

Personalising Commissioning An Overview of Individual Service Funds in England

Discussion Paper

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1 Introduction

Individual Service Funds (ISFs) were introduced by the Care Act in 2014, as a promoted option for commissioning self-directed support. Since then, a number of local authorities have developed an offer around ISFs and have been able to spend time 'testing and learning' from this approach. This paper provides a brief overview of emerging practice around ISFs and reflects on some of the key lessons learned to date from organisations who have adapted to this model of provision.

This paper further builds upon observations and considerations set out in ['Meeting urgent demand with new models of care and individual services funds'](#)

2 About ISFs

ISFs are a way of deploying a 'Personal Budget' in social care that can offer the recipient nearly the same degree of choice and control over the care and support they receive as a Direct Payment but without some of the more complicated financial management and auditing requirements. Instead, an ISF holding organisation (which can be a provider of services or an independent broker or a mixture) holds all or part of the personal budget and manages the financial aspects on behalf of the individual, supporting them to design, plan and commission care and support in a flexible way linked back to their eligible needs and intended outcomes. ISFs are constructed as commissioned services, and as such can also be offered to people via a best interest's decision who are assessed as not having the 'mental capacity' to be able to manage the arrangement themselves.

Essentially the ISF approach represents a middle ground between Direct Payments and traditionally commissioned services and offers an attractive option for people who feel they either can't or don't want to manage the complexities associated with using a Direct Payment, for example becoming an employer of a Personal Assistant, but who still desire more control of their own care and support.

3 The benefits of Individual Service Funds

When used creatively ISFs move control away from commissioners and closer towards the person and to the organisation that is contracted to help manage their personal budget through what is essentially a flexible form of commissioned support. ISFs can open opportunities for innovation and also for greater collective action, for example,

when a group of people using ISFs pool their budgets to pay jointly for support or activities that might be more difficult or costly to commission individually (in some cases reducing the overall costs of support).

An ISF also enables people, families and professionals to have better ongoing conversations about how to make best use of available resources and to identify and agree the outcomes that they will work towards collaboratively, with support providers and social work teams operating in a closer partnership making changes to support in a more adaptive and natural way.

At home and in communities much support is still provided by family and friends on an informal basis. In these scenarios ISFs can provide people with a more secure framework, where budgets can be used flexibly as required (particularly important where there are fluctuating needs), and where the support of friends or family can be used to complement funded support (with the safety net of the unspent personal budget remaining available). Over time the strengthening and development of these networks may enable people to reduce the overall call upon their personal budgets, utilising these more informal supports and wider social capital. Conversely, when councils directly commission services on behalf of people, they retain the ongoing responsibility for finding efficiencies or savings, and adapting support arrangements, with lesser or greater effect.

Workforce guidance developed by Skills for Care (2020) noted that ISFs work best for people who:

- Want to have more choice and control over who provides their support and to have the flexibility be able to change things regularly as required.
- Are looking to work in partnership with their support provider organisation to find creative solutions.
- Want more specialised support arrangements to meet complex needs.
- Do not want the responsibilities of being an employer of PAs or managing their day-to-day support arrangements without help.
- Want to cooperate with others and pool their budgets to buy shared support or activities (in shared housing settings for example).

Research published by Animate (2014) looked at how the use of ISFs had impacted upon the lives of twelve adults with learning disabilities over a five-year period between 2008 and 2013 found that there were numerous quality of life benefits achieved when compared to commissioned services. Researchers also noted a reduction in the overall volume of support hours required for all twelve of those people who took part in the study with an overall average reduction of forty four percent across all participants.

Devon County Council was a relative early adopter of Individual Service funds and they have shared the following quotes based around their experiences to date:

“Individual service funds and person centred planning has been a positive outcome for all involved and most importantly giving the person being supported choice, control and a more creative future.

We are seeing the Individual Service Fund being used to meet eligible needs in ways that are different and more creative than what’s traditionally seen as ‘care and

support'. Budgets are being used in the most efficient way to achieve the best outcomes for people."

Jacqui Hendra – Social Care Assessor Devon County Council.

"Although the numbers of people currently being supported through an ISF are still low in Devon the difference it has made in the lives of individuals and the level of resilience that has been provided through Covid has exceeded our expectations."

Liz Wood - Disability Lead Devon County Council.

4 Developing Individual Service Funds as an offer – ten top tips for commissioners

Once a commitment has been made within a local authority to develop an ISF offer there are some key areas for consideration that may support with this process.

