Personal health budgets guide

Implications for NHS-funded providers

September 2012
This good practice guide is for provider organisations, NHS commissioners and people working in the NHS on the implementation of personal health budgets. It sets out a range of practical actions providers can take to deliver more personalised health care.
Contents
1. Introduction ............................................................................................................. 4
2. Background ........................................................................................................... 5
3. Personal health budgets and NHS-funded providers .............................................. 6
4. NHS Trusts ........................................................................................................... 8
5. Independent, voluntary and community sectors (VCS) ........................................... 10
6. Conclusion ........................................................................................................... 12
1. Introduction

This good practice guide, one of a series of three papers from the national personal health budgets provider development forum, is intended for current and prospective providers of services commissioned or funded by the NHS and for commissioners seeking to understand the implications of personal health budgets for local healthcare systems.

In this guide, the second in the series, we focus on the particular challenges and opportunities for NHS-funded service providers and sets out some practical steps that organisations could take in preparation for the rollout of personal health budgets.

The national personal health budgets provider development forum is sponsored by the NHS Confederation and funded by the Department of Health. It brings together senior stakeholders from the NHS, local government, the independent and voluntary sectors, and people with experience of using personal health budgets. The forum was established to help support the rollout of personal health budgets by identifying what needs to change in how the health care market operates – both for commissioners and providers – to the benefit of those who use and experience healthcare. It has focused attention on issues related to the implementation of personal health budgets on a significant scale as a part of mainstream NHS services. In particular, it has explored a number of key questions:

- What will the healthcare system need to look like in five years time if many more people are using personal health budgets?
- What are the obstacles that stand in the way of implementing personal health budgets at scale and what can be done to overcome them?
- What enablers might be needed in the system for personal health budgets to be successful?
- What specific changes will commissioners and providers need to make?

The forum has produced reports following each of its meetings as part of a wider implementation toolkit. The reports draw on a wide range of perspectives from the forum, including senior NHS managers, commissioners, pilot site leads and chief executives of provider organisations and associations from both the voluntary and community sectors. Particular thanks go to the small editorial group drawn from the wider forum who have helped with the further development of drafts following the meetings.
2. Background

Since the reforms of the early 1990s, there has been a separation of the functions of purchasing and providing care services in the NHS. The responsibility for commissioning a full range of health care services for local populations has rested with health authorities and primary care trusts (PCTs). These will in the future, be led by general practitioners through clinical commissioning groups (CCGs). Care provision has predominantly been delivered through NHS trusts, usually large organisations providing everything from mental health services, to ambulance services and acute hospital care. In the last decade, there has been an increased role for independent and voluntary and community sector (VCS) providers.

The personal health budgets pilot programme has involved around 70 primary care trusts areas testing new individualised funding arrangements for people with a wide range of care and support needs. More than 2,700 people have been involved in the personal health budget pilot programme, including people eligible for NHS continuing healthcare (CHC), people with mental health problems and people with a variety of long-term conditions. Most pilots have been located with commissioning agencies, though some have been led by NHS provider trusts. The NHS operating framework for 2012/13 now requires that PCT clusters, “include preparation for all patients with NHS continuing healthcare to be offered a personal health budget for relevant aspects of care by April 2014…as part of transition planning.” Subject to the pilot evaluation in October 2012 personal health budgets will be offered to many more people in the future.

Though the impact on providers during the pilot phase may have been minimal, a larger scale rollout will have significant implications for current and prospective providers of NHS services. Similar developments in social care over the past five years have resulted in changes to the previous funding models for services, in major shifts in organisational cultures and working practices and in some new models of service emerging. There have also been some negative consequences for providers where the transition has been poorly managed. While comparable changes in the NHS will take time to materialize, the potentially transformational effect of personal health budgets should not be underestimated. This paper describes some of the key implications and sets out some practical steps provider organisations can take to mitigate risks and seize opportunities as the rollout approaches.
3. Personal health budgets and NHS-funded providers

Delivering personalised care and support in the NHS means a fundamental shift in current ways of thinking and working. Though there has been much discussion of choice and patient and public engagement over the years, personal health budgets signal a step change in the Government’s plans for how health services can empower people to take control of the support they need to live their lives.

Personal health budget holders will be able to choose from a wider range of options for treatments and services than have previously been available through the NHS. They will look to purchase support directly from providers that can deliver highly tailored packages of care. This may mean from the independent and voluntary and community sectors or from more traditional providers, but in either case they will expect a greater say in how their support is designed and managed.

