

# **I. SERVICES**

## **1. Services for older people**

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## 1.1 Private nursing homes for older people

Using PSS EX1 2007/08<sup>1</sup> returns uprated using the PSS Pay and Prices inflator, median costs per person for supporting older people in a nursing care home were £476 per week and mean costs were £483 per week. Twenty-five per cent of local authorities had average gross costs of £429 or less, and 25 per cent £557 or more. It has not been possible to exclude capital charges on the revenue account. The standard NHS nursing care contribution is £106.30.<sup>2</sup> When we add this to PSS expenditure, the total expected mean cost is £575 and the total expected median cost is £572. Using the Adult Social Services Expenditure Survey 2008/09, the average net unit cost for the provision of external independent nursing care was estimated to be £495 per week.<sup>3</sup>

Costs and unit estimation	2008/2009 value	Notes
A. Fees	£678 per week	The direct unit cost of independent nursing homes is assumed to be the fee. The method of estimating the unit cost of a private care home is taken from Kavanagh et al. <sup>4</sup> Where a market is fairly competitive, such as the market for private nursing homes, it is reasonable to assume that the fee will be approximate to the social cost of the service. A weighted average fee for England reflecting the distribution of single and shared rooms was taken from the Laing & Buisson market survey. <sup>5</sup> (Please note that 2008/09 fees were provided last year and therefore the estimates are unchanged).
<i>External services</i> B. Community nursing C. GP services D. Other external services	£0.80 per week £30 per week Not known	Reflects the level of service receipt found in a 1996 PSSRU survey of 137 nursing homes. <sup>6</sup> In the home with the highest level of nursing input, the average weekly cost was £15 (1996/1997 prices). A study found that residents in private nursing homes consulted GPs for an average 6.01 minutes per week. <sup>7</sup> Since it is not possible to distinguish between surgery consultations and home visits, it is assumed here that the visit was to the home. If these were surgery consultations, the cost would be £18 per week.
E. Personal living expenses	£9.60 per week	A study of expenditure in private and voluntary residential homes found that residents spent £6 per week on average (1992/1993 prices) on non-fee expenditure. <sup>8</sup> This has been uprated by the retail price index. The DWP personal allowance for people in residential care or a nursing home is £21.15. <sup>9</sup> This has been used as a proxy for personal consumption in the past but is probably an over-estimate.
Short-term care	0.967 x A	Based on weekly prices for short-term residents in 88 nursing homes reported in the 1996 survey. In nursing homes, as in residential care, short-term residents were less dependent. The lower price may be associated with this factor.
Dependency		Overall, the relationship with dependency in the PSSRU survey was very flat, with the weekly fee for an individual with a Barthel score of four or less costing 0.03 per cent more than average.
London multiplier	1.14 x A	Fees in London nursing homes were 14 per cent higher than the national average. <sup>5</sup>
<b>Unit costs available 2008/2009</b>		
£678 establishment costs per permanent resident week (A); £656 establishment costs per short-term resident week (A); £718 care package costs per permanent resident week (includes A to E); £695 care package costs per short-term resident week (includes A to E).		

1 Department of Health (2007) PSS EX1 2007/08, Department of Health, London.

2 Department of Health (2009) Advice Note on Nursing Care Bands, Department of Health, London.

3 Local Government Association/Association of Directors of Adult Social Services (2009) *Report on Adults' Social Services Expenditure 2008-2009*, York Consulting, Leeds.

4 Kavanagh, S., Schneider, J., Knapp, M., Beecham, J. & Netten, A. (1992) Elderly people with cognitive impairment: costing possible changes in the balance of care, PSSRU Discussion Paper 817/2, Personal Social Services Research Unit, University of Kent, Canterbury.

5 Laing & Buisson (2008) *Care of Elderly People: UK Market Survey 2008, Twenty-First Edition*, Laing & Buisson, London.

6 Netten, A., Bebbington, A., Darton, R., Forder, J. & Miles, K. (1998) Cross-sectional survey of residential and nursing homes for elderly people, PSSRU Discussion Paper 1423, Personal Social Services Research Unit, University of Kent, Canterbury.

