LSE PSSRU Research Bites

Newsletter Issue 1, April 2007
www.pssru.ac.uk

Introduction from the director of PSSRU, London School of Economics and Political Science

I am pleased to welcome you to the first issue of the newsletter from PSSRU at LSE. We have put this newsletter together to provide information about our research at the LSE, and to disseminate findings as they become available.

We hope you will find this helpful, and that you will contact us should you want further information. Your comments on this issue would be very welcome!

Martin Knapp
Director PSSRU
Professor of Social Policy
LSE

Contents

The PSSRU receives funding from a number of organizations but would particularly like to acknowledge the continued support and funding we receive from the Department of Health for our core research and related activities.

PSSRU @ LSE

The Personal Social Services Research Unit (PSSRU) at the London School of Economics and Political Science was established in 1996, as PSSRU expanded from its original base (since 1974) at the University of Kent. Another branch was also established at the University of Manchester. At the LSE we are part of LSE Health and Social Care in the Social Policy Department. For further information about the PSSRU visit the main Unit website (www.pssru.ac.uk).

The PSSRU conducts research and policy analysis aimed at the improvement of equity and efficiency of health and social care services, and carries out policy analysis, research and consultancy in the UK and abroad. Contributions of various kinds are also made to teaching at LSE and elsewhere.

The current programme of research focuses on needs, resources and outcomes in social and health care. At the LSE we have a particular but not exclusive focus on consumer-directed services, community-based care arrangements, residential and nursing home provision, long-term care finance and future projections, commissioning, and mental health policy and economics.

PSSRU Mission

PSSRU's mission is **to conduct high quality research on social and health care to inform and influence policy, practice and theory**.

Associated with this mission are the following aims:

- To conduct long-term research to help shape the developments of social and health care systems, in the UK and internationally, while also responding to more immediate research needs;
- To develop and employ rigorous research methods from a multi-disciplinary base;
- To examine the performance and functioning of social and health care finance, organization and delivery, with a particular emphasis on promoting efficiency and equity;
- To conduct research that meets the best standards of research governance;
- To work towards greater user involvement in research;
- To disseminate research findings to a variety of audiences through a variety of media; and

To develop the research and related skills of PSSRU staff.

Contact details

Director:
Professor Martin Knapp
Tel: +44 (0) 20 7955 6225
Fax: +44 (0) 20 7955 6131
Email: m.knapp@lse.ac.uk

Deputy Director:
Dr José-Luis Fernández
Tel: +44 (0) 20 7955 6160
Fax: +44 (0) 20 7955 6131
Email: j.fernandez@lse.ac.uk

Administrator:
Anji Mehta
Tel: +44 (0) 20 7955 6238
Fax: +44 (0) 20 7955 6131
Email: a.mehta3@lse.ac.uk

Website: http://www.pssru.ac.uk

Research Programmes

Research at the LSE branch of PSSRU is focused around 10 research clusters:

Balance of care / Prevention and partnership
Programme lead: Professor Julien Forder

Care service evaluations
Programme lead: Dr José-Luis Fernández

Consumer-directed care
Programme lead: Professor Martin Knapp

European social care
Programme lead: Professor Martin Knapp

Informal care
Programme lead: Linda Pickard

International mental health
Programme lead: David McDaid

Long-term care finance
Programme lead: Raphael Wittenberg

Local variations
Programme lead: Dr José-Luis Fernández

Regulation
Programme lead: Professor Julien Forder

UK mental health
Programme lead: Professor Martin Knapp

Within 3 core programmes:

The **Commissioning and Performance** programme aims to improve understanding of how social care services are commissioned, and with what implications for social and health care systems. This works includes evaluations of two national pilot schemes (POPP and IBSEN), evaluations of local initiatives (such as the Innovation Forum programme on older people) and analyses of publicly available data on local authority social care patterns of support.

There is a particular focus on:

- the approaches and perspectives of purchasers;
- the characteristics, motivations and behaviour of providers;
- the key features of commissioning and their consequences for market structure and outcomes;
- micro-commissioning by care managers and the participative roles of service users; and
- commissioning of services by users, through direct payments and individual budgets.

The **Mental Health Economics and Policy** programme comprises research on mental health policy and practice. Work covers the full age range and all mental disorders. The programme also includes research on the separate area of services for people intellectual disabilities.

Current UK activities include research on socio-economic inequalities and mental health status, analysis of the adulthood costs and consequences of antisocial behaviour in children and adolescents, antipsychotic prescribing and adherence patterns, early intervention, economic aspects of stigma and discrimination, and evaluation of area-based suicide prevention strategies.

International work includes comparative analysis of mental health systems in Europe through the PSSRU-co-ordinated Mental Health Economics European Network, as well as assessment of the cost effectiveness of measures to help individuals with mental health problems return to open employment, and the comparative costs and cost-effectiveness of community and institution-based care across the EU.

The **Long-Term Care Finance** Team is currently updating and developing its model for making projections to 2041 of demand for, and expenditure on, long-term care for older people in England. As the projections are highly sensitive to assumed trends in drivers of demand for care services, the team is currently developing and expanding the range of scenarios that it investigates in terms of trends in disability rates and patterns of informal (unpaid) care.

For further information on the PSSRU at the LSE or any of its research projects visit http://www.lse.ac.uk/collections/LSEHealthAndSocialCare/PSSRU.htm or contact pssru@lse.ac.uk.

Research Findings

The Direct Payments Evaluation

In March 2004 the PSSRU's Commissioning and Performance team at the LSE was awarded a grant of £75,000 by the Department of Health for the *Evaluation of the Implementation of the Direct Payments Development Fund (DPDF)* in England.

The DPDF was introduced in 2003 to assist local authority and voluntary sector partners develop support for direct payment users. It was expected to act as a catalyst for widening the pool of direct payment users, improving access to services and the efficiency with which available resources impact on the welfare of service users.

