Proceed with caution

What makes personal budgets work?

Claudia Martinez
Joshua Pritchard

February 2019

#reformpersonalbudgets
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Advisory board

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Foreword

It is a simple concept. Start by enabling someone to work out what package of care, support or services they need, and then provide funding to meet that need. Personalised budgets put power in the hands of the recipients of public services and result in people getting what they agree they need, rather than just whatever was available.

As a member of the Health and Social Care Committee, I want to see people get the best possible public services, delivered in the most appropriate way to meet their needs. As a GP, I’m deeply concerned about the challenges facing our NHS and the need for integrated, personalised public services.

Public services are under intense pressure. Recently, the Committee produced a report on the Long-term funding of adult social care that foresaw a £2.5 billion funding gap for social care in 2020 unless fundamental changes are made to how care is designed and delivered. Other public services, including healthcare, are being strained by a larger population that is living for longer, often with increasingly complex health and care needs. All of this has been recognised in the NHS Long Term Plan and will surely be addressed in the overdue Green Paper on social care.

I am delighted that Reform has researched and assessed how personal budgets fit into these debates. Whilst critically considering the impact of personal budgets in health and social care, this report also looks at how the lessons of personalised public services can be applied more broadly. This includes in areas where personalisation remains somewhat distant and yet could unlock huge improvements for those people reliant upon those services, such as education, unemployment, and ex-offender rehabilitation.

The Government has pursued a strategy of personalised public services for several years now. Despite the slow progress noted in the Committee’s report on Integrated care: organisations, partnerships and systems, we must continue to push for truly personalised public services to propel the health and social care system into the 21st century. Yet the Government must now make the case for personal budgets on the basis of evidence and not principles. We know that a personalised and integrated approach to care can improve outcomes for the service users and enable informed patient choice, where public services work with people, rather than doing things to them. However, as this report shows, we need better evidence around how public services can deliver the best value for money for those funding and using them – the British taxpayers.

Our work in the Health and Social Care Committee remains one of the most important platforms for Parliament’s role in ensuring people are receiving the best public services, delivered in the most appropriate way to meet their needs. We also need the valuable work of think tanks and academics to provide robust analysis and offer external challenge to Government, with new and forward-thinking recommendations. This report provides an insight into the key issues surrounding personal budgets.

I hope you will find the insights within this paper as interesting and useful as I have, and that the Government and policymakers take note of the valuable recommendations it makes.

Dr Paul Williams MP, Member, Health and Social Care Committee
**Executive summary**

This report provides a critical examination of how personal budgets have been used to deliver public services in the UK. It suggests where personal budgets show potential to deliver more effective, personalised public services, whilst also highlighting and proposing solutions to the key challenges raised by their implementation so far.

**Personalised public services**

By allocating an agreed upon sum of money to an individual to meet their needs for care and support, personal budgets represent the ultimate expression of public services centred around the person and not the system. Proponents argue this devolved approach can provide greater control and improved outcomes for citizens, particularly those with complex needs, whilst also reducing burdens on reactive elements of the system. Critics are quick to point out the lack of evidence showing that personal budgets are cost-effective or produce better outcomes for recipients.

**How far could personal budgets go?**

The expansion of personal budgets across UK public services has been cautious. Whilst over 500,000 adults in social care already receive a personal budget from their local authority, the NHS has only recently begun to utilise personal health budgets (PHBs) for individuals with complex needs. The use of PHBs is likely to increase in keeping with the NHS Long Term Plan, particularly around mental health and maternity care. Education, ex-offender rehabilitation, and long-term unemployment also offer potential areas for personal budgets to have a significant impact, particularly if existing funding like the Pupil Premium and Flexible Support Fund are repurposed in the form of personal budgets.

**Weighing the evidence**

A better evidence base on the impact of personal budgets in achieving improved outcomes and value-for-money is needed before they can be scaled-up. Most data collected from existing schemes has been focused on principles (such as empowerment and autonomy) more so than the financial or value-based assessments which are key to securing the buy-in of local authority commissioners and procurement officers. Personal budget schemes need to be trialled and evaluated in areas such as employment, education, and rehabilitation, to consider the impact on both the service users and the commissioning bodies.

**Laying the groundwork**

It is necessary to get the fundamentals of personal budgets right before deploying them more broadly in public services. Efforts need to be made to ensure a healthy provider market, and challenging siloed public services by integrating, aligning, or co-ordinating services around the budget holder. Local authorities also have an obligation to ensure personal budget holders can make informed decisions about their service needs. This should include consistently providing the right information (enforced by a digital standard) and working collaboratively with third-sector and peer-to-peer advocacy groups to improve the support and guidance available.

**Data-driven personal budgets**

Good data practices are needed to ensure that personal budgets are designed correctly and evaluated appropriately. The emphasis on co-production between the budget holder and professionals requires both parties to be able to draw upon accurate assessments of an individual’s needs and capabilities. A data-driven approach to monitoring and evaluating personal budgets is also required; lessons should be learnt from good examples such as the Education, Health, and Care Plans, and applied elsewhere.
Recommendations

1 Clinical Commissioning Groups and local authorities need to review their approach to block contracts and work with providers to identify alternative contracting agreements to offer personalised commissioning and services. A phased approach will be needed to help providers manage financial risk.

2 The Department for Education should pilot personal budgets for disadvantaged pupils. This should be accompanied by specialised advice and support for parents in receipt of the disadvantaged pupil personal budget.

3 The Department for Education should evaluate whether advice for parents in receipt of the disadvantaged pupil personal budget would be best delivered by schools or through a national advice service.

4 Schools should have a mandate to inform parents in receipt of the disadvantaged pupil personal budget about how the money is spent.

5 Schools should complete a statement of evidence of creative use of the budget and where it has delivered value for money. The Department for Education should create a publicly available repository of evidence to inform and guide the wider roll-out of personal budgets.

6 The Ministry of Justice should include an ‘innovation budget’ for Community Rehabilitation Companies in the forthcoming round of contracting, ringfenced for Community Rehabilitation Companies to pilot personal budgets in their contract package area. The Ministry of Justice should be responsible for conducting the accompanying research, analysis and dissemination of learnings from the pilots.

7 The Department for Work and Pensions should increase transparency of the Flexible Support Fund and publish which JobCentres are chronically underspending the money available to meet claimants’ needs.

8 In some Jobcentre Plus offices, a proportion of the Flexible Support Fund should be ringfenced to pilot a personal budget scheme for a relevant group of out-of-work universal credit claimants, providing them with a cash sum to spend on improving their employability skills.

9 The Ministry of Housing, Communities, and Local Government should implement a digital standard for local service directories and support efforts to make service directories more standardised about what information they provide to citizens and how they do it.

10 Frontline and administrative staff in areas with personal budget schemes should receive additional training on their duties surrounding personal budgets as part of their professional training. This should include a recognition that their role is to work as advisors as well as enablers for the personal budget holder.
11 In areas where personal budgets are being used, steps should be taken by personal budget project leaders within local authorities, public bodies, and service providers to ensure that frontline and administrative staff are more aware of local third-sector organisations and peer-to-peer advocacy groups across service areas. This may include encouraging frontline staff to make better use of local authority online portals when supporting personal budget holders in addressing specific needs.

12 Government should utilise NHS England’s data collection guidance and the NHS Personal Health Budgets pilot scheme as the basis for a new guidance document clearly laying out the key requirements for evaluating personal budget schemes. These should include efforts at randomisation, longer-term timescales, disaggregation of results, and parity of qualitative and quantitative data. This guidance should provide indicative timetables for pilot schemes and the roll-out of personal budgets in new areas of public services, dependent upon them proving to be more successful than conventional models of delivery in that area of public services.
Introduction

The UK public sector is undergoing significant transformation. Years of financial restraint, combined with an ageing population, changing public attitudes and the advent of new technologies create important challenges to the delivery of public services.¹

Tackling these complex policy challenges will require new thinking. Successive governments have pledged to modernise public services, calling for a radical rethink of the traditional top-down model of commissioning services.² For over a decade, the personalisation agenda has been at the core of the Government’s efforts to deliver services which are more efficient, responsive to consumers’ demands and depart from the longstanding “one-size-fits all” model of provision. By putting people’s strengths, aspirations and preferences at the heart of services, personalisation promises to enable service users to “live their own lives as they wish, confident that services are of a high quality, are safe and promote their own individual needs for independence, wellbeing and dignity”.³ Personalisation also demands radical transformation to the role of commissioners: from direct purchasers of services to market-shapers.

Personal budgets - the upfront, transparent allocation of money by commissioners to service users to meet their assessed needs - are one route to delivering personalised services.⁴ Pioneered by disability charity In Control and enshrined in law by The Care Act 2014, personal budgets have become the mechanism for putting personalisation into practice in adult social care.⁵

However, personal budgets have a mixed story of success in the UK. They have often been criticised on the grounds of lacking robust evidence and their effectiveness being contingent on appropriate resources and good implementation.⁶ Despite this, recent years have seen personal budgets embraced enthusiastically in other areas of public service delivery. In 2012, the Rt Hon Norman Lamb MP, former Minister of State for Care Services, announced plans to roll-out PHBs to people receiving NHS Continuing Healthcare, with the view that personal budgets support the pooling of health and social care funding and facilitate wider system integration.⁷ The role of personal budgets as a tool for personalisation has been recognised both in the NHS Five Year Forward View and the NHS Long-Term Plan, setting bold commitments to sweeping devolution of power to patients.⁸ In education, personal budgets are available for children who have special education needs through Education, Health and Care (EHC) Plans.⁹ The model has also been trialed in ex-offender rehabilitation schemes¹⁰ and to support those in long-term unemployment¹¹, yet adoption has been far from widespread.

Achieving the radically different approach to delivering personalised public services desired by the Government, requires greater consideration as to how personalisation can translate into improved outcomes for people, communities and the wider system. As the

5 Ibid.
6 National Audit Office, Personalised Commissioning in Adult Social Care, 2016.
10 Debra Moore and Tricia Nicoll, Getting a Blue Life: Personalisation and the Criminal Justice System (Yorkshire & Humber Improvement Partnership, 2009).
11 Kathryn Ray, Oliver Crunden, and Hannah Murphy, Liverpool City Region Youth Employment Gateway (YEG) Evaluation (Learning and Work Institute, 2018).
top-down model of delivery is swept away, it will be crucial that the Government leads the way in building a deeper understanding of what makes personal budgets work, and for which user groups.

This paper will assess the role of personal budgets as mechanisms for making services person-centered, responsive and more cost-effective. It considers progress made through implementation of personal budgets in adult social care and healthcare and identifies other public service areas where personal budgets could deliver value. It also sets out the building blocks that need to be in place to underpin ongoing public service reform.
1

Personal budgets: an overview

1.1 Personal budgets as tools for personalisation  
1.2 How have personal budgets been implemented
A personal budget is an agreed sum of money allocated by a public body to an individual who needs support. Personal budgets can provide the budget holder with flexibility, choice and control to purchase the services that best meet their needs and identified outcomes. Funding is agreed upon in advance by the individual and the funding body. This is based on a personalised assessment and support plan which outlines the outcomes to be achieved.

In the adult social care context, funding has been managed in three ways, based on the needs and capabilities of the recipient:

- Direct payments in which the money is paid into a personal bank account or a pre-paid card and the individual or family member purchases care or support directly;
- Third party or managed budgets which permits the recipient to allocate an individual or organisation (typically a provider or charity) to manage the budget on their behalf;
- Notional budget in which the budget is assigned to the individual but held by the funding body (local authority or NHS) who manage and arrange care or support for the holder.

Local authorities started to personalise the commissioning of community services in the 1990s through the allocation of “direct payments” to adults with physical disabilities. However, it was not until 2007 that the concept of “personal budgets” was formally introduced into policy, with the *Putting People First* concordat making them the foundation for the personalisation of social care.

The Care Act 2014 introduced personal budgets into law for the first time, placing specific duties on local authorities to promote wellbeing, person-centred care, outcomes and self-directed support. It considered personal budgets as “the mechanism that, in conjunction with the care and support plan, or support plan, enables the person, and their advocate if they have one, to exercise greater choice and take control over how their care and support needs are met”. The guidance goes further in outlining the importance of transparency, timeliness and sufficiency in calculating the personal budget, stating that the person "should have the maximum possible range of options for managing the personal budget, including how it is spent and how it is utilised".

Since 2014, personal budgets have been deployed in healthcare, with NHS England seeking to extend the number of people receiving PHBs by “hundreds of thousands” to reach 200,000 by 2023/24.