While personal health budgets are an important mechanism for putting people in the driving seat, full personalisation will not be secured solely through a switch to individual purchasing. The success of personal health budgets will require a range of associated changes by providers to the way services are developed and delivered. For current and prospective NHS-funded providers, this will mean:

- Focusing on the individual and building support around them – personal health budgets mean delivering services that people really want and value, not what is most convenient for the service or the commissioner.
- Planning for different funding models as block purchasing by commissioning agencies is increasingly replaced by smaller scale purchasing and individuals buying their own care.
- Ensuring resources, including staff and money, can be used flexibly to meet people’s changing needs and aspirations over time.
- Finding new and better ways to listen so that services can adapt and respond to what is important to people.
- Taking a more positive approach to risk so that people can make decisions about their support that make sense to their lives.
- Developing an outcomes approach to quality and improvement where people’s self-reported health and wellbeing outcomes drive service development and business planning.
- Reviewing back office systems and processes to ensure they don’t get in the way of people making choices and taking control (e.g. finance, management systems, human resources).

The rollout of personal health budgets will mean different things to different providers. Independent and voluntary sector organisations could see new opportunities and growth whereas NHS trusts could see diversification and changing volumes of business. Both should expect to see significant changes in culture and practice. There will be losers as well as winners as parts of the market contract and others grow. While these changes are likely to be evolutionary rather than immediate, the increased uptake of personal health
budgets will over time inevitably mean NHS resources are used in different ways and with different providers.

Personal health budgets should mean better health outcomes and a more flexible and responsive NHS for the future. With the right leadership and preparation they should also mean new opportunities and compelling new challenges for providers of care and support. The remaining two sections of the paper set out “five first things to think about” for NHS Trusts and independent and voluntary sector organisation providers.
4. NHS Trusts

While personal health budgets present prospects for growth for many providers, they could also mean a reduced role for others. However, personal health budgets could provide increased opportunities for partnership working between providers of different health care services.

While the volume of services provided by traditional providers is unlikely to immediately contract, there may be changes over time in the balance of services provided by NHS trusts and the independent, voluntary and community sectors as more people make choices and take control of their funding.

The challenge for NHS trusts in particular will be to shift towards more flexible and responsive models of provision while changing the culture and practice within services. Without significant changes, NHS trusts risk losing out to other providers than can deliver more personalised packages of care and support. Conversely, with proactive workforce and service development there are opportunities for Trusts to be at the vanguard of a more person-centred NHS.

For NHS trusts, the five first things to think about should be:

- **An honest assessment of readiness**: At a time of major change within the NHS it is tempting to see personal health budgets as a peripheral concern. This may remain the case for some providers, but with rollout planned for those in receipt of NHS Continuing Healthcare by 2014, 53,000 people will have the right to ask for a personal health budget, including a direct payment. This will mean major changes for many providers. Early consideration of the impact followed by an honest assessment of organisational readiness, drawing on customer feedback, will be an important starting place for all providers. The NHS Confederation and the Department of Health supports the development of a self-assessment tool based on an open access resource that has proved valuable in social care.

- **Funding models**: The rollout of personal health budgets will put pressure on current funding and service delivery models where long-term contracts for high volumes of service are commonplace. Freeing up the money needed for personal health budgets and avoiding the danger of double funding will mean disaggregating contracts for some services and an expansion of micro commissioning in the future. Individualized funding introduces a level of uncertainty into the projection of volume and possibility into the specification of generics. So, the practice of fitting people into a limited menu of tightly defined options will have to change. It will be important for providers to understand their reliance on block funding and enter into early discussions with commissioners about how the transition to more flexible arrangements can best be managed.

- **Costing services**: Following the rollout of personal health budgets, it will need to be possible for people to purchase NHS Trust services. A lack of clarity around costs is a significant barrier to people purchasing NHS services directly and it will be important for providers to do the work needed to understand their costs so that services can be priced for individuals accordingly. Comparable work has been done by social care providers who have responded to the expansion of individual purchasing by unpicking what they offer and devising a menu of costed options for people to choose between. This should be a key early task for any current NHS-funded provider seeking to prepare for the rollout.
• **Person-centred care and support planning:** The NHS next stage review made the commitment to offer everyone with a long term condition the opportunity to develop a personal care plan. Good quality, personalised care and support planning is an integral component of the personal health budgets process and a fundamental building block for delivering person-centred services, regardless of health need or condition. Many health care professionals have developed new skills to support people to develop their own personal care and support plans but this is still relatively new in most NHS services. An early commitment to ensuring all staff are trained to use person-centred thinking and planning tools to support people to develop meaningful, outcomes focused plans will be important preparation for the rollout and should mitigate the risk of people seeking alternative provision.

