Transformation Challenge Award

2015-16 Final Bid Form B

B. Encouraging places that have ambitious plans to work in partnership across the public sector and with the voluntary and community sector or private sector to re-design services.

Disclaimer
There shall be no expectation of grant until authorities have been formally notified in writing by the department. All the applicant's costs and charges incurred as a result of making this application shall be for the applicant's account and cannot be claimed as part of the project.

The Data Protection Act: Freedom of Information Act 2000
The Department for Communities and Local Government undertakes to use its best endeavours to hold confidential any information provided in any application form submitted, subject to our contracting obligations under law, including the Freedom of Information Act 2000. If you consider that any of the information submitted in the application form should not be disclosed because of its sensitivity, then this should be stated with the reason for considering it sensitive. The department will then consult with you in considering any request received under the Freedom of Information Act 2000 before replying to such a request.

Applicants should be aware that the following conditions will also apply to all bid applications:

- We may use your information for the purposes of research and statistical analysis and may share anonymised information with other government departments, agencies or third parties for research and statistical analysis and reporting purposes.
- Our policies and procedures in relation to the application and evaluation of grants are subject to audit and review by both internal and external auditors. Your information may be subject to such audit and review.
- We propose to include light touch monitoring by the department utilising publicly available information. We would encourage applicants to regularly publicise progress on their websites and disseminate good practice.
- The department will publish summaries of all successful bids.

2015-16 Transformation Challenge Award – Final Bid Form

Completed final bid forms should be approved and signed by the Section 151 officer of each local authority partner to the bid and authorised person for other partners. The form should be returned in electronic format to transformation@communities.gsi.gov.uk by no later than 5pm on 1 October 2014. Please also complete and send a complete New Economy CBA Tool with your application.

PART A: BID INFORMATION

Section A1: Bid information

Note: This bid is for the Transformation Challenge Award 2015-16 B.

Local authority name/Name of bidding organisation:	West London Alliance (WLA) (Lead Authority – London Borough of Harrow)
Name of contact(s):	David Lillicrap
Position in authority:	Head of Programme Management
Telephone number(s) of the contact(s):	0208 825 9646
Email address of the contact(s):	lillicrapd@ealing.gov.uk
Amount of grant bid for:	£1.2M
Amount of capital flexibility bid for:	N/A
Name of partner organisation(s):	London Borough of Barnet London Borough of Brent London Borough of Ealing London Borough of Hammersmith and Fulham London Borough of Harrow London Borough of Hillingdon London Borough of Hounslow West London JCP District North-West London JCP District West London Mental Healthcare Trust North-West London Mental Healthcare

	Trust
Short project title:	West London Mental Health and Employment London LEP Pilot – National Trailblazer
Short project summary *[max 150 words]*:	This project will move people in receipt of benefits with common mental health problems into sustainable employment. Through integrating local employment and mental health services and providing tailored support to individuals, we will transform services across geographical and public sector boundaries to secure long term system change. The project is supported by mulitple central government departments and local partners, led by seven West London Alliance (WLA) Boroughs. The approach helps deliver the WLA 'vision for growth' objectives, builds on recent 'Rand' research and learning from other places, has been co-designed by local partners and founded on service user insights. 1050 people will be supported. It's hoped the project will be funded through TCA and ESF and it will be rigorously evaluated in line with the approach agreed for the four Trailblazers nationally. The Return on Investment ratio is 1.27 – 2.08 with a payback period of between 1 and 4 years.

Section A2: Eligibility criteria

Note: This bid is for the Transformation Challenge Award 2015-16 B.
Please tick to confirm that the bid meets all the following eligibility criteria:

1. Savings must exceed the amount of grant / capital receipt flexibility sought. ☐ **YES**
2. The bid must have a positive impact on service users. ☐ **YES**
3. As a minimum, bids must be in partnership with at least one other partner. This could be another local authority, public authority, the Voluntary and Community Sector, or a private sector partner. ☐ **YES**
4. *For capital flexibility only*. That the value of the asset sale is genuinely additional to those disposals that would have happened anyway – tick or specify not applicable. ☐ **YES**
5. The proposal has been signed off by your Section 151 officer. ☐ **YES**

PART B: BUSINESS CASE

Section B1: Strategic Case

This section should cover:

Objectives and rationale

a. Objectives - what are you trying to address/improve
b. The reason for transformation - why the existing approach needs to change and the impact of not transforming services

Proposed transformation

c. The new service model you are proposing *[high level description is fine]*
d. Any other options have you considered and why is this is the best option *[this only needs to be covered at a high level – you are not required to cost other options]*
e. How this transformation fits with wider priorities for you and your partners

[Please complete in the box below – maximum 3 pages]

a. Objectives

In the West London Vision for Growth, which all boroughs have signed up to one of the stated goals is to radically improve success rates for employment programmes for residents.

To further support this vision, groups of WLA boroughs are developing a place based approach to dealing with adult worklessness in specific areas of deprivation; and an early initiative focussed on dealing with young people. Specifically the proposed jobs teams in Barnet and Brent will have access to the Mental Health and Employment Trailblazer services to improve outcomes for their client base where relevant.

