



Personalisation, choice and empowerment: a political & economic reality check

Dr Simon Griffiths, May 2009¹

Introduction

"The governing idea of the next stage of reform is that services need to be personalised according to the needs and preferences of users", so the Cabinet Office argued in 2007.² Individual budgets (IBs) – where funding is given directly to individuals or their proxies – are at the forefront of this shift. They mark a move away from the paternalist, top-down approach to the public services that developed after the Second World War. IBs, at best, offer the chance for individuals to become active participants, both in shaping public services and in empowering users in the society in which they live.

This paper sets out the wider context for the empowerment agenda, and for specific examples of this such as Individual Budgets. It examines some of the recent evidence in this area and closes with some general comments that seek to give a political and economic reality check to the debate on choice and personalisation.

From paternalism to empowerment

The welfare state that developed in the wake of the Second World War created enormous benefits for many people in the UK. Yet, the form that it took was statist, top-down and elitist. As the post-war Minister Douglas Jay wrote, "In the case of nutrition and health, just as in the case of education, the gentleman in Whitehall really does know better what is good for people than the people know themselves."³

The collapse of the post-war economic consensus and the arrival of a party in 1979 committed to "roll back the frontiers of the state" challenged many of the old assumptions about the relationship between the market, state and individual. Critics of the post-war welfare state saw it as

¹ sgriffiths@smf.co.uk. Discussion paper presented to the Independent Living Association, 12 May 2009

² Prime Minister's Strategy Unit, Building on Progress, (Cabinet Office, 2007), p. 28

³ Douglas Jay, The Socialist Case, (Faber and Faber, 1937), ch. 30

disempowering, rather than empowering. It encouraged citizens to behave as passive, dependent recipients of aid, rather than active creators of their own lives.

Today, the public services also face new demand side challenges. Citizens in the UK, and other Western nations, are more demanding and have higher expectations than ever before. People can now shape their lives through their consumption in ways which Jay and the creators of the post-war welfare state could not imagine. These increased demands are strongly felt in the public services and challenge the traditional relationship between users and public service professionals. They were described in a recent SMF paper as the rise of the assertive citizen.⁴

Many of these approaches offer the service user greater choice, and follow a quasi-market approach. Examples include direct payments or individual budgets, discussed later, which give the service user money to purchase services from a plurality of providers, including private and non-for profit organisations. These ‘market-based’ approaches to the public services provide theoretical advantages over traditional statist models of public service delivery. First, because they allow the user to determine their own needs and make purchases to meet them, they allow a close match between demand and supply of services. In contrast, systems in which the state provides services directly have problems coordinating supply and demand. Thus quasi-market provision is theoretically more efficient than direct state provision. Second, quasi-market systems can offer forms of freedom that state-provision of services do not: freedoms, for example, over the type of care provided, when and who provides it, and so on.⁵

There appears – or at least appeared until recently – to be a new consensus emerging over the role and scope of the public services (although subtle party political differences are still noticeable). The Prime Minister recently argued that we have moved away from periods of reform that focused on investment and repair (which involved target setting) and on tackling underperformance and reducing variation in standards (which involved greater diversity of providers, choice and competition). The challenges for public service reform now, he argued, are over how to enhance choice and empower both the users of services and professionals. The main political parties are now settled on the language of empowerment, the creation of “user-led services”, and on personalisation.⁶

4 Simon Griffiths, Beth Foley and Jessica Prendergrast, *Assertive Citizens: new relationships in the public services* (SMF, 2009), <http://www.smf.co.uk/assertive-citizens.html>

5 The relationship between markets, quasi-markets and freedom is complicated. From a left-of-centre perspective there is a good discussion in David Miller, ‘Why Markets?’ in Saul Estrin and Julian Le Grand (eds.), *Market Socialism*, (Clarendon Press, 1989), 29-38. For an account of these arguments in context see Simon Griffiths, ‘Market socialism in retrospect’, *Contemporary Politics*, Volume 12, Number 1, 2006

6 Rajiv Prabhakar, ‘Reforming Public Services: the views of the main parties’ and Noel Thompson, ‘A Reply to Rajiv Prabhakar’ in Simon Griffiths and Kevin Hickson, (eds.) *British Party Politics and Ideology after New Labour*, (Palgrave, 2009)