7 Kavanagh, S. & Knapp, M. (1998) The impact on general practitioners of the changing balance of care for elderly people living in institutions, *British Medical Journal*, 317, August, 322-327.

8 Clare, R. & West, P. (1993) A survey of expenditure in residential nursing homes, *Economic Trends*, 481, 120-125.

9 Disability Alliance (2009) *Disability Rights Handbook, 33rd Edition, April 2008-April 2009. A Guide to Benefits and Services for all Disabled People, Their Families, Carers and Advisers*, Disability Alliance, London.

## 1.2 Private residential care for older people

Using PSS EX1 2007/08<sup>1</sup> returns uprated using the PSS Pay and Prices inflator, median costs per person for supporting older people in a residential care home provided by others were £429 per week and mean costs were £434 per week. Median costs for older people in own provision residential care (including full cost paying and preserved rights residents) were £773 per week and mean costs were £706 per week.

Costs and unit estimation	2008/2009 value	Notes
A. Fees	£467 per week	The direct unit cost of private care homes is assumed to be the fee. The method of estimating the unit cost of a private care home is taken from Kavanagh et al. <sup>2</sup> Where a market is fairly competitive, such as the market for private residential homes, it is reasonable to assume that the fee will be approximate to the social cost of the service. A weighted average fee for England reflecting the distribution of single and shared rooms was taken from the Laing & Buisson market survey. <sup>3</sup> (Please note that 2008/09 fees were provided last year and therefore the estimates are unchanged)
<i>External services</i> B. Community nursing C. GP services D. Other external services	£7.00 per week £19.30 per week Not known	Reflects the level of service receipt found in a 1996 survey of 123 residential homes. <sup>4</sup> A study found that residents in private residential homes consulted GPs for an average 3.85 minutes per week. <sup>5</sup> Since it is not possible to distinguish between surgery consultations and home visits, it is assumed here that the visit was to the home. If these were surgery consultations, the cost would be £11.60 per week.
E. Personal living expenses	£9.60 per week	A study of expenditure in private and voluntary residential homes found that residents spent £6 per week on average (1992/1993 prices) on non-fee expenditure. <sup>6</sup> This has been uprated by the retail price index. The DWP personal allowance for people in residential care is £21.15 <sup>7</sup> and is sometimes used as a proxy for personal consumption. This is probably an over-estimate.
Short-term care	1.059 x A	Based on weekly prices for short-term residents in 44 independent residential homes reported in the 1996 survey.
Dependency		Overall, the relationship with dependency in the PSSRU survey was very flat, with the weekly fee for an individual with a Barthel score of four or less costing 0.04 per cent more than average.
London multiplier	1.14 x A	Fees in London residential homes were 14 per cent higher than the national average. <sup>3</sup>
<b>Unit costs available 2008/2009</b>		
£467 establishment costs per permanent resident week (A); £495 establishment costs per short-term resident week (A); £503 care package costs per permanent resident week (includes A to E); £532 care package costs per short-term resident week (includes A to E).		

1 Department of Health (2008) PSS EX1 2007/08, Department of Health, London.

2 Kavanagh, S., Schneider, J., Knapp, M., Beecham, J. & Netten, A. (1992) Elderly people with cognitive impairment: costing possible changes in the balance of care, PSSRU Discussion Paper 817/2, Personal Social Services Research Unit, University of Kent, Canterbury.

3 Laing & Buisson (2009) *Care of Elderly People: UK Market Survey 2009*, Laing & Buisson, London

4 Netten, A., Bebbington, A., Darton, R., Forder, J. & Miles, K. (1998) Cross-sectional survey of residential and nursing homes for elderly people, PSSRU Discussion Paper 1423, Personal Social Services Research Unit, University of Kent, Canterbury.

5 Kavanagh, S. & Knapp, M. (1998) The impact on general practitioners of the changing balance of care for elderly people living in institutions, *British Medical Journal*, 317, August, 322-327.

6 Clare, R. & West, P. (1993) A survey of expenditure in residential nursing homes, *Economic Trends*, 481, 120-125.

7 Disability Alliance (2009) *Disability Rights Handbook, 33rd Edition, April 2008-April 2009. A Guide to Benefits and Services for all Disabled People, Their Families, Carers and Advisers*, Disability Alliance, London.

