The Future of Personalisation

Implications for welfare reform

by Simon Duffy

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Abstract

There are a number of practical reforms which were developed within the social care system and which are slowly spreading across that system under the banner of the term personalisation. These reforms are technological innovations whose primary purpose is to increase the power and dignity of people using social care. However it is possible that these innovations could be extended to other areas of the welfare state. In particular personalisation may change (a) support to people with complex needs (b) health care and the boundary between health and social care (c) education (d) the role of local government (e) the tax and benefit system. However there is nothing inevitable about this shift in practice and the current policy framework does not guarantee the normalisation of these new approaches.

Key words:

- Personalisation
- Self-Directed Support
- Welfare Reform
- Individual Budgets
- Efficiency
- Citizenship

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Introduction

In this article I will describe the background to personalisation and then go on to offer an analysis of the different policy options that will open up as citizens, professionals, families, communities and policy-makers wake up to its potential. It is not certain that personalisation will survive in the current social and economic environment - but, if it does, it will transform our conception of what a modern welfare state can and should deliver.

The meaning of personalisation

The term personalisation is now used in a number of different and slightly contradictory ways. So in this article I will try to distinguish the different ways in which the term is used (1). The term personalisation was championed by the thinker Charlie Leadbeater to describe a broad approach to the transformation of the welfare state. He argues persuasively that the current welfare system would

be transformed by developing a relationship of co-production between professionals and people using welfare services (2).

Although Leadbeater's conception of personalisation is quite broad he also cited a series of concrete innovations, in particular the models that were published by In Control in 2003 - in particular Self-Directed Support & Individual Budgets (3). Self-Directed Support is a methodology for designing and providing support that puts the individual in control. An Individual Budget is an entitlement to support, defined as a cash amount, which is given to people so that they can design and organise their own support (4). Sometimes these linked (but distinct) ideas are also referred to as personalisation because they are the clearest and most radical approaches to personalisation.

Finally personalisation was picked up by the Department of Health and is being used as a term to describe the series of reforms outlined the 2007 concordat *Putting People First* (5). In its later formulations these policies have been set within the following framework (6):

- Improving access to universal services
- Prevention & early intervention
- Increasing choice & control
- Growing social capital

As will be obvious a term like personalisation is rather vulnerable to being used and interpreted in different ways. At this point in time no definition is fixed by any strong consensus. The attractiveness of 'personalisation' to thinkers on the Left, who want to advocate for reform of welfare services, is that it is an unobjectionable term - it is difficult to advocate against more personalised services. However for the disability movement, and its allies, the term personalisation is often used as a short-hand for the more precise reforms that it values: Direct Payments, Individual Budgets and Self-Directed Support. For civil servants the term is usefully broad and allows sufficient ambiguity to enable any sharp policy questions to be evaded or postponed.

I will propose that the real choice, underlying these debates, is whether the welfare state wishes to move from a paternalistic model of service delivery towards a model which treats people as citizens, not service users:

- **Professional Gift Model** - In this model the tax payer give money to the government, the government gives money to the professional who turns that money into services that are offered to the needy person as a gift - that is, something that cannot be defined, shaped or controlled by the individual.
- **Citizenship Model** - In this model the tax payer gives money to the government, the government defines that money as an entitlement, and the individual (with their community) uses this entitlement to negotiate any professional support necessary.

I have argued elsewhere that we can identify a possible paradigm shift between these two models and I and others have used this framework in order to develop many of the practical technologies associated with personalisation (7, 8). This change in roles and relationships can be pictured as in Figure 1.

