

# An Introduction to Personal Budgets



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# Introduction

Reforming the way public services are delivered has become something of a hot political topic over the last few years. With society becoming increasingly diverse and the 'information revolution' enabling people to exercise a huge amount of control over the way they live their lives, the universalist, 'top down' approach to delivering public services has begun to look outdated and inefficient. There is now political consensus that something has to change and political parties - both in Government and in opposition - have been vocal in championing a more personalised approach to public service delivery.

One of the most effective ways of stimulating the development of services that are tailored to the needs and aspirations of individuals has been the devolution of power, money and responsibility from statutory agencies to service users. In health and social care significant progress has already been made in this direction as a direct result of campaigning by third sector organisations (particularly user-led movements such as the National Centre for Independent Living). The 1996 Community Care Act saw the introduction of direct payments for disabled adults and, more recently, personal budgets and individual budgets have been piloted by Local Authorities in partnership with social enterprise In Control. Currently Local Authorities are working to achieve the ambitious Government-set target of transitioning 30% of their adult social care service users on to personal budgets by April 2011.

ACEVO has long been an advocate of reform that gives service users greater control over their lives and has heard

with interest stories of people's lives being totally transformed as a result of receiving care that they have commissioned themselves using a personal budget or direct payment. However, it would be wrong if our enthusiasm meant we ignored the challenges related to the widespread implementation of personalisation. Developing a sustainable business model, creating a flexible, highly motivated workforce, expanding the diversity and flexibility of the services organisations offer and pricing those services are all issues facing third sector providers as they make the transition to operating more widely with personal budgets.

In May 2009 ACEVO established a Commission on Personalisation, which brings together charity chief executives, government officials and representatives from leading think tanks, to explore ways of making the personalisation of public services work for third sector organisations (providers, networks, brokers and advocates), policy-makers, practitioners and, above all, citizens, across a wide range of delivery areas.

## Commission membership

Matthew Pike (Chair)  
James Groves (Policy Exchange)  
Jamie Bartlett (Demos)  
Virginia Beardshaw (I CAN)  
Neil McIntosh (CfBT)  
Bob Ricketts (Department of Health)  
Pat Samuel (Office of the Third Sector)  
Emma Jones (Office of the Third Sector)  
Stephen Burke (Counsel and Care)  
Mohammed Ali (QED-UK)  
Jo Cleary (Lambeth Council)  
Paul Jenkins (Rethink)  
Stuart Rigg (Advance)  
Lynne Berry (WRVS)  
Joyce Moseley (Catch 22)  
Dame Denise Platt  
Caroline Tomlinson (In Control)

To inform the Commission's work, ACEVO, in Control and Demos held six workshops across the UK between April and December 2009 to understand some of the challenges and opportunities personalisation presents for third sector organisations involved specifically in the delivery of adult social care and health services. In total, we spoke to over 70 practitioners, focusing on: how personal budgets work in practice; likely changes in user demand; how to get 'match fit' and ready to respond; and how to deal with organisational changes. This report brings together both our presentations and research on these subjects and workshop participants' concerns, views and suggestions.









# The transformation of social care services 2008-2011

## The personalisation agenda

The adult social care system in England has 25,000 providers in the private, public and third sectors, who serve about 1.75 million people a year at a public expenditure cost of about £19 billion. This includes older people, people with learning, physical and sensory disabilities and people with mental health conditions. Social care services range from residential care and home care, to meals services, day services and social work, and services for children and families – child protection, early years support and residential care.

The publication *Putting People First* in December 2007 marked the moment at which ideas surrounding the personalisation of public services were transformed into an explicit commitment from the UK government with a specific agenda for taking this forward.<sup>i</sup> In this Ministerial concordat, five government departments joined the Local Government Association, the Association of Directors of Adult Social Services and the NHS in committing to rolling out personal budgets across all of social care in three years (by 2011). To make it happen, *Putting People First* also committed £520 million to aid local authorities make the transformation.

