

Personal Health Budget Information Guides



Information Guide 3: Choosing how to hold a personal health budget

Who, and what, are these information guides for?

This series of guides aims to provide realistic and useful information about personal health budgets, so that people are better equipped to ask relevant questions and make the choices that are right for them about their health and well-being. The guides are intended for individuals and families who want to know more and who are considering having a personal health budget, and may also be useful for professionals.

People and families interested in having a personal health budget may be considering this option for a whole range of different reasons. A person may have a changing health condition or a change of circumstances. Often people are living with complex health conditions and may want more choice and control in their care and support.

The organisations responsible for local implementation of personal health budgets are Integrated Care Boards. There are currently 42 of these across the country, all with unique histories and different ways of doing things. Each is responsible for responding to the varied needs of their local population.

Peoplehub have created these information guides because our lived experience is that personal health budgets, when done well, can make a huge positive difference in people's lives. We've also found that things go more smoothly when people are well-informed about what is and isn't possible, and aim to work together with their local health team.

This third guide in the series explores the different ways that personal health budgets can be held, and the options for managing the money and the responsibilities.

For someone who is eligible for a personal health budget, the decision about “management options” is an important one. Everyone is different and everyone’s circumstances are different. Our skills, experience and the way we organise our lives can differ enormously, which is why there are different management options. This enables people to choose which aspects of their care and support they wish to manage and how.

The support available to help manage a personal health budget can also differ depending on where you live and what your ICB offers.

1. What are the different options that are available?

There are three options for managing a personal health budget:

- i) A healthcare direct payment
- ii) A third party budget
- iii) A notional budget

i) A healthcare direct payment

NHS England defines a direct payment as:

“Direct payments for health care are monetary payments in lieu of services-made by ICBs to individuals (or to a representative or nominee on their behalf) to allow them to purchase the care and support they need.”

Guidance on Direct Payments for Healthcare:
Understanding the Regulations - NHS England

With a direct payment, money identified for the personal health budget is transferred to the person, who then

purchases the services and support they want, in line with the agreed care plan.

The person holds responsibility for the money, for managing the support, and must show what the money has been spent on. Direct payments for health care must be paid into a separate bank account used solely for that purpose.

The document “Guidance on Direct Payments for Healthcare: Understanding the Regulations - NHS England” is a really useful document to have and to use (see Further Reading at the end of this guide for link).

iii) A third party budget

A third party arrangement is where the money identified for the personal health budget is paid to an organisation that holds it on the person's behalf. That organisation is legally independent of both the person and of the NHS.

The organisation is referred to as a third party because the budget is held neither by the NHS commissioner nor the family.

A third party organisation could be an independent user trust (a limited company providing a service to budget holders), or an existing voluntary organisation, a "user-led" organisation or community interest company. There is more about these different organisation options in Section 3 of this guide.

ii) A notional budget

Under this option, the money continues to be held by the NHS. The NHS should provide the personal health budget holder with a full and clear understanding of the amount of money allocated to them. They should also fully consult with and involve the person. In fact, the person should have the same degree of input to the care and support planning process, and to decisions about how the money in the personal health budget is used, as for either of the other two options.

The big difference is that it is the NHS itself which then arranges and pays for the agreed support and services, including any employment of staff where this is part of the plan. It does this by using its usual contracting processes with providers.

It is generally your choice about which of the three you opt for; or whether you choose a mix of two or more, and this will need to be agreed with your Integrated Care Board.

"ICBs should ensure all three options are available to enable people to make a choice about the level of control they feel comfortable with. The most appropriate way to manage a personal health budget should be discussed and agreed with the person and/or their representative as part of the personalised care and support planning process."

Guidance on the legal rights to have personal health budgets and personal wheelchair budgets (2019) NHS England

The next part of this guide tells you a little more about each of these management options.