### 1.3 Voluntary residential care for older people

Using the Adult Social Services Expenditure Survey 2008/09, the average net unit cost for the provision of external independent residential care was estimated to be £461 per week.<sup>1</sup>

Costs and unit estimation	2008/2009 value	Notes
A. Fees	£461 per week	Based on the Laing and Buisson market survey <sup>2</sup> and the relationship between private and voluntary sector prices reported in the 1996 PSSRU survey. <sup>3</sup> (Please note that 2008/09 fees were provided last year and therefore the estimates are unchanged)
<i>External services</i> B. Community nursing C. GP services D. Other external services	£9.40 per week £19.30 per week	The weekly cost reflects average level of community nurse service receipt in the 1996 survey which had information about nursing for 110 voluntary homes. In the home with the highest level of nursing input average weekly cost was £65 (1996/1997 prices). A study found that residents in private residential homes consulted GPs for an average 3.85 minutes per week. <sup>4</sup> Since it is not possible to distinguish between surgery consultations and home visits, it is assumed here that the visit was to the home. If these were surgery consultations, the cost would be £11.60 per week.
E. Personal living expenses	£9.60 per week	A study of expenditure in private and voluntary residential homes found that residents spent £6 per week on average (1992/1993 prices) on non-fee expenditure. <sup>5</sup> This has been uprated using the RPI Index. The DWP personal allowance for people in a residential care or a nursing home is sometimes used as a proxy for personal consumption. This is probably an over-estimate.
Short-term care	1.059 x A	Based on weekly prices for short-term residents in 44 independent residential homes reported in the 1996 survey.
Dependency	1.019 x A	Based on an analysis of factors affecting prices in 1996 survey. The relationship with price is statistically significant but very flat, with prices only increasing marginally with levels of dependency. The multiplier reflects the price charged for people with a Barthel score of 4 or less.
London multiplier	1.14 x A	Fees in London residential homes were 14 per cent higher than the UK average. <sup>2</sup>
<b>Unit costs available 2008/2009</b>		
£461 establishment costs per permanent resident week (A); £488 establishment costs per short-term resident week (A); £499 care package costs per permanent resident week (includes A to E); £529 care package costs per short-term resident week (includes A to E).		

1 Local Government Association/Association of Directors of Adult Social Services (2009) *Report on Adults' Social Services Expenditure 2008-2009*, York Consulting, Leeds.

2 Laing & Buisson (2009) *Care of Elderly People: UK Market Survey 2009*, Laing & Buisson, London

3 Netten, A., Bebbington, A., Darton, R., Forder, J. & Miles, K. (1998) Cross-sectional survey of residential and nursing homes for elderly people, PSSRU Discussion Paper 1423, Personal Social Services Research Unit, University of Kent, Canterbury.

4 Kavanagh, S. & Knapp, M. (1998) The impact on general practitioners of the changing balance of care for elderly people living in institutions, *British Medical Journal*, 317, August, 322-327.

5 Clare, R. & West, P. (1993) A survey of expenditure in residential nursing homes, *Economic Trends*, 481, 120-125.

## 1.4 Local authority residential care for older people

This schema uses PSS EX1 revenue costs. Prior to 2003, it was based on a PSSRU survey of homes conducted in 1996,<sup>1</sup> for which costs and activity data were based on a nationally representative sample of 161 homes. Costs from this survey have been uprated using the PSS pay and prices inflator. The average revenue cost was £478 per week and at current prices the standard deviation was £135. Ten per cent of homes had average gross costs of £679 or more and 10 per cent of £347 or less. Median costs were £461 per week.

