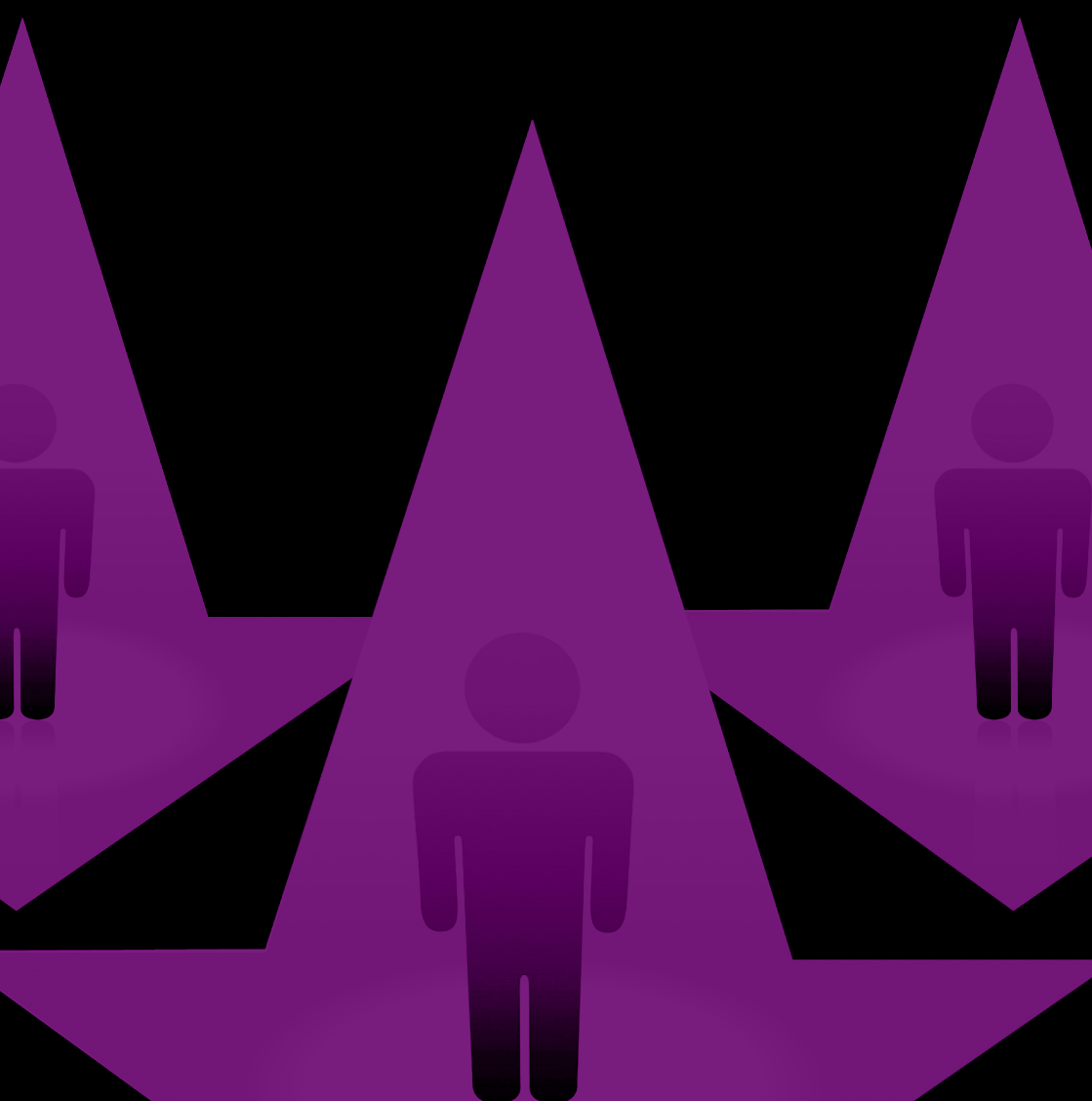


People Power

How can we personalise public services?

Nigel Keohane



New Local Government Network (NLGN) is an independent think tank that seeks to transform public services, revitalise local political leadership and empower local communities. NLGN is publishing this report as part of its programme of research and innovative policy projects, which we hope will be of use to policy makers and practitioners. The views expressed are however those of the authors and not necessarily those of NLGN.

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Nigel Keohane

March 2009

Foreword

In the current economic climate, it may seem that service transformation would be the last thing on the mind of a county council. The temptation is to retrench, to withdraw further into our comfort zone, to identify anything that can help us save money no matter what the impact on our communities or services.

For a highly rated authority like West Sussex County Council, this temptation might seem all the more alluring. However, quite the opposite is true.

Placing the resident at the heart of all we do and ensuring that we retain our focus on frontline services, our customers and the most vulnerable in our community, must underpin our approach now more than ever.

This NLGN report sets out the next stage of public service reform, where the citizen becomes the ultimate driver of service decisions and service improvements. It also demonstrates just how many methods and mechanisms can be employed to personalise services.

In West Sussex, we feel that we are well-placed to respond to this emerging agenda. We have been involved in the personalisation agenda since 2004 when we piloted personal budgets for those with learning disabilities; subsequently we were selected as a pilot authority for the individual budgets in adult social care. There have been some inspiring stories where these new approaches have totally changed people's working, family and social lives.

At the same time, West Sussex is involved in a complete service transformation that is underpinning a greater focus on the customer across the council.

But taking these lessons to the next stage and gearing up for this is a real challenge. In many ways, it requires a cultural change and it moves our job away from provider to more multi-dimensional roles as enablers, advisers and commissioners. In doing this, we should remember that councils already have mature relationships with many of the key players at the local level – such as voluntary sector providers who can offer a window into the needs and opportunities of vulnerable and under-represented parts of the community.

We welcome this report as a timely contribution to an ongoing debate that West Sussex County Council and, I am sure, many others in local government across the country believes lies at the heart of our future role.

Mark Hammond

Chief Executive, West Sussex County Council

Executive summary

In an increasingly consumer-driven and “post-deferential” society, we have begun to expect more from our public services. We want to be empowered and engaged, and treated like individuals with specific requirements, rather than as passive recipients who simply get what we are given or handed out the basic minimum.

But have we shifted the power from the centre to the people?

The experiences of users with individual budgets in care services have shown how such approaches can empower individuals, allowing them to take more responsibility over their lives and opening up new opportunities at home and in the workplace.

We now expect not only to be able to control our own lives, but also for public services to fit around the rest of our activities in terms of convenience, time of access and speed of service. Our experiences are shaped by how private transactional services – from banks, supermarkets and others – respond to our needs, and there is a desire to see government service delivery brought into line with these day-to-day encounters. A top-down politician-driven monopoly on decision-making for service provision is no longer appropriate.

On the other hand, untamed consumer choice, where individuals make all the decisions, and commission goods and services themselves, presents an anarchic concept which is inapplicable to many local services and a scenario which has the potential to dissipate and anatomise wider moral, social and philosophical connections to the state and between society as a whole.

Nevertheless, this report sets out the case for why it is no longer merely just an option for the public sector at large to recalibrate services around the needs and demands of citizens rather than simply the inherited expectations of institutions and their public servants. It is a necessity. Concerns about ensuring standards and minimum requirements may be well-intentioned but they can be guarded against within a reformed system and must not be allowed to derail public service reform. Despite the frequent alarm about postcode lottery versus standardised services,

the current system of provision creates its own significant inequalities where services do not meet the diverse needs of different individuals or communities. Minimum standards and duties of care will be retained to ensure that individuals and communities are looked after and in some cases there may be an extended 'universal offer'. But, public services must respond better to users.

The wider economic climate, the need to reinterpret the role of the state and what we understand by public sector productivity, means that now is the time to grasp the nettle. Yet the 'how' is as important as the 'whether' or the 'why'.

The personalisation agenda has made some notable in-roads so far: there have been 'Personal Budgets' and 'Direct Payments' and now individual budgets in care services - the latter of these allows wider access to funding stream; there is increasing personalisation in educational pathways and in helping those out of work get an appropriate job; those with social housing entitlement also have greater choice over where they live.

Nonetheless, the traditional understanding of personalisation remains too simplistic and too top-down, focusing too heavily on a one-dimensional relationship between a central state and an individual. The current debate takes little account of local variations and fails to harness community and geographical capacity. Neither does it acknowledge that it is at the local level where these service designs must be drawn up and tailored to suit local needs. It is time that we took the personalisation debate to the next level, and applied our learning to enable a more sophisticated, multifunctional approach. New forms of local service delivery must recognise the most appropriate form and depth of devolved personal services and acknowledge where limitations lie.

What is needed is a wider multifunctional approach to commissioning and personalisation. Strategic commissioning can play a crucial role in identifying the potential for personalisation across a range of types, so that local authorities can 'mix and match' their approach to involving the user. This may range from personalising for the individual, the neighbourhood, communities of interest or across the whole local place. These should not be seen in isolation but combined to complement each other.

While some of the reforms we propose build organically on those developed through the Government's 'empowerment' agenda, others look beyond to a re-conceptualisation of the role of the state and the citizen.

This research is structured in four parts:

- an explanation of why the local state must develop new service models that put the individual user at their heart;
- an argument for a more nuanced approach to personalisation and what these might look like;
- an exploration of the potential for personalising new services;
- and an analysis of how the public sector must function to deliver against these new criteria.

Why?

Four forces are converging to compel a radical re-think of the delivery of public services:

- the limitations of current democratic decision-making processes;
- rising and diversifying demands from citizens;
- the necessity for financial efficiencies;
- and the weaknesses of the central bureaucratic state.

Thus far, central and local government have responded in a piecemeal fashion to these challenges, but have failed to overturn the problems of political apathy and disconnect, poor public satisfaction with services, costly state intervention at crisis points and uncoordinated government.

Underlying these forces is the connection and relationship between the state and the individual. Only by transforming the state from its inward-looking bureaucratic approach to a genuine focus on the citizen and their personal needs can these drivers be adopted as positive forces.

The personalisation of public services opens up potential to empower individuals to make their own choices, to reconfigure services around citizens and to harness latent social capital.

Limitations of traditional models

It remains too easy simply to advocate the ultimate expression of personalisation for all services. For instance, ‘co-production’ may be an eye-catching concept but it remains a niche response, not necessarily applicable to all service types and incapable of delivering a universal offer.

In fact, all forms of personalisation are prone to be undermined by restraining factors such as:

- limitations to the types of choices that individuals are likely to want or capable of making;
- the need to insure against inequity of opportunity;
- the constraints on the supplier market;
- and the potential harm in dislocating positive social or democratic energies and links.

These dynamics mean that we must instead think of a broad range of options for personalisation. Geographic communities should be empowered with new budgets and governance mechanisms; where groups of people share interests or needs, government should consider devolving funding or powers to make the most of social capital and potential economies of provision; across the local place, services should be tailored and more responsive to the communities they serve.

Understanding all these personalisation threads requires a strategic commissioning function that can understand demand across the public sector, provide joined-up services and personalise in the most appropriate ways.

The Spectrums of Personalisation

This variation in potential service models led this research to set out two mutually supporting spectrums of personalisation – depth and devolution. ‘Depth’ refers to gradations of personalisation through different modes of choice, voice and influence ranging across the where, who, what, when and how. ‘Devolution’ is the scale to which decisions should be made simply by individuals or by communities.

Understood together they demonstrate the diversity of approaches to involving the user in decisions, which is less reliant on political or philosophical considerations and more on the practical options open to government. We should think about exploiting social capital, devolving decisions to individuals where appropriate and allowing for differentiation.

These lessons can be translated to define new models of personalised services for the twenty-first century, models that target resources at the individual, are more responsive to the needs of communities, and channel citizen choice and social capital to add public value.

Scenarios for Future Personalised Services

In Chapter 9 we elaborate on ways in which the breadth of options available for personalising public services could create a new suite of novel service reforms, including:

- a broader range of leisure and recreation vouchers for local residents;
- time-bank arrangements to reward voluntary work;
- vouchers rather than cash for prisoners on release;
- a Public Service 'Clubcard';
- national 'oystercard' travel technology;
- PAYE council tax;
- Commuter Loyalty Vouchers;
- a new 'access-any-GP' service;
- neighbourhood incentives to recycle.

Transforming the public sector

To deliver changes such as these and more, the public service itself must undergo a radical overhaul of its priorities, its structures, its funding systems and its resources.

Most pivotal to this reform is a transformation in the relationship between the local and national state. The devolutionary impetus must underpin any deeper personalisation of services. For it is at the local level that this agenda must be driven. It is only the local state that can:

- gather sufficient intelligence to understand, analyse and respond to the needs of specific communities, neighbourhoods, families and individuals.
- Conceive and coordinate multiple agency responses
- Empower frontline professionals with flexibilities and learn from their experiences

Finally, no central agency can adequately comprehend the nuanced circumstances that combine to generate social capital or that convert a failing supply-side into a vibrant marketplace for citizen choice. These are faculties required to discern between alternative models of personalisation and to design appropriate services for local communities and individuals. Local authorities must be given new powers to ensure that they can tie in a multitude of service agencies and decision-makers, incentivised to put their citizens first and able to link disparate funding streams around an individual's needs.

New mechanisms must be introduced that give primacy to individual requirements and that respect local government as the chief interpreter, adjudicator and decision-making agency to deliver on these needs:

1. Without seamless, joined-up government, the citizen experience will remain disjointed and inefficient. Worse, public agencies will remain driven by their sectoral, institutional and departmental precedents rather than by the needs and wishes of residents. We recommend a more central coordinating role for locally-elected councils and suggest:
 - a. the Government considers piloting a multifunctional local democracy, whereby a local council takes on additional responsibility and decision-making status for PCTs, police and other government agencies;
 - b. the different constitutional rights and duties enjoyed by individuals in relation to different parts of the state be merged into a single, coherent and universal 'Duty to Involve';
 - c. councils should pilot new neighbourhood priorities which link in to their LAAs and offer the potential for economies of scale for providers.

- 2.** Existing funding arrangements restrict how far councils can respond to their residents, offering insufficient latitude and an inadequate share in the financial benefits of successful intervention. At the same time, government has a social and financial duty to realise the huge potential inherent in the personalisation agenda for early and cost-effective intervention. But inherited arrangements mean we are stuck in a vicious circle of crisis intervention. To resolve this we recommend that:
 - a.** funding structures should be revisited so that organisations feel the full financial benefit of successful intervention;
 - b.** new and radical funding mechanisms should be designed to hypothecate the long-term benefits to public finances that are generated by early personalised and preventative expenditure;
 - c.** the Department of Health should lead the way in providing joined-up personalised services by committing funding previously ring-fenced for PCTs into shared local commissioning budgets;
 - d.** Area Based Grant should be increased further still;
 - e.** the efficiency agenda should be revisited from the citizen viewpoint.

- 3.** Councils must be encouraged to look to their citizens rather than up to Whitehall. But, central targets and performance measures frustrate this process. NLGN argues that:
 - a.** all contract renewals should have to meet a minimum score against customer satisfaction or other designed model of citizen evaluation;
 - b.** local authorities should be encouraged to develop their own methodologies for citizen scrutiny of services: there should be a greater role for citizen juries, for user panels (across a full range of services) and for local neighbourhood partnerships covering a breadth of services;
 - c.** where a council can provide evidence that a central target is acting against the wishes of local people or limiting levels of personalisation, the council should be able to exempt itself from that target;
 - d.** a new 'duty to devolve' should drive powers down to the lowest appropriate tier of government.

1 Introduction

What do we mean by personalisation?

The term ‘personalisation’ has emerged as a corrective to the previous centralised approach to service delivery. Under the post-war bureaucratic state, entitlement and delivery of service was centrally prescribed and unresponsive to the circumstances of individual users. For too long, services have not borne the needs of the user in mind, in terms of convenience of access, options or alternatives for services.

‘Personalisation’ is when control or influence over the design, spend and/or delivery of services is devolved to the individual. This may involve individuals receiving budgets for their adult social care, vouchers for specific services such as education, wider options for accessing services, better tailored services or designing the services themselves in the first place.

However, personalisation should not simply be understood as a relationship between the state and the individual. It should be more multifunctional, opening up opportunities for understanding the potential for social capital and economies of provision to communities and neighbourhoods. The question remains how best to drive this approach.

Understanding personalisation and strategic commissioning

‘Commissioning’ is the means to secure best value and deliver the positive outcomes that meet the needs of citizens, communities and services users. ‘Strategic commissioning’ provides the basis for bringing together the contribution of not only individual local authority services, but also services commissioned and delivered by other local statutory bodies and the contributions made by the local business and community sectors. Strategic commissioning therefore should set the framework for the whole delivery chain for a particular outcome and inform commissioning at all levels – including personalised services – across an area. It must merge the broader needs of a local area as expressed through Local Area Agreements and Sustainable Community Strategies and those of individuals and specific communities.

'Personalisation' should, therefore, be an objective of any truly strategic commissioning function. The commissioning of services has become progressively more complex over the past decade. The scope of commissioning covers almost all of local government expenditure. The range of providers, the sheer quantity of services now procured, the cross-cutting functions of different contracts and partnerships, the need to capture innovation and public value as well as simple monetary cost, along with the need to commission for outcomes rather than outputs or processes, all add new layers of complexity to an already intricate operation. It would be no exaggeration to suggest that commissioning is now the principal service function of councils, a role heightened by the credit crunch.¹

Therefore, there is enormous potential to drive the personalisation of services through this method.

This new research seeks to set out why we should now push forward further personalisation of services. But equally importantly our work asks the crucial question of 'how' – how can we develop this agenda practically at the local level?

¹ NLGN, *Managing Delivery*, NLGN, *Leading Lights*; James Illman, 'Council heads for commissioning role', *LGC*, 11 December 2008.

PART I

2 *Why personalisation? The political and policy agenda*

Successive governments have taken steps to connect services better with the public.² The rising tide of personalisation has now resulted in support from all three major parties. Though there are different emphases, it is clear that whatever shade of government is in power over the next five to ten years, the future of public services lies in this direction. The challenge is bringing them all together into a coherent whole and understanding the breadth of options available.

The Government's agenda

Since the reforms of Tony Blair's second government, there has remained a clear continuing impetus to giving people more choice in the public services they receive. Much of the language of recent public service reform indicates a personalised approach:

- **'joined-up services'** are to be linked so that, together, they can deal effectively with the needs of the individual and offer more nuanced, less monolithic services;
- **'evidence-based policy making'** relies on responding to the needs of the citizen and the community;
- the **Transformational Government** agenda has sought efficiencies and championed citizen engagement as both an end and a means, and has called for government to face the citizen as one organisation rather than a myriad of different departments and agencies.

Meanwhile, Prime Minister Gordon Brown set out his stamp in March 2008:³

'[The] public rightly expect ever-higher quality of public services more personal to their need - from general practitioners open in

² For instance, see the reforms to education policy, admissions and Academies.

³ Gordon Brown, 'Time for the third act in public sector reform', *Financial Times*, 10 March 2008.

the evening and at weekends, and one-to-one tuition for children, to personal budgets for social care and police known personally to local neighbourhoods.

‘So there can be no backtracking on reform, no go-slow, no reversals and no easy compromises. ... [Real] and lasting change must come from empowering the users of services themselves, with professionals and government playing a supporting role.’

Personalisation continues to lie at the heart of much government rhetoric and initiative, including the Draft 2008/09 Legislative Programme and the 2008 Pre-Budget Report.⁴

The devolutionary agenda

Yet, closer citizen engagement is not possible from Whitehall. To this end, central government has sought to devolve responsibilities and decision-making to the local level, and the last ten years have witnessed a significant shift of power away from the centre to the local level. This has included a whole range of legislative and policy initiatives:

- Local Government White Paper, *Strong and Prosperous Communities* (2006)
- Lyons Inquiry into Local Government (2007)
- Local Government and Public Involvement in Health Act 2007
- Department of Health, *World Class Commissioning*
- Department of Health, *Putting People First*
- Sustainable Community Strategies
- Central-local Concordat (December 2007)
- Department of Health, *your health, your care, your say*
- Lord Darzi, *High quality care for all*

⁴ Office of the Leader of the House of Commons, *The Government's Draft Legislative Programme 2008/09*; PBR.

- CLG's Empowerment White Paper, *Communities in Control* (July 2008)
- the new Comprehensive Area Assessment (CAA)
- the Local Democracy, Economic Development and Construction Bill (2009)
- the NHS Constitution (January 2009)

Implicit in these reforms is that modern service delivery cannot function through a top-down hierarchy but must operate nearer the citizen where agencies can combine to deliver the most appropriate offering to citizens through 'Double Devolution'.

Empowerment agenda

The concept of co-production and citizen empowerment has been gathering momentum too in recent years.⁵ The Local Government White Paper, *Strong and Prosperous Communities*, argued that citizens should be empowered to drive performance and shape the direction and choice of local services.⁶

The 2007 *Local Government and Public Involvement in Health Act* sought to engrain the 'duty to involve', to empower citizens in shaping the way that services are delivered.

CLG's Statutory Guidance *Creating Strong, Safe and Prosperous Communities* (2007) advocated that representatives of local people should be able to influence decisions on services; provide feedback; co-design; co-produce; and assess services.⁷

Local authorities have been encouraged to actively involve users and local communities at all stages of the commissioning cycle. From April 2009, local authorities will have a 'duty to involve' their communities in decisions on services.

⁵ CLG, *Communities in control: real people, real power* (2008)

⁶ CLG, *Strong and Prosperous Communities*, p.107.

⁷ HM Government, *Creating Strong, Safe and Prosperous Communities: Statutory Guidance for Consultation* (2007), para 6.9.

Councils have been advised in CLG guidance that they can seek to achieve this involvement by:

- actively involving service users and the wider community at each stage of the commissioning cycle – assessing needs, establishing priorities, designing services and reviewing performance
- exploring with communities how services can be varied or targeted so that they are responsive to different interests
- locating commissioning decisions closer to communities for example through parish and town councils
- devolving aspects of the commissioning role through for example personal and participatory budgets
- active participation in the day-to-day delivery of services

Meanwhile, the Local Democracy, Economic Development and Construction Bill is extending this duty to partner authorities to give citizens and communities more opportunities to have a meaningful say in their services.⁸ These initiatives are part of a wider community empowerment agenda that encourages new mechanisms for citizen-involvement in redress, complaints and scrutiny of decisions.

Personalisation in Government Policy 2007 to 2009

DIUS's *World Class Skills White Paper* called for all young persons to be involved with a programme of skills development that 'engages' them. Devolved funding to local authorities from the Learning and Skills Council will mean that 'informed learner choice will drive the system'.

The Department of Health's *Putting People First* set out a new set of rights in health care. The new NHS constitution is enshrining the rights of individuals to information and choice.

⁸ Local Democracy, Economic Development and Construction Bill, introduced in December 2008.

The *Policing and Crime Reduction Bill* argued for “police to deliver a service most suited to the needs of the citizen and communities.” Neighbourhood policing has become a key priority, with the Government setting minimum standards for local people getting a greater say over how their streets are policed.

DWP’s *No one written off: reforming welfare to reward responsibility* sets out its goal to take this personalisation further and ‘provide support that is tailored to each person’s needs and to give everyone the opportunity to develop skills so they can find, and get on in, work.’⁹

Under the ‘*Right to Control*’, the Government has set out a pilot to give disabled people the power to access a range of funding streams to which they are entitled through an individual budget.

The Cabinet Office’s *Excellence and Fairness* has emphasised personalisation as one of three catalysts for change alongside ‘Public service professionals [acting] as the catalysts of change’ and ‘Government [providing] strategic leadership’.

Lord Darzi’s White Paper *High Quality Care for All* has recommended the piloting of individual budgets for health clients.

The *Children and Young People’s Act* (2008) required local authorities to secure sufficient accommodation within their area for children they look after, including the benefit of a number of providers and options to meet the diversity of their looked after populations.

The concept, therefore, has been of **double devolution** from the national state to local government; from local government to the neighbourhood, community or individual.

Bridging the political divide

Despite a natural political tendency to suggest at distinctive approaches, drawn from their varying ideological roots, the Conservative, Labour and Liberal Democrat parties have all sought to champion personalisation.