There are an increasing number of people with mental health problems claiming benefit for an extended period of time. People claiming benefit due to mental illness cost the UK around £105bn each year (including health, sickness absence, police, and welfare and employer costs). Employment support provided through the mandatory regimes for ESA work related activity groups (WRAG) and through the Work Programme are not demonstrating efficacy In the WLA boroughs it is estimated that 28% of the people claiming ESA and JSA have a mental common health problem. 95 % will continue to be out of work for more than 12 months. 1 in 7 men develop clinical depression within 6 months of losing a job. The objectives of this project are to:

- Help ESA and JSA claimants with common mental health problems to obtain work more quickly than they would otherwise achieve and to sustain it for 6 months or more
- Test and evaluate non-medical interventions for claimants with common mental health problems
- Test and evaluate ways of integrating employment support and mental health services
- Contribute to a credible evidence base engaging a minimum of 1040 people between April 2015-March 2018.

b. The reason for transformation

Employment support and mental health services for people with mental health problems are generally provided separately. Evidence suggests very little emphasis is given to becoming work ready via mental health services and the employment support services rarely take account of health and wellbeing issues. Assessments are done separately, analysis is not shared and this leads to fragmented service provision. Frequently people with mental health problems are not well placed to co-ordinate their own services. If the services are not integrated they will continue to be unnecessarily

expensive and lack efficacy.

c. The new service model

Three high level co-design workshops have been held to inform this bid. They have included representatives of all the WLA boroughs, Cabinet Office, Department of Health, Department for Work and Pensions, Public Service Transformation Network, Central North West London Mental Health Trust, Centre for Mental Health, West London Mental Health Trust, Mind, Public Health Services IAPTS, Mind, UCL Partners, Jobcentre Plus and Work Programme providers.

Building on the evidence in the Rand Report and the feasibility testing being carried out by DWP, the intention is to introduce an Individual Personal Support (IPS) intervention into each borough which takes account of employment and mental health support services in their location.

IPS is an eight step intervention developed for people with severe and enduring mental health problems. It includes:

- Access to IPS supported employment for people with mental illness who want to work
- Employment support integrated with mental health treatment
- Competitive employment as a goal
- Access to personalised benefit counselling
- Job search soon after the person expresses an interest in working
- Employment specialists engaging systematically with employers
- Continuous job support
- Clients preferences are honoured

During roll out the IPS service will need to be shaped to meet the needs of the cohort with common mental health problems receiving relevant benefits. The full service offering will be limited to 12 months job search and a further 6 months support in work.

The service integration principles across all WLA boroughs will be:

- Cross-training for mental health and employment support services
- Consistency of message about the importance of gaining employment from mental health and employment support service providers
- Early intervention
- Integrated service with clear pathways from primary and secondary care services, social workers and JCP
- Clear eligibility criteria (people with common mental health problems, claiming ESA as a new claim, pre WCA or WRAG or JSA)
- Customer engagement through information sharing sessions conducted at JCP or in health services
- Data sharing between JCP, mental health service and IPS providers by consent
- Delivered by people with the right capability, and
- Fully evaluated in line with the evaluation approach agreed across all the Mental Health and Employment Trailblazers

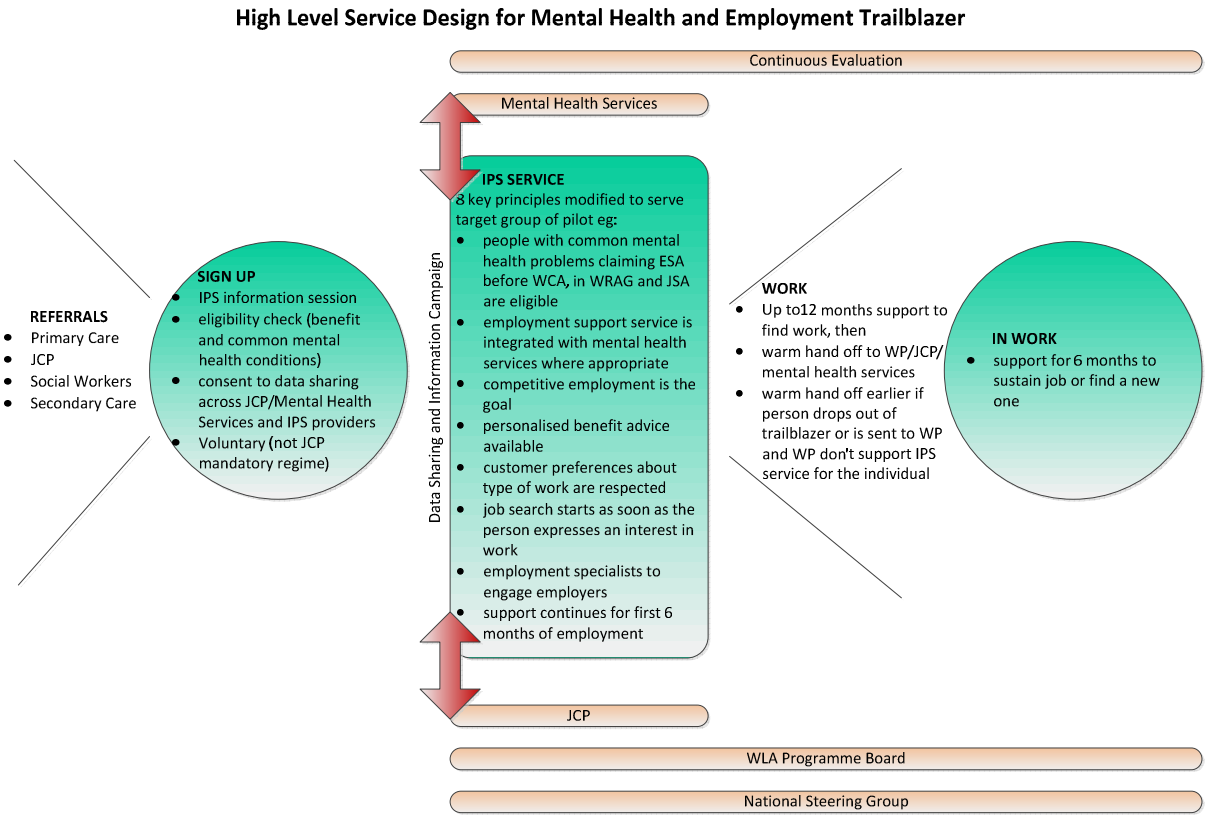
There will be a phased roll out across the boroughs during the first year which will provide a test and learn environment from which each borough can learn from earlier phases of the roll out. This learning is expected to inform the way services are provided and create an integration and convergence of the service models across WLA where this is sensible and meets local demand. Phased roll out will start 1st April 2015

