



Understanding Personalisation

*Implications for third sector infrastructure
and their work with organisations
on the frontline*

Summary Report

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July 2010

**An ESRC Third Sector Placement Fellowship
supported by:**

Economic and Social Research Council
Voluntary Action Rotherham
Voluntary Action Sheffield
Voluntary Action Barnsley
Doncaster Council of Voluntary Services

Acknowledgements

This project was made possible through funding provided by the Economic and Social Research Council (ESRC) as part of their pilot Third Sector Placement Fellowship programme. Additional funding was provided by the four sub-regional project partners: the 'Voluntary Actions' in Rotherham, Sheffield and Barnsley, and Doncaster Council of Voluntary Services. Further support was provided by the National Association of Voluntary and Community Action (NAVCA) who endorsed the research and promoted the benefits of participation to their members.

We are also grateful to the many individuals and organisations that participated in the research either through a formal research interview, by attending the learning event, or by responding to our call for evidence. We estimate that in total more than 100 people have engaged with the research in one way or another. Our thanks go out to everyone who took the time to get involved - the project would not have been possible without your support.

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Introduction

This report summarises the findings of an ESRC Third Sector Placement Fellowship which explored the implications of the personalisation agenda for third sector organisations. The Fellowship was a partnership between the Centre for Economic and Social Research (CRESR) at Sheffield Hallam University and a network of local infrastructure organisations (LIOs) in South Yorkshire¹.

Aims of the Research

The project was developed in response to concerns about the impact the personalisation agenda will have on frontline third sector organisations (TSOs) and how LIOs should support their members through the period of transition. In summary, it aimed to support the partner LIOs (and LIOs in general) to:

- improve their understanding of personalisation;
- gather evidence about the opportunities and challenges arising from personalisation
- identify examples of positive and innovative practice
- understand how they could respond to personalisation more effectively.

Research Methodology

The Fellowship ran from February to May 2010 during which time a number of key research tasks were undertaken:

- a review of existing evidence
- semi-structured research interviews with staff from LIOs and frontline TSOs
- engagement (via email etc) with a wider sample of LIOs and frontline TSOs
- a learning event attended by staff from LIOs and frontline TSOs.

In addition, the Fellowship funding enabled a series of informal discussions with LIO staff about their understanding of personalisation and how it might affect their work. These experiences have also informed this report.

¹ The four project partners were: Voluntary Action Rotherham (lead partner), Voluntary Action Sheffield, Voluntary Action Barnsley, and Doncaster Council of Voluntary Services.

What is personalisation?

Personalisation is at the forefront of government policy to modernise public services but as a concept it can be open to interpretation and often leaves people confused. Government has broadly defined personalisation as:

“...the way in which services are tailored to meet the needs and preferences of citizens. The overall vision is that the State should empower citizens to shape their own lives and the services they receive”

Prime Minister's Strategy Unit, 2007

Personalisation is seen as a response to growing dissatisfaction about the limitations of existing welfare services which it is argued prevent individuals with disabilities or support needs from living independently (Morris, 2006). The ‘choice and control’ offered by personalised services are often contrasted with the ‘one-size-fits-all’ approach of traditional service delivery in the way that services and support are tailored to individual needs (Boxall et al, 2009).

A brief history

Although the broad vision of personalisation described above is currently more rhetoric than reality, several key policy developments in the last 20 years suggest that a more personalised approach to welfare provision is a genuine policy objective, and that the implementation of personalisation policies is gathering pace. These are particularly associated with health and social care, and moves to transfer increased choice and control to individuals receiving services associated with disability, mental health, and ageing. Some of the key policy and practice developments since 1997 are outlined below.

- *Direct Payments*: introduced in 1997 following the 1996 Community Care Act, they enabled individuals eligible for support to receive the cash equivalent of a directly provided social care service. A direct payment can be used to contract services from private or third sector providers, or the recipient can choose to become an employer and hire their own personal assistants
- *Personal Budgets*: pioneered by *In Control* since 2003, they were proposed as a way of transforming the welfare system from the bottom-up by placing greater choice and control in the hands of service users

- *Individual Budgets*: piloted by government between 2005 and 2007, they were similar to personal budgets but drew on a wider range of funding streams (including local authority social care, housing related support, and adaptations and equipment budgets).