The evaluation has therefore sought to examine the effectiveness of direct payments (DP) implementation methods. It has involved working closely with the National Centre for Independent Living (NCIL) and the National Direct Payments Steering Group, and also collaboration with other researchers in gathering data from across the UK. The research has been both multi-disciplinary and 'multi-design'; drawing on both quantitative and qualitative data and methods, and collecting evidence from service users, service co-ordinators and councils.

Findings

Three-quarters of local authorities in England responded to a UK-wide postal questionnaire collection from local authorities and support organisations covering direct payments policies and practices. Of particular interest are new findings that contribute to our understanding of the way resources are delivered to DP users. The survey found the following:

- Despite wide variations in the typical prices of care for different user groups, hourly DP rates are largely similar across these groups.
- There are marked variations between local authorities in DP rates.
- DP rates are generally lower than average prices for home care, raising concerns about purchasing power within local care markets.
- The majority of DP users receive intensive packages of care according to Department of Health classification (i.e. more than 10 hours of care per week). A higher proportion of DP recipients receive intensive packages of care than is the case for people using mainstream services.
- Whereas expenditure on direct payments care packages for people with learning disability is lower than that on standard packages, the reverse is true for physically disabled people. Expenditure on direct payments for older people is approximately the same as for standard packages.
- There has been a substantial decrease in local authority funding for direct payments support services in the last two years. Also, there are very wide disparities in average funding per person. This is despite the fact that the large majority of local authorities perceive such services as critical to the development of direct payments.

A report of our survey of support organisations, and the full report on the wider study will be available shortly.

For further information contact Vanessa Davey (v.davey@lse.ac.uk).

New paper on direct payments

José-Luis Fernández, Jeremy Kendall, Vanessa Davey and Martin Knapp (2007) Direct payments in England: Factors linked to variations in local provision, *Journal of Social Policy*, 36(1), 97-121

Although direct payments have moved to the heart of the government's drive for increased user choice, implementation has remained disappointing. The study developed statistical models to explore demand, supply and local policy factors associated with patterns of local variability in uptake and intensity of care package provision. Statistical analyses were conducted for people with physical disabilities, older people, people with learning disabilities and people who use mental health services, using local authority level data for England from 2000-01 to 2002-03. The results suggest that direct payments variability reflects a complex array of factors, both within and beyond the control of local public actors. In particular, while local policy preferences appear to shape the extent of direct payments growth, the results also demonstrate that understanding levels of activity requires attention to local circumstances.

Care home providers – their motivations and professional aspirations

The role of motivations in the development of social policy has been relatively well documented over recent years. Social care actors' motivations and attitudes play a central role in the delivery of services. Through their work as managers or owners of care homes or other services, providers' motivations can therefore directly affect the quality of care. We have been examining providers' motivations in a series of studies. Recently, we explored the underlying motivations for providing residential care services for older people, drawing data from private, voluntary and

local authority homes in eight areas of England. The study has been focusing on the intrinsic aspects of care home providers' motivations, in particularly providers' professional achievement, job satisfaction and recognition.

The study found that most respondents were primarily intrinsically motivated by meeting the needs of older people and by professional achievements. Their motivations were found to consist of four principal components labeled as: professional, financial, client-specific and client-generic caring motivations. With regards to professional motivations, interviewees reported high levels of job satisfaction. Care providers were satisfied with their career choice and felt that, through their work, they were contributing to society as a whole.

Not only were providers' expressed motivations found to be important for care provision, perception of their motivations by local authority commissioners were also identified as playing an important role. Local authority commissioners' views of care home providers' motivations, their perceived strengths and weaknesses, and their motivations will have a bearing on commissioning decisions. Providers were generally perceived by commissioners as highly altruistic but at the same time relatively financially motivated individuals. Further analysis revealed significantly different views towards profit maximising, which commissioners perceive as very important, while providers consider it to be of little motivational value. With regard to sector of ownership, private sector providers were described by commissioners as significantly more motivated by personal income. Associations were found between commissioners' perceptions of motivations and the nature of their relationships with providers. Overall, the findings suggested that perceived providers' motivations represent an important component of the commissioning framework.

Further work is now looking at changes over time: many of the providers in our sample have been interviewed three times since 1993, offering an unusual opportunity to see how the rapidly changing social care context has influenced their motivations. The findings of this study will be available soon.

For more information please contact:
Tihana Matosevic; Research Officer, PSSRU (T.Matosevic@lse.ac.uk)

New paper on motivations of care-home providers

Matosevic T, Knapp M, Kendall J, Henderson C, Fernandez, JL (2007) Care-home providers as professionals: understanding the motivations of care-home providers in England, *Ageing and Society*, 27, 103-126.

The financial and social climate in which the residential-care sector operates in the United Kingdom has changed substantially over recent years. This paper examines the underlying motivations for providing residential-care services for older people. We focus on the motivations of a sample of managers and owners of care homes drawn from eight English local authorities, and explore the intrinsic aspects of their motivations, particularly professional achievement, recognition and job satisfaction. The majority of the respondents' primary motivations were to meet the needs of older people and to accomplish professional achievements. Their caring motivations had four principal components, which were labelled professional, financial, client-specific and client-generic, and as for their professional motivations, the interviewees reported high levels of job satisfaction. The respondents were satisfied with their career choice and felt that, through their work, they were contributing to society. The study identified several personal and external factors that influenced the providers' intrinsic motivations and professional aspirations. The presented evidence suggests that if future policies are to improve the quality of care-home services, it is essential that they also incorporate the professional needs of care-home providers.

Research on equity and mental health

The reduction of health inequalities is a major policy goal in the UK. While there is general recognition of the disadvantaged position of people with mental health problems, the extent of inequality, particularly the association with socio-economic characteristics, has not been widely studied. Ongoing work, led by Roshni Mangalore and Martin Knapp, is developing and exploring standardised methods for empirical analysis of equity. In this way it is possible to examine the distribution of psychiatric morbidity and use of services by income, socio-economic group, ethnicity, gender and residence, and, of course, to examine how equity can be promoted (Mangalore and Knapp 2006).