Here are ten top tips that can help with implementation:

1. Think about initially starting off with an ISF pilot offer to build collective experience and develop a better understanding of how ISFs work in practice before scaling up and rolling out more widely.
2. Set up regular forums between commissioners, social workers and ISF providers to problem solve and share practice together in partnership.
3. Consider a joint training offer around ISFs that includes social workers and ISF providers to align practice and to foster trust and good working relationships.
4. Produce good accessible information to give to people, families, and providers around ISFs and their benefits and be sure to engage with local co-production forums and user led organisations.
5. Get the right providers involved initially – committed and values-driven providers are an essential ingredient, they need to be creative, person-centred and have a willingness to innovate.
6. ISF management costs – have open and transparent conversations with providers and consider a flexible tiered management charges approach based on the level of support people may need in the day-to-day management of their ISF.
7. Don't make it all about savings – creative support planning can be more efficient naturally so allow time for changes to happen and don't ask more from ISF providers than you would ordinary commissioned services
8. Direct Payments – don't forget to make sure that people with DP's can access the same levels of help as on offer through an ISF. Consider making independent brokerage available to DP recipients too.
9. Pilot evaluation – consider from the outset what metrics would be helpful to monitor and capture individual outcomes and demonstrate cost-benefits. Use this evidence to develop and shape the wider approach.
10. Celebrate and share successes and case studies with local citizens, support providers and social care and health practitioners.

5 A brief overview of commissioning arrangements

There are several elements of the commissioning cycle that need to be considered in developing an ISF offer locally, including:

Procurement - as ISFs are essentially directly commissioned on behalf of the person, they fit well from a procurement perspective within an accredited list, a framework or Dynamic (or Pseudo Dynamic) Purchasing System and ideally, they should be left open to new entrants to join over time as capacity in the market builds.

Accreditation – when constructing a list of ISF organisations it may be helpful to think in terms of two organisational forms. The first being support providers who can hold ISFs and the second, independent brokerage focussed organisations, who will not deliver any hands-on care (explored in more detail below). Accreditation processes should ideally focus upon the organisation's commitment to personalisation for example using TLAP's [Making It Real](#) (2018) I & We statements. It is useful to also review their ability to creatively identify outcomes and to plan alongside the person using an asset-based approach.

Contracts – mainly there are two main types of ISF contracting arrangements in use by local authorities, a two-way agreement between the council and the ISF holding organisation (like a traditional two-party commissioned contract arrangement) setting out the commissioner's terms around ISF management or a three-way agreement between the council, the ISF holding organisation and the person (like a Direct Payment agreement) that is signed by all parties. Whilst both arrangements can be used, the two-way agreement is easier to manage as there is no need to gather three signed copies of each agreement. Think Local Act Personal's paper '[Individual Service Funds \(ISFs\) and Contracting for Flexible Support](#)' (2015) provides further advice and guidance on these options.

Information, advice and guidance – it is important to ensure there is good quality and accessible information available both to the public and to adult social care practitioners. This should include information on the types of personal budgets available locally, how to request an Individual Service Fund, their benefits, and frequently asked questions. Ideally ISFs should also be referenced in strategy, policy and market position statements forming a core part of the local authorities self-directed support offer.

Costs for support providers - the management of Individual Service Funds may be only a minor extension to their existing practices around person-centred planning and reviews but for others this may be a more major undertaking. Accordingly, some organisations may elect to offer ISFs at no additional charge whereas others may ask for a payment to cover administrative costs that are considered over and above business as usual. This can either be a percentage of the overall personal budget or it can be a small, fixed sum amount, on average ranging from between £5-£25 per week.

Costs for independent brokerage - where an organisation offers only a 'managed brokerage' approach (i.e., not providing any direct care and support hours) helping the person with person-centred planning, booking, and managing their support arrangements as directed, there is generally a slightly higher management charge. This is used to cover the time spent planning, reviewing, auditing the ISF and checking in

with the person around their support arrangements to ensure that they are being delivered effectively.

Underspends - any funds that are left in an ISF account can be claimed back again by commissioners if it has been mutually agreed that it is not required. Alternatively, it can also be left as a contingency fund for unexpected events where this is helpful for the recipient. Organisations working with people using ISFs can and do develop creative solutions that deliver best value both for the person, in terms of meeting their outcomes, and for the public purse in general.

Savings - it is rare to find examples of a traditionally commissioned provider returning unspent funds as usually there is no contractual mechanism in place for this to happen. On the other hand, evidence around the financial benefits of using ISFs continues to grow, with early work in Southwark evidencing a 29.7% weekly cost saving per person against the cost of a block contract (Hoolahan, 2012).

6 Market shaping – support provider organisations

Developing a local market of providers and independent brokers that can offer ISFs to local citizens requires an element of concentrated market shaping. There is a need for interested provider organisations to effectively ‘reimagine’ their role, shifting towards a brokerage style offer that can explore, through person centred planning, the wider use of a personal budget to meet outcomes (alongside also directly providing support hours as required). More and more support provider organisations are expressing an interest in developing these capabilities in this area as the self-directed support movement continues to grow across the country.

Where time and task-based commissioning arrangements have been the prevalent model of support delivery in some areas for many years, the aggregate impact of this approach has been to condition support provider organisations to focus on the administration of rotas, staff travel arrangements and the delivery of specific tasks, rather than thinking about how best to manage a personal budget and to broker support to deliver individual outcomes.

It is important that commissioners recognise this and provide ongoing support to providers in transitioning towards an ISF offer – this can involve providing training, joint workshops with social care teams and running ISF provider forums through which good news stories can be shared and good practice collectively developed. Focussed help may be required around:

- Understanding the principles behind personal budgets and the self-directed support movement
- Person centred planning, setting, and delivering outcomes, reviewing arrangements, and brokering
- Understanding eligibility under the Care Act 2014 and how to set outcomes linked back to assessed needs.
- Income modelling – revenue may go down as money is used differently; this may be offset against attracting a new range of customers.
- Auditing systems and reporting processes.