This was a new way of approaching social care that placed individuals at the centre of service delivery. It was part of a general trend towards services that prioritise independent living, choice and inclusion, which had been set out in a number of government policy documents published previously. There was also a commitment in the 2007 concordat for high-quality information and advice to be available to all users, including self-funders (those people who pay for their own care as they are not eligible for state support). This concordat also highlighted the need for a clear and decisive shift from work focusing on crisis management to work focusing on preventative services.<sup>ii</sup>

The introduction of personal budgets for people using publicly funded social care is at the heart of this reform. Currently people who are eligible for social care funding are assessed by a care manager and allocated a service that has been selected and purchased by the local authority that they judge to be best for meeting that person's needs. With personal budgets, individuals themselves are given a budget to manage. People will become the commissioners of their own services.

Local authorities are in the process of introducing personal budgets. In January 2008 the Department of Health released *Transforming Social Care*, which took the form of a local authority circular setting out what needs to be done: by March 2011 all local councils will be expected to have made 'significant steps towards reshaping and redesign of their adult social care services.'<sup>iii</sup> By that date all local authorities are required to have moved at least 30% of all users of publicly funded adult social care onto personal budgets, and everyone, whether they are self-funders or publicly funded, should have access to the same information about how support is available locally.<sup>iv</sup>

The speed of take-up depends on the local authority. At present some authorities have progressed further than others. Around one-third of local authority sites are aiming to have closer to 100% of social care users on personal budgets by early 2011. As of August 2009 around 14,000 people (93,000 if you include direct payments) are holding personal budgets in 60 local authority areas and around 500 people per month are in the process of making the transition.

### Personalisation beyond social care

The Government – and opposition parties – are also

committed to exploring how personal budgets can be utilised in other areas of public service delivery. Personal budgets are currently being piloted in health services. These are mainly being offered to individuals (it is still unclear as to exactly how many) with fairly stable and predictable conditions, for example those in receipt of continuing care or with long-term conditions. This will enable the NHS and their local authority partners to test out a range of models.<sup>v</sup> The Cabinet Office has also expressed an interest in considering where and how personal budgets can be used in other areas, such as long-term unemployed, NEETS, and drugs and alcohol services.

This guide is designed to help third sector providers prepare for the new challenges and opportunities that this transformed context will present.





## Chapter 2

How the  
transformation will  
change the way  
services are delivered

### How the current system works

Currently in social care, if someone is eligible for local authority funding social workers will carry out an assessment, devise a care plan, and allocate the individual to a set of services paid for and commissioned by the local authority. The individual has little influence over the process or its outcome.

### How the system will work

Personal budgets turn this approach on its head. Individuals are invited to self-assess with the option of professional or personal support. They are then allocated an approximate budget, which serves as a guideline to design the set of services that can best meet their needs. Once the plan is approved by the local authority – who confirm that it will keep a person healthy, safe and well – the money flows to the individual and on to the service providers of their choice.

The process of receiving a personal budget has been described by In Control as having seven stages:

#### Step 1 - Identify needs

The individual or their friends/family complete a Self-Assessment Questionnaire, about the impact their disability, illness or impairment is having on their life. The individual also fills out a financial assessment.

#### Step 2 - Find out indicative personal budget

The council then calculates that person's indicative budget based on the "resource allocation system" (RAS). The RAS is a way of calculating a budget by converting points from the questionnaire into a cash amount. The person then also goes through the fair access to care services (FACS) system to know how much of the cost of the care and support the person will pay towards it, and how much the local authority will contribute.



### Step 3 - Plan support

The individual, with help from others if needed, draws up a support plan. This plan looks at what that person wants to change in their life, how they will achieve that, and what they will spend their money on to make it happen. This can be written in different formats – including using audio visual aids. See annex for sources where support plans can be accessed online.

### Step 4 - Get support plan agreed

The council must agree to the support plan – they must be happy that it will meet the person's needs. There will be cases where a support plan is rejected, or referred to a risk assessment panel.

### Step 5 - Take control of the personal budget

At this point the person takes control over their personal budget. Some people will prefer not to manage it directly and can have a third party or a provider look after it. There are at least five ways to manage a personal budget: receiving a cash budget/direct payment; having the local authority manage it for you; letting a friend/relative manage it; having a provider organisation manage it; setting up a trust fund.

### Step 6 - Arrange your support

At this point the individual arranges and manages their support – as little or as much as they want. Many people will hire brokers to take on the duty of arranging the support.

### Step 7 - Review

Each year, a social worker or care manager will make sure that the personal budget is working well and will assess what could be improved or changed.