The number of potential users in each borough are summarised in this table, these were downloaded from the NOMIS dataset on 4th September:

Local Authority	Cohort part i - ESA Assessment Phase with Mental and behavioural disorders	Cohort part ii - ESA Assessment phase with secondary mental health issues	Cohort part iii - ESA WRAG with Mental and behavioural disorders	Cohort part iv - ESA WRAG with secondary mental health issues	Cohort part v - ESA Assessment phase - On Flow (for 12 months) with Mental and behavioural disorders	Cohort part vi - ESA Assessment phase - On Flow (for 12 months) with secondary mental health issues	Cohort part vii - JSA Claimants	Cohort part viii - JSA Claimant - On Flow (Estimate for	Total
Barnet	111	13	109	9	95	12	51	7	407
Brent	113	18	113	12	97	16	77	10	456
Ealing	101	16	100	10	102	17	71	9	426
Hammersmith and Fulham	74	7	91	6	70	8	39	4	299
Harrow	94	12	82	7	84	11	30	4	324
Hillingdon	90	11	77	7	86	11	38	6	326
Hounslow	59	8	63	5	53	7	40	6	241
7 Borough Total	642	85	635	56	587	82	346	46	2,479
WLA Total	568	78	544	50	517	74	307	42	2,180

This takes account of the likely need for a randomised control approach these numbers assume 15% attachment into the IPS programme, which is considered to be a conservative assumption.

Service Model Diagram



d. Any other options have you considered and why is this is the best option

We considered a range of models during the co-design workshops and concluded that an IPS approach had the strongest evidence base, could build on the DWP feasibility pilots, would be easier to specify and set up and could be introduced taking account of the existing service delivery landscape in each borough. In addition IPS is reasonably well understood in the mental health environment which would be persuasive in gaining the support of the mental health services. As an alternative we considered a model which focused initially on a separate and comprehensive assessment of lifestyle, behaviour change, employment and mental health needs and then sought to co-ordinate all the relevant services. We concluded this approach would be too wide ranging, more complex to set up, would dilute the evidence base on employment support and may create demand for increased mental health services.

e. How this transformation fits with wider priorities for you and your partners

As the economy improves in West London and more jobs become available our employment and skills agenda has moved to getting those traditionally further from the labour market into work or up-skilling them so they can reduce or end their benefit dependency. WLA boroughs are already involved

in a Jobs Team TCA project which seeks to develop intensive co-located hot spot services to address islands of entrenched worklessness. Our Skills Escalator project seeks to enable low earners in receipt of benefit to up-skill through short courses and earn more.

f. Evaluation

One of the key objectives of the Trailblazer is to test whether IPS has efficacy amongst people with common mental health problems and to explore whether and how its key principles might be modified to best serve this group.

The Trailblazer will be evaluated in line with the Meta Evaluation Framework developed by Cabinet Office for all four Mental Health and Employment Support Trailblazers. The detailed WLA Trailblazer evaluation will be developed with the support of DWP and will build on the learning from the RAND pilots. It is anticipated the methodology will include a random control group. The evaluation will be continuous, with interim reports ever 4 to 6 months to inform the test and learn approach as the Trailblazer is rolled out across the WLA Boroughs. The procurement will invite bids from independent experts to undertake the pilot evaluation.

Section B.2: Financial Case

This section should cover:

Financial impact

a. Using the New Economy CBA Tool *[to be submitted with bid]* please provide the following information:
   - Net present budget impact
   - Payback period
   - Breakdown of cashable savings by each partner
     - What discussions have you had with partners to confirm these

Funding

b. Any other sources of funding, setting out the extent to which these are confirmed and whether they are dependent on the Transformation Challenge Award

Risks and sustainability

c. Any financial risks, for example the potential for costs to increase.
d. The sustainability of savings in future years

Additionality:

e. If you have agreed or are bidding for other funding, how will Transformation Challenge Award funding enable you to achieve additional benefits
f. If bidding for capital receipt flexibility, how the asset sale is additional to what would have happened anyway

[Please complete in the box below – maximum 3 pages]

Financial impact

Introduction

To reach this CBA analysis two separate CBAs were developed, the first, a conservative one based solely on fiscal benefits from reduction in benefits claimants, which produces a compelling Net Value, a second was developed including "all public sector benefits", which provides a significantly higher return.

We have predicated the Business Case on the more conservative model; and this is the version attached in support of this bid.

Based on the conservative model, the proposed programme has a Net Present Budget impact is £685k, with an ROI of 1.27 and a payback period of 4 years. Below, is the summary Financial case from the New Economy CBA tool:

Financial Case (Fiscal CBA)		Financial Year					Net Present Value (NPV)	
		2015	2016	2017	2018	2019		
Actual costs	Costs	£ 777,630.00	£ 1,205,610.00	£ 607,215.00	£ -	£ -		
	Benefits	£ 584,567.16	£ 1,052,220.88	£ 818,394.02	£ 584,567.16	£ 350,740.29		
Discounted costs	Costs	£ 777,630.00	£ 1,163,413.65	£ 565,453.79	£ -	£ -	£ 2,506,497.44	
	Benefits	£ 584,567.16	£ 1,015,393.15	£ 762,108.97	£ 525,310.83	£ 304,154.97	£ 3,191,535.07	
							-£ 685,037.63	Net Present Budget Impact
							1.27	Overall Financial Return on Investment
							4 years	Payback period

The alternate "all public sector benefits" model that was developed, taking account of a range of public services where there is a proven benefit from reduced unemployment. Due to complexities in translating these savings (to which a cash value can be ascribed) to an actual cashable saving; the Business Case is not predicated on these savings.

