



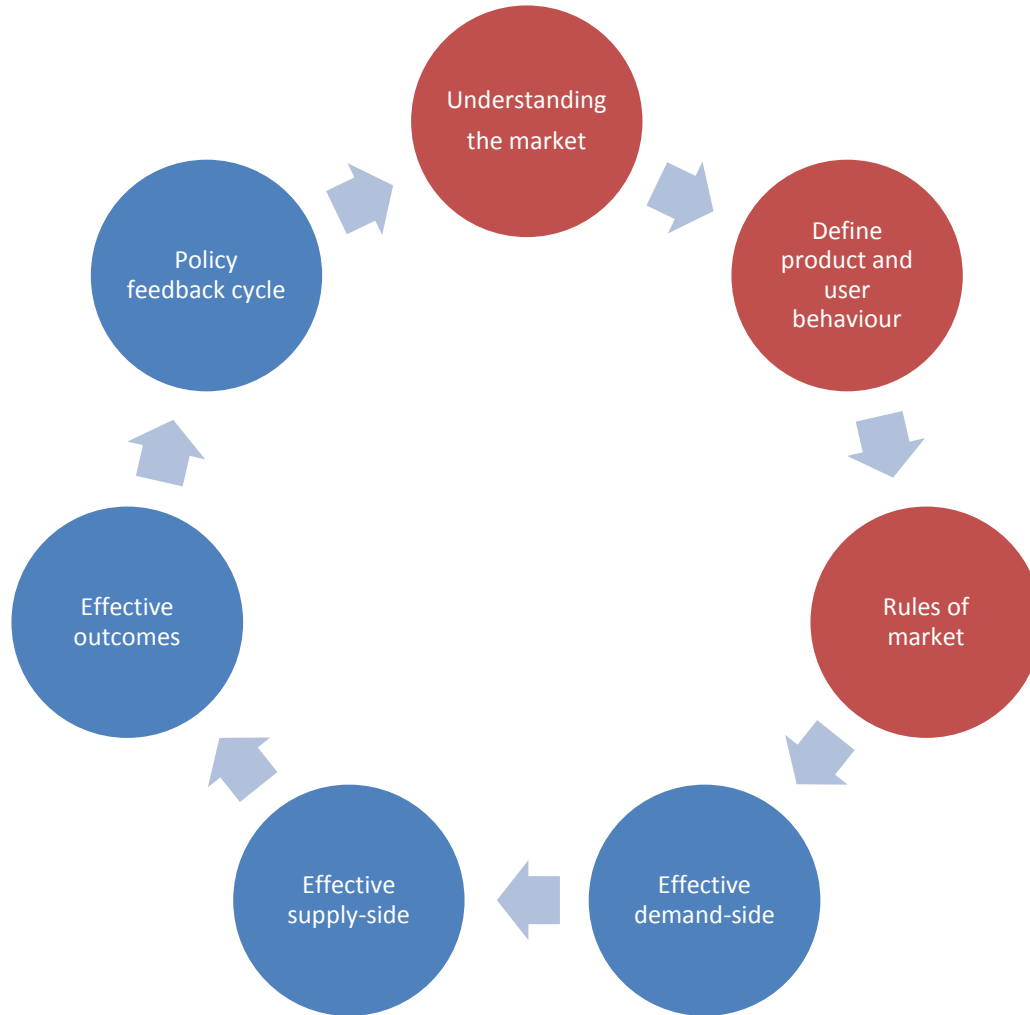
National Audit Office

Public Service Markets

