (c.25%) presented to them by the Management Team which might include staff training opportunities.

The company will establish an independent wholly owned charitable subsidiary which will exist to further the charitable objects of the company. After investment a proportion of the surplus of the company will be gift aided to the charity to save corporation tax. The company will have representation on the charity as a Trustee but will not be in the majority required by the charity commission. This development will take in year two or three of the new business as it requires a significant amount of work to establish.

7. The Team

7.1 Leadership

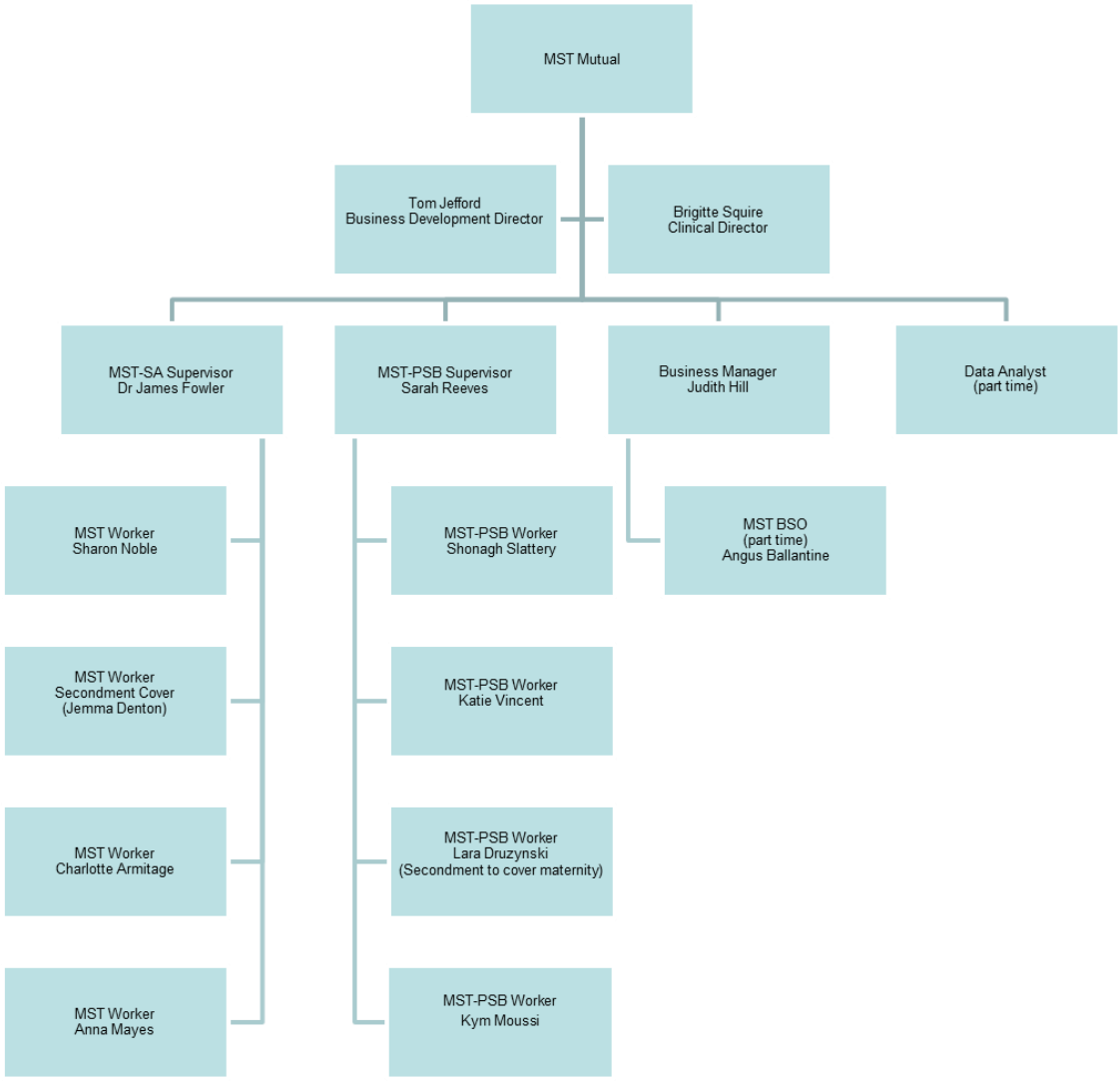
The company will be co-led by Brigitte Squire and Tom Jefford as joint CEO. Brigitte and Tom have worked together for the last 15 years. The decision to establish a trading company has been a result of a desire to develop and advance the adoption of evidence based practice and to deliver high quality, sustainable outcomes for families with high needs and for young people on the edge of care or custody.

The senior leadership team will include Sarah Reeves, Consultant Clinical Psychologist and James Fowler, Forensic Psychologist, and Judith Hill, Business Manager.

The involvement of employees in the leadership will be determined throughout the company including the board.

7.2 Team Structure

Below is an organogram of the mutual which includes the following 14 roles within the current team.



- Business Development Director (currently the Head of Youth Support Service)
- Clinical Director (currently Cambridgeshire MST Programme Manager)
- MST-SA Supervisor
- MST-PSB Supervisor / Essex MST Programme Manager (0.5 FT for each)

- Business Manager (currently MST Business Support Manager)
- Business Support Officer (0.5 FTE)
- Data Analyst (0.5 FTE) New post
- MST Worker (4 x 1 FTE)
- MST-PSB Worker (3 x 1 FTE)

7.3 General Job Descriptions

Below are general summarised job descriptions of the current roles within the team.

Business Development Director.
Business Development Director develops the business and organisation. Co-leads business development opportunities.

Clinical Director / MST Programme Manager
The Clinical Director / MST Programme Manager provides leadership and strategic oversight and has overall clinical & management responsibility for the two MST clinical service delivery teams. She is interested in service development and expansion and holds the budget of both teams.

MST-SA / MST-PSB Supervisor
The MST Supervisor is the clinical lead and supervisor of the specialist MST team and assures that the MST staff are adherent to the MST principles and guidelines. The Supervisor provides weekly supervision to the MST team and manages all the aspects of the service including active supervisory participation and planning of the 24/7 on call service. The Supervisor is responsible for securing a steady case referral stream and to communicate with the relevant stakeholders to promote the service and discuss any barriers as they arise.

MST / MST-PSB Worker
The MST Worker has an active case load of 3-4 families and sees families intensively in the home and community 3-4 times a week. The Worker is the lead professional during the MST intervention in collaboration with staff of other agencies. The work is very goal focused and is reviewed on a weekly basis with the Supervisor and the Consultant. The work is intensively supervised and quality assured to be able to adhere to the model. The MST Workers all participate via a rota in the 24/7 on call service for the families

MST Business Support Manager
The MST Business Support Manager is responsible for the operation of the administrative element of the MST service by supporting the teams to ensure that they can carry out their roles and responsibilities in an effective & efficient manner. This includes the support of both NHS and CCC staff and their respective IT, HR, Payroll and HR services.

