

MULTI SYSTEMIC THERAPY MUTUAL

To: Children and Young People Committee

Meeting Date: 10th March 2015

From: Adrian Loades, Executive Director: Children, Families and Adults Services

Electoral division(s): All

Forward Plan ref: N/a **Key decision:** No

Purpose: To inform the Committee of the proposed direction of travel for the Multi Systemic Therapy (MST) services

Recommendation:

- a) To agree to the preparatory and developmental work being undertaken for the creation of a spin out company
- b) To agree to a further report being presented in the autumn for a key decision on the future arrangements for MST

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1.0 BACKGROUND

1.1 Introduction

This paper explains the history and experience of the Council in running and managing intensive services for adolescents with high level needs on the edge of care or custody using a specific licenced intervention. The paper then develops an argument for how the continued delivery of such licenced services might best be undertaken by a traded company that sits outside of the Council as an independent organisation

- 1.2 There is an emerging body of research and data which demonstrates that some programmes or interventions are much more likely than others to consistently achieve better outcomes for children and adolescents. These interventions are known collectively as 'evidence-based practices'. There have been repeated attempts to define those programmes which are evidence-based and those which are not in terms of their evidential standard in contemporary academic literature. There are also lists of programmes, each with their own key requirements for qualifying evidence, promoted by different organisations in different countries. Often these will expect that a programme has been the subject of at least one Randomised Controlled Trial (RCT) which is the generally accepted gold standard for research design. It is also expected that a programme can be replicated in different settings and that the programme can define itself with a manual that sets out how the programme should run.

Multi Systemic Therapy (MST)

- 1.3 One of the best known of the evidence based practices for adolescents is Multi Systemic Therapy (MST) and this is owned by MST Services in the USA. There is a long pedigree of research that shows better outcomes for MST than comparative treatments or interventions across the USA and Europe. Although positive outcomes have not been universally found in replicated sites there is strong evidence to suggest that where MST is properly implemented and embedded it will deliver well. In order to practice MST an organisation must operate under a licence and engage in training, supervision and on-going consultation with MST Services in order to assure the quality and adherence to the therapeutic model. The model itself is a hybrid of therapies, principally systemic family therapy and cognitive behavioural therapy.
- 1.4 An MST team is usually led by a Clinical Psychologist with three or four therapists who work small caseloads intensively at the family home. Typically each therapist holds four cases with the intervention lasting 5 months. Each case has a clear set of target goals which are reviewed through weekly consultation and supervision. There is a strong internal quality assurance process and measures are put in place to ensure that the focus is continually on outcomes. The team also offers a 24/7 telephone support line which is available to parents. The aim is to build parental capacity so that sustained behavioural change can be achieved which will leave the family better able to cope with the referral behaviours, often anti-social behaviour and offending. Staff are employed either through the Council or are seconded from the NHS.
- 1.5 Cambridgeshire developed a service for young people at risk of custody using

Multi Systemic Therapy (MST) in 2001. This was one of the first teams to be established in the UK at the time. This service expanded its remit to take young people on the edge of care in 2003. Given our experience of working with MST the Departments of Health and Education supported Cambridgeshire to develop a second team in 2009 for a new clinical variant of MST for child abuse and neglect cases as a four year international trial. A third team for young people with sexually aggressive behaviour in collaboration with the two Bedfordshire Authorities was set up in 2012.

1.6 MST and other evidence based interventions have become much more common since 2001 and there are now over 40 sites in the UK. However one dilemma for Local Authorities is the long term investment and funding of a relatively high cost service which requires a regular volume of business to be cost effective. There are examples of joint service arrangements for Local Authorities to work across a large area in order to ensure that the team is able to operate at maximum capacity. This is already in place with the two Bedfordshire Authorities. Other options include seeking alternative arrangements for the commissioning of specialist services, including trading the service outside of the Local Authority or NHS.

1.7 The Council is likely to continue to commission the standard MST service as it meets the needs of higher risk young people whom might otherwise enter public care. The child abuse and neglect team will close at the end of the funded trial in July 2015. The child abuse and neglect team has delivered some impressive results but is a very expensive service which requires significant and sustained clinical input and it has been technically challenging to deliver. A great deal has been learned and this experience will be hopefully be retained. The problem sexual behaviour service is currently in negotiation with the original partners to seek a sustainable funding position whilst discussions with other Local Authorities are also being started to see if a wider group of Councils can support it.