Budget holders can stick with the status quo and spend all their budget on traditional, in-house services or, at the other extreme, design a bespoke solution, commissioning all services themselves and employing their own support staff to help them. Users can either take their personal budget as a direct payment, or, while still choosing how their care needs are met and by whom, leave councils with the responsibility to commission the services. Alternatively, they can have some combination of the two. Already they are being deployed in various ways, depending on the person's own needs.<sup>vi</sup>

### Changing role for the local authority

Shifting from a model which is built around direct service delivery to one which focuses on giving each individual the control over their own service is a major change. Every local authority is in the process of working through a number of tasks, including: working directly with people to increase the take up of Direct Payments among excluded groups, establishing closer working relationships between Primary Care Trusts and local government, the development of combined Personal Health and Social Care Plans, integration of social and health care records, new procurement models, joint teams to provide care for people with complex social and health care needs and developing new commissioning strategies.

There is not 'one model' for the emergence of person-centred support, but rather 150 similar but different approaches stretching across the councils of England. With each council having specific budget constraints, resources, user demands, local expectations, management styles and structures, personalisation is not a uniform process. National frameworks for eligibility and resource allocation and national expectations for outcomes often jar with the specific

limitations, needs, and abilities of individual councils.

Personal budgets have major implications for the way that local authorities operate with service providers. In many cases the introduction of personal budgets could mean fairly rapid de-commissioning, ending block contracts with providers, and reviewing commissioning arrangements. Indeed, advice from the Department of Health is that block contracts should be reduced and short- to mid-term solutions identified where appropriate. Direct commissioning, where it does continue, is likely to become more strategic (managing and stimulating markets) and more personalised, in the sense that local authorities will use more spot purchasing around an individual.

Unsurprisingly, therefore, this reform is already having major implications for third sector organisations that deliver services.





## Chapter 3

What will people  
want to spend their  
money on?

The biggest single challenge to third sector organisations is to know how to shape their services in a way that responds to the personalisation agenda. Personal budgets introduce great uncertainty, as it will be difficult for providers to know what users will want from year to year. For service providers to thrive, it is important that they have some indication of how demand will change so that they can respond.

There has been little work on understanding how the demand for social care services will change with people in control. However, there are some early indications from national evaluations (e.g. the IBSEN review of individual budget pilot sites or In Control phase 1 & 2) and from individual local authorities who have commissioned their own evaluations. The general trends are set out here, although these reports are publicly available and should be read in detail by anyone involved in service delivery.<sup>vii</sup>

### Changes to demand

In very general terms, it is likely that with more choice and control, people using social care services will look for new types of support: 88% of individual budget holders accessed support from within their community that they had not previously drawn upon. Evidence from similar schemes abroad<sup>viii</sup> suggests that people using individual budgets gradually move away from traditional services and become more creative in designing their care.

This is not a simple linear pattern, however. Many people will end up creating a care package very tailored to their individual needs, while others will carry on using existing services. It is clear, however, that the demand for these universal services is generally at a lower level and tends to decrease over time. Furthermore people who continue to

use the same services express the desire to have more say over how they are managed and delivered.

What we know about the way people choose to spend their personal budget money in future remains quite limited because there are still very few people that are using personal budgets, and they are not necessarily representative of the general social care market. However, from the limited data that we do have, it is possible to point to a few general trends:

- People are moving out of residential services and into maintaining their own tenancies. This is particularly true of people with learning disabilities.
- More people want personal assistants. As more people move out of residential tenancies into their own accommodation, they need more personal assistants to help them live independently. This is both professional personal assistants and informal support.<sup>ix</sup>
- There is a growth in leisure services. More people want to spend their money on services like health and fitness training, such as joining a gym, in addition to going out to eat, shopping, visiting museums, joining clubs and pursuing hobbies.
- People spend more of their money accessing services which can help them develop personally, through things like IT courses and professional and personal skills workshops.
- There will still be demand for “traditional services” (residential services, day care centres, domiciliary care) but it might be reduced.



- A small but growing number of people will purchase radically innovative products. There are a large number of people who are using small parts of their personal budgets on items entirely unrelated to social care services – for example a snooker cue, skip, or a football season ticket. This is more pronounced among learning disability groups.
- Older people tend to transform their services at a much slower rate than other groups, and will want more support in managing and spending their personal budget money.