Business Support Officer (part time)
The Business Support Officer provides office administrative and secretarial support to the MST teams and ensures adherence to the MST model by conducting the TAM telephone questionnaires. The analyst will gather collate and interpret data.

Data Analyst
The current team does not have a Data Analyst and this post will need to be recruited into.
The Data Analyst will be responsible for identifying, collecting and analysing clinical pre and post audit data to report on the effectiveness of the therapeutic interventions. He/she will present reports to different stakeholders about the output and outcomes of the service.

Skill transfer

The transferring staff group have significant clinical skills and are adept at working with strategic, operational and front line staff and partners. Engagement skills are absolutely key for working with the families and young people who will receive services. The senior managers have experience of operational strategic management, Human Resources, law, budget management and negotiation skills, all of which can be stretched when necessary.

It is acknowledged that transferring from the public sector to a commercial trading company will require all staff to change and adapt. There are some skills deficits to overcome in regard to financial management and accountancy, company law and business development skills. However, the company will seek to develop these skills and to also buy them in when necessary and appropriate to do so.

There are new skills to acquire including marketing, web development, social media, a new financial management system and commercial way of working that will crucially involve credit control and cash flow management and contract law. Also, we will have our own IT infrastructure and security measures to implement. We will also need to look at how we work and manage the business.

7.4 Training and Development

MST teams are vulnerable to turn over of both therapist staff and supervisors. There is not a pipeline of qualified and experienced staff to draw upon. Therefore the recruitment and training of staff and the lead in times to do so are long as staff have to be recruited and trained. The company will develop internal capacity for a therapist in a training role in order to reduce the risks of therapist turn over and the strain which this can place upon the remaining team if gaps exist for long periods.

The mandatory 5 day training requirements for MST Therapists and the discipline of booster training for the team and for their supervisor will remain. Additional training will be provided in house although some will be bought or supplied by the Local Safeguarding Children Board (LSCB), for example child protection training. Clinical Psychologists and family therapist have an annual CPD requirement for their continued registration.

A training and development plan will be established and a senior manager will be allocated this as an area of corporate responsibility.

To move the team from a service provision with a local authority to an external commercial enterprise will involve a steep learning curve and training will be required in the following areas:

- General Business Management training
- Xero Finance Package Training
- Taxation Appreciation training
- General Finance Understanding and appreciation. – credit control, debtor control
- Pensions & Payroll
- Contract & Procurement Law – especially for government & NHS
- Marketing and Brand Management – including Social media and SEO.
- IAPT training
- IT & Data security (DPA) training

8. Stakeholders

8.1 Stakeholder mapping

A stakeholder mapping exercise was conducted to identify all stakeholders relevant to the service. Once the service stakeholders were identified, they were then assembled into groups based on the type of organisation and communication need.

The table below illustrates these stakeholder groups and identifies stakeholders within each.

Stakeholder groupings

Stakeholder Group	Stakeholders
Council Members	Children and Young People Committee (chair Joan Whitehead; vice-chair David Brown) Group Leaders/Spokesperson Council Members (various)
Council Managers and LGSS staff	Chris Maylon (Chief Financial Director) Kim Dodd (Mental Health Commissioning) Rob Stephens (Finance, LGSS) Jenny Butler (HR Manager, LGSS)
Council SLT	Gillian Beasley (Chief Exec) Adrian Loades (Director of Children's Services) Chris Maylon (CFO) Quentin Baker (Head of Legal) Sarah Ferguson (Service Director Enhanced & Preventative Services) John Gregg (Director of Social Care) Children & Families Management Team (chaired by Adrian Loades)
MST Board	MST Board
Cabinet	Liz Robin (Director of Public Health)
Unions (NHS/Council)	Council Union (Unison) NHS Union (Unison)
CCG (Health Commission)	CCG (Jo Rooney Health Commissioners)
MST International Services	MST Affiliates (Adaptations) MST Health (Reach for control) MST Consultants (Phillippe Cunningham & Naamith Heiblum) MST Services (Keller Strother CEO) MST Network Partnership (Cathy James, NHS England)
Cambridgeshire & Peterborough Foundation Trust (CPFT)	CPFT Business Development (Steve Legood) CPFT Chair (Julie Spence) CPFT Chief Exec (Aidan Thomas) CPFT MT & HR (Rachel Higgenbottom)
Transferable Staff	Brigitte Squire MST Standard Team (James + 4 Specialists) MST Business Support (1.5) MST PSB (Sarah + 3 + 1maternity)
Adolescent Edge of Care Developments	Adolescent Edge of Care Developments
Service Users	YP & Families
CAN Team	CAN Team (disbanding)
FFT	FFT
Essex Social Impact Bond	Essex County Council Action for Children Social Finance CSSL

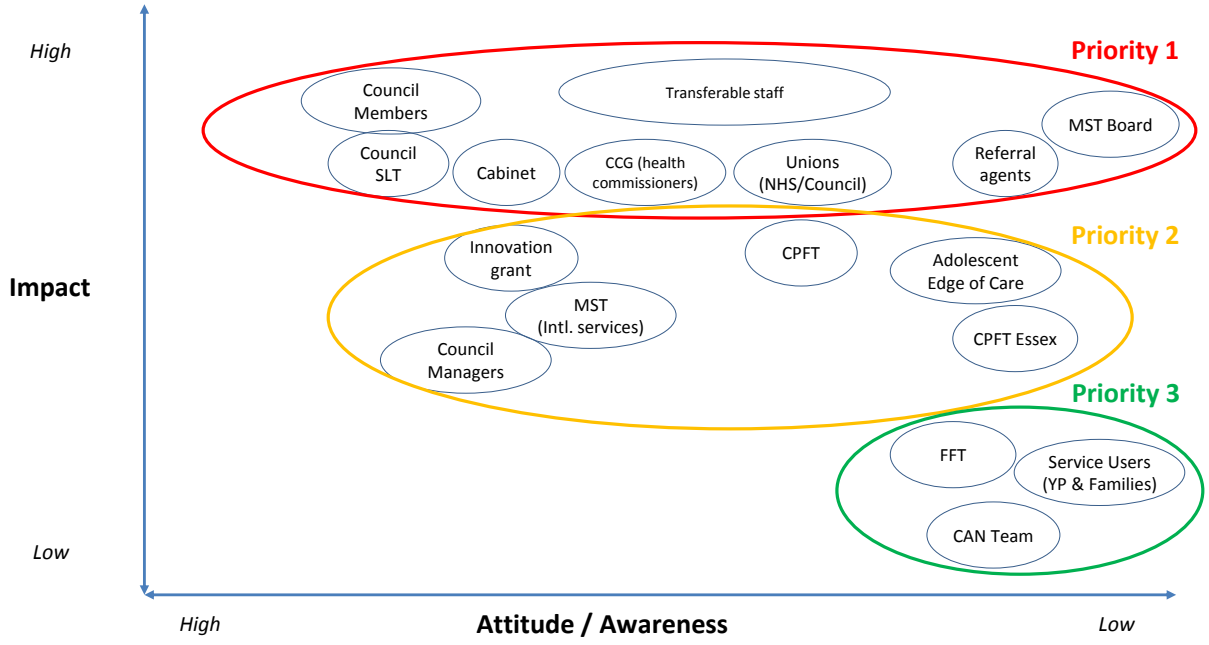
Innovation Grant	Innovation Grant
Referral Agents	Central Bedfordshire Bedford Borough Cambridgeshire

8.2 Stakeholder Prioritisation

Once we identified the groupings of the stakeholders, we conducted an exercise to understand each group's communication requirements. A technique for understanding stakeholder engagement is to consider their impact in terms of influence on the programme and their current attitude and awareness of the change and map it on a matrix.