2. What is a health care direct payment and how do you decide if it is for you?

If you have a health care direct payment, the money is transferred to you and you can then use it to buy the goods and services you have chosen to meet your health outcomes. If you are supporting a family member who doesn't have capacity to consent to hold the money him or herself, or who is unable to actually manage the money him or herself, then it can be paid to you as a representative.

As the budget holder (or representative), you will be directly responsible and accountable for how the money is spent. If you employ staff, you will be their legal employer.

It does not follow from this that if you opt for a direct payment you are on your own, without support to manage the money. Depending on your personal circumstances and what is available locally you may be able to access support from:

- family or friends who have skills and time to help;
- a paid broker;
- a direct payments support service.

Direct payments support services come in a variety of shapes and sizes, from groups of people with experience of using direct payments banding together to form a "user-led organisation" through to local branches or offices of national or regional organisations or companies. Many people find direct payment support services helpful, especially to run things like payroll for staff.

"ICBs must make arrangements to provide the person to whom direct payments are made (including representatives or nominees) with information, advice and other support. This can be provided either directly or by another organisation working in partnership with the ICB... It may also be appropriate for people to purchase their own support, for example purchasing a payroll service to help when employing a care worker. This should be discussed within the care planning process and the care plan should specify any requirement for information, advice or other support. This can then be funded as part of the care plan, within which it must be costed and agreed in the same way as for any other service to be purchased by the individual."

Guidance on Direct Payments for Healthcare:
Understanding the Regulations - NHS England

In part, the decision to choose a direct payment or not, will probably depend on precisely what it is you envisage your personal health budget being used for and how you would like your support delivered.

In thinking about this, some of the questions you may need to ask yourself and discuss with others are as follows:

- How important is it to me, to have the maximum amount of choice and control over how my care and support is provided?
- How comfortable am I with the legal responsibilities that come with holding a direct payment?
- Do I need to employ staff to support or care for me?

- If so, can I easily access the expertise I need to do this?
- If I am employing staff myself, how will I find out about and get support with payroll, insurance, tax, recruitment practice, health and safety and a variety of other things?
- Am I reasonably comfortable with keeping records around how I spend money?

Ultimately, the biggest question to ask yourself is this:

Is this option likely to add to my feeling that I am in charge of my life and my health – or is it more likely to seem like an added burden that I cannot comfortably manage?

You will need to decide whether a direct payment is right for *you* in your own unique circumstances. Undoubtedly, a direct payment brings with it greater responsibilities, including certain legal responsibilities, than the other options.

But many people prefer them, saying that they also bring a greater sense of choice and control, because the control is direct. For some people the fact that their entire personal health budget is directly available to them, rather than seeing a fee going to a third party, is an important consideration.

It may also be that you consider a mixed management option, where you take a direct payment for some aspects of your care but not others.

3. Third party budget arrangements; are these for you?

This is when an organisation holds and manages a personal health budget on your behalf. The organisation is independent of the NHS; they are also independent of you, the person eligible for the personal health budget. For this reason, it is known as a “third party arrangement.” Where personal assistants are employed as part of a budget, the organisation employs them on your behalf.

It is important to note that organisations charge a management fee for their service.

What makes a good third party budget arrangement?

People with lived experience have told us that what is important is:

- The budget should be held by the organisation in a dedicated bank account in the person’s name.
- Budget holders or their representatives should be free to identify, recruit, and train the personal assistants they want, with assistance if needed.
- They must also be free to identify key roles and allocate responsibilities e.g. to a team leader.
- The budget holder or their representative should be able to

set rates of pay and have a direct input into the employment contract.

- The third party organisation and the budget holder or their representative should have clearly defined roles and should be comfortable in their role.
- It is important that the third party organisation should be fully aware of the individual’s health context, and have an in-depth understanding of personal health budgets and personalised care.
- A third party organisation should provide a good fit with the family, facilitating effective communication and tailored support.

It is advisable to have a clearly defined contract that is agreed in advance of starting a third party arrangement. This should cover all areas of responsibility so that everyone is clear about roles and responsibilities or 'who does what'. The contract should also identify areas that may incur additional costs e.g. training, disclosure and barring service checks, accounting systems.