More generally, these trends taken together mean that demand will become more diverse. Rather than the local authority carrying out a Joint Strategic Needs Assessment of the local area and then commissioning that in blocks to local providers to meet that need, there will be a diversification of demand driven by individual needs. Research by Deloitte and Touche indicates that in the short term, it is likely that there will be temporary gaps in the supply of certain services, especially in advocacy and information services, which are already underdeveloped.

However, there are some important provisos to this research. It is important to recognise that this guide draws conclusions from a relatively small number of people that are already holding personal budgets. As such, these trends could change as more and more people move onto personal budgets. Secondly, the trends outlined above do not distinguish sufficiently between different service need groups (for example, whether there is a significant difference between learning and physical disability services). Finally, many of the early personal budget holders were selected because

of their suitability to benefit from a personal budget; for example, they may have had strong networks of support and family.

In November 2009, Demos launched a report about the future of social care markets entitled *At your service*, which was based on surveying over 250 people (from a range of primary needs) who were using social care services, but were not in possession of a personal budget. This was in order to try to overcome some of the weaknesses in the existing data. Three immediate general findings stand out.

First was the general lack of knowledge about what personal budgets actually are – approximately 4 in 5 knew either “nothing” or “very little” about them – amongst older people, this was even higher. As a result, a large percentage of people responded that they would need a lot of assistance in managing their own care; specifically they said they would require help to know what to spend it on, extra help managing it, and help to know how to spend it appropriately.

Secondly, around half of everyone surveyed would not change anything if they were in receipt of a personal budget. For many people – older people especially – change could be slow, rather than a big bang. That said, half of everyone did want to change at least some aspect of what they get, and between 5-10% would change their care “completely” if they held a personal budget.

Thirdly, the research suggests there will be a sharp increase in demand for certain types of services. More people will want access to personal assistants, leisure services and education. For older people, the single thing they wanted to change about their life was “what I do during the week”.

Disabled adults are especially likely to want to move towards supported living and maintaining their own tenancies. It is not clear whether there is a supply there to respond to these new pressures.<sup>x</sup>

Therefore, it is unlikely that personal budgets spell the end of “traditional services” like domiciliary or residential care. According to the IBSEN review, the majority of budget holders purchased at least some conventional types of support, such as home care, personal care and day care. This suggests that “the impact...on local social care markets may be slow and long term”.<sup>xi</sup>





## Chapter 4

# Challenges and opportunities for the sector

The third sector has a key part to play in the personalisation of social care services, having the potential to offer a wider choice of specific or specialist services. There are challenges to the sector – but also significant opportunities. The recent Commission for Social Care Inspection report on the state of social care in England showed that third sector providers more consistently meet minimum standards in care provision when compared with the private or public sector.<sup>xii</sup> In a competitive market place for social care services, third sector organisations could be expected to thrive.

## Challenges

More than ever before, services must be driven by those that use them – otherwise people will have the power to go elsewhere. Services which do not give people what they want will find themselves in great difficulty. This is particularly true because there is likely to be a large reduction in block contracts as local authorities hand power to people – meaning that long-term financial planning could become more difficult.

Direct service providers that operate in the social care market in future will face an increase in administrative costs as one or two large contracts become many. Rather than negotiating with local authorities for one single, large contract, providers will now need to negotiate with potentially large numbers of individuals. This could mean, for example, that providers will need to chase individual invoices, which could become an additional burden.

Personal budgets will mean changes to back-office operations. People using personal budgets want to know in greater detail exactly what they are getting for their money. This needs to be demonstrated clearly and accurately.

Personal budget holders' money would also need to be managed through a process whereby tracking and accounting systems can give information for each individual about how they are spending their budget, how this relates to what is in their support plan, and whether they are on target, under- or over-budget. This must be done through processes that individuals find easy to understand and use.

Finally, all third sector providers will need to develop new ways to market directly to people and/or families and friends – again, always in a way that people understand.

### Opportunities

The social care market becoming more competitive offers third sector providers particular opportunities. Third sector organisations pride themselves on their ability to respond creatively to people's needs, and at a lower cost than equivalent private providers. That is potentially an enormous advantage, in all types of social care service delivery.