We mapped the stakeholder groups to the matrix below. The level of impact and current awareness and attitude determines the type of engagement the team should undertake with them and the priority stakeholders for communication.

Stakeholder Prioritisation



Stakeholder groups have been allocated to different priority groupings based on the following:

- **Priority 1 Communications:** These stakeholder groups are highly influential to the success of the proposed change. They may be unaware of the change or currently have an unfavourable view. They require focused and timely communications.
- **Priority 2 Communications:** Whilst these stakeholder groups do not necessarily have a more favourable view of the proposed change they are less critical to its success. They are likely to require less frequent and less focused communications.
- **Priority 3 Communications:** These stakeholder groups are least critical to the success of the proposed change, and will only require some informative communications.

8.3 Stakeholder Communications Planning

Once the communication priorities were understood, we developed an outline communications plan. There are a wide range of possible communication channels and activities that can be utilised to reach the audiences across the stakeholder groups. The Communication Action Plan shown below outlines the plan for some of the Priority 1 stakeholder groups, and will be completed for each priority group and actioned during the transition phase as communication requirements can change over time and the key messages at the this point may be different to those at a later stage.

Who (Stakeholder Group)	What (Key messages)	How (Channel)	When	Responsible Person
Transferable Staff	▪ Rationale for the proposed change ▪ Benefits of the proposed change ▪ View of now versus future (in terms of service delivery, work responsibilities) ▪ Consequences of not moving (re-deployment / resignation) ▪ Status update on business plan – outputs from various workshops ▪ Importance of involvement of staff in business planning (involved in decision-making) ▪ Raising queries to any member of the project team	▪ Staff team meetings ▪ Service leads team meetings ▪ Emails from project team (Tom, Brigitte, Judith, James, Sarah) ▪ FAQs ▪ Central shared drive for minutes of meetings	▪ After each workshop ▪ Team meetings ▪ Fortnightly status updates emails	▪ Judith/Tom/Brigitte
Children Families and Adults Management Team	▪ Rationale for the proposed change ▪ Benefits of the proposed change ▪ Key milestones reached	▪ Set up 1hr meeting with each member ▪ Email from Tom & Brigitte	▪ Meetings > monthly ▪ Emails > after each milestone	▪ Tom & Brigitte
Council SLT	▪ Rationale for the proposed change ▪ Benefits of the proposed change ▪ Key milestones reached	▪ 1hr meeting with each member ▪ Email from Tom & Brigitte	▪ Meetings > monthly ▪ Emails > after each milestone	▪ Tom & Brigitte
Unions (NHS/Council)	▪ Rationale for the proposed change ▪ Benefits of the proposed change ▪ View of now versus future (in terms of service delivery, work responsibilities)	▪ Email from project team (Tom, Brigitte, Judith, James, Sarah) ▪ FAQs	▪ Monthly	▪ Judith/Tom/Brigitte

9. Quality Assurance and Monitoring

9.1 Quality and Performance Management

The company will be strongly outcome focussed and data driven with significant attention paid to providing performance information back to the commissioners on outcomes for cases. A data analyst function is seen as an important part of the company structure and will be central to the commissioning cycle.

Family Psychology Mutual will continue to operate within the well-established framework of quality assurance within the MST model along with additional quality assurance measures aimed at developing a robust data base about the service user experience and staff performance. As part of the MST license agreement all MST sites must adhere to the quality assurance mechanisms offered through MST services. These include the use of the therapist adherence measure – a user survey conducted by business support staff in which families answer questions that reveal their therapist's level of adherence to the MST model. Therapist adherence data is fed back into performance management and clinical supervision. The supervision process involves weekly group supervision meetings, fortnightly one to one supervision meetings, and weekly consultation with an expert provided by MST services. The supervisor and consultant performance is measured through surveys administered bi-monthly to therapist staff through an electronic gateway. The ultimate and instrumental outcomes of each case are measured at the time of case closure. This information, along with the average number of cases per therapist, therapist adherence, and other programme-level data is reviewed in a semi-annual meeting by the supervisor, consultant and programme manager. This programme implementation review is then shared with the team and community stakeholders, with actions agreed by all involved. Trends in instrumental outcomes are used to develop booster trainings, which are conducted quarterly by the MST consultant.

In addition to the typical measures built into the MST service agreement, Family Psychology Mutual will continue to employ methods of data collection which have served to inform service implementation and development. These include use of evidence-based questionnaires and measures from established research in the field. Strengths and difficulties questionnaires, client satisfaction questionnaires, parenting scales and conflict behaviour questionnaires are collected at the time of case opening and closure.

For new services other than MST, Family Psychology Mutual will adopt session by session outcome measures to collect evidence of the effectiveness of the services. There are well established measures in the field to collect ongoing progress of clients and their level of engagement in real time. Miller (2011)[18] summarised the impact of routinely monitoring and used outcome and alliance data from 13 RCT's involving 12,374 consumers demonstrating that it doubles the effect size, decreases drop-out rates by half and decreases deterioration by 33 percent. As the alliance between client and therapist accounts the most for treatment outcomes, monitoring of this alliance by using client feedback allows clinicians to identify and correct problems with engagement and reduce early dropout or risk of negative outcome. Agencies that adopt session by session feedback can improve their services and evaluate all treatments that take place in their agency and make the real time treatment more effective. This practice based evidence approach can supplement the evidence based programmes that cannot reach all clients in need of treatment. These measures have sophisticated IT systems attached that provide ongoing outcome progress for the client, therapist and supervisor. This data is used to evaluate the interventions during supervision and reports are used to review and

[18] Miller,S. (2011). Psychometrics of the ORS and SRS. Results from RCTs and Meta-analyses of Routine Outcome monitoring & feedback. The available evidence. Chicago, IL

modify service provision as a whole. The company is committed to adopt this practice and invest in the IT systems attached to the routine outcome measures.

All the data collected for quality assurance will be used to improve the quality of service offered, and has the potential to inform development of new service offerings.

Beside the collection of client outcome data, the company will have a robust performance management structure in place.

