



## Now it's personal: achieving citizen-centre welfare

**A roundtable on personal budgets in employment and skills**  
**Wednesday 21 October 2009**

### Introduction

There is widespread interest in extending the personal budgets concept from social care into public services more widely to create more user-led services and transform the relationship between citizen and state. But could this approach work in the welfare system and if so, how can it be taken forward?

ippr invited key industry professionals and thinkers to a roundtable held on Wednesday 21 October 2009 on personal budgets in employment and skills as part of ippr's project *Now It's Personal: Achieving citizen centre welfare*. Through this project ippr is exploring how welfare policy can reach its goal of providing personalised support and what steps need to be taken for sustainable work and integrated skills and employment.

Speakers included Lord Freud, Shadow Minister for Work and Pensions, Simon Duffy, Director, Centre for Welfare Reform, Fiona Walshe, Office for Disability, Dan Finn, Professor of Social Inclusion, Portsmouth University and Keith Faulkner, Chairman, Working Links.

Participants were asked to consider the following key questions:

- Could this approach work in the welfare system and if so, how can it be taken forward?
- Which bodies should lead the way in developing personal budgets – should providers be taking the initiative or is it for government to shoulder the risks of innovation?
- What next steps might be needed to build momentum?

A consensus emerged around the scope for developing personal budgets as a way to provide more personalised support around employment and skills. However it became clear that many of the challenges discussed will not be resolved until a design process has begun. It was suggested that local authorities and welfare to work providers have a key role to play in trialling and developing the personal budget approach in welfare to work.

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## Summary

Key points made in speaker presentations are summarised below.

### **Dr. Simon Duffy, Director of Centre for Welfare Reform<sup>1</sup>**

Simon is formerly Chief Executive of In Control, a social enterprise which helped to develop the concept of self-directed support and introduced individual budgets into social care. Simon is establishing the Centre for Welfare Reform, for which he is the Director.

- Personal budgets involve a shift from a model which is about delivering services as 'gifts' that people can't control, to entitlements that people shape and define through active citizenship
- Introducing a concept like personal budgets means changing other things in the 'technology' of a system. In social care, the care management system, commissioning arrangements and underpinning support structures had to be changed using personal budgets as the vehicle for this
- Experience of the past five years shows that the use of independent professional brokers is the least effective and most expensive way of supporting people to be more in control. Assumptions in this area are often based on flawed US/Canadian evidence
- There is a confused understanding of the economics of personal budgets. The associated efficiencies [based on the work of In Control] are significant, at between 10-20%
- Local authorities find efficiencies do not come from traditional market economics, but from the phenomenon of 'pull' economics. People are changing their behaviour because the money is available for them as a clear entitlement

### **Fiona Walshe, Office for Disability Issues (ODI)**

Fiona Walshe leads for the ODI on the design and implementation of the DWP Right to Control pilots for disabled people in the welfare system.

- The Right to Control pilots are about giving disabled people more choice and control over how funding for government support is spent, including giving the person an individual budget or allocation for them to decide how they want to live their life

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<sup>1</sup> Full presentation available at:

<http://www.ippr.org.uk/research/teams/project.asp?id=3436&tID=3571&pID=3436>

- Final funding streams will be announced in a government response to the consultation on the Right to Control pilots and which will be published towards the end of the year. So far it is expected that this will be a mixture of employment support, adult social care and the disabled facilities grant
- DWP is running the trailblazers first in order to see how the market responds and what the needs are around 'up-skilling' frontline workers, including advisers within Jobcentre Plus at a time it is under increased pressure as a result of the recession

### **Professor Dan Finn, Portsmouth University and Associate Director, Inclusion**

Dan Finn gave a brief overview of the challenges associated with personal budgets based on his work looking at international welfare systems, in particular the Netherlands.

- The Dutch introduced a 'reintegration market' in late 1990s - personal budgets known as Individual Reintegration Agreements or IROs. Within two years demand from service users meant that IROs accounted for over half of the reintegration budget allocated by the social insurance agency.
- IROs proved more popular than the standardised programmes contracted with larger providers. Data on costs and outcomes showed they were more effective for people with disabilities, although somewhat more expensive for the long term unemployed. The rapid expansion and light regulation of IRO providers led to concerns about transparency and quality as there was less quality assurance. Evaluations showed some evidence of creaming, with slightly more educated groups using IROs.
- Other challenges included the impact choices made by people on IROs had on the viability of other types of provision that were available, especially for those people who did not choose to use IROs
- However IROs were also found to personalise what was on offer, making providers and case managers focus more on what people wanted rather than slotting them into pre-existing trajectories.

### **Keith Faulkner, Chair, Working Links**

Keith Faulkner is Chair of Working Links and also chairs the CBI's Welfare to Work Panel.

- Effective management of markets is important as international experience has shown. The prime provider model for example involves regulation which allows us to control the quality of the market
- Equality of opportunity is also important. Most understanding of individual budgets is growing out of experiences of those on disability allowance. But how can that be equally available and equally applied to people where their main barrier is a criminal record, lack of numeracy or literacy or a history of drug and alcohol abuse?