However, it is interesting to note, that taking these wider benefits into account the Net Present Budget impact increases to £2.692M, with an ROI of 2.08 and the payback period reduces to 1 year.

Financial Case (Fiscal CBA)		Financial Year					Net Present Value (NPV)	
		2015	2016	2017	2018	2019		
Actual costs	Costs	£ 774,165.00	£ 1,202,145.00	£ 603,750.00	£ -	£ -		
	Benefits	£ 950,473.55	£ 1,710,852.40	£ 1,330,662.98	£ 950,473.55	£ 570,284.13		
Discounted costs	Costs	£ 774,165.00	£ 1,160,069.93	£ 562,227.09	£ -	£ -	£ 2,496,462.02	
	Benefits	£ 950,473.55	£ 1,650,972.56	£ 1,239,146.63	£ 854,126.07	£ 494,538.99	£ 5,189,257.81	
							-£ 2,692,795.79	Net Present Budget Impact
							2.08	Overall Financial Return on Investment
							1 years	Payback period

As we have chosen not to take the wider benefits modelled as being cashable, they are discussed as non-monetised benefits in the Economic Case in section 3, below.

Benefits

In the conservative model chosen, cashable savings will mainly accrue to the DWP, through reduced benefits claims. DWP have been involved in the co-design process and have confirmed that any instances of ESA claimants returning to work will result in a reduction to the benefits being paid.

Timeframe

The model's analysis timeframe is a five year assessment reflecting the pilot nature of the programme. For the planned two pilot years, the impact has been phased to taking into account the following:

- The phased nature of the rollout
- The proportion of claimants by borough
- a normal distribution has been applied to the duration of time the IPS intervention is required for
- Where there is a successful employment outcome; the reduction in impact has been modelled using a Poisson distribution.

Intervention Effectiveness and Deadweight

The deadweight assumption and the assumption on effectiveness is based on research from the centre for Mental Health and the results of the EQOLISE study that showed that IPS participants were twice as likely to gain employment (55% v. 28%) compared with traditional vocational rehabilitation alternatives. This can be regarded as conservative, as to date, IPS has been targeted at claimants with Severe and Enduring Mental Health Conditions; who are regarded as being further away from the workforce.

Cohort Calculations

Analysis from NOMIS shows that in excess of 27,000 claimants who would meet the criteria for the

IPS intervention. The CBA uses an attachment rate of 3.8% in line with the available funding for this pilot; based on the mid-point of published costs for implementing IPS.

The detail of the cohort calculation is presented in section 1. In order to achieve a pilot that can produce an evidence base, a minimum of 1040 participants is required. The overall cohort number that could be achieved is over 2500; this higher figure was developed using conservative assumptions, presenting an opportunity to offer IPS to a greater number of claimants.

The CBA has assumed the lower 1040 number of participants; as the project budget will not be able to afford the intervention on the higher number.

Optimism Bias
The Optimism Bias has been set at 25%, despite the fact that the figures being used are acquired from similar pilots of IPS targeted at "severe and enduring"; and from available published Government data; we have taken a cautious approach reflecting the innovative nature of the proposal.

Funding

The main source of matched funding is expected to be a £1.2M European Social Fund bid to match the £1.2M being bid for from the TCA.

In addition to this, Barnet have committed £340k to fund 2 complementary interventions IPS for ESA claimants with severe and enduring Mental Health conditions and Psychological support in JCP.

In kind resources that boroughs are making available are outlined in section 3, below.

Funding for 2014 / 2015
To develop the TCA bid, WLA have drawn on resources across the boroughs and used the expertise and the goodwill of partners. However, WLA requires £95,000 funding in 14/15 to ensure early implementation. These funds would pay for a Programme Lead, Programme Manager, detailed co-design work, communication and engagement across the 19 agencies whose existing services need to align with the new service. The funds will also allow and early effective contracting with and evaluation partner.

Risks and sustainability

The nature of the commissioning contract will manage the risk of increasing costs; bidders will be expected to absorb inflation in their bids; and the unit costs approach will mean that when the budget cap is reached, no further claimants will be referred into the IPS programme.

The assumptions on the reductions in demand on other public services are likely to carry significant inaccuracies. However, this risk has been eliminated is by only basing the business case on the reductions in benefits claims.

From a sustainability perspective, It is anticipated that by the end of pilot period (2018), sufficient evidence of success will be available to build a compelling case for scaling the model; and funding the IPS intervention on an on-going basis; possibly through a different commissioning model for DWP Work Programme funding. Furthermore, the success of the programme will serve to increase partners' confidence in a sub-regional approach to tackling these issues.

Additionality:
The TCA funding will allow for additional ESA claimants to be offered the IPS support. The overheads for commissioning a £1.2M IPS programme are very similar to delivering a £2.4M IPS programme; as the work required e.g.: procurement, evaluation does not scale because twice as many claimants are being referred to the planned IPS programme.

The bid is not applying for Capital Flexibility.