Empowerment and individual budgets: the story so far

Of the innovative approaches to public service delivery, individual budgets offer a particularly exciting chance to empower users in their dealings with public services and to put the user at the heart of public service reform. The main idea behind individual budgets is to put the person who is supported in control of deciding exactly what support or services they get.⁷ (An important variation on this approach is for a professional, who would hold and control the budget, to make decisions in consultation with the service user.⁸ This may be more appropriate in areas such as mental health and treatment for drug abuse.⁹) IBs are a development of the idea of 'direct payments' in social care, introduced in the UK in 1996 as part of the Community Care Act, but they bring together several income streams, rather than being a direct payment from one source.¹⁰

Individual Budgets are an example of this new consensus. There has been a groundswell of enthusiasm for IBs – one form of personalisation - across all main political parties. As early as June 2006, Ivan Lewis MP, the then Parliamentary Under Secretary of State for Care Services, argued that 'individual budgets and direct payments hold promise for so many people of an improved life, improving people's choice and control over services'.¹¹ The Conservative Shadow Health Minister, Stephen O'Brien, also recently argued that 'Individual budgets should not only be rolled out quickly, but they should be extended to include some health costs for those with predictable, long-term care - exploiting efficiencies and extending independence'.¹²

There are several theoretical advantages to the introduction of individual budgets: they give people a clear idea in advance of how much money they have for their support; they make assessment faster and simpler and mean that information does not have to be given out so often; they are 'joined up', bringing together different sources of support or funding; and they (arguably) do not increase cost for the Local Authority (in fact they may even save on administrative costs in the long-run).¹³

More importantly, perhaps, they allow people to shape their own service package. People like to make choices for themselves. Recent polling data found that only 4 percent of people agreed with

7 Tim Stainton and Steve Boyce, "I have got my life back": Users' experience of direct payments', *Disability & Society*, Volume 19, Number 5, 2004, pp. 443-454. An early review of the IBs pilots found that 'freedom' and 'independence' were terms commonly associated with the programme - IBSEN, 'Individual Budgets Evaluation: A Summary of Early Findings, June 2007, available at <http://www.york.ac.uk/inst/spru/pubs/rworks/lbsenSummary.pdf> [accessed 24 June 2008]

8 Prime Minister's Strategy Unit, *Building on Progress*, (Cabinet Office 2007), p. 36

9 Work carried out by the RSA is exploring this application of IBs in more detail following a suggestion in the Government's Paper, *Drugs: protecting families and communities - The 2008 drug strategy*, <http://drugs.homeoffice.gov.uk/publication-search/drug-strategy/drug-strategy-2008-2018?view=Binary>, p. 6 [accessed 24 June 2008]

10 Care Services Improvement Partnership, 'Individual Budgets>Questions', <http://individualbudgets.csip.org.uk/dynamic/dohpage6.jsp> [accessed 24 June 2008]

11 Speech by Ivan Lewis MP, Parliamentary Under Secretary of State for Care Services, 29 June 2006: CSCI Annual Conference.

12 Stephen O'Brien quoted in 'Tories call for individual budgets for social care', *The Guardian*, October 23, 2008.

13 Care Services Improvement Partnership, 'Individual Budgets>Individual Budgets', <http://individualbudgets.csip.org.uk/dynamic/dohpage5.jsp> [accessed 24 June 2008]

the statement “I like to have experts make decisions for me”, whilst 81 percent agreed “I like to make choices myself”.¹⁴

Despite the benefits that individual budgets could bring, there have been several lines of criticism taken against them.¹⁵ In particular, there are concerns about individuals ‘misusing’ public money, for example by spending on care which does not have a good evidence base.¹⁶ This aspect of individual budgets does present problems for advocates of the idea. As Peter Beresford has asked, “What limits will be set on how service users can spend the money in a risk averse society where the prospect of negative tabloid headlines calls many politicians’ tune?”¹⁷ To some extent this is an argument over who knows best how to treat the user – and the classic argument that the ‘wearer knows best where the shoe pinches’ is a powerful one. It could also be said that the empowerment that comes to the individual through IBs can largely overrule this objection.