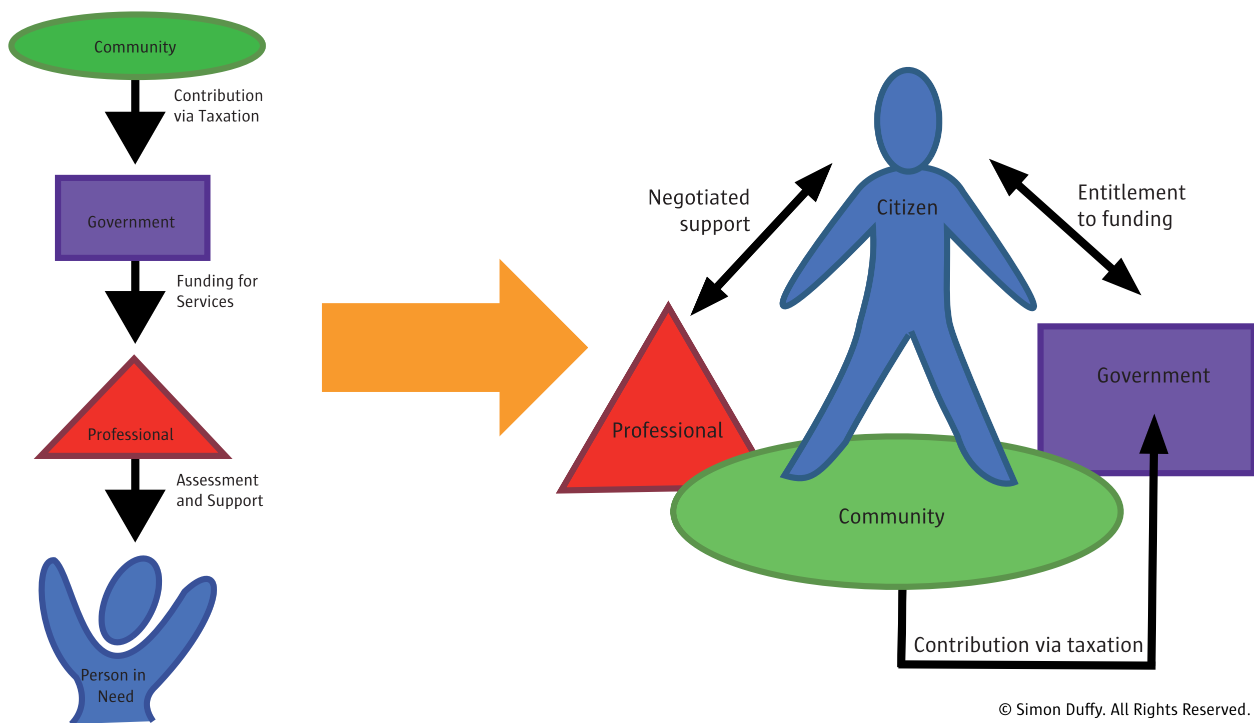

Figure 1 Shift from Professional Gift Model to Citizenship Model

On this reading the aim of personalisation is to create a welfare system where support is provided in a way that supports citizenship. This means that people are in control of their own lives, with clear entitlements and connected to their family and community. Of course this shift in thinking only takes place when there is also a shift in practice. So in the following section I will go on to outline the key technologies that are associated with the practice of personalisation and which aim to make the Citizenship Model a reality.

Key Innovations in Social Care

The era of personalisation has brought with it a new lexicon of technical terms. However, the policy debates and disagreements that are also part of this new era often lead to these terms being used in ways which are confused, vague or fragmented. This often leads to difficult policy conversations, where people are using the same words - but with different sense. In this context it is hard not to fall back on stipulating meanings. So, in the following section I will define my understanding of the meanings of these key terms, but the reader would be wise not to assume that everyone is using these terms with quite the same sense.

Direct Payment - A Direct Payment is a way of managing a budget. When you have a Direct Payment then you receive the cash for your support service and manage it yourself (4).

Individual Budget (or sometimes an Personal Budget) - An Individual Budget is an entitlement to a budget.[1] The budget is yours, but it doesn't have to be managed by you, it can be managed in a number of different ways. Figure 2 Sets out six distinct ways of managing an Individual Budget (9).

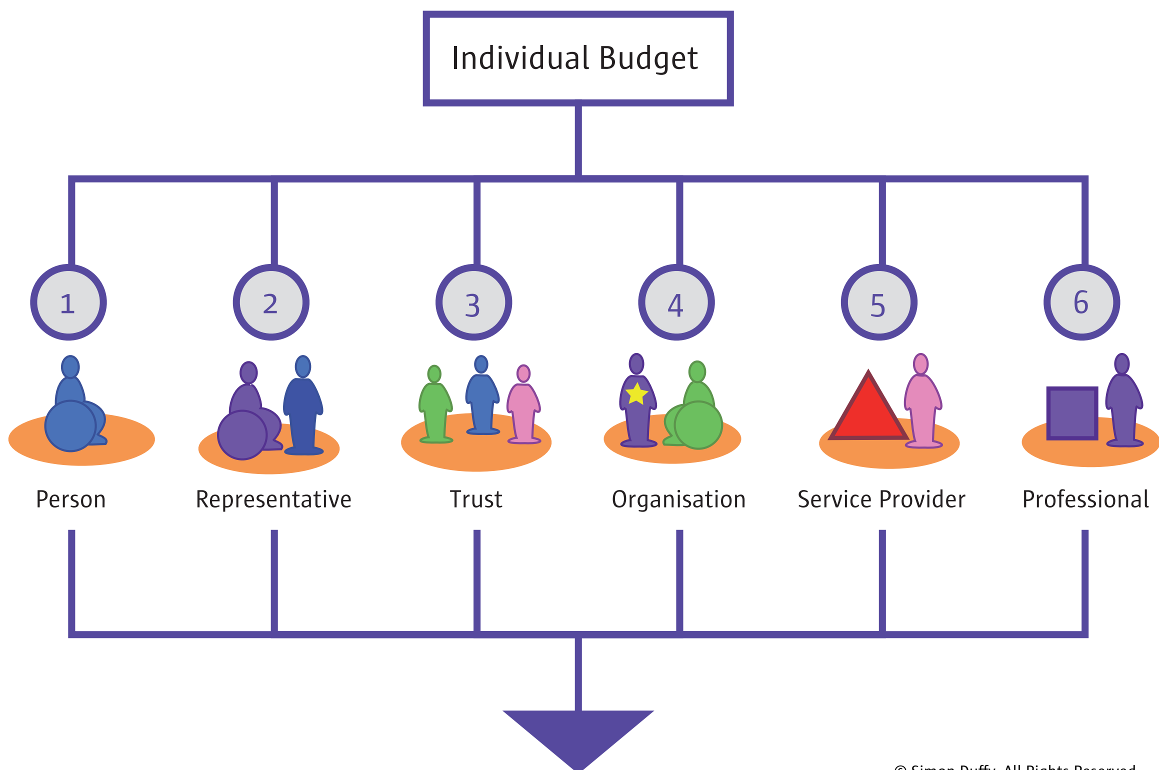

Figure 2 Six Ways of Managing a Individual Budget

Community-Based Support System - Different people need different levels of help, and different kinds of help. In order to provide that support it is necessary that there is a support system which people can use. A Community-Based Support System is an open and flexible system that does not exclude any option, but encourages approaches which are more empowering (10). These options are set out within Figure 3.

Resource Allocation System - A Resource Allocation System (RAS) is a set of rules that can be used to calculate an Individual Budget. It is the RAS that enables local authorities to tell people their budget before they begin planning (11).

Self-Directed Support - Self-Directed Support is the total system that enables people to be in control of their own support. This system includes a changed model for Care Management plus the necessary underpinning Community-based Support (9).