⁹ DWP, *No one written off: reforming welfare to reward responsibility* (2008), p. 11,

The Conservative Party and the personalisation agenda

Conservative Party Leader David Cameron said: *'If we want to make a reality of this post-bureaucratic era, ... it's clear to me that political leaders will have to learn to let go. Let go of the information that we've guarded so jealously. Let go of the power that we live to exert. And above all, let go of the idea that "we know best" – that people can't be trusted to run their own lives.'*¹⁰

In health, the Conservative Party has promised it will empower choices by patients and give decision-making and commissioning powers to health professionals. In education, there is an emphasis on the Swedish model of school provision. They thus argue for: easing regulations to allow new public sector schools to be established by charities, co-operatives and groups of parents; funding per capita basis to follow the pupil; successful schools to be able to expand.¹¹

The Liberal Democrat Party and the personalisation agenda

In a speech of mid-2008, Nick Clegg pledged his support for personalisation:¹² *'[Citizens] want public services which offer more flexibility and diversity - and fit with individual needs and circumstances - rather than being offered on the basis of a "take it or leave it" centrally prescribed format. But the drive for personalisation is not just about meeting a consumerist demand for change. It is also the way to deliver the fairness we all want in our society. When services are monolithic and unbending, it is the weakest and most vulnerable in society - those who don't have the money or skills to negotiate a better deal - who suffer the most. Liberalism offers a progressive solution.'*

To this end, the Lib Dems have proposed reforming Whitehall: creating an Educational Standards Authority responsible to Parliament not Ministers. In health services, support has been expressed for the movement towards direct payments and individual budgets for people with chronic, long-term conditions and in mental health services.¹³

This broad consensus should come as little surprise. As has been argued, it is very difficult to 'place' advocates of personalisation on the political spectrum. For Conservatives it is an expression of choice and confidence in market mechanisms, emerging from a long-held libertarian tradition and belief in state retrenchment with individuals assuming greater responsibilities and the public sector fewer;¹⁴ for Liberal Democrats it has become a driver for fairness. For Labour, the agenda also draws on the radical left's language of democratic models that originate from collective movements of social justice, dignity and self-determination and the current Administration's advocacy of 'Progressive Universalism'.

In some ways, these agendas seem disparate. Yet, the agendas of empowerment and personalisation are mutually compatible and should be drawn together to place an emphasis on joined-up public services responding to the needs of individuals and local communities.

10 Speech by David Cameron, 'The Post-bureaucratic Age', 12 October 2007. Quoted in Freedom for Public Services.

11 Conservative Party Green Papers: *Reconstruction, Renewal, Repair* (October 2008); *Delivering some of the Best Health in Europe* (June 2008); *Raising the Bar, Closing the Gap* (2007)

12 Speech by Nick Clegg sponsored by the CentreForum and hosted by Microsoft, London, 17 June 2008.

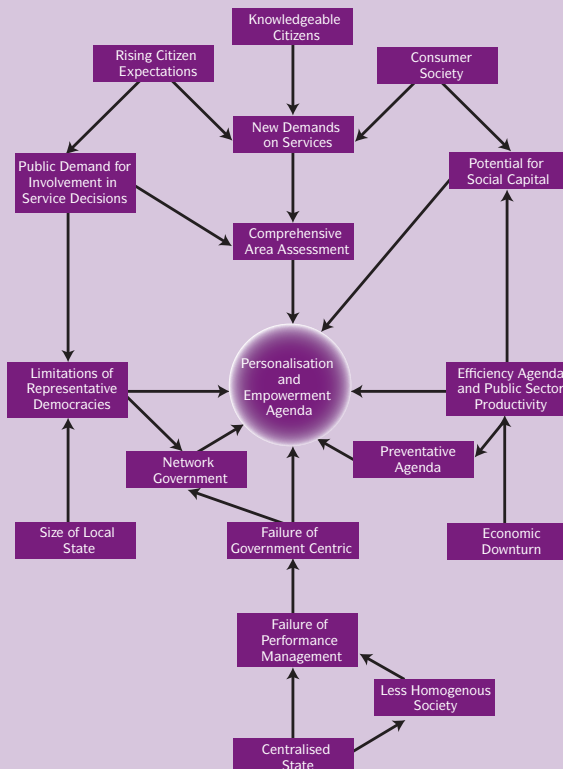
13 Speech by Nick Clegg to the The King's Fund, 10 June 2008.

14 Iain Ferguson (2007) "Increasing User Choice or Privatizing Risk? The Antinomies of Personalization" *British Journal of Social Work*, 37:387-403.

3 Why personalisation? Underlying drivers

Underpinning the political and policy agenda is a host of interrelated motivations for personalising services. These draw on four main sources: the new demands on services made by citizens and local communities in twenty-first century Britain, the limitations of existing democratic decision-making processes, the need for public sector efficiency and the shortcomings of the central state. Together these act as drivers for personalisation across the political spectrum and demonstrate that what is needed is a more nuanced approach that recognises different models of devolving choice and influence, which are mutually supporting.

Figure 1 Diagram of interrelated influencing dynamics



1. Democracy is necessary – but no longer sufficient

Traditional electoral methods of involving service users have failed to offer sufficient opportunities for participation in service decisions. The mechanisms of representative democracy and periodic elections do not properly allow the process of public challenge to flourish. Citizens are often excluded from formulating policy beyond the electoral contest every few years. Meanwhile, it remains questionable how open the current democratic system is to the views and decisions of excluded and marginalised sections of the community. Evidence suggests that those in decision-making roles remain unrepresentative of those they seek to serve.

Democratic renewal

Increasing disillusionment with governments inevitably fuels growing political disengagement. There is increasing concern regarding declining electoral turnout and fear of extremist parties. At the same time, systems and mechanisms for mobilising and expressing citizen choices have changed with technology, media coverage and internet campaigns.¹⁵ These necessitate a more nuanced and receptive political governance structure.

Decentralisation and participation

Participatory theories envisage a democracy where the citizen plays an active role in policy making. Strengthening local government helps overcome the problems of an overstretched central government and can open important political space for direct citizen involvement. However, decentralisation must be accompanied by an extension of the depth and the scope of citizen participation in public decision-making. Equally, in order to avoid simply reproducing the hierarchies and inequalities of society at large, marginalised communities must be encouraged to participate.

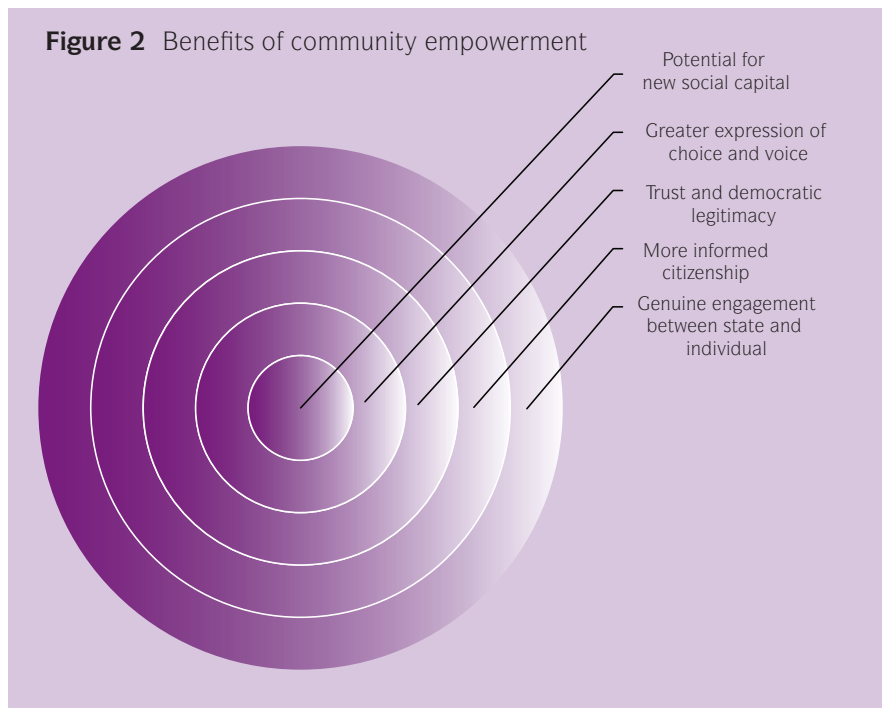
Size of the local state and increasing variation

Finally, the sheer size of local authorities in Britain can hinder the relationship between citizen and state.¹⁶ In England, local authority geographies are 3 times the size of those in the USA, 5 times those in Sweden and 7½

¹⁵ Centre for Local Governance, *Devolving to Neighbourhoods: a review of the evidence* (2007), p. 5.

¹⁶ D. Beetham et al, *Power and Participation in Modern Britain* (2008), p. 34.

times those in Australia.¹⁷ Additional mechanisms for choice and voice are, therefore, necessary to counter this inherent disadvantage. Government initiatives – through Neighbourhood Renewal Funding and the Working Neighbourhoods Fund – have acknowledged the marked socio-economic disparities within local areas. Personalisation offers a route to narrow the differences between deprived neighbourhoods and those that are prospering. The need therefore is to reinvigorate citizen engagement and enrolment in decision-making in a way that transcends traditional local democratic models.



2. New demands on services

As the Government has acknowledged, ‘the challenges of the next decade mean services need to better reflect peoples aspirations and lifestyles and enable complex and interrelated needs to be tackled.’¹⁸

¹⁷ Ed Cox, *Empowering Neighbourhoods* (LGIU), p. 11.

¹⁸ *User Involvement in Public Services: Government Response to the Public Administration Select Committee’s Sixth Report of Session 2007–08*, p. 1.

All citizens and local communities have different needs, priorities and preferences. The personalisation of public services recognises this context and seeks to design service delivery models that respond to these demands. In trying to reconcile a diverse range of needs, the current system runs the risk of being irrelevant to a significant number. In finding, and trying to satisfy the median, those at the extremes find their needs to be inadequately addressed.

Less homogenous society

The current profile of Britain's population exacerbates these inherent problems. Britain in the 21st Century possesses a less homogenous or predictable society than fifty years previous. Traditional class lines, etched in place by the industrial revolution, have given way to a more fluid and multi-layered socio-economic structure. Family and household types have diversified with more lone parents, divorced parents, double-income families alongside single-income families and people living alone.¹⁹

Wealth inequalities have increased over the last three decades in terms of income,²⁰ and one percent of the population now owns 21 percent of total wealth, compared to 50 percent of the population owning just seven percent.²¹ Meanwhile, the 2001 Census found that the British population is more culturally diverse than it has ever been, bringing varied needs. Demographically, ethnic minorities generally have a younger age structure than the White British population. In terms of educational achievement, 40 percent of Bangladeshis have no qualifications, whilst Indian and Chinese outperform the national average at GCSE level.²² Population churn and mobile working patterns are meaning that localities must be responsive to immediate challenges.

The Government itself has encapsulated the principal pressures that will be making themselves felt by 2015 as centring on "difference" and "variation".²³ The impact of the current recession is exacerbating these prevailing tendencies, with markedly different take up on benefits and striking disparities in the number of repossessions across regions.²⁴

19 HM Government, *Building on Progress* (2007)

20 Social Exclusion Taskforce, *Reaching Out: An Action Plan on Social Exclusion* (2006)

21 National Statistics Online, 'Income' <http://www.statistics.gov.uk/ci/nugget.asp?id=1005>

22 *Building on Progress*

23 ODPM, *All our futures: the challenges for local governance in 2015* (2006), p. 26

24 NLGN, *Challenging Perspectives* (2009) pp. 32-3.

Rising expectations

At the same time, as Anne Widdecombe commented in 2006, ‘We now expect more of government than we do of God.’²⁵ Although conclusive proof remains elusive, commentators agree that there has been a rise in citizen expectations.²⁶ A quick glance at the ‘user satisfaction gap’ or ‘perception gap’ that has emerged in respect to local government services is indicative: while services have improved markedly over the last ten years, satisfaction continues to trail in its wake.²⁷ Meanwhile, there is a growing gap between public expectations of government and their experience of government.²⁸

Britain’s consumer-driven culture means we have begun to expect more from our public services – not only around the ability to control our lives, but also in expectations of convenience, time of access and speed of service. We are now in a “post-deferential” society where ‘citizens want more than the basic minimum’.²⁹ Now, services must defer to citizens rather than vice versa. This means convenient access to services whether it be the where or the when; reduction of unwanted and unnecessary contact; greater say in determining the type of service and the provider.

As one council officer commented, ‘residents’ expectations are changing almost on a daily basis’, shaped by how they interact with other providers and how they access private services such as banks.³⁰ Therefore, there is a need to bring local government service delivery into line with these day-to-day experiences and a more commercially aware and knowledgeable consumer.

Seeking to meet these rising expectations brings challenges of its own – the Lyons Inquiry found that expectations were growing faster than our willingness to meet the costs through taxation and perhaps beyond what can realistically be delivered. But, the only way to manage this problem is to engage citizens in a more mature iterative dialogue about society’s needs and resources.

²⁵ Gary Welch, *Understanding the community* (MORI, 2008)

²⁶ NLGN, *Pacing Lyons: a route map to localism* (2006), p. 13.

²⁷ Andrew Collinge, *Towards a better Understanding of Public Satisfaction* (MORI, 2007).

²⁸ *Understanding the community*

²⁹ NLGN, *Managing Delivery* (NLGN 2008), p. 10.

³⁰ Interview.

Having to meet rising expectations

It is these rising expectations that local authorities must soon meet in order to prosper under the new performance assessment regime. The Comprehensive Area Assessment, which replaces the Comprehensive Performance Assessment in April 2009, will be a different task-master for local government. Rather than looking up to a central master, councils will look downwards and report to their residents on the outcomes achieved.³¹

National Indicators and Public Service Agreements

A number of government performance indicators and agreements are driving a personalised approach. These include: PSA 21 (build more cohesive, empowered and active communities); NI 4 (percentage of people who feel they can influence decisions in their Locality); NI 14 (preventing avoidable contact with citizens); NI 139 (people over 65 who say that they receive the information, assistance and support needed to exercise choice and control to live independently); and a number of satisfaction indicators (NI 5, NI 24, NI 138 and NI 182).

Our interviews indicate that these national drivers are acting as a catalyst for local authorities to get closer to their citizens. One interviewee commented, that the national agenda had been ‘a real driver... giving it a framework for personalisation and empowerment’.³² Other interviewees discussed the importance of NI 4 and the empowerment agenda as informing their council’s approach.³³

Public demand for personalisation

Research conducted over the last six years suggests that the British population would welcome more personalised public services. There is widespread evidence of public support for greater choice of services:

- ‘Demand from users’ was understood to be a driver for expanded choice by over 90% of local government officers.³⁴

³¹ NLGN, *Making Place-shaping a reality* (2008)

³² Interview.

³³ Interviews.

³⁴ Audit Commission, *Choosing well: analysing the costs and benefits of choice in local public services* (2006), p. 26.

- MORI research has found that those who most rely on public services are most in favour of choice;³⁵
- three in four people believe they should be able to exercise ‘a great deal’ or ‘quite a lot’ of choice over schools and hospital;
- although the public want more choice, and understand that this inevitably brings higher costs, the public is unwilling to pay for these increases.³⁶

The evidence is robust over a period of time, suggesting that demand for personalisation is not just a fleeting trend.

3. Failure of government-centricity

Over the last ten years there has been a marked increase in investment in public services – the investment between 1999 and 2007-08 is the largest since 1975. Nonetheless, there is significant doubt that service quality and productivity has risen proportionately with these increases.

Figure 3 investment in public services³⁷

Total Managed Expenditure, 1999-00 to 2007-08

	TME (cash terms, £ bn)	TME (real terms, £ bn)	TME,% GDP
1999-00	342.9	407.8	37.0
2000-01	364.0	427.0	37.5
2001-02	389.0	445.5	38.4
2002-03	421.1	467.7	39.3
2003-04	455.5	491.7	40.1
2004-05	492.5	517.4	41.2
2005-06	524.3	539.3	42.0
2006-07	550.0	550.0	41.5
2007-08	589.2	570.5	42.0

Source: HM Treasury (2008), Public finances databank, January

³⁵ *Choosing well*, p. 22.

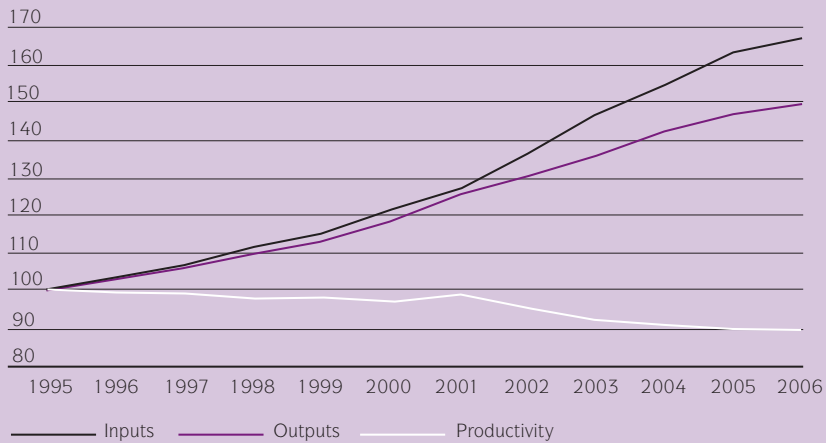
³⁶ *Choosing Well*.

³⁷ Nick Bosanquet et al, *A lost decade: Counting the opportunity cost of public spending 1999-2008* (Reform 2008)

NHS productivity appears to be reaching a ceiling;³⁸ and, despite a 40% increase in funding for police between 1997 and 2007, police productivity has arguably stalled, the investments only yielding an 11% increase in police officers numbers over that same period.³⁹

Figure 4 Healthcare output⁴⁰

United Kingdom, Index 1995 = 100 and per cent



There are multiple explanatory factors underlying this disparity. One factor that cannot be overlooked may be the centralised mechanism for delivery and the inefficient response to citizen service needs.

Failure of central performance management

Since the mid-1990s, public service improvement has been driven through top-down performance management, audit and inspection. New Public Management introduced techniques from the private sector that placed an emphasis on performance measurement, but these have remained centrally

³⁸ Ibid.

³⁹ House of Commons, Home Affairs Committee, *Police Funding* (2006), p. 7.

⁴⁰ ONS, *Public Service Productivity: Healthcare Summary* (January 2008)

determined.⁴¹ This had some success in improving local government services as reflected through higher scores in the CPA and from views of officers in local authorities.⁴²

However, the advent of CAA demonstrates that there is no longer confidence even within Government itself in a centralised performance management regime founded on bureaucratic assessments of risk.⁴³ It is the citizen's needs and requirements that are now going to take centre-stage.

Networks and Stakeholders

Alongside the devolutionary agenda over the last ten years, a new type of network governance has emerged. This involves collaboration between the state, public and private partners and the citizen. Councils must help users visualise what services they can access and which are most appropriate; they must help users navigate through the complex channels and pathways to the destination they wish to reach.

Equally, a more collaborative approach to public services envisages a system where users define and contribute to service models, and where public institutions can, thus, draw on tacit inspiration from among the civic corps to drive improvement and innovation.⁴⁴ Such local networks are better placed than central agencies to build relationships with providers, trust with residents, incorporate citizen views and exploit the potential in social capital.⁴⁵

Interaction is imperative for personalisation to work. It is impossible for the national state at Whitehall to personalise services effectively.

4. Public sector productivity, efficiency and timely intervention

There is no longer confidence in central performance management structures or central agencies to deliver productivity growth. Nevertheless, in the current economic climate, more is expected of public sector productivity than ever

⁴¹ Tony Cutler, 'A necessary complexity: history and public-management reform', *History and Policy*, November 2007.

⁴² Clive Grace and Steve Martin, *getting better all the time?* (IDeA, 2008).

⁴³ Michael Power, *The Risk Management of Everything* (Demos, 2004)

⁴⁴ Charles Leadbetter and Hilary Cottam, *The User Generated State: Public Services 2.0*.

⁴⁵ *Pacing Lyons*; Demos, *State of Trust*, p. 12.

before. The current reliance on public sector expenditure to propel service improvement has a shelf-life. Under the conditions of the Pre-Budget Report, there is little prospect of new funding in the medium term, with both major parties now committed to finding additional savings from the public purse and limiting growth in expenditure.⁴⁶ The looming recession offers a stark and challenging backdrop to ongoing public sector reform. So, where does personalisation sit in this context?

In the first place, public resources are always finite. Although there have been frequent demands for more money to fund individual care budgets as a 'moral right', the personalisation agenda must move hand in hand with the wider constraint on growth in public expenditure.

Previous research has indicated that the majority of local government officers believe that 'the overall costs involved in offering more choice' represent either 'on balance, a barrier' or 'definitely a barrier'.⁴⁷ As Appendix 1 shows, our research underscored this scepticism. Conversely, private sector interviewees were more confident that service transformation could deliver savings.⁴⁸ And such public sector uncertainty has not been borne out by experience.

Retrenchment or reform: public sector reform in the downturn

While the temptation for national and local policy makers to batten down the hatches and drive ever-larger efficiencies through traditional means, the economic climate actually necessitates reform to public services rather than entrenchment. The Government has already argued for bringing forward £10 billion of capital projects to pump-prime the flagging economy. Medium-term efficiencies which complement a more citizen-centric public service are fundamental to delivering long-term efficiencies. As Matthew Taylor of the RSA has noted,⁴⁹

⁴⁶ PBR; Andrew Sparrow, 'Tories could avoid tax rises with spending cuts, says Cameron', *Daily Telegraph*, 9 December 2008.

⁴⁷ *Choosing Well*, p. 25.

⁴⁸ Interviews.

⁴⁹ <http://www.matthewtaylorblog.com/politics/public-services-the-next-eighteen-months-will-be-pivotal/>

‘public sector policy makers, leaders and managers must use the window of the next eighteen months to make significant productivity gains so they are in a better position to cope when the big funding squeeze starts in 2010.’

As will be seen, personalisation offers a route to direct these productivity gains and to develop ‘invest-to-save’ projects that are financially viable.

Personalisation and allocative efficiency

Several principal financial arguments show why appropriate and well-designed personalisation of services should lead to cost efficiencies. Following the Gershon Review, local government has sought out ever more efficiencies over the last five years, and has surpassed its £3 billion target by saving over £4 billion. However, this represents a game of diminishing returns.

Question marks have been raised over how far the Gershon efficiency agenda impedes further devolution of budgets.⁵⁰ The traditional interpretation has seen an emphasis on larger block contracts, shared services across areas and standardisation.⁵¹ Larger, cost-focussed procurement exercises based on longer and bigger contracts have driven rationalistion and economies of scale. Within such a framework, citizen decisions on services have been held inherently to increase costs, because any system of choice must offer surplus choice and, under a system of standardisation, surplus supply is inefficient. Meanwhile, the efficiency agenda and ‘Value For Money’ have been accused of increasing the focus on easily measurable outputs rather than the ‘whole life’ outcomes and costs of a service and less tangible public value.⁵²

However, these can be mitigated through re-conceiving efficiency, and by re-conceptualising the idea of economies of scale where smaller, more localised interventions can reap rewards.

It is possible to look through a different lens at public sector efficiency. The accepted wisdom is founded on productive efficiencies rather than the allocative efficiency that personalisation offers. Any system of engagement with the citizen that allows individuals or communities to express their needs through voice or choice will lead to greater allocative efficiency. There will be a better match between demand and supply.

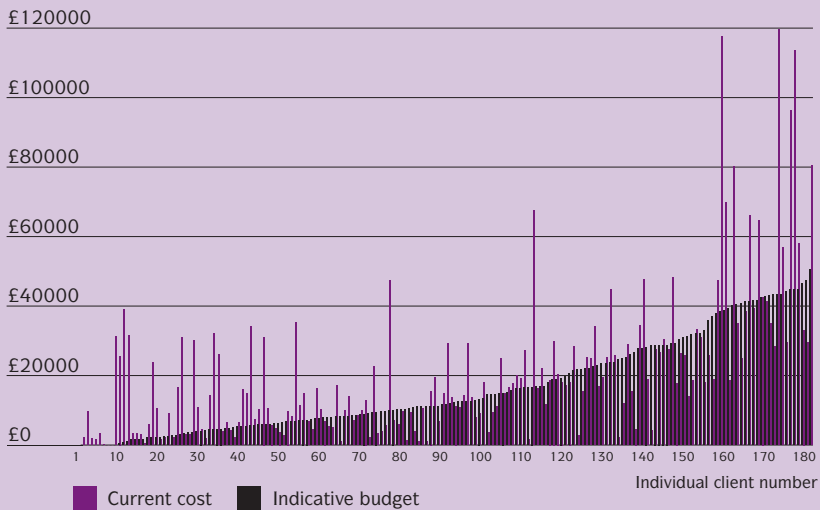
50 Cox, *Empowering Neighbourhoods*, p. 8.

51 *User Involvement*, p. 24.

52 NEF, *Unintended Consequences* (2007)

The graph below sets out existing standardised investment in adult care against the costs allocated under the new assessment system whereby the user's need are given greater prominence.

Figure 5 Randomness in current allocation systems ⁵³



There are also a whole host of hidden, less tangible social, economic and environmental costs associated with the current inefficiency, which stems from a failure to see services in the round. Standardised service mechanisms surrender opportunity losses and efficiencies. For instance, unsuitable and inconvenient access channels to services (such as limiting choice of GPs or access hours) may divert people from economic or social activities. Existing approaches also deliver duplicated services, as those with multiple needs must manage an overly-complex and a disjointed state.

Finally, public services are moving from an emphasis and evaluation system based on inputs and outputs to that of outcomes. Under the new scenario, productive efficiencies become illogical methods for achieving high performance

⁵³ Jon Ainger, *Presentation to Personalisation NLGN Workshop* (iMPOWER, January 2009)

because, for both commissioners and providers, efficiencies of supply may go totally unrewarded if there is not sufficient correlation to demand from citizens.

