

## PERSONALISED BUDGETS: OPPORTUNITY OR THREAT?

### 'Health and social care budgets direct to families'

#### What is it?

Personalised Budgets, or Individual Budgets, are

- A way of fulfilling the government's wish to give eligible individuals and families more choice over the types of goods and services they are offered through their health and social care services.
- Originally starting with direct payments to those with disabilities, the programme is rolling out across children and young people and adult care.
- All public sector funding that an individual or family is entitled to will be built into one care plan. The individual or family will make the decision on how those budgets will be spent, usually with professional help.
- In the children and young people's world (CYP), this is a part of the Every Child Matters\* programme and is being run through the Common Assessment Framework (CAF) with the help of Budget Holding Lead Professionals (BHLPs)
- In the adult care world this is an extension of the direct payments programme and is part of Putting People First\*

\* See more on Putting People First

[www.cpa.org.uk/cpa/putting\\_people\\_first.pdf](http://www.cpa.org.uk/cpa/putting_people_first.pdf)

\* See more on Every Child Matters

[www.everychildmatters.gov.uk](http://www.everychildmatters.gov.uk)

#### When will this happen?

- Children and young people's pilots have been running for over 18 months across Gloucestershire. These have been highly successful and are expected to expand rapidly from April 2010. The Putting People First programme for adult care is in planning stage. The first personalised budgets are expected to roll out from April 2011.

#### Why is this so important?

- There will be **fewer block contracts**
- There will be **many new budget holders**, over 600 Budget Holding Lead Professionals in CYP by April 2011 alone.
- **Transaction amounts will be much smaller**, and could be spent **much more frequently**. Personalised budgets will add up to large amounts of money – the children and young people's CAF driven personalised budgets alone are £250,000 per year to 2011. However, the average spend within that budget during 2009 was around £325 per child. That could be £325 per transaction with your organisation.

- **You will be competing much more broadly for the money over a long period of time.** This will no longer be about a one-off win or loss during a round of tendering or grant application. It will be a constant opportunity to win or lose product or service users depending on when individuals or families want to take advantage of your product or service. They will decide where to spend their money; they will not have to follow a suggested route, or a suggested timeline.
- **There are some signs of moving towards commissioning for more than one child at a time** in the CAF process (see Case Studies), and a move from one-off purchases of products (e.g. computers) to purchasing services (e.g. parent counselling)

#### Why does this matter?

**These changes could have a profound effect on your organisation. It will affect:**

##### How many product or service users that you could have

This could be a great opportunity to increase how many people choose to come to you. You could have an organisation that could offer new products or services or extend your existing ones to take advantage of these new budgets.

A few extra transactions a year could make a huge positive difference to your sustainability as an organisation.

But you could also lose customers. You might currently hold a block contract or agreement that will not be renewed.

Some of your existing users may still want to use your service. To encourage them, you will need to ensure that your product or service remains very attractive and that budget holders – now that they have the money directly – choose to keep spending the money with your organisation rather than elsewhere.

##### How many people there are that will be holding budgets

Smaller budgets will be spread much more widely across many more people – either with the families and individuals directly, or with the full range of professionals that could be helping or advising the families on what kinds of products or services they need.

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#### Where people can find out about your organisation

Those holding personalised budgets are already finding it difficult to know which voluntary and community organisations could help them. Making your organisation known and offering to be flexible to help tailor-make services could have a profound impact on how often your organisation is asked to help.

There are signs that brokerage services are springing up. Brokerage services advise people which organisations offer what kind of products and services. Sometimes this is the council, sometimes this is a large voluntary organisation, or the Lead Professionals. If they do not know about your products and services, you may never be asked to tender for local contracts, or provide products or services to families.

#### The way you run your organisation (logistics)

You may begin to process many more invoices (or cash if you choose not to invoice), for much less value, at many different times during the year. They may be one-off payments when you are used to a full year (or three year!) contract.

This will be tougher to forecast, will affect your cash flow and cash management, and will affect how you manage the risk of non-payment. It could increase your financial administration.

You may need more people – on a short or long term basis. Make sure if you offer a short term contract you are the right side of the law when it comes to termination.

#### The impact of changing service needs

The type of service that the government is keen to emphasise and fund is changing. For example in adult care there will be more focus on prevention and early intervention to keep older people comfortable and independent for as long as possible. If you are offering services that are no longer a priority this will affect your funding options.

#### Safeguarding

As the government loosens its grip on direct purchasing of services, more safeguarding measures will be required to ensure service and product users remain safe. Expect new safeguarding processes and expect that you will need to take these on board

#### Monitoring and Impact

Of course if you do choose to tender for any of the contracts that will remain, having clear proof of your impact as an organisation will help you prove your worth and increase your chances of winning. Always make sure you monitor – and keep consistent records of - your results

#### Key principles

##### For adult care

The adult care framework is still in planning. More detail will be available later in the year.

##### For children and young people

- £250,000 each year to 2011 has been allocated to Budget Holding Lead Professionals (BHLPs) across Gloucestershire. There are currently 629 Lead Professionals across Gloucestershire, 330 of which hold budgets.
- Each of these BHLPs can spend up to £350 per child per year on identified unmet needs, £1,000 with multi-agency agreement. The families' choices are placed at the heart of the decision making process.
- The child's needs are assessed through the Child Assessment Framework (CAF)
- Where more than one family has the same need, BHLPs are encouraged to block commission on behalf of families through the multi agency networks
- The CAF driven process is just one area where there will be budgets for children and young people's services. Each of the 40 Extended Schools Services, 34 Children Centres (the successor to Sure Start Centres) and the 7 new Locality Hubs will hold their own budgets.

Locality Hubs are the centres through which all Gloucestershire's children's services will be co-ordinated. The intention is to make them multi-agency, locally driven and co-terminus with the districts. The Extended Schools Clusters are designed to improve services through local schools.

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### Dos and don'ts

Do take steps **now** to understand the implications for your organisation and get ready

Do take time to truly understand what your product or service users really value from you, and what they would love more of.

Do make sure that all the needs of your stakeholders are clearly understood and met

Do think about new product or service users may how you might let them know about you.

Do get your organisation known in the right places.

Do think about the implications for the way your organisation is managed.

Do get involved in projects that are designed to alleviate any hiccups while the change is taking place.

Do keep up to date with government trends and thinking – this is the best way to position yourself if you do wish to tender for contracts in the future.

Do make sure you are the right side of employment law if you employ people to cover short term contracts.

Don't wait and hope that this will go away. Beginning to address this now will turn the threat into an opportunity.

### See more on:

**Putting People First**  
[www.cpa.org.uk/cpa/putting\\_people\\_first.pdf](http://www.cpa.org.uk/cpa/putting_people_first.pdf)

**Every Child Matters**  
[www.everychildmatters.gov.uk](http://www.everychildmatters.gov.uk)

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### Feedback

Send feedback to [jane.grindey@co-operativefutures.coop](mailto:jane.grindey@co-operativefutures.coop)