- Role of provider is crucial here in helping the individual decide whether they wish to take up the opportunity and to advise them how best to do that. Improving training and providing professional qualifications for personal advisers is also important to achieving this.
- The model set out in Houghton Review is also relevant to this debate. Personal budgets could effectively pull together a number of streams of support and a number of budgets. The Houghton model provides an opportunity for more effective local authority planning and better knowledge of what exists on the ground. There is potential within this framework for a prime provider working as part of a wider welfare to work team to develop a budget and allocation model that might work within this context

### **Lord David Freud, Shadow Minister for Work and Pensions**

Lord Freud is Shadow Work and Pensions minister and author of the Freud Report, a long-term review of the Government's Welfare to Work strategy

- We are moving to a more personalised agenda and under Conservative welfare reform plans we are looking to an agenda where there will be more funds available for those who find it very hard to move into work.
- Providers should be in control of providing that support and should take the initiative in developing personal budgets in this context. Providers may market these budgets and this may become a prevalent model
- In terms of the potential for personal budgets to bring together the employment and skills systems, if we can get to a system where we are pulling together some of these budgets into one provider in a coherent way with a coherent set of targets, that will be a major achievement.
- We need to try at the centre to make this happen coherently. The Houghton Review recommendations may not be enough to tackle this.
- We want to encourage helping the hardest to help and the people who currently specialise in that are the third sector and some of the smaller organisations. This can be funded by more elaborate Del/AME payment structures. Primes will have more of an incentive to use smaller organisations in a way that is difficult under the current system

### **Roundtable discussion**

Following the presentations there was a wide-ranging discussion. Participants were asked to consider the following key questions:

- Could this approach work in the welfare system and if so, how can it be taken forward?

- Which bodies should lead the way in developing personal budgets – should providers be taking the initiative or is it for government to shoulder the risks of innovation?
- What next steps might be needed to build momentum?

The discussion focused on the key themes set out below.

### **Importing personal budgets into welfare to work**

- There is a tension between the conditionality regime and support regimes in welfare to work which impacts on this debate. Some of the objectives of welfare reforms are not about improving service user satisfaction, eg incapacity benefit reform which is pushing people towards work. How can this kind of conditionality be married with a new individualised budget?
- There are different understandings of what it is to be a client in the welfare system. Clients can be viewed as citizens with a series of entitlements or units with a cost attached. What bearing does this and the variability of services around the country have on policy potential for personal budgets in the welfare system?
- A key difference between Welfare to Work and Social Care is that there is more dynamism in the system eg frequent movement on and off benefits, whereas in social care people tend to be in the system for a long period of time. Policy design needs to take into account these critical differences
- Overall there is a need for a more precise language to develop around the concept of personal budgets in welfare to work for progress to be made in designing policies in this area

### **The broker/adviser role in personal budgets**

- There are different definitions of a 'broker' in social care and welfare to work. In social care an independent broker is often a 'meta-adviser' who sits outside of existing systems. Brokerage in the context of welfare to work signifies a matching and intermediation role
- International evidence provides a starting point to unpick different definitions. Some questioning of the US/Canadian evidence base on role of independent brokers in personal budgets, suggestion that a conflict of interest is inherent in the role because independent brokers have a vested interest in requiring people to continue to depend upon them for support
- Evaluation evidence from the Netherlands on Individual Reintegration Orders (IROs) suggests that the role of the 'case manager' was key to their success. The majority of those who chose the IRO's acted on the advice of the case managers that they were talking to.

### **Implementing personal budgets in welfare to work**

- How to determine appropriate allocations of payments for individuals – do personal budgets imply an upfront decision on per client spend? Outcome based funding allows providers to determine support needed, allocate resources accordingly and invest savings made elsewhere. Determining spend per individual upfront may not allow for this and could lead to problem of deadweight
- How would the current welfare to work contracting structure need to be adapted to build in an allocation or entitlement to resources? There is no conflict with the ‘black box’ approach to pursuing employment outcomes; personal budgets are also about the personalisation of outcomes. An example could be taken from the way in which the Dutch system has contracted provision with IROs running alongside
- If providers were to lead, how should resource allocation for personal budgets take into account overall budget constraints for providers in a way which does not limit penetration or incentivise creaming? Could ongoing contract negotiation be a way of navigating these tensions?
- How can personal budgets take into account different regional and local contexts? The challenge is not always about individuals – many of the fundamental solutions lie in infrastructure changes in the communities as a whole

## Conclusions

- There is interest and scope in developing personal budgets as a way to provide more personalised support around employment and skills. However from the discussion it became clear that many of the tensions and issues raised will not be resolved until a design process is begun.
- Equally important is clarity around the use of existing language and for a new language to be developed to accurately capture the particular structures which will need to be developed in welfare to work if this concept is to be taken forward.
- Local authorities and providers have a key role to play in trialling and developing the personal budget approach in welfare to work. In terms of the wider objectives of integrating employment and skills through this mechanism however, significant central government leadership will be needed to create the conditions in which this will be possible.

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