



# EUROPEAN POLICY BRIEF 2

## sprint

Social Protection Innovative Investment  
in Long-Term Care

The SPRINT project aims to explain and implement the concept of social investment as applied to long-term care (LTC) provision.

The broad ambition of SPRINT is to examine the opportunities and challenges of approaches for measuring the social impacts and economic returns of different LTC arrangements in order to identify the most promising such arrangements.

This Policy Brief outlines findings from SPRINT research.

[www.sprint-project.eu](http://www.sprint-project.eu)

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## INTRODUCTION

The SPRINT project recognises the challenge that European countries face to find adequate and sustainable ways to address the long-term care (LTC) needs of older people. SPRINT Policy Brief 1 outlines project findings exploring whether it is possible to develop an analytical framework for applying the social investment (SI) approach in the LTC sector. The SPRINT project has highlighted developments in the conceptualisation of SI in LTC, and legal, regulatory and institutional LTC arrangements which might enhance the potential for applying the SI approach successfully in the LTC system.

Over and above these regulatory factors, the greatest challenge when identifying cost-effective opportunities for SI in LTC is the measurement of the social impacts generated by LTC services and policies. In particular, this measurement requires the development of metrics and methods for assessing a wide range of economic and social costs and benefits.

This Policy Brief draws together SPRINT research to examine the opportunities and challenges for measuring the social impacts and economic returns of LTC services and policies.

## EVIDENCE AND ANALYSIS

SPRINT research has identified a set of essential criteria for social investors. Three dimensions of impact – economic return, social impact, and risk – cover the key relevant outcome dimensions to be considered by LTC decision makers. Whereas these outcome dimensions are relevant across all care systems, their relative importance will vary from system to system depending on factors such as cultural preferences and expectations (e.g. about the role of the family in the care system) and variations in available resources.

In addition to differences in the valuation of outcomes across systems, there are significant methodological challenges in assessing the social cost-effectiveness of LTC investments which result in important gaps in current evidence.

### [Lack of costs and outcomes data](#)

There are established methods – such as cost-benefit, cost-effectiveness and cost-utility analysis – to determine whether an intervention is justified in terms of the extent to which it provides positive outcomes or improves wellbeing, given the costs incurred.

From a social investment perspective, assessment of value for money of LTC interventions should consider the economic costs of organising and providing services, their fiscal consequences, their impact on wellbeing and also a wide array of social gains and losses for individuals, families and other stakeholders. Impacts of LTC arrangements

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may be experienced as positive or negative, they may be of a material or of a non-material nature and they may be experienced individually or collectively. Table 1 provides a list of the types of costs and outcomes identified by the SPRINT research as important when assessing LTC interventions from a SI perspective.

European LTC systems vary significantly in their arrangements for financing and regulating care. One common feature, however, is the lack of systematic national data collections, and in particular of harmonized LTC indicators which might be used to assess opportunities for SI. Very little evidence is collected on the costs and outcomes set out in Table 1, and more emphasis could be placed by Member States on collecting this as part of routine administrative data collections.

Table 1: Costs and outcomes of LTC interventions

Costs	Outcomes
<p><b>Expenditures by the state</b>            State-funded LTC service costs (domiciliary care, institutional care, preventative interventions, cash payments)            Tax reliefs</p>	<p><b>Societal wellbeing</b>            People might feel positive about living in a society where they know older people have a good quality of life            Improved reconciliation of care and work / improved gender equality</p>
<p><b>Costs borne by person receiving care (or family members)</b>            Out-of-pocket costs, private insurance excesses and user charges not covered by means-tested or needs tested systems, adaptation costs</p>	<p><b>Direct economic benefits</b>            Formal LTC services can help unpaid carers to contribute to the labour market, hence enhancing labour supply, and, expanding tax and social contribution base</p>
<p><b>Cost of unpaid care per user</b>            Estimated as either the cost of replacing informal inputs by formal support or by examining opportunity costs of informal care (working hours lost, less hours in other unpaid work, worsening health status, less social activities)</p>	<p><b>Improved health and quality of life</b>            Number of years of disability-free life gained            Improved wellbeing of service users, including for example: better food and nutrition, improved personal care, improved safety, social participation and involvement, better control over daily living, occupation, dignity, role (doing things that make you feel valued), enjoyment and pleasure, control (independence)</p>
<p><b>Preventative costs</b>            Costs of interventions that aim to postpone some negative effects, delay entry into residential care, extend opportunities for 'independent living', possibly also interventions to improve health of population and delay onset of illness/incapacity</p>	<p><b>Improved efficiency in the delivery of services</b>            Increased efficiency in delivery might reduce costs, but sometimes at the expense of service quality and user satisfaction</p>