Section B.3: Economic Case

This section should cover:

Economic case impact

a. Using the New Economy CBA Tool *[to be submitted with bid]* please provide the following information:
   - Net present public value
   - Summary of costs and benefits (fiscal, economic and wider social) over life of project
   - Key assumptions made and how they have been tested, including any assumptions on optimism bias

Sensitivity analysis

b. Any sensitivity analysis you have carried out on key assumptions

Non-monetised costs and benefits

c. Any non-monetised costs
d. Any non-monetised benefits
e. The anticipated benefits to local people

[Please complete in the box below – maximum 3 pages]

Economic case impact

The Net present public value, from the conservative CBA model, of the pilot is £2.459M with a public value return on investment of 1.98. The summary Economic case from the New Economy CBA is shown, below:

Economic Case (Public Value CBA)		Financial Year					Net Present Value (NPV)
		2015	2016	2017	2018	2019	
Actual costs	Costs	£ 777,630.00	£ 1,205,610.00	£ 607,215.00	£ -	£ -	
	Benefits	£ 909,655.22	£ 1,637,379.39	£ 1,273,517.30	£ 909,655.22	£ 545,793.13	
Discounted costs	Costs	£ 777,630.00	£ 1,163,413.65	£ 565,453.79	£ -	£ -	£ 2,506,497.44
	Benefits	£ 909,655.22	£ 1,580,071.11	£ 1,185,931.15	£ 817,445.40	£ 473,300.89	£ 4,966,403.77

£ 2,459,906.33	Net Present Public Value
Not applicable	Public Value for Money BCR
1.98	Public Value Return on Investment

As with the Financial Case, it is worth noting the improvement to £29.22M of Net present public value, and a public value return on investment of 12.71. When the "all public sector benefits" model is used.

Economic Case (Public Value CBA)		Financial Year					Net Present Value (NPV)
		2015	2016	2017	2018	2019	
Actual costs	Costs	£ 774,165.00	£ 1,202,145.00	£ 603,750.00	£ -	£ -	
	Benefits	£ 5,809,648.99	£ 10,457,368.18	£ 8,133,508.59	£5,809,648.99	£ 3,485,789.39	
Discounted costs	Costs	£ 774,165.00	£ 1,160,069.93	£ 562,227.09	£ -	£ -	£ 2,496,462.02
	Benefits	£ 5,809,648.99	£ 10,091,360.30	£ 7,574,126.53	£5,220,737.22	£ 3,022,806.85	£ 31,718,679.89

£ 29,222,217.87	Net Present Public Value
Not applicable	Public Value for Money BCR
12.71	Public Value Return on Investment

Costs

The costs of the project are £2.4M, these are broken down as follows:

- IPS service for 1040 claimants, £2.08M, this has been estimated using the costs the DWP identified for the RAND pilot, where IPS was rolled out on a time limited basis to ESA claimants with "Severe and Enduring" mental health conditions. It is also supported by evidence emerging from the current Barnet procurement.

- Based on previous experience of rolling out similar programmes, a bottom up approach has been taken to identifying the costs of the supporting infrastructure around the project, in total these come to £320k. They breakdown to the following tasks:

    - Procurement and Legal support in placing contracts for IPS providers across the 7 boroughs
    - There is a training requirement to train GPs in understanding the IPS, this is
    - In order to develop a sound evidence base for future rollout, a recognised independent organisation will be commissioned to provide
    - Programme management providing contract management; management of the rollout phase; management of the running of the pilot; and checkpoint reviews of progress against targets

The optimism bias used is 10%, as the base data has been taken from the Rand pilot of IPS interventions; and informed locally by the experience from the Barnet pilot, that has implemented a coaching model for less severe mental health conditions.

Sensitivity analysis

The key assumptions have been run at various levels, from attachment rates of up to 50%. The main challenge reported from previous pilots of similar interventions is achieving the required cohort numbers to test the intervention. As a result, conservative assumptions have been made on attachment rate.

The model also tested various distributions for the duration of the impact; again conservative assumptions were used as the basis of the benefits case.

Non-monetised costs and benefits

In addition to the matched funding, each partner borough will be committing officer time and access to their infrastructure to support the pilot. Including working with the detailed design phase this will amount to c. 1.4 FTE for the duration of the pilot; from start of design in July 2014 to completion of evaluation in January 2018.

JCP will make available ESA advisors for training in referring claimants to the IPS service. GPs will need to familiarise themselves with the ESA process to be able to refer patients who are claiming ESA, into the programme.

As discussed, in section 2, above, we determined that the basis for the Business Case would be based on benefits claim reductions, only. As a result, we took a number of potentially monetised benefits as being non-monetised.

The "All Public Sector Benefits" Model

The additional benefits that were modelled in the "All Public Sector Benefits" Model, are as follows:

- Reduction in adults needing mental health interventions (leading to reduced health costs)
- Reduction in reoffending for all crime (leading to reduced police, other criminal justice, and

health costs)
- Reduced housing evictions (leading to reduced costs of legal proceedings and repair of property)
- Reduction in homelessness (reducing the costs of temporary housing)
- Reduced number of children in care (reduced cost of safeguarding)
- Drug abuse and alcohol dependency (reduced health and criminal justice costs)
- Improved wellbeing of families; adults and children (leading to increased confidence and self-esteem)
- Improved community well-being

For this model we used government statistics on the incidence of each of these events for an employed and an unemployed cohort; which are a set of assumptions commonly used to assess the fiscal benefit of increased employment.

The other non-monetised benefit is the increased life outcomes that are associated with being in sustained employment. The average life expectancy reduction from worklessness is estimated to cost the economy £0.34 bn a year.

Finally, while the WLA already has good working relationships with partner organisations outside the Local Authorities. The project has already led to increased cooperation between agencies locally; and embedding of the pilot will provide further integration between CCGs, JCP, secondary mental health providers and the Boroughs.