• **Culture change:** Perhaps the greatest changes required by personal health budgets have less to do with the actual mechanism than with the ways of thinking and working needed to make them a success. Personalisation means significant culture change within services so that budget holders can be put at the centre of their care and support, rather than being driven by professionals and the needs of the service. A focus on culture change as much as embedding new systems and processes will be needed if NHS trusts are to empower people to take risks, try new things and meet their outcomes in ways that make sense to their lives.
5. Independent, voluntary and community sectors (VCS)

Personal health budgets bring real opportunities for the independent, voluntary and community sectors. Experience from the pilot programme shows that putting money in people’s hands will mean more people using their budgets on products and services outside those currently provided by NHS trusts. This will open up the market to organisations that might otherwise be excluded or frozen out of high volume contracts. In theory, independent and voluntary sector and community sector organisations should be ideally placed to offer the bespoke, local and personalised solutions that personal health budget holders want to buy. Smaller, more able to react and less restricted by bureaucratic processes, the voluntary and community sectors can potentially grow to fill gaps in local markets and play a greater role delivering NHS-funded services in the future. Equally, independent sector providers may see opportunities where services are needed in higher volumes or where delivery is more complex.

However, many of the challenges facing larger providers and NHS trusts are also relevant to independent and voluntary sector organisations (VCS), particularly those currently dependent on block contracts that will be replaced by a more complex web of contractual arrangements. Similarly, the imperative to understand costs and to price services for individuals will be the same regardless of size or sector as people begin purchasing support for themselves in higher numbers. It will take strong leadership and good business sense for providers to avoid the pitfalls and grasp the opportunities available.

For independent and VCS organisations, the five first things to think about should be:

- **Areas of growth:** The introduction of personal health budgets for many more people presents opportunities for information and advice services, for independent care and support planning and for specialist direct payments support services. Organisations that can support people to understand what is available, to identify potential providers and specific services and to make good, informed decisions about their care and support will be in demand. Similarly, VCS organisations with the skills and experience to deliver high quality personal care and support planning will be required in greater numbers. Direct payments support services will also be a growth area as direct payments are accelerated in social care and introduced more widely in the NHS. This could mean expansion for existing services and/or opportunities for new providers that can support people with a wider range of conditions and health needs. Voluntary and community sector providers should seek to understand local growth opportunities and enter into early discussions with commissioners and other providers about new ventures.

- **A menu of services:** Developing a menu of costed offers will be an important early step for voluntary and community sector organisations that want to sell services directly to personal health budget holders. There are useful precedents in social care, where providers have proactively taken steps to better understand the cost base of their services. This has included shared services where forward thinking organisations have calculated core costs (management costs and overheads etc.), shared service costs (sleep-ins etc.) and people’s individual allocations. This means that even in residential settings, people can know the budget which is theirs and be supported to use their money and/or hours more flexibly. There are various tools available to assist with costing for different services and VCS organisations may want to approach commissioners for advice and support.
• **Staffing:** Experience implementing personalisation in other sectors has shown one of the most important and transformatory elements of personalised support is people’s ability to choose who supports them. This simple idea has very significant implications, ranging from how staff are recruited and deployed, through to training, supervision and appraisal and workforce development. Voluntary and community sector providers, especially smaller services, should be able to respond better to individual preferences than larger organisations, but this will still be challenging. Providers should start by finding ways to involve people fully in recruitment and should explore using tools to assist with matching existing staff and people supported on the basis of compatibility and shared interests.

• **Marketing:** For many providers who have been used to working with large commissioning authorities, the requirement to market services directly to the public will be entirely new. The advent of personal health budgets at scale effectively moves the purchasing relationship away from a “business to business” model towards a “business to individual,” or retail model. Experience from social care shows that organisations that can market themselves well are in a stronger position to adapt and respond to individual purchasing. There is arguably also a niche role for individuals or organisations looking to support providers to develop this aspect of their business where it is currently lacking.

• **Co-production:** One benefit of personal health budgets for providers can be the increased confidence that comes from knowing that organisational stability and prospects for growth depend on keeping customers happy, rather than on changing circumstances within the commissioning authority. Organisations that can find new and effective ways of listening to people so that their services are meeting people’s needs and aspirations for the future will be well placed to retain and expand their business. This means more than consultation and engagement, it means finding ways to put people with support needs, their carers and families at the centre of coproducing the design, delivery and evaluation of services. Voluntary and community sector organisations, and particularly user-led organisations, are ideally placed to lead the way locally on co-production and to play an important part in shaping new and emerging services.
6. Conclusion

Personal health budgets present the opportunity for NHS-funded providers to deliver more of what people want and need in the ways and at the times that make sense to them. The idea is simple – that people are the experts in their needs and conditions and with the right advice and support can make decisions about their care and support that deliver better health outcomes and improve their lives. The reality of making this happen for everyone that chooses a personal health budget is more challenging. It will require providers to take proactive steps to change and adapt to different ways of thinking and working. The national personal health budgets provider development forum believes that the rewards and opportunities will be correspondingly great and that a person-centred NHS is worth striving for. We hope the practical suggestions in this paper will support providers to take the first steps in moving this important work forward.

Download the full document on the personal health budgets Learning Network
www.dh.gov.uk/personalhealthbudgets