



National Audit Office

Report

by the Comptroller
and Auditor General

Department of Health and local authorities

Personalised commissioning in adult social care

Key facts

500,000

approximate number of adults in England whose social care services were paid for through local authority personal budgets in 2014-15

£6.3bn

spending by local authorities on long-term social care for adults in the community, 2014-15

7%

real-terms reduction in spend on adult social care by local authorities between 2010-11 and 2014-15

- 88%** median proportion of users with personal budgets per local authority in 2014-15
- 22%** median proportion of users with direct payments per local authority in 2014-15
- 84%** proportion of local authority directors of adult social services who report that increasing personalisation is a high (43%) or medium (41%) priority area for savings in 2016-17
- £0** amount that the Department of Health expects to save from personalisation
- 26%** proportion of long-term social care users who said it was difficult to find information about support in 2014-15

Summary

1 Social care comprises personal care and practical support for adults who cannot perform the activities of typical daily living, and support for their carers. Social care paid for by English local authorities makes up a minority of the total amount of care. Most care and support is provided unpaid by family and friends (informal care), while many adults pay for some or all of their formal care. The Department of Health (the Department) is responsible for setting national policy and the legal framework for adult social care, securing funding and providing leadership. Through the Care Act 2014, the Department aims to achieve the government's vision for reforming care and support as set out in its 2012 white paper, *Caring for our future: reforming care and support*.

2 Pressures on the social care system are increasing. The need for social care is rising as people live longer with long-term and complex health conditions. Between 2010-11 and 2014-15, English local authorities' real-terms spend on adult social care fell by 7%.

3 Successive governments have tried to improve outcomes for users by introducing policies that enable local authorities to personalise the commissioning of adult social care services. This involves: identifying and fostering a greater variety of services for users to choose from; aligning the services users receive more closely to the outcomes they want to achieve; building on users' existing capabilities; and enabling users to have more control over their care. Users may change the way they receive services, for example they may use direct payments to pay for personal assistants, receive services that meet their cultural and religious needs, or meet their needs through community-based social and sports activities rather than conventional social care services.

4 Some local authorities started to personalise the commissioning of community care services in the 1990s. They supported adults with physical disabilities to have more choice and control over their lives by giving them 'direct payments': money to buy their own care services. In 2007, the government introduced the broader concept of a 'personal budget': a sum of money allocated to an adult to meet their assessed social care needs. A personal budget can be managed by the local authority or by a third party that commissions services for users; or it can be given to users or their carers as a direct payment. In the 2000s, the Department promoted personalised care through the Social Care Reform Grant. The Care Act 2014 prioritised the wellbeing and independence of adults, embedded personalisation into the legal framework for social care and mandated adults' involvement in planning their care. It required authorities to give all eligible users a personal budget, including, for the first time, those in residential care. Previously, they had been limited to community care. Since 2014, the NHS has been introducing personal budgets in healthcare.

Our report

5 This report is one in a series examining adult social care in England. Our report aims to provide central government and local authorities with a review of progress with personalised commissioning. It looks at the practical challenges and opportunities associated with implementing personalised commissioning given the current financial environment and the extension of personal budgets into healthcare. It covers only social care that is fully or partly paid for by authorities. Unless otherwise stated, it excludes carers who receive personal budgets in their own right. It aims to answer four main questions:

- Is personalised commissioning resulting in better outcomes for users?
- How and why does the use of personalised commissioning vary between local authorities?
- What are the financial implications of personalising commissioning?
- Is there capacity in the care market for local authorities to develop personalised commissioning?

6 We reviewed the way local authorities are implementing personalised commissioning in the context of the Department's policies. We undertook our fieldwork when authorities were implementing the Care Act, a period of significant change. Our findings are based partly on evidence gathered from 9 authorities we visited. These were selected to be broadly representative of variation in local circumstances and progress with personalised commissioning across England. During our visits, we interviewed around 200 people: directors, managers, front-line staff, service users and providers. We interviewed the directors of adult social services at 3 more authorities. We also analysed data collected nationally; interviewed representatives of stakeholder organisations; and reviewed relevant literature.

Key findings

7 **We found widespread support across local government and the adult care sector for the concept of personalised commissioning.** We heard from a range of people and organisations who saw personal budgets as an important part of a broader movement to give care users more control over their services (paragraphs 1.2, 1.4 and 1.5).

