

Valuing PSS outputs and quality changes

PSSRU

RESEARCH SUMMARY

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BACKGROUND

The Gershon review of efficiency recommended that target improvements in efficiency should be met both through financial savings and through improvements in quality of outputs. We report here on a pilot project designed to feed into an approach for local authorities to quantify in monetary terms quality gains in the provision of personal social services (PSS), with a specific application to the provision of home care for older people.

There are a number of practical and theoretical problems with attributing monetary values to aspects of quality. The approach described here builds on ongoing work into the measurement of PSS outputs for the purposes of National Accounts and measuring changes in productivity and efficiency more widely. This approach distinguishes what services could provide (capacity for benefit) from the quality of what is provided in practice. By attaching a financial valuation to capacity for benefit we are able to attribute a monetary valuation to changes in the quality of provision measured (in the case of home care) through service user experiences of their care. In implementing the approach we need to consider service outcomes, the quality of care and the impact of the location of care, whether it is delivered in a persons own home or in a care home.

The study defines output values as:

$$\boxed{\text{Capacity for Benefit}} \times \boxed{\text{Quality}}$$

Capacity for benefit reflects the potential impact of the care intervention: which outcomes are affected and how much service users rely on that intervention. Quality reflects how well outcomes are achieved and the quality of the process.

Nine outcomes in areas of a service users life, were used, which map on to the outcomes from the White Paper *Our health our care our say* (2.63) and cover all interventions and client groups including carers. The nine domains are:

1. *Personal dignity and comfort*: being clean, comfortable, presentable and in bed or up at appropriate times.
2. *Social participation and involvement*: being content with emotional support, social contact and community participation.
3. Control over daily life: able to choose what to do and when to do it.
4. *Meals and nutrition*: having nutritious, varied meals at regular, timely intervals.
5. *Safety*: feeling safe and secure.
6. *Accommodation cleanliness, order and accessibility*: the environment is clean, comfortable and easy to get around.
7. *Employment and occupation*: occupied in meaningful activities whether formal employment, unpaid work or leisure.
8. *Role support (as a carer or parent)*: being able to care for their dependant(s) without becoming overburdened.
9. *Living in your own home*

These domains cover fundamental areas of a person's life, affecting individuals' perceptions of the quality of their lives. Although assistance to carry out basic daily tasks associated with social care is often perceived as unskilled, low paid work the fundamental 'value' of social care services to users can be high.

The project aimed to measure the value of these domains to derive a total capacity for benefit and investigate the factors affecting the valuations (Burge, Gallo and Netten, 2006).

METHODOLOGY

The first question in estimating the monetary values is – whose values should be used? This study sought the values of the public. Half the sample of

500 respondents selected were over 65 to allow for a comparison between preferences of older and younger adults and quotas were set by age, gender, SEG and location (urban/rural, north/south). The sample was not nationally representative but provided sufficient numbers in each group to investigate the impact of these factors.

To elicit service value we can use direct methods – asking people how they value a service, or indirect methods – asking people to express a preference between different situations. This study used discrete choice experiments, an indirect method, to estimate the value that people place on outputs of social services. The approach has been used across a wide range of applications including travel time, health benefits, prevented fatalities or injuries and environmental impacts. The Treasury Green Book discusses it as an appropriate technique for the valuation of non-market impacts.

Respondents were asked to compare two situations, each with their pros and cons, and say which they would prefer. The situations are described by varying levels of the domains and an additional variable that relates to the amount of money benefits that they might receive to compensate.

By examining the choices individuals make over a number of situations and the combinations of levels, we can infer the importance the individual places on each level of each domain. The trade-off of these in monetary terms gives valuations for each domain level. An alternative approach was also employed which asked people to identify the best and worst aspect of specific situations (Best-Worst experiment).

The values resulting from these exercises are not, and should not be interpreted as, the amount they would have to pay in the existing market or the amount that currently compensates them in the form of benefits. We expect local government services to provide outcomes valued higher than the cost of delivery i.e. the services add economic value.

People were asked to value situations worse than they currently experience so the financial element was a benefit – the equivalent of compensation for the situation. Work in other areas suggests that asking people how much compensation they require gives higher values than asking people how much they would pay to avoid a situation.

