

Adult Social Care

Title: Section 117 Briefing Note

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Finance Strategy Update report – Appendix B



1. Purpose of Report

The purpose of this report is to provide a summary of the position and recommended direction of travel towards a pooled budget arrangement in relation to section 117 aftercare recommended to be effective from 1st April 2023 with NHS Dorset and BCP Council.

2. Background

What is S117?

Some people who have been detained in hospital under the Mental Health Act can get free help and support after they leave hospital. The law that gives this right is S117 of the Mental Health Act, and it is often referred to as 'section 117 aftercare'.

Aftercare is the help you will get in the community after you leave hospital. This can cover all kinds of things such as: healthcare, social care and supported accommodation.

Section 117 of the Mental Health Act says that aftercare services are services which are intended to:

- meet a need that arises from or relates to your mental health problem, and
- reduce the risk of your mental condition getting worse, and you having to go back to hospital.

The Chief Executive Officers within the Dorset system which includes both local authorities agreed an intention for a pooled budget to be in place for the management, monitoring and overseeing of S117 spend and cases. Work has taken place to understand caseload levels and demand as well as understanding the allocated funding.

The 117 hub, which brings together system wide administration of mental health aftercare, has been established and in place since April 2022. There is a hub manager overseeing the day-to-day management and running of the hub and this is supported by a business support role with early indications suggesting this integrated approach is supporting effective multi-agency aftercare.

Dorset Council and NHS Dorset have already entered into a pooled budget for this area of work from April 2022, which brings together the aftercare expenditure from Dorset Council and NHS Dorset, supporting integrated commissioning of mental health aftercare.

The current split of funding 117 cases is 42.5% for NHS Dorset and 57.5% for the local authorities. A desktop review has taken place and has evidenced that the apportionment is deemed to be approximately right. If it is agreed that BCP Council enter into the pooled budget arrangement, the apportionment will be kept under review and periodic desktop audits will take place. This will ensure that the proportionate split is fair and equitable for all partners.

3. Risk / Opportunity

The creation of the Integrated Care System provides an opportunity to better align the way that our organisations work, where effort and duplication is removed, but no one organisation is left disadvantaged or financially at risk. There is scope for work alignment, particularly around individual commissioning for health or social care, otherwise known as package brokerage.

All organisations have been contracting with the same group of providers, for similar or the same outcomes, sometimes on different terms and conditions. There would be significant benefit if the organisations would show a commitment to arrangements where there is either greater cooperation (joint commissioning) or unified working (pooled budget and risk sharing).

The risk of not reaching agreement is that each case would be negotiated individually, consuming resources, risking disagreement between organisations and exposing partners to financial risk. The apportionment and associated risk-share agreement removes the risk of BCP being exposed to the unplanned financial risks that may arise should cases be negotiated individually.

4. Financial contributions to the pooled budget for BCP Council

The table below shows the estimated value of the pooled budget to be £17m with a contribution from BCP council of £11.9m (70%) and a contribution from NHS Dorset of £5.1m (30%), based on current caseload and fee rates (it is important to note that figures will periodically alter). This expenditure is no more than would be otherwise budgeted for outside of a pooled budget arrangement but does offer the opportunity to explore efficiency savings through, for example, better joint commissioning of care packages.

The total number of people that qualify to be part of the pooled budget is currently 380.

| Type | Community Services £ | Residential £ | Total £ | % contribution to the pool | Client numbers |
|---|-------------------------|------------------|-------------------|-------------------------------|-------------------|
| 57.2% - BCP fully commissioned packages | 1,151,000 | 249,000 | 1,400,000 | | 60 |
| Packages jointly commissioned with NHSD | 4,275,000 | 5,330,000 | 9,605,000 | | 281 |
| Packages fully funded by BCP | 287,000 | 618,000 | 905,000 | | 39 |
| Total BCP contribution | 5,713,000 | 6,197,000 | 11,910,000 | 70% | 380 |
| 42.5% - BCP fully commissioned packages | 850,000 | 184,000 | 1,034,000 | | |
| Packages jointly commissioned with BCP | 1,817,000 | 2,267,000 | 4,084,000 | | |
| Total NHSD contribution | 2,667,000 | 2,451,000 | 5,118,000 | 30% | |
| Total estimated value of Pooled budget | 8,380,000 | 8,648,000 | 17,028,000 | | |

5. Contract inflation

The current fees are expected to be reviewed to take into account inflationary factors, national living wage increase and the results of the cost of care exercise.

A lower estimate composite of 6.43% for care homes and 6.47% for community services will increase the pool by £1.1m.

A higher estimate composite of 8.22% for care homes and 8.27% for community services will increase the pool by £1.4m.

6. Agreement of risk share

It is proposed as a simple 57.5% LA:42.5% NHS Dorset split of risk for the first year of the pooled budget. This proposal is already supported by both Local Authorities. Dorset Council and NHS Dorset have been working to this arrangement since April 2022.

7. Operational running costs and apportionment between partners

The best estimate of the 'as is' operating costs is £300k total across the 3 partners. The majority of these costs are staff whose posts include non-S117 work and back-office functions, e.g. finance and contract management & quality assurance. The BCP contribution to this operational cost is achieved by transferring existing resources that have undertaken these functions for BCP, and so a net neutral staffing cost.

In addition, there is £13k per month that NHS Dorset is currently paying to the local authorities (£6.5k each) in recognition of the additional activity that sits with the local authorities for the S117 joint funding process to operate. This is to support additional costs to the local authorities for all the work that is completed, for example, reviews, commissioning and finance. This is covered within the memorandum of understanding between partners.

The planning assumption for the proposed Hub is that the new operating model costs need to be within the existing envelope i.e £300k plus £156k – total £456k.

There will be some one-off costs incurred by the local authorities to change provider payments on their systems. These are being quantified and an estimate will be available by December 2022, but the costs are assumed to be absorbed within existing budgets.

8. Conclusion

Commissioning partners across the health and social care system support the integration of mental health aftercare as an early example of the advantages of joint working that the Integrated Care System can support. Such arrangements will provide more consistent care provision, more effective administration and new opportunities for joint commissioning and cost efficiencies.

It is recommended that BCP Council enters into a pooled budget arrangement for mental health aftercare in April 2023.

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