8 Local authorities across England report a wide range in the proportions of users taking up personal budgets, including direct payments. Authorities spent £6.3 billion on long-term community care in 2014-15. Around 500,000 adults in England received personal budgets in 2014-15, varying between 10% and 100% of users across authorities, with a median proportion of 88%. The median proportion of community care users with a direct payment across authorities was 22%, with a range from 5% to 57%. Take-up of direct payments varies by user group, with higher take-up among younger adults (under 65) with primary support reasons relating to physical or learning disabilities, and lower take-up among younger adults with a primary support reason relating to mental health and older adults (65 and over). Before the Care Act made personal budgets mandatory for all eligible users from April 2015, authorities prioritised implementing personalised commissioning to different degrees. Additionally, before 2014-15, the data collected by different authorities on long-term community care were not on a like-for-like basis. The Department and the Health and Social Care Information Centre, with the social care sector, have together improved consistency in the data collected for 2014-15 (paragraphs 2.3 to 2.5 and 2.7 to 2.10).

Does personalised commissioning improve outcomes for all users?

9 Recent evidence suggests that personal budgets benefit most, but not all, users and that the way a personal budget is implemented is key to whether users benefit from it. Data from user surveys carried out in 2014-15 indicate that most users, but not all, report benefits when services are commissioned through personal budgets, particularly direct payments. However, if a personal budget is put in place without adequate support and information, and without being aligned to a user's circumstances, it may not benefit the user. This can occur if authorities are pursuing personal budgets as an end in themselves, rather than as an enabler of personalised care. These considerations are particularly important for direct payments, which require users to manage their own spending. The Department still relies on its evaluation of personal budgets from 2007. This found that benefits were restricted to adults aged 18 to 64. Users reported greater satisfaction with care, more control over their lives and improved quality of life, but the evaluation did not measure longer-term outcomes such as health. Furthermore, the findings relate to the period before austerity, when local care markets were under less pressure and before authorities had started to focus services on users with the greatest need (paragraphs 1.10, 1.11, 1.13, 1.18, 1.19, 1.21, 2.6 and 3.10).

10 The Department's local authority-level data provide no evidence that personalised commissioning improves user outcomes. User-level data indicate that personal budgets benefit most users. However, when user data are aggregated at the local authority level, there is no association between higher proportions of users on personal budgets and overall user satisfaction or other outcomes. The Department has not investigated the apparent contradiction between user-level and authority-level data (paragraph 1.22).

11 The Department's monitoring regime does not enable it to understand how personal budgets improve outcomes. Indicators specific to personalised commissioning in the Department's Adult Social Care Outcomes Framework measure take-up rather than user outcomes. Other indicators in the framework do measure outcomes, but since its 2007 evaluation the Department has not analysed the relationship between the form of the personal budget and outcomes. In response to our suggestion to improve the usefulness of published data, from December 2015 the Health and Social Care Information Centre has published a more detailed dataset that permits some analysis of this relationship. National data on how users spend their personal budgets are limited. Few local authorities currently participate in an annual survey run by the charity In Control and there are limitations to that survey's design. Smaller-scale reviews are often local and biased towards users with negative experiences (paragraphs 1.10, 1.15 to 1.17 and 1.20).

What are the financial implications of personalised commissioning?

12 Some local authorities are constrained in how, and the extent to which, they can personalise care by the need to reduce overall spending. The Care Act guidance says that personal budgets must be sufficient to meet users' statutory needs, and that they must take into account users' reasonable preferences. Although there are circumstances under which personalised commissioning can make care cheaper, the guidance acknowledges that responding to users' needs can increase the cost of care. For example, giving users greater flexibility over their care may require paying more to providers. However, authorities that need to save money cannot afford to increase the value of a personal budget above the cost of meeting the user's needs through authority-commissioned services. For the most common services which aim to meet basic needs – such as homecare – authorities cannot afford to lose the economies of scale they achieve through large framework contracts. Some users with personal budgets are therefore receiving services through authority-commissioned contracts that are not personalised. Similarly, some authorities that need to save money are adopting direct payment rates that relate to their own commissioning rates, rather than the market prices available to members of the public. Users in some areas told us they were unable to buy enough care using the authority rate, and made higher top-up payments than they would have expected based on their financial assessment. Some authorities are using innovative approaches to make the most of their care markets to identify the most efficient ways of meeting users' desired outcomes (paragraphs 1.9, 2.6, 2.17, 2.18, 3.6 to 3.8, 3.10 and 3.12).