Initial findings indicate a marked inequality unfavourable to lower income groups with respect to all mental health problems. The extent of inequality increases according to severity, with the greatest level observed in people with psychosis. Income-related inequality for each of the major psychiatric disorders is higher than that for general health in the UK (see Mangalore, Knapp and Jenkins, *Psychological Medicine* 2007).

Inequalities in mental health between income groups appear to have increased between 1993 and 2000. There is significant horizontal inequity in the use of services too, but this has lessened over the same period. The research has also found that income-related inequality in mental health as well as in the use of services affects certain ethnic minorities more than others. These further findings will be disseminated shortly.

For further information contact Roshni Mangalore (r.k.mangalore@lse.ac.uk) or visit the PSSRU website (www.pssru.ac.uk).

The PSSRU long-term care financing model

The PSSRU long-term care financing programme, funded by the Department of Health (DH), has developed a model to make projections of demand for long-term care by older people and associated expenditure, under clearly specified assumptions (Wittenberg et al., PSSRU Discussion Paper 2330, 2006). The aim is to inform debate about long-term care finance.

The model has recently been updated, extended to make projections to 2041 and expanded to make projections in two new areas: disability benefits used to fund care and social care workforce. The model now produces four types of projections: numbers of disabled older people, demand for long-term care health and social services, public and private expenditure on those services and on disability benefits, and social care workforce.

For further information contact Raphael Wittenberg (r.wittenberg@lse.ac.uk).

New paper on long-term care in Europe

A new paper on long-term care in Europe, which was based on research funded by the European Commission, was produced by the PSSRU long-term care financing team in collaboration with European colleagues:

Pickard L, Comas-Herrera A, Costa-Font J, Gori C, di Maio A, Patxot C, Pozzi A, Rothgang H and Wittenberg R (2007) Modelling an entitlement to long-term care services for older people in Europe: projections for long-term care expenditure to 2050, *Journal of European Social Policy*, 17(1), 33-48.

As the numbers of older people rise in Europe, the importance of long-term care services in terms of numbers of users and expenditures can be expected to grow. This paper examines the implications for expenditure in four countries of a national entitlement to long-tem care services for all older people, based on assessed dependency. It is based on a European Commission-funded crossnational study, which makes projections to 2050 of long-term care expenditure in Germany, Italy, Spain and the UK. The policy option investigated is based on the German long-term care insurance scheme, which embodies the principle of an entitlement on uniform national criteria to long-term care benefits. The research models this key principle of the German system in the other three participating countries, with respect to home care services. The study finds that, if all moderately/severely dependent older people receive an entitlement to formal (in-kind) home care, the impact on expenditure could be considerable, but would vary greatly between countries. The impact on long-term care expenditure is found to be the least in Germany, where there is already an entitlement to benefits; and the greatest in Spain, where reliance on informal care is widespread. This article discusses the policy implications of these results.

Long term consequences of anti-social behaviour in childhood

The Cambridge Study of Delinquent Development is a longitudinal study that has followed a cohort of approximately 400 boys from the age of 8. They were most recently interviewed at age 48. Ongoing analysis is looking at the impact of antisocial behaviour in childhood and adolescence on a number of 'economic' outcomes in adulthood: health care service use, social care service use, and employment as well as the costs associated with these outcomes.

Initial findings, presented by Derek King at the 7th European Conference on Health Economics in Budapest last year, suggest that antisocial behaviour in childhood and adolescence did not have a significant impact on health and social care costs at age 48, though there does appear to be a trend towards greater use of accident and emergency services. Further analysis will aim to determine the effect of antisocial behaviour in childhood and adolescence on the use of other services and costs.

The full report will be available soon.

For further information contact Derek King (d.king@lse.ac.uk).

Cost of Schizophrenia in England

A recent study commissioned by Eli Lilly & Co Ltd carried out by Roshni Mangalore and Martin Knapp estimated prevalence-based estimate of all costs associated with schizophrenia for 2004/05 for England. Separate estimates of costs were made for

different groups of people with schizophrenia, distinguishing groups by place of residence (those living in private households, in institutions, in prisons and those who are homeless). Up-to-date costs associated with health services, social care, other public expenditures, private expenditures, informal care, lost productivity, premature mortality, criminal justice were estimated using a variety of data sources.

The estimated number of persons suffering from schizophrenia in England is 122,347. Of this number about 59% (72,608) live in private households and account for nearly 53% of the total costs (excluding mortality costs). About 21% (25,429) live in institutions specifically catering to persons with mental health problems and they account for 31% of the total costs. About 19% (22,790) of schizophrenia patients are among the homeless population and they account for about 16% of the costs while schizophrenia patients in prisons represent about 1% (1,520) of the total number and account for only about 0.05% of all costs.

The estimate for the total annual direct and indirect costs is £6.7 billion. Health and social care services account for about 30% of these costs with an estimated figure of £2 billion. Indirect cost of lost productivity is the major cost to the society, accounting for nearly 52% of the total. These latter costs are due to unemployment and absence from work of both patients and carers and also due to premature mortality of patients. Other major costs borne by the community include costs of providing informal care (9% of the total), costs to the social security system (9%) and some cost to the criminal justice system.

While the accuracy of estimates in any study will be subject to the limitations of the data, the detailed analysis of costs presented in this study is informative. It highlights the significant burden to the society of schizophrenia and also throws much light on the relative shares of cost items borne by different populations, different public services and departments and by the society at large.

For a full copy of the report click here.

For further information contact Roshni Mangalore (r.k.mangalore@lse.ac.uk).

Evaluation of the First Phase of Choose Life: The National Strategy and Action Plan to Prevent Suicide in Scotland.