Evidence that personalisation can lead to cost savings

Individual Budgets

The IBSEN report on the progress of individual budgets actually resulted in reduced expenditure of some 5%. It should also be noted that councils were in any case dual-tracking their traditional services alongside individual budgets. Unable to target back office savings, the IB pilots, therefore, may underestimate the potential savings from service transformation. Other research has indicated that self-directed support can lead to savings of up to 10%.⁵⁴

Audit Commission research

Analysis of three examples of personalisation by the Audit Commission has demonstrated that while monetary costs will increase as choice is introduced, there is potential for savings later. There is a trade-off between increased start-up and maintenance fees and the efficiency gains seen in these sectors following the introduction of choice-based services. Set-up and maintenance costs can be reduced by merging with other bodies, and once a new system is implemented by a local authority it can bring additional revenue by selling its services to other local bodies.⁵⁵

Vertex and Thurrock Council

Redesigning services by placing a new emphasis on frontline services and streamlining back office support functions can lead not only to greater choice for customers but also to significant baseline efficiency gains in the medium and long-term.⁵⁶

Health system in the Netherlands

In 2006, personalisation reforms were introduced allowing consumers decisions based on quality and price.⁵⁷ Research has shown that waiting lists are now falling, and private health insurers are developing innovative ways to care for the sick.⁵⁸ At the same time, growth costs have been reduced from 4.5% to 3%.⁵⁹

54 IBSEN, *Evaluation of the Individual Budgets Pilot Programme* (2008); Charles Leadbeater, *Making it Personal* (Demos, 2008)

55 *Choosing Well*.

56 Audit Commission, *Back to Front* (2008), p. 26.

Health system in Switzerland

The Swiss health care system is highly regarded nationally and internationally for its quality. The World Health Organisation survey ranked Switzerland second in terms of responsiveness to patients' needs for 'choice of provider, dignity, autonomy, timely care, and confidentiality'. However, this personalised and market-orientated health care system has seen the Government finance only 29% of total health care provision - one of the lowest percentages in Europe.⁶⁰

Personalised services: the source of productivity and efficiencies**Outcome rather than output**

There is no public, social or economic value in delivering an output unless it delivers a desired outcome.

Supply better matched to demand

The service outcome is likely to be better matched to the need of the individual. Current resource allocation leads to over-allocation (and therefore wastage) and under-allocation (and therefore likely failure to avoid more expensive crisis situations whether they be care homes, unemployment or crime).

Increased participation in services

Without participation, many services, such as re-employment, adult care, work with re-offending and education, cannot be effective.

Harnessing civic talent and social capital

By harnessing civic enthusiasm within communities and latent social capital, personalisation can shift unnecessary costs currently carried by the state to non-state enterprises.

Paying for the skills that are needed

The move away from professional departmental approaches to more general assessors, evaluators and commissioners offers potential for designing an organisation better focussed at delivering these objectives.

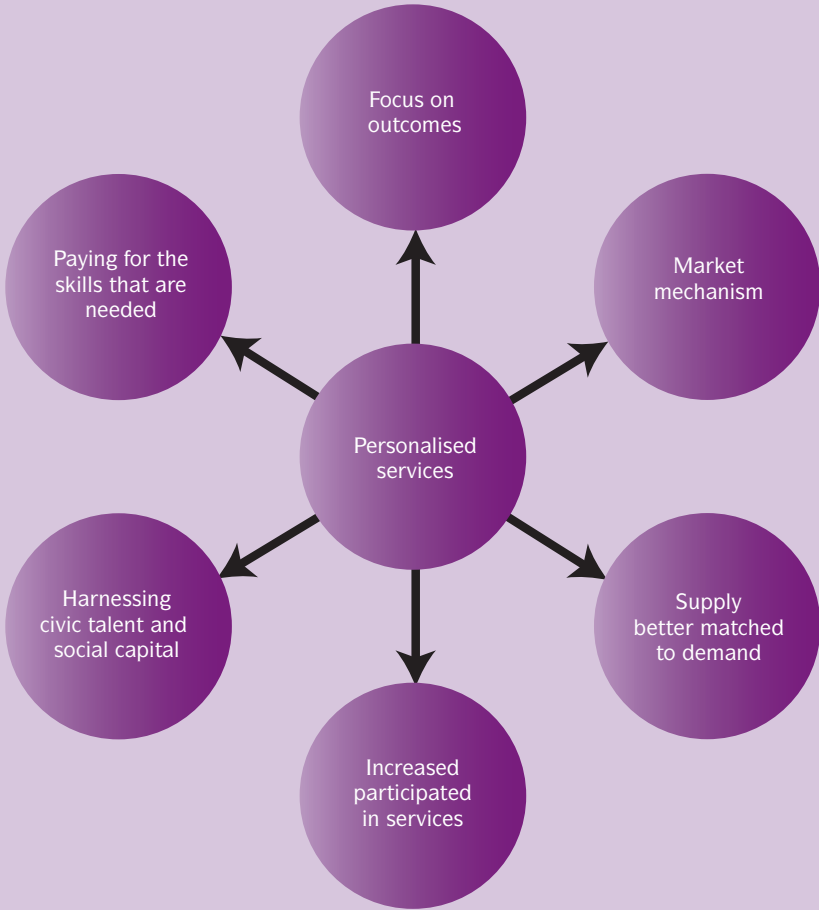
57 M. Tanner, *The Grass Is Not Always Greener*, Policy Analysis, No. 613, (2008), p. 23.

58 G. Naik, *Dutch Treatment: In Holland, Some See Model for U.S. Health-Care System*, The Wall Street Journal, (2007), p. 1.

59 Tanner, *Grass Is Not Always Greener*, p. 23

60 *Ibid.*, pp. 25-8.

Figure 6 Personalisation and efficiencies



‘People have to want to do it’: Participatory Services and Social Capital

The rise of participatory services across all local public services offers a powerful incentive to adopt personalised approaches. Improved health depends on people living healthier lifestyles; enthusiasm and engagement amongst students (and in some cases parents) is necessary for effective education; the fear of crime not merely crime itself causes social dislocation.

Empowering citizens and the local community to contribute to decisions on their services should therefore make these services more relevant to the user, more accountable and, in turn, more sustainable.

There has been frequent and ongoing reference to harnessing social capital. Although it is often argued that the case for utilising latent civic talent should not be based on efficiencies, if exploited effectively, social capital is likely to lead to greater cost-effectiveness. Co-production and participatory services are likely to see the citizen shoulder a greater share of the burden of effective delivery.

Nudge theory takes this a stage further. Developed by Richard Thaler and Cass Sunstein, it is a method to create behavioural change not by coercion but by adopting or advocating default positions that are 'helpful' to the public. This approach has been supported by the Conservative Party and by a CLG pilot scheme in the London Borough of Barnet in local environmental policy.⁶¹

By better exploiting the potential of social capital, the state should see less financial demand.

Preventative services and early intervention

The rise of the preventative agenda across not only health services but also across worklessness, education and skills predicated a personalised approach. For example, left unresolved, obesity and smoking result in both significant costs to the local and national state and also shortened life expectancies and quality of life. At the same time, upfront investment in worklessness can result in significant benefits to the individual and also to the public purse.⁶² However, such early intervention has to be targeted.

Market mechanisms, competition and service improvement

Audit Commission reports have emphasised the importance of exploiting the competitive element of the market mechanism to drive economies.⁶³ A more varied supplier market provides more potential for contestability and therefore can drive improvement.

⁶¹ R. Thaler and C. Sunstein, *Nudge: Improving Decisions about Health, Wealth and Happiness* (2008)

⁶² Sunderland case study, Design Council event, 12 November 2008.

⁶³ *Choosing Well*.

Increasing service choice can boost the number of competitors within the market. In an ideal market, multiple players compete on price and quality in order to maintain and boost their market share. With greater price competition, in turn, comes stronger demand for providers to reduce their own operating costs so that they can offer services at a lower price.

Conclusions

User commissioning of services and involvement in decisions makes good hard business sense for the public sector, driving the next wave of efficiencies and unlocking a more symbiotic relationship between the citizen and the state. Strategic commissioning offers a route to allow individuals and communities to express their preferences and choices more clearly and respond to the different challenges of diverse communities within a local area.

At the same time, centralised and standardised service solutions have failed. They have led to democratic disengagement and disempowerment. Such mechanisms are also unsuited to including and responding to the population at large and incapable of delivering sustainable efficiencies. It is only by responding directly to the challenge of rising citizen demands on services and decision-making that confidence can be renewed and a more mature dialogue nurtured between state, citizens and local communities.

4 *Where are we in the journey?*

But where are we in the journey? Notwithstanding all this rhetoric, policy papers and legislation, it is questionable how far any of these have really gone to the heart of altering the balance of power between the individual, local communities and the state.

Radical personalisation has, so far, been limited to a number of principal policy areas. But, significant developments in some areas have been matched by near paralysis in others.

- Since April 2003 all those entitled to social care from their local council have received cash 'Direct Payments' instead of prescribed care.
- In adult social care, direct payments were trialled in the mid-1990s and now are being followed by Individual Budgets – these give users a cash payment that they can spend on alternative provision. However, take-up on direct payments remains comparatively small, with only 3% of the 661,000 older people receiving community services through direct payments.⁶⁴ The challenge of scaling up still remains.
- Choice-based letting, which allows applicants for social housing to apply for a full range of available properties, has been Government policy since 2005 and is due to be fully adopted across England by 2010.
- The Youth Opportunity Fund and Youth Capital Fund introduced in 2006 provide for co-decision-making on funding for youth-related activities and investments.
- Customers are being allowed more choice of GP and more options for access out of work hours, and Local Involvement Networks (LINks) are giving citizens a stronger voice in the social care and health services they receive, but choice in other areas of health remain limited.
- Devolved budgets for lead professionals, to personalise services for children and families, have been piloted in 16 areas and pathfinders are being launched.

⁶⁴ CSCI, *Social Services Performance Assessment Framework: Indicators Adults* (2008), p.8.

- Citizens have little say in whether failing providers have their contracts renewed, with few contracts requiring evidence of user satisfaction / engagement.⁶⁵
- Although there have been a number of significant changes in education – such as involving staff and pupils in curriculum choice, mechanisms for registering a preference for schools (moving into a school catchment area) remain disproportionate.

Other evidence also suggests that British public services have hardly scratched the surface in terms of offering choice:

- The British Social Attitudes Survey of 2006 found that while 63% of the public believe that they should have a ‘great deal’ or ‘quite a lot’ of choice over which hospital they go to for treatment, only 9% believed in reality that they had such a choice.⁶⁶
- 79% of people say that their local authority should find out more about their views on public service.⁶⁷
- A 2006 poll found that 73% of people would welcome further control of services at the neighbourhood level.⁶⁸ The same poll found that 61% believe that citizens cannot affect decision-making.

Meanwhile, a survey of local authority policy officers carried out as part of this research suggests that we are only just embarking on this journey.⁶⁹

⁶⁵ NLGN, *Choice: what role can it play in helping local public services evolve?* (2003)

⁶⁶ *Choosing well*, p.21.

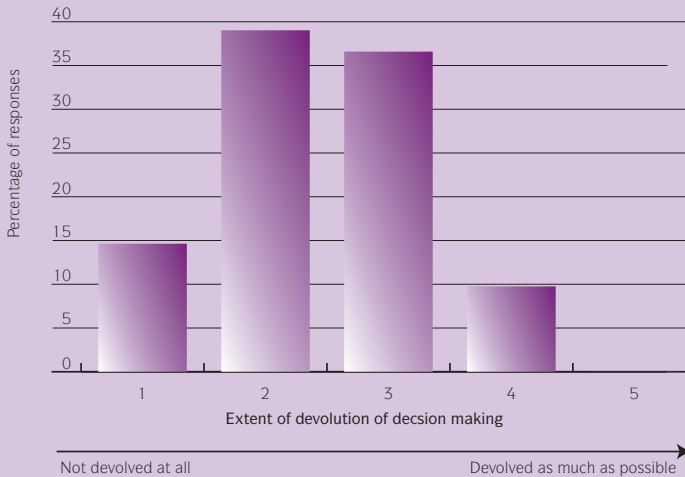
⁶⁷ Henley Centre Headlight Vision Presentation, June 2008.

⁶⁸ Cox, *Empowering Neighbourhoods*.

⁶⁹ This survey was sent out to upper tier authorities and responded to by senior officers. 41 responses were received which represents 27% of the total.

Figure 7 Devolution to neighbourhood

How far do you feel that your organisation has devolved service decisions both at the *neighbourhood level* and to individuals?

Figure 8 Devolution to individuals

How far do you feel that your organisation has devolved service decisions both at the neighbourhood level and to *individuals*?

Conclusions

It is clear that, despite the rhetoric, and notwithstanding the radical shift in the provision and context of a number of services, the majority of public services remain if not untouched, then unreformed from their central roots. Individuals and communities do not yet feel that services are truly focused on their needs and aspirations. Where personalisation policies have been introduced, too often they remain isolated initiatives within a wider environment impervious to the needs or preferences of citizens. Individual central government departments may have championed specific aspects of reform, but there is little wider applicability or coherence. Yet, services must respond as one to the many challenges posed by individual, neighbourhoods and local communities.

What is needed now is a paradigm shift to introduce the next stage of reform. This must include a more sophisticated approach to personalisation that understands how individuals and communities make decisions. In turn, this must include a recognition that these services must be designed closer to the communities to which they need to respond.

PART II

5 *What personalisation? Need for a nuanced approach*

So, why can we not simply personalise all services by giving individual budgets to all? In seeking to re-design services that put the citizen at the heart, a number of constraining factors limit the extent to which we can personalise services. Too easily these checks and balances can derail the concept of personalisation. But, in the final count, they are countervailing forces that should inform how, rather than whether, we personalise a service. Together they demonstrate that the route forward is a more local, nuanced and multifunctional approach to personalisation where communities and neighbourhoods are involved as well simply as individuals.

1. Limits to individual choice

a) Choice overload and inappropriate choice

There is no logical argument that citizens should *have* to make choices.⁷⁰ If the user does not want alternative choices, then it is impossible for these decisions to add value to service improvement. Choice overload or unwanted choice can even be counterproductive.⁷¹ Government should allow citizens to indicate where they do desire choice. But, do citizens care how the local state procures its paperclips or the type of staple on its council tax bill?

b) Rational actor theory and misallocation of resources

Resources must be allocated on the basis of some evidence. Under the current system, the state distributes services according to its very limited knowledge of needs and preferences. This represents a very inefficient approach.

⁷⁰ *User Involvement*, p. 16.

⁷¹ S. J. Bailey, *Facilitating Choice in English Local Government* Institute of Economic Affairs (2006).

Far more effective, therefore, would be to allow the citizen a say in determining their needs. However, the concept of the 'rational actor' who is capable of making choices as an informed customer presents problems of its own. It relies on the ability to distinguish between alternatives, to express a preference for one option over the other, and to proffer reasons for why decisions have been made. No doubt, the Web 2.0. environment and our consumer society have resulted in a population far more educated about the possible services available. Yet, the state should not presume that citizens will always be motivated or capable of making rational choices on service options unassisted. Extreme examples would be medical services or the intelligence service where, although there may be some potential for choice, the scope is limited because of the expertise of professionals.

In addition, it is often those that are most dependent on public services who are most in need of support or most vulnerable. For instance, those drawing on support in adult social care or for disabilities both require the most services and require the most support to make choices. On the other hand, it may be the less well-off that can benefit the most from increased choice over their services.

Over-reliance on rational actor theory ignores the potential danger of the hoarding of services; accidental misspend of allocations; deliberate misspend of allocations; or criminality.

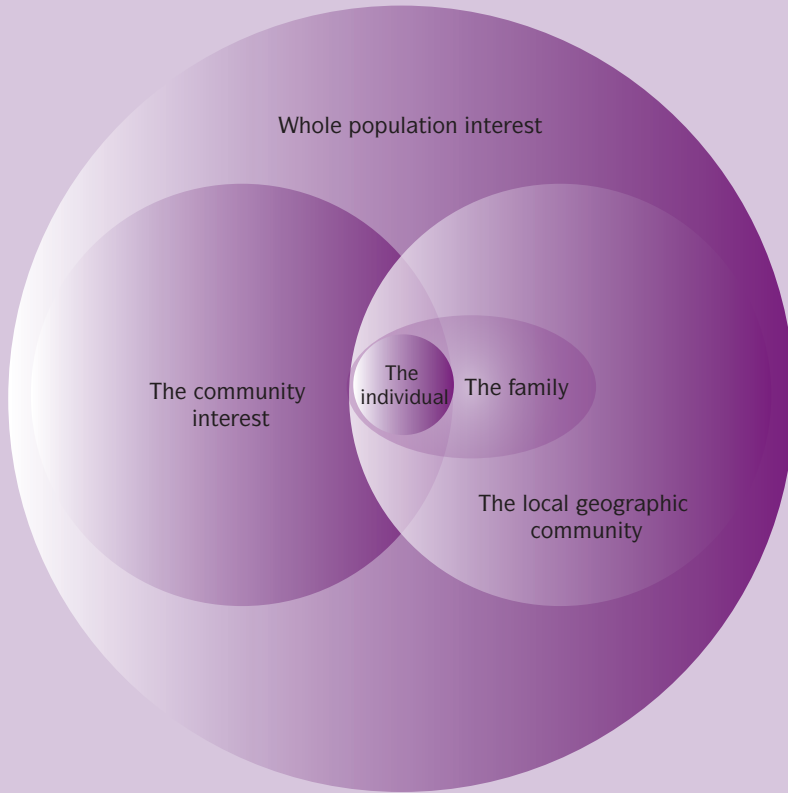
These factors put a premium on support and advice.

2. Inappropriate atomisation of social forces

a) Individual versus community

Some theoretical critiques have attacked the concept of choice because it champions individualisation and the stifling of decisions made for the wider good of the population.⁷² There is no evidence that services decided on at an individual level are more 'appropriate' than those decided collectively. To exploit the potential of social capital to its optimum level, commissioning must function at the tier most appropriate to the specific service. As set out in the diagram below, there are potentially five coexistent interests.

⁷² Dean, *'The Third Way'*,

Figure 9 Commissioning interests in the local area

Community spirit and social capital, if mobilised effectively, can drive service improvement and empower the user. A clear exposition of this comes from a recent study into electoral behaviour in Michigan, USA. This study found that when citizens were exposed to the fact that their voting was a matter of public record and would be made known to their neighbours, the percentage of those who voted rose significantly – an increase that exceeds traditional methods for mobilising voters such as live phone calls and which rivals face-to-face contact with canvassers.⁷³

⁷³ Alan S. Gerber, Donald P. Green, and Christopher W. Larimer, “Social Pressure and Voter Turnout: Evidence from a Largescale Field Experiment”, *American Political Science Review*, vol. 102 (February 2008), pp. 33-48.

At the same time, many services may require strategic oversight to ensure that individual choices do not impact deleteriously on others. Where services are received as an individual there may be no impact on equity of outcome. Assuming the provider market is strong, a user can opt for meals-on-wheels or home help without affecting their neighbours. Conversely, where services are received as a group, consumer choice has the potential to impact deleteriously on other parts of society:

- in school education, the choices of other consumers may affect the type and standard of education that other individuals receive;
- in the health sector, some forms of provision may effect other fellow citizens. The MMR vaccine represents a good case in point: if only a few individuals decided against the vaccine there would be little potential for negative impact on fellow users; if all parents decided to shun it, there would be an anarchic system of unprotected children.

Therefore, it is necessary to bring together services that focus on individuals, communities and that offer universal services in a strategic commissioning approach.

3. De-legitimisation of the state

The Citizen versus the Consumer

If individuals were to be given ultimate say over all services, the strategic role of government may be reduced. Although the state could still determine minimum and maximum parameters, there would be less scope for the local state as a whole to define the type of service provided. Pushed to its extreme, personalisation could atomise society and de-legitimise the right of the national and local state to intervene and represent its constituents. Such an environment would undermine the collective voice and social responsibility.

At the same time, personalisation does not necessarily mean individualising. It may mean enabling individuals to collect together and form new organic collectives. In such circumstances, personalisation can contribute to the connection between the democratic state and the individual.

A delicate balancing act is necessary between, on the one hand, the individual as a consumer and the community as a group of consumers,

against on the other hand the individual as a citizen and the community as a group of citizens. As Sir Jeremy Beecham argued, ‘customers are citizens as well with responsibilities to others’.⁷⁴

4. Equity of opportunity

Equity of choice

Any variation in input and output often suffers from the charge of ‘postcode lottery’. This is a nebulous and outdated preoccupation for a number of reasons:

- variation of services is inevitable and intrinsic to the devolution of services and to a diversity in needs across the country;
- although they may provide more standard outputs, standardised services breed their own much sharper inequities of outcome for different communities;
- universal state provision and minimum standards will always underpin and function alongside personalised services.

Consideration of equity therefore should centre on ensuring equity of opportunity and outcomes across the local area.

To dismiss choice on the grounds that it inherently generates inequity is an untrue oversimplification. As Julian Le Grand has argued, ‘no-choice systems’ can ‘generate inequalities in utilisation’ and, in the complaints and advocacy process, can favour an eloquent middle-class over poorer classes. Take-up on some health services provide useful examples.⁷⁵

Notwithstanding the existing anomalies in the current system, any model of personalised service must seek to neutralise a number of potential inequities. Differing levels of resources – whether they take the form of capability, education, financial capacity or time – mean that some users are better positioned to take advantage of new opportunities.⁷⁶

⁷⁴ Speech at NLGN Annual Conference January 2009.

⁷⁵ Julian Le Grand, ‘Equality and Choice in public services’ *Social research*, 73 (2), (2006) pp. 695-710.

⁷⁶ Iain Ferguson (2007) “Increasing User Choice or Privatizing Risk? The Antinomies of Personalization”, *British Journal of Social Work*, 37:387-403; Centre for Local Governance, *Choice in Public Services* (2008), p. 14.

Previous research into the healthcare sector has demonstrated that equity is not deleteriously affected by the introduction of choice.⁷⁷ However, in other areas, difficulties have arisen. Choice-Based Letting can result in self-segregation and risks to community cohesion. An ‘inverse information law’ means that those most in need of information about health are least likely to have access to it.⁷⁸ Educational attainment, disability and language barriers, time to travel or to make decisions can all impinge on equity. The solution therefore must be to understand these requirements and to support those less capable of making decisions on their own.⁷⁹

5. Supply constraints

a) Limits of the supply market and providers

As long as service reform is instituted correctly, costs and benefits can arise from choice, whether or not there is competition.⁸⁰ An Audit Commission study concluded that there was a role for both:

- Choice without competition can bring more flexibility and better personalisation for users, and help to match limited supply to demand better.
- Choice with competition can bring more efficient and more responsive services, as providers try to win business and encourage users not to switch to a rival.

Some markets have no potential for diversity of supply. National defence and train lines are, to all intents and purposes, monopoly markets where there is no room for competition. In such circumstances, there is little or reduced potential for competition to drive efficiencies and service improvement.

b) Public concerns about providers

Opinion continues to divide on whether the public understands the link made in much public policy between choice of services and competitive markets occupied by public, private and third sector providers. The most recent *British*

⁷⁷ *Choosing Well*.

⁷⁸ Preth Rao, ‘Choice and disadvantage in social housing: Evidence from choice-based lettings’, (unpublished MA).

⁷⁹ NLGN, *Making Choices*, pp. 15-18.

⁸⁰ *Choosing Well*.

Social Attitudes Survey has found that although there is strong enthusiasm for more choice of schools and hospitals, a significant majority are also unhappy to see private companies or even charities running schools or hospitals.⁸¹ On the other hand, evidence indicates that, when actually delivered, privately provided services are considered better than those supplied by public agencies (although less positively than those from the Third Sector).⁸²

c) Finite resources

As Chapter 3 set out, when introduced appropriately, personalisation does not predicate additional costs and, indeed, can deliver significant efficiencies and additional public sector productivity. However, there are frequent claims that the modern state has a moral, social or philosophical 'duty' to provide more expensive personalised services. This ignores the fact that public resources are limited by tax revenues and, therefore, always finite. Broader issues of resourcing specific service areas must remain a strategic, cross-service and deliberative process.

6. Fundamental determining factors behind the type of public service model

Together these constraints, dynamics and risks provide us with five overarching factors that public policy makers must address in considering any form of personalisation:

- i.** Services that users feel are important
- ii.** Services where users have the capacity to decide or can be supported to make a decision rather than being reliant on professional knowledge
- iii.** Services where there is realistic potential for diversity of supply
- iv.** Services consumed as a personal client rather than as a community and that have little scope for social capital
- v.** Services received as an individual with little impact on equity of provision to others

81 Natcen, *British Social Attitudes: the 25th Report: Press Release – Britain's Public Services*, 28 January 2009.

82 NCC, *Intelligent Commissioning* (2008)

Conclusions

Not all services can be individualised: such an approach may disregard constraints on the provider market, issues of social equity and ignore the potential for social capital. Together these limits or parameters to personalisation mean that local public services must be personalised not as one but across many types of modes of delivery. In turn, they necessitate a detailed and close understanding of the context of individual services and local circumstances. Strategic commissioning functions must bring together these varying challenges, opportunities and strands together.