13 The Department does not expect substantial financial savings from personalised commissioning, which differs from local authorities' expectations of savings. In response to an annual survey, 74% of directors of adult social services said they expected personalisation to be a medium or high area of savings in 2015-16, with 84% expecting the same for 2016-17. The Department expects the value for money of personalised commissioning to come from improved outcomes for users, not necessarily from savings. The Department's 2007 evaluation found that care packages were not more expensive for people with personal budgets, but that care management costs were higher (paragraphs 2.17 and 2.18 to 2.21).

14 It is not clear whether local authorities will achieve the spending reductions they have forecast without putting user outcomes at risk. We heard about a range of ways that some authorities have saved money through changes to personal budgets, including direct payments, and to other commissioning practices:

- The authority sets its direct payments at a lower rate than the rate it pays providers through its commissioned contracts. It also increases the proportion of users on direct payments. This assumes that users can obtain the same level of care through buying their own care more cheaply. It also assumes that some users currently using authority-commissioned services will be happy to switch to direct payments.
- Some authorities are using outcomes-based contracts that pass the need to save money on to providers. Others intend to save money by renegotiating contracts, but they do not yet know whether the providers will be able to cope with such demands.
- Some authorities are identifying services provided by voluntary organisations at no or little cost. These include social activities, which meet a user's needs more cheaply than a traditional approach, such as a place at a daycentre. This relies on such services being available and adequately funded.
- Authorities attribute some savings to process efficiencies such as taking back unspent direct payment monies when a certain number of weeks' funding remains unspent in users' accounts.

Authorities anticipating savings were concerned that these will be offset by other planned changes, such as the requirement on providers to pay employees the new national living wage. The Department expects that giving authorities the option to raise money through the adult social care council tax precept, announced as part of the local government finance settlement in February 2016, will support authorities to manage such changes. The Association of Directors of Adult Social Services is concerned that the settlement is not adequate to cope with this and other pressures (paragraphs 2.22, 2.23 and 3.7).

15 Some local authorities are struggling to manage and support their local care markets as well as we would expect of a well-functioning public service market.

The Care Act places new duties on authorities to shape their local care markets to meet adults' social care needs. The Department's ambition, stated in the Care Act guidance, is for local authorities to oversee a sustainable and diverse range of care and support providers. However, some authorities are reducing the number of providers they contract with, to achieve economies of scale, and, in areas where providers are struggling to recruit care workers, to limit the destabilising effect on the care market of workers moving frequently between providers. However, this can restrict choice of provider for users who use their personal budgets to buy authority-commissioned services. Some providers are under financial pressure because authorities have driven fee rates down to potentially unsustainable levels. The Department intends to make its role in market management clear when it publishes its national market position statement in spring 2016 (paragraphs 3.5, 3.6, 3.8 and 3.12 to 3.16).

What approaches are local authorities taking to personalised commissioning?

16 Authorities are taking different approaches to implementing personal budgets; some are struggling to find workable approaches. We encountered authorities that had developed effective systems for administering personalised commissioning, but such good practice is not being taken up extensively. Sector bodies such as the Association of Directors of Adult Social Services and the Local Government Association identify and share good practice through initiatives such as the Think Local Act Personal partnership and regional networks. However, some authorities still appear to be struggling in isolation and Care Act guidance requirements are not yet established in all authorities (paragraphs 1.5, 1.7 and 3.16). For example, some authorities find the following aspects of personalised commissioning particularly difficult:

- **Engendering a culture of personalised commissioning.** We visited authorities where staff viewed personalised commissioning as benefiting a narrow range of users. Some authorities we visited were concerned that innovative ways to spend personal budgets might not work as planned (paragraphs 2.9 and 2.14).
- **Determining the amount of users' indicative personal budgets.** Authorities start the care planning process by looking with each user at their needs. The authority then determines an indicative budget based on the needs identified, giving users a guide amount within which they plan their care. Most staff we spoke with found indicative budgets to be inaccurate and unhelpful, and said they were often ignored (paragraphs 2.11 and 2.12).
- **Identifying how to meet users' needs from a broad range of community-based activities.** Some authorities had a good overview of their provider markets, including directories of services for staff and users to use for care planning. One authority we visited had an advanced system that supported front-line staff in identifying services from more than 700 varied options available in the local area. Staff selected from these with the user to achieve the care outcomes they had jointly identified, an example of outcomes-based commissioning that gave users real choice (paragraphs 3.8 and 3.9).
- **Putting in place adequate and timely user support.** Front-line workers in some authorities said they did not have enough capacity to provide effective support and review (paragraph 1.21).