The future of personalisation

Despite the recent change of government the drive towards more personalised public services will remain: the Conservatives have made an explicit commitment to promote greater use of direct payments and individual budgets in health and social care.

Up to now the policies associated with personalisation have impacted on relatively few recipients of health and social care services and provider organisations - as of 2009 only seven per cent of those eligible had access to self-directed support. However, as the personalisation agenda gathers pace more service users, and therefore more third sector organisations, will be affected:

- from October 2010 local authorities will be required to offer personal budgets to all new service users and to those receiving a care review
- by April 2011 there is an expectation that 30 per cent of local authority social care clients should receive a personal budget
- by 2012 all eligible social care users should have the option of a personal budget.

Although developments under the banner of personalisation have so far been restricted to the relatively narrow field of social care and support, a range of similar proposals are being piloted and developed across the broad spectrum of public services. Several key developments are outlined below:

- *Personal Health Budget Pilots*: An extension of personal budgets for social care and have been promoted as a way of giving NHS patients greater control over the services they receive and the providers from which they receive services. They will be piloted across the country from 2010.
- *Right to Control*: Aims to give disabled adults more choice and control over the state funding they receive so that they can shape their packages of support, or use the money to buy their own services or equipment. The 'Right to Control' principle will be rolled-out in eight 'Trailblazer' sites across the country during 2010

- *Beyond health and social care:* Policies are also being developed to embed the principles of personalisation in a range of other public service areas. In education for example, individual 'skills accounts', which give adult learners an indication of the level of funding available to them and choice about the courses on which it is spent, are being rolled out across the country. A further example is the criminal justice system, particularly offender management, where there is ongoing debate about the development of a more personalised approach to rehabilitation and policies to reduce re-offending.

These examples demonstrate that personalisation is a vision which extends to all areas of public services and has the potential to affect a large proportion of TSOs, not only those working in health and social care. It is clear, even at this time of considerable political and economic uncertainty, that personalisation is here to stay. The third sector should therefore consider personalisation as more than just a change in the way services are *funded*, but as a step-change in the way they are *designed and delivered*. It is perhaps better therefore to consider personalisation as the *outcome* of a process of service transformation which may or may not include changes to the way activity is funded.

Research Findings

Through the Fellowship we explored the personalisation agenda from two perspectives: the experiences of frontline third sector organisations (TSOs) as they adjust and develop in response to the new and emerging policy environment, and the current and future role of local infrastructure organisations (LIOs) in supporting these service providers through the transition.

Our research focussed on health and social care as this is the area in which the concept of more personalised public services originated, and where the personalisation agenda is furthest developed in terms of policy and practice. But it is important to remember that personalisation is a vision for the whole of public service provision, so in the longer term the issues discussed in this section will be relevant to a much broader range of TSOs operating beyond the field of health and social care.

Personalisation represents a series of threats, challenges, and opportunities, all of which have considerable implications for frontline TSOs and LIOs and the ways in which they carry-out their work. The findings from the research are considered in two ways:

- in terms of *organisational development*: in particular the different stages of development that exist within frontline TSOs in relation to personalisation
- in terms of the *challenges* frontline TSOs face: in particular the distinction between the environmental and operational factors which have the potential to limit progress.

Organisational development

We found that there are three broad types of organisation at different stages of development with respect to personalisation. The characteristics of each type of organisation are discussed below.

Organisation type 1 - fully developed

These organisations are acutely aware of the implications of the personalisation agenda and have already built the capacity necessary to respond. They are typically large organisations providing a variety of health and social care services. They have a wide funding base of which block contracts are only a part. For these organisations personalisation represents a huge opportunity to develop the range and quality of services they provide.

Organisation type 2 - under developed and at risk

These organisations are aware of the personalisation agenda but do not have resources to fully understand the implications or build the capacity necessary to respond effectively. They are typically small or medium sized organisations providing a small number of health and/or social services with quite a narrow funding base which might include a small number of Local Authority contracts which are directly threatened by the move to personal budgets. For these organisations personalisation represents a looming threat to their sustainability if they are unable to build the capacity to respond effectively.