6 *Spectrums of personalisation*

Introduction

As the Government has admitted, local authorities will need to ‘unbundle’ services and consider which services require a tailored neighbourhood approach. Some services are more suited to a high degree of standardisation than others.⁸³ Therefore, in part it is the very act of service design and of generating service solutions specific to a locality that offers the best method of personalisation.⁸⁴ Below we set out two complementary spectrums of personalisation that demonstrate how we should seek to personalise.

A continuum of personalisation: ‘Depth’ of personalisation

Existing literature offers a framework within which to conceive the wider personalisation agenda. Personalisation can range from more targeted services to ultimate choice for the citizen. The degree of devolution represents a continuum, which extends from monolithic state provision to complete individualisation of services. Within these gradations are different modes of choice ranging across the where, who, what, when and how.⁸⁵

	Service Model	Example of service
Shallow  Deep	More customer-friendly interface with existing services	24/7 call centres Customer Gateway projects
	More say, more information, more choice about services, for instance the where and when of accessing services	Greater choice of curriculum at schools and universities
	Users having more say over how money is spent	Direct payment schemes
	Users acting as consumers and co-producers	Neighbourhood Policing schemes
	Self-organising solutions	Neighbourhood Watch schemes

⁸³ CLG, *Developing the local government services market* (2006).

⁸⁴ Keith Dowding and Peter John, *The Value of Choice in Public Policy* (IPEG)

⁸⁵ Charles Leadbeater, *Personalisation through participation* (Demos, 2004)

Tier of devolution

All services can be personalised to some extent, but current interpretations focus too narrowly on devolving decisions to individuals rather than to communities.⁸⁶ While there is strong evidence that citizens must be involved more in designing and commissioning their services, there is little evidence that individual choice rather than communal choice is *de facto* more able to deliver service improvement. In fact, in order to capitalise on social capital, exploit the shared vision, needs and enthusiasm of specific communities – whether they share geography or interests – our service models must allow for differentiation. The question is which services are most relevant to different models of service delivery.

Any system that endeavours to design models that deliver across the range of *relational, transactional and environmental* services requires a multi-level commissioning model. Where services are consumed as an individual client, there is more scope for devolving decisions down to the individual. Conversely, where services are received as a community – such as environmental services – individualisation may not be appropriate. Children's Services, for instance, are currently commissioned at three levels: the Children's Trust, the neighbourhood and the individual. Ultimately, these tiered functions must be integrated and their goals and operations aligned to effect an efficient and joined-up service model that can harness the potential of the market to drive service improvement.

- 1. Personalising for the individual** – the user can decide the type and mode of access to their service – the where, who, what, how and /or when.
- 2. Personalising for communities of interest** – understands the needs of specific catchments of the population with shared interests and requirements of public services. These may be visually impaired people, those with learning disabilities or elderly people; but it could be any group of people that share a concern, interest or need.
- 3. Personalising for neighbourhoods and geographic areas** – understands and manages commissioning process at a lower geographic level, whether this be District, Parish council or neighbourhood, community or street level.

⁸⁶ For instance, *User Involvement*.

4. **Universal services** – in any context, there will be a need for universal commissioning to supplement more devolved commissioning functions. A universal 'offer' of assessment and information accompanies the individual budgets in adult social care.

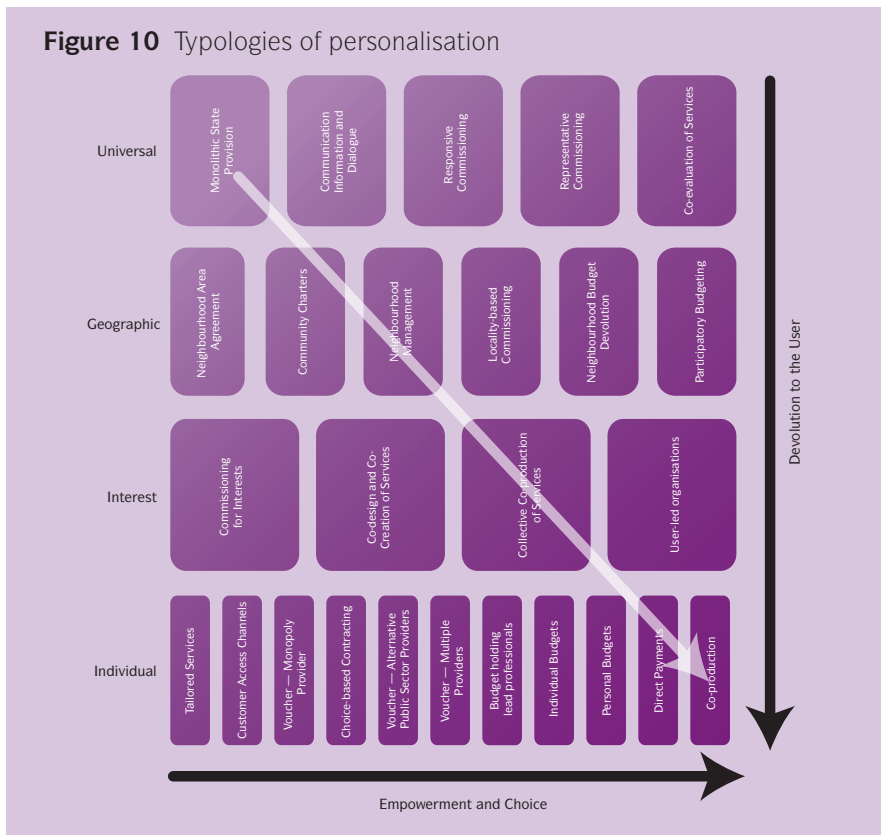
Environmental services that impact across communities and regions – such as a trunk road or strategic planning – require high level input. Equally, there remain some services that individuals or communities of people would not necessarily choose for themselves but which are fundamental to wider societal needs. These may include waste incinerators, power stations, sewage plants, wind turbines, mobile telephone masts, prisons and airports. A degree of centralisation is, thus, unavoidable. Even in these instances, however, there are methods of supplementing representative democracy with deeper engagement, community choices and communication methods.

7 Typology of personalisation models

This chapter sets out a typology of approaches to personalisation, where the user and local community can input into the commissioning of services. In some instances, the individual can procure services for themselves with cash payments or vouchers. In other instances, communities may be allowed to spend a specific budget or allowed to determine the commissioning budget of the local authority.

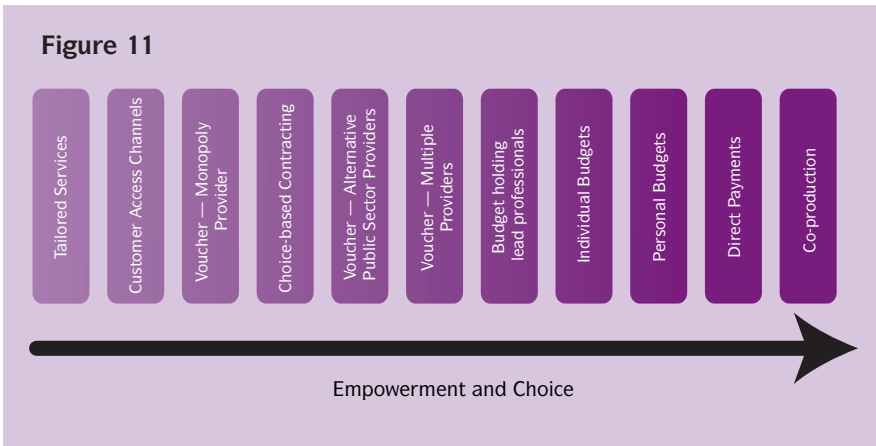
It is likely, however, that in many instances, many of these personalisation models should be brought together through strategic commissioning. Through this approach services can be joined-up around the user and the communities, so that the different public sector agencies, community and business groups can be brought together to meet specific needs in the most efficient manner.

Figure 10 Typologies of personalisation



Individuals

Figure 11



Introduction

The variety of models of personalising services for individuals is almost inexhaustible. Here we illustrate the principal methods by which citizens can be given proper influence and choice over their services.

a) Co-production – individual citizen

Co-production is where the individual and the state cooperate to deliver a service together. Citizens become part each service producer and receiver; the role of professionals is transformed to a similar degree from provider to enabler. As Professor Tony Bovaird has argued, co-production is taking hold because policy making is no longer simply a top-down process, but rather ‘a negotiation among many interacting policy systems’.⁸⁷

At the same time, co-production forces public services to look beyond organisational outcomes to outcomes for citizens. Co-production itself consists of a range of methods: co-planning, co-design, co-managing, co-delivering and co-evaluating. Each approach has the potential to unlock innovation that resides in communities and citizens.

⁸⁷ Tony Bovaird, ‘Beyond Engagement and Participation: User and Community Coproduction of Public Services’ *Public Administration Review*, September/October (2007): 846-60.

Co-production can be a powerful means of mobilising latent potential social capital and enthusiasm. However, where there is limited informal interest, it may be unable to deliver results. At the same time, it is rationed by the capacity not only of state resources but also of the resources, enthusiasm and capability of citizens. Finally, because of its organic reliance on social capital, it may be difficult to scale up and organise into institutional service models.

Case Study

Treehouse and parent involvement in education of autistic children: Developing effective home-school communications

Parents often find that teachers are reluctant to adopt strategies that they know to be effective for their children. However, forward-thinking teachers and schools are now realising that parents are experts in their own children, and welcome the opportunity to learn from parents. For example, one parent introduced the idea of a 'passport' to his son's teacher. The passport is unique and specific to the child's needs and difficulties that relate to his autism, including strategies that are effective in calming him down when he becomes anxious. The teacher has welcomed the use of the passport in the classroom. The difference that this tool has made to his son's classroom experience has been incalculable; the parent now feels that the teacher understands his son's behaviour and autism and is able to appropriately tailor his learning experience.

b) Individual Budgets and Personal Budgets

'Personal Budgets' are funding allocated to a particular service user after an assessment which should be sufficient to meet their assessment needs for a specific service, e.g. social care or health needs. Meanwhile, an 'Individual Budget' is a sum of money created by bringing together a variety of public funds, such as Supporting People, Disabilities Facilities Grant, Independent Living Funds, Access to Work, community equipment, adult social care and health services, and allocated to an individual to allow them control over the way the money is spent. This is akin to public bodies pooling funding to be spent for a common purpose.

These may consist of a number of systems of payment:

- budgets held by the commissioner – or by a ‘Budget Holding Lead Professional’ (as piloted for children and families in Support for Parents: The Best Start for Children);
- budgets managed on the individual’s behalf by a third party;
- and, a cash payment to the individual – a ‘direct payment’, which confers responsibilities on recipients to employ people or commission services for themselves.

As will be seen below, voucher models offer a form of payment in kind to individuals, but with additional restrictions on spending.

Individual budgets have, no doubt, spurred on a greater level of empowerment, liberation and discretion for citizens. Imaginative choices have resulted – from a season ticket to Rochdale FC for a companion, a dog, a holiday abroad, through to membership of a social club instead of going to a day centre.⁸⁸

Under these models, citizens are given greater control of their services, and accountability for commissioning shifts from the council to the individual. Because the imbursement is in cash, there is a greater risk of misspend but also a more significant role for the citizen in determining how to meet their outcome. There has been remarkably little inappropriate spending so far in the process.

Case Study

Individual Budgets in adult social care

Individual Budgets (IBs) feature as part of the plan to transform social care and to give individuals the power to decide the nature of the support services that they receive.

As distinct from personal budgets and self-directed support, IBs seek to merge different funding streams into a single sum so that individuals are not constrained in their choice of service. The IBSEN report analysed a pilot of 13 local authority areas. The evaluation found that individual budgets had particular benefits for mental health users and younger disabled people. Older people, meanwhile, found the system less easy.⁸⁹

⁸⁸ Robin Murray-Niell, Presentation (CSIP)

⁸⁹ IBSEN evaluation report.

IBs cost on average about £280 rather than £300 for standardised services. This represents a saving of 6 to 7%. However, it should also be noted that IBs were delivered alongside mainstream services and therefore these savings likely do not represent the true functional efficiency of this approach.

Case Study

Individual Budgets in West Sussex County Council

West Sussex County Council was involved in the pilots for the initial IBs for severe learning disabilities and subsequently became one of the 13 pilots for the wider roll out of IBs last year. Now, all new care clients are given IBs. These have been received with significantly higher satisfaction among users and some real success stories in empowering individuals. Although financial savings have not been the driver, there have been average savings of 12.5% on large care packages alongside more modest savings on smaller packages.

The future challenge revolves around providing personalised care for all and giving a universal offer to those who have previously been ineligible to receive council care because of the financial limits. This involves significant scaling up of the assessment, advice and information provision services.

Case Study

Welfare Reform in the Netherlands

The Netherlands has radically reformed its welfare system since 1980 in an attempt to reduce the comparatively high number of people receiving benefits, especially disability and incapacity benefit.⁹⁰ Similar to the UK, Sweden brought in ‘activating’ policies which de-standardised the process and stressed the obligation of the jobseeker. This included the privatisation of employment services in 2000. In 2004 decentralisation was increased dramatically as

90 R Van der veen, & W. Trommel, Managed Liberalization of the Dutch Welfare State: A Review and Analysis of the Reform of the Dutch Social Security System, 1985–1998’, *Governance: An International Journal of Policy and Administration*, 12;3 (1999) (pp. 289–310).

municipalities became financially responsible for all social assistance payments, receiving a yearly budget and having responsibility to benefit from any reward or manage any shortfall.⁹¹ In 1998, the 'personal re-integration budget' provided a personal budget to those on disability benefit which could be spent according to a plan, on services which would help them into the labour force.

Evaluations have shown that the services are more 'tailor-made'. In addition, the jobs secured were more diverse, like starting a shop selling healing stones, or working as a drama-therapist.⁹² From 2004, the scheme was introduced state-wide, as the 'Individual Re-integration Agreement' and also offered to people on unemployment benefits. The scheme is now being piloted for social welfare, sheltered employment and recent migrants to organise their way to citizenship.

c) Voucher – multi-provider

Under this model, users choose from a full range of providers – public, private and third sector. There is greater scope for the state to shape the behaviour of individuals and add public value. Vouchers could also take the form of credits, which can be earned through action that contributes positively socially, economically or environmentally. At the same time, restrictions on the terms and conditions of suppliers mean that the state must attune the levels of risk and costs to be acceptable to providers for them to enter the market. However, a fine balance must be struck between stipulating requirements of providers and widening choice and diversity.

Case Study

School Vouchers in Sweden

Sweden radically reformed its education system in the 1990s by introducing a universal voucher scheme in the early 1990s.⁹³ Each

91 Van Berkel (2006) 'The Decentralisation of social assistance in The Netherlands', *International Journal of Sociology and Social Policy* Vol. 26 No. 1/2, (2006), pp. 20-31

92 H. Bosselaar, and R. Prins, 'Personal return to work budgets' for persons with disabilities: demand-based delivery of re-integration services in the Netherlands' *European Journal of Social Security*, Vol. 9: 2, (2007), pp. 111-125

93 A. Böhlmark, M. Lindahl, 'The Impact of School Choice on Pupil Achievement, Segregation and Costs: Swedish Evidence' Institute for the Study of Labor, (2007); Björklund. A., Edin. P, Fredriksson. P, and Krueger. A, (2004) 'Education, equality, and efficiency – An analysis of Swedish school reforms during the 1990s', <http://cep.lse.ac.uk/seminarpapers/06-02-04-BJO.pdf>

child is allocated a voucher to use in any independent or state school; vouchers cannot be topped up and the system works on a first-come, first-served basis, thus reducing 'cream-skimming' of wealthy or bright students. Exposure to competition has encouraged municipal schools to improve their efficiency and performance.⁹⁴ All schooling is therefore free in Sweden, and all schools have to subscribe to the same basic objectives to be approved by the National Agency for Education.⁹⁵ This has accelerated the growth in numbers of private schools; in 1992 there were only around 90 and by 2006/07 the number shot up to 900, educating 10% of 12 to 15 year olds and 17% of 16-18 year olds.⁹⁶

In principle, therefore, parents can choose from all the schools in their region. However, alternative private schools are more limited in some areas. Meanwhile, research points to an increase in segregation resulting from school choice, both ethnically and according to parental education; parents with higher education being more likely to send their children to independent schools.⁹⁷

The strength of the state voucher has also undermined the independence of private schools as they are subject to an increased level of regulation.⁹⁸ And, this very act of regulation could be interpreted as reducing the scope of choice available to parents and pupils.

d) Voucher – alternative public sector providers

Users can choose between a range of public sector providers for a service. This necessarily provides a narrower scope of choice than under an open market and reduces the potential for contestability and competition. The limits to the market may also mean that provider capacity cannot be expanded sufficiently to provide real choice.⁹⁹ However, it may be an option available when there are insufficient non-public providers.

⁹⁴ Sturgess, G L (2008) *Customer Service in the Delivery of Public Services: International Experiences*, Efficiency Unit, Hong Kong, www.eu.gov.hk

⁹⁵ <http://www.skolverket.se/sb/d/353-> The Swedish National Agency for Education

⁹⁶ http://www.kunskapsskolan.co.uk/download/18.13ed45fa118bfee4673800010135/ TES_130608_Swedish+system+will+be+divisive+in+UK,+say+critics.pdf

⁹⁷ Böhlmark, et al. (2007)

⁹⁸ http://www.friskola.se/Om_oss_In_English_DXNI-38495_.aspx- The Swedish Association of Independent Schools

⁹⁹ NLGN, *Making Choices*, pp. 15-18.

e) Voucher – monopoly provider

Often, this may be a voucher only really in name. However, if the voucher can be redeemed in a suitably wide-ranging number of ways, there may be scope for the individual to choose the most appropriate offering from the monopoly provider. Inherently, it suffers from a lack of contestability and, thus, offers little direct incentive for choice to be enhanced, service standards to be improved or efficiencies unearthed. It is preferable to offering no choice at all and has the capacity to drive more joined-up public services. However, it may differ only slightly from Customer Access Channels in the degree of choice offered.

f) Choice-based contracting

Under this system, providers are contracted to a local authority to offer different forms of services and allow users to choose between different providers. This is rarely used, but it has the benefit of expanding capacity and contestability, allows elected members to retain some control, and it reduces risks and costs for providers.¹⁰⁰

g) Customer Access Channels

These channels include: Call centres, customer access points, integrated Customer Relationship Management systems or customer gateways. Their purpose is to open up access of public services, particularly in terms of information provision, and open up the ‘what’, ‘when’ and the ‘where’ access to specific services. By opening up new channels of communication, the citizen is provided with more convenient access to services – whether this be exchanging information by phone, email, through the internet or making transactions.

These methods would be appropriate to almost any type of service, but offer less scope for choice.

Case Study

Vertex and Thurrock Council

Thurrock is located on the north bank of the Thames just outside the Greater London boundary. Thurrock Council received a “weak” rating

¹⁰⁰ NLGN, *Making Choices*, pp. 15-18.

in 2003, prompting the decision to enter into a strategic partnership with Vertex, at the time the largest ever Public Sector Business Process Outsourcing (BPO) contract.

The key objectives of the partnership were to improve the quality of the customers' experience; improve performance and processes; care for the community and staff and improve financial performance.

Establishment of a state-of-the-art multi-channel Contact centre included:

- *the re-engineering of the face to face service;*
- *the roll out of geographical access and mobile working pilots;*
- *business process re-engineering in the Revenues & Benefits service to move this from a 1* to a 4* service in 2006;*
- *and, the introduction of a Customer Relationship Management (CRM) system.*

The outcomes have been beneficial financially and in terms of service provision:

- *90% of customer enquiries are now resolved at first point of contact;*
- *calls answered within 20 seconds improved from 38% to 85%;*
- *abandoned calls have been reduced from 26% to 3.2%;*
- *average time to process benefits claims has been reduced from 98 to 28 days;*
- *and £2.5m procurement savings delivered to date*

Feedback, collated through automated systems in the contact centre indicates 97% citizen satisfaction based on an average response rate of 2,000 residents per month.

Through CRM, a single resident view has been established, with the implementation of a simplified set of generic processes, electronic

integration to 3rd party suppliers and reporting on key stages of the process to track and monitor progress of service provision.

h) Tailored services and segmentation

Local public services still have much to learn from private companies in how they tailor services to the cut of individual clients. There are two forms of tailoring:

- self-tailoring, where the individual is allowed some discretion in shaping non-fundamental elements of their service to suit their specific circumstances;
- state-led tailoring, where the public agency decides on behalf of the citizen what he or she requires as distinct from what his or her neighbour requires.

With more sophisticated information, customer segmentation is a commonsense practice that leads to efficiencies and an improved customer service and experience. The private sector has been using customer segmentation as a matter of course, but the public service has been slow to follow its example. As one private sector interviewee commented, 'If [the council] were a private company we would want information on our clients'.¹⁰¹ Tesco has been a market-leader in accumulating and analysing customer information through its clubcard. In doing so, it can profile the buying habits and aspirations of different geographic and socio-economic communities. Amazon generates new business by cultivating profiles of their customers and potential customers; Google increases the value of advertising to companies by demarcating the audience.

Case Study

West Sussex County Council and musical instruments

*Experian's Mosaic software enables WSCC to segment its population along a myriad of axes. There are 11 main lifestyle groups with a subset of 61 further lifestyle types derived from 400 sets of data from companies and public sources. Therefore, the council has been able to trace and granulate the population on the basis of gender, career, household income, location and type of residence.*¹⁰²

¹⁰¹ Interview.

¹⁰² IDeA, *developing customer insight* (May 2008), p.1.

It has allowed the council to understand the demographic and socio-economic profile of its population and to link this with customer behaviours. Assumptions can be extracted about the behaviour and expectations of different groups of the population. One of its more unusual applications was to understand the take-up of music lessons among those in social housing. This will allow the council to consider ways of reducing inequalities through varying the costs and types of lessons taught.

Equally importantly, customer segmentation has the potential to design services that make interventions sufficiently early to avoid crisis situations. Specific catchments of the population can be captured for social marketing campaigns or for take-up on benefits. In so doing, added public value can be created.

Case Study

Knowsley Borough Council, NHS Knowsley and Roy Castle FagEnds – dramatically increasing smokers quitting

Knowsley Council and NHS Knowsley decided to use social marketing and formed a partnership with Roy Castle FagEnds to tackle the high rates of tobacco smoking in the borough.

More adults smoke in Knowsley (32%) than the national average (25%) with higher rates in some parts of the borough, with half of all adults smoking in some neighbourhoods. Whilst smoking is related to social and income inequalities, Knowsley recognised that with three-quarters of smokers saying they do want to give up, there must be more potential to support them to do so, so invested in understanding the needs of smokers wishing to quit. There is significant potential for addressing inequalities in health if levels of smoking can be addressed, plus long-term financial savings in terms of preventing lung cancer and other diseases and associated treatment costs. Reducing levels of smoking is one of the most cost effective measures for impacting on health.

NHS Knowsley identified £1 million new funding for the programme and commissioned Roy Castle FagEnds to provide community stop smoking services. NHS Knowsley and Knowsley Council retained ownership of the social marketing approach to the programme, investing in understanding the needs, characteristics and aspirations of

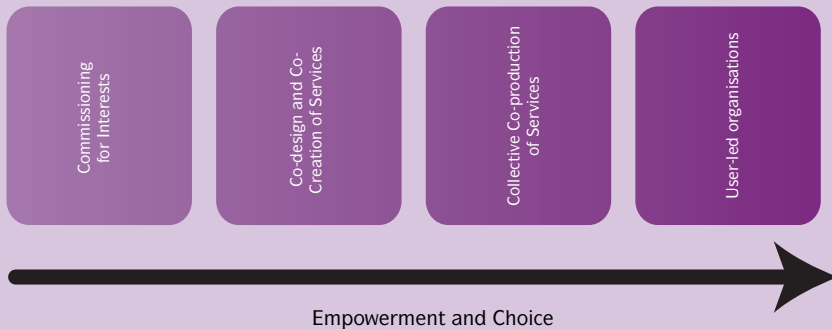
smokers and the barriers to them quitting smoking. This influenced the service model and location of services required plus the branding and promotion of the services, which smokers preferred to not be portrayed as an NHS service, even though funded by the NHS.

Knowing more about smokers has opened up other opportunities for tackling the problem such as through stop smoking services in workplaces, local pharmacists, GP practices and other settings to meet the needs of different customers.

The programme launched in October 2006 and resulted in a significantly increased number of people accessing stop smoking support. In terms of the number of people reached per 100,000, last year Knowsley were first in the region and they were in the top three in the country.

Communities of interest

Figure 12



Introduction

To personalise a service for those with learning difficulties without consulting and/or involving users and/or parents in the design of the service is no longer a plausible option. The same might be said of other communities of interest: those with mental health problems, the visually impaired, older people who live alone. In fact, communities of interest possess powerful layers of latent

social capital that can be harnessed to deliver an appropriate and efficient service. Shared interest, inherently, means that such communities of people can define and shape their services in a common way.