A research consortium involving the Universities of Edinburgh and Glasgow, the Scottish Development Centre for Mental Health and the PSSRU at the LSE, was funded by the Scottish Executive to undertake an evaluation of the first phase (2003-2006) of *Choose Life*, the national strategy and action plan to prevent suicide in Scotland. David McDaid from the PSSRU was part of the team. Specific objectives were: to assess whether a sustainable infrastructure had been developed nationally and locally; to measure progress towards implementation of strategic milestones; to examine whether and how *Choose Life* was stimulating effective practice; and to make recommendations. Additionally, an economic analysis was undertaken to assess the true level of investment in *Choose Life* activities, identify the allocation and use of resources over time, and estimate potential economic benefits of reaching the target of reducing suicide by 20% by 2013.

A theory-based approach to evaluation which incorporated a longitudinal perspective and detailed case studies was adopted, and the evaluation drew on a range of methods, including interviews, observation, documentary analysis and participatory workshops. Among its many conclusions the research consortium reported that the community planning partnership model used across all 32 local authority areas had attracted substantial additional investment in suicide prevention activities at local level. On the other hand, not all areas were equally successful in raising additional monetary funding and a high degree of variability was evident among local areas in terms of the way resources had been allocated to the key functions of coordination, training and support for voluntary and community sector, priority groups, and specific activities and interventions.

Preliminary economic analysis suggests the programme has the potential to be highly cost saving. However it was recommended that there should be more focused targeting of action in order to maximise the value of the ring-fenced *Choose Life* investment and avoid unnecessary duplication of activities at the local level. However, only when evidence of the effectiveness of individual initiatives is available will it be possible to claim definitively that investing in *Choose Life* represents value for money.

The final report is available here.

For further information contact David McDaid (d.mcdaid@lse.ac.uk).

Banerjee S, Smith S, Lamping D, Harwood R, Foley B, Smith P, Murray J, Prince M, Levin E, Mann A and Knapp M (2006) Quality of life in dementia - more than cognition. An analysis of associations with quality of life in dementia, *Journal of Neurology, Neurosurgery and Psychiatry*, 77, 146-148.

Beecham J, Sleed M, Knapp M, Chiesa M and Drahorad C (2006) The costs and effectiveness of two psychosocial treatment programmes for personality disorder: a controlled study, *European Psychiatry*, 21, 102-109.

Comas-Herrera A, Wittenberg R, Costa-Font J, Gori C, di Maio A, Patxot C, Pickard L, Pozzi A, Rothgang H (2006) Future long-term care expenditure in Germany, Spain, Italy and the United Kingdom, *Ageing and Society*, 6(2), 285-302.

Curran C, Burchardt T, Knapp M, McDaid D and Li B (2007) Challenges in multi-disciplinary systematic reviewing: improving the evidence base for social exclusion and mental health policy, *Social Policy and Administration*, forthcoming.

Davey V, Fernández JL, Knapp M, Vick N, Jolly D, Swift P, Tobin R, Kendall J, Ferrie J, Pearson C, Mercer G, Priestley M (2007) Direct Payments Survey: A National Survey of Direct Payments Policy and Practice, Personal Social Services Research Unit, London School of Economics and Political Science.

Davies B (2006) Delivering effective social/long-term care to older people' in Malcolm Johnson, Vern Bengtson, Peter Coleman, Tom Kirkwood (editors), *The Cambridge Handbook on Ageing* Cambridge University Press, Cambridge, 622-630.

Dixon A, McDaid D, Knapp M, Curran C (2006) Financing mental health, equity and efficiency concerns for low and middle income countries, *Health Policy and Planning*, 21, 171-182.

Glendinning C, Challis D, Fernandez JL, Jones K, Knapp M, Manthorpe J, Netten A, Stevens M and Wilberforce M (2006) Evaluating the individual budget pilot projects, *Journal of Care Services Management*, 1, 123-128.

Hancock R, Pickard L, Wittenberg R, Comas-Herrera A, Juarez-Garcia A, King D, Malley J (2006) *Paying For Long-Term Care for Older People in the UK, Modelling the Costs and Incidence of a Range of Options. Report to the Nuffield Foundation*. PSSRU Discussion Paper 2336.

Fernandez JL and Forder J (2007) Consequences of local variations in social care on the performance of the acute health care sector, *Applied Economics*, forthcoming.

Forder J and Fernandez JL (2007) The formal impact of informal care: on social care services and hospital care (developed from IHEA conference paper 2005), *Health Economics*, forthcoming.

Kendall J, Knapp M, Forder J (2006) Social care and the nonprofit sector in the western developed world, in Walter W Powell and Richard Steinberg (editors) *The Nonprofit Sector, A Research Handbook*, Second edition, Yale University Press, New Haven.

King D and Knapp M (2006) Changing patterns of, and factors associated with, atypical and typical antipsychotic prescribing by general practitioners in the UK during the 1990s, *Journal of Mental Health*, 15, 269-278.

Knapp M (2007) Social care: choice, money, control, in John Hills, Julian Le Grand and David Piachaud (editors) *Making Social Policy Work: Essays in Honour of Howard Glennerster*, Policy Press, forthcoming.

Knapp M and McDaid D (2007) Editorial: the Mental Health Economics European Network, *Journal of Mental Health*, forthcoming.

Knapp M, Funk M, Curran C, Prince M, Grigg M, McDaid D (2006) Mental health in low- and middle-income countries: economic barriers to better practice and policy. *Health Policy, Planning and Finance*, 21(3), 157-170

Mangalore R, Knapp M (2006) Equity in Mental Health, *Epidemiologia E Psichiatria Sociale*, 15(4), 260-266.

Mangalore R, Knapp M, Jenkins R (2007) Income-related inequality in mental health in Britain: the concentration index approach, *Psychological Medicine*, forthcoming.

McDaid D, Curran C, Knapp M (2005) Promoting mental well-being in the workplace: a European Policy Perspective, *International Review of Psychiatry*, 17, 365-373.

