White Paper:

- **Personalised Complex Care Delivery** - The Importance of Governance and Oversight for Individual Service Funds and Third-party Managed Budgets.
- A model of complex, personalised care where **clinical** and **financial** outcomes co-exist, supported by digital systems that capture data in real time to enable informed decision-making, efficiencies and quality of care outcome.

1. Executive Summary

Individual Service Funds (ISFs) and Third-Party Managed Budgets (TPMBs) are increasingly recognised within health and social care as effective mechanisms for delivering personalised support for complex care packages. By enabling commissioners to transfer financial resources directly to a provider or third party, these approaches are particularly suited to larger and more complex care packages that require more coordination and management. They are also highly relevant to All Age Continuing Healthcare (AACHC) within the NHS.

Both models place the person, or their representative, at the centre of decision making. They ensure that individuals retain choice and control over how their care and support is designed and delivered, without the administrative burden of managing funds directly.

Personal Budgets (PBs) and Personal Health Budgets (PHBs) represent allocations of public funds. The fiduciary responsibility for these budgets remains with the Local Authority (for PBs) or the NHS (for PHBs). Commissioners must ensure that all expenditure is managed appropriately and aligns with the individual's agreed care and support plan and represents good value for public money.

This requires a robust governance and oversight framework to provide assurance that public funds are spent effectively, transparently, and in line with commissioning objectives and standing financial orders. Current practice, based on self-governance and ad hoc transactional oversight, are insufficient to meet these requirements and do not deliver the level of accountability expected for public expenditure.

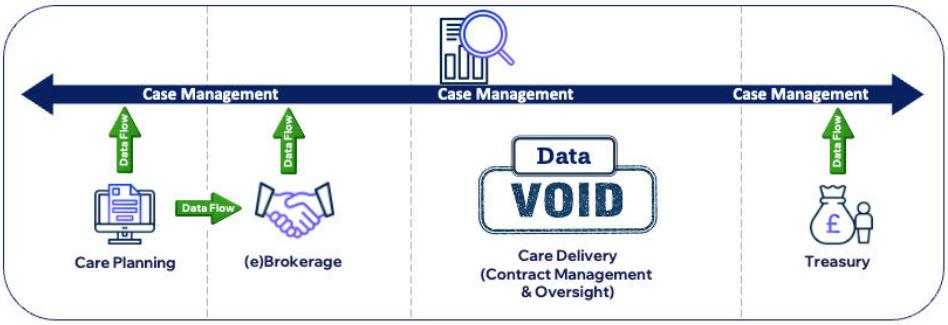

Fig 1: Systems operating independently with limited data flow and an almost total void during the care delivery phase.

The increasing complexity of personalised care packages, alongside the significant growth in their associated budgets - frequently exceeding £100,000 annually - has outstripped current oversight and governance mechanisms. Present arrangements do not sufficiently address the financial, quality, safeguarding, and assurance risks inherent in contemporary models of personalised care. As a result, existing practice remains vulnerable to misuse and malpractice.

This white paper proposes a new model of oversight for complex personalised care, grounded in a clear principle:

"Oversight must be grounded in the triangulation of information between the agreed care plan, the actual delivery of care, and outcomes achieved. Assurance should not be limited to financial transactions but should reflect the quality and cost of care delivered."

To deliver this ambition, commissioners will require the deployment of (and access to) the digital systems used by care providers that can automatically capture care activity, care costs and workforce competency, correlate this information directly to the approved care plan, and enable secure and timely access to this information for all relevant parties.

The critical point here is that, just as the NHS invests in preventative health interventions to reduce future demand, commissioners must take a similar approach to digital transformation, by prescribing the use of integrated digital systems by care providers delivering complex care packages to prevent fragmented data, poor coordination, and costly unplanned expenditure.

Through their analysis, the Total Care Manager team has highlighted how over 20 local authorities are already leading the way in this critical aspect. (https://totalcaremanager.com/blog/commissioners-lead-on-technology-to-reduce-the-cost-of-care/).