Willingness to pay brings in different issues, particularly the way disposable income limits people's ability to pay. The Treasury accepts 'willingness to accept compensation' can be appropriate for valuing services but we should view the results as an upper bound on the value that people place on the outcomes.

RESULTS

The great majority of respondents made comparisons consistently and those unable to do so were excluded from the final analysis, which used 404 successful interviews. The results provided a broadly consistent picture and gave valid estimates for each domain and level.

Figure 1 shows the resulting ranking of the domains when we take the difference between high level needs (set at £0 for all domains) and no needs for help. Respondents rated living in their own home highly, especially those that knew

someone with care needs. Accommodation (not shown in figure 1) rated even more highly, possibly because two aspects of accommodation 'Cleanliness and Comfort' and 'Accessibility' were explicit and could have been taken as two separate domains. Personal Comfort, Sense of Control and Meals also rated highly. The only area where older people showed significantly different preferences was care of others: unlike younger age groups who valued this in all circumstances, a value was only put on caring for others when they were living in their own home.

To translate the domain values into service values data from the 2005 study of 384 older home care service users in 14 local authorities was used (Netten, Forder and Shapiro, 2006). For each domain, respondents had identified which services helped them and their expected needs in the absence of the intervention. Applying the financial values from the preference study to these data gave an average value of capacity for benefit related to hours of home care received. Values ranged from £527 for less than two hours per week to £1,192 for more than 10 hours (see figure 2). For 2002/03 the national average was estimated at £729 per person per week assuming all needs met and perfect quality.

To reflect what is delivered in practice, the general satisfaction question in the older home care user UES served as an indicator of quality. Responses were weighted to give a standardised satisfaction index. For 2002/03 the national average value index was 63.2%, giving an estimate of delivered home care value of £461 per person per week.

CONCLUSIONS

This study is an important step in the process of estimating the value of social services. It demonstrates that data collected from individuals can measure the value of home care outputs and it provides initial estimates.

Individual domain and service valuations can inform the exploration of possible shifts in service emphasis such as a move toward re-ablement. The full report describes an approach showing significant benefits.

The results provide a possible approach to quantifying efficiency gains through improvements in quality reflecting the values of service users although it depends on relatively small sample. Changes in 'quality' for individual local authorities could be driven by the distribution of service levels (hours per week) and customer satisfaction ratings on a three year cycle. It is important to ensure that quality measures create appropriate incentives for local authorities to invest in interventions that deliver the best value for money.

REFERENCES

- Burge P, Gallo F and Netten A. (2006) Valuing PSS outputs and quality changes, PSSRU Discussion Paper 2356.
- Netten, A, Forder, J. and Shapiro, J. (2006) Measuring Personal Social Services Outputs for National Accounts: Services for Older People, PSSRU Discussion Paper 2267/3.

Figure 1 Ranking of domains

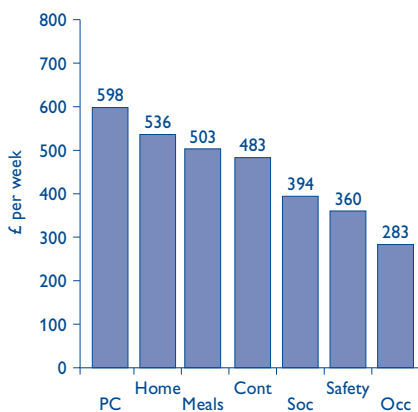
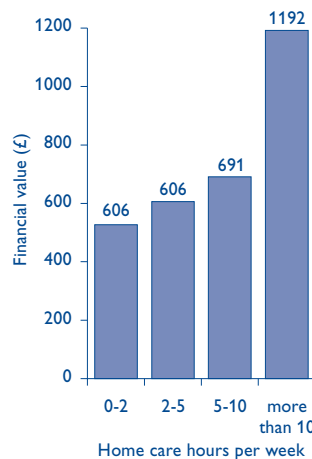


Figure 2 Valuation of Cfb



The Research Team

This study was carried out by Peter Burge, Federico Gallo and Ann Netten.

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