Section B.4: Commercial Case

This section should cover:

a. How the new service model will be delivered and why is this the best way of doing it
b. If external providers are required, provide a brief procurement strategy, including any assessment of market capacity
c. Any key contractual arrangements required to implement and deliver the new service model
d. If any payment mechanism will be applied, and why
e. Risk transfer - provide information on any risk to be transferred to external providers and why the provider is best placed to manage these risks

[Please complete in the box below – maximum 3 pages]

How the new service model will be delivered
The New Service model has three distinct elements:

- Referral of candidates – this will be undertaken across a number of channels, including JCP, Social Workers, GPs and Secondary Mental Health providers. Training of the staff will be contracted
- The key IPS phase will be commissioned from providers
- The evaluation of the interventions, will be carried out by external researchers commissioned by DWP.

In order to test whether an in-house bid from one of the partner organisations represents best value, the procurement process will include an in house bid; for relevant lots.

Procurement Strategy, including any assessment of market capacity
The Services being procured are categorised as "Part B", which allows for greater flexibility in the running of the procurement. However, learning from previous "Part B" procurements, has shown that following a known and understood process is more effective than designing a completely new procurement process from scratch.

The procurement will be run in line with the OJEU Competitive Dialogue (CD) process. In order to maintain pace, the timescales for the process will be compressed. The decision to use a CD process is to ensure that we are able to leverage innovation in the marketplace, as providers are able to contribute intellectual capital as part of the development of the bids.

The Market Capacity is relatively small, but the target of 1040 interventions over 3 years is realistic; and the duration of the pilot allows for capacity development. However, in order to mitigate the risks around market capacity, it is planned to procure the services on the basis of a matrix of geographical and specialism based "Lots". The exact "lotting" is to be determined, but it is likely that Geographical "lotting" will be based on the coverage of the three Mental Healthcare Trusts in the WLA region. The benefits of offering procurement in Lots, allows both for selecting "Best of Breed" suppliers; while at the same time, not diluting the value that comes from procuring at scale.

The procurement will structured to encourage bids from VCS partner organisations, this is assisted by the Lotting process, as it allows VCS organisations to only bid for elements where they have geographic coverage. There are also planned engagement events in order to develop interest in bidding from VCS partners.

The Specialist Lots will be:

- IPS both delivery and running the service
- Training for JCP Advisors; and GPs in referral
- Independent evaluation of the pilot; which will be commissioned by DWP

Any key contractual arrangements required to implement and deliver the new service
The key contract will be with IPS providers.

Payment mechanism will be applied, and why
One of the programmes that the West London Mental Health and Employment trailblazer is using for Lessons Learned is Barnet's. Their research shows that a pure payment-by-results contract would not be effective. The rationale being, that because the work being procured is innovative, the providers would apply a significant risk premium to their bids. The commercial risk review that has been undertaken shows that the partnership of public sector partners is in a far better position to manage this risk, than the commercial partners would be. There is also anecdotal evidence that the payment by results framework could lead to unintended behaviours on the part of the contracted provider(s).

The contract will contain a Payment Mechanisms that incentivises the behaviours we would expect to see from the providers. These will be developed during the Competitive Dialogue phase, but would incentivise the following outcomes:

- Proportion of referred candidates starting the programme - Proactively working with candidates to encourage participation – learning from GP referral schemes for exercise, where providers are incentivised to follow-up referrals, there is a significantly higher rate of attendance at referrals; as the providers do not allow

- Incentives to ensure that the intervention is run as specified

- Targets around on-going participation – increase the proportion of candidates still using the service after 6, 12 and 18 months; or have found sustained employment and exited the service for positive reasons.

As part of the payment mechanism as part of the dialogue process we will consider proposals involving a small element of reward for outcomes, in the event of exceeding targets.

Risk Transfer
As discussed, above, the nature of the pilot is that it is innovative, in the event of a private sector partner being successful in the market testing, the commissioning-side will be the organisation best placed to absorb the commercial risks.

While not all risks will be retained, it is planned to structure the contract so that the following risks are transferred to the provider organisations:

- The risk on the level of successful return to work will be retained by the Commissioning Partners; i.e.: the provider will not be on payment by results to hit, say, 30% employment rate. WLA experience is that bidders price in huge risk premiums when bidding for work with little evidence base.

- The risk of referred candidates failing to commence and complete the intervention will be held by the commissioned organisations – whether they are public or private sector.

Section B.5: Management Case

This section should cover:

Governance

a. The governance arrangements and project management arrangements, necessary to deliver this proposal

Implementation

b. How you will implement this new service model/project. Please include a high level project plan covering:
   - the duration of the project and key milestones dates
   - the key dependencies (for example with partners or suppliers)
   - proposed checks / review points to monitor progress