The lack of this data undermines the assessment of the effect of services, and therefore limits the targeting of LTC resources on the more cost-effective services. For example, there is a general acceptance that the provision of informal care can impact negatively on the wellbeing of informal carers, but little empirical data to quantify this impact. There is a need to develop common outcome metrics across European countries to ensure a minimum level of common information which enables comparisons of effectiveness across and within systems. A growing number of LTC outcome tools exist, but there is not universal acceptance of one. Possible outcome indicators include the Adult Social care outcomes toolkit (ASCOT), designed to capture social care-related quality of life in the English social care system, and which is being translated for use in Austria, Australia, Finland, Japan, and the Netherlands and the ICECAP-O indicator which measures capability in older people for use in economic evaluation.

To promote accountability and improve system performance, the analysis of evidence about costs on the performance and outcomes of LTC interventions financed by public budgets should be encouraged in all Member States. In many countries such an evidence base already exists: in Finland, for example, municipalities are required by law to assess wellbeing, adequacy and quality of services provided for old people, including the factors affecting the need for services.

#### [Lack of agreement on how to quantify and aggregate outcomes](#)

As noted above, LTC services generate a wide range of outcomes. Assessing the value for money of LTC investments therefore requires approaches for estimating a “total” value of outcomes, ideally in units which enable the comparison against the costs of the services. Arguably, outcomes related to labour market effects and to the impact of LTC services on the demand for other services are possible to value using conventional valuation approaches such as estimates of opportunity and replacement costs. More intangible outcomes, such as the effects of services on wellbeing, are more challenging to quantify due to the lack of systematic evidence and the need to consider the subjective value placed by different stakeholders on such outcomes (for example, different systems might value carer’s wellbeing differently). However, there is no consensus on the method to use and the approach to take across and within European countries.

When assessing the cost-effectiveness of interventions using an SI approach, decision makers will need to reflect their own preferences and those of other relevant stakeholders regarding the relative value of different outcomes. This is particularly important when considering more intangible effects such as the impact of services on the quality of life and wellbeing and service users and their carers. An explicit valuation of outcomes can be very useful in itself, and can be used to inform the assessment of the overall cost-effectiveness of LTC services.

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### Applying SROI principles to social investment in LTC

Without an appropriate framework to take account of costs and outcomes for the broad range of stakeholders affected by LTC, the concept of SI in LTC cannot be fulfilled in practice. SPRINT research suggests that the principles of Social Return on Investment (SROI) is one possible approach that could enable the collection and analysis of appropriate evidence to facilitate a SI approach to LTC, and assess the cost-effectiveness of LTC investments.

SROI involves seven key principles that guide the collection and use of relevant social value information centred on essential impact questions. Table 2 sets out how these can be applied to LTC. The principles maximise opportunities for the experience of stakeholders of what has changed, or is likely to change as a result of a LTC investment, to inform decision making.

The principles in Table 2 provide a guiding framework for measuring the impacts of social investments while providing flexibility for decision makers to highlight what and how to measure – with appropriate levels of rigour. The principles of SROI and the approach of SI aim to incorporate a broader sense of costs and outcomes into the decision making process, by providing a method for accounting for costs and benefits/disbenefits in using a common language – using money as a common metric for representing value.

SROI's principles provide consistency in the measurement of impacts, but do not impose a single method of measurement, hence providing flexibility for their application in different LTC systems. SROI does not seek to replace decision makers' knowledge and expertise – rather it seeks to provide the information to enable decision-makers to take their policy decisions. When implementing SROI as a means to appraise SI in LTC, policymakers need to consider concerns that are relevant to their national context.

SPRINT research used findings from a range of methods such as stated preference (willingness to pay) and the Wellbeing valuation approach illustrate the potential of the SI approach to valuing changes in health and wellbeing to inform investment decisions in LTC.

A framework based on SPRINT's research has the potential to not just evaluate which LTC activities are most effective, but also use evidence to amend services to increase the value created. For example, if it is understood that a particular LTC initiative negatively impacts on informal carers, this can be accounted for and potentially affect decision making.