Commissioning services for a specific community of interest also opens potential for exploiting advocates and provision from the Community and Voluntary Sector, because many of these organisations possess ambitions and goals that are defined in terms of assisting a specific community of interest.

User-led organisations

User-led organisations can be defined as those where the people to whom the organisation provides a service also manage the business and where there is clear accountability to members and / or service users. Existing organisations help disabled people understand their rights, using the principles of a social model of disability, which is based on the notion that it is not the impairment that prevents disabled people developing, but rather society's failure to take account of their diverse needs. Once they become aware of these barriers preventing equality, they are subsequently able to remove them. In 2007, a User-led Organisations Development Fund was developed by the Department of Health for user-led organisations to apply to deliver Action and Learning sites up to March 2009. A second round has since been made available, and both are driven by an emphasis on locally created solutions to common concerns and problems, with an aim to promote independent living.

Case Study

Essex Coalition of Disabled People

The Essex Coalition of Disabled People (ECDP) is a user-led organisation that has operated since 1995, and provides a wide range of services to disabled people in Essex. It has been informed by pooled creativity and the 'lived experience'. It also acts as a voice of disabled people at both local and county-wide levels. ECDP applied for Department of Health funding to help develop other user-led organisations, and is working with the Cambridgeshire ULO Project, sharing its expertise, knowledge and experience of setting up a user-led organisation.

Collective Co-production

Inherently, communities of interest share ambitions and goals. This common purpose can be harnessed to empower individuals to provide a service themselves. In some instances, as in Southwark Circle (see below), the solution may lie within the capacity and capability of the same individuals.

Examples of co-production by ‘communities of interest’

- Neighbourhood Watch
- Patients with chronic diseases managing their own conditions
- Parents contributing to the design of their children’s education and influencing their learning experience
- Time-banking

Co-production raises public service provision out of the simple market economy, because users and fellow citizens are part of the solution themselves. It involves the use of state encouragement to citizens to contribute to their own service solutions. It therefore creates additional added public value and harnesses and drives social enterprise. Because co-production is based on a social experience, it remains difficult to broaden out. The successes of co-production have stemmed from organic, grassroots’ social enterprises such as Neighbourhood Watch and Student Voice, where existing formal or state arrangements have failed to provide adequate responses. This makes it particularly appropriate to local policy making. On the other hand, co-production retains an element of unpredictability: policy-makers remain unconvinced of its suitability for up-scaling and indeed its sustainability, mandating more considerable commitments from citizens in time, money and effort.

There are considerable potential savings in introducing the co-production model into some public services (perhaps as much as 10%).¹⁰³ However, by blurring the line of responsibility between state and citizen, and between public services and social enterprise, the state may find itself accountable for a wider range of services and therefore incur additional costs.

103 CPSP, *What next for co-production of services* (draft 2008).

Commissioning for Interests

It is possible to commission services for any group of individuals who share a common need or interest. It is most applicable to sections of the community who are particularly vulnerable, have high needs or may not have their voice heard adequately through other mechanisms. Possible impediments to commissioning services in such a way are that they do not necessarily tally well with central grant structures. For instance, a recent Audit Commission report has argued that the multiple funding streams (which can be traced across seven departments) should be pooled and aligned so that youth workers are not distracted from their core commissioning and engagement duties. However, when it is got right, young people can be involved throughout in generating ideas for services and in supporting these services.¹⁰⁴ The same can be true for those with learning disabilities or other vulnerable or hard to reach catchments.

Co-design and co-creation of services

If services are to properly reflect the needs and aspirations of communities and utilise the potential of social capital, users must be involved intimately in the design and creation of services.

Case Study

Southwark Circle

Participle began work in September 2007 on a project to design new services that will improve quality of life and well-being of older people. The project was undertaken through a unique public-private partnership with Southwark Council, Sky and the Department for Work & Pensions.

The project itself set very broad goals and the service was designed in four stages:

- 1. Releasing knowledge and ideas*
- 2. User research – including generating ideas, putting users in different contexts, with a focus on creating a rich ‘third age’ and increasing aspirations.*

104 Audit Commission, *Tired of Hanging Around*, p. 48, 72.

3. *Prototyping:*
 - a. *'Paper Prototyping' - understanding what tools would enable people to see what is available in the local market; understanding how a social market could be stimulated.*
 - b. *'Experience Prototyping' – sessions with people and seeing how they interacted under different circumstances.*
4. *The experience prototype was run and insights were incorporated into the next stage.*
5. *Business planning - development of a robust business case and further testing of business model through a larger beta version of social enterprise.*

This co-design of services unearthed the fact that this service could be co-created by harnessing the potential of the network of members. The types of service needed revolved around 'on demand' practical help. Some assistance is episodic, like changing a lightbulb or wanting to learn how to text message. Others are more regular, i.e. monthly or seasonally – such as turning a mattress or sharing rides to social activities.

On the back of this co-design of services, a social enterprise was built and structured as a membership organisation that offers:

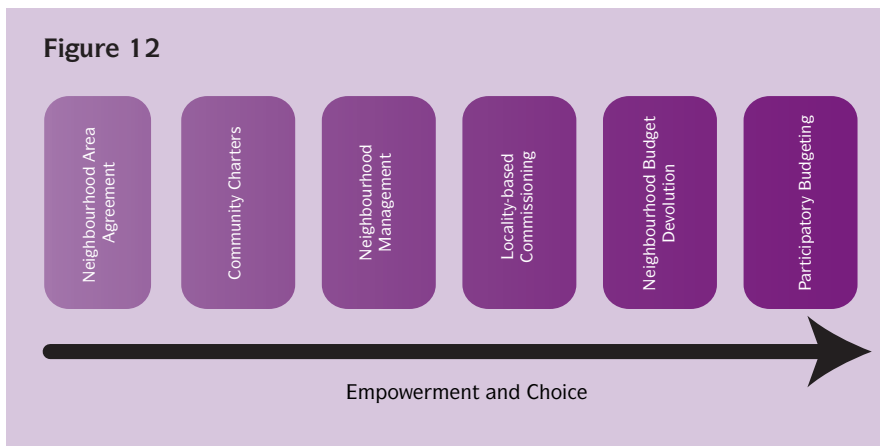
- *'On Demand' help with life's practical matters through Neighbourhood Helpers.*
- *Meetups and other opportunities to meet like-minded people and build relationships in the community.*
- *Reliable recommendations from other members for plumbers, electricians, cleaners, carers and more.*
- *Expert advice and information on a range of practical issues, from personal finance to technology.*
- *Opportunities to put experience to good use and help others.*

Southwark Circle has secured seed investment and has begun to operate in two neighbourhoods in the borough. It will launch borough wide in Q2 2009. For more information please contact info@southwarkcircle.org.uk.

h) Co-assessment of needs

Co-assessment of needs involves user input into understanding their needs of specific public services or public services more generally. A common example is in education, where individuals can contribute their own thoughts on what would help them most. By giving students a voice and some authority in determining their needs and their service pathways, personalisation can result in more flexibility and individually-tailored services. In turn, it involves a greater inclusiveness, a culture of ‘wanting to learn’. At the same time, specialised diplomas and modular qualifications must align with the Skills Strategy and correlate to the needs of employers.¹⁰⁵

Neighbourhood devolution



Introduction

Collective choice has played a fundamental, though often unheralded, role in shaping local public services over the previous decade – through Park Trusts, Business Improvement Districts and Housing Stock Transfers. Collective choices suit services relating to public space or that might require considerable strategic planning and co-ordination (i.e. environmental services).

As discussed earlier, there may be inherent advantages in personalising services through geographic communities rather than simply individuals. Collective choice

¹⁰⁵ DfES, *Personalised Further Education: Developing a Vision* (2006).

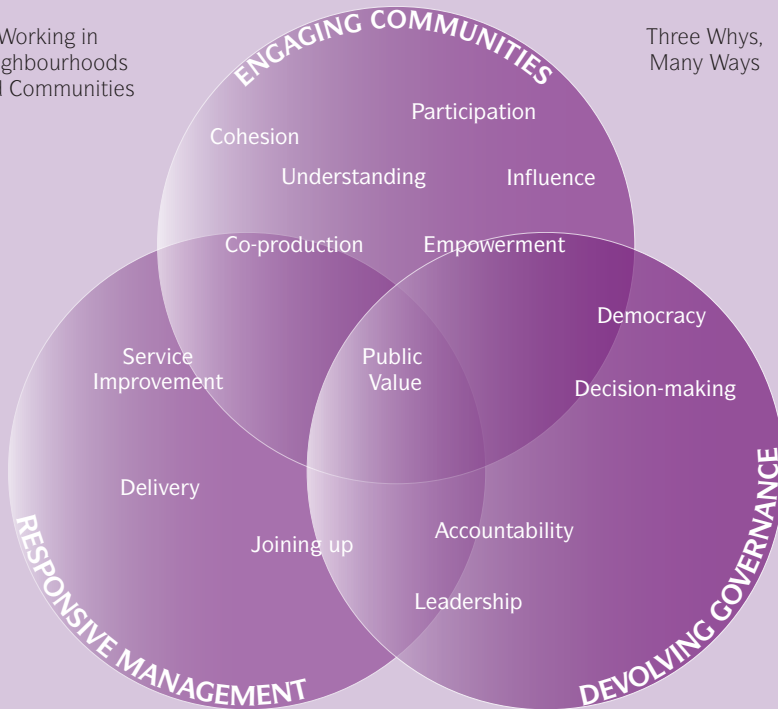
may also offer economies of scale to providers.¹⁰⁶ Existing literature details a range of benefits that can accrue from neighbourhood working. Community goals are likely to have a more significant impact on democratic vibrancy, on cohesion, social capital, equity of participation and revised economies of scale.¹⁰⁷

Research by the IDEa, LGA and Young Foundation has set out three overarching rationales for devolving services to neighbourhoods: responsive management, engaging communities and devolving governance.

Figure 13

Working in
Neighbourhoods
and Communities

Three Whys,
Many Ways



Source: Young Foundation (2006)

But, devolving decision-making and delivery down to the neighbourhood level is not without its specific problems:

¹⁰⁶ NLGN, *Making Choices*, p. 43.

¹⁰⁷ Young Foundation, *How Local Government Devolves, and Why, Part I* (2006), p. 18

- it can reproduce existing inequalities between neighbourhoods;
- if institutionalised, it can bring additional bureaucracy.

These dangers must be guarded against in the service design and local authorities should play a key role in ensuring that resources are allocated sensitively and that delegated functions do not add to bureaucracy.

Perhaps the most fundamental challenge is to identify 'neighbourhoods' as top-down geographies may reduce community capital. Birmingham City Council, which has been one of the leading authorities in terms of devolving functions from its central core, went through a process of asking residents where they thought they lived. The Council was thus able to identify 'natural neighbourhoods' with which citizens identified.¹⁰⁸

Participatory Budgeting

Compared to examples from Latin America (Brazil), Europe (Spain) and India (Kerala), participatory budgeting is in its infancy in Britain. Nevertheless, significant strides have been made in recent years. Through its national strategy, CLG has set out underlying principles and standards for participatory budgeting in Britain.¹⁰⁹ These have argued that introducing participatory budgeting techniques in localities can generate important lessons and experiences for how local authorities can seek to meet the requirements of the 'Duty to Involve'.

Participatory budgeting can function at a number of tiers. When carried out effectively, there are intrinsic links between the commissioning of services or allocation of budgets at a devolved level and the expenditure of higher-level /mainstream budgets at a corporate level. These links may or may not be formal or legal. International experience emphasises the potential for bottom-up and organic evolution of participatory budgeting and the fact that citizens can not only participate in decisions on their local budgets but also on wider mainstream budgets.

108 Interviews.

109 PB Unit, *Participatory Budgeting: values, principles and standards* (September 2008); CLG, *Participatory Budgeting: a national strategy: giving more people a say in local spending* (September 2008).

Case Study

Participatory Budgeting in Brazil and Spain

Brazil – Porto Alegre

Porto Alegre is the capital of the state of Rio Grande du Sul in Brazil and counts some 1.3 million inhabitants. PB was launched in the 1980s and institutionalised in Porto Alegre in 1989. The city has since been divided into sixteen administrative regions. Within each region a Regional Plenary assembly meets twice a year. City executives and administrators, representatives of neighbourhood associations and any inhabitants can participate, but only residents can vote. Participants review and decide on the budget, elect delegates and hold regular meetings.¹¹⁰

The PB and its institutional framework have no formal legal recognition, but politically, because the executive's proposal is sanctioned by the citizens and community organisations that participate in the assemblies, the legislative has little choice but to approve it. In 1994 five "thematic assemblies", mirroring the district process, were introduced.

Research has shown that the participatory budget system has furthered mobilisation and promoted the emergence of local participatory groups that in the process also learnt to collaborate with other neighbourhoods to pursue broader goals.¹¹¹

Spain – Córdoba

With a population size of just over 300,000, Córdoba has three levels of participation (neighbourhood, district and city) and criteria are set for the ranking of residents' proposals on social issues. At neighbourhood and district level, citizens and the Neighbourhood Associations determine the investments and the criteria for ranking proposals. Although initially the scope of the PB was limited to investments at neighbourhood level, in time

¹¹⁰ L. Avritzer, 'Civil Society, Public Space and Local Power: a study of the Participatory Budget in Belo Horizonte and Porto Alegre', *Ford Foundation Civil Society and Governance Project*, Amsterdam Conference, 24 September 2000; G. Baiocchi, "Participation, Activism and Politics": The Porto Alegre Experiment and Deliberative Democratic Theory', *Politics & Society*, 29(1): 43-72 (2001).

¹¹¹ R. Abers, 'From Clientelism to Cooperation: Local Government, Participatory Policy and Civic Organizing in Porto Alegre, Brazil' *Politics & Society*, 26(4) (1998), 511-537.

new areas, such as planning, have been incorporated into the PB.¹¹² Since 2005 a children model of the PB has also been introduced, whereby 8 to 12 year olds prepare their proposals, which will subsequently be integrated into the neighbourhood plan.

Neighbourhood Budget Devolution

Any size of budget can be devolved to individual neighbourhoods to decide on and / or commission services. Typically, the geography of the neighbourhood relates to an electoral ward, which allows for the design of a democratic thread to the central local authority. In Britain, budgets so far have been relatively small and have had little impact on wider budgetary deliberations, but even these have delivered significant impacts on levels of empowerment. More substantial budgets and more major decisions should be devolved to neighbourhoods.

Case Study

Westminster City Council's Neighbourhood Budget Devolution

Westminster embarked on budget devolution when surveys indicated that Westminster residents wanted to be more involved in decisions made in their local area. Neighbourhood budgets were seen as a route to empower ward councillors and to gain a better understanding of community needs. Each ward now has a budget of £100,000 delegated from the general fund. Proposals are generated, taken forward by ward Members; before being signed off by the Cabinet Member responsible and finance and legal services.

Neighbourhoods are provided with a list of potential services to purchase, but they can generate their own ideas as well. Radically different ideas and priorities have come forward from the varying neighbourhoods. Extra services commissioned include: a business improvement district; additional policing for anti-social behaviour; a DJ stage; a gardening project; outreach initiatives to reduce loneliness among older people; and new toilet facilities.

112 E.F. Ganuza, 'Cordoba' in Y. Sintome et al (eds), *Participatory Budgets in a European Comparative Approach* (University of Berlin, 2005), 515-530 and 575-577

The scheme has resulted in an increase of 6% (from 41% to 47%) of those in the community who feel that they can influence council policy; there has been an increase of 50% in citizen involvement in area forums (groups of wards).¹¹³

Locality-based commissioning

Neighbourhood-based commissioning can operate either through devolved functions or through practice-based commissioning. It serves to personalise the commissioning function by driving locality-based needs assessments and allowing for more tailored early intervention. Practice-based commissioning is just one example.

Case Study

Commissioning Children's Services in Cumbria

Cumbria County Council defines commissioning as: '[involving] the process of assessing needs, allocating resources, defining priorities and choices and determining how they are best delivered, monitored and evaluated.' The key priority in the Children's Plan is the shift to 'early and earlier intervention' and this has involved devolving some commissioning functions to local delivery platforms.¹¹⁴

Commissioning operates across three tiers at the service level:

- Universal or mainstream services
- Targeted Services
- Specialist Services

The commissioning framework has been redesigned to fulfil these purposes. This involves decommissioning old models of services and developing the next generation of services. Teams have been created in the localities, which drive commissioning in their areas and carry out locality-based needs analysis. These commissioners are also responsible for responding to communities of interest, such as children with disabilities.

113 LCLG, *Neighbourhood Power: devolution with a difference* (LGA, 2008)

114 Cumbria CC, *Children's and Young People's Plan 2007-10*.

The commissioning strategy in Cumbria has been developed on the principle that the Children and Young People's Plan and Commissioning Trust are linked via a 'Golden thread' to the Council plan. Locality Planning Groups, in turn, mirror the Children's Trust Board, including Head Teachers and children's centres managers. A resource allocation model gives various weightings on the basis of disadvantage, number of children and a rural premium.

Neighbourhood Management

The Neighbourhood Management (NM) Pathfinders have seen resident's satisfaction rise significantly higher than in comparator areas in terms of residents' satisfaction with their area as a place to live, belief that their area has improved in the last three years and feel that they can influence decisions by local organisations that affect their area.¹¹⁵ NM works through assigning a local neighbourhood manager and the establishment of ongoing community engagement by establishing a recognisable physical presence in the local neighbourhood. Because of their genesis as part of central government's response to deprived areas, they have traditionally focussed on environmental issues such as 'crime and grime'. However, NM projects are now being used to drive the worklessness agenda with door-to-door advice and linked services.¹¹⁶

Case Study

Case Study Reach Out: Tranmere Alliance¹¹⁷

Targeted at most deprived wards in Wirral the Reach Out project is an employment scheme that offers free, confidential advice and guidance to people's doorstep. Run by the Tranmere Alliance, a local community organisation, the project is jointly funded by Wirral council and Wirral local strategic partnership.

The project now employs twelve guidance workers and covers five wards. Knocking on people's doors, workers simply ask residents

115 CLG, *Neighbourhood Management Pathfinders: Final Evaluation Report People, Places, Public Services: Making the Connections* (July 2008), p. 7.

116 Interview.

117 Information from Neighbourhood Management Network.

about their experiences of the community and if there is anything they want assistance with. Issues addressed so far range from job seekers allowance to child care problems, from housing maintenance to inabilities with completing a job application or writing a CV. While a whole range of social and welfare problems are addressed through the project, the overall aim is to tackle unemployment and local worklessness.

The project has managed to get 501 local residents into training and 249 individuals that had been long-term unemployed back into work. By supporting individuals back into work the number of local residents claiming job seekers decreased by 111 which equated to a saving of £663,114. The number of people claiming incapacity benefit was reduced by 19, equalling £127,242.

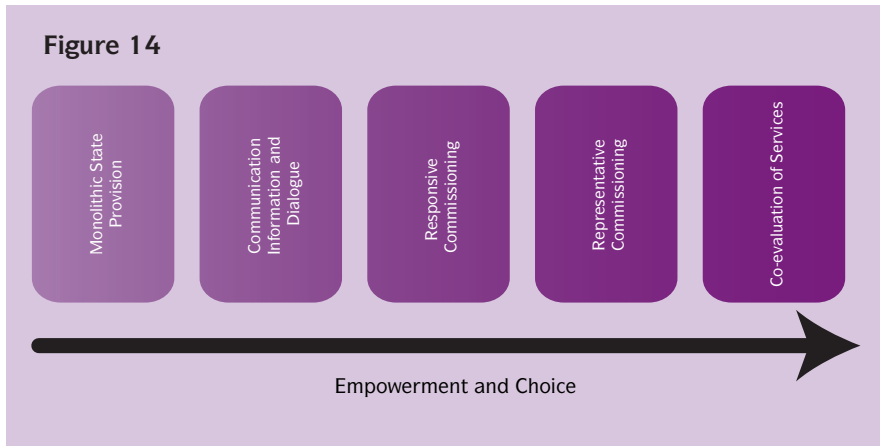
Community Charters

The concept of Community Charters was introduced by CLG. Community Charters place a particular emphasis on the bringing together of local resident and business contributions to help deliver the desired goals. They have the potential to develop, therefore, into co-productive techniques, where residents may themselves contribute to effective delivery for instance, by recycling, putting litter away, involving themselves in community safety, or volunteering to work in a community centre. In return, the council may agree to fund additional bins or recycling pick-ups, a community safety board or village hall. So far, such methods have only achieved marginally against their potential.

Neighbourhood Agreements

Neighbourhood Agreements are one of the less developed elements of neighbourhood commissioning. They involve an agreement between a local authority and a neighbourhood on priorities and targets that the local state has for service standards, local priorities, access arrangements and other aspects of local services. They represent one method of conveying strategic Local Area Agreement priorities to residents. ¹¹⁸

Universal commissioning



Introduction

Under any system of devolved decision-making, there is likely to be an element of universal offer. Under Individual Budgets in Adult Social Care, this relates to provision of information on providers and the right to an assessment of needs. A number of services are inappropriate to devolve – such as the planning and construction of a trunk road or strategic planning.

Equally, under any system of personalisation, there remain checks and balances to ensure that minimum standards are retained

Co-evaluation of services

The imminent Comprehensive Area Assessment offers new opportunities for integrating citizens into the evaluation of services. This offers real potential ensuring that services can be redesigned if necessary to deliver improvement.

Case Study

Westminster City Council's model of co-evaluating services

With the advent of the Comprehensive Area Assessment, Westminster Council has been developing a model for involving service users, neighbourhoods and partners in monitoring and evaluating services.

*This 'Whole Systems Approach' builds on the joint data and shared intelligence arrangements put in place with partners. This allows for a sophisticated incorporation of customer views on service outcomes and customer satisfaction to feed into the evaluation process.*¹¹⁹

Representative commissioning: Citizen juries

Citizens' juries were first developed in the USA and Germany, out of a perceived need to give ordinary citizens a stronger role in democratic decision-making. They are based on the principle that once a small sample of the population has heard evidence, their deliberations can fairly represent the perspectives of the wider community. Typically, a panel of between 12 and 20 non-specialists will meet for between 30 and 50 hours, and listen to witnesses from all sides.

A number of local authorities in England, have piloted such techniques. Blackburn Citizens' Jury was set up in 2004, and, with the help of an oversight panel ensuring rigour, 20 jurors (including under-represented groups) were selected to pick the issue most affecting the quality of life in Blackburn, and produce recommendations on how to move forward. The role of police in tackling underage abuse of drugs and alcohol was chosen.¹²⁰

Responsive Commissioning

Responsive commissioning involves over-arching needs assessment, defining goals, preparing the market, commissioning sustainably, through to an evaluation of the commissioned service and review of the commissioning arrangement.

Communication, information and dialogue

When designed and conveyed properly, information provision and communication can offer different access opportunities for citizens and allow them to make informed choices on the wide range of local services delivered.

¹¹⁹ NLGN, *Managing Delivery*, p. 42.

¹²⁰ Community Involvement, 'Citizens' Juries' http://www.communityinvolvement.org.uk/new_page_7.htm

Case Study

West Sussex County Council: Service Transformation and ‘With You, For You’

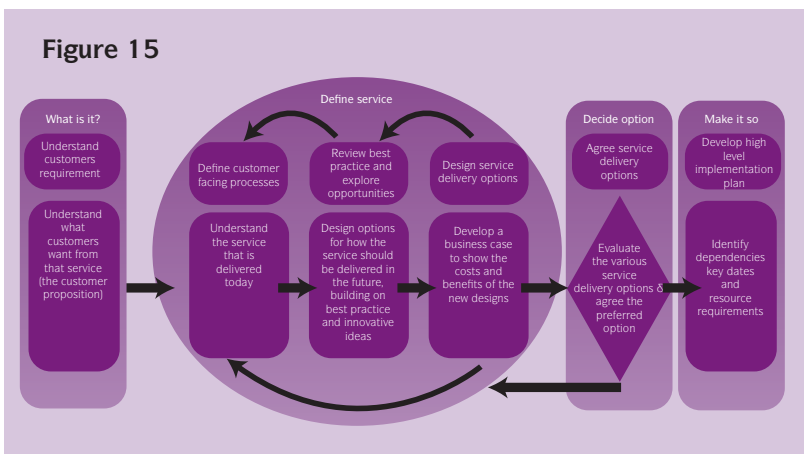
WSCC has initiated a programme to reconfigure the council’s services to put the citizen at the heart of services.

The Council is undertaking an ambitious service transformation of its organisation. The council is ‘re-thinking the way that WSCC has traditionally done things’ The potential exists to exploit savings through re-engineering the interface between the citizen and the state to re-invest in high dependency clients. This would result in a more proportionate use of public money.

As part of this, any new policy or part of the organisation involved in Business Change has to be supported with a Customer-Focused Appraisal (CAF). CAFs have to demonstrate consideration as to the customer groups that will be impacted by the policy and provide evidence of what customers think about this policy. Information to support CAFs can be derived from contact centre data, community profiling, consultation or other techniques.