### 1.1 Personal budgets as tools for personalisation

Personal budgets represent a radical shift from the orthodox model of public service provision. They are seen as a vehicle to personalise public services and redefine the relationship between citizens and the state, by encouraging people to choose and shape...
the services they receive. In 2010, Paul Burstow, then Minister of State for Care Services, stated that “personal budgets encapsulate what we represent. Our single radical aim: to change the relationship between the citizen and the state. To do less to people, and more with them.”

Personalisation is built on the notion that service users are best placed to understand their needs, and that therefore granting them with increased choice and control can lead to improved individual outcomes. The 2008 Evaluation of the Individual Budgets Pilot found encouraging evidence of the impact of personal budgets for some user groups. People using mental health services reported a greater sense of control than those supported through conventional methods of funding, commissioning and service delivery. These effects, however, were not identified for older adults.

The 2011 National Personal Survey of 1,114 personal budget holders showed that most budget holders reported positive impact on aspects such as dignity and respect, staying independent, feeling in control of their own support and getting the right support at the right time. Significantly more positive outcomes were identified for those managing their budgets as a direct payment. Subsequent versions of the survey have continued to identify positive evidence in quality of life-related outcomes. The evaluation of the Personal Health Budgets Programme, commissioned by the then Department of Health (DH), and carried out between 2009 and 2012, found "significant improvements in care-related quality of life and psychological wellbeing of patients", but highlighted that personal budgets did not have an impact on “health status per se”. Whilst there is evidence of personalisation contributing to enhanced individual outcomes, the main benefit-related implications of personal budgets seem to relate to ‘valued well-being benefits’ such as greater sense of control, increased choice and a better experience of services.

An argument often made for the wider roll-out of personal budgets is the potential for better and more effective use of scarce public resources. Joint financing and integration could lead to reduced overhead costs and avoid the duplication of process. However, the integration of resources from different funding streams into a single budget has proven difficult. For instance, the Individual Budgets Pilot implemented budgets funded through resources from adult social care, NHS, the Department for Work and Pensions (DWP) and the then Department for Communities and Local Government (DCLG). The evaluation found that pilot sites failed to make significant progress with integrating funding streams due to different funding eligibility criteria, resources being tied to existing contracts and uncertainty over local and national budget allocations. Section 4.2 of this paper discusses how to move towards greater service integration and reviews examples where multi-agency pooled funding mechanisms have proven effective. In addition, devolving to individuals could also result in a loss of the economies of scale of centralised commissioning, as individuals have relatively lower bargaining power when purchasing products and services. Therefore, in assessing the cost effectiveness of

23 Karen Jones et al., The Cost of Implementing Personal Health Budgets (Department of Health, 2011).
24 Catherine Needham, The Boundaries of Budgets: Why Should Individuals Make Spending Choices about Their Health and Social Care? (Centre for Health and the Public Interest, 2013).
26 Ibid.
27 Chris Hatton and John Waters, National Personal Budgets Survey 2011 (Think Local Act Personal, 2011).
28 Ibid.
31 Needham, The Boundaries of Budgets: Why Should Individuals Make Spending Choices about Their Health and Social Care?
32 Ibid.
34 Ibid.
personal budgets it is important to consider the extent to which personal budgets lead to improvements in outcomes that outweigh the additional costs. There is evidence of personal budgets being cost-effective in some markets and for specific customer groups. For instance, the personal health budget pilot programme found personal budgets were cost-effective for those eligible for NHS continuing healthcare and mental health services users, with clear decreases in the use of primary care and acute services. \[35\] In turn, the Individual Budgets pilot found that personal budgets were cost-effective for people with learning disabilities and younger physically disabled people, but not for older people. \[36\] However, evidence of the financial case for personal budgets is generally mixed, with a limited number of studies assessing their financial implications. \[37\] Many of these studies fail to quantify improvements in service quality as well as the infrastructure support required to implement personal budgets, making it difficult to evaluate whether they offer better services for less money. \[38\]

Giving people a personal stake in their care and support, a personal budget might also incentivise them to use public money wisely. \[39\] Interviews conducted for this paper highlighted that this is often the case, with budget holders frugally using their allocated funds to purchase products and services as defined by their care plans. Evidence from a pilot project offering personalised budgets to long-term rough sleepers found that participants spent less than they were allocated, £794 on average out of the £3,000 budget. \[40\] This did not impact outcomes of the pilot, with 19 out of 21 participants moving into accommodation by the end of the trial.

Personal budgets are a way of recognising that every person’s situation is unique, and that their needs can therefore be met through a variety of interventions. \[41\] There is growing recognition traditional top-down models of public service commissioning have often failed to ensure people receive the appropriate support at the right time. \[42\] Previous research by Reform argued that overly rigid and one-size-fits all approaches to public service commissioning might result in gaps in service provision and failure to meet users’ needs. \[43\] Lack of collaboration across government departments has also resulted in fragmented and overlapping commissioning of services. \[44\] For instance, offender rehabilitation services are funded in patches by the NHS, Police and Crime Commissioners, the Ministry of Justice (MoJ) and councils, often creating unnecessary costs and inefficiency. \[45\] The lack of a multi-agency strategic approach to promoting personalisation also reinforces divisions between government departments that should be working together. For example, joining-up education and training with the rehabilitation of young offenders is vital to helping them rebuild their lives, yet often these services are commissioned and funded separately. \[46\] Models built on personalisation, whilst likely to require more complex commissioning structures, could play an important role in bringing together support and funding streams around the individual.

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40 Juliette Hough and Becky Rice, Providing personalised support to rough sleepers: An evaluation of the City of London pilot (In Control, 2010), 6.
44 Ibid., 19.
46 Ibid.
One of the underlying principles behind personalisation is a shift in focus from outputs to outcomes. Outputs result from processes and activities delivered by providers, for instance, a provider delivering education and employability training to those long-term unemployed. Outcomes are the “real-life” improvements delivered by outputs, such as improved employability and career potential. This has important implications for commissioning where traditional contracting frameworks reward success based on outputs and activities. Block contracts – a contract that guarantees a certain amount of business to a provider, normally for a fixed value – have been a longstanding staple in the commissioning of health and social care services. Due to their prescriptive nature, these models might fail to provide the flexibility and responsiveness required by personalised services. In Faulty by Design, Reform highlighted how public service commissioning remains focused on outputs and that commissioners have failed to work with the provider market to design services that effectively address users’ needs. For instance, Transforming Rehabilitation contracts, introduced in 2014, have rewarded outputs more than outcomes, with payment linked to delivery of activities rather than to improvements in long-run reoffending.

1.2 How have personal budgets been implemented

The drive towards the personalisation of services has been part of the UK’s social and welfare policy agenda for decades. Successive governments have tried to improve outcomes for users by devolving control over the planning and delivery of services to better tailor support to individuals’ needs. Whilst the model of earmarked funding under the direct control of an individual has existed in one form or another since 1988, Figure 1 shows that their usage has been focused predominantly on two areas: adult social care and, more recently, healthcare, with only a limited roll-out across other public services.

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<th>Year</th>
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<td>Independent Living Fund begins</td>
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<td>1992</td>
<td>Disability Living Allowance</td>
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<td>1996</td>
<td>Direct Payments (DP) Act</td>
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<td>2000</td>
<td>Individual Learning Accounts</td>
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<td>2001</td>
<td>Health and Social Care Act</td>
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49 Department of Health and Putting People First Programme, Contracting for Personalised Outcomes: Learning from Emerging Practice (Department of Health, 2009).
51 Ibid.
53 National Audit Office, Transforming Rehabilitation, 2016.
56 Glasby and Littlechild, Direct Payments and Personal Budgets: Putting Personalisation into Practice.
58 Social Care Institute for Excellence, The Participation of Adult Service Users, Including Older People, in Developing Social Care (Social Care Institute for Excellence, 2007).
2005  “Dynamite” pilot
Small scheme to test personal budgets for children with special education needs59

2007  “Putting People First” published by HM Government
Called for (but did not implement) personal budgets to be mandatory in publicly funded
adult social care60

2009  Personal Health Budgets pilot scheme begins
Sixty-four sites across England saw small-scale roll-out61

2011  “Inside Out” scheme at HMP Preston launches
Resettlement scheme for short-term prisoners – personal budget element cut at last
minute62

2011  Flexible Support Fund created in Jobcentre Plus
Advisors given power to flexibly spend money on claimants (underspent year on year)63

2011  Support and Aspiration Green Paper
Set a deadline of 2014 for special education personal budgets64

2011  Pupil Premium introduced
Nationwide scheme saw schools given additional money tied to individual pupils eligible
for Free School Meals65

2012  Mental Health and Rehabilitation pilot at HMP Everthorpe
Provided ex-prisoners with access to a “beneficiary fund” to spend autonomously66

2012  Personal Health Budgets rolled out
56,000 individuals with complex needs and NHS Continuing Healthcare (CHC)67

2014  Children and Families Act
Codified the use of PBs for children or young people with complex needs68

2014  Care Act
Provided statutory guidance around the use of personal budgets in social care69

2014  Education, Health, and Care Plans introduced
Co-produced strategies for under-25s who set out support to meet complex needs70

2014  Personal Health Budgets rolled out nationwide
Everyone eligible for NHS CHC given right for a personal budget71

2014  Youth Employment Gateway scheme launches (Liverpool)
“Participant budget” of £500 provided individually to be spent on work or retention72

2015  Integrated Personal Commissioning (IPC) trial launches
IPC personal budgets tested in 18 demonstrator areas to cover social care, healthcare,
and other services73

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61 The Health Foundation, Evidence Scan: Personal Health Budgets (The Health Foundation, 2010).
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70 Rhian Spivack, Meera Craston, and Christopher Carr, Thematic Report: The Education, Health and Care (EHC) Planning
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72 Ray, Grunden, and Murphy, Liverpool City Region Youth Employment Gateway (YEG) Evaluation.
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# 2 How far could personal budgets go?

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Personal budgets have been hailed as an innovative mechanism for delivering local services. Premised on the potential of reduced institutional siloes and greater individual choice, personal budgets are now being rolled out into new areas of public service delivery, including education, mental health, offender rehabilitation, maternity care and employment support. This chapter explores the service areas and user groups where personal budgets could add most value and offers recommendations for implementation.

2.1 Complex and long-term needs

Personal budgets can play a key role in supporting people with complex and long-term care needs. Their use has expanded significantly in recent years, with around 88 per cent of eligible adults in 2016-17 (around 550,000 people with physical or learning disabilities, or requiring mental health support) receiving some form of direct payment or a personal budget from their local authority. Furthermore, since October 2014, adults receiving NHS Continuing Healthcare and children in receipt of continuing care have had a right to have a PHB and Clinical Commissioning Groups (CCGs) have committed to deliver a target of between 50,000-100,000 PHBs by 2020.

Evidence on the effectiveness of personal budgets is still developing, with few robust longitudinal studies that enable long-term outcomes to be assessed. One such pilot scheme is the Personal Health Budgets Evaluation Programme which revealed that the use of PHBs was linked to significant improvements in patients’ care-related quality of life and psychological wellbeing, particularly for those with greater levels of need.

2.1.1 Personal health budgets in mental health

Personal budgets in mental health are not new. They have been piloted through various programmes, both in social care and health, yet their roll-out has not been as widespread as with other user groups. In contrast to social care, where personal budgets have substituted core services, in mental health they have been offered in addition to existing services.

The use of personal budgets in mental health is expanding, with the NHS’ Long Term Plan committing to extend PHBs to people with a learning disability, people receiving social care support and those receiving specialist end-of-life care.

There is some evidence that personal budgets in mental health can help people achieve better outcomes, with studies reporting increases in social engagement, community participation and positive-risk taking. The Personal Health Budgets Evaluation also found promising evidence of cost efficiencies, showing reduced demand on community and acute health services, fewer inpatient visits, and reduced pressure on A&E and GP services for this group. As the roll-out of PHBs in mental health gains pace, it will be necessary to address the challenges uncovered by previous pilot programmes. Some of the most widely cited barriers are the risk-averse culture of traditional clinical practice and a disproportionate focus on assessment and resource allocation, rather than on empowering people to manage their budgets.