Costs and unit estimation	2008/2009 value	Notes
<b>Capital costs (A, B &amp; C)</b>		
A. Buildings and oncosts	£59 per week	Based on the new-build and land requirements for local authority residential care establishments. These allow for 57.3 square metres per person. <sup>2</sup> Capital costs have been annuitised over 60 years at a discount rate of 3.5 per cent.
B. Land	£13 per week	Based on Department for Communities and Local Government statistics. Land costs have been annuitised at 3.5 per cent over 60 years. <sup>3</sup>
C. Equipment and durables	£7.20 per week	Equipment and durables estimated at 10 per cent of capital cost. <sup>4</sup>
D. Revenue costs	£775 per week	The median revenue cost estimate is taken from PSS EX1 2007/08 uprated using the PSS pay and prices index. <sup>5</sup> Capital charges on the revenue account have been deducted (£34). Twenty-five per cent of local authorities had average gross costs of £632 or less and 25 per cent of £1,037 or more. Mean costs were £708 per week.
E. Agency overheads	£39 per week	An Audit Commission report found that overheads associated with residential care <sup>6</sup> amounted to 5 per cent of revenue costs.
<b>External services</b>		
F. Community nursing	£10.60 per week	The weekly cost reflects average level of community nurse service receipt in the 1996 survey, which had information about nursing for 110 homes. In the home with the highest level of nursing input, the average weekly cost was £69 (1996/1997 prices). A study found that people in private residential homes consulted GPs for an average 3.45 minutes per week. <sup>7</sup> Since it is not possible to distinguish between surgery consultations and home visits, it is assumed here that the visit was to the surgery. If the GP visited the resident at the home, the cost would be £17.30 per week.
G. GP services	£10.30 per week	
H. Other external services	Not known	
I. Personal living expenses	£9.60 per week	A study of expenditure in private and voluntary residential homes found that residents spent £6 per week on average (1992/1993 prices) on non-fee expenditure. <sup>8</sup> This figure has been uprated by the RPI Index.
Use of facility by client	52.18 wks p.a.	
Occupancy	91%	See <sup>9</sup> and <sup>10</sup>
Short-term care	1.047 x (D to E)	Based on an analysis of factors affecting prices in the 1996 survey. Costs rise significantly only when more than 17 per cent of residents are short-stay.
High dependency	1.064 x (D to E)	Based on an analysis of factors affecting prices in the 1996 survey.
London multiplier	1.030 x (D to E)	Based on PSS EX1 2007/08 data. <sup>5</sup>
<b>Unit costs available 2008/2009</b>		
£893 establishment costs per permanent resident week (includes A to E); £935 establishment costs per short-term resident week (includes A to E); £923 care package costs per permanent resident week (includes A to I); £967 care package costs per short-term resident week (includes A to I).		

- Netten, A., Bebbington, A., Darton, R., Forder, J. & Miles, K. (1998) Cross-sectional survey of residential and nursing homes for elderly people, PSSRU Discussion Paper 1423, Personal Social Services Research Unit, University of Kent, Canterbury.
- Building Cost Information Service (2009) *Surveys of Tender Prices*, BCIS, Royal Institute of Chartered Surveyors, Kingston-upon-Thames.
- Based on personal communication with the Department for Communities and Local Government (2009) <http://www.communities.gov.uk/documents/housing/xls/141389.xls>.
- Knapp, M., Beecham, J. & Allen, C. (1989) The methodology for costing community and hospital services used by clients of the Care in the Community demonstration programme, PSSRU Discussion Paper 647, Personal Social Services Research Unit, University of Kent, Canterbury.
- Department of Health (2008) *PSS EX1 2007/08*, Department of Health, London.
- Audit Commission (1993) *Taking Care*, Bulletin, Audit Commission, London.
- Kavanagh, S. & Knapp, M. (1998) The impact on general practitioners of the changing balance of care for elderly people living in institutions, *British Medical Journal*, 317, August, 322-327.
- Clare, R. & West, P. (1993) A survey of expenditure in residential nursing homes, *Economic Trends*, 481, 120-125.
- Laing, W. (2002) *Calculating a Fair Price for Care*, The Policy Press, Bristol.
- Netten, A., Bebbington, A., Darton, R., Forder, J. & Miles, K. (1998) Cross-sectional survey of residential and nursing homes for elderly people, PSSRU Discussion Paper 1423, Personal Social Services Research Unit, University of Kent, Canterbury.

