



National Audit Office

**Department of Health, and Local Authority Adult Social Services**

# Oversight of user choice and provider competition in care markets

## Detailed Methodology

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**SEPTEMBER 2011**

# Detailed Methodology

1 This Appendix outlines the research methods used in the course of our examination.

## Study scope

2 Care markets are worth an estimated £23 billion annually. This report examines the value for money implications of user choice and provider competition as a mechanism for delivering social care. In this context value for money means the extent to which government, as a whole, is ensuring that care markets operate efficiently. Social care users with a personal budget can choose which services to purchase. The Government intends that all eligible social care users will have a personal budget by 2013. In addition, demographic factors mean that self-funders will come to predominate in care markets in the future. Local authorities have an important role in ensuring everyone has access to good information and advice to inform decisions they make about their future care, to help minimise their call on state funds. The report did not examine the performance of individual local authorities or providers within the social care system.

3 Our fieldwork took place between March and July 2011.

## Methodology

4 The main methods used during the course of this study were:

- review of key policy documents, major reports and academic literature;
- stakeholder consultation;
- semi-structured interviews;
- financial modelling and analysis; and
- qualitative research of personal budget users.

## Review of key policy documents, major reports and academic literature

**5** We reviewed the extensive literature on personal budgets and user choice in public services in order to understand the issues when market mechanisms are used for delivering public services, and to understand the findings from research conducted on personal budgets to date. We reviewed a range of published documents written by the Department of Health, the Association of Directors of Adult Social Services (ADASS), the Care Quality Commission, the Audit Commission, the Office of Fair Trading, In Control and other organisations to develop our understanding of how the Government's personalisation agenda had been implemented and the outcomes achieved, as well as to gain an understanding of the wider care markets. The key documents reviewed included:

- published policy and guidance documents by the Department of Health;
- published reports by the Audit Commission on personal budgets;
- published reports by the Office of Fair Trading on care homes for older people, and reports on choice, competition and commissioning in the public sector;
- published reports by ADASS on local authorities' progress against personalisation milestones;
- published market data and analysis reports on care of the elderly and domiciliary care; and
- published evaluation reports on personal budgets.

## Meetings with key stakeholders

**6** We held semi-structured interviews with a wide range of stakeholders on the opportunities and challenges associated with personal budgets for users, providers and local authority arrangements for oversight of care markets. Key stakeholders we interviewed included the National Care Forum, the English Community Care Association, the UK Home Care Association Ltd, NAAPS UK, the Local Government Information Unit, Age Concern, In Control, the Care Quality Commission, Social Care Institute for Excellence. We also held a round table with members of the Voluntary Organisations Disability Group.

## Semi-structured interviews

**7** Between April and July 2011 we held semi-structured interviews with professional leads within adult social care at 11 local authorities from a cross-section of local authorities across England. The purpose was to understand their experience of implementing personal budgets in their areas, including their engagement with users, the shape of the local care market, their oversight of the local care markets, their provision of information and advice on care services, their audit of budget holders' spending, how they used their Social Care Reform Grant, and their experience and local response to the recent financial problems surrounding Southern Cross care homes.

**8** We spoke to the following local authorities:

- Bath and North East Somerset
- Dudley
- Enfield
- Gateshead
- Kensington and Chelsea
- Lincolnshire
- Oxfordshire
- Stockport
- Suffolk
- Trafford
- West Sussex

**9** In the course of preliminary scoping work we also met with three other authorities (Essex, Newham and Richmond) to gain an understanding of their experience of implementing personal budgets.

**10** On our visit to Dudley we also visited two projects supported by 'Community Catalysts' who showed us some of the services they had helped to start up in the local area and we met some users of social care services.

## Financial modelling and analysis

### Projection of future contingent liabilities

**11** The purpose of the modelling was to assess the potential liability on the state in future years when individuals can no longer self-fund care costs. Building on estimates from a Local Government Information Unit (LGIU) Report “Independent Ageing: Council Support for Care Self-funders”, we estimated the cost of individuals who initially self-fund their care but then become dependent on the state for funding having run out of money, and projected this value for future years given the projected population profile, as published by the Office for National Statistics.

Sources and key assumptions:

- the range for estimated costs was taken from the LGIU Independent Ageing report, and is based on local authority survey results of the cost of self-funders requiring state support as a proportion of local councils care budgets;
- costs are assumed to be at 2010-11 prices, and have not been inflated for future years; and
- the proportion of the population in residential care is taken from the LGIU report, and is assumed to be fixed for future years at 4 per cent and 15 per cent for those aged 75-84, and 85 and over respectively.

### Cost of care model

**12** The purpose of this modelling was to understand the cost impact of an individual entering a care home and the cost distribution between state and the user’s own wealth and income levels. In the report Figure 10 draws on the cost of care model in two scenarios to illustrate at an individual level how care costs are distributed between the individual and the state given a number of starting parameters such as age, gender, capital assets, income and care costs. The figure also shows the probability of a person of that age being alive after each subsequent year across the entire population, based on mortality rates published by the Office for National Statistics.

Key assumptions:

- wealth position does not change for factors other than being reduced by the cost of care;
- available annual income is the amount of income an individual has to contribute to their care costs;
- the state contributes to cost of care once an individual’s capital wealth reduces to £23,250, at which point the individual funds what they can from their income with the state funding the remainder;
- type of care, and the associated cost, does not change over time; and
- costs are not inflated for future years.

## Qualitative research of personal budget users

**13** In order to evaluate the effectiveness of user choice we sought the perspective of the users of personal budgets through the collection of primary data. We commissioned IPSOS Mori to undertake qualitative research involving semi-structured interviews with 48 personal budget holders and/ or their carers in six authorities (eight interviews in each authority area), to ascertain whether personal budget holders were able to exercise user choice and what risks and barriers they had encountered. IPSOS Mori also interviewed the professional leading on the implementation of personal budgets at each of the authorities to help fully understand the implementation context in each authority. Their fieldwork took place between 19 April and 15 July 2011.

**14** This enabled an understanding of both the similar and different needs that groups have in social care markets, and whether the barriers to them exercising their user choice were being effectively overcome. The table below summarises the achieved sample profile of those interviewed at each of the six authorities that participated in this research.

	LA 1	LA 2	LA 3	LA 4	LA 5	LA 6	Total
<b>Number of interviews in each local authority</b>	8	8	8	8	8	8	<b>48</b>
<b>Gender</b>							
Male	3	4	4	2	4	6	<b>23</b>
Female	5	4	4	6	4	2	<b>25</b>
<b>Age</b>							
aged 70+	2	1	3	5	8	5	<b>24</b>
aged 50-69	2	3	1	1	0	2	<b>9</b>
aged up to 49	4	4	4	2	0	1	<b>15</b>
<b>Type of Personal Budget (if available)</b>							
Direct payment	3	8	3	3	1	0	<b>18</b>
Managed by the LA or by a third party	1	0	1	5	7	8	<b>22</b>
Combination	4		4				<b>8</b>