9.2 Risk Management

The MST teams are attuned to risk and safety planning is a central part of the initial assessment and ongoing work of the therapist. Working in people's homes can be more risky than in an office base or clinic and remote working requires effective systems for checking back and for the safe delivery of service. Risk assessment is a dynamic process and not a fixed or static description of subjects. Risk management requires the effective and contemporary sharing of information as events and needs change. Therefore close working relationships with partner agencies, robust information agreements and access to data systems will all contribute to risk being managed safely and effectively.

The company will establish a risk matrix and log (Appendix 3) which will be reviewed at each board meeting. This will be wider that practice issues as it will also evaluate company and corporate risks.

9.3 External Regulation

Ofsted
It has been clarified that we do not need to be registered with Ofsted. Ofsted advised that that social care providers including adoption & fostering agencies, Childrens Homes need to be registered and therefore we do not.

Care Quality Commission (CQC)
Family Psychology Mutual will need to register with the CQC. The CQC website advises that there are "five questions we ask of all care services. They're at the heart of the way we regulate and they help us to make sure we focus on the things that matter to people".

We ask the same five questions of all the services we inspect.

- Are they safe?
- Are they effective?
- Are they caring?
- Are they responsive to people's needs?
- Are they well-led?

Each of our five key questions is broken down into a further set of questions. We call these our *key lines of enquiry*. When we carry out inspections, we use these to help us decide what we need to focus on. For example, the inspection team might look at how risks are identified and managed to help them understand whether a service is safe. We use different key lines of enquiry in different sectors.

One person from Family Psychology Mutual will need to be the CQC registered "responsible and accountable" person.

NHS Information Governance.

Any external company wishing to provide services to a CCG or NHS organization must be registered, audited and approved with the NHS Information Governance Toolkit. It provides standards and guidance for the NHS and partner organizations

The Toolkit enables organizations to demonstrate and evidence adequate practice, management and governance in the following key areas:

- Information Governance Management
- Confidentiality and Data Protection Assurance
- Information Security Assurance
- Clinical Information Assurance
- Secondary Use Assurance

Whilst Family Psychology Mutual will initially be providing services to Local Authorities, strategic growth plans may result in CCG or NHS organisation commissioning services which would necessitate registration and compliance with the Toolkit. It therefore would be prudent to design our technology solutions and information governance models with the toolkit in mind, not only for best practice but also to proactively indicate our organisational readiness in this key area.

10. Resources

Below is a list of practical resources that we will need to deliver Family Psychology Mutual. Although at this stage the list is not exhaustive it is meant to demonstrate that there has been active thinking about what we need to deliver the service and new company.

10.1 Assets

The company will have limited tangible assets. It is intended to invest in a data system and a web site. The staff will have access to the data systems and computers of the organisation in which they are working. There may be a requirement to buy tablet computers for some direct work with young people and families. IT which facilitates remote working will be employed in order to efficiently use staff time given the geographical dispersal of the staff and the home working nature of the business.

10.2 Staff

The staff group are the most valued asset in the company. Maintaining a viable staff group is the most important resource imperative. The nature and intention of the mutual company should ensure the most conducive environment for staff to be able to develop professionally and to direct the development of the business.

10.3 Procurement & state aid

Advice has been sought in regard to the procurement requirements for the contract which will be applied for by the company from Cambridgeshire.

The Public Services (Social Value) Act 2012 came into force in 2013. It requires people who commission public services to think about how they can secure wider social, economic and environmental benefits. It requires commissioners to think about the services which they buy and if the ways in which services are bought can secure social benefits. The Act is a tool to help commissioners get more value for money out of procurement. It also encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems. It is this Act which may be used to argue for consideration of value in tendering processes.

The company will be supported in the initial start-up phase via a grant from the Innovation Grant from the Department for Education. This is granted under the provisions of the Local Government Act and is not state aid.

10.4 Support services

LGSS is the shared services organisation for Cambridgeshire County Council. Negotiations with LGSS for support services have begun. So far, LGSS have offered the following services at zero cost to support the provision of the MST services provided as the numbers are so small they can easily be absorbed by the organisation:

- HR Advisory - unless new employment policies and practices, or bespoke services are required.
- Health and Safety - unless new H&S policies and practices, or bespoke services are required
- Occupational Workforce Development

.

LGSS / Cambridgeshire County Council have offered the following services for a financial fee:

- LGSS Law – on an hourly rate
- LGSS Pensions – £3,300 + ongoing costs
- LGSS Insurance – Annual fee £3700 however, LGSS will need a better understanding of the nature and scope of the transfer in terms of size and services.
- LGSS Procurement - Ad-hoc support as and when needed at a chargeable daily rate .
- LGSS Finance – a minimum of £10K per year.

LGSS / Cambridgeshire County Council are still considering the following services where a corporate decision needs to be made:

- Facilities and Accommodation. Information has been provided about the requirements to provide the MST teams with the accommodation required for them to fulfil the MST licence agreement.
- IT. It has been agreed that an audit of requirements will need to be completed before a price per user can be offered. The cost to Family Psychology Mutual for this piece of work is £1600.

LGSS / Cambridgeshire County Council have offered the following service which will not be taken by Family Psychology Mutual due to the excessive cost involved:

LGSS Oracle Enterprise Business Systems: £25K setup fee.

This therefore means that the following services cannot be offered:

- HR Transactions including payroll (for 9 employees using the LGSS Pension scheme)
- Accounts Receivable / Account Payable

10.5 Contracts

A necessary pre-courser to the contract negotiations is the setting up of a commissioning group in Cambridgeshire County Council. There is also a need for the County to take advice and to consider its position and commissioning intentions without the involvement of the company members. These processes are evolving and will allow for a negotiation to begin with appropriate measures of probity and conflicts of interest dealt with.

The aim is for a contract with Cambridgeshire for a minimum of 3 years with a period of potential extension so as to avoid a new tender process at the end of the first period.

10.6 Licenses and insurance

There have been discussions with the UK Network partnership for MST and also with MST Services in the US regarding the development of the company. There is no issue with the company holding or managing an MST licence. The licence is site specific.

The company will be required to hold public liability insurance and public indemnity insurance. The costs of this have not yet been sought.

10.7 Financial Reserves

The company will seek to build a reserve over time and this is a safety net for liabilities, cash flow and adversity. The aim will be to secure three months running costs as an operating reserve in the next two years.

10.8 IT Infrastructure

A new IT infrastructure (website, e-mail, file storage, collaboration tools) will need to be designed and setup to support the “head office” function of the new company. At this time it is envisaged that the infrastructure will make full use of cloud technology and flexible off the peg solutions.

10.9 Information Governance & Security

As Local Authorities and potentially NHS bodies will be our main customers there will be a necessity to conform to Information Governance rules. These rules are largely incorporate best practice for Information Governance and Security – for example, evidencing the security of any case or patient data storage. This area will need further thorough investigation.