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74 Muir and Quilter-Pinner, Powerful People: Reinforcing the Power of Citizens and Communities in Healthcare, 15.
84 Webber et al., ‘The Effectiveness of Personal Budgets for People with Mental Health Problems: A Systematic Review’.
Take-up of personal budgets has been traditionally low for this group, with mental health service users being less likely to take their budget as a direct payment than social care budget holders.\(^{85}\) This has been attributed to provision being service rather than needs-led as well as to service users lacking the necessary support to use a personal budget. For instance, a survey of mental health service users revealed that people believed that those without support networks, and whose mental health conditions were unstable, would miss out on the benefits of having a personal budget.\(^{86}\) Service models whereby budget holders receive ongoing support and information to plan their care and manage financial risks around personal budgets have proven successful in encouraging greater autonomy and control. A shared understanding between users and professionals as to the outcomes to be achieved, how they will be measured and the extent to which the budget can be adapted to meet users’ changing needs are also considered essential for personal budgets to succeed. For instance, in Northamptonshire, local peer networks have been established to support users and their families in using PHBs. Specialist agencies were also commissioned to assist clinicians with support planning and brokerage (see glossary).\(^{87}\) More importantly, these agencies play a crucial role in ensuring that people’s care plans and the services commissioned through the PHBs appropriately meet their needs and aspirations.

Mental health is an area where the strategy of integrated budgets needs prioritising. Community and mental health services have been historically commissioned through block contracts, which do not fit with the personalisation model. Disaggregating block contracts to release funding was cited as one of the major challenges by commissioning managers in the PHB pilots and the Integrated Personal Commissioning Programme (IPC).\(^{88}\) Despite guidance from NHS England, only a few commissioners have transitioned to Payment by Results (PbR) models such as the National Tariff Payment System (NTPS), with many reporting to be unsure about which arrangements work best. Furthermore, since 2012 NHS England has introduced payment frameworks whereby mental health patients are classified on shared characteristics and the level of resources required to treat them (known as clustering allocation models).\(^{89}\) This is to standardise provision of resources and ensure greater transparency and accountability in the management and funding of mental health services.\(^{90}\) However, recent evidence points to substantial variation in costs and activity rates across providers, raising questions about consistency in quality of care and outcomes.\(^{91}\) Moving forward, commissioners must continue to work closely with providers to define the appropriate contracting arrangements to support the delivery of personalised services.

**Recommendation 1**

Clinical Commissioning Groups and local authorities need to review their approach to block contracts and work with providers to identify alternative contracting agreements to offer personalised commissioning and services. A phased approach will be needed to help providers manage financial risk.

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87 A. Erekos, *Personal Health Budgets for Mental Health: The Experience in Northamptonshire*.


91 Rowena Jacobs et al., *Funding of Mental Health Services: Do Available Data Support Episodic Payment?* (University of York, 2016).
2.1.2 Beyond continuing healthcare

The Department of Health and Social Care (DHSC) and NHS England are proposing to extend the right to PHBs and Integrated Personal Health Budgets (IPHBs) to a wider group of users, including wheelchair users, those with learning disabilities, and in end-of-life care. Scaling up PHBs to other groups will require appropriate resource and guidance to identify whether an individual is entitled to a PHB.

Beyond the current proposals, and contingent on the outcomes of the evaluation of the Integrated Personal Commissioning Programme (IPC), PHBs and IPHBs should be made available to people with arthritis and those living with other musculoskeletal conditions, where the benefits of personalisation have been evidenced through small-scale trials. PHBs might also prove effective in reablement and for high-volume service users.

2.2 Maternity care

As with many NHS services, maternity services are under mounting pressure. Whilst the number of births has stabilised in recent years, workforce and capacity challenges are ongoing concerns. The Royal College of Midwives has warned of a shortage of 3,500 full-time midwives nationally and a rapidly ageing workforce. Meanwhile, NHS Trusts are having to rely on short-term staff to plug the gaps in the service, with a reported spend of £25 million in 2015 on agency midwives. There is also a strong case for women to become more active participants in their care. However, a recent survey revealed that 40 per cent of women did not fully understand the risks related to their circumstances and were therefore unable to confidently make decisions about their care.

Greater choice and personalisation of services could result in better outcomes for women and higher satisfaction of maternity care services. In its Five Year Forward View for Maternity Care, NHS England set out a bold plan for delivering safer and more personalised services for women and their children and committed to deliver 10,000 Personal Care Maternity Budgets (PCMBs) by the end of 2017/18. As with mental health, PCMBs are offered in addition to existing services. By May 2017, over 400 women had received notional PCMBs to spend in a range of services in relation to antenatal care, place of birth and postnatal care. PCMBs are also expected to shift care from hospital-based obstetrical settings to midwife-led units, the community, and home birth services.

There are good examples of personalised approaches in maternity care, although evidence is still limited. PCMBs were initially piloted as part of the DHSC’s Personal Health Budgets evaluation programme. The evaluation, carried out in a deprived part of the pilot site and with a small sample of women, showed that personal budgets had positive outcomes on women’s care-related quality of life and psychological well-being. Clarity regarding the options available, support and advice from a “budget broker” and the ability to review the support plan at a later stage, were essential for women to fully take advantage of the benefits of having a personal budget. In line with existing evidence of personal budgets, PCMBs were most effective when women were able to exercise real choice over the services they could choose and when support could be adapted to meet their needs.

96 Stuart Bonar, State of Maternity Services Report (Royal College of Midwives, 2016).
97 Lisa Plotkin, Support Overdue: Women’s Experiences of Maternity Services (The National Federation of Women’s Institutes (NFWI) and NCT, 2017).
100 Caroline Glendinning, Jacqueline Davidson, and Kate Baxter, Personal Health Budgets and Maternity Care (Department of Health, 2013).
Seven Maternity Choice and Personalisation Pioneers are currently evaluating new approaches to personalisation, including expanding the menu of birthplace choices, integrating health and care planning and supporting the wider roll-out of PCMBs. More robust evidence is and should continue to be gathered to ensure that models emerging on the ground lead to good outcomes at a national scale.

Experiences of the implementation of PCMBs highlight the importance of having access to a pool of appropriately accredited providers as well as flexibility to amend support plans. This is important due to the unforeseeable nature of pregnancy, labour and childbirth. With PHBs expected to become a mainstream delivery model for NHS-funded services, commissioners will need to work in partnership with the provider market to reimagine the way services are delivered and adapt provision to meet changing demand. Approaches to creating sustainable provider markets are discussed in Chapter 4.

2.3 Personal budgets in education

As previously argued, personal budgets represent a shift toward the delivery of personally tailored services. This shift is urgently needed to address the needs of the youngest in society to prevent detrimental life outcomes, such as poor educational attainment, mental health problems or crime.

The Social Mobility Commission describes an “unfair education system” as one of the “fundamental barriers” to social mobility. At Key Stage 1 the reading gap is widening between richer and poorer pupils, with fewer Free School Meal (FSM) pupils passing phonics tests. By the end of secondary school, the most disadvantaged pupils are more than two years behind their richer peers, a trend worsening over the past decade. Current estimates suggest it will take 50 years for the attainment gap to close between pupils from poor and better-off backgrounds. Structural barriers, such as educational attainment for the most disadvantaged in society, were termed by the Prime Minister, Theresa May, in 2016 as a “burning injustice”. Since 2011 the pupil premium grant has been the Government’s principal strategy to tackle gaps in attainment between richer and poorer pupils. In 2012, it was extended to any pupil who had received FSM eligible within the past six years, growing from 1.2 to over 1.8 million children. In 2017, 1.9 million children were eligible for the pupil premium, which has been protected in cash terms since 2014-15. It stands at £1,320 per primary school pupil and £935 per secondary school pupil, with a total value of £2.2 billion in 2016-17.

The pupil premium, in its current design, has not had a major impact, as measured by educational outcomes. For example, in more than half of local authorities the attainment gap at secondary and primary school has worsened since its introduction, with the most disadvantaged pupils falling further behind their peers. As well as this underwhelming impact, Reform research in Beyond Gadgets: Edtech to close the opportunity gap has found that pupil premium reporting is generally inconsistent. Reports do not follow a single format and vary substantially in detail. Furthermore, academies (where almost half

103 Ibid.
104 Ibid.
105 Social Mobility Commission, State of the Nation 2017: Social Mobility in Great Britain (Social Mobility Commission, 2017).
106 Helen Ward, ‘Reading Gap Widens for Poorer Children - and 3 Other Findings from Today’s KS1 Results’, Webpage, TES, 28 September 2017.
of all children are educated) are not obliged to report how they spend their pupil premium income.\textsuperscript{112} This means many schools are inadequately accounting for the money they receive when enrolling disadvantaged pupils, making it difficult to assess whether these interventions are achieving value for money. As stated by the NAO, the Department for Education (DfE) has “more to do to optimise value for money” in the pupil premium.\textsuperscript{113} The DfE has found that many schools were likely to have been pooling pupil premium funding with other budgets, making it difficult to monitor impact and ensure that the money is directly benefitting the intended recipients.\textsuperscript{114}

Total funding for the Pupil Premium has more than quadrupled, increasing from £623 million in 2011-12 to £2.4 billion in 2017-18.\textsuperscript{115} The number of pupils attracting funding has followed a similar trend due to the broadening of the eligibility criteria. Although not managed as a personal budget, many schools are now moving towards more personalised allocation models of the pupil premium by putting in place personal education plans (PEPs) for children in care.\textsuperscript{116} The PEP is an integral planning tool and allows to monitor how the pupil premium is used to improve children’s educational outcomes. Models such as these could aid the transition to personal budgets.

\textbf{2.3.1 The alternative: Personal budgets for disadvantaged children}

The current model of delivery of support for children of disadvantaged parents does not involve parents in decisions of how pupil premium funding could be spent to benefit their child.\textsuperscript{117} The National Audit Office (NAO) has warned that parents of disadvantaged pupils are unlikely to hold a school to account for the use of the pupil premium and that this lack of engagement constitutes “a significant barrier to improvement for these pupils”.\textsuperscript{118}

Elsewhere, parents of children with special educational needs (SEN) have been empowered with a personal budget, or an Education, Health and Care plan (EHC), since 2014. The scheme, for 0 to 25-year-olds, assesses the young person’s needs and identifies the appropriate help and provision required to meet those needs.\textsuperscript{119} Parents with the plans have the right to a personal budget, allowing them to choose the expert support required by their child, rather than local authorities acting as the sole provider. Evidence shows that when support is offered, whether by schools or local authorities, parents are keen to engage in planning out and making decisions on what works best for their child.\textsuperscript{120}

Around 7,000 plans have already been taken up, enabling parents to put money toward specific interventions, such as sending their child to a specialist school.\textsuperscript{121} The DfE have found that children are happier, more confident and attending school more frequently.\textsuperscript{122} Coordinated support planning and the ability to exercise choice in how money is spent can also have a significant impact on families’ abilities to cope with stress and complexity. By putting children and their families at the centre, personal budgets can therefore provide parents with a chance to shape their child’s educational experience and future opportunities.

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\bibitem{113} National Audit Office, \textit{Funding for Disadvantaged Pupils}, 2015, 11.
\bibitem{114} Hannah Carpenter et al., \textit{Evaluation of Pupil Premium: Research Report} (Department for Education, 2013).
\bibitem{117} National Audit Office, \textit{Funding for Disadvantaged Pupils: Survey Evidence from Pupils, Parents and School Leaders}, 2015.
\bibitem{118} National Audit Office, \textit{Funding for Disadvantaged Pupils}.
\bibitem{119} Department for Education, ‘Special Educational Needs Support: Families to Be given Personal Budgets’.
\bibitem{120} Kate Sibthorp and Tricia Nicoll, \textit{Making It Personal: A Family Guide to Personalisation, Personal Budgets and Education, Health and Care Plans} (Department for Education, 2014).
\bibitem{121} Ibid.
\bibitem{122} Ibid.
\end{thebibliography}
Recommendation 2
The Department for Education should pilot personal budgets for disadvantaged pupils. This should be accompanied by specialised advice and support for parents in receipt of the disadvantaged pupil personal budget.

Recommendation 3
The Department for Education should evaluate whether advice for parents in receipt of the disadvantaged pupil personal budget would be best delivered by schools or through a national advice service.

Recommendation 4
Schools should have a mandate to inform parents in receipt of the disadvantaged pupil personal budget about how the money is spent.

Recommendation 5
Schools should complete a statement of evidence of creative use of the budget and where it has delivered value for money. The Department for Education should create a publicly available repository of evidence to inform and guide the wider roll-out of personal budgets.

2.4 Transitional times
Personal budgets are most successful when the recipient works with the support planner to identify goals and challenges at specific times of their lives. An interviewee for this paper highlighted that this co-production is especially important during transitional times, when an individual may be facing new obstacles or have fundamentally different needs than previously, for instance around prisoner rehabilitation or employment services.