c. Any plans for evaluating the project

Risk Assessment

d. The risks to the success of the proposal have been identified

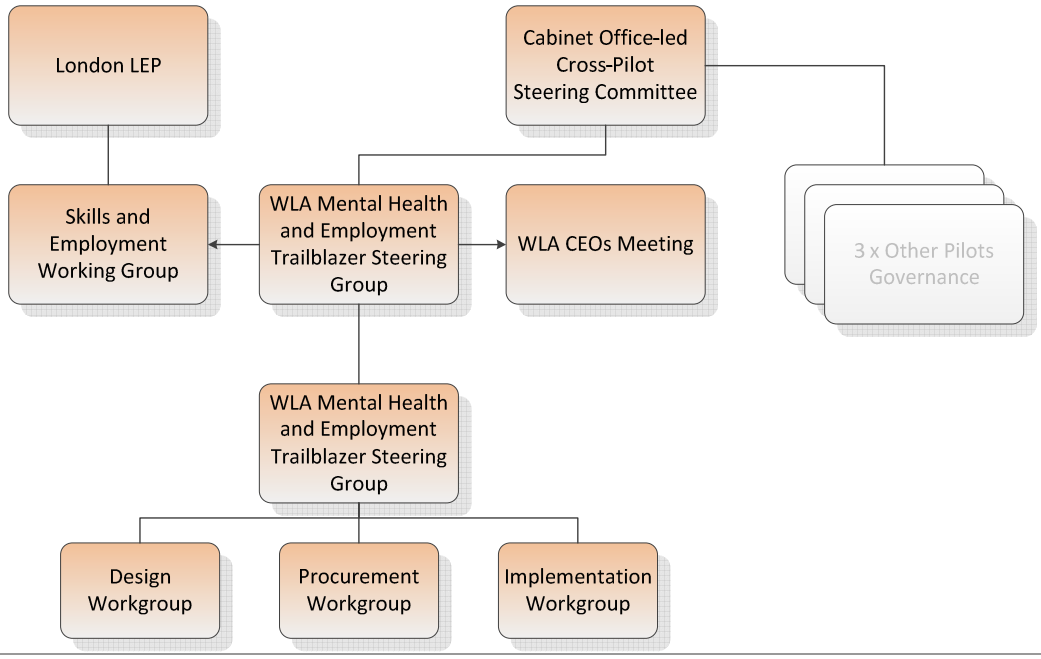
e. How identified risks have been adequately addressed through contingency/mitigation plans

f. Why the proposed timetable is realistic

[Please complete in the box below – maximum 3 pages]

Governance

West London Mental Health and Employment London LEP Pilot – National Trailblazer project is one of four trailblazers across the country. The WLA are running the pilot for the London LEP. The governance model covers the over-sight of the Local Project; the London LEP oversight; and the national oversight of the four Trailblazers. The overall governance model is shown, below:



Body	Summary of Terms of Reference
National Steering Committee	Will provide oversight of the Project, and direction to manage overlap with across the 4 Trailblazer pilots. Advise on design and management to ensure consistency across the national programme
London LEP	The London LEP takes a strategic view of the regeneration, employment and skills agenda for London.
WLA Steering Committee	Is Chaired by a WLA CEO and Membership includes representation from IAPT providers, JCP, Mental Health Commissioners; and Cabinet Office. It will own and champion the project at a sub-regional level. It will provide strategic level advice and guidance to the WLA project
WLA Chief Executives Meeting	Provides input from across the WLA boroughs at an Executive level.
Skills and Employment Working Group (SWEG)	The SWEG provides oversight of the project on behalf of the London LEP
Cabinets and Executives	Where formal democratic decisions are required, these will be
Working Group (s)	Throughout the project, Working groups will be responsible for the completion of deliverables. As the project moves from stage to stage, the working group membership will evolve to reflect the different skillsets required. Design – procurement – rollout – running - evaluation

Project Management Approach
The project will be run in line with PRINCE2 Project Management standards, and all key staff have unexpired PRINCE2 practitioner qualifications. The overall project will also employ the Agile Project Management concepts of "Scrum" and "Sprints", as this is a proven method for managing the risks inherent with a physically distributed project team.

The Project Management Team
The Project Team will be led by a Project Manager in the WLA, supported by a project Officer; other project resources will be provided by the partner organisations.

Implementation

Plan, milestones, duration and planning process
The project Stages are:

- Design
- Procurement
- Rollout
- Pilot Interventions
- Evaluation

The rollout and Pilot interventions will be phased in 3 Tranches, over a 9 month period. This will allow for lessons learned from Tranche 1 to fine-tune of the rollout to Tranche 2 and 3. The Phasing will be dictated by the overlap of JCP, CCG and Mental Healthcare Trusts. The Referral phase will last for 12 months after completion of training and roll-out, with the intervention window extending a further 12 months to allow for a minimum 12 month intervention for all referred claimants. The Key Milestones extracted from the project plan are as follows:

Milestone	Date
Procurement Process Starts	1st November 2014
Start Roll-out Tranche 1	1st April 2015
Tranche 1 start of referrals	1st May 205
Tranche 1 end of referral window	30th April 2016
Tranche 1 Completes	30th April 2017
Tranche 2 Rollout start	1st Sep 2015

Tranche 2 end of Referral Window	31st July 2016
Tranche 2 Completes	31st July 2017
Tranche 3 Rollout start	1st December 2016
Tranche 3 end of Referral Window	30th December 2017
Tranche 3 Completes	30th December 2017
End of Pilot	30th December 2017
Completion of Evaluation	30th January 2018

Monitoring of progress will be via Project reports and Steering committee challenge. Given that success for the pilot is MI driven, there will be monthly reviews of run-rates against plan; and a formal review half-way through the referral window to confirm whether enough candidates are being identified for the pilot intervention. The required cohort will be divided up proportionally to ESA claimant numbers across the 7 boroughs, and across the 12 month referral window, so precise testing of whether the pilot is ahead or behind schedule can be undertaken, meaning mitigating actions can be deployed very quickly. To achieve the cohort numbers, each borough area needs to be referring an average of 13 candidates per month.

Evaluation
Evaluation will be undertaken in line with the Meta Evaluation framework, and is explained in section 1 of this Business Case.

Risk Assessment
Risk assessment and the Key Risks
The project maintains a risk log that is maintained by the Project Manager. The risk log was populated following a risk assessment workshop; these are planned to be repeated at key stage boundaries through the project. Risks are reviewed at Working Group meetings; and key risks are presented to Steering Committee for strategic level advice and Guidance. The table, presented below, includes the key risks currently being tracked, together with the assessment, ownership, and the key mitigating actions:

Feasibility Assessment of Timescales
One of the key tools in assessing the achievability of the timescales for the project is the planning process. All tasks have been planned, and a summary MS Project plan for the full duration of the project is shown, above. In planning the project, two key stages are on the critical path for the project: Procurement and Pilot Running. The achievability of these two stages are discussed, below:

Procurement
The timescales for procurement, while demanding, have been reviewed with Procurement teams from the contributing boroughs. As the services being procured are categorised as “Part B” for EU procurement purposes, which means that some of the more time-consuming EU regulations can be managed. As discussed, above, in the commercial proposal, the procurement will largely follow a Competitive Dialogue process, with some stages fore-shortened to meet the timescales. The rollout will commence in Barnet, and a six month period until the second tranche of rollouts will allow for lessons to be learned. Part of the matched funding, outlined above is from the existing pilot in Barnet. These have already been procured, further mitigating the risks to the timescales.