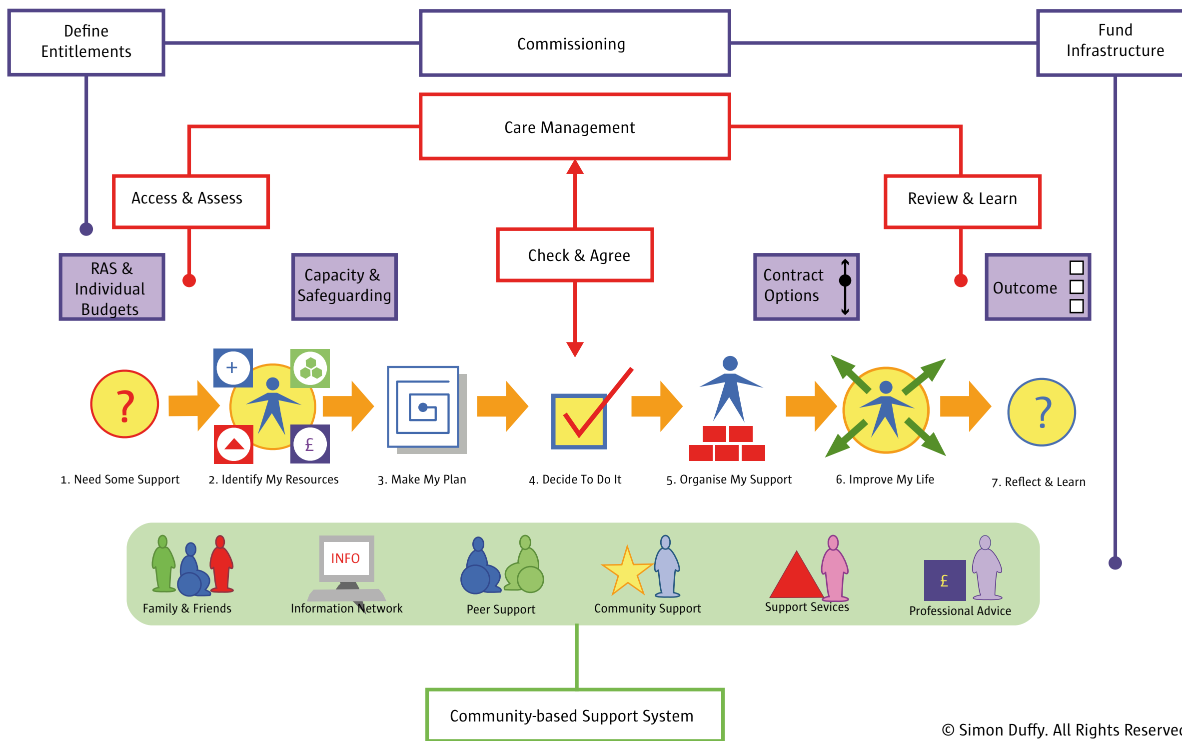

Figure 3 Self-Directed Support

It may seem strange to think of these ideas as technologies. We are more used to 'policies' which are developed by government and imposed on the welfare system by a process led by politicians and civil servants. Yet this is not how these new approaches to social care were developed. Instead they were developed on the ground, in real communities, and with disabled people and older people (4). There are technologies which have been developed to try and achieve better outcomes and make better use of limited resources.

Why personalisation works

Self-Directed Support has been tested out in many local authorities and has been the subject to a number of research reports. Although there is some controversy as to the degree of the positive impact of Self-Directed Support there is no disagreement that all of the testing, even the government's own rather flawed Individual Budget Pilot Programme, has led to positive improvements in well-being. The outcomes of the Phase II Research Programme from In Control, with a sample size of 196 are set out in Figure 4 (12).

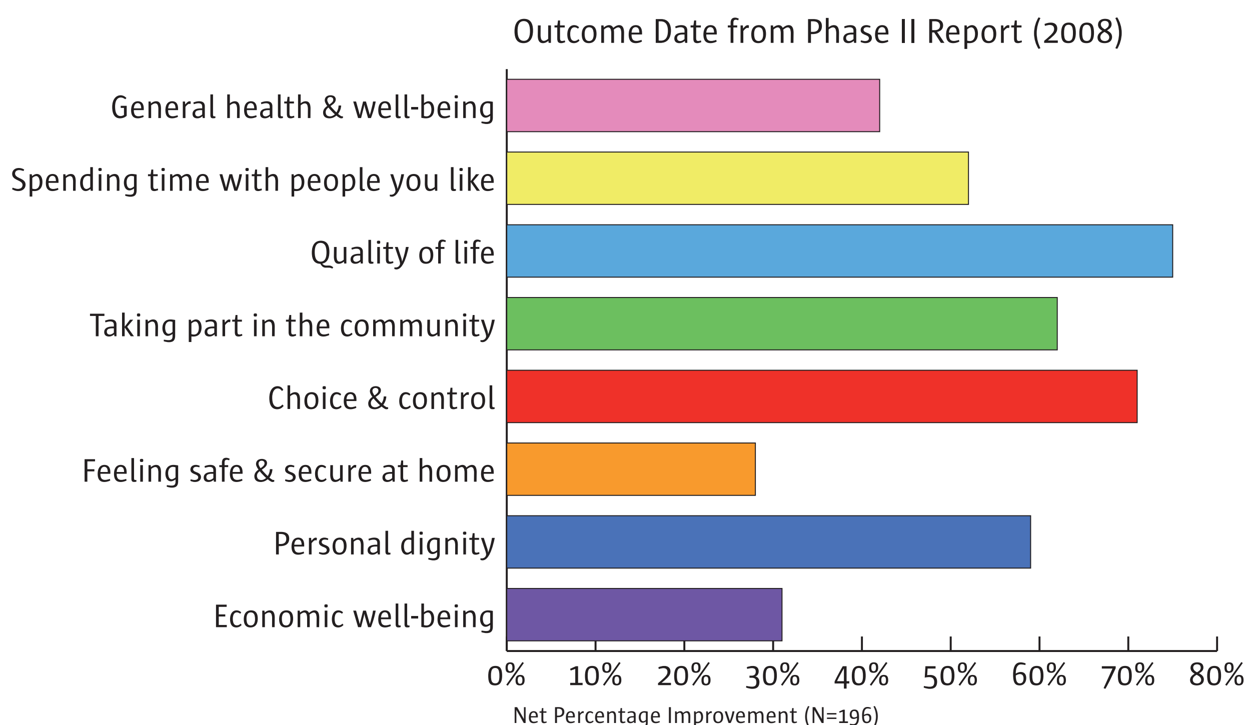

Figure 4 Outcome Improvements from In Control Phase II Report

What many found hard to believe was that these very high and statistically significant improvements in well-being could be combined with reductions in overall cost. Nevertheless the data from all the published reports showed the same overall pattern (although the levels of efficiency varied widely, see Table 1.)[2]