More substantially, there are equity concerns about individual budgets. A recent review of ‘direct payments’ for disabled people found that funding was disproportionately utilised by middle-class, affluent users.¹⁸ This is a more serious criticism and systems must be designed which meet these equity-based critiques head on, through the use of good quality generic advice for users of IBs for example.

Individual budgets in practice

IBs have been an important part of several government papers in recent years, notably:

- *Improving the Life Chances of Disabled People* (Cabinet Office Strategy Unit, 2005)
- *Putting People First, A shared vision and commitment to the transformation of adult social care* (DoH, 2007)
- Lord Darzi’s *Next Stage Review* of the NHS (DoH, 2008)

Evidence from state wide programmes of direct payment in the US points to success. Schemes for direct payment in mental health have recently been developed in Florida, Iowa, Maryland, Michigan, Oregon and Texas. Evidence indicates that these schemes have been largely successful, with little ‘misspending’ of money, cost neutrality and, crucially, increased user satisfaction.¹⁹

¹⁴ ‘Opinion poll data on choice – see Real Trends - Living in Britain 2008, Ipsos MORI, 2008; (2) Real Trends - Living in Britain 2008, Ipsos MORI, 2008’ cited in Matthew Horne and Tom Shirley, Coproduction in public services: a new partnership with citizens (Strategy Unit, 2009)

¹⁵ Peter Scourfield, ‘Social Care and the Modern Citizen: Client, Consumer, Service User, Manager and Entrepreneur’, *British Journal of Social Work*, Volume 37, Number 1, January 2007, pp. 107-122

¹⁶ Vidhya Alakeson, *Putting Patients In control: the case for extending self-direction into the NHS* (SMF, 2007), p. 18

¹⁷ Peter Beresford, ‘Individual budgets could weaken the NHS’, *The Guardian*, April 16, 2008, available at <http://www.guardian.co.uk/society/2008/apr/16/nhs.health1> [accessed 10 May 2009]

¹⁸ David Leece and Janet Leece, ‘Direct Payments: Creating a Two-Tiered System in Social Care?’, *British Journal of Social Work*, Volume 36, Number 8, December 2006, pp.1379-1393

¹⁹ Vidhya Alakeson, *Putting Patients In control: the case for extending self-direction into the NHS* (SMF, 2007), Ch. 3

In the UK, individual budget pilots across thirteen local authorities ended in spring 2008. The pilots bought together six funding strands: council-provided Social Care services for adults; Supporting People funding; Independent Living Fund; Disabled Facilities Grant; Integrated Community Equipment Services; and Access to Work.

The Individual Budgets Evaluation Network (IBSEN) brought together three existing research units to evaluate the pilot programme. Broadly speaking, IBSEN endorsed the notion of IBs – claiming they could be ‘innovative and life-enhancing’. It was noted that they offered the possibility of a transformation of social care services including: the engagement of care managers in change processes; the development of support planning and brokerage services; renewed engagement with voluntary sector organisations; increased equity between user groups and greater flexibility on the part of service providers. There is also some evidence that IBs are more cost-effective in achieving overall social care outcomes.²⁰

The IBSEN report also highlighted some difficulties. It was noted that implementation had been easiest for people with physical and/or sensory impairment, whilst extending the pilot to older people had been slightly more problematic. There were difficulties for people with learning disabilities and widespread difficulties were reported in relation to people with mental health problems. Examples were also cited of financial abuse and deception regarding levels of need. Other concerns were expressed around the costs and complexities of implementing IBs alongside traditional resource allocation systems and that meeting the demand for short-notice and unplanned care in a larger IB system would require a considerable change in the organisation of staffing.

The economic crisis and the empowerment/personalisation agenda

The economic crisis has thrown up new challenges for advocates of IBs. There is likely to be substantially less public spending money over the course of the next two parliaments. The Institute for Fiscal Studies recently argued that, "Public spending" is "to be squeezed tightly over the seven years from April 2011" and that a "[p]lausible scenario for departmental spending suggests 2.3% a year real cuts".²¹

There are a series of threats to the IBs agenda caused by recession. Some commentators have argued that the government's choice and personalisation agenda will be a likely casualty of the recession. The Labour MP, Tony Wright, chair of the public administration select committee, "I do think we will hear a lot less about choice, personalisation, empowerment and all that bag of tricks, because they are the expression of a very well endowed public sector – and we're not going to have a very well endowed public sector."