Here are some tips to consider when choosing a third party organisation:

- Don't rush to a decision. It is important to think this through, in a way that is informed by both your personal circumstances and by what is available in your locality.
- Get advice and talk to other people about their experience and views, BUT make your own decision. When peoplehub spoke with families who

had experienced third party organisations supporting them, many of them highlighted the importance of peer support in gaining the confidence they needed to move things forward.

- Families also spoke about the importance of the process of developing trust with the third party organisation - in circumstances where they had sometimes lost trust in "the system." One family member described this as being "like a courtship" as they got to know the organisation and both sides tested the other out.
- Bear in mind that different organisations can offer to do different things for you (accounts, manage staff, arrange rotas etc.), but they may also have different attitudes or approaches. The attitude to risk is a particularly important issue. It is helpful to find out whether an organisation is generally

risk-averse, or whether they see risk as a positive aspect of everyday life to be embraced and dealt with. Does their approach suit you, or might you be better served by another organisation whose view of life better matches yours?

- Another thing to try and establish when assessing a third party organisation is to what degree they will co-ordinate services for you. Very often people holding personal health budgets have complex lives, and make use of many different health specialisms. Often the default is for the family to take on the co-ordination role. Is this what you want? Or are you looking for a third party organisation to relieve you of this – or to do so in part? It could be helpful to think about this and to ask appropriate questions.

You can read more about what families thought about third party organisations in the document "3rd Party Budgets: Family Perspective" in the resources section on our personal health budget webpage.

4. What is a notional budget and will it work for you?

With this arrangement the money continues to be held by the NHS, but you should be given a clear understanding of the sum allocated and how it is to be used to meet your agreed health outcomes.

You should always be fully consulted and involved at all stages of the process, with the same degree of input into the care and support planning process as for the two other options.

With a notional budget, the NHS arranges and pays for your support and services. Where relevant, this includes taking care of the employment of care and support staff through its usual provider and contracting processes. A health professional should discuss with you which providers you prefer and should take your views into account.

It may be the case that the list of experienced and qualified providers who can help you in your locality is a short one, (this will depend on a variety of things including: the nature of your condition, the outcomes you are looking to achieve and the local approach to procurement and contracting). In any event, this is something worth finding out about and if the choices are very limited you may need to ask yourself if you are happy with this.

Generally speaking, it is probably harder to take novel or imaginative approaches to meeting your needs if you are using a notional budget, since you will have a less choice to source and obtain things in your own unique way. It may also be less easy to have a sense of control in making and implementing important decisions.

So for some people a notional budget is simply not different enough from what they have been used to, and they tell us that it fails to open things up in the way that they wish. For others, however, a notional budget does deliver a greater degree of choice and control, but brings none of the additional responsibilities that are associated with the other options.

5. In Summary...

	Direct Payment	Third Party Budget	Notional Budget
Who holds overall responsibility for the budget?	You.	The third party organisation.	Your Integrated Care Board.
Who chooses goods or services to be purchased/ contracted?	You.	You, in partnership with the third party organisation.	Your ICB, in consultation with you, from their list of contracted providers.
Who holds the responsibility for employment of any staff?	You.	The third party organisation.	The contracted service provider.
Who interviews and chooses staff, and prepares rotas etc?	You, with support from direct payment support services if you want it.	You, through agreement with your third party organisation OR the third party organisation.	The contracted service provider.
Who is responsible for staff health and safety and risk assessments?	You, with support from direct payment support service & employer's insurance company.	The third party organisation.	The contracted service provider.
Who processes payroll and deals with HMRC etc?	You (if you wish to) OR direct payment support service.	The third party organisation.	The contracted service provider.
Who deals with employment issues i.e grievances and disciplinary procedures?	You, with support from direct payment support service & employer's insurance company.	The third party organisation.	The contracted service provider.

*Where we say "You" in the above table, we mean you, or your representative.