This requirement is essential to ensure that data flows are consistently captured and structured in a format that enables robust monitoring, assurance, and continuous improvement against commissioned outcomes.

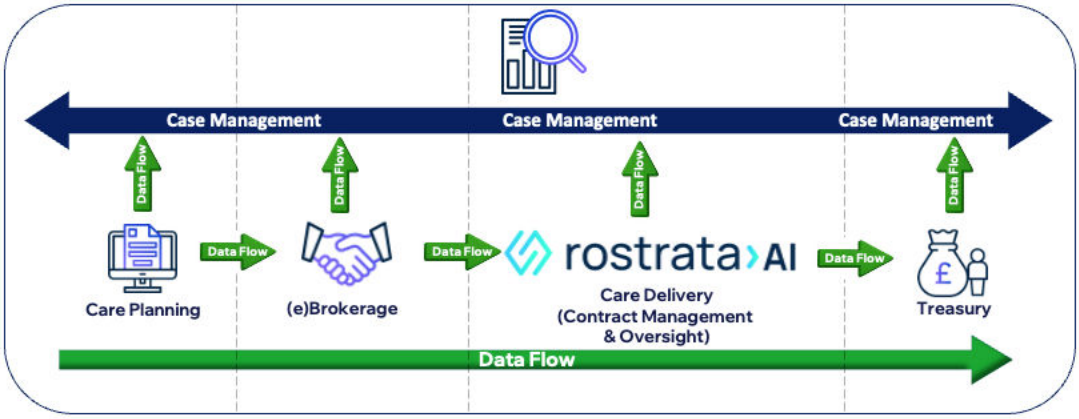

Fig 2: Adjacent systems co-exist and rely heavily on care-delivery data.

However, the challenge remains that some care providers may resist this level of transparency, particularly where they already operate roster systems that replicate elements of this functionality. Such resistance cannot be allowed to obstruct commissioners' access to the information required. Without this, any aspiration to improve the administration and oversight of these budgets will be fundamentally undermined, and the opportunity to drive efficiency, accountability, and better outcomes will be lost.

We can draw here on learning from Alocura's Rostrata system, which at its core is a complex care rostering solution, but with a significant difference. Rostrata connects day-to-day workforce scheduling with strategic framework compliance by equipping Integrated Care Boards and Local Authorities with data outputs that enable effective framework management. It collects real-time operational and financial data and directly correlates that to approved care plans. This rich seam of data empowers commissioners to drive better financial outcomes and more informed decision-making across the entire care ecosystem:

- **Smart commissioning** - responsive to individual needs.
- **Robust financial control** - aligned to agreed care plans and standing financial orders.
- **Quality assurance and safeguarding** - through availability of delivered care data.
- **Efficiency, affordability and sustainability** – when delivering complex personal care.

2. Introduction

Legacy systems and processes were originally established to manage relatively simple social care packages, but they are now increasingly overstretched by the emergence of more complex and higher-value budgets. PBs were initially introduced to support low-complexity social care, designed to be flexible and largely self-managed. These budgets typically amounted to less than £5,000 per year, required minimal oversight, and expenditure was largely trust-based.

Since the implementation of the Care Act 2014, however, both PBs and PHBs have been applied to significantly more complex and higher-value care packages. Oversight and audit arrangements have not evolved in line with this shift. Current audit practices remain transactional and retrospective, often reliant on ad hoc sampling and documentation such as bank statements provided by budget holders. This approach verifies only that funds have been spent, without demonstrating how they were used, whether care was delivered as planned, or whether agreed outcomes were achieved. Such practices fall short of fiduciary standards and cannot reasonably be regarded as a robust audit process.