McDaid D, Knapp M, Curran C, the MHEEN Group (2006) Meeting the challenge of funding and allocating resources to mental health across Europe: developing the Mental Health Economics European Network, *Epidemiologia e Psichiatria Sociale*, 15, 117-122.

Pickard L (2006) *What are the Most Effective and Cost Effective Services for Informal Carers of Older People*? Research in Practice for Adults, Outline No.4 (www.ripfa.org.uk)

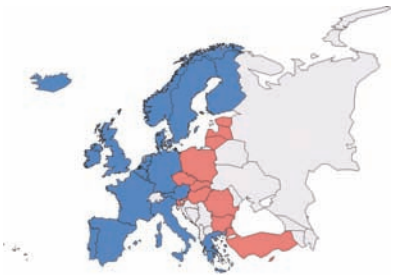
Pickard L, Comas-Herrera A, Costa-Font J, Gori C, di Maio A, Patxot C, Pozzi A, Rothgang H and Wittenberg R (2007) Modelling an entitlement to long-term care services for older people in Europe: projections for long-term care expenditure to 2050, *Journal of European Social Policy*, 17(1), 33-48.

Salvador-Carulla L, Garrido M, McDaid D and Haro JM (2006) Financing mental health care in Spain: Context and critical issues, *European Journal of Psychiatry*, 20(1), 29-44.

Wanless D, Forder J, Fernández J-L, Poole T, Beesley L, Henwood M, Moscone F (2006) *Wanless Social Care Review, Securing Good Care for Older People, Taking a long-term view*, Report to King's Fund, King's Fund, London.

Wittenberg R, Hancock R, Comas-Herrera A, King D, Malley J, Pickard L, Juarez-Garcia A and Darton R (2007) PSSRU Long-Term Care Finance Model and CARESIM: Two Linked UK Models of Long Term Care for Older People, in Gupta, A.. and Harding, A. (eds) *Modelling Our Future, Volume 16: Population Ageing, Health and Aged Care (International Symposia in Economic Theory and Econometrics)*, Elsevier Science, 497-504.

Mental Health Economics European Network Phase II



Phase I

The *Mental Health Economics European Network* (MHEEN), supported by the European Commission, was established in 2002. Now co-ordinated at the LSE by Martin Knapp, David McDaid and Helena Medeiros, with additional support from the Brussels-based NGO *Mental Health Europe*, its broad objective was initially to establish a base for mental health economics information and subsequent work in 17 countries. Collating data on the organisation and funding of mental services, as well as analysis of the impact of poor mental health on employment and the capacity to conduct economic evaluation were among the initial tasks of the network.

What is undoubtedly clear from our work thus far is that in many countries in Europe mental health care continues to be under-funded, despite the high prevalence, substantial contribution to the global burden of disability, and the growing body of cost effectiveness evidence. There is also a trend of increasing absenteeism and early retirement due to mental illness (and particularly depression) across Europe for both men and women.

Funding mechanisms and the organisation of care or support arrangements may be inflexible, leaving service planners unable to respond to differences in individual needs or community circumstances. One clear trend is a shifting of services from the health to the social care sector where rules on entitlement to and availability of services may differ. In part this is unsurprising given the increased emphasis on community-based care in western Europe. The challenge is to ensure that resources are also transferred from the health sector to support these services, and one key aspect of the ongoing work of MHEEN is to look at how economic incentives can be used to promote change in resource allocation so that it best meets the needs of individuals. A forthcoming issue of the *Journal of Mental Health* includes six papers that report detailed findings of the first phase of work.

Phase II

MHEEN was subsequently extended, with a €1.5 million grant from the EC, to cover 32 countries, including all the new EU Member States.

The Network's main objectives during Phase II of the project are:

1) To contribute to the promotion and protection of public health in Europe by gathering and analysing information and knowledge in respect of the economics and financing of mental health;
2) To build on the work of the first phase Network (MHEEN) and produce high quality mental health economics related research to inform the policy process across Europe;
3) To add value to the Network through links with other expert groups: IMHPA, EMIP, ECCL and ENWHP;
4) To assess the cost-effectiveness of mental health promotion and prevention strategies;
5) To construct and pilot a tool for assessing mental health service utilisation and costs at the local level;
6) To develop a sustainable network of mental health economics expertise through capacity building and networking to aid decision making at the European, national and local level.

One important aspect of Phase II is to look at how economic incentives can and are being used to encourage system reform, especially in the balance of care in the majority of new partner countries that are still heavily reliant on long-stay institutions. Other areas of work include additional mapping of existing and proposed funding structures and availability of resources for mental health; synthesizing information on the costs of mental health problems; looking at the cost-effectiveness of mental health promotion and workplace interventions; sharing economic evidence and looking at how it can be adapted across countries and settings; and capacity building for mental health economics to facilitate greater use of mental health economics in the decision-making process (see McDaid, D., Knapp, M., Curran, C. and the MHEEN Group. (2006). Meeting the challenge of funding and allocating resources to mental health across Europe: developing the Mental Health Economics European Network, *Epidemiologia e Psichiatria Sociale*, 15, 117-122).

A collection of papers reporting the main findings from the first phase will be published in the *Journal of Mental Health* in April 2007.

The second phase of analysis will be completed in Summer 2007.

Further information about the Network can be found on the MHEEN website at www.mheen.org, or by contacting David McDaid (d.mcdaid@lse.ac.uk)

Consequences of Local Variations in Social Care on the Performance of the Acute Health Care Sector

José-Luis Fernández and Julien Forder

There is growing concern over the efficiency implications for the acute health care sector of shortages in social care resources. In 2000, for instance, the NHS plan announced a very significant expansion of intermediate care services with the aim to reduce demand levels on the acute sector.