In addition, there are some specific roles that third sector providers are particularly well placed to provide:

#### Support planning/brokerage role

People devise their care plans in a variety of ways, but many use a “broker”, which is defined as an independent adviser who can provide paid advice on creating a plan and who is skilled at assembling complex packages of support. Increasing numbers of brokers are from third sector organisations, and many local authorities view third sector organisations as potentially the most important providers of this service.

#### Advocacy services

Advocacy services will still remain crucial if personal budgets



are to make a real improvement in people's lives. Because personal budget users will include some of the most vulnerable people in society it is important that there are organisations that continue to advocate on their behalf.

### Information provision

For people to have real choice, they need to know what choices are out there. Many users will not be used to choosing their own services, and will not know what types of services are available.

### Helping create networks

Personal budgets are a powerful idea because they allow disabled and elderly people to rejoin social and economic life. Of nearly 200 people recently starting with a personal budget, 63% said they took part in and contributed to their communities more than under traditional services. Third sector organisations already play a key role in helping people stay active – for example, by helping to care for others or by creating activities that people can get engaged in as groups of personal budget holders.

### Small scale flexible services

Personal budget holders will want to mix informal and formal services – supplementing the family and friend care with paid services. One service which is likely to become more critical is the provision of small scale, domestic services at very low costs. These types of services are often invaluable in helping people get on with their lives. There are a number of examples of service providers that already offer such services.

Not all of these challenges are easy to overcome; nor are the opportunities easy to realise. Much can depend on the local context and the nature of the relationship that the

sector has with local commissioners. However, to ensure that third sector organisations are well placed moving forward, the next section suggests a number of things that can be done now.





## Chapter 5

# What third sector providers should do now

Personal budgets are already here. Local authorities and individuals are already looking for providers to be able to deliver them, both for existing service users, and those coming into the system now. For third sector providers, the next three to five years will be a critical transition period, and there are five questions that each organisation needs to be able to answer:

### Do you have a clear vision for which types of services you want to develop in the future?

Third sector providers should be comfortable with the style of services that they will provide in future; and also what services they shouldn't provide. However, many do not provide direct services, but rather preventative services such as information and advice or drop-in centres. It is still not clear how far the total personal budget pot (the total available budget for all personal budgets) will include these services, which would then need to be de-commissioned. This is a decision each local authority will take on a case-by-case basis and so it is important that organisations that might be impacted are aware of what might happen.

Decisions about vision need to be taken carefully. Third sector organisations we have spoken to suggested that important factors for them would be:

- knowing what their Local Authority's vision is
- understanding their staff's skills and strengths
- how their board of Trustees sees the organisation moving forward

### Do you have the infrastructure and capacity to support development of new individualised services?

People want individualised services that are tailored just to

them – this means every person wants to be treated differently. They might want new options of things they can spend their money on, new ways to pay for it, and new ways to manage it.

Every organisation must be able to respond to these new demands. That means finding new ways of listening to people and changing the services offered when needed. This could range from modest adjustments to striking up a partnership with other providers to generate specific solutions for an individual. The most successful organisations will be those that ask what their users want to achieve, not if they are happy with a particular product, and those that are creative about designing services with their users, not for them.

One way to do this is to write a “person-centred plan” for each person using the service, which sets out the shared vision of what that person wants to achieve in their life, and how the service can help them achieve that. Person-centred plans usually contain:

- who is important in that person’s life
- their likes and dislikes
- what they hope to achieve in life
- an understanding of their past care plans
- the activities they enjoy doing on a day-to-day basis
- ways of knowing if things are working or not

There are many formats that person-centred plans can take. All of them, however, must be written in close partnership with the individual and their family, and include a broader vision for where that person wants to be and what they want to achieve. It should be far more personal than just a list of services that are to be delivered to the individual. To

be truly personalised, these plans should include different ways for individuals to receive and access the money that is being allocated to them (even if it is coming through a non-personal budget route).

It is important to be realistic about how long it takes to properly design a person-centred plan. Some organisations – especially those that work with people with very complex and multiple needs – can take up to four months to develop a new service, as it involves a lot of negotiation with the person and the local authority, and may necessitate recruiting people specifically for that individual.

### Are you able to accurately cost and market new packages?

New packages of support need to be designed – and accurately costed. Every organisation must make clear what its offer is, how much it costs, and be ready and able to demonstrate this to service users.