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Table 2: Application of SROI principles for SI in LTC

Outline	How to apply to LTC	Potential risk	Mitigation
<b>Principle: Involve stakeholders</b>			
Involve stakeholders to inform what gets measured and accounted for	Build on existing engagement with stakeholders (policy-makers, users, carers, providers, commissioners, investors, etc)	Incomplete appreciation of stakeholders, or over-generalisation of stakeholder groups	National policymakers to facilitate necessary engagement with stakeholders to ensure identification of stakeholder characteristics for segmentation
<b>Principle: Understand what changes</b>			
Articulate how intended, unintended, positive and negative changes are created and evaluation of these through gathering of evidence	Understand what has changed, or may change, in the lives of those people affected (quality of life of users and carers, economic outcomes etc) based on existing evidence	Incomplete outcomes evidence or failure to identify well-defined outcomes, and gaps in evidence and data availability	Engagement with stakeholders to identify range of relevant costs and benefits – to precede quantitative assessment of the quantity of stakeholders experiencing relevant changes, and the extent to which they are experienced
<b>Principle: Value the things that matter</b>			
Identify the relative importance of outcomes informed by stakeholders' preferences	Use existing, or develop, techniques to value relevant changes to stakeholders	Inability to identify relative importance that different stakeholders place on changes resulting from particular LTC instruments or policies. Missing opportunity to identify important segments of stakeholders based on the relative importance they place on changes to their lives	Where possible, application of existing national surveys to appreciate the value of changes to people's lives. Undertaking evaluation of relative preferences for people who have experienced, or may experience, changes as a result of LTC instruments or policies
<b>Principle: Only include what is material</b>			
Determine what information and evidence should be included and excluded in the account, so stakeholders can have an overall picture of the impact of the investment under consideration	Based on previous principles, rely on existing stakeholder engagement and evidence of the impacts of SI in LTC	Incorrectly including non-material outcomes, or excluding material concerns, resulting in inaccurate and/or incomplete appreciation of stakeholders, costs or benefits	Judgements on materiality can be made based on previous principles, having appreciated: relevant concerns and assessed their value; the quantity of stakeholders experiencing each change; and causality (counterfactual, attribution, displacement and drop-off).
<b>Principle: Do not over-claim</b>			
Only account for the value generated by the activities, mindful of issues of counterfactual, attribution and drop-off	Use existing evidence .	Potential to over, or under-claim impacts of SI in LTC owing to a lack of available evidence	National level assessments of counter-factual experience, attribution, displacement and drop-off effects are required

Outline	How to apply to LTC	Potential risk	Mitigation
<b>Principle: Be transparent</b>			
Explain and document all decisions in order to demonstrate accuracy and honesty of analyses.	Transparently display all judgements made, and information included.	N/A	All processes, decisions and actions to be transparently displayed by all national policymakers.
<b>Principle: Verify the result</b>			
Independent assurance to provide confidence in the judgements made.	Present results to LTC policymakers and those in similar roles.	Verification based on potentially incomplete analysis thereby increasing all above risks.	Likely need to strengthen and/or establish bodies responsible for ensuring accuracy and credibility of data collection and analysis based on principles of SROI – this will mitigate all above risks.

## POLICY IMPLICATIONS AND RECOMMENDATIONS

1. Key data is not routinely collected across Member States. Performance and outcomes data should be collected and made available for evaluation purposes so the impact of different LTC investments can be evaluated and reflected in policy decisions. The harmonization of such data collections across Europe could further enhance cross-national learning opportunities and incentivise the take-up of cost-effective LTC interventions.
2. For SI approaches to inform policy-making, more emphasis will need to be placed on developing performance assessment systems which go beyond the measurement of process-focussed outputs and also examine the impact of services on the wellbeing of users and carers. To appreciate how policy choices can improve the lives of those affected, there is the need to consider outcomes from multiple perspectives.
3. There is a need for a consensus on the approaches for measuring outcomes of LTC interventions across Europe. Standard data collection tools and indicators should be introduced across Members States to allow for impact assessments within and across European countries to be undertaken.
4. There is no agreed approach to monetising intangible outcomes (such as quality or wellbeing). Achieving a consensus about the methods to use for monetizing outcomes building on ongoing research would be beneficial to allow effective evaluation of investments in LTC. The use of additional qualitative data will however be important to fully assess the range of impacts of different LTC investments.
5. SPRINT's practical tools and impact maps could be used to be raise awareness of the potential of SI in LTC. A principles-based approach, such as SROI, could be adopted for outcomes measurement and performance assessment.
6. Research funders should prioritise research on LTC to develop the evidence base needed to fulfil the potential of the SI approach in the area.

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Further publications	<a href="http://sprint-project.eu/research-content">http://sprint-project.eu/research-content</a>
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