Using local and health authority quantitative data, the Commissioning and Performance team have explored the relationship between local variations in social care services and three key indicators of acute health system performance, the rates of hospital delayed discharges for patients over 75 years old, of emergency readmissions following an acute episode and of hospital throughput (finished consultant episodes). Whereas the analysis was primarily concerned with estimating the strength and significance of the relationship between provision of social care services and health care performance, it also presented estimates of the relationships between rates of delayed discharges, emergency readmissions, average lengths of stay and hospital throughputs with the particular aim to test whether improvements with respect to delayed discharges are at the expense of deteriorations in other dimensions of performance.

The results of the study corroborate the wildly held but seldom quantified hypothesis that social care resources affect to a very significant degree the efficiency of the acute health care sector. The results suggested 'richer' social care departments were found to enjoy lower levels of delays, other things equal. In turn, the levels of social care services purchased were found to depend, among other things, on the input prices faced by the providers of the services. As a result, increases in input prices (as indicated by property prices and average gross weekly earnings) were found to worsen delay rates. Holding constant hospital capacity, increases in the revenue of the health care sector were also found to reduce observed delay rates. However, when expressed in monetary terms, this effect was found to be several times weaker than that of social care budgets.

Overall, the analysis identified a positive effect of social care services on hospital throughput, related to the impact of social care services in reducing delayed discharges and therefore on the impact of social care inputs on freeing-up beds for further treatment. Between types of services, the results suggested institutional modes of care might be more effective at improving rates of delayed discharge and emergency readmissions.

The results have important policy implications. Health and social care in England are financially, administratively and professional separate systems. The study questions the degree to which the operation of these two distinct systems should be re-aligned, and if so, how. The results also confirm the major impact that input prices (wages and house prices) have on local authority levels of demand for services, and therefore on the performance of the acute health care system. Given the extreme geographical variability in prices in England, further attention needs to be paid to understanding the extent to which Local Cost Adjustment factors incorporated into local allocation formulae do or do not fully compensate for local variations in prices.

Reference

Fernandez, J.L. and Forder, J. (2007) Consequences of local variations in social care on the performance of the acute health care sector, Applied Economics, *forthcoming*.

For further information contact Dr José-Luis Fernández (j.fernandez@lse.ac.uk) or email pssru@lse.ac.uk.


Paying for Long-Term Care for Older People in the UK: Modelling the costs and distributional effects of a range of options

PSSRU RESEARCH SUMMARY 40

Hancock, R., Pickard, L., Wittenberg, R., Comas-Herrera, A., Juarez-Garcia, A., King, D. and Malley, J. (2006) Paying For Long-Term Care for Older People in the UK: Modelling the Costs and Incidence of a Range of Options, PSSRU Research Summary 40.

The PSSRU has recently completed a new study on paying for long-term care for older people in the UK, funded by the Nuffield Foundation. The study makes projections of expenditure on long-term care services under a range of options for reforming the funding system. The projections include a breakdown of expenditure between public and private funding and an analysis of the projected differential impact on older people in different parts of the income distribution.

An innovative linkage was developed between two simulation models: the PSSRU macrosimulation model and the CARESIM microsimulation model developed at the University of Essex.

A base case set of projections was made on the basis of official population projections, constant disability rates, real unit costs rising by 2% per year, current patterns of care and the current English funding system. Public expenditure on long-term care is projected to rise, under these assumptions, from around 0.95% of Gross Domestic Product (GDP) in 2002 to around 1.95% of GDP in 2051. The projections are sensitive to assumptions about future mortality rates, disability rates and rises in real unit costs.

Main Findings:

- Overall expenditure on long-term care for older people in the UK is projected, on base case assumptions, to rise from around 1.5% of GDP in 2002 to around 3.15% of GDP in 2051.
- Public expenditure – covering long-term health care, social care and disability benefits used to fund care – is projected, on base case assumptions, to rise from around 0.95% of GDP in 2002 to around 1.95% of GDP in 2051.
- These projections are sensitive to assumptions about future mortality rates, disability rates and rises in the real unit costs of care.
- The option for taking account of housing assets in the means test for home care would reduce public expenditure by some £750 million. The losers would be home care users who are home owners with modest savings and low incomes.
- The other options for reforming the means-test considered in this paper would cost between £250 million and £1,000 million in 2002 in additional public expenditure: they would take public expenditure to around 2.25% of GDP in 2051 rather than around 1.95% under the current funding system.
- The options for reform mostly favour home owners and higher income groups, with the exception of the option of raising the personal expenses allowance.
- The three options for introducing free personal care would cost between £1.3 billion and £1.8 billion in 2002, or more if they had a significant impact on demand for care. They would take public expenditure to between 2.15% and 2.40% of GDP in 2051, or more with allowance for an impact on demand.
- Free personal care would benefit home owners and the higher quintiles of the income distribution of older people (before considering the impact of possible revenue-raising changes).
- The costs of free personal care ('fixed care cost' version) could be funded by an increase in the higher rate of income tax from 40% to 41.5%.
- The net gain from the combination of free personal care and higher tax rate would be greatest for the middle quintile of the income distribution of the whole population, while the highest quintile of the whole population would lose.

For further information contact Raphael Wittenberg (r.wittenberg@lse.ac.uk).

Mental Health Policy and Practice Across Europe
Edited by Martin Knapp, David McDaid, Elias Mossialos and Graham Thornicroft
Published by Open University Press, January 2007

Recent years have witnessed a growing interest in mental health policy and practice in Europe, culminating in the recent Helsinki Declaration and Action Plan for mental health signed by all 52 countries of Europe. This new book, produced as part of a series developed by the European Observatory on Health Systems and Policies, and featuring contributions by leading experts, maps the current state of service provision and funding for mental health across Europe, taking account of the differing historical contexts influencing the development of services and the ways in which they are delivered. A holistic approach is adopted, looking not only at mental health care services, but also at the influence of environmental factors such as housing, poverty, employment, social justice, and displacement on mental health. The legal rights of people with mental health problems take on special significance; the right to liberty of individuals must be balanced against the need to protect individuals from self-harm. Stigma, social exclusion and discrimination need to be addressed. The role of service users and families in the development of mental health services and policy are also considered. Facilitating evidence informed policy and economic analysis, reflections on approaches to reform, and the future development of services for the promotion of good mental well-being and treatment/rehabilitation of people with mental health problems are also provided.