To do that, third sector organisations must break down the cost of their services for individuals (other than a generic, average placement cost) and set out exactly what is being delivered for that. Where an organisation provides a large number of identical services (for example, residential placements or respite care) breaking down costs accurately can be difficult. However, this is essential because personal budget holders will want to know exactly what they are getting for the money they are spending.

A number of organisations have developed models for doing this. The easiest way is to calculate overheads, contingency and direct support costs separately. IAS, for example, is an organisation that deals with personal budget

holders with severe learning disabilities. It has calculated all this for its own services and worked out that costs for direct support average 77% of the total, service co-ordination and development are normally 13.5% and company costs are normally 9.5%.<sup>xiv</sup>

Participants in our workshops recognised that there could be a danger that personal budget holders might contest certain parts of the package – especially overhead costs and administration costs. While some providers may be in a position to waive these costs even if it means running at a loss, such decisions need to be taken from an informed position. Some key lessons to bear in mind when calculating costs are:

- a. Avoiding the danger of cross-subsidising (charging below cost for a service and paying for it out of reserves/other surpluses). At the very least, where this is taking place, it needs to be part of a coherent strategy.
- b. Making sure you are competitive; check how much other similar organisations are charging. Don't be afraid to charge more as long as you are clear that you can still deliver good value for money and can demonstrate such.
- c. Being very clear from the outset what people are and are not paying for.
- d. Act as if you are a profit-making organisation when deciding upon setting up costs (for example, include a contingency/surplus). You will find that most providers will do this.
- e. Some things will be very difficult, if not impossible, to break



down such as transport, catering and volunteer time. Ways of including these may need to be negotiated with the individual themselves but should not be ignored.

- f. Where people live together, budgets could be broken down into individual and household budgets.

Structured ways of calculating running costs are offered by ACEVO's Full Cost Recovery services. You can find out more about these services, including workshops specifically aimed at helping third sector organisations to price their services under personal budgets, at [www.fullcostrecovery.org.uk](http://www.fullcostrecovery.org.uk) or by emailing [orli.gorenski@acevo.org.uk](mailto:orli.gorenski@acevo.org.uk)

## Can the local authority help with ensuring financial sustainability?

Third sector organisations will need to review their financial model. Some will be coming to the end of their block contracts and will not know how to survive for a year without guaranteed income. However, others will have started to experiment, for example with core/development loan funding from commercial banks; or through various developmental loans such as the Social Enterprise Fund where running costs are paid in advance by the local authority and paid back throughout the year once people begin buying services.

All providers of residential care homes should speak to their local authority commissioners about developing Individual Service Funds (ISF). This is a device whereby a block contract is individualised by splitting the contract sum between the individuals and by placing impermeable barriers around each. The provider works with the person to develop their own support plan, and is contracted to deliver to the

outcomes specified in that plan.

With an ISF, rather than negotiating one large block contract with the local authority, the service provider negotiates separate contracts with each user and the local authority. This means the provider can offer a variety of other services as part of that contract; some personal assistants, help with managing bills or payments, advice on adaptations to the home, support in getting out, and so on. The contracts are then managed by the service provider on behalf of the user. Third sector providers of residential homes that can best implement ISFs will be in a strong position to respond to personal budget reform. Sources of where you can access an ISF are in annex II.

# Frequently asked questions

## What is the difference between a direct payment/individual budget/personal budget?

Individual budgets differ from personal budgets because they combine more funding streams (i.e. not just adult social care): Supporting People, Disabled Facilities Grant, Independent Living Funds, Access to Work and community equipment services. Individual budgets were piloted in 13 areas until the end of last year. The government has only called for the roll-out of personal budgets – not individual budgets. Personal budgets only combine social care budgets.

A direct payment is a means-tested cash payment made in the place of regular social service provision to an individual who has been assessed as needing support. Following a financial assessment, those eligible can choose to take a direct payment and arrange for their own support instead. The money included in a direct payment only applies to social services.

## What if people can't/don't want to look after the money?

Personal budgets can be deployed in a variety of ways. People who do not want to look after or manage the budget themselves are not obliged to; they are able to ask the local authority, a service provider or another third party to manage it for them.

## What about risk/fraud?

Risk is a key issue. Independent living activists have long argued that to have true independence, service users should be able to employ who they want to care for them. Adult protection campaigners, while accepting the importance of independence, have argued that people employed as personal assistants should face the same employment checks as others

to ensure users' safety.