- **Personal assistants.** Around 120,000 personal assistants are employed by users with direct payments to provide personal care, which is generally a cheaper option than homecare. Personal assistants are unregulated. Users can find it difficult to take on responsibilities as employers of personal assistants, but 82% of authorities have reported gaps in the support they provide to users and personal assistants. The Care Act requires authorities to give users who employ a personal assistant advice on their responsibilities (paragraphs 1.21 and 3.17 to 3.19).
- **Gaining assurance on how users spend direct payments.** Most users receive their direct payments into bank accounts in their own name and must provide the authority with bank statements and receipts. Users can find this burdensome and are slow to provide the information. Some authorities are adopting straightforward solutions that reduce the administrative burden (paragraphs 2.13 and 2.15).

Conclusion

17 Giving users more choice and control over their care through personal budgets, supported by well-designed local authority processes and a range of genuine choice within an effective and sustainable local care market, can improve their quality of life. However, much of the positive evidence for personalising commissioning is old or relates only to subgroups of users. Centrally collected data on local authorities' progress might be overstating how personalised the commissioning of care really is for some users. There is therefore a strong case for better use of existing surveys and evidence gathering. Learning from the implementation of personalised commissioning in social care will benefit the Department as it extends personal budgets in healthcare.

18 Some authorities are finding personalising commissioning a challenge as they seek to save money, particularly in areas where providers are under financial strain. Authorities are limiting the extent to which some users' services are personalised because of financial pressures. The Department expects personalised commissioning to improve outcomes for users, not necessarily to help local authorities save money. Nevertheless, most local authorities say they expect to save money through personalised commissioning. The Department has not investigated how services can be personalised when money is tight, nor questioned whether authorities' plans to save money would adversely affect user outcomes.

19 Some authorities have transformed their care and support processes to ration their resources fairly, share information about a broad range of local services, and monitor and manage spending on personal budgets efficiently, particularly direct payments. Authorities that do not ensure users are adequately supported to commission services within a personal budget can pass risks on to the users. More authorities could improve user outcomes, and potentially save some money, by learning from or adopting the practices of those authorities that have implemented successful approaches to personalised commissioning.

Recommendations

20 Evidence collected from users indicates that most, but not all, benefit from having a personal budget. However, evidence collected at the local authority level shows no link between the proportion of users with personal budgets and overall levels of user satisfaction. Furthermore, the data available do not make it possible to analyse the best way to implement personal budgets to maximise improvement in users' outcomes.

The Department of Health and its national partners should:

- a** improve the evidence on, and understanding of, the relationship between the different ways to commission personalised services for users, and improvements in user outcomes;
- b** use this improved understanding, supplemented by shared intelligence from established networks to identify successful local approaches to personalised commissioning and share this learning across all local authorities; and
- c** apply learning on successful approaches to personalised commissioning in social care to the roll-out of personal budgets in the health sector.

21 The Department is not expecting local authorities to save money by moving to personalised commissioning, but most local authorities are expecting to make savings. It should:

- d** understand how local authorities intend to make their expected savings; and
- e** understand the implications of funding reductions for local authorities and assure itself that authorities' savings will not be made at the expense of user outcomes.

22 The fragile state of the care market in some areas is inhibiting the progress local authorities are making with personalising care services. The Department should:

- f** actively support national initiatives to oversee and support the care market, including the sustainability of providers and the supply of care workers.

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HC 883 Session 2015-16

ISBN 9781786040367

Ordered by the House of Commons to be printed on 2 March 2016

CORRECTION

Paragraph 16, fifth bullet (page 11) was produced in error and should read:

- Around 120,000 personal assistants are employed by users with direct payments to provide personal care, which is generally a cheaper option than homecare.

and not:

- Around 120,000 users with direct payments employ personal assistants to provide personal care, which is generally a cheaper option than homecare.

Paragraph 3.17 – first sentence (page 45) was produced in error and should read:

3.17 In March 2015, Skills for Care estimated that 120,000 personal assistants were employed by users through direct payments. Users either employ a personal assistant directly or make use of an intermediary organisation.

and not:

3.17 In March 2015, Skills for Care estimated that 120,000 users engaged personal assistants through direct payments, either employing them directly or making use of an intermediary organisation.