Long-Term Care Finance Reports

Three new reports from the Long-Term Care Finance team within the Personal Social Services Research Unit at the LSE have recently been completed.

The first, *Future Demand for Long-Term Care, 2002 To 2041: Projections of Demand for Long-Term Care for Older People in England,* reports on recent developments and updates to the projections model, describing the addition of new modules on disability benefits and workforce. It also sets out projections produced from the model.

The second, *Expenditure on Social Care for Older People to 2026: Projected Financial Implications of the Wanless Report,* arises from the study undertaken by the LTCF team for the Wanless Review on Social Care funded by the King's Fund. The team was asked by the Wanless Review to produce projections of demand for and expenditure on social care for older people under different patterns of care. This report presents those projections with further analyses and provides technical details of the modelling.

The third report follows from a project undertaken for the Nuffield Foundation with colleagues from the Universities of Essex and Birmingham. A summary of the report, *Paying for Long-Term Care for Older People in the UK: Modelling the Costs and Incidence of a Range of Options*, is also available.

For further information on the team's work contact Raphael Wittenberg.

The latest PSSRU Bulletin – published November 2006 - is available now online at http://www.pssru.ac.uk/pdf/b16/b16.pdf.

The Bulletin provides information and records recent developments on projects being undertaken across the three branches of PSSRU, as well as Unit publications, news and information on staff.

***Dementia UK*, by Professor Martin Knapp, Personal Social Services Research Unit (PSSRU), and Professor Martin Prince, Institute of Psychiatry, King's College London**

This research provides the most detailed and robust picture to date of prevalence and economic impact of dementia in the UK. The report shows that, as the UK's population ages, the number of people with dementia will grow substantially. It also shows that dementia costs the UK £17 billion a year. There are currently 700,000 people (and 15,000 younger people) with dementia. This is likely to be majorly underestimated by up to three times because of the way the data relies on referrals to services.

The report's findings include:

- there will be over a million people with dementia by 2025
- two thirds of people with dementia are women
- the proportion of people with dementia doubles for every five year age group. One third of people over 95 have dementia
- 60,000 deaths a year are directly attributable to dementia. Delaying the onset of dementia by five years would reduce these deaths by 30,000 a year
- the financial cost of dementia to the UK is over £17 billion a year
- family carers of people with dementia save the UK over £6 billion a year
- 64 per cent of people living in care homes have a form of dementia
- two thirds of people with dementia live in the community while one third live in a care home.

For further information please contact Martin Knapp (m.knapp@lse.ac.uk).

Journal of Care Services Management

Henry Stewart Publications is delighted to announce the launch of *Journal of Care Services Management* – a leading professional and research journal serving all those concerned with the commissioning, provision and regulation of care services.

Guided by a distinguished Editorial Board, *Journal of Care Services Management* covers the following key areas, among others:

- New and Emerging Policy
- Cost-effective and Efficient Delivery of Services
- Commissioning of Care Services
- Business Development for Care Service Providers
- Funding and Finance
- Assessment and Inspection Procedures
- Care Regulation and Care Standards Compliance
- Data sets for social care
- Service user assessment and risk assessment
- Staff Recruitment, Retention, Training and Supervision
- Hygiene and Infection Control
- Catering Standards and Nutrition
- Quality of Life Issues for Users

Journal of Care Services Management welcomes the submission of manuscripts and has a special discounted rate for academics and researchers.

All submissions are subject to double-blind peer review and further details including Board members, sample articles, notes for authors and subscription rates can be seen at : http://www.henrystewart.com/care_services_management/

Or contact the publisher, Daryn Moody, at Henry Stewart Publications London on tel +44 (0)20 7092 3477 (direct line); daryn@hspublications.co.uk.

Sir Derek Wanless speaks at LSE

This year's LSEHSC annual lecture was presented by Sir Derek Wanless, Chairman of Northumbrian Water Group, a Director of Northern Rock plc, Vice Chairman of the Statistics Commission, and widely respected as the author of several key reports on the future of the social care and health care systems.

In his lecture, Sir Derek considered a number of important policy themes, including the question of how much should be spent on social care and health care in the future, as well as what services the care system should provide and how these services should be funded.

The slides from Sir Derek's lecture can be downloaded here.

DH Social Care Showcase Event, 10 November 2006

The PSSRU (across its three branches: LSE, Kent and Manchester) in conjunction with the Social Care Workforce Research Unit at King's College London and the Social Policy Research Unit at York University held a 'showcase event' at the Department of Health in November to present key examples of the research being undertaken across these DH-funded Units, and the range of issues the work tackles, demonstrating the breadth and quality of the work supported by the Department of Health.

Department of Health core funding supports research within these Units, spanning work on outcomes, performance, commissioning, advocacy and costs. It considers partnership working, commissioning, care management, the education and training of the social care workforce, providing choice and regulation. The work includes the evaluation of services and models, including dementia care, housing and care, childhood and adult mental health, the transition of disabled young people to adult services, the impact of policies for family carers. Resource questions are tackled in many of these research streams, now and going forward, for example, the future financing of long-term care.

The presentations from this event are available upon request.

Funding Long-Term Care: Recent Evidence and Analysis seminar, December 2006

PSSRU at LSE hosted a seminar at LSE in December, sponsored by the Nuffield Foundation, on recent evidence and analysis into the funding of long-term care.