10.10 Financial System

Initial investigations have identified a potential suitable cloud based financial package to operate and manage the financial aspects of the company. This will also require the recruitment of an accountant to assist with financial aspects of running the new company.

10.11 Office Space and Furniture

It is anticipated that the two teams will remain located physically within Cambridgeshire County Council. Although the new company will exist within the Cloud with the strong aim to be available anywhere, anytime with a cabled internet or Wi-Fi connection there will still be need to have access to office space for the day to day access to resources such as a postal address for Royal Mail post, MFDs for printing, scanning and copying etc. and for meeting rooms. Initial investigations have identified hot-desking options which will give access to the resources needed at a reasonable monthly per desk cost. Discussions with LGSS are on-going.

11. Finances

Please see Annex 1

12. Transition Plan

It is our ambition to establish Family Psychology Mutual as a social enterprise and be fully operational by July 2016, having fully transitioned all necessary staff, resources and services in the run up to establishment.

The Transition Plan is based on the assumption that the Council agrees (at the Children and Young People Committee in February 2016 meeting) that spinning out the MST service to an independent social enterprise presents a commercially viable business
The full details of the transition phase are given in Appendix 2 (Transition Plan). This includes details of the implementation of the following:

- Support services
- Legal form and governance
- Employment and TUPE
- Pensions
- Financial model
- Existing contracts
- Assets and properties
- Procurement process

Outlined below is a high level summary of the plan with timelines for delivery.

CAMBS MST HIGH LEVEL IMPLEMENTATION PLAN		2015																													
№	ACTIVITIES	Jan					Feb				March					April				May				June					July			
1	Project Management and Communications																														
2	Key Milestones																														
3	Business Plan Development																														
4	Support Services																														
5	Legal Structure	Done																													
6	Governance Structure																														
7	Employment / TUPE and Pensions																														
8	Financial Model																														
9	Existing Contracts																														
10	Assets and Properties																														
11	Procurement																														

Funding for external support for the transition implementation phase is included in the Cabinet Office MSP grant which provides specialist support from Social Finance, Mutual Ventures and Winckworth Sherwood during this period.

13. Risks

The development of a spin out company holds a number of risks at an individual, team and organisational level. There is reputational risk to the County Council should the venture quickly fail or be unable to sustain itself. The County is also being asked to consider a contract which is longer than the current budget planning cycle during a time of continued financial restraint. This is new process and so the pathway to achieving a functioning company is novel for the company and for the County. Managing conflicts of interest and sufficient separation of the commissioning process requires careful negotiation.

The employees who transfer via TUPE to the new organisation are taking a risk as they move from the relative security of the Local Authority and NHS to a new company without a track record of trading. The market is still at an early stage of development and whilst initial business may be secured, the success of the company is predicated on long term growth and diversification.

The team is currently a cohesive group with a committed senior management team. The threat of change, turnover and adversity will be harder to absorb in a smaller traded company although of course can be more nimble and responsive to change in a positive way too. The new company is ready to seek advice and support from a range of sources but will need to establish viable business and trading credentials as it stands on its own in a competitive market.

A full risk log has been developed which details the known risks and mitigation – see Appendix 3.

14. Appendices

The appendices which follow are to support the business plan and provide further details which have been considered/produced to ensure the sustainability of the new organisation.

Appendix 1 – MST Background and Evidence

MST has an unrivalled pedigree of Randomised Control Trials and over 30 years of successful implementation. It is designed for families with a young person between the ages of 11 to 17 with serious behavioural problems and at risk of going into care or custody. It was originally developed with a focus on reducing youth reoffending but has increasingly been used to prevent care entry, particularly in the UK. MST is the programme of choice in Norway where there is national coverage of the service.

MST has strong evidence of improving child and parent outcomes in the short and long term from 26 published studies. The START trial, led by Dr Peter Fonagy, will report this year on the outcomes following the expansion of MST in 2007/8 and is the largest study into adolescent conduct disorder in the world. RCTs have been conducted in the USA but also in New Zealand, the UK and Norway which has a highly developed social welfare system. MST has consistently demonstrated positive outcomes in reducing long-term re-arrest rates (by 25-70%), reducing out-of-home placements (by 47-64%), improved family functioning, decreased substance use and reduced mental health problems for youth[19].

MST was first introduced to the UK in 2001 in Belfast, then Cambridgeshire and then at the Brandon Centre in London. A further ten teams were established in 2007/8, and there are now over 35 teams in England, Scotland and North Ireland[20]. The vast majority of these provide MST Standard, though MST for Child Abuse and Neglect is provided by 3 teams, as is MST for Problem Sexual Behaviour; both of these variations are provided in Cambridgeshire. It is hoped to develop MST Health for young people with chronic and enduring health conditions and this is being explored with commissioners.

Growth of MST in England

2001
Brandon Centre
Cambridgeshire

2007/2008
Barnsley
Greenwich
Hackney
Leeds
Merton & Kingston
(Peterborough)
Reading
Sheffield
Trafford

2010/11
Wirral
Birmingham

MST Adaptations

Brandon Centre PSB & CM
Cambridgeshire CAN & CM
Cambridgeshire, Peterborough
& Bedfordshire PSB
Greenwich CAN
Leeds CAN
Sheffield PSB

2012 - 2014
(Bristol)
Cheshire
Coventry
Derby
Derbyshire South
Essex 1&2
Haringey & Waltham Forest
Knowsley
Leeds South & West
Leicester
Manchester
Merton, Sutton & Kingston 2
Newcastle
Northamptonshire
Northamptonshire 2
Nottingham
Oldham & Tameside
Portsmouth
Tri-borough
Wigan

Under development 2014
Newcastle MST CAN
North Yorkshire
Sandwell

Many, if not all of the new teams have had either formal or informal contact with Cambridgeshire or have received implementation advice.