## 1.5 Nursing-Led Inpatient Unit (NLIU) for intermediate care

The Nursing-Led Inpatient Unit (NLIU) aims to promote recovery and substitute for a period of care in the acute wards, prior to discharge to the community. The data presented below are based on a randomised controlled trial which compared outcomes of care on a nursing-led inpatient unit with the system of consultant-managed care on a range of acute hospital wards.<sup>1</sup> The subjects were 175 patients — 89 patients randomly allocated to care on the unit (nursing-led care with no routine medical intervention) and 86 to usual hospital care. The study identified 1997/1998 costs which have been updated.

Costs and unit estimation	2008/2009 value	Notes
<i>Capital costs</i>		
A. Buildings and oncosts	£6.80	1997/1998 capital costs updated using the Tender Price Index for Public Sector Building (non housing). Capital costs have been annuitised over 60 years at a discount rate of 3.5 per cent.
<i>Revenue costs</i>		
B. Salary and oncosts	£102	Costs of nursing and special nursing staff. Based on a top-down costing approach using actual expenditure on salaries and costs in the relevant wards. 1997/1998 costs updated using the HCCHS Pay Index.
<i>C. Other direct care costs:</i>		
medical	£50	1997/1998 costs updated using the HCCHS Pay and Prices Index.
other	£9.10	Includes diagnostics and ward round updated using the HCCHS Pay and Prices Index.
D. Direct overheads	£47	Includes catering, domestics, energy, security, administration, laundry and supplies. 1997/1998 costs inflated by the HCCHS Pay and Prices Index.
E. Indirect overheads	£18	Includes the estates, central administration and corporate function. 1997/1998 prices inflated by the HCCHS Pay and Prices Index.
Average ward size	25 places	
Use of facility by client	365.25 days per year	
Occupancy	94%	Occupancy figures are drawn from the same source as the base data.
<b>Unit costs available 2008/2009</b>		
£233 per inpatient day (includes A to E).		

1 Griffiths, P., Harris, R., Richardson, G., Hallett, N., Heard, S. & Wilson-Barnett, J. (2001) Substitution of a nursing-led inpatient unit for acute services: randomised controlled trial of outcomes and cost of nursing-led intermediate care, *Age and Ageing*, 30, 483-488.

## 1.6 Local authority day care for older people

Prior to 1998 the cost given was per place per day. Since 1998 the cost has been per session. A session is defined as either a morning, an afternoon or an evening at the day care facility.

Costs and unit estimation	2008/2009 value	Notes
<i>Capital costs (A, B &amp; C)</i>		
A. Buildings and oncosts	£4.70 per session	Based on the new-build and land requirements for local authority day care facilities (which do not distinguish client group). These allow for 33.4 square metres per person. <sup>1</sup> Capital costs have been annuitised over 60 years at a discount rate of 3.5 per cent.
B. Land	£1.00 per session	Based on Office of Deputy Prime Minister statistics. <sup>2</sup> Land costs have been annuitised at 3.5 per cent over 60 years.
C. Equipment and durables		No information available.
<i>Revenue costs</i>		
D. Salary and other revenue costs	£29 per session	The median revenue cost estimate is taken from PSS EX1 2007/08 uprated using the PSS pay and prices index. <sup>3</sup> Capital charges on the revenue account have been deducted (£1.40). Data were adjusted to exclude expenditure on services purchased from the independent sector. Reported unit costs have a wide spread and clearly refer to very different types of care. Twenty-five per cent of authorities had average costs of £21 per session or less, and 25 per cent £41 per session or more. Mean costs were £27 per session.
E. Capital charges		
F. Agency overheads		Social Services Management and Support services (SSMSS) overhead costs are included in PSS EX1 so no additional agency overheads have been included in unit costs below.
Use of facility by client	500 sessions per annum	Assumes two sessions, 250 days per year. Used to estimate per session capital costs.
Occupancy	76%	Department of Health statistics, 1997. <sup>4</sup> More recent figures are not available.
London multiplier	1.20 x A; 2.61 x B; 1.10 x (D to F)	Relative London costs are drawn from the same source as the base data for each cost element. Based on PSS EX1 2007/08 data. <sup>3</sup>
<b>Unit costs available 2008/2009</b>		
£35 per session (includes A to F).		