A team of researchers from the Universities of Essex and Birmingham and the Personal Social Services Research Unit at the LSE, with funding from the Nuffield Foundation, recently completed the report *Paying for long-term care for older people in the UK: modelling the costs and incidence of a range of options*. The report makes projections of expenditure on long term care services under a range of options for reforming the system for funding long term care for older people. The seminar took place with the aims of encouraging discussion of the report's findings and promoting further debate on the future funding of long-term care both in the United Kingdom and internationally.

Speakers at the seminar included Joshua Wiener (RTI International, an international expert on long-term care), Ruth Hancock (University of Essex), Sandy Johnstone (Continuing Care), David Bell and Alison Bowes (University of Stirling) and Raphael Wittenberg and Julien Forder from PSSRU.

The presentations from the seminar are available upon request.

MAP2030
Modelling Ageing Populations to 2030

E·S·R·C ECONOMIC & SOCIAL RESEARCH COUNCIL

The MAP2030 Research Group is hosting an introductory seminar for stakeholders on 24th April 2007 at LSE. The aim of this seminar is to seek the views of stakeholders on policy scenarios to be examined in this new ESRC funded study. The scenarios are to cover funding of pensions, funding of long-term care and patterns of care (including scenarios involving assistive technology and the balance between formal and informal care). For further details please contact Juliette Malley (j.n.malley@lse.ac.uk).

PSSRU in collaboration with LSE Health run both formal and an informal seminar series during the academic year. For details of seminars scheduled for academic year 2006-07 visit the LSE Health and Social Care website at http://www.lse.ac.uk/collections/LSEHealthAndSocialCare/eventsAndSeminars/Default.htm

The IBSEN project

The PSSRU (across its three branches at LSE, University of Kent and University of Manchester) is working in collaboration with the Social Policy Research Unit (University of York) and the Social Care Workforce Research Unit (King's College London) on a two-year project, funded by the Department of Health (DH), to evaluate the national programme of individual budget pilots. The overall research grant is £750,000.

Individual budgets are intended to give users of social care services greater choice and control over how they access services to meet their needs. Individual budgets bring together a number of different funding streams supporting people, including social care funds, community equipment services, disabled facilities grants, the Supporting People programme, Access to Work resources and the Independent Living Fund. The total funding available is made transparent to individuals who can then decide how best to allocate these resources to meet their needs.

Individual budgets have the potential to expand considerably the opportunities for people eligible for social care and/or other services to have a better understanding of their entitlements, greater control over how their needs are met, and better access to a range of formal and informal support. In the wider policy context, individual budgets are a key element in policies to modernise public services.

Thirteen English local authorities with social services responsibilities have been funded by the DH to pilot individual budgets. The IBSEN evaluation project started in spring 2006 and aims to identify whether individual budgets offer a better way of supporting older people, disabled adults, people with learning disabilities and people with mental health problems.

Mental Health to 2026

The King's Fund has commissioned a piece of work from the Centre for the Economics of Mental Health, Institute of Psychiatry, King's College London, to estimate mental health expenditure over the next 20 years. PSSRU staff at LSE are contributing. The specific aims of the study will be: (i) to estimate the number of people in England with specific mental disorders over the 20-year period between 2007 and 2026; (ii) to examine the evidence on rates of treated prevalence in order to make projections of trends in contact rates over the same period; (iii) to define typical service packages for people with these disorders based on current service configurations, including impacts outside the NHS (for example on social care services, employers, education services, criminal justice services and the social security system); (iv) to estimate the expenditure on these services over the 20-year period; (v) to estimate the outcomes in terms of QALY gains that might be achieved from providing more appropriate, evidence-based services; (vi) to change key parameters in the model to take account of possible technological advances in mental health care treatment and provision; and (vii) to discuss the policy implications of these predicted expenditure needs. This study will be finished in autumn 2007.

Sir Derek Wanless is chairing the advisory group for this project.

European Collaboration on Dementia

This is a 3-year project, funded by the European Commission and led by Alzheimer Europe. The aim of the project is to develop a European network in the area of dementia to jointly develop consensual indicators and to develop an ongoing dialogue to identify ways of developing synergies and a closer collaboration at the EU level. The project will also look at the socio-economic costs of dementia in Europe and the availability of support services across countries.

Safety and security for elderly with new technology: the MonAMI project

Information and communication technologies play an increasing role in our lives, offering new opportunities and choice, improving public services and facilitating communication between people. However, many Europeans are at risk of being excluded from the information society and its benefits. Two large and growing groups in this position are older and disabled people. These people are often left behind as information and communication technologies develop.

At the same time, with expected demographic and social changes over coming decades, the need for care of older and disabled people will increase considerably. There is now a general trend in Europe to move away from institution-based care of older people and instead support living at home, with support from community-based staff and services. This trend is consistent with the preferences of most older people. It could also prove to be less expensive for society. In this context, increasing attention is being paid to the broad set of needs that may arise for older and disabled people living longer in their own homes alone or with an elderly partner.

Although previous European projects have shown that technological augmentation of the living space can help alleviate the problems of daily living, improve quality of life and reduce the need for institutional and other care, such findings have often stayed in the laboratory or only been implemented on a small, local scale. The European Commission has therefore awarded €9 million to a consortium of partners, led by the Swedish Handicap Institute, to build, test and deploy services in the areas of

- Comfort applications: home control, personalised communication interface, activity planning
- Health: monitoring, medication
- Safety and security: safety at home, visitor validation, activity detection
- Communication and information

and evaluate whether they can be economically brought through the future mainstream ambient intelligence technologies. The project – named MonAMI - is running for 48 months from September 2006.

The PSSRU at LSE is responsible for the evaluation of the MonAMI programme as it is rolled out in a number of European countries.

For further information on our current and recently completed projects please visit the PSSRU (LSE) website (www.lse.ac.uk/collections/LSEHealthAndSocialCare/PSSRU). To join the PSSRU mailing list please visit http://www.jiscmail.ac.uk/lists/pssrulist.html.