Currently there are no plans to force direct payment users to submit those who they employ to checks. The government has resisted attempts to impose checks through the Safeguarding Vulnerable Groups Act 2006, which created a vetting and barring scheme for people working with adults and children in October 2009.

The vetting and barring scheme applies to England, Wales and Northern Ireland, but different arrangements apply in Scotland, under the Protection of Vulnerable Groups (Scotland) Act 2007. This specifies that councils have the right to withdraw a direct payment from a service user if they do not employ staff who have undergone an enhanced disclosure check. It is unclear as yet whether making it compulsory for service users to employ registered personal assistants is on the agenda.

## Will local authority block commissioning be reduced?

Yes. The shift to personal budgets will involve transformation in the way that services are commissioned. As it stands, a council undertakes an analysis of the likely needs of social care users in their area, develops a commissioning plan, and agrees block contracts with providers to deliver certain services over a set period of time: typically three years. People then get 'matched' to these services. This way of commissioning services will have to change as individuals become the commissioners of their own services.

This change will impact on how third sector organisations fund themselves. Local authorities are already scaling down the length and size of the contracts through which they

commission services. Some have started to reduce 3-year block contracts with service providers to 18 months, and others have abandoned block contracting altogether, shifting to “spot” contracts.

### What does this mean for an organisation’s finance?

Although there is not yet enough evidence to make comprehensive predictions, it is likely that even where third sector organisations have reasonably good information about how demand will change, they will face the same problems as other organisations when it comes to how to channel investment into new business opportunities. Smaller third sector organisations in particular often lack the resources to be able to shift their activities in the face of changing demand. This can be caused by a lack of strategic and managerial capacity to plan for the future, but also a shortage in financial liquidity to invest up-front in new kinds of provision.



## Annex 2

# Key documents & useful background reading

There were a number of sources of further information that are useful to get a deeper insight into some more specific challenges.

Examples of support plans are available from:

<http://www.in-control.org.uk/site/INCO/Templates/Library.aspx?pageid=347&cc=GB>

[www.supportplanning.org/Support\\_Planning.../SP\\_09\\_Support\\_Planning\\_with\\_Older\\_People.pdf](http://www.supportplanning.org/Support_Planning.../SP_09_Support_Planning_with_Older_People.pdf)

Examples of Individual Service Accounts are available from:

<http://www.supportplanning.org/IndividualSF/>

How resource allocation (setting the budget) works:

*Resource Allocation Tool 2: Step by step guide*

[http://www.dhcarenetworks.org.uk/\\_library/Resources/Personalisation/Personalisation\\_advice/Resource\\_Allocation\\_Tool\\_2\\_Step\\_by\\_Step\\_Guide.pdf](http://www.dhcarenetworks.org.uk/_library/Resources/Personalisation/Personalisation_advice/Resource_Allocation_Tool_2_Step_by_Step_Guide.pdf)

How personal budgets work with dementia services:

*Living Well With Dementia: A National Dementia Strategy*

[http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_094058](http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_094058)

Personal budgets being spent on equipment:

*Protocol between Barnsley Integrated Community Equipment Services (ICES) and Individual Budgets*

[http://www.dhcarenetworks.org.uk/\\_library/Resources/Personalisation/Personalisation\\_advice/Barnsley\\_ICES\\_and\\_IB\\_protocol.pdf](http://www.dhcarenetworks.org.uk/_library/Resources/Personalisation/Personalisation_advice/Barnsley_ICES_and_IB_protocol.pdf)

Personal budgets and young people:

*Individual Budgets for Families with Disabled Children – Scoping Study*



[http://www.sqw.co.uk/file\\_download/144](http://www.sqw.co.uk/file_download/144)

Personal budgets and employment:

*Direct Payments and Individual Budgets: Arranging your own Support*

<http://www.bathnes.gov.uk/BathNES/healthandsocial/helpforadults/managingyourowncare/directpayments/DirectPaymentsandIndividualBudgetsArrangingYourOwnSupport.htm>

How social and health care can collaborate better:

*CSIP - Individual budgets and the interface with health: A discussion paper for the Care Services Improvement Partnership, 2008*

*Nick Goodwin for CSIP - Developing effective joint commissioning for adult service: Lessons from history and future Prospects, March 2008*