Organisation type 3 - under developed but not at risk

These organisations have low awareness of the personalisation agenda and do not have the capability or resources to build the organisational capacity necessary to respond effectively. They are typically small community based organisations with little or no current involvement in mainstream health and/or social care activities. For these organisations personalisation represents a huge opportunity to develop new and innovative community based services but low awareness and limited resources mean this opportunity may be missed.

Challenges

We found that the challenges frontline TSOs face fall into two broad categories - *environmental* and *operational*. Some of the key issues within each category are discussed below.

Environmental challenges

These are the external barriers over which TSOs have very little control. They are closely linked to the development of personalisation policies and practice at a local level where the pace of change is tied up in the ability and willingness of local authorities to progress and embed the culture and processes required to facilitate a step-change in service delivery.

At the moment a large proportion of local authority activity appears to be geared towards meeting the April 2011 performance target rather than affecting real change in the ways services are delivered. This has been at the expense of developing a marketplace for personalised services: there remain relatively few service users with the ability to commission a personalised service and as a result third sector providers are unclear about sorts of additional services they could be providing.

A further concern is how service users can be aware of the full range of providers and services that are available: approved provider lists have the potential to address this concern to some extent but they are likely to work in favour of large providers and might limit their ability to innovate. A coherent approach to support planning, brokerage and advocacy will be crucial to ensuring that service users are able to access the widest range of services but there are indications that resources for these activities will be limited. This will place considerable burden on frontline staff such as social workers and care managers who are unlikely to have the time or resources to explore the full range of services available to their clients.

Operational challenges

These are the organisational changes TSOs will need to make if they are to respond effectively to personalisation. They are particularly associated with the transition from traditional models of funding such as block contracts to personal budgets, and the need to market and deliver services in new and different ways.

Personalisation is likely to create pressure on TSOs' back office functions: new systems and processes will need to be developed in areas such as finance and administration. For example, costing and pricing models that have been developed for block or framework contracts will need to be adapted so that TSOs can charge individuals for the services they receive. This means understanding the unit cost of each service once factors such as usage, late or non-payment, and changes to cash flow have been accounted for. In addition, the requirement to produce multiple individual invoices, rather than single invoices to public sector bodies, may mean that TSOs have to take on more finance or administrative staff.

Marketing is traditionally a weakness of TSOs as limited resources tend to be focussed on frontline delivery. Personalisation will require TSOs to market themselves more effectively but also in different ways. For example, for TSOs funded through block contracts the main requirement is to make sure that public sector commissioners and care managers are aware of their organisation and the benefits of its service provision. This will remain important under a more personalised system but it will also be necessary to make sure that marketing activity focuses on services users, their families and friends, and brokers and support planners from the public sector and other third sector organisations.

Personalisation will also have an impact on TSO staff and volunteers who will need to adapt to new ways of working. For staff this may mean new contractual arrangements,

and new roles and responsibilities such as support planning and brokerage. But embedding a person centred culture within the organisation will also be crucially important, and staff will need to understand how to deliver services in new and more flexible ways to meet the specific needs and requirements of individual service users.

Meeting these operational challenges will require significant resources: changes to core functions such as finance and marketing will need to be funded as will retraining for current staff and the recruitment of new staff. But most TSOs do not have access to sufficient financial reserves to resource this effectively and grant programmes that support back office functions are rare. Working capital is available through loan type social investment products but this is unchartered and potentially risk territory for many TSOs. There is therefore a real danger that some TSOs will not be able to embed change to the extent or at the pace required, and will not be fully ready for personalisation when it arrives.

Implications

Each challenge will affect the different types of organisation discussed previously in different ways. For *organisation type 1* the main challenges are environmental. They have embedded change within the organisation at a faster pace than the local public sector bodies and in many respects are waiting for them to catch up. For these organisations there is a growing concern that personalisation may prove to be more of a myth than a reality, tied-up in changes to the way services are funded rather than the ways in which they are delivered.

For *organisation type 2* operational challenges are most pressing. They will need to make significant changes to the way they cost activity, administer finances and market services. Their staff and volunteers will need to deliver services in new and more flexible ways. If they are unable to make these changes relatively quickly, particularly if their block contracts are cut or reduced, there is a real possibility that these organisations will not be sustainable in the longer term.