Additional scrutiny layers are being introduced to ensure that customer opinions are properly factored into decision-making.

Figure 15



The new organisational structure represents a new emphasis on the customer. The four divisions are now separated into Adults and Children, Business Services, Policy and Performance and 'Customers and Communities'.

Monolithic State Provision

There should be no service decision made without a level of interaction between the local state and the citizen.

PART III

8 *Understanding the potential for personalisation*

This chapter takes lessons from Chapter 5 around the limitations and parameters to personalisation and incorporates these with the commissioning models set out in Chapter 6’s typology.

The arguments set out in Chapter 5 led to five influencing factors being defined that helped us understand the process of personalisation. These influencing factors can then be applied to the dual spectrums of personalisation to demonstrate the potential for re-designing specific services.

Barometer of personal influence

As has been argued, many of these commissioning strands will function alongside and in conjunction with each other and joined up through the strategic commissioning process. However, by scoring specific service areas or aspects of service against these questions, the potential depth and tier of personalisation can be understood.

Figure 16 Barometer of personal influence

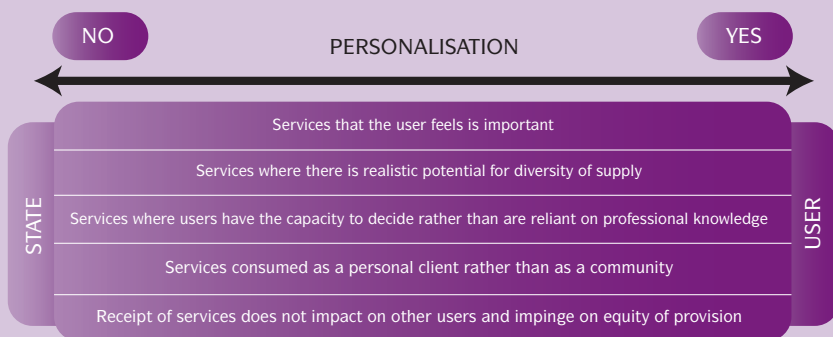


Figure 17 Defining the potential for personalised service models

This diagram sets out the 'influencing factors' as a series of questions. These can be asked to help give an indication of the options open to local policy makers. These would need to be tailored to local circumstances and made relevant to specific challenges and priorities on the ground and incorporated through strategic commissioning.

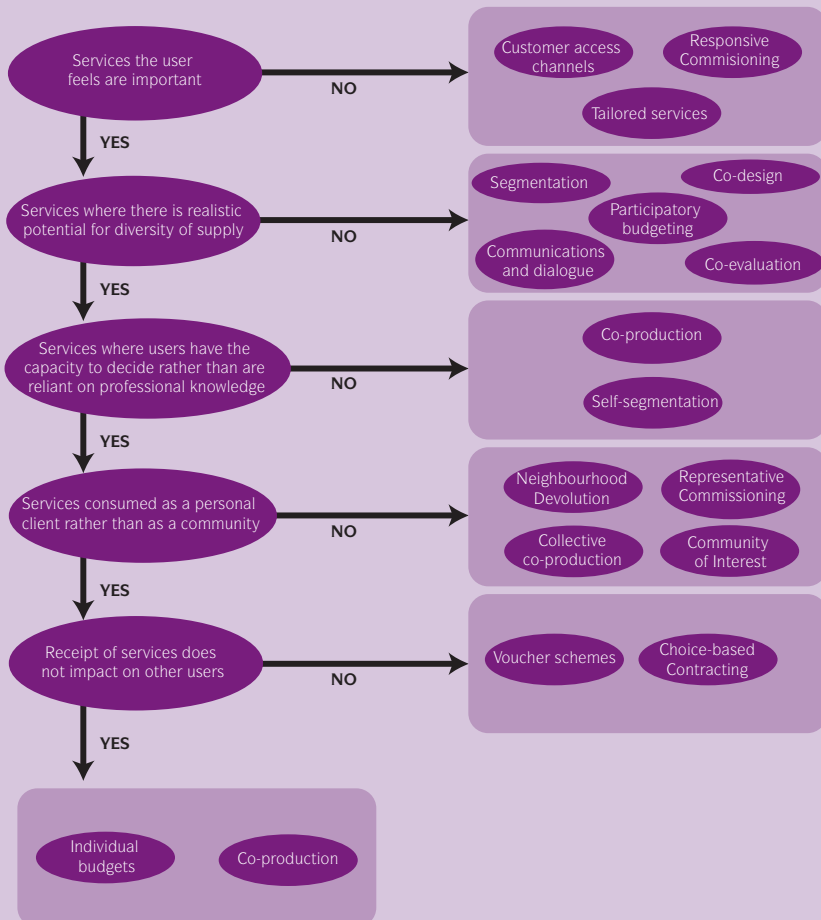
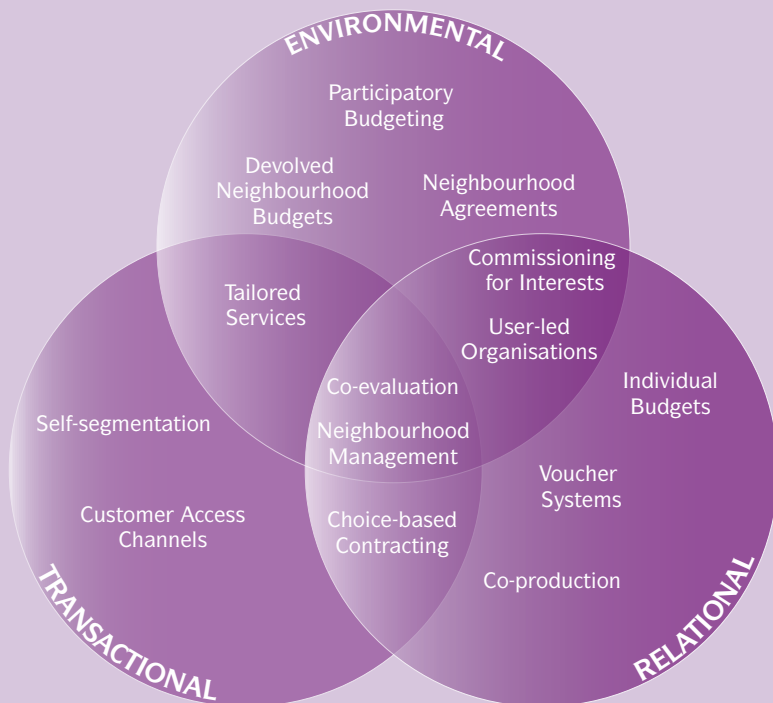


Figure 18 Relational, transactional and environmental services and appropriate service models

The diagram below gives a snapshot of the applicability and suitability of personalisation models in terms of the type of service.



9 *Scenarios for future personalisation*

Drawing on our multi-dimensional typology set out earlier and learning from the model for assessing potential for personalisation above, we can translate these messages to predict how a new generation of personalised services might look.

Below we set out a number of future service scenarios that we suggest could be introduced by councils in the coming years. These, of course, would need to be tailored to local circumstances and made relevant to specific challenges and priorities on the ground.

1. **Individuals**

Co-production: time-banking for back-to-work

Time-banking systems should be introduced and facilitated by councils so that those out of work can get something back from unpaid work. Work they carry out for voluntary or community activities or for other members of the time-banking group could be rewarded in turn with help in tuition, skills from other time-bank members. This would offer a more powerful incentive than being forced to carry out community projects in order to earn an entitlement to benefits.

Individual Vouchers for ex-offenders

Ex-offenders through the discharge grant are currently given a very small sum of money when they come out of prison. There is evidence that, as a consequence, many turn straight to crime. Giving released ex-offenders a series of vouchers, rather than cash, could strike a more appropriate degree of 'choice' and channel post-release behaviour in a more productive manner. It would be more sensible to structure the release grant in ways that definitively aid integration back into society, which in turn might help reduce re-offending and save money in the longer-term. The council and criminal justice agencies could arrange for these vouchers to be spent at a range of appropriate outlets. Ex-offenders could spend these vouchers on preparation for a job interview, accommodation while they find somewhere to live, clothes for work or skills modules.

Shaping behaviour: Leisure vouchers / credits

A number of local authorities offer free swimming to young people. However, choice is still lacking from leisure and recreation services. In 2006 the Government looked into providing youngsters with between £12 and £25 worth of leisure vouchers to be spent. Research has demonstrated that engagement in sport and leisure activities can have positive impact on outcomes later on in life, including anti-social behaviour and less likelihood of depression. The Government dropped this scheme due to the expense of creating smart cards. However, under the assumption that individuals will have entitlement cards to access local public services, this system for incentivising young people to live healthy, social and active lives has significant potential. Discretion for the range of services should reside at the local level, but it could include music tuition and services (such as hiring recording studios, leisure centres, libraries).

Local authorities should establish more flexible voucher systems: leisure/health vouchers for all teenagers to access a broader range of locally provided services.

By developing a more nuanced leisure market, the client would be presented with a better offer.

Vouchers: Incentivising healthy behaviour: living credits/ individual health contracts

There have been a number of attempts to develop systems for incentives for specific services. In the UK these have involved the Connexions Card through which young people (16-19) were encouraged to remain in education and can build up points on their cards, which can then be redeemed to help pay for public transport and learning resources.

Such concepts could be broadened out to other service areas. Health services may be appropriate for consideration. Following the example of health insurance companies that offer reduced premiums for those accessing gym facilities regularly, could there be scope for the local public sector to incentivise individuals with credits in exchange for participation in healthy lifestyle activities? These could allow either cheaper or free access to other leisure services or a contribution in lieu of payments into any new National Fund for Elderly Social Care. There are strong arguments for encouraging behaviour which prevents ailment and reduces health service costs in the longer run. However, while these options need exploring, great care is needed

to avoid circumstances where individuals are punished because of their ill-health or personal circumstances. Recent debates in the USA highlight the controversies involved where 'rewards' for healthy living can be construed as social engineering or even withholding health provision from those who do not fit a predetermined set of circumstances. This area of policy needs particularly careful attention.

Choice-based contracting in dentistry

Dental patients continue to struggle to find NHS practices with capacity to take them. This limits choice and creates inconvenience for the customer and insufficient supply to meet demand. The government should give patients a right to demand NHS treatment in their PCT. Contractual arrangements appear to force suppliers to either open their book entirely to NHS patients or exclude them completely. Instead, a more nuanced commissioning framework could involve private dentists in part-time NHS work. This could be facilitated by making NHS-trained dentists practice a proportion – perhaps 50% - of their surgery under NHS terms.

Customer Access Channels: Local Service Credit Cards

Just as the Tesco Clubcard and Sainsbury Nectar Cards are part of the vocabulary of modern retail, so too local public services could develop a more interactive relationship with their clients. Personal swipe cards could be involved at the point of access to a wide range of local services. This would have three principal benefits:

- It would allow the council to understand what, when, where and how services were being accessed and manage supply. In turn, additional services could be targeted at individuals.
- It would be more convenient for the individual.
- Councils could provide top-ups, rewards and credits for certain types of service.

Customer Access: National Oyster Card System

Single Nationwide Public Transport Credits: oyster card facilities are only now being linked to London overground rail services. Yet across the country

there are anomalies galore where boundaries between passenger transport authorities and non-authority areas - or between rail and bus franchises - make the process of paying a fare complex and slow. A programme to use technology to harmonise payment services would promote efficiencies and convenience and could be rolled out nationwide.

Dialogue and Tailoring: Self-segmentation

Data and privacy are often pitched at either side of the battlefield. A number of highly-publicised episodes of data mishandling or loss has resulted in further loss of public confidence. Yet, there is potential to offer choice in many areas for citizens to segment themselves and for the state to gather mandatory data on a narrower data set. Sixty-two percent of the population are ready to provide details to a company if it means they will provide a better service.¹²¹ The website mydex.org offers a model for how personalisation could be institutionalised. Mydex itself acts as a social enterprise model. Citizens would then be allowed to volunteer information on themselves to selected organisations in return for better services. Councils could adopt these principles and act as a hub of volunteered information that could be used to target resources better and respond quicker to emerging needs.

Customer Access Channels: 'Local Public Service Portals'

Lessons should be learnt from the New Zealand model of accessing a joined-up government. Councils should head up online portals that integrate the local public service offering to the individual. The citizen could have their own profile and check their status on tax, benefits and service entitlement. In turn, they could receive messages and alerts relating to a variety of duties they had to fulfil including filing tax returns, paying council tax, dates for specific types of cultural events.

Customer Access Channels: PAYE Council Tax Payment Facility

Currently, the administrative costs of collecting council tax are a significant financial burden to local authorities. However, many homeowners could be offered an easier option to pay if they would prefer an alternative to direct debit, by allowing the Inland Revenue to deduct from payroll source as with

121 HLCHV presentation 2008.

income tax. This would be more convenient for the individual and could only result in less evasion of council tax payment.

Communication: Interactive data messaging and real-time information

Lessons should be learnt from Transport for London's integrated information system. If citizens sign on and register their daily travel route, transport providers should send them with free up-to-date information on any personalised routes that they have chosen. As congestion mapping develops further, this would enable local transport authorities to provide information on problem routes and manage congestion with its attendant costs on the environment and the local economy. Moreover, routine commuters could be rewarded for their loyalty to public transport.

Access-Any-GP service

Under ongoing reviews of policy, patients are being given the right to choose their GP and their hospital. However, this choice remains limited as the working population can still not easily access GP surgeries near their place of work. With the introduction of electronic patient records there is no need for individuals to be forced to register with one GP - healthcare advice should fit around the patient and not solely at the convenience of the practitioner. If people commuting to work were able to access GP services during the day rather than taking time off work to get to their local facility, it would transform the convenience for many and help with economic productivity at large.

2. Neighbourhood devolution

Exploiting community peer pressure: neighbourhood recycling

NLGN has previously argued for streets to be rewarded for their achievement against recycling targets. The cost saved against landfill above a datum line should be assigned to local communities to commission any services of their choice which contribute to their local environment. Additional services that could be procured may include planting of trees, hiring a gardener or warden or – for very enthusiastic neighbourhoods – investing in extra recycling facilities.

Devolved budgeting: Street level devolution of funding

Parishes or streets in urban areas could be allocated revenue streams such as a percentage of car parking charges and fines, environmental fines (such as dog fouling) and infrastructure charges from utility companies. These funds could then be used to commission road safety, decisions on street lighting, speed reduction measures or road improvements from the council and other providers. This would have the benefit of providing compensation for the inconvenience of having parking restrictions in specific areas and encourage self-policing.

Locality-based delivery: Health drop-in centres

Some leading councils are already making use of pharmacies to disseminate information on health. NHS Direct seeks to ensure that simple health problems are resolved over the phone. NHS drop-in centres should be broadened out so that individuals do not have to get unnecessary appointments at the doctors. This would save time for highly paid and skilled professionals and allow more convenient access for users.

3. Communities of Interest

There remains significant untapped potential in all local areas among communities of interest. Councils should consider devolving commissioning responsibilities and budgets to these groups, which should include: young people, older people, those with learning disabilities and the visually impaired.

4. Strategic Commissioning and universal services**Communication: making land registry information available**

The public sector holds a vast range of information of use to the public they serve. Too often this information is difficult and / or costly to track down. Local authorities could start by providing online and electronic access to land registry information to those seeking to buy properties. This would result in quicker provision of the relevant information, reduce the costs for prospective buyers and speed up the process of buying property.

10 *Mapping commissioning*

This chapter provides a pictorial illustration of how devolved commissioning strands function alongside, and complement, each other.

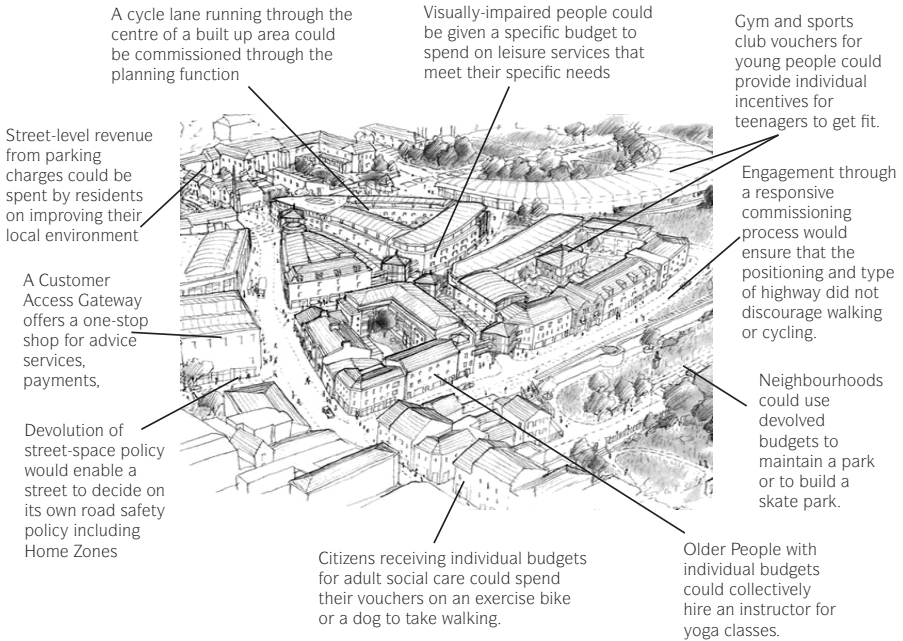
In any context, the role of overarching Strategic Commissioning should ensure that these various models are integrated. As argued earlier, Strategic Commissioning should offer the framework for identifying the potential for personalisation across the spectrum of local services. It is at the strategic level, where the needs of individuals, neighbourhoods, communities and place can be defined and understood. These desired outcomes once defined should then inform the commissioning strategies employed, which are likely to be multiple.

At the same time, it is through Strategic Commissioning that contributions from different providers and funding opportunities can be arranged and pulled together – this may be across housing, social care, health, worklessness, criminal justice, leisure and other service arms.

The illustration merely provides a snapshot of the many commissioning threads that may function at any one time in relation to just one particular service (here, leisure services). In different service areas, at different times in different places, there will be the need to ‘mix and match’ different commissioning models that best meet the needs of local residents, the potential of local markets and the scope for social capital. It demonstrates the need for local Strategic Commissioning to provide joined-up solutions that deliver outcomes for individuals and communities.

The illustration on the page opposite sets out how a myriad of commissioning strands could combine to deliver better outcomes for leisure and well-being at the local level.

Figure 19 Multifaceted Commissioning



PART IV

11 *How does the public sector need to function to personalise services?*

Introduction

It is apparent that different models of commissioning generate varying potential benefits to the local state, the citizen and the community. Many of them, however, make similar challenges to existing public sector structures that relate to an integrated, joined-up public sector, to a reformed funding structure, to new models of evaluation and monitoring and to different organisational competences from public agencies.

Finally, personalised service models must be delivered hand in hand with devolution.

Personalisation and devolution

To make any new multi-faceted service models viable and appropriate to the citizens to whom they are responding, the relationship between the national and local state must be transformed. The devolutionary impetus must underpin any deeper personalisation of services. For, it is at the local level that this agenda must be driven.

It is at the local level where there is sufficient intelligence to understand the needs of specific communities, neighbourhoods, families and individuals. It is at the local level that timely responses can be conceived and multiple-agency responses coordinated. Frontline professionals will require the flexibilities and support that only devolved administrations can exercise. Finally, it is only at the local level that the full spectrum of personalised services can be considered and calibrated to suit specific needs and to take advantage of existing civic enthusiasm and capacity. Under a more nuanced approach to involving the user as set out in this research, authority must pass to the local level to design appropriate solutions through truly strategic personalised commissioning.

No central agency has the capability to comprehend the subtle circumstances that combine to generate social capital or that convert a failing supply-side into a vibrant market-place for citizen choice. Yet, these are fundamental to deciding between alternative models of personalisation and designing appropriate services for local communities and individuals. Councils must be given new powers to ensure that they can tie in a multitude of service agencies and decision-makers, encouraged to be customer-focused and able to link funding streams around an individual's needs.

Therefore more specific reforms should be underwritten by a commitment to place decision-making in the hands of local government. The Sustainable Communities Act (launched in October 2008), which provides local authorities with the ability to petition central government for new powers, remains a useful means for driving appropriate devolution of services. However, the personalisation agenda requires a broader, more intrinsic and more engrained appreciation that locally elected bodies should be put in the driving seat to respond to their residents and to join services up around the needs of individual citizens. The forthcoming 'Duty to Involve' the citizen must be met with commensurate duties on the central state to facilitate local service responses and incorporation of citizen views. Alongside a duty to reduce regulation, the state should also be bound by a 'duty to devolve' to councils.¹²² Any new legislation would be subject to the provisions of this duty and would ensure that councils had the necessary flexibilities to personalise services.

Recommendation: *a new 'duty to devolve' should drive powers down to the lowest appropriate tier of government.*

Similarly, initiatives directed from Whitehall should have a local applicability that gives prominence to the personalisation and public service reform. The new Operational Efficiency Programme, for instance, has been tasked with contributing to the Treasury's drive to find some £5 billion of savings across government. Sir Michael Richard's emphasis on 'public funds' to be owned, not by any one department or institution but, collectively, between institutions is to be welcomed and should be cultivated to complement a new approach to efficiencies.¹²³ It has also been charged with opening up innovative service solutions by harnessing ideas from local professionals and

¹²² NLGN submission of evidence to Communities and Local Government Select Committee, September 2008.

¹²³ LGC, 4 February 2009.

service users. At times, the existing efficiency agenda has channelled energies down a path away from the needs of individuals and communities. As argued earlier, however, there is considerable scope to drive efficiencies through better and more-timely resource allocation and more personalised services.

Recommendation: *any new efficiency agenda should only consider recommendations that sustain rather than undermine more personalised services. Savings realised through personalisation should be retained at the local level to drive ‘public funds’ that can wrap around individual’s needs. In addition, councils that can demonstrate savings through innovative personalised services and are ready to share their practices should be eligible for pump-priming funding to help develop their activities.*

Without such commitments, the local state will remain too constrained to respond flexibly to citizen demands. But the reforms cannot stop here they must also overturn institutional and wider frustrations.

Integrated government

“it is often the most vulnerable citizens who have to do the most joining-up between the public service islands and much of it can be avoided with more collaborative service delivery” (Varney)

Public service effectiveness in the eye of the beholder

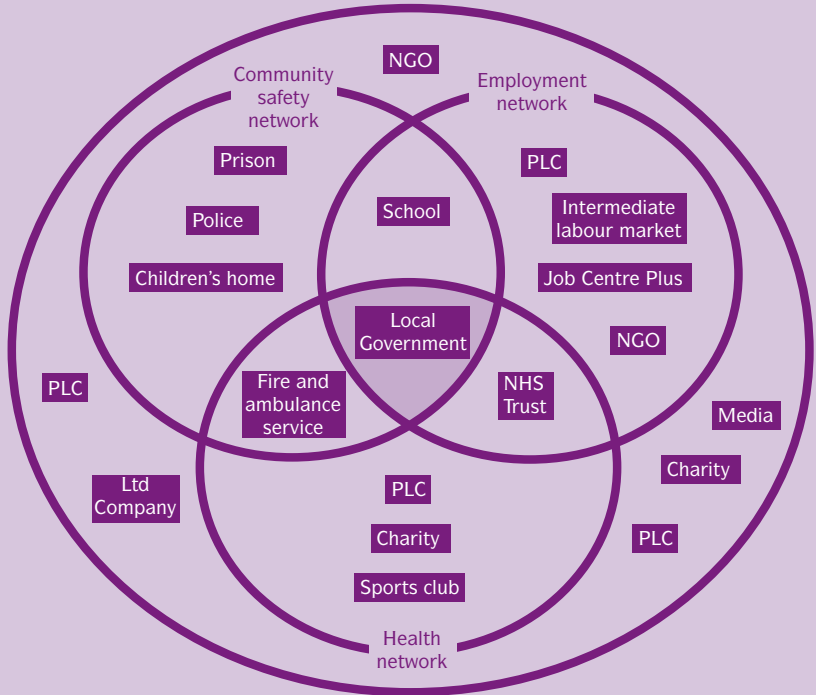
All the cases and models set out in the previous chapters necessitate a complete paradigm shift in terms of joined-up government. Whether it is the individual or communities of citizens, people do not distinguish between public agencies; even less do they distinguish between different departmental silos within organisations. Users’ pathways to integrated services should determine the outline of public services.

At the same time, services can only be genuinely personalised if they engage the citizen as one. But a new veneer is insufficient. The transformation and joining-up must reform the very core of the organisations. Public services must look and act as one. Only with such a systems-change can the citizen navigate a course of his or her own choosing.

In adult social care, this means linking housing, finance, education, care, employment services not only social care and health services. ¹²⁴ Yet, so far

there has been comparatively little interconnection even between council and NHS services. An equally valid rationale could be drawn from any service area: employment services, housing, education and learning, transport, which each are informed and inform decisions elsewhere in the system.

Figure 20 An eco-system of networked governance



Illustrated here are only three of many more networks governing different aspects of public money.