Set against these additional demands, there are also some potential benefits for providers such as:

- Being able to flex support around the person and design individualised support to deliver evolving outcomes (less waiting for statutory reviews/reassessments).
- Exercising genuine creativity and innovation when support planning.
- Improved cash flow (through advance payments) and the ability to set up flexible contingency budgets to meet fluctuating needs.
- Becoming a 'Trusted Provider' working alongside council and NHS commissioners to design and broker support, and therefore occupying a stronger market position.
- Staying contemporary in terms of best practice.
- Growing new business opportunities by excelling in delivering personalised support and acquiring an excellent reputation.
- The opportunity to be chosen directly by people and families using ISFs.

The relative balance of these costs and benefits will naturally vary and while some organisations will want to be at the forefront of this innovation, others may take longer to respond to the respective push and pull of these variables. Levels of proactive market shaping activity by commissioners will also impact the pace of change, and where ISF development is encouraged, this can be expected to significantly change the nature of the market in favour of those responding flexibly, creatively, and dynamically.

7 Market shaping – independent brokerage organisations

Around England there are many independent, community-rooted and often user-led organisations that have excellent capabilities around support brokerage (with many often working already in the Direct Payments space). These organisations can also be commissioned to offer ISFs and can make a valuable addition to the options that are available locally.

Independent brokerage is described generally as activities that include:

- Having conversations to understand what is strong in a person's life and what could be better.
- Writing a person-centred support plan.
- Identifying indicative costs of implementing the support plan.
- Managing the personal budget.
- Planning and managing the right support for an individual.
- Writing a contingency plan and exploring solutions to emergency events.
- Liaising and negotiating with the service providers.
- Arranging the support and care services.
- Clarifying individual needs and goals.
- Identifying and helping people access community resources.

Setting up independent brokerage for ISFs, means commissioning organisations to take responsibility for oversight of the personal budget and the delivery of the person's support and outcomes, with the holding organisation contractually accountable to the commissioning organisation. This is different from Direct Payments brokerage where the organisation is instead accountable directly to the person holding the budget rather than to the local authority commissioner.

There are some inherent advantages to developing an independent brokerage service, in that they have no financial interest in the provision of support and therefore no potential or actual conflicts of interest. Independent brokers can be as creative and as wide ranging as required in thinking how best to meet outcomes and can also draw upon their local community knowledge and connections to deliver asset based solutions – the paper [Re-Imagining Brokerage](#) (2015) provides an excellent overview of what good brokerage organisations look like.

8 Challenges

Implementing any whole system change is challenging. Local authorities who are actively pursuing the widening of their personalisation offer by developing ISFs may face several challenges, including:

- Capacity barriers– in many areas the social care sector is stretched, and this can limit the ability of providers to set aside time to engage in conversations and the development of an ISF offer. Conversely commissioning and operational teams may also struggle to engage with new work streams.
- Trust – building trust with providers, around holding what are often sizeable personal budgets, and seeing them as partners in a relationship designed to deliver the best outcomes for customers.
- Accountability and control – devolving responsibility for planning and the management of ISFs requires an element of openness between commissioners and providers that includes mutual transparency and showing faith in each other’s capabilities.
- Practice change – shifting away from prescriptive time and task-based approaches towards delivering outcomes and flexibility requires commitment alongside a good understanding of the legal frameworks around personal budgets.
- Process – ISFs offer an additional delivery vehicle for personalised support but implementation requires a commitment in terms of business process change, often accompanied by a need for further training and the production of good quality supporting information for the public
- Control – ISFs alongside Direct Payments represent a further shift of control and represent increased de centralisation which some authorities may find this uncomfortable.

9 Conclusion and considerations

Individual Service Funds offer an opportunity to transform how traditional social care and support is commissioned, placing the person at the centre of their support arrangements in a way that was previously only achievable using Direct Payments. IAs a contracting approach ISFs might be seen as the next logical iteration of local authority and provider partnership working - moving away from top-down performance management approaches and towards the real co production of outcomes undertaken on a relational basis between all parties with the person at the centre.

In getting to this point it may be helpful for local authorities to start by setting out a clear vision about the overall benefits of self-directed support and the core rationale behind shifting the locus of control further towards disabled people and communities, including

the economic benefits of cultivating local support options. To support this vision an understanding of the mechanics of [market shaping for individualised care](#) is also beneficial and should be used to develop a more varied local support offer which drives the uptake of direct payments and ISFs by providing more choices for citizens locally to access. In simple terms this is comparable to creating a wider product range for empowered consumers to access and purchase as required.

Finally, it is important to recognise that people have a right to request ISFs under the Care Act 2014, as do people who are eligible for NHS Continuing Healthcare, or who are supported under s117 aftercare arrangements. This final observation is particularly important in the context of ongoing health and social care integration with the potential to create a seamless offer to local people regardless of whether funded by local authority or NHS budgets.

10 References

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