2.4.1 Offender rehabilitation
In criminal justice it has taken time to ensure genuine co-production, to take autonomy on and identify the needs and specifics that will rehabilitate an individual. Funding remains targeted on broad examples rather than tailored demands. Meanwhile, reoffending rates in the UK are stubbornly high, with 63 per cent of those serving sentences of less than 12 months reoffending within a year. Reoffending is expensive, with prison costing upwards of £35,000 per prisoner each year and £9.5 to £13 billion of taxpayers money annually. Current strategies aimed at rehabilitation have been expensive and largely ineffective, with 19 out of 21 Community Rehabilitation Companies (CRCs) –providers contracted to manage low and medium risk offenders – failing to meet targets for reducing the frequency of reoffending. The incentive to reduce recidivism through a personalised approach consequently has significant social and financial value to both individuals and the state.

There is much the criminal justice system could learn from the reforms that have taken place in the social care sector, where the concept of personalised commissioning has become increasingly important. Like many people who use social care personal budgets, most ex-offenders have multiple and complex needs. A study by the criminal justice charity, the Revolving Doors Agency, highlighted 10 key social care needs identified as “common” amongst short-sentence prisoners including accommodation, employment, addiction, mental health, and debt. Seventy-two per cent of male and 70 per cent of

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female sentenced prisoners suffer from two or more mental health disorders.\textsuperscript{127} Furthermore, some 46 per cent of all people entering the UK prison system have “literacy skills no higher than those broadly expected of an 11 year old child”, three times the national adult average and a significant obstacle to their employment after leaving prison.\textsuperscript{128} Like the social care sector, the criminal justice sector has a long history of institutionalism that reduces the ability of ex-prisoners to make informed choices about their own lives.

There are already examples of more personalised approaches to rehabilitation emerging in the criminal justice system, although substantiated evidence remains limited. The Inside Out project at HMP Preston works with prisoners before their release to develop a “Life Plan” and provide “through the gate” support.\textsuperscript{129} The initial scheme envisaged a personal budget of up to £500 being awarded to a prisoner upon release. However, concerns over administrative costs, dependency, and public fall-out saw a shift to pooled funding and needs-based payments.\textsuperscript{130} This discretionary funding in the form of an “enabling fund” is made available to implement the Life Plan, alongside support from a community volunteer to help the individual reintegrate into the community. Whilst still awaiting an impact evaluation of the scheme, an interim report noted significant benefits from a coproduced Life Plan, including qualitative evidence that the personalised approach helped prevent offenders from re-offending.\textsuperscript{131}

Similarly, a pilot project at HMP Everthorpe in 2012 targeted offenders with mental health issues and complex needs, who were failing to successfully engage with conventional services.\textsuperscript{132} The pilot aimed to put offenders at the centre of their resettlement plans by involving them in the development of a “personalised agenda”. After a period of close work with project workers, those participants who showed commitment to the project were able to make applications to a beneficiary fund to aid resettlement and achieve agreed upon post-release goals. The money could be spent in a variety of unconventional ways, with examples including three months’ car insurance for a self-employed tradesman, college tuition fees for a computer course, and travel costs to enable the recipient to spend time with formerly estranged children. The project was focused on giving the prisoner choice and control over their lives in return for them taking responsibility.\textsuperscript{133}

The existing pilot schemes at HMP Preston and HMP Everthorpe have demonstrated some successes of personalised funding models. These include a clear recognition of the importance of addressing offenders’ resettlement needs, such as mental health, employment, or addiction. This integrated approach to criminal justice funding has proven to be popular amongst the offenders targeted, but the evidence around these schemes is somewhat limited.\textsuperscript{134} Pooling funding for rehabilitation with personal budgets in social care, healthcare, housing, and employment services would provide an interesting pilot scheme going forward. Furthermore, whilst both Preston and Everthorpe provided funding for individual spending, neither fully embraced a completely flexible personal budget structure in which the individual has complete control of their rehabilitation spending and budget administration (including direct payments). Further evidence is needed as to how ex-offenders could be empowered to make informed choices over their re-entry to society, whilst simultaneously reducing the risk of recidivism.

\textsuperscript{128} Skills Funding Agency and Department for Education, OLSAS English and Maths Assessments: Participation 2015/16 (Department for Education, 2016).
\textsuperscript{129} Chris Fox, Alex Fox, and Caroline Marsh, Personalisation in the Criminal Justice System: What Is the Potential? (Criminal Justice Alliance, 2014).
\textsuperscript{130} Fox et al., Interim Evaluation of Inside Out.
\textsuperscript{131} Ibid., 47.
\textsuperscript{132} Moore and Nicoll, Getting a Blue Life: Personalisation and the Criminal Justice System.
\textsuperscript{133} Ali Gardner, Personalisation in Social Work (Learning Matters, 2014), 75–79.
\textsuperscript{134} Moore and Nicoll, Getting a Blue Life: Personalisation and the Criminal Justice System.
However, the provision of personal budgets for ex-offenders also poses unique challenges, given it is a sector where there is a need to manage risk and there remains a public expectation to see punishment as well as reform.\textsuperscript{135} Whilst the personalisation of funding through personal budgets can increase transparency, reduce waste and duplication of services, and improve individual outcomes, there are still concerns around oversight and effective management against fraud or misuse. The use of different types of personal budgets, including notional and third party, may provide a solution but greater research is needed (See section 1 for detail on delivery models for personal budgets).

Recommendation 6

The Ministry of Justice should include an ‘innovation budget’ for Community Rehabilitation Companies in the forthcoming round of contracting, ringfenced for Community Rehabilitation Companies to pilot personal budgets in their contract package area. The Ministry of Justice should be responsible for conducting the accompanying research, analysis and dissemination of learnings from the pilots.

2.4.2 Long-term unemployment

As with offender rehabilitation, individuals attempting to enter the workforce after long-term unemployment often require significant interventions and support to break the cycle.

Past experiences of personal budgets in employment also remain limited, although there is evidence of success. In the Netherlands, the long-established tradition of personal budgets in the care sector has been extended to welfare provision through the introduction of Individual Reintegration Agreements (IRO).\textsuperscript{136} This scheme enables unemployed individuals to design their own route back to work and choose which private providers they would like to use as part of this plan. Recipients discuss and have their reintegration plans approved with a coach at the benefits agency. While the IRO is targeted towards those with disabilities and the public body remains the budget holder, similar versions of the scheme at municipal levels, known as Personal Reintegration Budgets (PRBs), have been open to a wider range of jobseekers and have given responsibility for the budget to the client themselves.\textsuperscript{137}

An evaluation of the IRO system found the scheme to be very popular: in 2007, two-thirds of unemployment benefit recipients made use of the plan.\textsuperscript{138} Jobseekers reported an increased sense of autonomy and responsibility and the scheme was more effective in getting clients back to work than traditional employment programmes by a factor of 1.2 to 1.5. However, the assessment also found the IRO packages to be more expensive compared to traditional services.\textsuperscript{139}

In the UK, the Youth Employment Gateway (YEG) scheme that ran between 2014 and 2017 aimed to reduce youth unemployment in Liverpool.\textsuperscript{140} One key feature of the YEG programme was a “participant budget” of £500, made available to members of the scheme to spend “flexibly on items that would aid work or retention”.\textsuperscript{141} Recipients of this budget rated the financial aspect as being a key part of the support they received, and the


\textsuperscript{136} Dan Finn, The Organisation and Regulation of the Public Employment Service and of Private Employment and Temporary Work Agencies: The Experience of Selected European Countries - the Netherlands, Denmark, Germany, and the United Kingdom (Learning and Work Institute, 2016).

\textsuperscript{137} Amy Tarr, Personalising Welfare to Work: The Case for Personal Welfare Budgets (Inclusion Think Tank, 2011).


\textsuperscript{140} Ray, Crunden, and Murphy, Liverpool City Region Youth Employment Gateway (YEG) Evaluation.

\textsuperscript{141} Ibid.
personal budget element was “highly valued by advisors and participants alike” and had an important impact on work retention for those already in work.142

The Flexible Support Fund is designed to allow Jobcentre advisors to tailor support to better fit a claimant’s individual needs. In 2016/17 it was worth £76.7 million; however, it has historically been underspent.143 There was an underspend of £64 million in 2014/15 from an allocated budget of £136 million.144 One reason for this is that claimants often move into work before this support can be given. One way to get better value for money out of this fund and ensure it is fulfilling its intention to give claimants bespoke support is by giving claimants themselves greater say over how the money is spent. Both the Liverpool and Dutch examples are evidence that with oversight and support from professionals such an approach can transform employment outcomes.

This contrasts with the Jobcentre Plus model, where front-line Work Coaches based in jobcentres are tasked with supporting claimants into work by “challenging, motivating, providing personalised advice and using knowledge of local labour markets”.145 Interviews conducted for this paper highlighted that Work Coaches have traditionally engaged in box ticking, following a rigid process to get people through the motions of a job search. The service required is specialist support and advice from people who understand business needs, labour market opportunities and relevant local support services (such as drug action teams (DATs), childcare and housing support), delivered in a non-stigmatising environment.

**Recommendation 7**

The Department for Work and Pensions should increase transparency of the Flexible Support Fund and publish which JobCentres are chronically underspending the money available to meet claimants’ needs.

**Recommendation 8**

In some Jobcentre Plus offices, a proportion of the Flexible Support Fund should be ringfenced to pilot a personal budget scheme for a relevant group of out-of-work universal credit claimants, providing them with a cash sum to spend on improving their employability skills.

142 Ibid., 10.
143 McGuinness, Kennedy, and Jones, *Jobcentre Plus Flexible Support Fund*.
144 Ibid.
3
Weighting the evidence
Experiences of implementation of personal budgets suggest they can potentially deliver innovative public services which are more flexible and responsive to people’s needs. However, one crucial issue is the disconnect between the touted benefits of personal budgets and the evidence base supporting these arguments.

Two reports published in 2016 and 2017 highlighted this issue in clear terms. The first by the NAO called upon the DHSC and local authorities to “gain a better understanding” of how personal budgets worked for citizens. The second, by the public services organisation, Think Local Act Personal, criticised the lack of evidence around the use of personal budgets in several major public service areas including education, employment, rehabilitation, and healthcare. It laid out that without solid data-driven evidence that personal budgets can improve citizen outcomes and increase value-for-money, many local authorities and public service commissioners will remain reluctant to implement personal budgets, particularly in new or relatively untested fields.

The report further emphasised the important distinction between measuring success in terms of user experiences and success in terms of outcomes and value. Most data collected around personal budgets has focused predominantly on the principled concepts of personalisation, autonomy, and independence, at the expense of key financial and value-based assessments.

These commentaries on personal budgets are unsurprising given the inconsistent and uneven history that personal budgets have in England. As Figure 1 demonstrates, the past 5 years have seen personal budgets trialled in new fields such as youth employment, mental health, and ex-offender rehabilitation, with often positive results. Yet the small-scale and local nature of these schemes means only limited conclusions can be drawn as to their effectiveness more broadly. Furthermore, whilst international examples also exist across a much wider range of public services, they are of limited use in identifying benefits and costs in the English public sector.

Unlike other interventions, personal budgets require system-level transformation of payment models, commissioning structures, staff culture and service delivery. This poses important methodological limitations to evaluating outcomes and assessing impact over time.

It must also be highlighted that much of the evidence on personal budgets has come from pilot programmes, deployed at both national and local level. Interviews conducted for this paper stressed the need to consider the effects pilots might have on the successful scale-up of personal budgets. For instance, pilot sites taking part in the Individual Budgets Pilot and the Personal Health Budgets Programme received additional resources, training and financial incentives to support their implementation. These resources are not necessarily available when deploying personal budgets more widely, meaning caution must be exercised when interpreting the outcomes of pilot projects. Indeed, the Individual Budgets Pilot evaluation explicitly warns of inevitable “pilot effects” and how contextual factors might have limited the replicability of personal budgets.

However, the lack of evidence cannot be overcome by any other means than long-term, widespread, and consistent test programmes. The roll-outs of social care budgets, PHBs, and IPC budgets demonstrate how this can be achieved. To build trust between the funding organisations, commissioners, providers, and citizens around personal budgets, it is necessary to ensure that personal budget schemes are trialled or scaled-up in areas with previous limited experience.