Pilot Running
In order to meet the cohort numbers; the pilot is spread over three years, this makes the targets for Cohort numbers realistic, the total cohort, when spread over three years, with an assumed caseload of 25 per case-worker, this implies c. 3-4 caseworkers per borough. Despite the relative scarcity of skills, this is regarded as a realistic level of staff to access across the participating boroughs.

Short Description	Description of Risk - Cause & Consequence	Objective at Risk	Assessment of Uncontrolled Risk			Controls and Mitigating Actions	Assessment of Residual Risk			Date Identified	Date of Last Review	Date of Next Review
			Severity (1 Low - 4 - High)	Likelihood (1 Low - 4 - High)	Risk Rating		Severity (1 Low - 4 - High)	Likelihood (1 Low - 4 - High)	Risk Rating			
Political Risk	There may be lack of Borough alignment to a one-size fits all aproach; resulting boroughs not agreeing to participate.	Delivery	4	2	8	Cross-borough briefings have been held. CEOs of the 6 WLA boroughs have been briefed on the benefits of the pilot	4	1	4	24-Aug-14	24-Aug-14	15-Oct-14
Procurement Resources	Lack of procurement resources to deliver the procurement element of the project risks delaying project delivery and implementation.	Procurement	4	2	8	WLA has access to procurement resources from across all 6 boroughs, in addition it has its own CIPs qualified procurement resources.	4	1	4	24-Aug-14	24-Aug-14	15-Oct-14
failure to Detect impact of intervention	It may not be possible to select individuals for the cohort and the contrl sample who are not being targetted by other initiatives, meaning it is not possible to identiy the impact of this intervention	Assessment	3	2	6	The Design of the pilot has taken into consideration the need to be able to assess the interventions. The interventions will be rolled out in a single borough initially to test the prototype and learning will be applied to subsequent rollouts. During the period of the pilot running checkpoint reviews are planned, so the approach can be fine-tuned, if neceessary	3	1	3	24-Aug-14	24-Aug-14	15-Oct-14
Fail to achieve cohort numbers	Without having enough candidates going through the intervention, the pilot will not be successul	Delivery	3	3	9	There has been extensive research into cohort numbers. Assumptions are not overly optimistic in terms of levels of participation, the required cohort is 1000 to 1500 and it is estimated that over 2500 could realistically be achieved - though pilot numbers will be limited by available budgets. During the pilot, checkpoints will be held at key points to assess whether the programme is on track to hit the required number of participants	2	1	2	24-Aug-14	24-Aug-14	15-Oct-14
Scarcity of dual skillset	The pilot depends on being able to access enough specialists with the dual skillset of employment and pshchological support expertise	Delivery	2	3	6	The procurement process will "lot" the work both for geography and skillset. This enables wider market access to smaller providers increasing the number of contractors	2	2	4	24-Aug-14	24-Aug-14	15-Oct-14
Failure to maintain multi-agency buy-in for duration of project		Delivery	2	4	8	The Steering group contains representation of all the key stakeholders In addition there has been exective level engagement to establish the degree of buy-in from each of the participating agencies.	2	2	4	24-Aug-14	24-Aug-14	15-Oct-14

PART C: APPROVAL

Note: This bid is for the Transformation Challenge Award 2015-16 B.

Approval: Bid approved and signed off by Section 151 officer (or authorised person in other public sector partners) for each partner to the bid.

Borough Approval – Section 151 Officers

Name	Simon George
Organisation	London Borough of Harrow
Date Approved	
Signature	

Name	Chris Naylor
Organisation	London Borough of Barnet
Date Approved	
Signature	

Name	Conrad Hall
Organisation	London Borough of Brent
Date Approved	
Signature	

Name	Ian O'Donnell
Organisation	London Borough of Ealing
Date Approved	
Signature	

Name	Paul Whaymand
Organisation	London Borough of Hillingdon
Date Approved	
Signature	

Name	Clive Palfreyman
Organisation	London Borough of Hounslow
Date Approved	
Signature	

Name	Jane West
Organisation	London Borough of Hammersmith and Fulham
Date Approved	
Signature	

WLA Approval – Director

Name	Dan Gascoyne
Organisation	West London Alliance
Date Approved	
Signature	

JCP Approval – District Managers

Name	Liz Cierebiej
Organisation	West London JCP District
Date Approved	
Signature	

Name	Micheal Morley
Organisation	North London JCP District
Date Approved	
Signature	

Mental Healthcare Trusts Approval – Finance Directors

Name	Jo Simpson
Organisation	West London Mental Healthcare Trust
Date Approved	
Signature	

Name	Trevor Shipman
Organisation	Central and North West London NHS Foundation Trust
Date Approved	
Signature	

CCG Approval – Finance Directors

Name	Jonathan Wise
Organisation	Barnet, Harrow and Hillingdon CCGs
Date Approved	
Signature	

Name	Clare Parker
Organisation	The CWHHE Collaboration (Central London, West London, Hammersmith & Fulham, Hounslow, and Ealing CCGs)
Date Approved	
Signature	

Name	Hugh McGarel-Groves
Organisation	Barnet CCG
Date Approved	
Signature	