20 Glendinning, C., Challis, D., Fernandez, J., Jacobs, S., Jones, K., Knapp, M., Manthorpe, J., Moran, N., Netten, A., Stevens, M. and Wilberforce, M. Evaluation of the Individual Budgets Pilot Programme: Final Report, Social Policy Research Unit, (York: University of York, 2008), <http://php.york.ac.uk/inst/spru/pubs/1119/> [accessed 10 May 2009]

21 Paul Johnson, 'Public finances and public spending' [presentation at RSA, 1 May 2009], (IFS, 2009)

First, there is a loss of confidence in market based solutions. Confidence in private enterprise and market systems has been severely dented by the regulatory failures of the financial services sector. Market-based solutions (which use choice and competition), such as IBs and direct payment, could be contaminated by a wider scepticism about markets. Yet, although people might fear the word 'market' a bit more now and react against it, their basic interest in being free to choose what's best for them remains unchanged. This may mean that the language chosen to make a case for personalisation/direct payment/choice etc has to be chosen carefully by advocates of such schemes.

Second, recession leads to a lack of capacity. For choice to be meaningful there has to be a plurality of provision available. It has been argued that services targeted at the individual are possible in boom times, but that choice requires excess capacity, which will be in short supply in the years ahead.²²

Third, IBs and direct payments are more difficult to control than traditional budgets, which could worry Ministers. Colin Talbot, professor of public policy and management at Manchester Business School, argued that the costs of introducing systems, lack of economies of scale, and lack of control when individuals assess their own needs could threaten the IB agenda.²³ Policy makers are (arguably) less likely to take risks when money is tight.

Conclusions

Advocates of personalisation must make their case strongly now. The argument is not just about tax cuts versus service cuts, although it can be argued that personalisation can save money. Recent research has found that personalisation of services does provide 'a way to drive efficiencies in the medium to long term', offering savings of 6%–7% in adult social care through better targeting of resources.²⁴ Yet, for personalisation to have a real future, their advocates must make a case for the state to do things differently: to empower users and to really meet the needs of users. But the argument against those policy makers who want to avoid risk and make savings needs to be made now. SMF hopes to be part of this argument.

22 Editorial, Public Finance, May 1 2009, http://www.publicfinance.co.uk/search_details.cfm?News_id=60262&keysearch [accessed 10 May 2009]

23 Ibid.

24 Nigel Keohane in Public Finance, May 1, 2009, http://www.publicfinance.co.uk/search_details.cfm?News_id=60235&keysearch=personalisation [accessed 10 May 2009]

The Social Market Foundation

Board Members

Lord Lipsey (Chair)
Viscount Chandos
Gavyn Davies OBE
David Edmonds CBE
Daniel Franklin
Martin Ivens
Graham Mather
Brian Pomeroy CBE

Policy Advisory Board

Lord Adebawale CBE
Wendy Alexander MSP
Professor Nicholas Barr
Liam Byrne MP
Dr Vincent Cable MP
Philip Collins
Simon Crine
Don Cruickshank
Lord Dahrendorf KBE
Ed Davey MP
Evan Davis
Alan Duncan MP
Daniel Finkelstein OBE
Liam Halligan
Lord Haskins
Nick Herbert MP
Sir Peter Lampl OBE
Dr Oliver Letwin MP
Maria Miller MP
George Osborne MP
Lord Parekh
Trevor Phillips OBE
Lord Plant
Sir Stephen Sherbourne CBE
Sue Slipman OBE
Lord Stevenson CBE
John Tizard
Lord Turnbull KCB CVO
Stephen Twigg
Andrew Tyrie MP
David Willetts MP

Staff

Ian Mulheirn
Director

Sally Dobson
Director of Communications

Beth Foley
Researcher and Events Assistant

David Furness
Health Project Leader

Barney Gough
Researcher

Dr Simon Griffiths
Senior Research Fellow

Dorothea Hodge
Director of Conferences and Events

Will Hoyles
Events Officer

Rena Menne
Researcher

Claire Newman
Business Manager and Company Secretary

Jessica Prendergrast
Senior Research Fellow

Natalie Tarry
Deputy Director and Director of Research
(On maternity leave)

Laura Tomlinson
Events Assistant