146 National Audit Office, Personalised Commissioning in Adult Social Care.
147 Alex Fox and Tim Parkin, Gathering the Evidence: Making Personal Budgets Work for All (Think Local Act Personal, 2017).
148 Ibid.
149 Ibid., Nicholas Mays et al., Advice to the Department of Health and NHS England on the Integrated Personal Commissioning (IPC) Programme Independent Evaluation (Policy Innovation Research Unit, London School of Hygiene and Tropical Medicine and Economics of Health and Care Research Unit, University of Kent at Canterbury, 2016).
As argued in Chapter 2, it is crucial to first identify the service areas and user groups where personal budgets could add most value. Secondly, focus should be placed in setting-up limited-scale pilot schemes to test the implementation of the model. Pilots should cover a large enough number of localities and run for a long enough period of time in order to generate a meaningful dataset. When possible, randomisation principles should be adhered to in order to minimise bias and effectively assess the impact of schemes (see section 4.4.2). Whilst still important, user experiences of the scheme can then be included as a complimentary evidence base to the dataset. These pilots should ideally be run by a national body working in conjunction with multiple local authorities, but it is possible that a third sector organisation or provider may be better suited to administer the programme overall, particularly if targeting a specific and narrow cohort.
4 Enabling success

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Personal budgets are not a panacea for personalised public services. Without evidence that they improve outcomes as well as user experiences of public services, it would be premature to encourage their use on a broader scale. Commissioners and policy makers need to ensure that the use of personal budgets is conditional upon them providing quantifiable evidence that they achieve value for all stakeholders: users, commissioners, and providers.

Nevertheless, this realisation about their limitations should not prevent them being a useful tool in the public service commissioner's toolkit, particularly given their successes in certain trials and pilot schemes seen in Chapter 1. Learning from those lessons and looking to the future, it is crucial to recognise where the strengths and weaknesses of personal budgets lie, and how success can be enabled. Whether encouraging existing good practices, or suggesting important reforms around other areas, it is necessary that personal budgets are deployed effectively and efficiently where they have been proven to work.

### 4.1 Meaningful choice

Personal budgets work only if there is a healthy and sustainable provider market which provides the budget holder with the means to improve their outcomes as well as choice over how to spend their budget. As has been seen with previous personal budget schemes, outcomes rarely improve if a range of services are not available or the budget holder lacks meaningful choice.\(^{151}\)

When a diverse and competitive provider market exists, it has the potential to deliver higher quality services and improve efficiency.\(^{152}\) Advocates of personal budgets contend that market forces are often enough to act on providers, encouraging new providers to enter the market and fill gaps in existing markets, particularly in single provider areas, thereby offering choice to users.\(^{153}\) There are examples of this already; when working with personal budget holders in mental health, Northamptonshire Trust expanded their market provision based on the services budget holders clearly wanted.\(^{154}\)

If providers fail to do so, this market shaping could be facilitated by local authorities or public bodies.\(^{155}\) These obligations have already been codified in the 2014 Care Act which lays out the responsibilities of local authorities in “promoting the efficient and effective operation of a market in services for meeting care and support needs”.\(^{156}\) The DHSC, for instance, established an on-line “Market Hub” for commissioners and providers in 2017 to ensure this meaningful choice existed in health and social care markets.\(^{157}\)

However, the evidence for market forces naturally driving growth and choice is limited. An evaluation of the Individual Reintegration Agreement (IRO) personal budget scheme in the Netherlands found that whilst the programme attracted some 2,500 providers, including some offering highly-specialised services, IRO packages were more expensive compared to traditional services.\(^{158}\)

Furthermore, a 2016 NAO report highlights that even with commissioners acting as market stewards, significant variability persists in the English social care market, both geographically and financially.\(^{159}\) This has been argued as being a significant barrier to the widespread use of personal budgets in remote or rural areas, where it would be financially inefficient for multiple service providers to operate. In these circumstances, citizens are

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151 Glasby and Littlechild, Direct Payments and Personal Budgets: Putting Personalisation into Practice.
156 HM Government, Care Act 2014, sec. 5.
158 Todd Honeycutt and Lorenzo Moreno, Experiences of Germany and the Netherlands in Serving Transition-Age Youth (Mathematica Center for Studying Disability Policy, 2014).
159 National Audit Office, Personalised Commissioning in Adult Social Care.
left with few or no options to acquiring their own services, thereby making personal budgets redundant for many public services. Consequently, a Parliamentary committee noted that not “everyone counted by local authorities as having a [social care] personal budget does actually have genuine choice and control over the services they receive”. Ensuring citizens have meaningful choice is also reflected within the different personal budget models, some of which permit more personalisation than others. Direct payments, for instance, provide a greater degree of choice for the budget holder than either third-party or notional personal budgets, as the budget holder faces fewer restrictions as to what they can spend their budget on. Evaluations have shown that when compared with council-managed budgets which limit purchases to services already commissioned by the local authority, direct payments can lead to greater choice and control for the budget holder.

Overcoming these public service “cold spots” and guaranteeing meaningful choice for personal budget holders within any public service area is challenging but feasible. As well as identifying where these problematic areas exist, one key element in tackling them is ensuring that the users of public services play a larger role in helping shape the public services market, alongside the commissioners. Public service markets are responsive to both the demands of the consumers as well as the “top-down” efforts of government.

4.2 Integration

Public services are neatly divided into distinct areas such as healthcare, social care, employment, education, homelessness, and rehabilitation. However, the reality is that an individual’s needs are rarely as clearly segregated. As research has shown, it is often challenging to work towards improving individual outcomes without adopting a multi-disciplinary approach. For instance, a 2014 report from Homeless Link showed that “80 per cent of homeless people in England reported they had mental health issues, with 45 per cent having been diagnosed with a mental health condition,” far above the national average. In many cases, multiple and complex needs not only co-exist but are often inherently linked.

Supporters of personal budgets regularly point to user choice as being a crucial tool for overcoming this siloed approach to public services and identifying and tackling multiple user needs. Ideally, personal budgets would move funding for public services out of a barriered-system of segregated administrative bodies such as the NHS or local authorities, and into a citizen-centred model. The personal budget holder is ostensibly empowered to act as most meets their needs rather than attempting to operate within a depersonalised system.

Yet this belief has not been matched by the deployment of personal budgets in England. As explained in Chapter 1, the most widespread examples have predominantly adhered to the fragmented model of public service commissioning and delivery, particularly within social care and healthcare. If personal budgets are to be used pragmatically and realistically to benefit citizens, it is necessary that integration occurs, not only of the citizen into public services but of how personal budgets are allocated and administered.

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160 Liz Newbronner et al., “Keeping Personal Budgets Personal: Learning from the Experiences of Older People, People with Mental Health Problems and Their Carers” (Social Care Institute for Excellence, February 2014).
165 Homeless Link, The Unhealthy State of Homelessness: Health Audit Results 2014 (Homeless Link, 2014).
166 Ann Rosengard et al., A Literature Review on Multiple and Complex Needs (Scottish Executive Social Research, 2007).
168 Simon Stockton and Martin Cattermole, Personal Budgets - Checking the Results (Think Local Act Personal, 2010).
4.2.1 Systematic integration

Within the existing system of public services, individuals may find themselves receiving personal budget funding from multiple sources, with multiple reporting structures, assessment criteria, and spending restrictions. This “siloed thinking” reflects the specific and clearly delineated accountabilities, commissioning rules or requirements, and outcomes that different departments or public bodies have – for instance around health improvement, education attainment, employment, or re-offending (see Figure 2).

Figure 2: Examples of healthcare, social care and welfare funding streams working age adults with long-term complex health needs and disabilities could be eligible for

Source: Reform research

Please note that this figure is meant to provide a general overview of available funding streams and might not include all benefits working age people with complex needs and disabilities might be eligible for. For further information please refer to the Glossary of Terms at the end of this paper.

*Employment and Support Allowance (ESA), Income support and Housing Benefit are currently being phased out and replaced with Universal Credit.

Whilst the funding for these objectives may be allocated for similar or overlapping purposes (such as improving somebody's physical wellbeing)\textsuperscript{170}, commissioners and funding bodies rely on this fragmented model to ensure that they can monitor and guarantee their specific outcomes are achieved. Many commissioners are reluctant to give up these divisions as any changes could potentially hinder their ability to demonstrate value in their expenditure and to tie outcomes to their investments.\textsuperscript{171} This disjointed structure also explains the fundamental differences between how different public services are allocated, including why “healthcare is free whereas social care is means-tested”.\textsuperscript{172}

Despite these challenges, there can be significant benefits to co-ordinating public services particularly when the intended outcomes of those services are the same or similar.\textsuperscript{173} Whether in integrated commissioning or simply by a greater emphasis on collaboration and alignment between public bodies, “joined-up” public services can help better meet the needs of a citizen, particularly when those needs are complex and multi-faceted.\textsuperscript{174} Health and social care have often been the focus of this closer working because of their shared objective of improved health and wellbeing, as a Local Government Association and NHS Clinical Commissioners report noted:

\begin{quote}
Health and wellbeing are closely intertwined, and local government has significant influence on many of the wider determinants of health and wellbeing, such as housing, transport, education, leisure and the built environment. To take a fully outcomes-focused approach […] necessitates looking past historical boundaries.\textsuperscript{175}
\end{quote}

Other services like employment, welfare, and skills can also be more effectively integrated given the coherence of primary outcomes around supporting an individual to enter the workforce.\textsuperscript{176}

Where integration is unviable or relatively untested, there must be more scope for different public bodies to align and co-ordinate services around individuals, despite maintaining the “siloed” approach behind the scenes. This joint-government approach has been seen in the roll out of integrated personal budgets, which have been integrated only at the point of access for the budget holder.\textsuperscript{177} For instance, some local authorities will pay a social care personal budget into the same account as an NHS personal health budget. However, due to the accountability concerns commissioners hold, the budget holder is still mandated to provide receipts or statements to two different bodies. This can prove challenging to many budget holders or their care givers but does provide the funding departments with clear accountability for their expenditure and outcomes.\textsuperscript{178}

If implemented, supported, and monitored appropriately, pooled multi-agency funding for personal budgets potentially offers a means of breaking this siloed thinking.\textsuperscript{179} As one interviewee for this paper noted, outcomes are not divided and the means for achieving them should not be either. Efforts have already begun at increasing the rates of integration, alignment, or coordination amongst awarded personal budgets in order to ascertain their effectiveness, although these have been met with mixed results.

\textsuperscript{176} House of Commons Committee of Public Accounts, Personal Budgets in Social Care, Second Report of Session 2016–17, 8.
\textsuperscript{177} Fox and Parkin, Gathering the Evidence: Making Personal Budgets Work for All.
\textsuperscript{178} McPin Foundation, Is a Personal Budget Right for You? (McPin Foundation, 2013), 6.
The Integrated Budget pilot scheme evaluation, for instance, demonstrated that whilst attempts to integrate or align funding streams within adult social care had “been a relative success” due to the significant time and efforts by local authority officers, fundamental integration was limited by a “perceived lack of commitment and/or over-cautiousness at national level” due to existing legal frameworks.\textsuperscript{180} 

In Wales, where structural and policy changes have produced integrated Local Health Boards and statutory Regional Partnerships, these have “allowed social models of community based-care which cut across traditional organisation and service boundaries.”\textsuperscript{181} Initial results from this combined approach to service delivery have been positive,\textsuperscript{182} but personal budgets are not yet a widespread social care option making thorough analysis difficult.\textsuperscript{183}

NHS England is similarly piloting schemes around Integrated Personal Commissioning (IPC).\textsuperscript{184} The aim is to join up an individual’s funding for healthcare, social care, and education, in a personal budget paid for by local authorities, the NHS, or both.\textsuperscript{185} Pilot schemes in 17 English regions have provided early indications that integrated budgets can have a significant impact on improving outcomes and user experiences.\textsuperscript{186} Assuming evaluations continue to be positive, IPC personal budget holders could therefore potentially experience “seamless care and support”, as opposed to the current fragmented delivery systems.\textsuperscript{187} Proponents have highlighted how this model of commissioning via aligned personal budgets could improve transparency and collaboration between departments, as well as potentially exposing areas of overlap in service delivery or allocation, thereby increasing efficiency for public service delivery.\textsuperscript{188}

4.2.2 Co-production

A genuine focus on the service user is needed as a part of this greater alignment and integration across public services of accountabilities, funding, policy, and outcomes. Co-production provides a means of doing so and has been widely promoted by various governments since David Cameron first spoke in 2007 of making public service users “active agents of their own life”.\textsuperscript{189} In the context of personal budgets, co-production is described as “a collaborative relationship between the people who use services and the practitioner (be it a social worker, personal assistant, teacher or housing officer)”.\textsuperscript{190} The budget holder should be actively involved in defining their outcomes, with assistance from practitioners or professionals where necessary. This would increase the control individuals have over their own lives and their ability to shape public services around their needs.\textsuperscript{191}