Report	Sites	Sample Size	Change in cost
In Control Phase 1 Report (9)	4	c. 40	-22%
In Control Phase II Report (12)	10	128	-9%
IBSEN Report (13)	13	268	-6%
Northants (14)	1	17	-18.7%
City of London (15)	1	10	-30%
Worcestershire (16)	1	73	-17%

Table 1 Summary of data published on economic impact of Self-Directed Support

It is important not to underestimate the shocking impact of this data. There is often a tendency to see improvements in welfare linked closely to increasing expenditure. Reductions in expenditure, or cuts, are expected to reduce welfare and damage outcomes. For many this is a paradigmatic truth - the level of welfare depends upon the level of funding - and policies are then analysed simplistically in terms of whether they will lead to increased or reduced expenditure. However this is a primitive model of efficiency and it is not mirrored by how we experience efficiency outside the welfare system. We can identify 3 kinds of efficiency (17):

- **Input efficiencies** - These are reductions in the price of a standard service or product. For example, if I shop around for the lowest fuel price for my car then I am seeking an input efficiency. This is the standard welfare-state model for efficiency - seeking standard solutions at lower prices.

- **Process efficiencies** - These are different, and more effective, solutions to meet needs. For example, if I buy a car with better fuel consumption and reduce my expenditure on fuel then I am using a process efficiency. Arguably the welfare state struggles to exploit process efficiencies because it struggles to encourage or embrace innovation.
- **Outcome efficiencies** - The final form of efficiency is a change which reduces need. If I decide to drive less and walk more I will create an outcome efficiency. The welfare state struggles to attend to solutions that really reduce needs, it is even possible to argue that, to the extent that it promotes dependency, it actually increases needs.

If one can recognise the existence of process and outcome efficiencies then it becomes possible to understand why people's outcomes can improve and costs can be reduced: people who control their own budgets are able to (a) find smarter solutions for meeting their needs and (b) can reduce their need for paid support. This is possible because the person is better positioned to make the right kind of decisions, seize new opportunities and respond more quickly to problems. Self-Directed Support takes advantage of phenomenon called 'pull economics' whereas the old welfare system uses the less efficient process of 'push economics' (see Figure 5) (18).

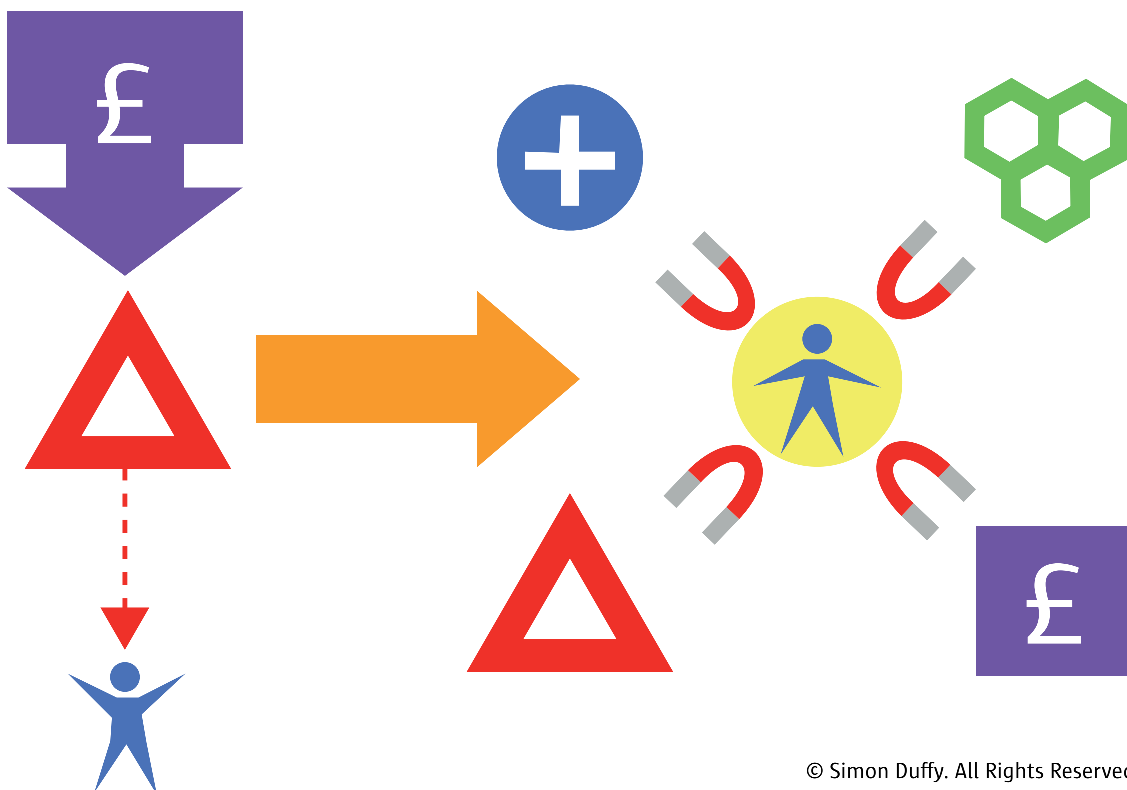

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Figure 5 From Push to Pull Economics

In the old welfare system the government pushes resources into those services that it believes people need. The person in need can only receive a diminished benefit from these resources because (a) it is unlikely that the services are perfectly fitted to meet their needs and (b) there is no opportunity for the person to mobilise those resources to 'pull in' in other resources. However, when someone has a Personal (or Individual) Budget and when they can use Self-Directed Support, then they are able to make more efficient use of those resources.