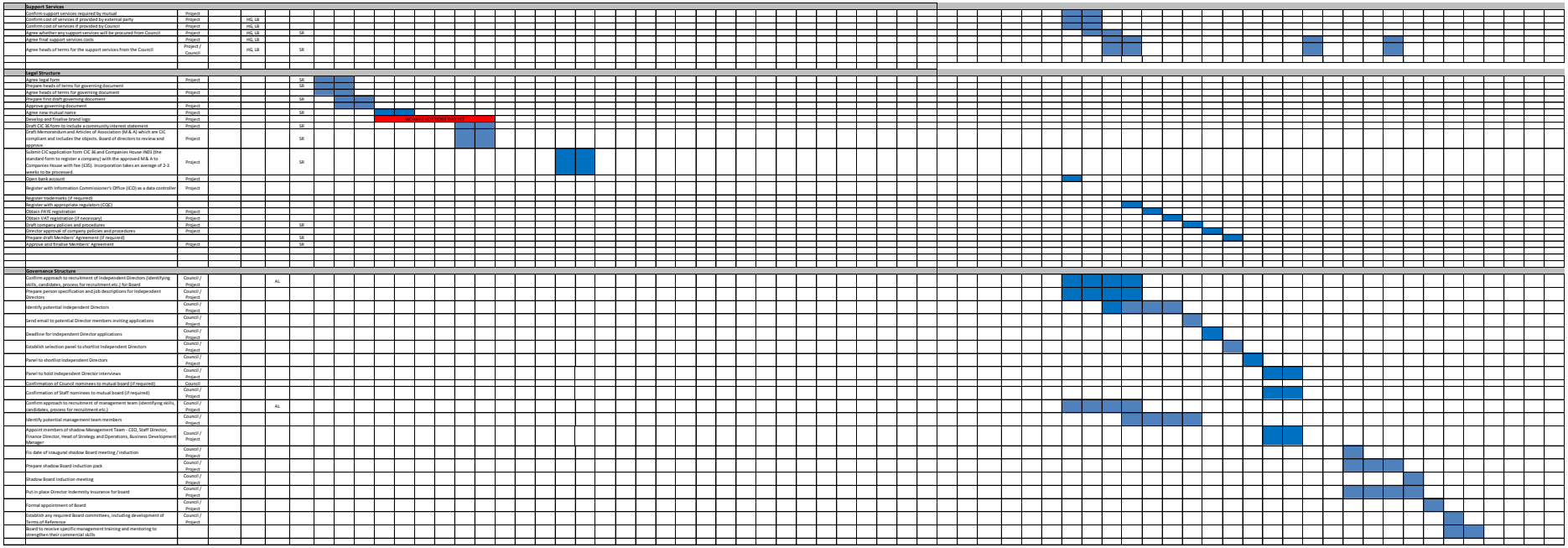
[19] A complete research overview is provided at: www.mstservices.com/outcomestudies.pdf

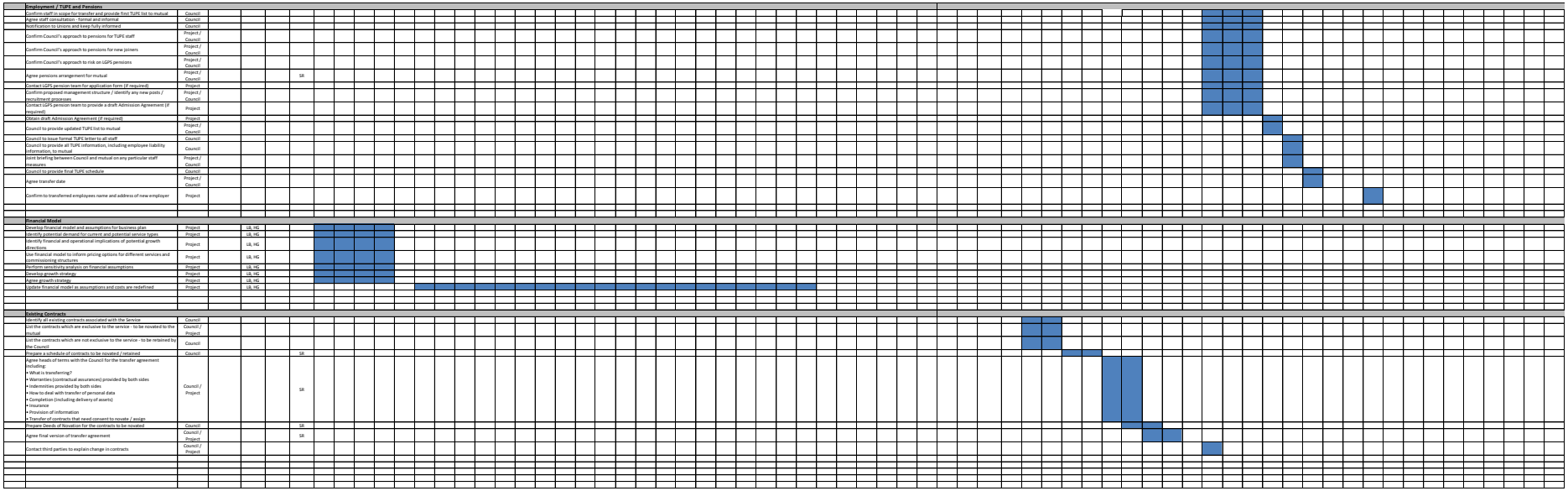
[20] www.mstuk.org/mst-uk/mst-uk-teams

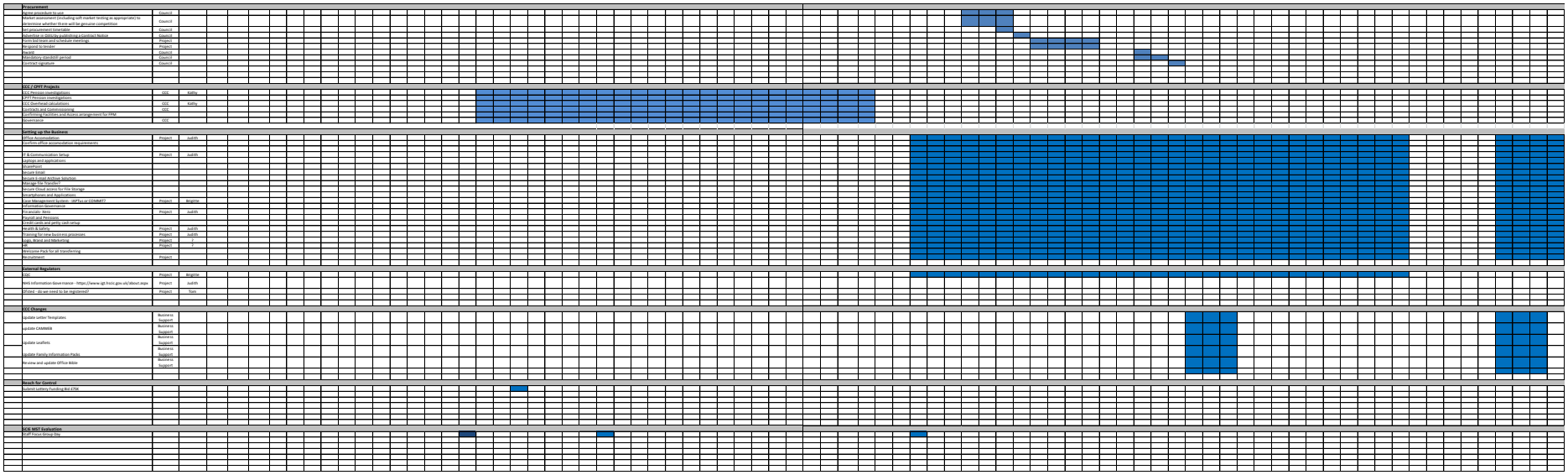
Appendix 2 – Transition Plan

The table below shows the plan for the transition activities required to enable the new organisation to become operational by July 2016.