This paper sets out a fresh perspective on how outcomes should be considered. Care outcomes remain vital in demonstrating the value of support, or the absence of it, yet they represent only part of the picture. They are inherently difficult to define and therefore challenging to embed within software systems, requiring dedicated work and careful thought to capture them in ways that are both meaningful and practical. Equally important, however, are financial outcomes, which form the central focus of this paper. The mechanisms to record and measure these outcomes are already in place; what is now required is a market wide shift towards embracing the necessary change.

The mismatch between the increasing complexity of care packages and current oversight of delivery is no longer sustainable. Commissioners are now exposed to a widening range of risks:

- Financial governance risks arise from potential breaches of standing financial orders due to the absence of robust verification that care has been delivered.
- Resource inefficiency is evident in the inability to recover unspent funds, which typically amount to around nine percent of planned budgets.
- Quality assurance gaps persist, with limited capacity to confirm whether care plans have been delivered as agreed, thereby undermining the assessment of outcomes.
- Safeguarding concerns are heightened by the lack of real-time visibility of significant under-delivery against plan.
- Affordability exposure is present, with the risk of undetected over-delivery of care.
- System fragmentation compounds these issues, as planning, case management, and treasury systems continue to operate independently without integration.
- Finally, there is a shortfall in management information, with insufficient reliable data available to drive sustainable efficiencies in collaboration with care providers.

Because commissioners are largely excluded from the data generated during the care delivery phase, they lose visibility of approximately 90% of the information most critical to governance, assurance, quality, and efficiency. This creates a fundamental transparency challenge:

"There is no reliable mechanism linking the care that was planned, the care that was delivered, the expenditure incurred, and the outcomes achieved."

3. The Oversight Challenge: Addressing the Lack of delivered versus Care Plan Data

Commissioners currently rely on fragmented processes and systems to understand how complex care packages are being delivered.

The systems utilised within the care delivery process include care planning, brokerage and contracting, treasury and payments, provider-specific rostering platforms, and case management systems. In practice, commissioners do not have access to provider-specific rostering systems, creating a significant gap in the availability and flow of data.

This lack of visibility limits assurance and weakens the ability to monitor care delivery against agreed plans and outcomes.

In an optimal system, data from every stage of care delivery, from planning through to financial management, would flow seamlessly both vertically and horizontally, providing commissioners with a real-time, end-to-end view of delivery. In practice, this is not achieved. The majority of meaningful data is generated within the care delivery process itself, yet commissioners remain excluded from this stage, resulting in a significant gap in visibility and assurance.

The journey towards meaningful oversight of complex care packages requires commissioners to have access to the data generated during care delivery. This includes:

- Every shift, clock-in, and task completed.
- Competence levels and hours worked.
- Pay and charge rates for staff delivering care (inc. data on Living Wage compliance).
- Correlation to approved care plan and variance.

When verified against the care plan, this information provides a live picture of the financial and operational status of a package at any point in time. Achieving this requires innovation in the scope and function of care management systems.

Rostrata, developed by Alocura, was designed specifically to generate and collect management information during the care process itself. It securely collects data at multiple levels, individual (NHS number), employee (NI number), package, provider, and commissioner. Crucially, it compares actual delivered care against the approved care plan in real time and unlike typical rostering systems, Rostrata was built to be accessed by both providers and commissioners alike. It is unique in that respect.

4. System Innovation and Transformation – the Care Eco-System

Case management is often described as the *golden thread* that connects individuals, providers, and commissioners. It functions as the central nervous system of care delivery, ensuring that data is captured, organised, and shared in ways that enable other systems to operate effectively.

Well-designed APIs allow information to flow vertically into case management systems and horizontally across the care process, supporting continuity and coordination.