Useful further reading

IBSEN, Evaluation of the Individual Budgets Pilot Programme – Final Report, 2008

DoH, Commissioning Framework for Health and Wellbeing – March 2007

DoH, Our Vision for Primary and Community Care July – 2008

DoH, High Quality Health Care for All, July – 2008

DoH, Independence, Wellbeing and Choice: Our Vision for the Future of Social Care for Adults in England – March 2005

DoH, Putting People First: A Shared Commitment to the Transformation of Adult Social Care – December 2007

DoH, Our Health, Our Care, Our Say – March 2007

DoH, Delivering Health and WellBeing in Partnership: The Crucial Role of the New Local Performance Framework – December 2007

ODI, Independent Living: A cross-government strategy about independent living for disabled people – February 2008

Local Authority Circular 2008 (1) DH Transforming Social Care – January 2008

CSCI, Relentless Optimism: Creative Commissioning for Personalised Care'. Report of a seminar held by the Commission for Social Care Inspection (CSCI) – September 2006

CSCI, 'The State of Social Care in England 2006' Part II: Eligibility and Self-funding: The Impact on People

Melanie Henwood and Bob Hudson, Lost to the system?: The Impact of FACS – January 2008

DoH, Fairer Charging for Home Care and other Non-Residential Social Services – September 2003

CSCI, Consultation on Performance Assessment of Adult Social Care 2008/9 – June 2008

Micro Markets Project Report on Progress after One Year –  
January 2008

<http://networks.csip.org.uk/Personalisation/AdviceonPersonalisation/Commissionersandproviders/?parent=2735&child=3531>

CSIP, High Impact Changes for Health and Social Care –  
March 2008

ACEVO Commission on Personalisation, Making it Personal: A  
Social Market Revolution – November 2009

<http://www.acevo.org.uk/Document.Doc?id=338>

Jamie Bartlett, Demos  
September 2009

# Footnotes

- i Department of Health (2007) Putting People First
- ii <http://www.communitycare.co.uk/Articles/2008/08/01/108983/ivan-lewis-challenges-adult-care-sector-to-deliver.html>
- iii DoH, Local Authority Circular 'Transforming Social Care' 17/01/08
- iv Department of Health (2007) Putting People First p.5.,  
Department of Health (2009) Local Authority Circular:  
Transforming Adult Social Care II p. 5
- v DoH, 'High Quality Health Care For All' June 2008 (3.24)
- vi There are 5 common ways to hold a personal budget: by  
the individual as a cash direct payment; by the care  
manager; by a trust; as an indirect payment to a third party;  
held by a service provider.
- vii These trends are drawn from an analysis of the following  
sources: IBSEN (2008) Evaluation of the Individual Budgets  
Pilot Programme: Summary Report; In Control (2005 &  
2008) Phase 1 & Phase 2 Evaluations; Northamptonshire  
County Council (2008) Self-Directed Support Plan Review;  
Cambridgeshire County Council (2009) Plotting Your Own  
Course; Herefordshire County Council (2008) It's Your Life  
Take Control; City of London (2008) My Budget My  
Choice; Worcestershire County Council (2009) Doing it  
Your Way
- viii Alekson, V. Putting Patients in Control: the case for  
extending self direction into the NHS, Social Market  
Foundation, 2007. p.25
- ix In Control (2006) Managing Markets
- x Bartlett, J (2009) At your service, Demos

- xi IBSEN (2008) Evaluation of the Individual Budgets Pilot Programme: Summary Report.
- xii CSCI (2008) The State of Social Care in England 2007-8
- xiii Bartlett, J., Gallagher, N. & Leadbeater, C (2008) Making it Personal, Demos.
- xiv Direct support costs include the following: average hourly rate of support; national insurance, pensions and other staff benefits; direct support expenses; percentage to cover annual leave, sickness, bank holidays and staff development. Company costs include the following: offices, office equipment and office running costs; administration and IT team; payroll section; accounting and auditing; bank charges; legal; human resources section; recruitment and selection; insurance; CSCI; CRB; contingency insurance. Service co-ordination and development include the following: senior management team; staff development team; development officers; team leaders; consultants.
- xv Carr, S. (2008) Personalisation: A Guide, CSCI



**ACEVO** is the professional body for third sector chief executives. We connect, develop, support and represent our members, to increase the sector's impact and efficiency.

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