ACTIVITIES	CAMBS LEAD	Cambs NAME	SF LEAD	MV LEAD	WS LEAD	June					July				August					September				October				November					December				January				February				
						01-Jun	08-Jun	15-Jun	22-Jun	29-Jun	06-Jul	13-Jul	20-Jul	27-Jul	03-Aug	10-Aug	17-Aug	24-Aug	31-Aug	07-Sep	14-Sep	21-Sep	28-Sep	05-Oct	12-Oct	19-Oct	26-Oct	02-Nov	09-Nov	16-Nov	23-Nov	30-Nov	07-Dec	14-Dec	21-Dec	28-Dec	04-Jan	11-Jan	18-Jan	25-Jan	01-Feb	08-Feb	15-Feb	22-Feb	29/2
Project Management and Communications																																												
Obtain project management resource	Project																																											
Weekly project team meetings	Project																																											
Bi-weekly program meeting	Project		HG, LB	AL, BA	SR																																							
Identify and appoint specialist PR/marketing organisation to support the implementation of communications plan/branding	Project			AL, BA																																								
MST Team Comms	Project																																											
Priority 1 Comms	Project																																											
Priority 2 Comms	Project																																											
Priority 3 Comms	Project																																											
KSD 1 - Lessons learnt case study	Project			AL, BA																																								
KSD 2 - Guide to obtaining buy-in from children's services stakeholders	Project		HG, LB	AL, BA																																								
KSD 3 - Overview of the improvements in the service as a result of the mutual	Project		HG, LB	AL, BA																																								
Closure workshop	Project		HG, LB	AL, BA																																								
Key Milestones																																												
First Draft Business Plan finalised	Project		HG	BA							Done																																	
Getting the legal entity setup																				Done																								
Approval from Council to establish Mutual	Project																																											
GO LIVE ★	Project																																											
Business Plan Development																																												
Finalise context and drivers for change	Project																																											
Finalise vision, mission and purpose	Project																																											
Finalise market analysis (Pestle, SWOT, Customer, Competitor, USP)	Project																																											
Finalise services offering	Project																																											
Finalise organisational form (legal form and governance)	Project																																											
Finalise team structure	Project																																											
Finalise stakeholder mapping	Project																																											
Finalise quality assurance and monitoring	Project																																											
Finalise resources	Project																																											
Finalise finances (finance model, sensitivity analysis, VAT, Tax, Assumptions)	Project		HG																																									
Finalise transition plan	Project			BA																																								
Finalise risks and mitigations	Project		HG, LB																																									
Finalise business plan	Project		HG, LB	AL, BA	SR																																								
JF New Mexico Report																																												
Finalise Finance Plan																																												
Business Plan updated with USP, IG & Finance Plan & Outcomes																																												
SMT Meeting with project updates																																												
Spokes Report / Meeting																																												
SMT Meeting for any final changes																																												
Tom to send Committee Paper to Adrian Loades (19th Jan)																																												
Paper sent to Democratic Services (via SF/AL) (26th Jan)																																												
Papers published (29th)																																												
CYP Committee Meeting (9th February)																																												


Support Services
Confirm support services required by mutual
Confirm cost of services if provided by external party
Confirm cost of services if provided by Council
Agree whether any support services will be procured from Council
Agree final support services costs
Agree heads of terms for the support services from the Council
Legal Structure
Agree legal form
Prepare heads of terms for governing document
Agree heads of terms for governing document
Prepare first draft governing document
Approve governing document
Agree new mutual name
Sewtop and finalise brand logo
Draft CIC 36 form to include a community interest statement
Draft Memorandum and Articles of Association (M & A) which are CIC compliant and includes the objects. Board of directors to review and approve.
Submit CIC application form CIC 36 and Companies House IN01 (the standard form to register a company) with the approved M & A to Companies House with fee (£65). Incorporation takes an average of 2-3 weeks to be processed.
Open bank account
Register with Information Commissioner's Office (ICO) as a data controller
Register trademarks (if required)
Register with appropriate regulators (CQC)
Obtain PAYE registration
Obtain VAT registration (if necessary)
Draft company policies and procedures
Director approval of company policies and procedures
Prepare draft Members' Agreement (if required)
Approve and finalise Members' Agreement
Governance Structure
Confirm approach to recruitment of Independent Directors (identifying skills, candidates, process for recruitment etc.) for Board
Prepare person specification and job descriptions for independent Directors
Identify potential Independent Directors
Send email to potential Director members inviting applications
Deadline for Independent Director applications
Establish selection panel to shortlist Independent Directors
Panel to shortlist Independent Directors
Panel to hold Independent Director interviews
Confirmation of Council nominees to mutual board (if required)
Confirmation of Staff nominees to mutual board (if required)
Confirm approach to recruitment of management team (identifying skills, candidates, process for recruitment etc.)
Identify potential management team members
Appoint members of shadow Management Team - CEO, Staff Director, Finance Director, Head of Strategy and Operations, Business Development Manager
Fix date of inaugural shadow Board meeting / induction
Prepare shadow Board induction pack
Shadow Board induction meeting
Put in place Director Indemnity Insurance for board
Formal appointment of Board
Establish any required Board committees, including development of Terms of Reference
Board to receive specific management training and mentoring to strengthen their commercial skills


Employment / TUPE and Pensions
Confirm staff in scope for transfer and provide first TUPE list to mutual
Agree staff consultation - formal and informal
Notification to Unions and keep fully informed
Confirm Council's approach to pensions for TUPE staff
Confirm Council's approach to pensions for new joiners
Confirm Council's approach to risk on LGPS pensions
Agree pensions arrangement for mutual
Contact LGPS pension team for application form (if required)
Confirm proposed management structure / identify any new posts / recruitment processes
Contact LGPS pension team to provide a draft Admission Agreement (if required)
Obtain draft Admission Agreement (if required)
Council to provide updated TUPE list to mutual
Council to issue formal TUPE letter to all staff
Council to provide all TUPE information, including employee liability information, to mutual
Joint briefing between Council and mutual on any particular staff measures
Council to provide final TUPE schedule
Agree transfer date
Confirm to transferred employees name and address of new employer
Financial Model
Develop financial model and assumptions for business plan
Identify potential demand for current and potential service types
Identify financial and operational implications of potential growth directions
Use financial model to inform pricing options for different services and commissioning structures
Perform sensitivity analysis on financial assumptions
Develop growth strategy
Agree growth strategy
Update financial model as assumptions and costs are redefined
Existing Contracts
Identify all existing contracts associated with the Service
List the contracts which are exclusive to the service - to be novated to the mutual
List the contracts which are not exclusive to the service - to be retained by the Council
Prepare a schedule of contracts to be novated / retained
Agree heads of terms with the Council for the transfer agreement including:
• What is transferring?
• Warranties (contractual assurances) provided by both sides
• Indemnities provided by both sides
• How to deal with transfer of personal data
• Completion (including delivery of assets)
• Insurance
• Provision of information
• Transfer of contracts that need consent to novate / assign
Prepare Deeds of Novation for the contracts to be novated
Agree final version of transfer agreement
Contact third parties to explain change in contracts