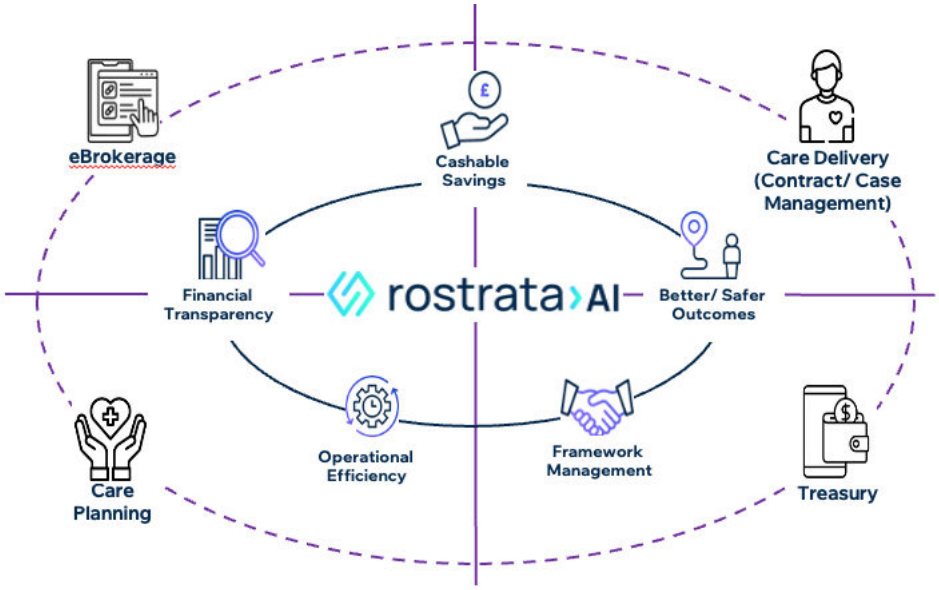

Fig 3: Data from care delivery sits at the heart of the care ecosystem and is vital for commissioners

Yet case management systems are ultimately repositories of information. They do not generate data themselves; they rely on inputs. Critically, around 90% of the data required originates within the care delivery process. If commissioners lack access to this data, the system cannot collect it, and its effectiveness is severely limited.

This highlights a fundamental truth: system innovation and transformation cannot be achieved solely by procuring new systems or technologies. Procurement alone does not deliver change. Transformation must be embedded within commissioners' own practices, in their thinking, processes, contract management, and procurement scope.

If commissioners adopt this mindset, it will enable the creation of a genuine care ecosystem:

- **Systems cooperate rather than compete** - with adjacent software.
- **Data flows freely across boundaries** - reducing duplication and inefficiency.
- **Commissioners act as enablers of innovation** - shaping contracts and frameworks that encourage collaboration and integration.
- **Transformation becomes cultural as well as technical** - fostering adaptive thinking and continuous improvement across the care landscape.

Innovation cannot be purchased off the shelf. It must be cultivated internally, with commissioners embedding transformation into their organisational DNA. Only then can technology act as a true enabler of better outcomes, rather than a superficial layer added to existing structures.

5. Financial Governance and the Logic of Public Spending

Here at Alocura, our experience with real-time, delivery-linked oversight shows that budgets almost always underspend, sometimes marginally, sometimes significantly. Under current sector practice, this money is usually recovered through audits, and only when requested by the commissioner (which raises the question: *what happens if no request is made?*). This approach isn't ideal. It creates unnecessary tension with budget holders and care providers because audits are retrospective (often months after spending), adversarial, and extremely time-consuming. Often, what a commissioner sees as 'claw-back', an individual will view as 'budgetary cushion' - or more accurately, contingency. That's where the friction begins.

It doesn't have to be this way. Contingency can, and should, be agreed upfront during care planning. Rostrata streamlines contract management by accurately reporting on actual unspent budget, enabling the automated return of funds resulting from activity related under-delivery, thus preserving any agreed contingency.

The system also provides visibility before money is spent, enabling proactive adjustments to care plans. This makes the process far less adversarial and much more collaborative, supporting better outcomes for individuals and commissioners alike.