Joined-up assessment, targets and accountability

Personalisation can only function within a devolved framework where local agencies can respond to the demands of their citizens, but accountability structures can pull public agencies further apart rather than together. In worklessness policy, Jobcentre Plus has traditionally had to refer local decisions up to DWP where local requests do not fall within standard guidelines.¹²⁵

125 NLGN, *Local Journey to Work*, p. 23.

Despite the Audit Commission's pledge to ensure that assessment, audit and inspection are 'joint and participative', ¹²⁶ accountability remains principally to individual sectors rather than to local groups of people or individuals. Alongside the admirable emphasis on 'local place' through the annual Area Risk Assessment, individual institutions – such as councils, PCTs and police authorities – will continue to be scored. This will only embed further sectoral priorities and target cultures at the expense of the aspirations of individuals, local communities and joined-up government. There are ongoing concerns regarding the ability of the Audit Commission and its sister inspection bodies to align their activities with Ofsted and youth justice. ¹²⁷

Accountability remains an under-utilised method of enhancing the user's role in public services. Stronger and clearer lines of accountability enhance the connection between the citizen and the service received. ¹²⁸ Notwithstanding the bringing together of priorities and organisations through Local Area Agreements, accountability to partner agencies remains too opaque. Local authorities should be given additional authority in their local areas over police, PCTs and extra powers over statutory partners, NGDPs and the LSP so that the democratic thread of accountability is clearer and robust.

Personalisation is multi-faceted and requires public services to be coordinated and wrap themselves around the needs of individuals and communities. Organisations must be brought together round the needs of their residents through introducing more linked responsibility, accountability and joined-up government.

Recommendation: *to this end, the Government should consider piloting a multifunctional local democracy in areas where there is already co-terminosity with PCTs.*

Integrating the commissioning strands

As we have seen, identifying and driving personalisation must become the role of Strategic Commissioning at the local level, where the different contributions of public agencies, businesses and the third sector can be

¹²⁶ Audit Commission, *The Evolution of Regulation, Comprehensive Area Assessment and the changing face of public service improvement* (April 2007), p. 7.

¹²⁷ NLGN Policy Summit.

¹²⁸ *User Involvement in Public Services: Government Response to the Committee's Sixth Report of Sessions 2007-08*, (23 July 2008), p. 3-4.

brought together to act as one. The principal challenges faced as we make this scenario a reality revolve around enabling these strands to best be joined-up in the interests of the public.

Meanwhile, the individual departmental approaches to personalisation may hinder a seamless approach and undermine connectivity between the different approaches. Government currently suffers from an incoherent understanding of what it seeks to achieve as a whole. CLG's 'Duty to Involve' is distinct from duties and rights formulated in other parts of Whitehall. For instance, the Department of Health's NHS Constitution enshrines the 'rights' of individuals to choice and involvement in service design and selection. Neither is it clear why the 'Duty to Involve' applies only to local government. It remains confusing to the citizen to encounter different legal rights in different public agencies. In fact, it can only undermine the integration of public services. Such departmental differences hardly instil confidence that the national and local state share the same focus on the citizen and complicate systems of inclusion and redress.

This disjuncture is, in fact, a symptom of a number of other inconsistencies. It stems in part from individual departments leading their own specific initiatives on personalisation and developing their own departmental definitions of the same concept. This schizophrenia will become even more marked as personalisation takes hold and even more distracting. Multiple strategic commissioning models developed in parallel in Whitehall may over-complicate an already complex situation.¹²⁹ There is little evidence of a 'whole systems' approach to personalisation.

The new Bill requires that the 'duty to involve' be extended to other organisations. This is to be welcomed. However, as we see personalisation rolled out and, if we see individual government departments continue to set out their own definitions, initiatives and constitutions, we will design an increasingly disparate and disjointed strategic commissioning framework within which to develop personalisation.

There is a need for local authorities to become the driving forces of user involvement and commissioning of services. At the same time, the concept

129 Robert Hill, *The future role of Local Strategic Partnerships in Strategic Commissioning* (CPSP, 2009), p. 6.

of subsidiarity must be given greater prominence. The most straightforward way to do this would be for the 'Duty to Involve' to be applicable to other agencies that deliver services at the local level.

Recommendation: *Government should look to merge the different constitutional rights and duties enjoyed by individuals in relation to different parts of the state into a single coherent and universal 'Duty to Involve' applicable across all public services as a way of merging activity across the state and ensuring seamless services*

Local Area Agreements and neighbourhood devolution

The Local Area Agreement process is becoming a principal driver of more joined-up services and of focus on local priorities.¹³⁰ So far, however, it has not been pushed as far as it could to help drive the personalisation agenda.

Neighbourhood governance and localised delivery represents an expanding policy area. Nonetheless, understanding how commissioning strands for neighbourhoods, communities of interest, individuals and whole local areas interact and complement each other remains a significant challenge. As one neighbourhood manager commented, 'what is the connection between collective and individual commissioning – we are struggling to see what the connections should be ... I can't get my head around the strategic decisions and the Individual Budgets'.

The answer lies in tying neighbourhood devolution into wider strategic commissioning practices, democratic accountability and the personalisation agenda. Our case studies demonstrate that there is significant potential for integrating local councillors in devolved services and thus empowering elected representatives and connecting them to their local citizens. There is also scope, as the government has appreciated, for making more use of existing democratic structures such as town and parish councils.

Currently, however, there is insufficient coherence and linkage to the Local Area Agreement framework and the emerging neighbourhood empowerment agenda. Given the widespread success of LAAs in nurturing a more mature relationship between central and local government, and the increasing

130 NLGN, *Deal or No Deal* (2008).

prominence of LAAs in defining priorities and allocating resources, this disconnect must be addressed.

As one interviewee commented, 'Local Area Agreements are fairly impregnable to officers and local communities ... it is difficult to link LAAs to where I as a citizen live'. Neighbourhood links have a useful function, therefore, simply in conveying these strategic priorities meaningfully through to the local population therefore has some merit.

Beyond this, it is questionable whether LAAs are drawing on organic bottom-up priority-setting. On the positive side, Local Area Agreements are informed by Sustainable Communities Strategies and by bottom-up evidence-based priorities defined through consultation with stakeholders, which may include neighbourhood commissioners, teams or governance structures. In addition, there are existing duties to assess the needs of an area relating to health and well-being and children, and, under the new Bill, a proposed new economic assessment duty. The new LAA framework also considers devolved neighbourhoods in terms of indicators to measure improvements in the most deprived neighbourhoods in 'closing the gap' and increasing satisfaction levels in neighbourhoods. From 2007/08, meanwhile, the Neighbourhood Renewal Funding has functioned in accordance with Local Area Agreements.

Conversely, a CLG evaluation suggested there was mixed evidence of how Neighbourhood Management Pathfinders had informed the LAA process.¹³¹ More fundamentally, it should be questioned whether communities should have a greater role in defining their own priorities. Under the existing system, LAA targets are disseminated down rather than aggregated up. It therefore remains uncertain how priorities and commissioning strategies developed at the local level can inform LAA priority setting. If personalisation is really to take hold, and the multitude of choices and priorities of individuals and communities effected, these links should become more organic.

Recommendation: *as part of their LAA arrangements, councils should pilot new approaches to link neighbourhood priorities with LAA priorities.*

As the remit of devolved commissioning, participatory and governance

¹³¹ CLG, *Neighbourhood Management Beyond the Pathfinders: 10 Full Case Study Reports* (July 2008), p. 152, Interview.

functions expands, so these devolved functions will require greater intersection with private, public and third sector partners. In turn, just as in the Local Strategic Partnerships, there are likely to be requirements for additional leverage over partner agencies.

Recommendation: *the ‘Duty to Cooperate’ should be placed on all local public sector bodies at all levels of service planning, management, governance and delivery, from strategic to neighbourhood levels.*

Joined-up funding

So far there has been insufficient cross-over and interaction between social care budgets and NHS budgets. However, under the concept of personalisation, such a distinction remains false and out-dated. In mental health services, the exclusion of NHS resources led to anxieties about the use of social care funding to achieve outcomes that had potential resources benefits for the NHS.¹³² Where attempts had been made to integrate funding streams, different purposes and approaches had undermined the unified approach. PCTs should be given new incentives to invest in preventative services and the Government should incentivise them to transfer resources to promote a range of preventative and early intervention.¹³³ The Department of Health’s ‘Next Stage Review’ plans to move more health care funding out of hospitals and the acute sector into the community. And Lord Darzi’s report concludes that NHS and other public services must be integrated in order to offer coherent pathways for patients to navigate. The question is whether the state is ready to make the difficult decisions that attend this.

In other service areas, the benefits of personalised and preventative action should be made felt locally to those organisations whose efforts and expenditure brought about the longer-term savings to the state.

However, local bodies control only a minority of spending in local areas. An analysis of Cumbria indicates that of the £5.3 billion of public money spent in the local area, only £1.9 billion is spent by local bodies, compared to £3.4 billion by national bodies (including £500 million by NDPBs).¹³⁴

¹³² IBSEN, p. 229; Research event 2 October 2008.

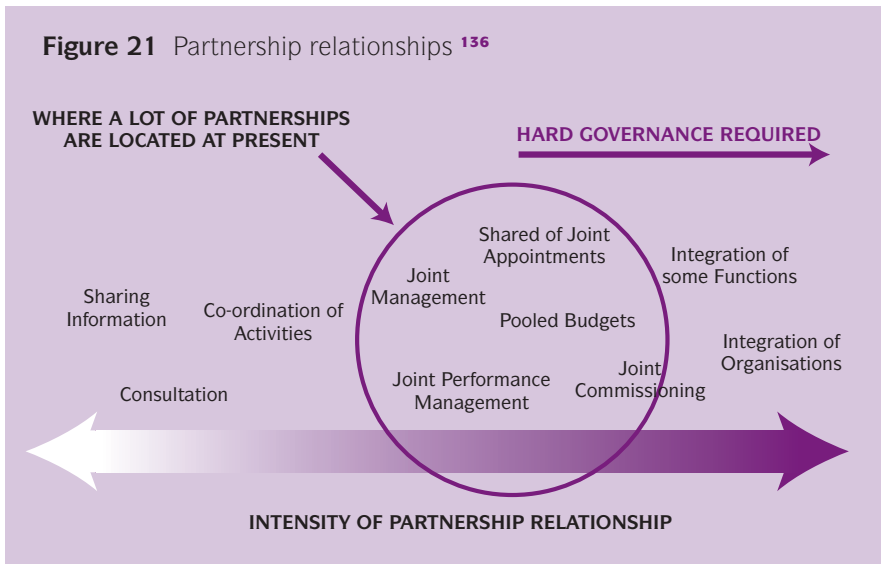
¹³³ *Getting Personal*.

¹³⁴ LCLG, *Counting Cumbria*, p. 12. These figures discount £1.8 billion of public spend through the Nuclear Decommissioning Agency.

Shared funding is peculiarly vulnerable. As Robert Hill has argued, when money is tight, ‘cost shunting’ can see public institutions or sectors pushing responsibilities or costs to sister bodies or sectors, such as occurred when PCT budgets were under pressure in 2006/07 money was taken out of jointly-funded mental health and social care programmes.¹³⁵ The underlying causes are fourfold:

- loyalty and managerial commitment not to the public but to institutions and sectors;
- different accountability structures and – in some cases - geographic boundaries;
- disassociated funding streams and disparate funding goals;
- insufficient mainstream funding.

All of these undermine the required concept of ‘public money’ which is essential in order to fit multiple programmes and opportunities around the needs of an individual, family or community.



135 Hill, *The future role of Local Strategic Partnerships* p.7.

136 *Ibid.* p.24.

As our Knowsley case study indicates, part of the answer is closer partnership working.¹³⁷ Close working and cross-commissioning between health agencies and local councils ensures that wider benefits to the individual can be captured and that there is an economy of scale in establishing and stimulating local supplier markets.

But other more fundamental triggers are needed to make these lessons more intrinsic to public services. Where there was co-terminosity with PCTs, greater potential existed for deeper partnerships and pooled budgets.¹³⁸ Co-terminosity should be introduced as a route to make health accountable to the local community and to align the priorities of currently competing budgetary masters and targets. The preventative agenda makes this imperative.

Recommendation: *PCTs should be made co-terminous with local authorities.*

Mainstreaming non-Area Based Grant council budgets represents a route to driving change in commissioning and service practices across the local public sector. But methods to persuade partners to change their existing approaches remain limited and the budgets involved comparatively small.¹³⁹ Aligning and pooling of budgets must go hand in hand, but procedures for pooling budgets remain bureaucratic.

More fundamental revisions to the top-down funding structures are necessary to ensure that local authorities have the agility and dexterity to tailor services to the cut of the individual. In its 2007 Comprehensive Spending Review, the Government pledged that ring-fenced funding and other grant-controlled funding would be reduced by £5 billion by 2010/11 and give way to a new general 'Area Based Grant' (ABG). ABG allows complete discretion for local authorities to spend on local priorities and residents' needs. However, ABG currently amounts to only 5% of upper-tier local authority spend and less than 1% of total spending by local public agencies.¹⁴⁰ And it is far from clear that individual citizens are yet to feel the full benefit of even this relatively small pot of cash: much of the £5 billion remains locked in pre-existing service contracts and cultural hang-ups have left the funding streamed

137 See Knowsley Case Study.

138 IBSEN, p. 213.

139 Interview.

140 NLGN, *Deal or no deal* (2008), p. 79.

through the same departments.¹⁴¹ On the other hand, ring-fenced funding through the backdoor via NDPBs has continued since the CSR announcement with Whitehall second-guessing what citizens need and want.¹⁴² In the final analysis, therefore, the ability of local authorities to respond to their residents' needs remains tightly constrained by the funding structures.

New mechanisms must be introduced that give primacy to individual needs and that respect local government as the chief interpreter, adjudicator and decision-making agency to deliver on these needs.

Recommendation: *the Department of Health should lead the way in providing joined-up personalised services by committing funding previously ring-fenced for PCTs into shared commissioning budgets.*

Recommendation: *ABG should be increased year on year, until 2020.*

Funding preventative services, early intervention and adding value

Currently, the personalisation agenda is weighted towards crisis intervention rather than the preventative agenda. But a principal purpose of a personalised approach is the ability to define needs earlier and more accurately and to shape behaviour and avert avoidable crisis situations. This is despite the fact, ironically, that social care departments across the country are re-engineering their service models to focus on preventative care rather than crisis intervention.

As one interviewee commented, the key to early intervention is 'finding out how much is being spent on children by partners - it is about persuading people that it should not simply be about keeping money for when children are vulnerable at the acute stage.'¹⁴³ It is clear that in no public service area is the funding system fit-for-purpose in this regard.

At the heart of problem is that the full financial benefits of success, whether they be in getting someone into employment or providing community care, are not recovered until later in the funding cycle. Without a means of tapping into these benefits, early personalised intervention cannot be funded appropriately nor incentivised systematically.

¹⁴¹ NLGN, *Challenging Perspectives*, p. 74.

¹⁴² For instance, through the School Food Trust. <http://www.schoolfoodtrust.org.uk/content.asp?ContentId=596#one>

¹⁴³ Interview.

Front-ending the funding system

There are currently insufficient financial incentives for the local public sector to intervene at an early stage in the worklessness agenda. Short-term funding cycles and an inability to tap into the savings that accrue from early and successful intervention means that local authorities have little incentive and may be unable to afford investment.

- It is estimated that it is economically rational, in terms of benefits saved to the state and income generated, to spend up to £62,000 in getting an individual back into employment. NLGN has previously proposed that central government should hypothecate 50% of any benefit savings made as a result of local initiative to the local authority.¹⁴⁴
- When the savings are realised in the round, there are huge actual savings created by appropriate intervention. For every additional pound invested in higher-quality residential care, between £4 and £6.10 worth of additional social value is generated.¹⁴⁵

Recommendation: *funding structures should be revisited so that organisations feel the financial benefit of successful intervention. This should include additional rewards for pooled and aligned budgets and should include the sharing of benefits between HMT and local authorities accrued through success in tackling worklessness.*

Recommendation: *New and radical funding mechanisms should be designed to hypothecate the long-term benefits to public finances that are generated by early personalised and preventative expenditure.*

Transforming organisations

Organisational functions

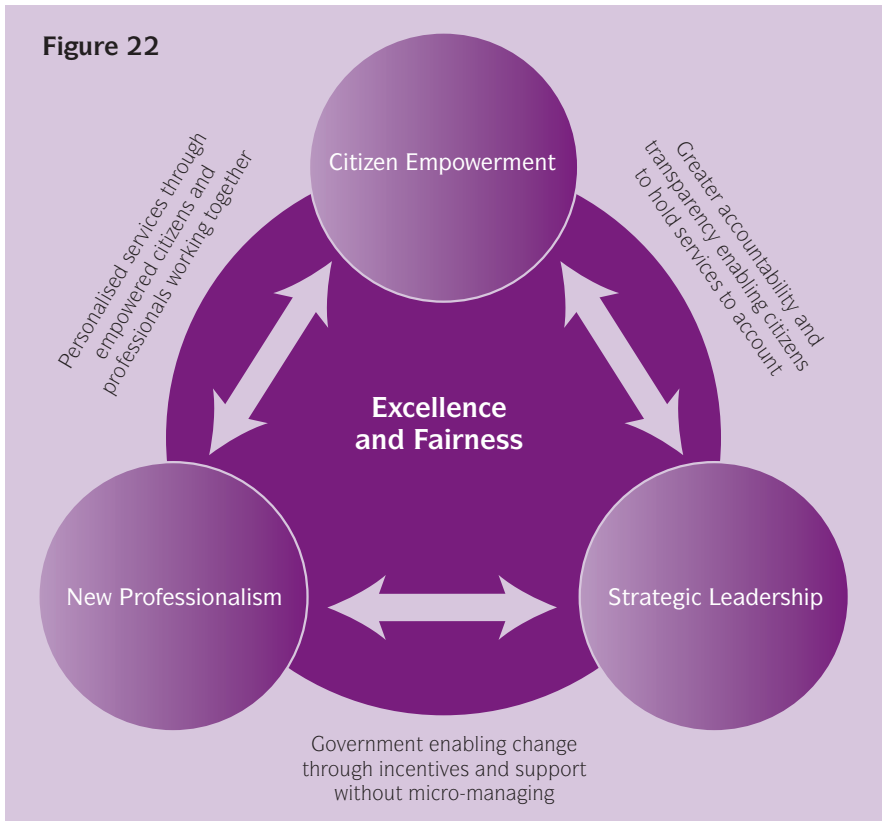
Previous NLGN research demonstrated that councils should be reorganised to reflect their functions in managing networks and in responding to the

¹⁴⁴ NLGN, *Local Journey to Work*, p.23.

¹⁴⁵ New Economics Foundation, *A false economy* (2008).

citizen. In such a context, market management and stimulation, public market development and manipulation, partnership working and horizon scanning replace the traditional siloed government delivery arms. New managerial competencies based around organisational functions will be needed.¹⁴⁶

Personalisation accelerates and accentuates these transformations. Under a system of devolved decision-making and individual choice, the role of the local state will transform from service provider or deliverer to an enabler and supporter of service choice. Instead of giving, the state will need to respond. As the Government’s diagram indicates, there will be scope for a more mature relationship between professionals and citizens:¹⁴⁷



146 NLGN, *Leading Lights*, (2008)

147 *Excellence and Fairness*, p.14.

The agenda opens up new roles:

- Whether it is through neighbourhood delivery or commissioning, or through personalised budgets or vouchers, frontline staff will have to be empowered to make decisions, to represent their clients, to engage in defining desired outcomes, to commission services, to co-produce services with citizens. Many roles will, therefore, become much more multi-dimensional and the skills sets will diversify. In many ways frontline staff will turn from making professional judgements to providing support and we await the findings from CLG’s Empowering the Frontline Taskforce that is due to report in 2010.
- Information, guidance and advice services are likely to proliferate, as the government converts from provider to enabler. Rich support mechanisms will be needed for vulnerable groups such as those with learning disabilities, mental health issues and older people.
- Customer segmentation will generate demand for a new type of public servant – segment commissioners who can design and commission services for specific catchments of the population.

Commissioning strands and primary functions for local authorities

Type of devolution	Principal function of local agencies
Individual services	<ul style="list-style-type: none"> ● Market making ● Provision of information on suppliers ● Regulating providers ● Influencing behaviour through incentives, credits and disincentives
Geographic Devolution	<ul style="list-style-type: none"> ● Resource allocation between neighbourhoods ● Joining-up inter-agency funding ● Defining limits for choice and conveying strategic commissioning priorities ● Helping develop markets

<p>Community of interest</p>	<ul style="list-style-type: none"> • Defining the community of interest through segmentation or self-segmentation • Joining-up inter-agency funding • Defining limits for choice • Market making
<p>Universal services</p>	<ul style="list-style-type: none"> • Community needs assessment • Understanding disparities between communities not resolved through devolution of services to individuals or communities • Market making

Under personalised models of delivery, councils are likely to require the services of:

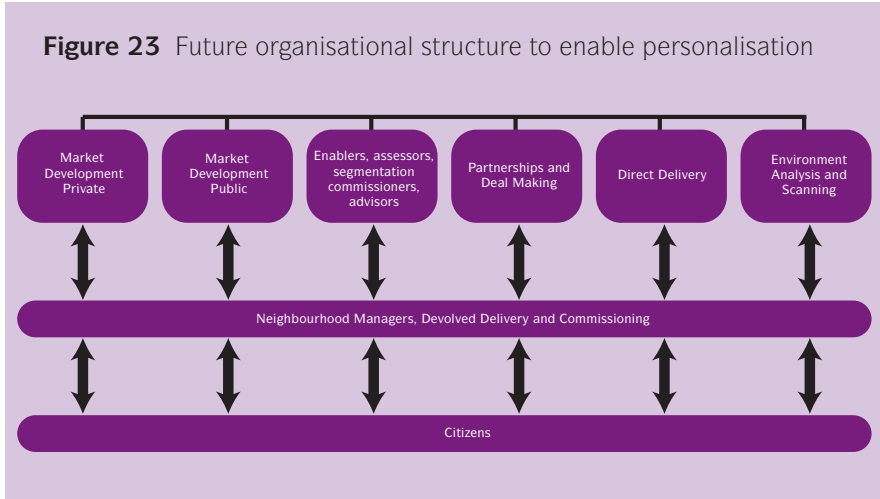
- Multi-skilled information, guidance and advice providers
- Enablers
- Account managers for individuals (such as is already happening in adult social care).
- Managers responsible for commissioning services for specific segments of the population
- Neighbourhood Directors
- Deal Makers who can work in partnerships
- Market Developers for the public sphere
- Market Developers for the private sector
- Horizon scanners to integrate multi-sourced analysis
- Direct Service Deliverers

Organisational structure

The first tranche of organisational transformation is coming to an end. Efficiency for efficiency’s sake now has another bedfellow – namely customer focus. This means that not only must back-office functions be rationalised to

free-up resources for frontline services, but that frontline services themselves must be reconfigured. As West Sussex County Council has argued, the inversion of the traditional triangle of hierarchy now places the citizen and the frontline services as the drivers.¹⁴⁸

Figure 23 Future organisational structure to enable personalisation



Organisational Culture

Organisational culture should be a facilitator of greater customer input into strategy and commissioning. Too often it is not. Culture is crucial to facilitating a greater role for individuals and communities in commissioning services.¹⁴⁹ Part of this cultural change must take the form of a greater openness of local government as a sector to outside talents.

Recommendation: *councils should look to recruit outside of their traditional gene pool to bring in innovation from the private, third sector, other public agencies and social enterprises.*

Understanding and influencing the Customer

Information is empowering not only for the citizen but also for the local state. As the case studies demonstrate, sophisticated data can create added

¹⁴⁸ Interview.
¹⁴⁹ IBSEN, p.250.

public value through state intervention or by shaping choice mechanisms to influence positive behaviour. Personalisation requires a greater commitment from the public sector as a whole to engage in a two-way dialogue with citizens, to seek out the information of most worth and to making the best use of existing information.

Data needs and sharing

Gathering appropriate information for personalised services requires a more granulated data-set than is currently available in the public sector. The fact is that, as one council manager commented, 'different services will appeal to different audiences'.¹⁵⁰

Sophisticated customer information can allow councils to improve service design, shape behaviour and adopt social marketing techniques. There are a number of ongoing efforts to improve data quality in local government: the government's 'Digital Equality Action Plan' seeks to reduce digital exclusion; the IDeA is seeking to foster a new emphasis on Customer Insight.¹⁵¹

However, there are significant barriers to the availability of appropriate data. Due to its lack of flexibility and geographic rigidity, the decennial census remains incapable of delivering statistics to support the personalisation agenda. Councils are developing their own systems for refining and filtering population data to support targeted intervention and investment. This report gives added weight to NLGN's previous argument in favour of a rolling register founded on already existing administrative sources. This would provide a more nuanced insight into the needs of individuals and small communities and, in turn, foster more joined-up government.¹⁵²

Recommendation: *the 2011 census should be the last in its current format and the methodology should be reformed to provide information pertinent to the delivery of personalised services.*

A recent government inquiry by the Information Commissioner has concluded that 'organisations that can share information between themselves should be able to provide better, cheaper, faster and more personalised services to

¹⁵⁰ Interview.