1.8 **Public Sector Mutuels**

There is significant encouragement from central Government to develop services which are borne out of the public sector but might be able to operate in a commercially traded environment. To this end the Cabinet Office has established a Mutual Development Service to offer advice and support to services who might wish to develop into new companies. The aim is to support greater diversity in the market place to deliver services which have more commonly been the preserve of the NHS or of the Local Authority. The implication is that by creating a market for services there will be efficiencies and innovation which will lead to lower costs and better outcomes.

1.9 There are a number of legal forms that may be created in order to facilitate a transfer of a service from the Local Authority to a trading company. The one favoured by the Cabinet Office is a staff led mutual. This is similar to the well-known model operated by John Lewis (an Industrial and Provident Society). Other legal forms include Community Interest Companies, of which there are several forms or indeed new charitable organisations established under Charity law. Government has supported, as far as EU procurement law allows, the establishment of a number of mutual companies which provide services such as ambulance services, community care services and youth services. Early research indicates that these services are more productive than their NHS or

Local Authority counterparts with reduced sickness levels and lower costs. However there are mutual companies which have suffered financial stress and have been reliant upon a single large contract rather than establishing a broad business base.

- 1.10 Given these developments, there is an opportunity for the Council to explore how the benefits of the MST intervention could be retained in the context of shrinking resources for the Council, whilst making the most of the commercial opportunities available should the services move into a mutual company outside of the Council.

2.0 MAIN ISSUES

- 2.1 Officers have begun to explore the options for the long term future of the MST teams. Last summer an application for seed funding was made to consider the feasibility and potential for the MST services to become independent (or 'spin out') of the Council. A small grant was awarded in August which allowed for an initial business and financial plan to be developed in collaboration with the social investment firm Social Finance. Three members of staff also attended a Cabinet Office sponsored four day Mutual Development course delivered by PA Consulting in November and December in order to learn more about the processes and issues involved.

2.2 Department for Education Innovation Grant

An initial expression of interest was made to the Department for Education Innovation Grant in August, and Cambridgeshire was invited to progress to the second round for a full bid submission in October. This required a more detailed application to be prepared with some external consultant support being made available. In effect this is a high level business plan that establishes the potential for the service to operate as a business. This included an assessment of the business and growth potential of the service and a risk analysis. A declaration of interest has been signed by the Head of Service which will allow for the work towards commercialisation to be clearly identified and to manage conflicts of interest as they emerge.

- 2.3 The application was considered by the Department for Education Board on 12th January with the full funding request being granted of £585k. £70k of this funding will be required to pay for an evaluation. The grant will support capital funding to enable the service to prepare to move out of the Local Authority. The plan is to seek to grow a diverse business base in the Eastern region that is able to sustain itself outside of the Local Authority. The grant is paid under section 31 powers of the Local Government Act. This allows for some flexibility in the use of the grant by the Local Authority but the expectation of the award by the Department for Education is to fulfil the aspirations set out in the grant application.

2.4 Benefits of a social enterprise

It would be possible to develop a Local Authority Traded Company which retained a tie to the Local Authority rather than to develop a staff led mutual which would not. This would be similar to the LGSS model. However a Local Authority company would not attract investment from the Innovation Fund given the determination of Government to create new organisations that challenge

the public sector to work in new ways within the 'rewiring public sector' agenda. The initial advice offered so far by the Cabinet Office provides a clear steer towards mutualisation and a new organisation being created which can freely trade without a tie into the Council. One of the reasons that this may be a good time to spin out and create a company is the emergence of new models of funding and new opportunities which are seeing private sector involvement in the delivery of public sector outcomes.