For *organisation type 3* there are operational and environmental issues that need to be addressed. They face similar operational challenges to *organisation type 2* but their needs are not as pressing. They do not need to change in order to survive but they will need to change if they are to make the most of the new opportunities available to them. However, these opportunities might not emerge if the market does not develop sufficiently or if barriers such as inaccessible approved provider lists prevent them from entering the market at all.

Recommendations for Local Infrastructure

In response to the research findings, in this section we outline a series of recommendations for LIOs about how they could support front line TSOs more effectively as personalisation is implemented. Our recommendations fall into three broad themes:

- *facilitating an improvement in the external environment* in which personalisation is being developed
- *building the capacity of frontline TSOs* to respond to personalisation
- *developing a more strategic approach to LIO activity* in support of both of the above.

Below we discuss each theme in more detail and identify a series of specific recommendations for LIOs.

Improving the environment

LIOs could facilitate an improvement in the external environment in which personalisation is being developed by supporting three key activities.

More effective engagement with the public sector

Where LIOs have been able to broker the third sector access to and representation on public sector personalisation decision making bodies such as Programme Boards and thematic working groups there is evidence that the wider sector is more aware of and better informed about the personalisation agenda. However, this level of access can only benefit the sector as a whole if representatives are accountable to the wider sector.

Recommendation 1: In areas where this level of representation does not currently exist LIOs should lobby key public sector officials and elected members for improved third sector involvement.

Promoting advocacy, support planning and brokerage

A coherent and sufficiently resourced approach to advocacy, support planning and brokerage will be a vital component of an effective personalised system. It will ensure that service users' needs are properly identified and appropriate services commissioned on their behalf. It will also help to identify gaps in the market and stimulate new and

innovative provision. However, there is evidence that in many areas this activity is not being resourced to the extent required and some TSOs are having to consider if they could resource it independently.

Recommendation 2: LIOs should promote the importance of advocacy, support planning and brokerage with local commissioners. In parallel they should work with the relevant local TSOs to explore the feasibility of independently resourced approaches.

Supporting market development and intelligence

The findings from this research suggest that market of personalised services is under-developed. LIOs are uniquely positioned to understand the range of providers, the services they currently offer, and the services they might be able to offer in the future. They are also in a position to support the flow of information about new and emerging needs between TSOs and public sector commissioners.

Recommendation 3: LIOs should support market development in a number of ways:

- they should maintain an up to date picture of which TSOs are providing personalised services and the types of services provided, including information regarding examples of effective and innovative service delivery
- they should hold regular 'marketplace' events, where TSOs can showcase their services to service users, support planners, advocates and brokers
- they should facilitate a network or forum through which third sector service providers and public sector officials can share information about unmet and emerging needs.

Organisational capacity building

LIOs could support frontline TSOs to build their capacity respond to personalisation by offering a range of tailored organisational support activities.

Raising awareness amongst small providers

Awareness of personalisation is low amongst small community level providers. If these organisations are not aware of the opportunities associated with personalisation, or how they should respond, they will not be able to take advantage.

Recommendation 4: LIOs should consider how to raise awareness amongst smaller TSOs. This might be through community level events, or by utilising existing community networks and partnerships.

Managing the transition from block contracts

The transition from block contracts to personal budgets is one of the most pressing issues facing many frontline TSOs. If they are not able to manage the transition effectively the sustainability of some organisations may be threatened.

Recommendation 5: LIOs should work closely with public sector commissioners to ensure that the impact of the transition process is minimised. They should work with frontline TSOs to develop models and frameworks through which to manage the transition. The learning from this should be shared between LIOs in different areas and disseminated throughout the wider third sector.

Developing and supporting organisational capacity

Many TSOs will need to develop new capacity in areas such as finance and marketing. They will also require support in areas such as human resources and legal issues, business planning and workforce development. This plays to LIOs' strengths and is a natural extension of much of the work in which they are already involved.