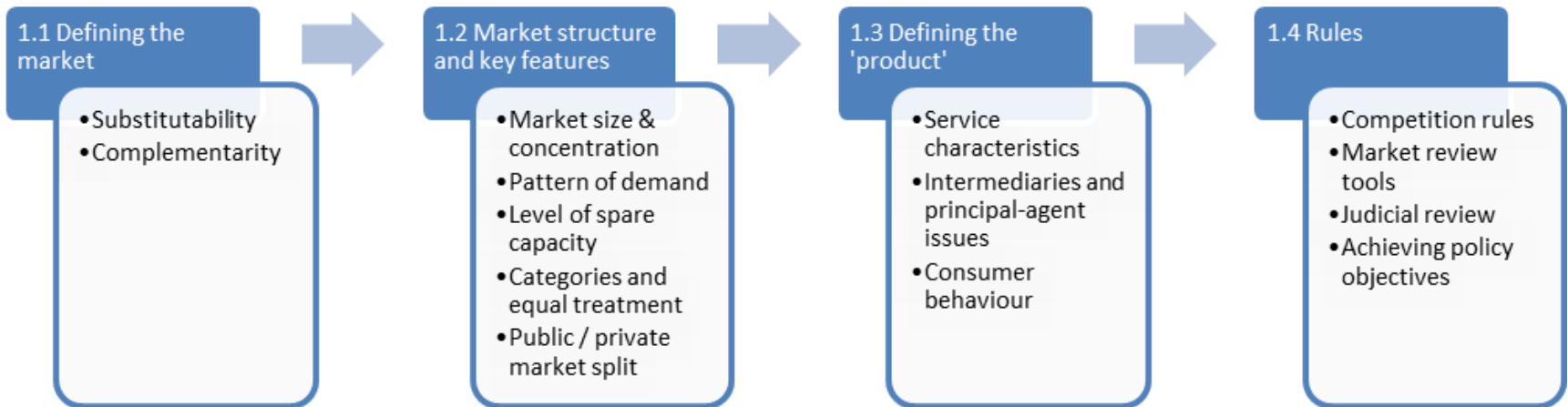
- NAO Analytical Framework

22 January 2015

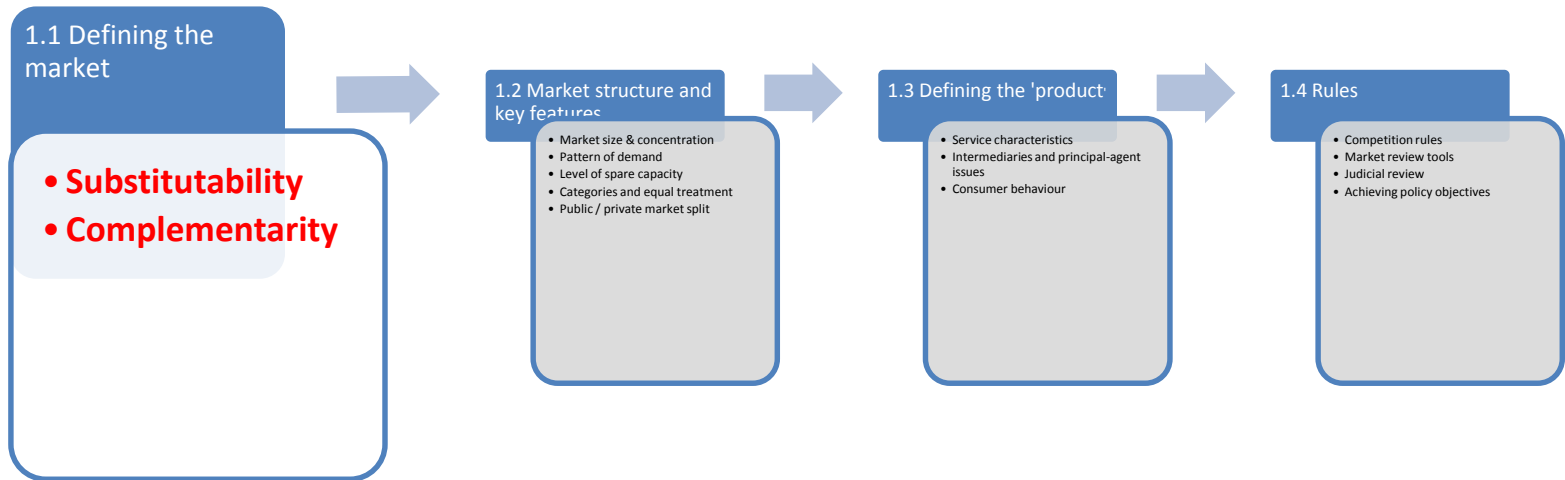