- 2.5 It is clear that new innovations such as investment by social investors using private sector capital have begun to develop new opportunities for the expansion of the work that might be attracted to social enterprises. There are new funding vehicles such as Social Impact Bonds (SIB). For example, there are two MST teams now working in Essex which are funded by a SIB. Essex County Council are paying for a service which will reduce their looked after children numbers. The financial risk is held by the investors and the outcome payments are structured upon the number of care days 'saved' as young people whom might have been accommodated remain in the community supported and managed by the MST Teams. One of the issues for this type of investment generally is the new and emergent nature of the market and of the relative immaturity of the service provider market to deliver. This creates an opportunity for new service provider organisations to develop and to expand.
- 2.6 The current service, operating within CFA, has a budget cost centre which does not show costs for the infrastructure, office or governance costs which it incurs as these are embedded in corporately held budgets. This is one of the challenges in regard to taking a service out of the Council. Financial planning will need to understand these costs because the service will have to meet them once it becomes a company. This could have the effect of making the costs of delivering the service from an external position appear more expensive when compared to the current cost centre within the Local Authority. There may be a deal to be struck for the continued use of some of the assets currently used such as office accommodation and IT for the services which will continue to deliver services to the Council. At a later stage there is a negotiation to be had between the company and the Council regarding these costs and the resulting price of the services which will be offered. It is anticipated that a contract with Cambridgeshire will be negotiated. Recent changes to procurement rules should make it easier to award a contract at the outset without full market contestability, although that will be a matter for the Council to consider after taking advice.
- 2.7 One of the advantages for the Council in the service becoming a company is in a clear commissioning arrangement being put into place so that the costs and outcomes for the service are agreed for delivery. Another is the opportunity for the new company to attract new funding from social investment and other sources which will reduce the costs and overheads. The new company may be able to develop a social impact bond which will enable the Council to develop a payment by results mechanism that will move risk and investment costs from the Council and onto investors. The company would also become liable for its own staffing and redundancy costs should it fail to win business or contracts. The structure would also allow the Council to spread costs across other partners whilst still retaining access to an intensive and proven model of intervention.

2.7 Next steps

In regard to next steps there will need to be a statutory consultation with staff and the provisions of TUPE will apply for employment rights to be preserved at the point of transfer. A new company would need to gain admitted status to both the Local Government and to the NHS pension scheme in order to achieve parity of conditions. There is still a considerable amount of planning and negotiation to take place but the pre-conditions for this development, at this point, appear reasonably favourable.

2.8 As this development will be a key decision for the Council it is anticipated that whilst much of the pre work and development will be undertaken from this point the decision will be taken by Council as to whether to agree or not in the autumn.

2.9 There are a number of potential risks which arise from the proposal, which members will want to consider. This work will continue through the business planning process. These are outlined in Appendix A.

3.0 ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

3.1.1 The development of a trading company will secure jobs in Cambridgeshire and will potentially lead to growth as the company seeks to expand.

3.2 Helping people live healthy and independent lives

3.2.1 No significant implications

3.3 Supporting and protecting vulnerable people

3.3.1 The continued development of evidence based approaches to young people on the edge of care or custody has the potential to achieve positive outcomes for young people, their families and communities

4.0 SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

4.1.1 As described in paragraph 2.5 above, there are resource implications for the County as a result of the proposal to create a spin out company. As part of the negotiations between the new company and the County there will be a discussion regarding some of the core costs of the infrastructure required to support the emergent business. At present the County covers all of the costs of the services, including office rental, HR, IT and governance costs. It is anticipated that negotiations will begin to unpick the issues regarding these costs so that they are not recharged back to the County at full cost once the company is established.

4.2 Statutory, Risk and Legal Implications

4.2.1 A risk register for the new company has been established and is at appendix A. This is not the first time that a mutual development has been considered by the Council although the scale of this venture is relatively small. There is a reputational risk to be considered, not least as central government funding has been secured to develop the proposal further which places an expectation upon the Council. As mentioned above there are potential conflicts of interest

to manage as the company formation is considered. This will need to be actively managed and acknowledged as the process develops and as negotiations progress. The intention is to return to Committee with a paper in the autumn for a proposal for a key decision to be made. At that point a summary of negotiations to date and of those still to be undertaken can be detailed.

4.3 Equality and Diversity Implications

- 4.3.1 Should the proposal progress then a full consultation will need to be undertaken with staff and a community impact assessment completed

4.4 Engagement and Consultation Implications

- 4.4.1 Early discussions with the affected staff have been undertaken and further staff development is planned

4.5 Public Health Implications

- 4.5.1 There are no public health implications

4.6 Localism and Local Member Involvement

- 4.6.2 There are no significant localism issues. This is not being brought to committee as a right to challenge

Source Documents	Location
None	