For co-production (and personal budgets) to work, there needs to be a recognition that the current balance of power between service users and professionals would require fundamental changes, particularly when it comes to the assessment of needs and design of the personal budget.\textsuperscript{192} In most traditional models of public services, including some existing personal budget schemes, the service users have their needs assessed by professionals who then design and allocate a service that should meet those needs.\textsuperscript{193}

\begin{itemize}
\item\textsuperscript{180} Ibid., 139.
\item\textsuperscript{181} Welsh Government, A Healthier Wales: Our Plan for Health and Social Care (Llywodraeth Cymru Welsh Government, 2018), 2.
\item\textsuperscript{182} Susan Carnes-Chichlowska, Vanessa Burholt, and David Rea, Realistic Evaluation of Integrated Health and Social Care for Older People in Wales, to Promote Independence and Wellbeing (Welsh Government Social Research, 2013).
\item\textsuperscript{185} NHS England, Integrated Personal Commissioning and Personal Health Budgets: Finance and Commissioning Handbook.
\item\textsuperscript{187} NHS England, Personal Health Budgets and Integrated Personal Commissioning Quick Guide (NHS England, 2018)
\item\textsuperscript{188} Alakeson, Delivering Personal Health Budgets: A Guide to Policy and Practice.
\item\textsuperscript{189} David Cameron, ‘David Cameron - 2007 Speech on Public Services’, Speech, Webpage, 29 January 2007.
\item\textsuperscript{190} Catherine Needham and Sarah Carr, Co-Production: Lessons from Research (Community Care Inform Adults, 2018), 4.
\item\textsuperscript{191} Muir and Quitter-Pinner, Powerful People: Reinforcing the Power of Citizens and Communities in Healthcare.
\item\textsuperscript{192} Simon Duffy, Personalisation in Mental Health (Centre for Welfare Reform, 2010).
\item\textsuperscript{193} Matthew Horne and Tom Shirley, ‘Co-Production in Public Services: A New Partnership with Citizens’ (Cabinet Office, March 2009).
\end{itemize}
Co-production challenges this view of citizens as passive users and instead insists that “people who use services are hidden resources […] and that no service that ignores this resource can be efficient.”194 The lived experiences of service users must be given equal footing to professional expertise when designing solutions to the complex or long-term needs of those individuals.195 Doing so actively involves the service users with the design and delivery of their public services, and challenges “top-down” models of service design.196

However, the principles of co-production have proved challenging to implement in practise, due to limitations of both the commissioning bodies and the service users.197 On the organisation side, these challenges have included the “[i]ncompatibility of public organisations to citizen participation” (manifested through poor communication infrastructures, or low-capacity for new training schemes); administrators and front-line staff who are reluctant to involve citizens as “valuable partners” for reasons(555,908),(984,918)

Yet service users have also remained reluctant to fully embrace co-production, particularly due to their own personal situation and abilities, and their often low social capital expressed through their capacity to “create sustainable relations” with public organisations.198 For co-production to unlock the benefits of personalised public services, there needs to be a widespread cultural, institutional, and structural shift within the relationships between service users and the professionals tasked with designing and delivering those services to redress the balance of power between the stakeholders.200 If the possible benefits of co-production are to be realised, citizens need to be better supported to engage with the design and delivery of their public services, and organisations need to be given the scope to better permit this engagement.

Peer networks and advocacy groups have been identified as a potentially crucial means of supporting collective co-production and helping individuals manage and use personal budgets.201 Some peer-to-peer networks, such as the NHS Personal Health Budgets Learning Network, are focused on building trust and productive working relationships between professionals and enabling the sharing of knowledge and skills, regardless of geography or department, around the use of a specific service.202 Others, like Shaping Our Lives, create networks of user-led organisations to drive co-production in policy, service design and delivery.203

194 David Boyle and Michael Harris, The Challenge of Co-Production: How Equal Partnerships between Professionals and the Public Are Crucial to Improving Public Services (Nesta, 2009), 11.
196 Duffy, Personalisation in Mental Health.
By bringing together service users with lived experience and the professionals delivering services, peer networks and advocacy groups can offer opportunities for delivering support in a way that is rooted in community resources, reduce social isolation and encourage the development of experiential knowledge.\textsuperscript{204} Whilst evidence around the value of peer advocacy is limited, some research demonstrates that group-led action can also support service users who might otherwise be marginalised or lack access to person-centred planning, such as those with communication difficulties, mental health problems, challenging behaviour or learning disabilities.\textsuperscript{205}

Co-production, peer-to-peer networks, and a focus on outcomes rather than inputs, outputs, or activities, has the potential to ensure tailored public services that can meet the complex and multi-faceted needs of a citizen in a way that current approaches may not. This demands recognition that people might want to spend their budgets on innovative or non-conventional services. One criticism regularly levelled at the use of personal budgets in health and social care is that people might spend public money on items or services that could be seen as “frivolous”.\textsuperscript{206} These assessments fail to reflect the individuality of people and their often widely different needs and means of meeting their needs. Experiences of personal budgets in healthcare have shown that purchases like computer equipment, tickets to football games, and iPads have been signed off by practitioners who have rightly justified the expenditures as “helping people with complex conditions to thrive” or helping people “to organise treatment or live independently”.\textsuperscript{207} A holistic and co-produced approach to defining outcomes and identifying and procuring the tools for improving them may yield better value-for-money, alongside a preferable user experience, as was seen in the personal health budget pilot scheme between 2009 and 2012.\textsuperscript{208}

Personal budgets are not the only means of achieving this shift. The intrinsic personalisation of public services via outcomes-based commissioning shows that the model of self-purchased services are not always guaranteed to achieve greater value for money.\textsuperscript{209} Whilst complex needs may be better met where individuals tailor service procurement to meet their needs, a population-based approach such as a block contract may remain more appropriate for certain common items which can be purchased in bulk for a lower cost than by an individual.\textsuperscript{210} Assessment is crucial to determining where personal budgets may achieve the greatest impact (see section 3.2).

4.3 Support, guidance and information

Both the NAO\textsuperscript{211} and public service professionals\textsuperscript{212} caution that if a personal budget is put in place without adequate support, information, or alignment with a user’s circumstance, it may not improve individual outcomes.\textsuperscript{213} Whilst some individuals may be “consummate consumers”, others will need greater assistance in managing a personal budget. This may be due to a lack of experience, skills, or the ability to effectively procure their own services. If a personal budget is mandatory (as with social care in the UK), a third party or notional budget will therefore be required by the holder instead of direct payments.


\textsuperscript{206} NHS Funds Spent on “Patient Treats”, Webpage, BBC News, 1 September 2015.

\textsuperscript{207} Chris Smyth, “Patients Will Decide How They Spend NHS Money”, The Times, 17 April 2018.

\textsuperscript{208} Vidhya Alakeson and Benedict Rumbold, Personal Health Budgets: Challenges for Commissioners and Policy-Makers (Nuffield Trust, 2013).


\textsuperscript{211} National Audit Office, Personalised Commissioning in Adult Social Care.


\textsuperscript{213} National Audit Office, Personalised Commissioning in Adult Social Care.
Both the providers and commissioning bodies should take steps to make good-quality information easily accessible so that citizens have enough knowledge to make informed choices about what they can spend their personal budget on, if allocated one. The National Council for Voluntary Services argues that “it is vital that councils set up systems to communicate personal budget holders’ demands to providers, and support providers to adapt accordingly.”

However, a 2011 Think Local Act Personal report found that only half of social care personal budget holders said their local authority had made it ‘easy’ to get the right information and advice to choose and purchase their care and support. Furthermore, there are no clear guidelines about how to enable this exchange, meaning many local authorities remain unsure how best to meet the needs of their citizens. Of 141 local council directors surveyed, 40 believed their biggest concern in meeting social care statutory duties fell around personal budgets.

4.3.1 A digital approach

For many local authorities the requirement for easily accessible information for personal budget holders has been represented through a “digital by default” approach and the use of local service directories. Yet these online portals reflect various approaches, with a distinct lack of consistency. Whilst most provide a searchable database of providers, the information attached to each provider can vary widely, not only between councils but within a single directory. Some, like Durham Locate, Greenwich Community Directory, or Live Well Cheshire East, include recommendations of similar services on offer, and what accreditations each provider holds. Others, such as Somerset Choices or My Life Telford, provide brief descriptions of services but no comparable information between providers. Whilst there have been some efforts to ensure a regulated model (see Figure 3), these have relied upon local authorities to willingly collaborate rather than any codified legal framework.

Figure 3: Connect to Support

The Connect to Support platform is a franchise-based approach to online portals for public services. First trialled by Harrow Council in 2009 as the “Citizens Portal”, the Connect to Support platform is run by the social enterprise shop4support in partnership with local authorities. It is currently used by 17 local authorities including Hampshire, Birmingham, York, and Manchester.

The website provides users with “information and advice, assessments and screening, personal budget management, brokerage, care accounts and a transactional e-Marketplace”, tailored to reflect the local area’s public service market. The marketplace enables personal budget users to quickly and clearly access products and services from legitimate suppliers. To permit easy comparisons for those seeking support, categories include end of life, health and wellbeing, or support for carers. The website provides links to many important local council services related to education, health or social care, mental wellbeing, or logistical support.

223 In Control, Responding to the Challenges and Opportunities Outlined in the Audit Commission’s Report on Personal Budgets (In Control, 2011).
The Connect to Support website has been assessed as exceeding the requirements for Web Content Accessibility Guidelines, which ensures those users with cognitive impairments or age-related disabilities (core demographic) are freely able to access the digital information. Options to create and print customised booklets containing the information on the website permits carers or family members to ensure the user receives the information required without councils having to duplicate information services.

The inconsistency within these online portals is particularly problematic when it comes to ensuring a coherent standard of information and assurances of quality across county borders. The result is a jumbled and disorderly “postcode-lottery” of information for citizens, which leads to variable access to the services themselves. Resources are wasted by local authorities on creating new local service directories and online portals to convey information and facilitate direct contact between providers and citizens, with varying degrees of success. The responses to the Local Digital Fund launched by the Ministry of Housing, Communities, and Local Government (MHCLG) in October 2018 has shown that local authorities have recognised this problem and are eager for help in transforming their digital services.

Instead of reinventing the wheel, local authorities should look to NHS Digital and existing, successful platforms like Connect to Support to assist them with driving change across local digital services. NHS.UK (formerly NHS choices) is an online, nationwide platform which provides users with “information, advice or data about health and care providers or accessing health and care services”. It includes specific indications of quality, including Care Quality Commission inspection ratings and user reviews. Services are broken down

Source: Based upon the information available on different Connect to Support websites

226 Adam Thoulass, ‘Setting up the Local Digital Fund: What We’ve Learnt and How We’re Adapting’, MHCLG Digital Blog, 14 November 2018.
227 Connect to Support, ‘Welcome to Connect to Support’, Webpage, 2018
by type (for example, Caring for Adults over 65, or Physical Disabilities), and alternative products are offered wherever possible. The site receives 48 million visits per month and won an award in 2018 for the Digital Leaders website project of the year.229

The MHCLG and Local Digital should implement a digital standard for local authorities’ statutory signposting responsibilities when it comes to providing information about service providers. This would encourage local authorities across England to adopt “canonical directories or sets of directories” around provider information (i.e. specific categories of data that reduce overlaps and redundancies), and ensure all citizens have equal access to information regardless of residence. This would provide many personal budget users with the freedom to choose their care and support as best suited them, free of unnecessary restrictions brought about by a lack of information. Reducing this administrative burden would also provide significant savings of between £50,000 and £100,000 per area, according to an estimate by the multi-council OpenCommunity proposal to the Local Digital Fund.230

Recommendation 9

The Ministry of Housing, Communities, and Local Government should implement a digital standard for local service directories and support efforts to make service directories more standardised about what information they provide to citizens and how they do it.

4.3.2 Advisors and enablers

Whilst a digital approach to information dissemination could assist many personal budget holders to make informed decisions, it is not a perfect solution. There is a necessity to ensure that the use of digital does not limit the ability of those unable to access information about services, products, and providers digitally. Those users with cognitive impairments, age-related disabilities, or technological impediments including the lack of access to the internet (all of which are core demographics for social care or mental health personal budgets) must be freely able to access important information.231

Consequently, it falls primarily to those in personal contact with the personal budget holders to deliver this information, including frontline staff, independent advisors, and peer-to-peer advocacy groups. However, there are benefits and challenges to relying upon any one group to act as the sole repository of knowledge when it comes to supporting personal budget holders.