1 Building Cost Information Service (2009) *Surveys of Tender Prices*, BCIS, Royal Institute of Chartered Surveyors, Kingston-upon-Thames.

2 Based on personal communication with the Department for Communities and Local Government (2009) <http://www.communities.gov.uk/documents/housing/xls/141389.xls>.

3 Department of Health (2008) *PSS EX1 2007/08*, Department of Health, London.

4 Department of Health (1997) *Community Care Statistics, Day and Domiciliary Personal Social Services for Adults, Detailed Statistics*, Table 3.3, Government Statistical Service, London.



## 1.7 Voluntary day care for older people

The costs of voluntary day care for elderly people are based on the results of a survey by Age Concern conducted in 1999/2000. Information was received from 10 centres, and the figures have been inflated by PSS pay and prices index. At 2008/2009 prices, costs ranged from £23 to £51 per client day with a mean cost of £36 and median cost of £35.

Three of the Age Concern centres responding to the survey accommodated elderly people with dementia, resulting in costs 15 per cent higher than the average. This is largely due to the higher staff/client ratios. A rural centre also reported a high unit cost, with its total vehicle and transport costs accounting for 25 per cent of the total cost. The cost per client day for Age Concern centres offering standard day care (excluding the rural centre and those with specialised needs) was 40 per cent less than the average.

Using PSS EXI 2007/2008<sup>1</sup> uprated using the PSS Pay and Prices inflator, the mean cost per session for independently provided day care was £18, equivalent to £36 per client day and the median cost was £19, equivalent to £38 per client day.

Costs and unit estimation	2008/2009 value	Notes
<b>Capital costs (A &amp; B)</b>		
A. Premises	£4.30 per client day	These costs ranged from £2.80 to £5.70 with a mean cost of £4.30 per day. Many of these costs are very low due to the fact that the venue for many Age Concern centres is the local village hall. Premises costs based on rental paid as purpose built centres are very rare.
B. Vehicle	£3.70 per client day	Of the 10 centres, 3 had their own minibus(es) and costs ranged from £1.60 per client day to £6.80 per client day. Vehicle costs were high for a rural centre which opened only 2 days per week.
<b>Revenue costs</b>		
C. Salaries	£18.90 per client day	Costs ranged from £9.40 to £43.80. Those centres with the highest costs were those accommodating elderly mentally ill clients where the staff ratios are often 1:4. The median cost was £15.70.
D. Volunteer costs	£0.50 per client day	Seven of the centres reported incurring volunteer expenses.
E. Other staff costs	£1.30 per client day	This includes staff recruitment and training, courses and conferences, travel expenses and redundancy payments.
F. Transport	£3.40 per client day	This includes taxi expenses, fuel and oil, vehicle repairs, insurance and contract hire. Costs ranged from £1.30 to £6.90 with a median cost of £3.20.
G. Meals	£1.90 per client day	Seven centres provided meals.
H. Overheads	£2.80 per client day	Seven centres provided information on overheads which ranged from £1.20 to £5.70.
I. Other revenue costs	£3.60 per client day	Costs include management and administration, maintenance charges, heat, light and water, telephone, stationery and postage, insurance, sundry expenses and bank charges. Costs ranged from £1.20 to £8.50 per client day and the median cost was £2.30.
Use of facility by client	50.3 weeks 4.9 days per week	The majority of centres open 50 weeks of the year. The median number of days per week was 5 with one centre opening 2 days per week.
Occupancy	84%	Occupancy figures are drawn from the same source as the base data.
<b>Unit costs available 2008/2009</b>		
The average cost of the 10 centres was £36 per client day. A centre incurring all costs A-I would cost £40 per client day.		