STRATEGIC OVERVIEW



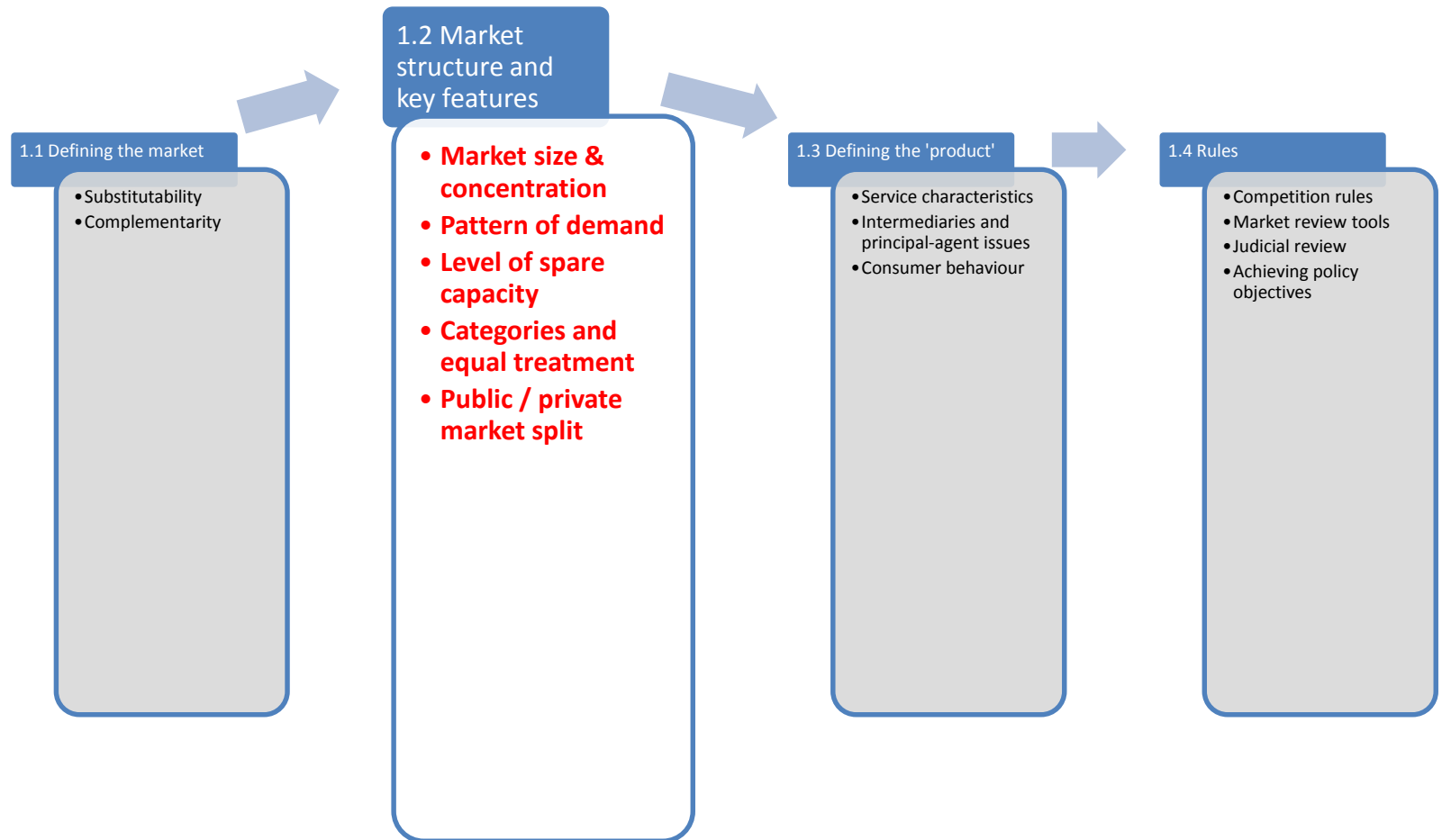
STAGE 1 – UNDERSTANDING THE MARKET ENVIRONMENT