To give an example, imagine someone using a day centre and whose place at the day centre costs £10,000 per year. In the old system the person will benefit some of the services of the day centre, but will simply have to put up with whatever services they do not value. Instead if the person has a £10,000 Individual Budget then they can:

- Spend some of their budget on those particular services they value, e.g. only coming into the centre on the 'good days'.
- Spend some of their budget on other services that they value, including on ordinary mainstream leisure, education or employment services.
- Find work, and bring in new resources and opportunities
- Improve skills and independence by taking advantage of new opportunities within the community
- Use their resource to collaborate with others in the community, pooling funds, or generating new funds.

This is the power of 'pull economics'. By putting money in the 'right hands' (that is, the person or someone who is close to them) and in the right way (as a flexible entitlement) it can take on a new and dynamic role and can support the development and use of other resources. It is this process that explains why people can get better lives with less money - because the money that you can control works harder than the money you can't control. If we examine the actual use people make of their Personal Budgets we can see the effect of this new freedom (see Figure 6 which pools data from two recent research reports). (16, 19)

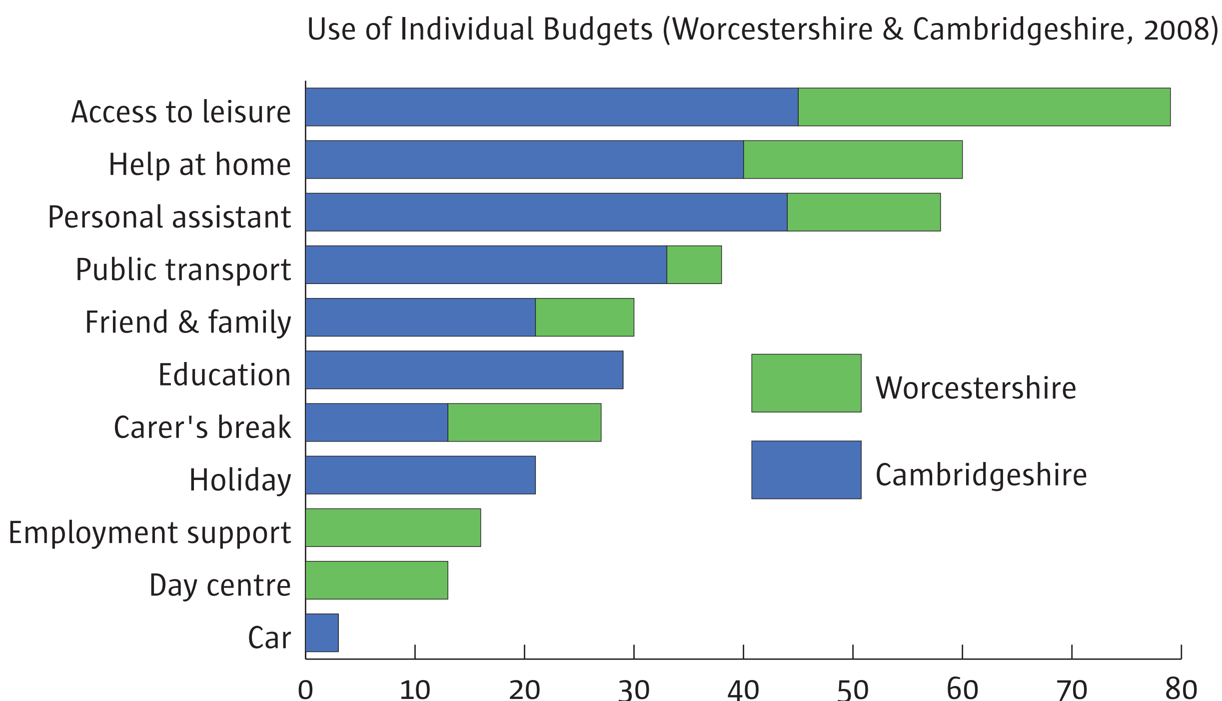

Figure 6 Use of Individual Budgets

The Spread of Personalisation

Although I want to primarily explore the implications of personalisation beyond social care it is important not to forget that we are nowhere near achieving personalisation - by any definition - in social care. The uptake of Direct Payments, which began in 1996, was at approximately 66,800 in 2008 - which is approximately 6% of the social care population (19). In late 2009 the number of personal budgets (as distinct from these Direct Payments figures) is at 23,000 (20). Although these figures could be aggregated they represent the combination of two very distinct developments that have taken place over a 14 year period. Given the level of political enthusiasm for Direct Payments and Individual Budgets these relatively low figures may seem surprising.

However this slow rate of change is less surprising if we treat the achievement of personalisation, not as a matter of policy, but as a technological development. Policies can be imposed and they can be imposed quickly (but that does not mean that such policies will be clear, coherent or effective - they

can be spread very quickly precisely a policy can be imposed without changing either reality or even other contradictory policies). On the other hand technologies, which need to be implemented in order to exist, take more time to spread and they spread in accordance with the principles of the diffusion that are described by Rogers; although arguably, in the public sector, the shape of the innovation curve may be even more negatively skewed than in a more commercial or innovation-friendly environment (see Figure 7) (21).

