

Personal budgets bring equality



Jamie Bartlett, senior researcher at the thinktank Demos

Personal budgets for healthcare create a fairer, equal society - so why are those on the Labour left still unconvinced?

Personal cash budgets handed out by the state instead of providing a service isn't a new idea, but the scale now is. The government is committed to offering personal budgets to every social care user by 2011, and the recent Darzi report also pledges to extend personal budgets into some health care services.

The rhetoric of personalised, responsive, public services is now ubiquitous throughout Whitehall, and personal budgets the new in phrase. For the Tories and Lib Dems, it comes quite naturally. It's the party that has overseen this revolution that will find it hardest to swallow.

Personal budgets have already begun to ignite a longstanding tension within the left about the role of the market in the delivery of public services. The argument goes: choice and competition will further benefit service users who are better resourced in terms of education or income. The weak and vulnerable will not be able to fare so well in a competitive social care market place, resulting in differences in service quality and outcomes. Rather than redressing the inequalities of wealth and power that the market creates, the state will exacerbate them. In short, it's bad for "equity".

This is based on a deeply held belief that standardised, mass-produced provision is more equitable because everyone gets basically the same. But that's mistaken.

Firstly, personal budgets are more "equitable" in the true sense of the term, because with a personal budget, each person gets a point score that reflects his or her needs which translates into cash, and this allows the local authority to match public resources to individual need more accurately. At the moment, however, services are mass purchased by local commissioners, and people are slotted in to whatever is available. People with similar needs are often treated (including resources spent on them) very differently.

But that's being pedantic. More importantly, personal budgets can better create a more equal, fair society, where circumstances that are beyond a person's control don't

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undermine the opportunity to thrive. Something the left is deeply committed to.

When someone gets a service that was chosen by a commissioner, life gets tougher. When local authorities buy services in blocks, much of the money tends to go on expensive institutional care like residential homes, and this often traps people in a cycle of dependency or isolation, with little or no say over what they receive. They are less able to contribute their social, cultural and economic gifts to society.

Personal budgets offer a new type of equality, of capabilities. True equality means a society which seeks equality in the freedoms that people have to lead fulfilling and meaningful lives in the way they choose. The role for the state should be to protect and promote substantive opportunity to do this.

With personal budgets, the state doesn't guarantee equality by giving everyone the same service, but helping people develop the capability to get what they want themselves. People who depend on public services like social care or long-term healthcare want the same opportunity to live an independent life that the rest of us take for granted. The most striking change in people that have started using personal budgets is the increase in their ability to take part in community, social, and economic life.

Social care is a test case for how far collectivist, traditional services deliver both equity and equality. In many places they don't. Personal budgets, though, uphold public service values cherished by the left. They must embrace them.

Balance of power left hanging



David Heald, professor of accountancy and former PAC special adviser

Is power sharing between the chair and comptroller the best way forward for the National Audit Office?

Applications for the posts of chair of the National Audit Office (NAO) and comptroller & auditor general have been submitted, in advance of legislation to make this possible in the constitutional renewal bill expected this month. Appointments are likely to be made before there is any debate of the merits of incorporating the NAO and dividing power between the comptroller, an officer of parliament established by Gladstone in 1866, and the new post of chair.

This spectacle of parliament blunting its most effective tooth can only be understood in terms of an over-reaction by the Public Accounts Commission, the NAO's oversight body, to media controversies about the expenses of the former comptroller, Sir John Bourn. An effective NAO audit committee could have safeguarded against repetition. Both the terms of reference of the review of NAO governance commissioned by the Public Accounts Commission, and the private sector background of John Tiner to conduct that review, predetermined the inappropriate conclusion that there should be a private sector governance model of chair and chief executive.

But the whole point of having the C&AG as an officer of parliament only removable from office by a resolution of both houses, is to symbolise and protect his/her independence from the over-powerful executive. While the comptroller will have a 10-year fixed-term appointment, the chair will have a once-renewable three-year term - as will the non-executive director majority on the NAO board. Either the chair and non-executives will interfere in the exercise of what has properly been the comptroller's preserve, or they will be superfluous - diverting top management time.

We have seen in the banking crisis the damage done by the lack of transparency about bank finances. The UK government has baggage of its own in terms of off-balance sheet financing of private finance initiative (PFI) projects. Notably, prisons and roads (audited by the NAO) are mostly on-balance sheet, whereas hospitals and schools (audited by the appointed auditors of the Audit Commission, both private firms and its own staff) are almost all off. There is no objective difference between these PFI projects, only that the funding and control framework pressurised audit judgments in the NHS and local authorities whereas the NAO insisted - despite government pressure - that accounting

standards required most PFIs to be on-balance sheet.

Hopefully, PFI accounting will be regularised from 2009-10 under international financial reporting standards, but there may be new areas of conflict, for example, about the consolidation of banks controlled by the government in the long-delayed whole of government accounts.

Draft legislation in the Public Accounts Commission's 16th report attempts to build in protection for the comptroller's independence. But these miss the reality of the distribution of power. Of course, we will be told that governments would never use their power of renewable appointment to nobble the NAO. But the present government's use of terrorism legislation against an Icelandic bank and the suspension of competition policy in relation to the Lloyds' takeover of HBOS shows the expectation of self-restraint to be wishful thinking.

The matrix solution



Ken Orchard, chief executive of Mid-Devon Community recycling

A new tender evaluation tool is breaking the mould in Devon

Local authorities are rarely accused of being "out of the box" thinkers. Small-c conservatism is bred into the bone of local councils, no matter what colour their politics. Whilst there can be good reasons for this, it can lead to procurement and commissioning processes that suffer from institutional inertia.

This makes even small innovations, like a recent experiment in Devon where the local authorities developed a procurement tool in discussion with social enterprises, seem dramatically mould-breaking. Devon's councils worked with Exeter-based social enterprises, including Mid Devon Community Recycling, to develop a new tender evaluation tool, called the "sustainability matrix" that recognises the added value social enterprises can bring to a contract.

It has been hailed by the New Economics Foundation as "the most innovative and creative example of what we call 'commissioning for public benefit' that we have seen". It will be trialled across the waste departments of all Devon's councils, with plans to replicate it across the rest of the departments if it proves successful.

Social enterprises are businesses that tackle social or environmental needs and have community benefits, additional advantages for the local economy and lower carbon emissions often built into the business model. Surely these are valid considerations that should factor into the decision making process alongside more traditional categories? But traditionally, tender processes do not formally recognise the benefits that social enterprises can bring.

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