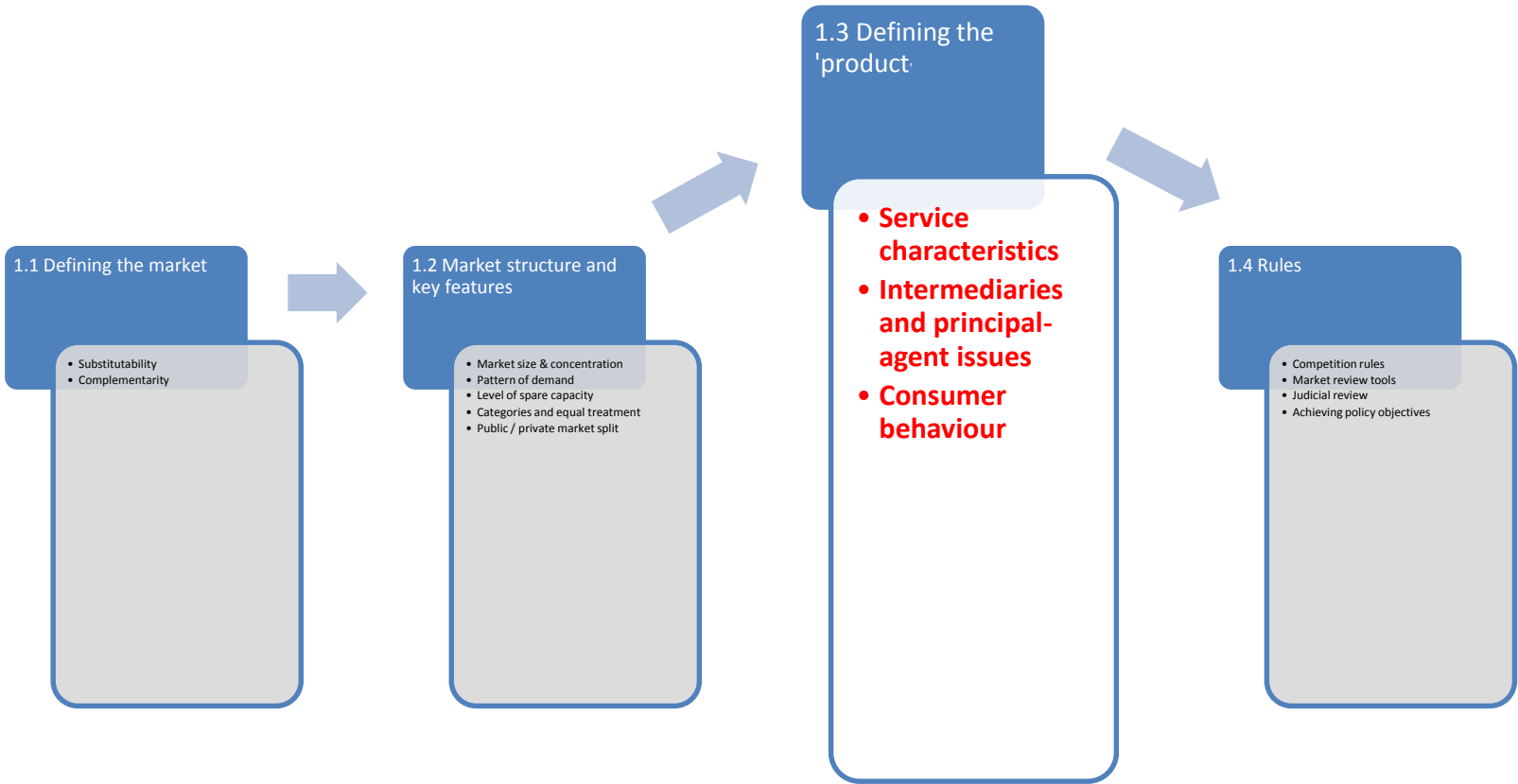
1.1 DEFINING THE MARKET



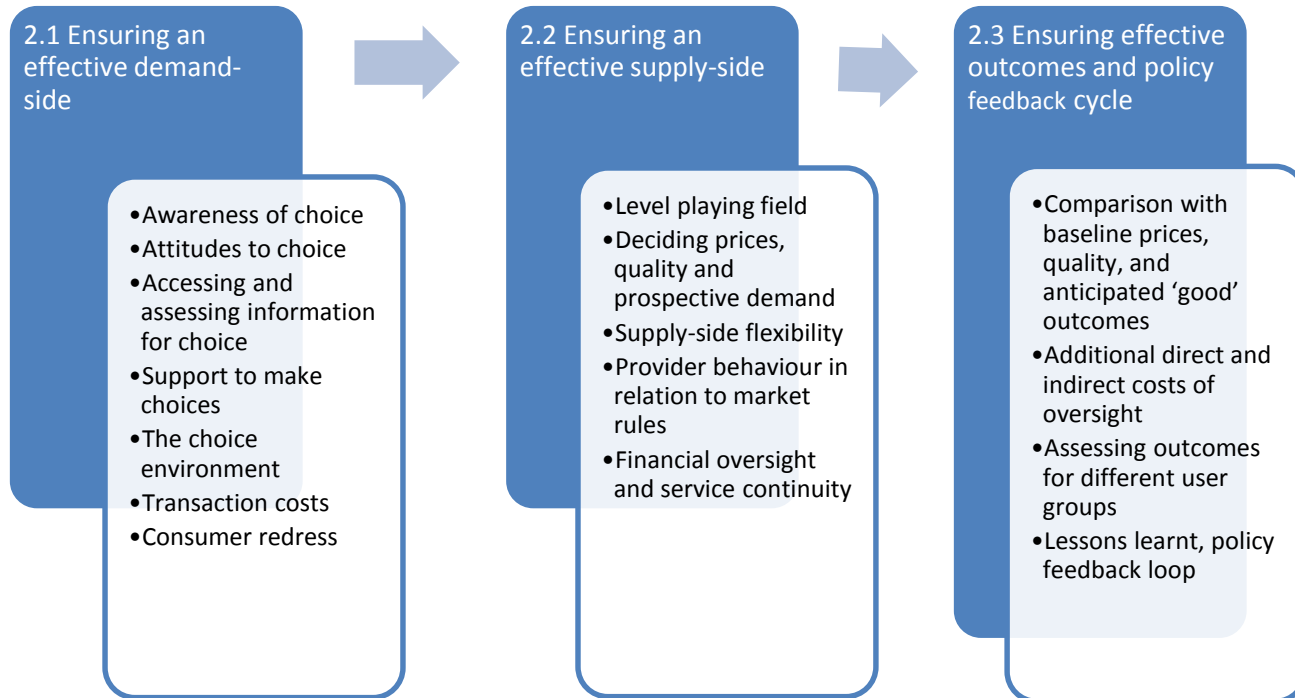
1.2 MARKET STRUCTURE & FEATURES



1.3 DEFINING THE PRODUCT



STAGE 2 – THE EVALUATIVE CRITERIA



B. Attitudes to choice

Why relevant? If service users show little interest in exercising choice or switching provider where they experience poor service or outcomes, providers will have little incentive to maintain or improve quality. Attitudes to choice can vary amongst service users, some users (and user groups) may embrace choice more than others who are more sceptical, or prefer others to make choices on their behalf. Willingness to shop around, to travel greater distances, and incur inconvenience in order to access services is likely to vary between users and according to the type of service in question. Attitudes to user choice may also vary within the choice-provider community, such as service professionals, who act as gate-keepers for access to services.

Key questions:

Q.2a - Identifying potential market problem: Is there a culture where professionals encourage choice, or one that seeks to restrict and create barriers to choice?

Q.2b - Identifying potential market problem: Are there different attitudes to choice between different user groups?

Q.2c Follow-up audit enquiry: Has the Department taken action to create a positive attitude to choice?



(G) Some GP practices have embraced the idea that patients can shop around, and have consciously sought to improve their customer service to appeal to potential new patients.



(A) Most GPs interviewed by the King's Fund supported choice in principle, but believed that only a few patients want to choose anywhere further away than their local hospital.¹³



(R) The prevailing culture disempowers service users and does not embrace user choice. Professionals express concern at the potential freedom of choice given to service users to select services delivered by private and third sector providers. This might stem from an underlying fear that the existing state provision will become under-used and de-graded, if demand for their

2.1 EFFECTIVENESS OF DEMAND-SIDE

2.1 Ensuring an effective demand-side

- **Awareness of choice**
- **Attitudes to choice**
- **Accessing and assessing information for choice**
- **Support to make choices**
- **The choice environment**
- **Transaction costs**
- **Consumer redress**