Frontline staff, for instance, would appear to be the most obvious target for any concerted efforts to impart knowledge to budget holders in an easily accessible manner. Since personal budgets support a shift to co-production, the role of frontline staff (such as a social worker or occupational therapist) would similarly shift towards providing support and guidance for the budget holder, rather than procuring services on their behalf. Facilitating these staff to provide guidance and support in place of the duties no longer necessary under a personal budget would prevent additional costs and retain personal relationships citizens may have with their public service staff. Furthermore, if no local organisations can provide information, it falls on the local authority to provide it themselves.232

However, evidence from previous personal budget schemes suggests that the knowledge-base of frontline staff or their ability to disseminate this information is currently

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inadequate in many service areas. This is due either to inexperience (particularly in areas like prisoner rehabilitation or employment where personal budgets are new or previously small-scale), capacity (staff are overworked or unable to integrate new approaches into existing schedules) or cultural resistance (as with personal views held by healthcare and social care professionals about personal budgets).

As a result, personal budget holders are encouraged to utilise independent organisations and groups for advice and support, such as Independent Living Advisors (ILAs). Typically employees of a third-sector or not-for-profit organisation (such as the Penderels Trust), ILAs provide guidance and information for budget holders about administering their personal budgets. Alongside peer-to-peer advocacy groups, ILAs work with frontline staff from the NHS and other public bodies to “ensure the patients’ questions are answered, often signposting them on to other organisations and working through solutions with the individuals.” Because ILAs work solely as advisors, they are able to dedicate more time and provide a greater depth of knowledge to supporting personal budget holders than frontline staff, at no additional cost to the individual.

Several pilot schemes have shown that key to improving outcomes through a personal budget is utilising a combination of both trained frontline and administrative staff and ensuring there are enough organisations to provide support to users. A Social Care Institute for Excellence (SCIE) report highlighted that whilst social care personal budget users “valued having written information, it was usually the time spent discussing PBs with their social worker, community psychiatric nurse, or support provider organisation that helped them the most.”

Three personal budget programmes have embraced the use of multi-departmental advisors specific to the programme (see Figure 4). In all three programmes, the advisors have been evaluated as crucial to the improved outcomes achieved by the target cohort.

Figure 4: Personal Budget Advisors: Case Studies

The Individualised Quality of Life Project was launched in Toronto in 1997 and saw “community resource facilitators” play a crucial role in personal budget management. Alongside users’ families, the facilitators assisted with planning, network support, and brokerage. An evaluation of the project by the Roeher Institute noted that successful outcomes were largely due to the presence of these “facilitators.”

A personalised approach to prisoner resettlement at HMP Everthorpe made strong use of “individual budgets” and personal case workers. “The service model that followed involved a dedicated project worker who acted as an advocate, provided support to participants in developing a life plan and building support networks, and finally facilitating access to a beneficiary fund to assist participants in realising their life plans”.

Participants “commented positively about the opportunity of having someone to talk to and a source of support at difficult times”.

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233 Chichlowska et al., Realistic Evaluation of Integrated Health and Social Care for Older People in Wales, to Promote Independence and Wellbeing; Forder, Jones, Glendinning, Caiels, Welch, Davidson, et al., Evaluation of the Personal Health Budget Pilot Programme; Ray, Crunden, and Murphy, Liverpool City Region Youth Employment Gateway (YEG) Evaluation; Fox et al., Interim Evaluation of Inside Out; Forder, Jones, Glendinning, Caiels, Welch, Baxter, et al., Evaluation of the Personal Budget Pilot Programme.


237 Newbronner et al., ‘Keeping Personal Budgets Personal: Learning from the Experiences of Older People, People with Mental Health Problems and Their Carers’, 5.

238 Roeher Institute, Individualized Quality of Life Project: Final Evaluation Report (Roeher Institute, 2000).

239 Gardner, Personalisation in Social Work, 75.

240 Ibid., 76.
The Youth Employment Gateway (YEG) scheme in Liverpool similarly used a one-to-one adviser support model, in which the adviser provided personally-tailored advice and support to meet the recipients’ individual needs at the right time. Over 90 per cent of YEG participants “agreed” or “strongly agreed” that their personal adviser “was the most important aspect of the YEG programme”.  

Other case studies around health and social care demonstrate the significant benefits trained advisors can have for patient outcomes and public spending. Other case studies around health and social care demonstrate the significant benefits trained advisors can have for patient outcomes and public spending.

Yet informed choice for personal budget holders is possible only if staff are given the role of advisors and enablers, tasked with engaging in specifics of people’s lives and providing citizens with solutions. Although not a form of personal budgets, Jobcentre Plus work coaches are already tasked with “challenging, motivating, providing personalised advice, and using knowledge of local labour markets” to get claimants back into work. Crucially, they do not commission services on behalf of the job-seeker themselves.

Whilst the effectiveness of work coaches is contentious, the concept of upskilling frontline staff to better understand and facilitate the needs of citizens is crucial to the effectiveness of personal budgets. The training that these staff receive will need to change to better reflect their new roles. Lessons should be learnt from schemes in which independent one-to-one advisers have been integral to the success of personal budgets, such as the YEG scheme in Liverpool (see Figure 4). YEG advisers worked closely with external organisations, such as employer engagement teams, health and wellbeing teams, and Jobcentre Plus to ensure that participants were able to connect with resources across siloed public services.

In areas where personal budgets are being used or rolled-out, steps should be taken by local authorities and providers to ensure that training rectifies the current paucity of knowledge around personal budgets and embrace the integrated approach to personalised public services. The SCIE, for instance, offers a tailorable one-day training course for staff and organisations within the social care area to better understand their obligations in regard to personal budgets. The accessibility of this course for staff and organisations could be greatly increased by offering it digitally and integrating key lessons into in-house training provided by public bodies. Furthermore, there needs to be a greater emphasis on collaboration between government bodies, public sector workers, third-sector organisations, and peer-to-peer advocacy groups, as seen in the YEG scheme.

Recommendation 10

Frontline and administrative staff in areas with personal budget schemes should receive additional training on their duties surrounding personal budgets as part of their professional training. This should include a recognition that their role is to work as advisors as well as enablers for the personal budget holder.

241 Ray, Crunden, and Murphy, Liverpool City Region Youth Employment Gateway (YEG) Evaluation, 9–10.
Recommendation 11

In areas where personal budgets are being used, steps should be taken by personal budget project leaders within local authorities, public bodies, and service providers to ensure that frontline and administrative staff are more aware of local third-sector organisations and peer-to-peer advocacy groups across service areas. This may include encouraging frontline staff to make better use of local authority online portals when supporting personal budget holders in addressing specific needs.

4.4 Data-driven assessments

Evidence from previous personal budget pilots shows that personal budgets are most successful when accompanied by the effective use of data. Good data is required from the earliest stages of assessing an individual's needs, right through the process of co-production, and finally to the evaluation of outcomes. Information is needed:

- by the citizen about their personal budget and available services to ensure they have meaningful choice over their personal budget.
- by the commissioner and provider about the needs and capabilities of a citizen to establish the need and size of a personal budget.
- by the commissioner about the needs of a population to enable market shaping efforts.
- by the commissioner about the impact of a personal budget scheme to enable accurate evaluations.

If this evidence is not collected or effectively assessed, evaluations rely solely upon user experiences rather than on achieved outcomes, and personal budgets are allocated and assessed on a less-than-quantifiable basis. Furthermore, poorly implemented personal budget schemes can increase costs for commissioners and exacerbate the workloads of both frontline and administrative staff.

4.4.1 Individual needs

As outlined in Chapter 1, personal budgets can be delivered and administered in a variety of forms, including as direct payments managed by the individual, or as notional or third-party budgets in which an organisation or council administers the fund on behalf of the individual. Advocates of personal budgets contend that given these options and provided with timely and accurate support, all citizens can commission services and products to meet their needs more effectively than the state. Supporters argue that rather than assessing whether an individual is suitable for a personal budget, they should instead be assessed as to how much support they require.

However, this argument places too much emphasis on individual experiences instead of whether personal budgets improve outcomes. It also ignores the substantial costs involved with providing extremely high levels of support to specific individuals under a personalised model of public services. The reality from existing schemes is that personal budgets benefit some individuals and cohorts more than others, and that the level of success achieved can vary dramatically.

246 Roeher Institute, Individualized Quality of Life Project: Final Evaluation Report; Fox et al., Interim Evaluation of Inside Out.
247 National Audit Office, Personalised Commissioning in Adult Social Care.
249 Glesby and Littlechild, Direct Payments and Personal Budgets: Putting Personalisation into Practice.
252 Slabberg and Beresford, 'The False Narrative about Personal Budgets in England: Smoke and Mirrors?'
If a citizen is deemed suitable for a personal budget, it is necessary to decide the size of the personal budget and which type of personal budget will best meet the individual’s needs. This can be done only if they have been thoroughly assessed and their unique circumstances considered during the co-production of the personal budget plan and outcomes.254

This assessment of individual needs will vary greatly dependent upon what the personal budget is assigned for and what data are available regarding the individual.255 In some areas of public services such as health and social care, individuals are already assessed multiple times as to their capabilities, health and social care needs, as well as their desired outcomes.256 A formal needs assessment is conducted by social services before a personal budget is awarded. This assessment forms a key part of the care and support plan given to each personal budget user and determines, amongst other things, the type of support required.257 Individuals aged 25 or under with special education needs and disabilities are similarly assessed for an education, health, and care plan (EHCP) which lays out the additional support needed by that individual.258 Both care and support plans and EHCPs are regularly reviewed by social workers or NHS staff and are updated to reflect changing situations or outcomes.259

Yet data around personal budgets are more complex when third-parties are involved. Kent County Council, for instance, has outsourced the care assessment process to expert third-sector organisations who encrypt and upload data about an individual to a centrally held case management system.260 Caution needs to be taken around sensitive individual data flows between a third-sector group and a public body. Robust data sharing agreements between third-sector organisations and local authorities must be in place or established to integrate data around the individual, avoid the duplication of processes, and ensure that opportunities for service personalisation are not missed.261 In doing this, there must also be guarantees that only those responsible for allocating personal budgets have access to this data when making their decisions to protect the privacy of the citizen, regardless of whether they are allocated a personal budget or not.

4.4.2 Evaluating outcomes

The use of data surrounding personal budgets is particularly complex when it comes to evaluating outcomes. Proponents of personal budgets argue that the personalisation of services and the insertion of citizen control into the equation of public service commissioning results in improved outcomes.262 Yet this is not matched by existing evidence. The NAO has highlighted how few robust evaluations have been undertaken around outcomes tied to personal budgets, and the issues this presents for public service commissioners looking to make evidence-based decisions for the use of personal budgets.263 Most studies in favour of personal budgets inevitably revert to arguments around user experiences and principles like autonomy, empowerment, and choice rather than the evidence base.264

262 Glasby and Littlechild, Direct Payments and Personal Budgets: Putting Personalisation into Practice; Alakeson and Rumbold, Personal Health Budgets: Challenges for Commissioners and Policy-Makers; In Control, Support and Aspiration: Introducing Personal Budgets.
This is partly because outcomes are more difficult to account for than traditional measures such as inputs, outputs, or activities.\textsuperscript{265} The sheer range of outcomes, differences in how they are designed and evaluated between public service areas (such as healthcare and education), and the challenges of collating individual outcomes with broader service or intervention outcomes all present obstacles to easily assessing the effectiveness of a personal budget.\textsuperscript{266} Furthermore, most outcomes require long-term measurements, including follow-up assessments, which make immediate evaluations difficult and often unfeasible within current funding cycles.\textsuperscript{267} Public service commissioners are often unable to adequately understand, much less commission for, outcomes that affect individuals in the short and longer terms and personal budgets are therefore utilised even where evidence is lacking.\textsuperscript{268}

Methods like the Personal Outcomes Evaluation Tool (POET) have proven efficient in providing data about population outcomes for personal budget users in social care.\textsuperscript{269} However, when it comes to evaluating personal budgets, the use of individual-level data can be a contentious subject. Worryingly, local authorities dedicate a large amount of time and money to monitoring the expenditure of recipients of direct payment personal budgets, including checking bank statements, receipts, invoices, and employer records.\textsuperscript{270} Without the individual's consent, such monitoring represents a clear invasion of privacy and requires careful handling in order to respect the budget holder's rights to privacy.