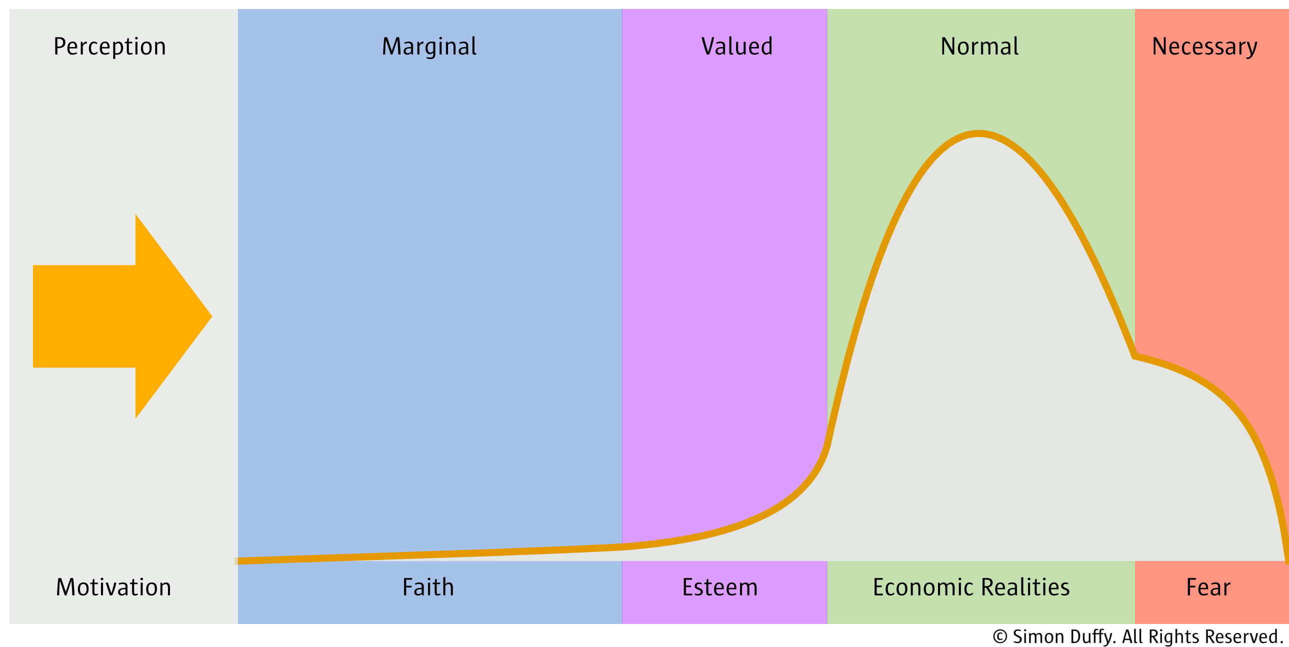

Figure 7 The Diffusion of Innovations in the Public Sector

If this is right then it would suggest that we are now only in the early stages of the second phase of the innovation curve. Ideas that were once treated as marginal and were developed by innovators who were motivated by faith not evidence are beginning to be treated as high status innovations. However to move on to the next stage of the innovation curve will require the normalisation of the innovation. Normalisation only occurs when the economic costs of implementing the innovation appear reasonable. Currently many local authorities will view this matter as 'unproven' and will wait until other authorities show that the changes can be brought about efficiently. In addition local authorities will look to central government to understand how 'serious' central government is about the policy direction. It would not be surprising, given the unwillingness of government to build personalisation into the heart of its law-making and the financing of adult social care, if many authorities remained somewhat sceptical about the prospects for change.

The current financial crisis is also likely to have an impact on the spread of personalisation. Some authorities may seek to use the inevitable cuts in funding as a spur to faster transformation. However others may see the crisis as calling for more traditional cost cutting measure. It is possible that we will see the development of a two-pronged path - some authorities pushing harder, with others falling back on older systems.

Beyond adult social care

It is also possible that personalisation, while born in adult social care, may actually not come to maturity in social care at all. For the idea is already spreading to other areas. One interesting example is provided by the work in Sheffield at Talbot Special School. Here Sheffield City Council, the Learning & Skills Council (LSC) and NHS Sheffield have worked closely together to develop a unique and seemingly very effective reform of the transition process for young people with severe learning difficulties (see Figure 8).

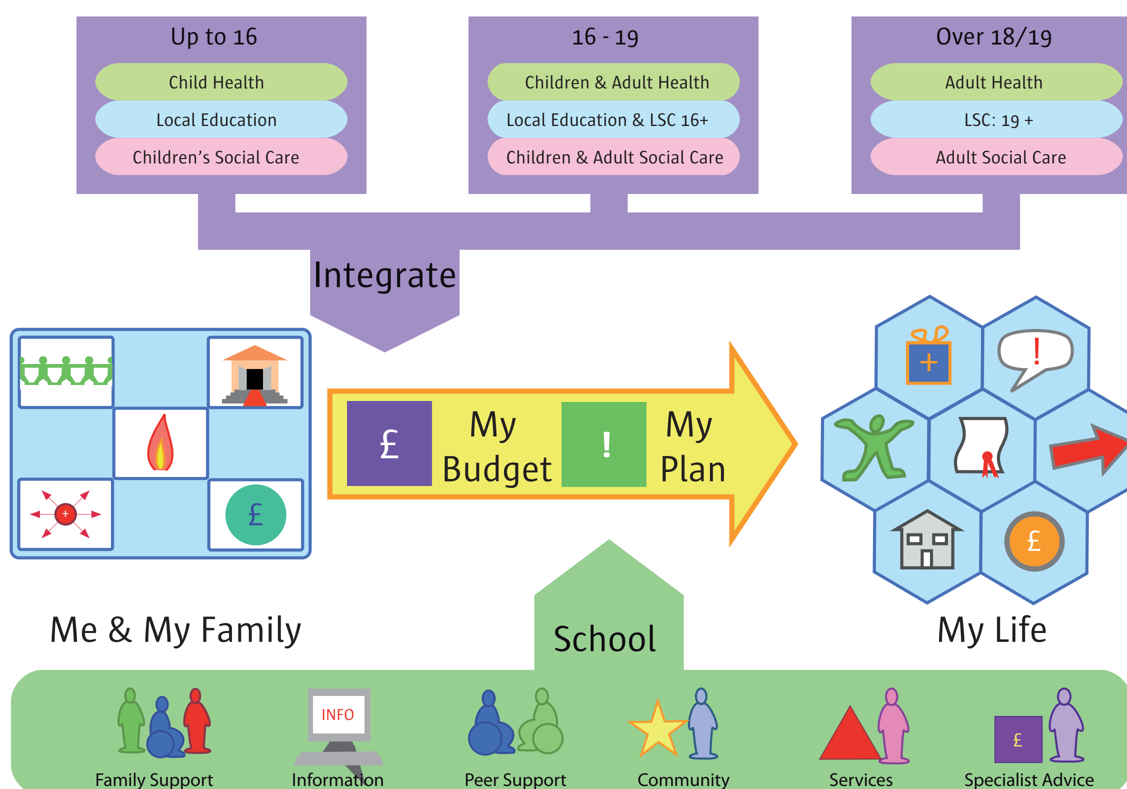

Figure 8 Personalised Transition

Since 2007 families have been given:

- a social care budget, a health budget and an adult education budget (where eligible)
- support, hosted within the school, to plan together or individually with their budgets
- reduced professional input, rationalising the multiplicity of professional experts available

The results have been very encouraging. Families and young people are ending the last school year with a clear and positive plan and with funding agreed. The outcomes that people are achieving are more positive and the funding can be integrated to achieve sensible, joined-up solutions (22). This example also gives some clue to the different policy directions in which personalisation may travel. In the following sections I will outline some of those directions:

Direction 1 - Managing complexity better

The example from Sheffield highlights one of the most interesting features of personalisation in practice: its ability to simplify the solution to the problems that occur when one part of the welfare system confronts another. Each part of the welfare system focuses on a particular set of problems, but struggles to meet needs when those needs do not neatly fall within the boundaries of their service. There are many example where people have such 'complex needs':

- People who are homeless are often also using drugs or alcohol or have mental health problems
- People who commit crimes are often struggling with unemployment and difficult family circumstances
- People in prisons often have a mental illness or learning difficulties
- People who are struggling to stay at school often have many other needs

Personalisation helps to better support people with such complex needs because it enables the complexity of the service response to be minimised. Instead it focuses on the person, their

perspective and tries to identify a positive path that reflects the needs and desires of the whole person. It does not define the person as a 'service user'.

The work of the WomenCentre in Halifax reflects these principles well. The service, run and managed by local women (including many women who have used its services) provides practical help, assistance, encouragement and guidance to women who are victims of violence, in the prisons system or in and out of mental health services.

Direction 2 - Integrating health & social care

The Sheffield model also indicates another interesting possibility - that we might overcome the divide between the health and social care systems. For currently the United Kingdom is unusual in having such a sharp distinction between the health care system (provides universal support, is well funded and has only minimal means-testing) and a social care system (highly rationed, providing support to only those who are sufficiently poor and significantly needy). The dividing line between these two services is obscure and is often defined in terms of the need for a 'medical intervention'.

The Sheffield model demonstrates not only the effectiveness of a joined up approach but also hints at some of the possible policy implications of advancing further in this direction. For if both Social Services and the NHS both provide flexible budgets then individuals and families will and should be able to integrate those budgets and spend them flexibly. In practice this will mean meeting health needs, and often it will mean meeting those needs more effectively. However it will not always possible to say define an expenditure as a medical intervention - even if it has positive health consequences. This will create significant policy headaches - but it will also open up the possibility of promoting health more effectively (for it has long been understood that medical interventions are not the only way of improving health). It may also encourage policy-makers to abandon the health-social care divide altogether.

Direction 3 - Family-led education

Another prospect for personalisation is to help in the re-design of the educational experience. There has been a long-standing complaint that education is too standardised, insufficiently focused on the talents and needs of the student and unimaginative in making use of wider community resources. Home schooling already demonstrates the enormous capacity families can demonstrate in leading, designing and organising suitable education. If educationalist and families could work together then learning could be transformed.

In Sheffield the LSC funding is being used, not to send people to classes, but to build education and learning support into everyday activities. People learn by doing and so supporting people to enjoy new experiences, try new skills, mix with other people in the work place or in the wider community leads to improved learning.

Funding for schools is already individualised, with the formula funding for schools set at £6,600 per year. This is a significant amount of money and it would enable 5 pupils to engage full-time support from a teacher at the highest salary rate. So it surprising that staff pupil ratios often run at 1:30. Its hard not to ask whether the £198,000 per year which is generated by a class of 30 could not be spent more effectively.

Direction 4 - Total Place

A fourth possible direction is also possible. One of the most important innovations within the Sheffield model of personalised transition is the use it makes of the school, as a central focus for learning and support. The school is a good place to start, it is there in the community, it is where people are spending their time and it provides many opportunities for creating mutual or peer support. It is a good foundational form of support.

Too often support is provided by professional services or system that are too distant to individuals and families. The WomenCentre in Halifax, in the same way, offers a natural system of community-based support. It exists because local women founded it, organised it and now run it. It is a gift to the local community. These gifts are too often ignored, the very services and supports that communities develop themselves are discounted or replaced by standardised services that are imposed on to communities.

The idea of Total Place is the idea that local communities might rethink their own support systems, might redefine how local resources are used. Instead of replicating standard nationalised solutions communities could create local solutions which built on their strengths and focused on their solutions (24). Personalisation offers an ideal set of technologies to enable a Total Place strategy to work - because it offers a flexible framework for putting resources in the hands of citizens, families and communities. It also enables fresh conversations between citizens and the state about what really needs to be achieved.

Direction 5 - Tax-benefit reform

The last possible direction for personalisation is also the most challenging because it means challenging the current tax-benefit system which is utterly nationalised, allows of no local discretion and eradicates almost any possibility for empirical investigation or innovation. However personalisation not only offers some possible opportunities to reform the tax-benefit system it also demands reform in that system.

One of the opportunities created by personalisation is that the RAS, which was developed to enable people to be given Individual Budgets, could be extended to make the benefit system clearer and simpler. The use of the RAS enabled needs to be defined by answering clear and objective questions which focus on identifying how much help someone needs to achieve the necessary outcomes. In addition the finances of current expenditure can be interrogated to ensure that the level of funding set is not only fair but affordable. This same process could be applied to the tax-benefit system and it could lead to the development of one, unconditional, benefit or Personal Allowance. In addition extra-needs, that might benefit from some extra non-financial support, would be set within an Individual Budget (see Figure 9).