Recommendation 6: LIOs should develop 'packages' of personalisation specific support in the following areas:

- financial management, in particular unit costing of services and managing a larger quantity of invoices
- marketing personalised services
- training for TSO staff, around specific issues such as support planning
- human resources and legal advice, around issues such as zero hours contracts

Providing back office functions

Personalisation will create additional demands on back office functions, for example those associated with financial administration. The raising and chasing of invoices for example could become particularly resource intensive. A number of research participants indicated they would be prepared to outsource this activity to an LIO rather than employ additional resources themselves.

Recommendation 7: LIOs, perhaps in partnership with umbrella bodies, should explore the feasibility of and demand for the provision of back office functions, in particular whether the economy of scale would lead to a cost saving for TSOs and sufficient income generation for LIOs.

Promoting alternative funding models

Many TSOs do not have access to the resources required to implement the organisational changes necessary to adapt to personalisation. In addition some TSOs may face cashflow problems during the transition from block contracts to personal budgets. Social investment products, such as 'soft loans', can meet the working capital requirements of certain types of third sector organisations but many trustees are averse to the perceived risks involved.

Recommendation 8: LIOs should promote the benefits of social investment products where appropriate, and support TSOs to identify and apply to social investment providers.

Towards a more strategic approach

The types of support outlined above will work most effectively they are contained within a more strategic approach to LIO personalisation activity. Such an approach will require a number of key ingredients.

Strategic leadership

We found strong evidence during this research that personalisation is not a current priority among senior LIO staff. As a result LIO staff working on personalisation often felt that their work was not afforded sufficient importance and found it difficult to engage the support of other teams even though their expertise was often vital.

Recommendation 9: LIO Chief Officers, Directors and Senior Managers should consider making responding to personalisation an organisational priority, for example by ensuring it is embedded in business and project plans and encouraging teams to undertake more joined-up activity.

Raising awareness

Following from the above, we found low awareness of personalisation amongst LIO staff who were not directly engaged with the agenda. This meant opportunities to support TSOs to respond to personalisation were being missed, and activity across the LIO was disjointed.

Recommendation 10: LIOs should consider how awareness of personalisation within their organisations could be increased. This might involve a series of briefings, presentations or workshops through which the issues could be explored.

Providing a coherent package of support

LIO staff engaged in the personalisation agenda typically felt that their organisation would benefit from a more strategic approach to supporting TSOs to respond to personalisation. This would involve LIO teams and projects linking-up more effectively to provide a more coherent 'package' of support. We found isolated examples of LIOs beginning to work this way, both on their own (large LIO) and in sub-regional partnerships (group of smaller rural LIOs).

Recommendation 10: LIO Chief Officers should consider how their organisation could provide a 'personalisation support package', either on their own or through collaboration with nearby partners.

The role of umbrella bodies

We found many pockets of good practice in LIOs across the country but it is difficult for LIO staff in disparate geographic locations to hear about and keep track of their counterparts' activities. Umbrella bodies such, as NAVCA and NCVO, have an important role to play in ensuring that learning and good practice at a local level is identified and disseminated effectively.

Recommendation 11: Umbrella bodies should consider the most effective ways to identify, monitor and disseminate information about good and effective practice by LIOs supporting TSOs respond to personalisation.

Final Reflections

The findings from this research represent a start point in understanding the impact of the personalisation agenda on frontline TSOs and how the response of LIOs might be shaped. Through the funding provided by the ESRC Research Fellowship we have been able to explore a range of key issues but with the time and resources available we feel we have only scratched the surface, particularly in relation to the challenges which are bound to emerge further down the line.

In most localities personalisation policies in health and social care are only now being rolled-out on a large scale and in other areas of public service delivery the implementation of personalisation within mainstream provision is some way off. As such the full impact of personalisation on the third sector may not be understood for a number of years. LIOs will need to monitor the impacts on the organisations they support on an ongoing basis, either through formal longitudinal research or from intelligence gathered by LIO staff working with TSOs on the frontline, to ensure that their approach to supporting the sector remains appropriate, particularly as additional needs emerge.

In making these recommendations we acknowledge that LIOs operate with strict budgets and limited resources. We do not expect the majority of LIOs will be able to implement every recommendation but we hope that in framing the issues through three broad themes, and by identifying a series of concrete recommendations, we have provided a framework through which a proportionate and appropriate approach to supporting frontline TSOs can be developed.

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