¹⁵¹ IDeA, *insight: understanding your citizens, customers and communities* (November 2008), p.5.

¹⁵² NLGN, *Local Counts* (2008)

the public'.¹⁵³ At present, the way in which councils are allowed to use data is restricted by the European Data Directive, the Data Protection Act 1998, the Human Rights Act 1998, various electoral registration acts and the Statistics and Registration Act 2007. As the government has admitted, it is not simply the legislation itself, but also 'the complexity of the law, amplified by the plethora of guidance' which creates a 'fog of confusion'. New channels should be opened up to discuss what requirements personalisation puts on these legislative parameters.

Recommendation: *the Government should institute a specific inquiry into how data protection legislation may need to be revised to deliver on the personalisation agenda.*

Stimulating and managing supply

Understanding the market

As set out in the typology, different approaches to personalisation require distinct tactics to ensure supply: customer segmentation may well be able simply to re-direct existing supply more efficiently; where choice is given to individuals or communities, alternative providers and surplus capacity are required. In such instances, markets thrive on a thickness of supply. Sufficiency of supply accompanied by multiple buyers creates an environment within which markets can prosper.¹⁵⁴ However, previous Audit Commission research has found that most local bodies have demonstrated an inability to predict the cumulative effect on the market when choice is introduced.¹⁵⁵

There are five principal drivers of public services.¹⁵⁶ It is the role of the local state to balance these five dynamics in such a way as to ensure that there are appropriate levels of supply, alternatives and types of supplier in the market.

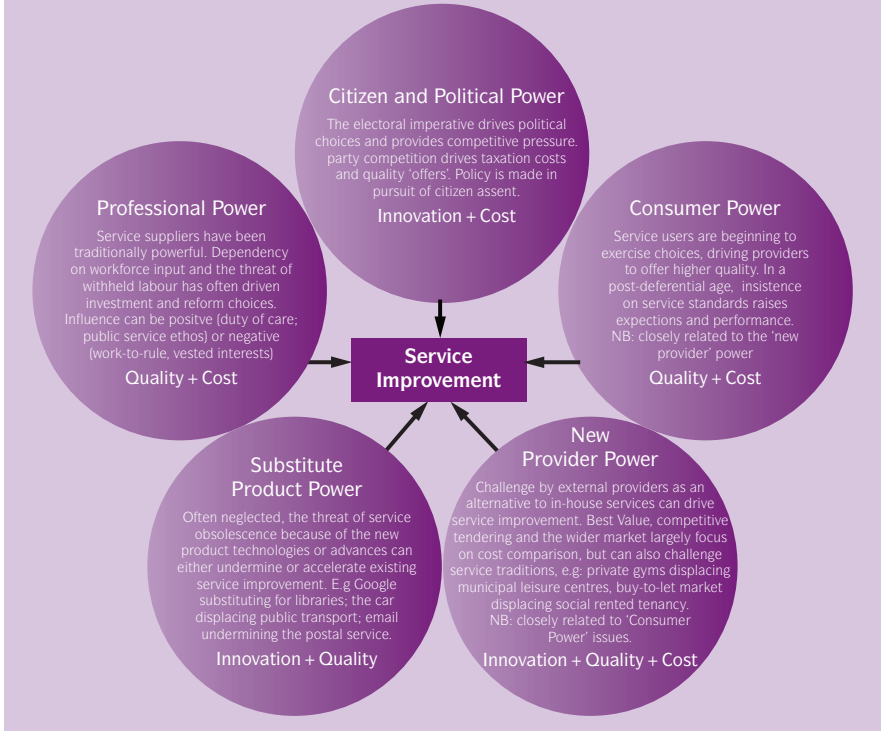
153 Richard Thomas and Marl Walport, *Data Sharing Review Report* (July 2008), pp. i-ii, 18.

154 NLGN, *Managing Delivery* (2008)

155 *Choosing Well*

156 NLGN, *Managing Delivery*

Figure 24 Principal drivers of public service improvement



Where diversity of supply does not exist, the local authority will have to consider stimulating alternative provision from either 'New Provider Power' or 'Substitute Provider Power'. For instance, in transport, the consumer could be provided either with additional routes, different modes to their destination, or they could be offered substitute services (such as flexibilities around working practices, home-working or online access). Under personalisation, it may be that substitute provision can be generated from citizens themselves.

Developing the market

The new environment described in this research is likely to make new demands of the provider market. If personalisation is to move hand in hand with service improvement, real consideration must be given as to how government can take existing providers down the journey, bring in new providers along the way and understand how to develop new market players.

Under personalisation, a primary source should be to look beyond traditional 'providers' to users, families and communities themselves. Here often lies an untapped, eager and appropriate resource for developing better services.

Systems must be developed to allow for supply to increase with demand where appropriate. Currently, any number of constraints can function, including the planning process or the full integration of services.

All forms of personalisation threaten to challenge traditional notions of achieving efficiency in the context of contracting. Although individuals are already combining together to boost their buying power under the individual budget pilots, personalisation is likely to lead to a more diverse and mosaic supplier market. Councils can respond to this change proactively. First, they can offer institutionalised mechanisms to bulk purchase on behalf of opt-in clients and consider underpinning this by insurance systems. This would mitigate the level of disruption to traditional models.

Second, local authorities could offer options for providers to develop alternative models of provision, such as providing a wider range of services across a smaller geographic area. There is already evidence of providers widening their scope of service provision; some providers are considering contracting to fulfil whole Local Area Agreements targets that draw on a wider competency and supply base.¹⁵⁷ Neighbourhood Area Agreements may offer a route to test this commissioning model and to deliver an economy of scale whilst meeting specific requirements of a community

Recommendation: *Neighbourhood Area Agreements or priorities should be trialled as models for a new economy of scale, scope and efficiency for providers.*

Third, more could be made of sub-regional possibilities through the emerging MAA agenda for delivering to specific catchments of the population that share characteristics and needs. Commissioning at this geographic scale may also provide a mechanism for approaching low volume but high cost individuals through risk sharing. Such sub-regional approaches may also facilitate wider choice to individuals and communities where the provision is public-sector based.

¹⁵⁷ Interview.

Fourth, new markets are likely to open to facilitate the introduction and system management of these new models of personalisation. This may include:

- strategic enablers that can be informed by the Strategic Commissioning process and deliver a range of goals through a longer and wider supply chain
- provision of additional support mechanisms to help users navigate their way through the system and / or professional advocates,
- 'master vendors' that can provide a one-stop shop for a number of accredited niche providers,
- payment platforms through to a wider range of providers.

Commissioning processes

At the same time, the citizen voice must feature strongly in the commissioning and market-making exercises. This report has set out a scepticism that all public services can be co-produced in a meaningful sense. However, there must be potential for individual citizens and communities to play their part in designing and creating services where appropriate. In all instances, users should be involved in the iterative process that is commissioning.

Recommendation: *all contract renewals should have to meet a minimum score against customer satisfaction or other designed model of citizen evaluation.*

Risk, regulation and bureaucracy

Effective markets are dependent on the rigor with which quality is measured so that the consumer can easily identify the best services for the best price.¹⁵⁸ In any system where decision-making responsibilities are devolved to a different tier, whether it be individual, community or neighbourhood, risk is reallocated. This situation is exacerbated if the number of providers multiplies as is likely under many systems of personalisation. But, as one mental health professional noted, 'things are scary enough in terms of contracts'.¹⁵⁹

158 Julian Le Grand, *The Blair Legacy? Choice and Competition in Public Services*, Transcript of Public Lecture – London School of Economics, (2006) p.15.

159 Seminar.

Challenges associated with risk under any system of commissioning include:

- Reallocation of risks to individuals and communities
- Inappropriate or misuse of funding and, therefore, of additional demand on the state.
- Potential for isolation of citizens and loss of collective voice and potential for shaping services collectively.
- Regulation of new and multiple providers.
- Extent to which government should seek to absorb risks by taking on additional responsibilities in deciding services.

In the context of a reformed state, the very act of choice of supplier acts as an initial and powerful sifting tool. In effect, the poorest performers will no longer find it viable to provide a service. As in the private sector market, consumer assessment should be able to function in the same way as a facilitator of informed choice. While Web 2.0 techniques such as the eBay ratings systems carried out by customers and providers have a place, they offer only a part answer. Considering the vulnerability of some of the clients, the complexity of some of the services provided and the significance of what may be delivered, the state must take a more proactive and central role in regulating and rating suppliers.

Other mechanisms include linking commissioning to the democratic process – this sidesteps the problem of representation. Wherever possible, the commissioning process should be attached to the democratic element. This decreases the risk of it being disconnected from the democratic, strategic and cross-service allocation of resources and services required to manage a local state.

Recommendation: *All commissioning functions that operate at a spatial level commensurate with political representation should include a ‘golden thread’ to democracy through councillors.*

Performance management

Personalisation can only function when institutions are incentivised to deliver the best outcome for individual citizens. The question is: what should the assessment framework look like to ensure the inclusion of vulnerable individuals and drive personalisation of services?

Traditional public service performance assessments have concentrated on objective analysis of inputs and outputs as proxy measures for the success of public services. These measures no longer fit the purposes of demands on public services. Instead, more sophisticated indices must be cultivated. There is a need for a truly 'outcome-based' accountability structure.

In moving away from the target-focused Comprehensive Performance Assessment to the new Comprehensive Area Assessment, the Government has taken a step in the right direction. One of the key pillars of the new approach has been the responsiveness to the citizen. However, it remains unclear whether this will be followed through to its logical conclusion or how performance management and assessment more generally can move in step with it.

Four premises underpin the evolving CAA:¹⁶⁰

- relevance to local people
- area and outcome focused
- constructive and forward-looking
- joint and participative

These are laudable goals that complement the integration of the public services and the focus on the citizen. There is a welcome emphasis on the need to target effort where improvement is most needed to tackle inequalities within and between communities; equally welcome is the renewed recognition that the needs of vulnerable citizens should be paramount in defining services and performance.¹⁶¹

However, it is questionable how far the emerging CAA has dealt with other principal challenges. Until local authorities and their partners are held to account for the long-term outcomes that they deliver to their residents, personalisation is implausible. There are three principal problems with current accountability structures. In the first place, they reward short-term solutions that may not provide long-term resolutions. For instance, although funding is not set out over a three-year period, local authorities must still report annually. New performance systems should be developed that incorporate longer-term results of government intervention.

¹⁶⁰ Audit Commission, *The Evolution of Regulation, Comprehensive Area Assessment and the changing face of public service improvement* (April 2007), p.7.

¹⁶¹ Audit Commission, *Comprehensive Area Assessment: Framework Document* (February 2009)

Second, performance targets and proxy measures still remain output focused, rather than outcome based. Examples include the number of library visits, the percentage of prison drug treatment programmes completed, attendance at GP appointments and health checks.¹⁶² LABGI is allocated on the basis of jobs created as a proxy measure for local economic growth, but there is little awareness of productivity, whether the individual stayed in the job or wider economic growth.

Whether it be through direct payments, vouchers, devolved neighbourhood budgets or User-led organisations, with citizens and communities deciding their own priorities and shaping their own services, central prescription becomes anathema. Local agencies should be exempted from any targets that conflict with their residents wishes.

Recommendation: *CAA ‘Direction of Travel’ assessments should be based on LAA targets not on achievement against the Government mandatory 198 National Indicator set.*

Recommendation: *Central targets and indicators should be reduced so that councils can act responsively to their citizens.*

Understanding public service performance

User involvement often brings with it an increased level of ambiguity of outcome. This impacts on evidence-based policy making, performance management, and audit and assessment. Various attempts to develop a single index of progress (such as the Human Development Index) fails on the basis that it presupposes the outcomes that are desired.

Under a system of alternative and multiple providers, regulation and performance management become additionally problematic. There have been widespread criticisms of simple public satisfaction assessment as criteria for understanding and / or managing public service performance:

- low expectations for services can lead to equally low expectations of service level improvement¹⁶³

¹⁶² NEF, *Seven principles for measuring what matters* (2008), p.9.

¹⁶³ Evidence from NLGN Policy Summit.

- it remains inappropriate for some services, such as pupils' positive evaluation of easy coursework.

This scepticism reflects the immaturity of the alternative model of public services. It is also based on a number of false premises: the failure of government to identify the ultimate user or client – for school coursework, the ultimate client might more tellingly be found in an employers' forum, university faculty or FE college rather than the school corridor. It is imperative therefore to understand the range of stakeholders who should be contributing to analysis of public services. In the second place, such scepticism assumes that there is a better method of assessing public services and driving improvement than incorporating user views.

The truth is that any system of evaluation that is truly client-focused must rely on substantive input from the citizen. Satisfaction assessment must therefore play their part. They can, however, be supplemented by other mechanisms to drive service improvement. These include:

- Satisfaction measures based on outcomes
- Quality of life frameworks that capture the improvement in a person's life and how a service has contributed to this improvement.
- Co-evaluation techniques such as Westminster's 'Whole System Approach' to assessment (Case Study x), which embraces the views of a full range of citizens and stakeholders and allows the council to simulate changes in demand.

Therefore, the Audit Commission should seek to introduce a number of reforms to CAA to ensure that it is truly customer focussed:

Recommendation: *the 'Place Survey' should be decided locally – in the context of personalisation, the questions that citizens are asked must be pertinent to their local services and their local contexts. At the very least, councils should be able to supplement the survey with additional questions that are given equal prominence in the assessment.*

Recommendation: *it should be open to local authorities how they scrutinise their services: there should be a greater role for citizen juries, for user panels (across a full range of services), for local neighbourhood partnerships covering a breadth of services.*

Recommendation: *the Government should respond positively to any application under the Sustainable Communities Act where a council can evidence that a central target is acting against the wishes of local people or limiting levels of personalisation.*

12 *Conclusions*

How public services interact with, and respond to, us as citizens, communities and consumers completely shapes the effectiveness of what is provided. It shapes something more – our willingness to pick up the phone and engage again, our eagerness to report crimes or help our neighbours, and our ability to complement government activities with our own social endeavours.

For too long, services have been de-personalised: the individual relationships that underpinned our health services have been eroded; regulation and uniformity has sapped civic enthusiasm and engagement; a system that has consistently provided too much to some and too little to others has delivered inefficiency and worse.

This malaise can only be countered through the twin solutions of personalisation and local empowerment – empowerment in the sense of individuals, neighbourhoods and local communities.

At the same time, the wider economic climate, the need to reinterpret the role of the state and what we understand by public sector productivity, means that now is the time to grasp the nettle.

The financial imperative, the recognised limits of the central state, the constraints of traditional representative decision-making structures, and rising and varying demand for services all mean that we need a new, more sophisticated approach to personalisation. This must take account of limitations to specific personalisation models, unite dislocated departmental initiatives and harness the capacity of communities of interest and geographical communities.

To place the citizen at the heart is not necessarily to allocate an individual budget or a voucher. Nor is it to suggest that citizens can disregard the professional knowledge, expertise and judgement that many public servants have been trained to exercise. But, the dialogue between the state, professional and user should be more balanced and interactive.

Services have to be designed around the particular local needs and circumstances in which they operate. In many circumstances, personalisation to the individual level may be appropriate and valuable – providing transactional convenience, easier access to services received as individuals and choice over a much wider spectrum of services. However, policy-makers should seek to understand and harness the potential for social capital and shaping behaviour that is presented when individuals act together.

So far, the personalisation agenda has come up against endemic barriers in the system of government, around funding and around institutional, sectoral and departmental interests. It should also be noted that its advocates have encountered a centralised state that has too often been unwilling to let go of its grip and hand down power to local democratic bodies who are better-placed to accomplish the task.

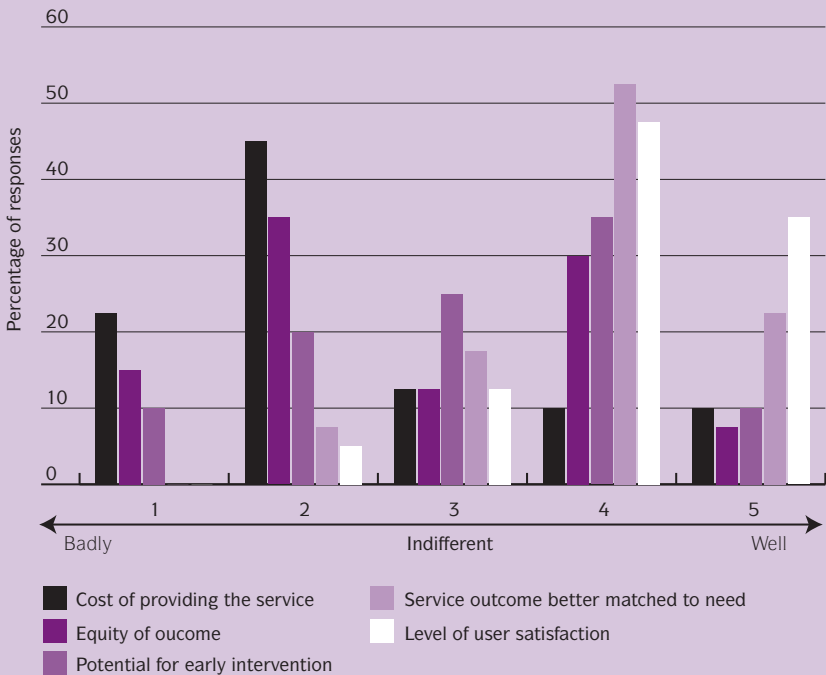
Just as the central state has failed, so it is only at the local level where personalised responses can be designed to succeed. It is here that the intelligence can be gathered to understand discrepancies between areas and specific needs and the flexibility to respond; where individual relationships can be nurtured to help the most vulnerable through difficult challenges; the capability to join up different agencies in a coordinated way; the connections and in-built democratic threads to make neighbourhood working viable. As we have demonstrated, now is the time to take a localist approach to designing and delivering personalisation. This of course will make new demands on local government in terms of how their organisations function and the power that they devolve to their citizens.

For too long, the reform agenda has felt like an amateur pursuit – something that can be picked up and dropped when the going gets tough, an ideal worthy in itself and too distant to become a realisation, a constant spring for fine rhetoric and an unpredictable source of tangible reform. In an environment where there is popular as well as political support for personalising services, this research has set out how fine words can become reality.

Appendix 1 *Survey of impact of personalisation*

On a scale of 1 to 5 how do you believe these areas would be affected if service decisions were devolved down to the individual?

Figure 26 Impact of devolution of decision-making to the individual



Appendix 2 Contributors

NLGN would like to thank the following organisations for contributing to this research project, either through interviews or attending events.

Vertex

West Sussex County Council

Department for Communities and Local Government

Amey

Birmingham City Council

Brighton & Hove City Council

Cabinet Office

Care Services Improvement Partnership

Cumbria County Council

Demos

Department for Culture, Media and Sport

Department of Health

Devon County Council

Equality & Human Rights Commission

Haringey Strategic Partnership

iMPower

Knowsley Metropolitan Borough Council

Lincolnshire County Council

London Borough of Barking and Dagenham

London Borough of Hackney

London Borough of Lambeth

Luton Borough Council

OPM

National Council for Voluntary Organisations

National School of Government

Neighbourhood Management Network (Shared Intelligence)

Participate

Pinnacle

Shaping Our Lives

Treehouse

West Midlands Regional Improvement and Efficiency Partnerships

Westminster City Council

Vertex

Vertex is proud to work with a number of leading local and central government organisations. Our extensive operational insight and experience enables us to develop effective partnerships with clients and ensures customer satisfaction is always at the heart of service design.

We generate ideas for improvement at every level – from the little suggestions that bring incremental benefits, to the big-picture revelations that deliver improved efficiency, and a greater range of personalised services.

As the UK's largest Customer Management provider, Vertex serves 1 in 3 of the UK population. Annually we process 28m payment transactions valued at £1.3 billion and handle 20m inbound calls. We also print and despatch 40 million documents and process 2.2m items of incoming mail.

If you would like to discover more about Vertex and the work we carry out in the public sector, please visit www.vertexgroup.com

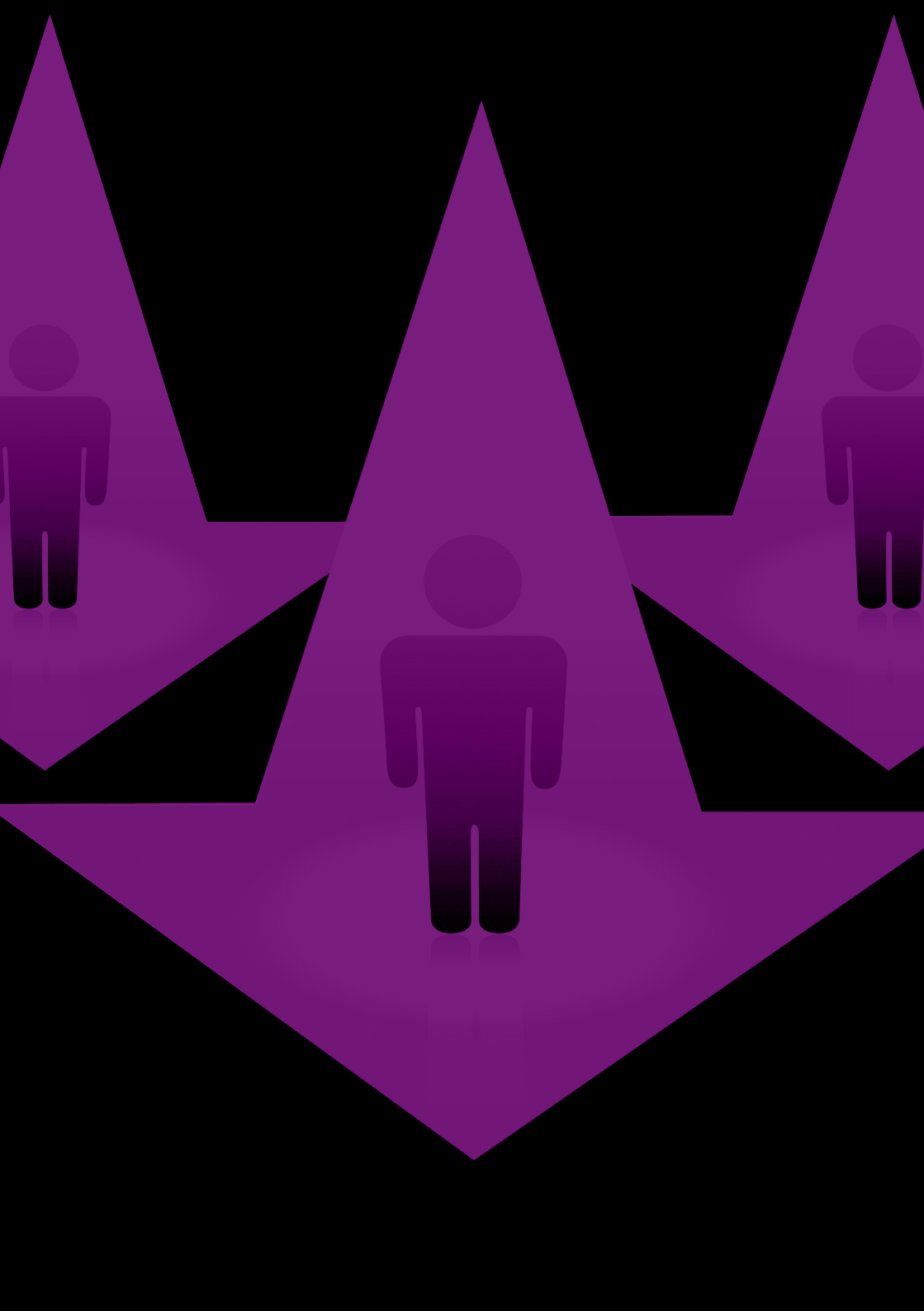
West Sussex County Council

West Sussex County Council is a customer-focussed award winning organisation (Beacon status for Community Safety partnership and working with Young People).

We see our primary task as improving quality of life for all our communities, and we are transforming the way we operate to make sure we really can deliver the services people want, where and when they want them and at a reasonable cost.

In terms of key areas, we are focussing on supporting people and businesses through these difficult economic times; giving our young people the best start in life; helping older and vulnerable people to maintain their independence and looking after the environment.





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In an increasingly consumer-driven society, we have begun to expect more from our public services. We want to be empowered and engaged, and treated like individuals with specific requirements, rather than as passive recipients who simply get what we are given or handed out the basic minimum.

Our experiences are shaped by how private transactional services – from banks, supermarkets and others – respond to our needs. A top-down politician-driven monopoly on decision-making for service provision is not appropriate.

This report sets out the case for why it is no longer merely just an option for the public sector to personalise services. It is a necessity. It demonstrates that we must seek to develop multifunctional models for giving choice and influence to individuals and communities.

But, these changes cannot happen alone – personalisation and devolution must move hand in hand and new reforms are needed to bring power to the people.