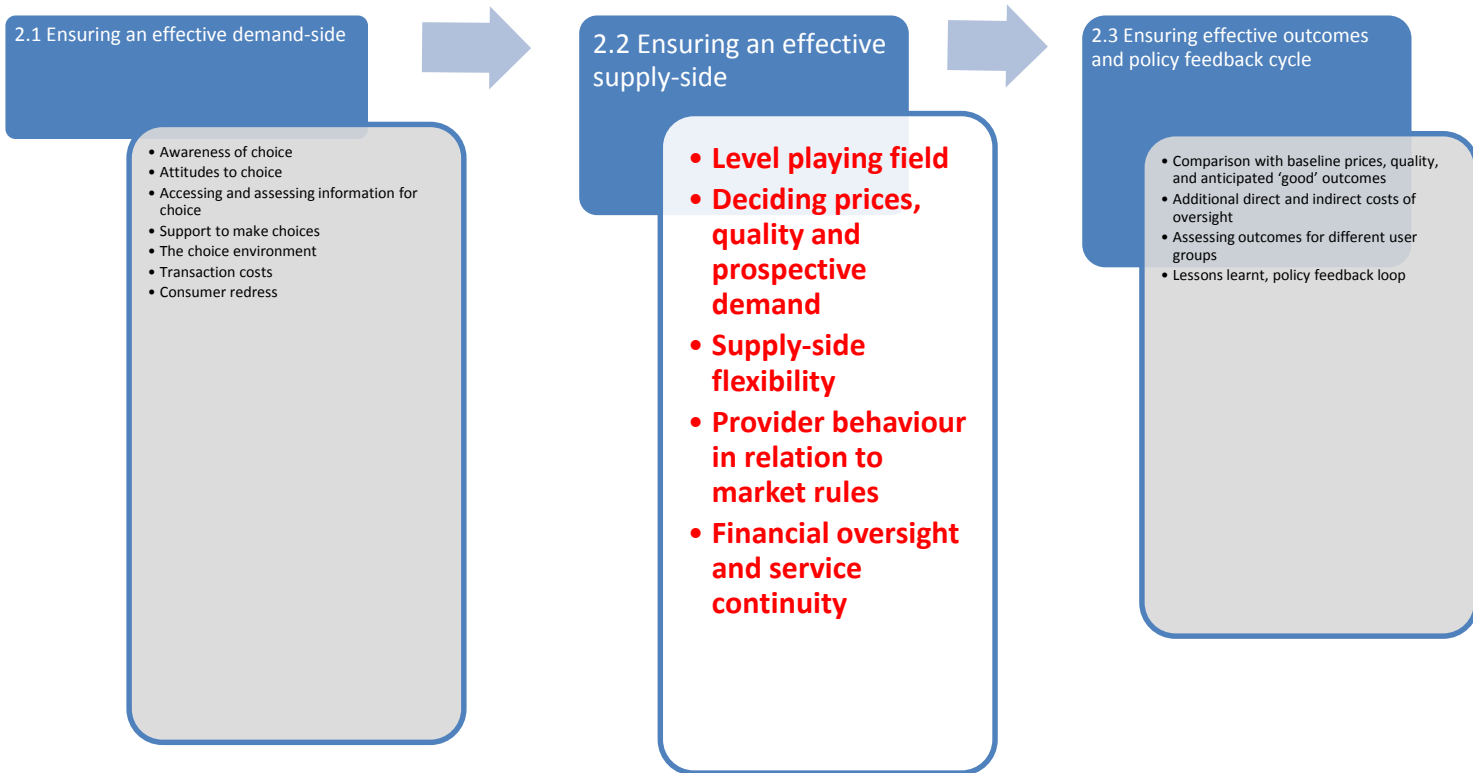
2.2 Ensuring an effective supply-side

- Level playing field
- Deciding prices, quality and prospective demand
- Supply-side flexibility
- Provider behaviour in relation to market rules
- Financial oversight and service continuity

2.3 Ensuring effective outcomes and policy feedback cycle

- Comparison with baseline prices, quality, and anticipated 'good' outcomes
- Additional direct and indirect costs of oversight
- Assessing outcomes for different user groups
- Lessons learnt, policy feedback loop

2.2 EFFECTIVENESS OF SUPPLY-SIDE



2.3 OUTCOMES & POLICY FEEDBACK