Access to delivered care information solves the unrecovered budget issue:

- Underspend averages 9%, often due to cancelled or unfulfilled hours.
- Realtime reconciliation enables automated recovery.
- Better visibility reduces over-commissioning and improves affordability.
- Commissioners gain confidence that high-value packages are "rightsized."
- Contingency agreements (in a less adversarial way).

This supports both immediate financial control and longer-term affordability planning.

At the heart of financial governance lies a simple but critical logic: commissioners must operate within their standing financial orders. In the first paragraph we outlined that:

> *"PBs and PHBs represent allocations of public funding. The fiduciary responsibility for these budgets remains with the Local Authority (for PBs) or the NHS (for PHBs), who must ensure that all expenditure is managed appropriately and in accordance with the individual's agreed care and support plan."*

These aren't bureaucratic hurdles, they're safeguards designed to ensure accountability, transparency, and value for public money. In the context of today's financial challenges, their importance is clear. The problem is that current audit process does not meet required standards when assessed against this level of assurance.

What we are talking about here is age old business practice and does not require reinvention. Let's consider this as a 'purchase-to-pay' issue. If viewed with this lens, then three essential elements are required:

- **The Order** – the approved plan and budget.
- **Proof of Delivery** – evidence that care has been provided.
- **An Invoice** – the formal request for payment.

Together, these elements should match and will form the basis of the assurance demanded by financial standing orders. This ensures:

- Funds are only released when planned, delivered, and invoiced care align.
- Commissioners demonstrate stewardship of public resources, protecting against fraud, error, or inefficiency.
- Providers are paid fairly and promptly, but only for verified services.
- Data integrity is maintained, with financial flows tied directly to care delivery evidence.

Delivered care data is the missing piece of this 'jigsaw'.

Ultimately, financial governance is not just about compliance. It is about ensuring that every pound of public money contributes directly to better care outcomes, with commissioners acting as responsible custodians of both financial and human resources.

6. Smart Commissioning and the Open Book – the Added Value

By enabling an open book approach between commissioners and providers, **Rostrata** supports a new model of cooperative commissioning. Transparency transforms relationships from transactional oversight into partnerships built on shared data, trust, and accountability.

The availability of detailed delivered care information generates significant benefits:

- **Shared visibility of costs and delivery**, ensuring both parties operate from the same evidence base.
- **Better alignment of workforce planning**, allowing providers to match staffing to demand while commissioners anticipate future needs.
- **Evidence-based negotiation of price and volume**, moving away from assumptions toward fair, data-driven agreements.

- **Market shaping informed by real-world data**, enabling commissioners to identify gaps, trends, and opportunities.
- **Transparent cost of care insights**, supporting sustainable funding models.
- **Improved sustainability for providers**, as financial planning becomes more predictable and aligned with verified delivery.

This reflects a broader shift in public service commissioning. Accountability for spend is now paramount. Commissioners must demonstrate that every pound delivers measurable outcomes, while providers must evidence care delivered in real time.

The urgency is heightened by the NHS's 10 Year Plan, which identifies the home care sector as a key delivery platform. Providers will need to produce detailed information more frequently and transparently than ever before. Data transparency is no longer optional, it is foundational.

Smart commissioning represents more than technical innovation. It is a cultural transformation:

- Commissioners adopt a mindset of partnership rather than control.
- Providers embrace transparency as a route to sustainability and trust.
- Systems integrate financial, operational, and care delivery data seamlessly.

Together, these elements create a commissioning environment that is adaptive, evidence-driven, and resilient; capable of meeting the challenges of an evolving care landscape while safeguarding public resources.

7. The Impact on Quality Assurance and Safeguarding

Recent reports have highlighted instances of poor or mismanaged care delivery. They are failures that could have been prevented through stronger oversight. The increasing activity of the NHS Counter Fraud Authority underscores the risks of operating in a system where expenditure is trust based. To move from trust-based care delivery to evidence-based care delivery, oversight must be grounded in verifiable data drawn directly from that process.