6. What else do you need to bear in mind when thinking about these options?

What then are the broad things you may wish to consider when making the important decision about the best option for you for holding your personal health budget?

We can list some of these things as follows next:

- **Your health outcomes and the steps needed to achieve these as set out in your care and support plan.**

This is important to consider because what it is you are aiming for may influence how you decide you can best achieve it. For example, it may make certain day-to-day purchases and life more straightforward if you have the money in your own bank account for immediate access.

- **The nature and level of care and support you require.**

Let's consider a scenario where you or your family member has a high level of need that requires, for example, 24-hour care every day of the week. You decide that the way to achieve this is by employing a team of personal assistants.

In a situation like this, you will almost certainly require some on-going involvement from someone with significant knowledge of employment law, recruitment practices, payroll processes, and staff management. Your personal assistants may also need training in how to use specialist equipment or perform specialist procedures.

In discussion with health professionals, you may think that this is best done either through a third party arrangement or by using a notional budget, rather than a direct payment. On the other hand, if there is a good direct payment support service available locally, or if you have experience or are confident in managing staff, you may well be comfortable using a direct payment.

- **Which aspects of the care and support plan you want to take full responsibility for.**

Some aspects of your care will remain with the NHS, as they do for all of us. This will include any primary care (GPs, practice nurses etc.), acute or emergency care needs, as well as the specialist medical oversight of your health condition from hospital consultants and their teams.

The question is:

Are there aspects of your care which best suits with others to oversee and manage, whilst you take full responsibility via a direct payment for some other aspects? This is something to think about and discuss.

- **The nature of services/equipment required and the options for purchasing them.**

Nowadays, many services and items of equipment can be readily sourced and purchased by personal health budget holders rather than the NHS.

This may encourage you to be proactive in finding what you need. However, it's worth bearing in mind that there may be issues about specialist contracts, equipment support and maintenance and health and safety considerations - all of which can sometimes add a layer of complexity to any purchases. It may also be that you don't need to purchase any specialist services or equipment with your personal health budget.

- **The degree of flexibility in the services and support you are looking for.**

It is important to say that it does not (or should not) follow that just because you are managing your support through a direct payment you will automatically have more "flexibility" – but it is probably equally fair to say that it is usually easier to change things quickly or do things spontaneously with a direct payment than with other arrangements. Something else to bear in mind.

- **How much direct control of the money and budgetary management you want.**

By definition, a direct payment brings more direct control than other arrangements.
How important is this to you?

The decisions you make about the management of your personal health budget will be critical in determining whether it is successful for you or not. Depending on your circumstances these decisions can be straightforward and obvious; or they may be quite complicated. It's well worth putting time and effort into considering what will work best for you. The decisions you make about the management of your personal health budget and the way you reach those decisions has to be personal to you.

FURTHER READING

This is the third guide in a series of information guides about personal health budgets.

The other guides are:

- 1 – An introduction to personal health budgets
- 2 – Care and support planning for personal health budgets
- 4 – Top tips for personal health budgets

Available from www.peoplehub.org.uk



Guidance on Direct Payments for Healthcare: Understanding the Regulations (updated 2022) NHS England

<https://www.england.nhs.uk/publication/guidance-on-direct-payments-for-healthcare-understanding-the-regulations/>

Third Party Budgets: Family Perspective

<https://www.peoplehub.org.uk/personal-health-budgets/#resources>

Skills for Care - Employing personal assistants toolkit

<https://www.skillsforcare.org.uk/Employing-your-own-care-and-support/Information-for-individual-employers/>

NHS England Personal Health Budget Case Studies

<https://www.england.nhs.uk/personalisedcare/evidence-and-case-studies/>

<https://www.england.nhs.uk/personalisedcare/comprehensive-model/case-studies/>

Options for managing the money – Personal Health Budgets and Integrated Personal Commissioning (NHS England, 2017)

https://www.england.nhs.uk/wp-content/uploads/2017/06/516_Options-for-managing-the-money_S7.pdf