Procurement
Agree procedure to use
Market assessment (including soft market testing as appropriate) to determine whether there will be genuine competition
Set procurement timetable
Advertise (i.e. OJEU) by publishing a Contract Notice
Form bid team and schedule meetings
Respond to tender
Award
Mandatory standstill period
Contract signature
CCC / OPT Projects
CCC Pension investigations
OPT Pension investigations
CCC Overhead calculations
Contracts and Commissioning
Property transfers and Access arrangement for FPM
Ownership
Setting up the Business
Office Accomodation
Confirm office accomodation requirements
IT & Communication Setup
Laptops and applications
SharePoint
Secure Email
Record E mail Archive Solution
Storage File Transfer?
Secure Cloud access for File Storage
Smartphones and Applications
Data Management System - (AFTER or CONNECT)
Information Governance
Procedures -Kera
Payroll and Pensions
Credit cards and petty cash setup
Security & Safety
Training for new business processes
Logo, Brand and Marketing
HR
Welcome Pack for all transferring
Recruitment
External Regulators
CQC
Web Information Governance - https://www.igt.hscic.gov.uk/about.aspx
Affiliate - do we need to be registered?
CCC Changes
Update Letter Templates
Update CAMHEB
Update Leaflets
Update Family Information Packs
Re-view and update Office Bible
Reach for Control
Submit Lottery Funding Bid 47M
DCB: MST Evaluation
Staff Action Group Day

Appendix 3 – Risk Register

ID #	Risk Description	Risk Owner	Likelihood (H/M/L)	Impact (H/M/L)	Risk Score	Risk Status (R/A/G)	Mitigating Action	Residual Risk Estimate (H/M/L)
1	Cambridgeshire ceases to fund MST Standard	TJ & BS	H	H	**9**	R	MST Standard funding is secure to 2016/17 in budget plan. MST-PSB is secured until March 2016. The Local Authority commissioning process is currently in progress	Medium - management of risk to be maintained
2	Central Beds or Beds Borough seek to spot purchase and not contract for MST PSB	TJ , BS & SR	H	M	**6**	A	Director of Social Care has written to Beds Borough and Central Beds to secure commitment. Spot purchasing is taking place. Funding from Dept of Ed will support commissioner development in the two Beds Authorities	Medium - management of risk to be maintained
3	Staff decline TUPE or leave	All	M	M	**4**	A	Staff engagement is continuing to develop and staff have joined the planning team. Engagement in the workshops has been very positive	Medium - management of risk to be maintained
4	Senior staff leave (TJ,BS,SR,JF)	All	L	L	**1**	G	Senior staff are committed to the venture	Low - under control
5	Less demand than expected from commissioners for MST and evidence based programmes	TJ & BS	M	H	**6**	A	TJ and BS are well networked. TJ will allocate time to business development. Business leads are being pursued.	Medium - management of risk to be maintained
6	Market is unwilling to bear the costs of a traded service	TJ & BS	M	H	**6**	A	Market testing and sensitivity analysis is a continuing part of the planning process. Our unique selling point will be used to explain the higher costs	Medium - management of risk to be maintained

7	Social investment is not forthcoming	TJ & BS	L	M	**2**	G	So far the indications are positive but this does need to translate into confirmed business. The company structure will allow for business investment	Medium - management of risk to be maintained
8	Legislative change	TJ & BS	L	L	**1**	G	Mutual development and SIBs have cross party support at present and the Conservatives look set to continue this support	Low - under control
9	Financial planning does not take into account true operating costs or fails to take account of costs	TJ & BS	H	H	**9**	R	Care is being taken to plan the finances appropriately but the margins are tight and a growth strategy plan is being planned	High - active management of risk ongoing
10	Governance failure as board fails to offer sufficient challenge or accountability	TJ & BS	L	H	**3**	G	The formation of the board has yet to take place	Medium - management of risk to be maintained
11	Relationship failure with Cambridgeshire	TJ & BS	L	L	**1**	G	No sign that relationships are at risk	Low - under control
12	Service offer cannot be delivered due to staff shortages	All	M	M	**4**	A	Careful matching of resources to commitments will need to be made	Medium - management of risk to be maintained
13	Political resistance to the mutual process	TJ & BS	M	H	**6**	A	No sign of resistance as yet	Medium - management of risk to be maintained
14	Failure to transition to a mutual within specified timeframe	TJ & BS	M	H	**6**	A	Project plan has been devised to take into account all elements that will need to happen to ensure transition	Medium - management of risk to be maintained
15	Insufficient resource to deliver transition plan within required	TJ & BS	M	H	**6**	A	Detailed Transition Plan and Resource Plan will be prepared, enabling resource requirements to be identified	Medium - management of risk to be maintained

	timescales							
16	Due diligence identifies issues and additional liabilities in respect of transferring contracts/assets/staff to mutual	TJ & BS	H	H	**9**	R	The appointed legal firm is supporting the due diligence process and ensuring that appropriate indemnities are included within the transfer agreements in agreement and liaison with LGSS Legal	High - active management of risk ongoing
17	Mutual and Council unable to agree acceptable transfer terms	TJ & BS	M	H	**6**	A	Key transfer principles will be established as part of the business planning process involving senior stakeholders. The transition process assumes a phased process allowing time for further discussion and agreement on key transfer principles. The Council will consider this further on 9th February	Medium - management of risk to be maintained
18	Commissioned contract is subject to procurement challenge	TJ & BS	M	H	**6**	A	Under consideration - a contract award notice could be published following a decision to award the contract to the mutual	Medium - management of risk to be maintained
19	Failure to secure admitted body status with LGPS/TPS	TJ & BS	M	H	**6**	A	Early contact was made with the LGSS pensions team. A PIM was requested and delivered to inform all parties of the current pension position with the aim of providing information to form the decision making process for both parties. This is currently in progress.	Medium - management of risk to be maintained

20	Failure to agree landlord/ tenant repair and maintenance obligations or staff accommodation	TJ & BS	M	H	**6**	A	Contact has been made with the LGSS Council team to negotiate appropriate liabilities and responsibilities. The operational service will need to remain an embedded service for effective functioning however, this is under review	Medium - management of risk to be maintained
21	ICT: Failure to implement resilient ICT infrastructure by go live date, leaving Mutual unable to operate effectively	TJ, BS & JH	M	M	**4**	A	Following final approval to proceed, a detailed Transition Plan and Project structure will be developed to manage the implementation. This will include key milestones to ensure on time delivery	Medium - management of risk to be maintained
22	Loss of employee goodwill during transfer process to a mutual	TJ & BS	L	M	**2**	G	TJ/BS has and will ensure clear, open, and effective communication is maintained throughout the transfer process through staff briefings and consultation events. The Evaluation process supported by SCIE has helped to facilitate this	Low - under control