Commissioners and providers cannot assess whether a care plan has achieved its intended outcomes if they cannot confirm that it has been delivered in the first place. Quality assurance (including care outcomes) and safeguarding therefore depend on live, reliable information, including:

- **Question: Was the care delivered directly aligned with the approved care plan?**
- **Realtime alerts on missed visits** – enabling immediate intervention when care is not delivered as scheduled.

- **Identification of care plan deviations** – highlighting when care provided does not align with the agreed plan.
- **Evidence for safeguarding casework** – providing commissioners and regulators with reliable data to investigate concerns.
- **Visibility of lone worker risk** – protecting staff who operate independently in vulnerable environments.
- **Detection of patterns of concern across teams or providers** – enabling early identification of systemic issues before they escalate.
- **Monitoring of non-direct care hours** – ensuring that time spent on indirect tasks is proportionate and justified.

Embedding these safeguards into commissioning frameworks enables a shift from retrospective audits to proactive, real-time assurance. This strengthens protection for individuals receiving care and builds trust between commissioners and providers.

ISFs and TPMBs, when combined with real-time oversight, provide a far stronger safeguarding framework than traditional personal budget arrangements. It allows commissioners to identify safeguarding issues as they emerge and resolve them. Safeguarding thus becomes a dynamic process, embedded into daily practice, ensuring that individuals are protected and public money is used responsibly.

8. Conclusion: Strategic Alignment with Emerging ISF and TPMB Models

Aligning Alocura's Rostrata system with commissioners' emerging ISF and TPMB strategies provides a scalable oversight model suited to the complexity of modern care packages. This alignment delivers:

- **Enhanced assurance** across finance, quality, and safeguarding.
- **Compliance with statutory and audit requirements**, ensuring public accountability.
- **Transparency that strengthens trust** between commissioners and providers.

Beyond compliance, strategic alignment enables:

- **Stronger provider relationships** rooted in shared information and open book commissioning.
- **A futureproof digital care ecosystem**, with systems interoperating seamlessly through APIs and shared protocols.
- **Modernisation of commissioning around real-time care data**, ensuring decisions are evidence based and responsive.
- **Greater resilience in a stretched care environment**, where demand is rising and resources are under pressure.

ISF and TPMB models represent more than financial mechanisms; they are catalysts for cultural and systemic transformation. By embedding real-time oversight, commissioners can move from reactive management to proactive assurance, shaping a care ecosystem that is transparent, sustainable, and centred on outcomes.

These solutions cannot simply be procured off the shelf, though some procurement will undoubtedly be required; commissioners will need to actively shape the supply market and, critically, the systems that underpin it. There is no single system that will meet all needs. What is required is a carefully designed 'complex care ecosystem', supported by the contractual infrastructure necessary to ensure interoperability, compliance, and sustainability. If the aspiration is to achieve better care quality and financial outcomes, then the way services and systems operate must be fundamentally re-engineered.

There is a strong case for commissioners to adopt Individual Service Funds (ISFs) and Third-Party Managed Budgets (TPMBs) to manage complex and high-value budgets. The question is: what will commissioners need to do, and what won't they need to do, to benefit from the valuable data these mechanisms provide?

Commissioners **will not** need to implement or operate the systems themselves. The systems in this model are used by care providers, and in the case of Rostrata, Alocura provides training and ongoing support to those providers.

So, what will commissioners **need to do?** Commissioners simply need access to the reporting platform (for Rostrata, this is Power BI) and understand how to interpret and act on the information presented to them.

Also, as ISFs and TPMBs become more widely adopted, commissioners should ensure that the models of governance and oversight set out in this document are clearly reflected in their policy and contractual documentation. This can be achieved with relatively straightforward wording, requiring care providers to deliver nominated packages of care **using systems specified by the commissioner** - nothing more.

The case for ISFs and TPMBs is compelling. The case for this governance and oversight model, built on clear accountability and robust, real-time data, is even stronger.