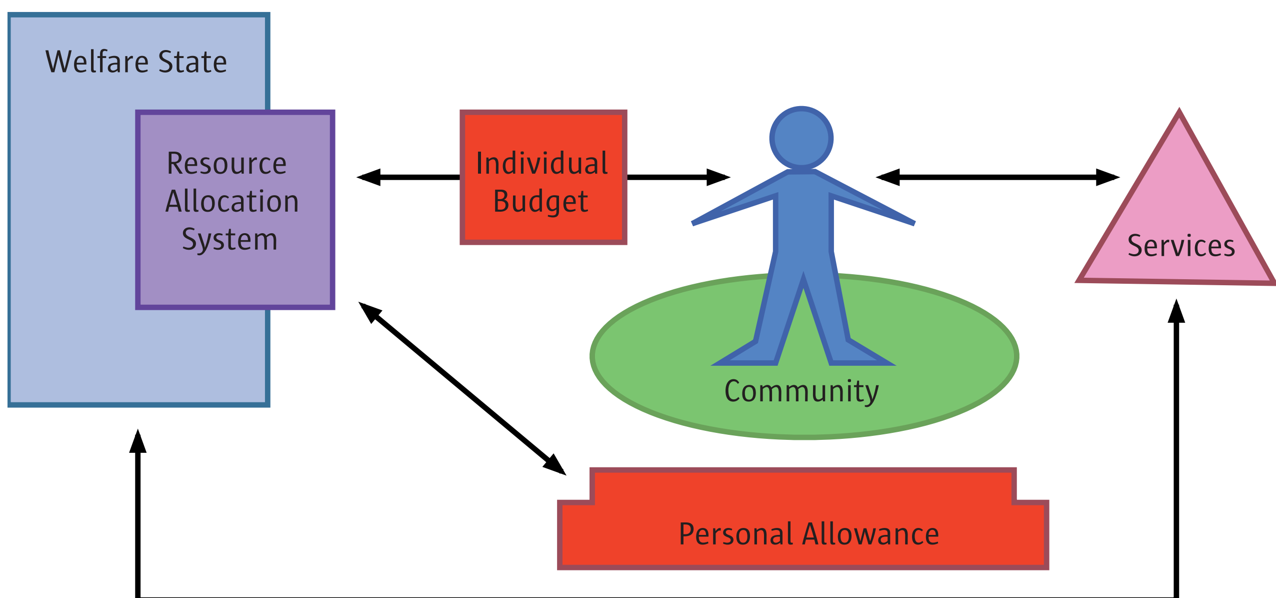

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Figure 9 Individual Budget and Personal Allowance

It is not possible to overstate the political difficulties that are inherent in trying to reform the tax-benefit system. But the spread of personalisation will certainly draw increased attention to the problems that are part of the current system in which entitlements are completely unclear and where there are many perverse incentives that encourage poverty and social isolation. As other parts of the welfare system begin to define their 'benefit' in terms of a cash sum then there will be increasing pressure for a radical review of the whole tax-benefit system.

Conclusion

The modern welfare state was designed in the years around the Second World War and its fundamental shape and structure has not been revisited in the last 70 years. It is time to think again about the nature of the welfare state and the development of personalisation may be one force that may lead the the process of reform and redesign that is now necessary.

Yet progress on personalisation, even within adult social care, is not guaranteed. The necessary changes are complex and wide-ranging in their impact and they unsettle and challenge many existing vested interests within the social care sector and beyond. It is likely that in the following few years, particularly in the light of the poor state of our public finances, the meaning and consequence of personalisation will continue to be highly contested.

But the power of personalisation will continue to lie primarily in its inherent effectiveness. Approaches which make better use of people's abilities, communities and natural positive motivation will always have some advantage even when political and financial circumstances prove challenging. Professionals who want to work more effectively in the years ahead, particularly when budgets are tight, will continue to explore and develop the technologies of personalisation.

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Notes

[1] Originally in 2004 when In Control wrote the first briefing papers for government on this idea the concept was named an 'Individual Budget'. When the government began piloting Individual Budgets in 2005 it also removed much of the definition surrounding the term 'Individual Budget' and also sought to use the pilots to test an additional proposition - that diverse funding streams could be usefully integrated. At this point In Control was instructed by senior civil servants to stop using the term 'Individual Budget'. In Control therefore renamed the concept a 'Personal Budget'. By 2007, with the Individual Budget Pilot Programme struggling to deliver much practical progress - particularly on funding integration - the then junior minister Ivan Lewis and leaders from Association of Directors of Adult Social Services (ADASS) agreed that, as there was real and positive progress within the In Control programme, they would support a policy which promoted 'Personal Budgets'. This is why Personal Budgets, not Individual Budgets, have become central to Putting People First (5). This also why, as an act of post-hoc rationality, Individual Budgets are now used to refer to 'integrated personal budgets' by the Department of Health. However it is not clear which usage will 'stick' particularly as, when you Google 'Individual Budgets' it tends to provide much more reliable results.

[2] It is possible to hazard some explanations for these variations. For example the IBSEN Report's sample contained a large number of people who had been previously using Direct Payments (13). Direct Payment funding has typically been set at very low levels compared to the costs of other services. This would tend to depress any reduction in cost. Moreover it is not clear that all local authorities within the 13 sample sites were actually testing the same model of Individual Budgets - this makes it somewhat difficult to interpret the meaning of much of the data within the IBSEN report. It is also important to note that some of the efficiency levels will vary in proportion to the more or less radical approach of the local authority to defining their own entitlement levels. Note also that the data from the Phase One Report (9) data is only partial and data has been excluded from sites who did not provide data enabling a reliable 'before and after' figure.