These issues have been worsened by the recent introduction within many local authorities of payment cards as the default mechanism for direct payment personal budgets, in an attempt to reduce the time and labour requirements of these obligations. This has provoked outrage amongst personal budget holders and the use of payment cards has been criticised by the Independent Living Strategy Group (ILSG) for leading to “unfettered monitoring, with unnecessary storage of personal information.”\textsuperscript{271} Research by the ILSG further found that these schemes have increased administration costs for personal budgets, curtailed choice of spending, and failed to “demonstrate full compliance with existing Direct Payments legislation nor the fundamental principles of personalisation.”\textsuperscript{272}

This level of monitoring is not necessary to evaluate the strengths and weaknesses of personal budgets. Balancing the need for a strong evidence base with reasonable and regulated data collection and usage is crucial. NHS England’s mandatory data collection guidance for personal health budgets is a good step in the right direction by making clear the minimum data required for evaluating personal health budgets.\textsuperscript{273} But the potential range of areas in which personal budgets may be used means that other departments will need to follow suit.

It is recommended that Government should utilise the NHS England’s data collection guidance and the NHS Personal Health Budgets pilot scheme as the basis for a new guidance document clearly laying out the requirements for evaluating personal budget schemes. This guidance should be applicable for all future personal budget pilot schemes and based off existing successful evaluation programmes. A basic evaluation standard would permit the construction of data-driven evidence bases regarding the use of personal budgets in different areas of public services. Whilst detailed assessments are


\textsuperscript{266} Ailsa Cook, Outcomes Based Approaches in Public Service Reform (What Works Scotland, 2017).

\textsuperscript{267} Fox et al., Interim Evaluation of Inside Out.

\textsuperscript{268} Helen Dickinson et al., Joint Commissioning in Health and Social Care: An Exploration of Definitions, Processes, Services and Outcomes (NIHR Health Services Research and Delivery Programme, 2013).

\textsuperscript{269} Waters and Halton, Third National Personal Budget Survey: Experiences of Personal Budget Holders and Carers across Adult Social Care and Health.

\textsuperscript{270} Department of Health and Social Services, Explanatory Memorandum to The Care and Support (Direct Payments) Regulations 2014 (Department of Health and Social Services, 2014), sec. 7.5.

\textsuperscript{271} Independent Living Strategy Group, Payment Cards in Adult Social Care: A National Overview 2017, 8.

\textsuperscript{272} Ibid., 9.

costly and impractical for widespread monitoring, it is vital that pilot schemes (particularly in areas of public services with limited previous personal budget experiences) are held to a higher standard and that these evaluations are consistent in their basic outputs.

An emphasis on just four key features could greatly improve the quality of evaluations. A push for randomisation (such as assigning people from a population with specific needs to a personal budget pilot scheme by chance rather than choice, but not necessarily Randomised Controlled Testing) within the pilot scheme would ensure that preconceived ideas about the different needs of different groups did not play a part in deciding which individuals are allocated personal budgets.274 The use of a longer period of time for trials and evaluations would enable a better understanding of how personal budgets have affected individuals in the long-term (most evaluation schemes are two years which affords little time for evaluation – for instance, in the integrated budget pilot, final assessments were conducted only nine-months after the first personal budget payments were made).275 Disaggregating results would permit evaluations to assess whether personal budgets have worked more effectively for one group more than others, particularly when compared to other forms of service delivery, based on the experiences of those users. Finally, there needs to be a parity of qualitative (such as user experience) and quantitative data (such as financial value and administrative demands) in evaluations, which could be enabled via the use of web-based or digital questionnaires for both user experience and project leads to provide information easily and accessibly.276 These four principles have been utilised in several successful evaluation programmes and efforts should be made to integrate them into future pilot schemes.277

The roll-out of personal budgets must also be cautious after a pilot scheme evaluation has been completed. The preliminary stage spanning 2 to 5 years should be followed by offering an optional personal budget to a restricted but larger number of eligible individuals across a broader geographic region. Logical progression then calls for a widening of optional personal budgets across all eligible individuals and finally, after take-up and any localised issues have been resolved, the use of mandatory personal budgets for all eligible individuals where applicable.

**Recommendation 12**

Government should utilise NHS England’s data collection guidance and the NHS Personal Health Budgets pilot scheme as the basis for a new guidance document clearly laying out the key requirements for evaluating personal budget schemes. These should include efforts at randomisation, longer-term timescales, disaggregation of results, and parity of qualitative and quantitative data. This guidance should provide indicative timetables for pilot schemes and the roll-out of personal budgets in new areas of public services, dependent upon them proving to be more successful than conventional models of delivery in that area of public services.

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276 Forder, Jones, Glendinning, Caiels, Welch, Davidson, et al., *Evaluation of the Personal Health Budget Pilot Programme*.
277 Glendinning et al., *Evaluation of the Individuals Budget Pilot Programme: Final Report; Forder, Jones, Glendinning, Caiels, Welch, Davidson, et al., Evaluation of the Personal Health Budget Pilot Programme; Fox et al., Interim Evaluation of Inside Out; Chichlowska et al., Realistic Evaluation of Integrated Health and Social Care for Older People in Wales, to Promote Independence and Wellbeing.*
Conclusion

Personal budgets are neither new, nor revolutionary. The concept of placing money into the hands of individuals to acquire their own public services has been utilised for over two decades in the UK. Since 2010, the drive for personalisation in all areas of public services has given personal budgets a new voice and a new edge in the toolbox of public service commissioners looking to save money and improve the outcomes for citizens. Personal budgets are touted as being a potential solution to both growing demands and shrinking budgets, with proponents pointing to their long history in adult social care as proof.

Yet all is not what it seems. As this report shows, the lack of large-scale personal budget schemes in many public service areas has seen commissioners rely on principles like empowerment and autonomy in the place of data-driven evaluations. The ability of personal budgets to deliver financial savings or improve outcomes in some circumstances remains unclear, leaving commissioners in the dark about how and where to best utilise this model of public service delivery.

However, these concerns highlight a general misrepresentation of the purpose of personal budgets. They are not, as often depicted in policy debate and practical implementation, the ultimate form of personalised public services. Instead they are one mechanism for providing service users with the ability to shape services to reflect their own needs, preferences, and outcomes. Personal budgets provide a means of incorporating a personalised element into how public services are delivered and thus potentially reaping the benefits that can come with personalisation, including the more effective use of limited public resources and improved experiences for citizens.

This report is designed to work as a focal point for commissioners, policy makers, and interested parties. By laying out what personal budgets are, where they have come from, where they are now, and where they could be in the future, this paper explains what is needed for personal budgets to work – and what is needed to understand where they will not work. It highlights the key areas where small improvements could yield significant results; in standardising the data required for evaluations, the information presented on local authority online portals, and the training for professionals and frontline staff; in the transparency around current funding pools and available third-sector and peer-to-peer groups; and finally, in how the NHS’ approach to personal budgets in healthcare demonstrates how the model should be deployed in the future, with a number of cautious and small-scale pilot schemes using detailed, data-driven, assessments to prove value.

If personal budgets are utilised effectively and with due care, the results can be extremely positive for both citizens and commissioners. The concern is that if employed without caution or sufficient understanding, it will be the personal budget holders who suffer. What is needed is a solid evidence base, based off reliable and good quality data, which permits commissioners to make accurate and informed decisions. It is now up to Government to ensure that personal budgets are given this foundation.
Glossary

**Access to work**: Discretionary grant scheme administered by the Department for Work and Pensions (DWP) that provides personalised support for disabled people to enter or remain at work.278

**Broker/Brokerage**: An individual or organisation that helps a person to gain information, plan and meet their support needs, often for a personal/individual budget. Brokerage can be carried out by the local authority, voluntary organisations, private companies or an individual.

**Direct payment**: Payments made by a local authority to a person who is eligible for social care support and who agrees to receive the money to enable them to make their own arrangements to meet their needs, instead of using services arranged and provided by the local authority.279

**Disability Premium**: Extra amount added to benefits, including income support, income-based Jobseeker’s Allowance (JSA), income-related Employment and Support Allowance (ESA) and housing benefit.280

**Disabled Facilities Grant**: Grant from the local council that go towards the costs of home adaptations for those with a disability.281

**Employment and Support Allowance (ESA)**: Benefit offering those with an illness or disability financial support if unable to work and/or personalised help so the person can work if able to. It is currently being phased out and replaced with Universal Credit. To be eligible the person must be under State Pension age and not be claiming Jobseeker’s Allowance, Income Support or Statutory Sick Pay.282

**Enhanced Disability Premium**: Extra allowance for those in the highest rate Disability Living Allowance (DLA) care component or the enhanced rate of Personal Independence Payment (PIP) daily living component. This premium can be included alongside the disability premium or severe disability premium. The person must be eligible for the disability premium to qualify for the enhanced premium.283

**Flexible Support Fund (FSF)**: Fund offered by local Jobcentres at the discretion of Jobcentre Plus advisers to help individual claimants according to their needs. The fund can be used to overcome barriers to: claimants obtaining or moving closer to work; paying for certification and some types of training; improving job search, job application and interview techniques; covering travel to interview costs; buying additional capacity or content from existing Jobcentre Plus Support Contract providers; meeting the cost of medical evidence to support a job goal for a disabled person; and for lone parents to overcome financial emergencies in the first 26 weeks of employment.284

**Housing benefit**: Help with rent and some other housing costs. It is currently being phased out and replaced with Universal Credit.285

**Income support**: Extra money to cover costs for those in low incomes. It is only available for certain groups of people who do not get Jobseeker’s Allowance or ESA and are not in full time employment. It is currently being phased out and replaced with Universal Credit. This is a means-tested benefit.286

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283 GOV.UK, ‘Disability Premiums’.

284 McGuinness, Kennedy, and Jones, Jobcentre Plus Flexible Support Fund.


Industrial Injuries Disablement Benefit: Weekly payment for those disabled because of an accident at work or illness caused at work.287

Jobseeker’s Allowance (JSA): Unemployment benefit people claim while looking for work. Income-based Jobseeker’s Allowance is only available for those in receipt of the severe disability premium.288

NHS continuing healthcare (CHC): Out-of-hospital care provided to adults (over 18) with significant ongoing healthcare needs. Those assessed as eligible for CHC receive their care for free. Those who do not meet the criteria receive social care on a means-tested basis.289

Personal budget: Sums of money allocated by a public body to service users to be spent on services to meet their care needs.290 Unlike a direct payment, a personal budget allows the user to choose exactly how much control they have over spend on services. For example, they may not wish to receive the entire budget as a direct payment and retain part of it as a directly provided service.

Personal health budget: Amount of money to support the identified healthcare and wellbeing needs of an individual, which is planned and agreed between the individual, or their representative, and the local Clinical Commissioning Group (CCG).291

Personal Independence Payments (PIPs): Benefit provided to people (16 or over), with long-term ill-health or a disability, who have not reached State Pension Age. PIPs are replacing the Disability Living Allowance (DLA).292

Personalisation: Fundamental principle across public service design that gives users more choice and control over their public services,293 tailored to the needs of people using them.294

Personalised Commissioning: Designing, purchasing and managing services that are more appropriate for the individual’s specific needs.295

Reduced Earning Allowance: Weekly payment for individuals unable to earn as much as they used to because of an accident or illness caused by work.296

Severe Disability Premium: People who claim Disability Living Allowance, Personal Independence Payment or Attendance Allowance can qualify for an extra allowance when some benefits are calculated. This is called a ‘severe disability premium’. The benefits that can include the ‘severe disability premium’ are Income Support, Jobseeker’s Allowance (JSA), Employment and Support Allowance (ESA), and Housing Benefit and Pension Credit. The person must be eligible for the disability premium to qualify for the severe premium.297

Specialist Employability Support: Intensive support and training designed to support people with disabilities and health conditions into the workplace.298

Support Plan: Plan which describes how a person will use their personal budget to meet their outcomes. Care plans may also be known as ‘person-centred plans’ and ‘care plans’.

289 NHS.UK, ‘NHS Continuing Healthcare’.
294 Glasby and Littlechild, Direct Payments and Personal Budgets: Putting Personalisation into Practice, ix.
297 GOV.UK, ‘Disability Premiums’.
Work and Health Programme: Welfare to Work programme that provides support to help people find and keep a job. It is designed to improve employment outcomes for people with health conditions or disabilities and those unemployed for more than two years. 299

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