1 Department of Health (2008) PSS EX1 2007/08, Department of Health, London..

## 1.8 Local authority sheltered housing for older people

The costs of accommodation and services are based on the results of a study by Ernst & Young in 1993 commissioned by the Department of the Environment.<sup>1</sup>

Costs and unit estimation	2008/2009 value	Notes
<i>Capital costs</i>		
A. Notional rent	£101 per person per week	Capital costs excluded the cost of warden and staff accommodation but were based on the costs of actual schemes in the study divided by the number of people in the schemes to establish a cost per person. This figure reflects the types of housing stock and proportions of single and multiple occupancy dwellings. This was converted to notional rents per year using a 3.5 per cent discount rate over 60 years and uprated using the BCIS/ABI House Rebuilding Cost Index. <sup>2</sup>
<i>Revenue costs</i>		
B. Salary and other revenue costs	£31 per person per week	Annual gross running costs were adjusted to ensure they reflected the costs incurred by residents over the age of 60. Inflated using the PSS pay and prices index.
C. Agency overheads		No information available.
<i>Personal living expenses</i>		
D. Basic living costs	£115 per person per week	Based on Family Expenditure Survey (2007) <sup>3</sup> estimates of household expenditure of a single retired person mainly dependent on state pension inflated to 2008/2009 using the retail price index. Basic living costs are those covered by care home fees (for example fuel, food and household goods).
E. Other living costs	£8.20 per person per week	Other living costs are those covered by personal expenses (for example, leisure goods and alcohol).
F. Other health and social services costs	£33 per person per week	Average cost of service use was based on the Ernst & Young survey of residents and unit costs supplied by the DH and the PSSRU. <sup>1</sup>
Use of facility by client	52.18 weeks per year	
Occupancy		No information available.
High dependency	1.52 x F	Data presented allowed a comparison in local authority schemes between the average level of costs of health and social services and the costs of highly dependent residents. Highly dependent residents were those who fell into the Clackmannan D/E category (short interval needs).
London multiplier		No information available.
<b>Unit costs available 2008/2009</b>		
£132 per week sheltered housing costs (includes A to B); £165 per week service and accommodation (includes A to B and F); £280 (includes all costs borne by care homes (A to D and F); £288 comprehensive package costs (A to F).		

1 Ernst & Young (1993) *The Cost of Specialised Housing and The Cost of Maintaining an Elderly Person at Home*, Reports to the Department of the Environment, Ernst & Young, London.

2 Building Cost Information Service (2009) *Surveys of Tender Prices*, BCIS, Royal Institute of Chartered Surveyors, Kingston-upon-Thames.

3 Office for National Statistics (2007) *Family Spending 2007 Edition*, Office for National Statistics, London, available at [http://www.statistics.gov.uk/downloads/theme\\_social/Family\\_Spending\\_2006/FamilySpending2007\\_web.pdf](http://www.statistics.gov.uk/downloads/theme_social/Family_Spending_2006/FamilySpending2007_web.pdf).

## 1.9 Housing association sheltered housing for older people

The costs of accommodation and services are based on the results of a study by Ernst & Young in 1993 commissioned by the Department of the Environment.<sup>1</sup>

Costs and unit estimation	2008/2009 value	Notes
<i>Capital costs</i> A. Notional rent	£112 per person per week	Capital costs excluded the cost of warden and staff accommodation but were based on the costs of actual schemes in the study divided by the number of people in the schemes to establish a cost per person. This figure reflects the types of housing stock and proportions of single and multiple occupancy dwellings. This was converted to notional rents per year using a 3.5 per cent discount rate over 60 years and uprated using the BCIS/ABI House Rebuilding Cost Index. <sup>2</sup>
<i>Revenue costs</i> B. Salary and other revenue costs	£41 per person per week	Annual gross running costs were adjusted to ensure they reflected the costs incurred by residents over the age of 60. Costs have been inflated to 2008/2009 using the PSS pay and prices index.
C. Agency overheads		No information available.
<i>Personal living expenses</i> D. Basic living costs E. Other living costs	£115 per person per week £8.20 per person per week	Based on Family Expenditure Survey (2007) <sup>3</sup> estimates of household expenditure of a single retired person mainly dependent on state pension inflated to 2008/2009 using the retail price index. Basic living costs are those covered by care home fees (for example, fuel, food and household goods). Other living costs are those covered by personal expenses (for example, leisure goods and alcohol).
F. Other health and social services costs	£17.20 per person per week	Average cost of service use was based on the Ernst & Young survey of residents and unit costs supplied by the DH and the PSSRU. Gross resource costs of services are reported here.
Use of facility by client	52.18 weeks per year	
Occupancy		No information available.
London multiplier		No information available.
<b>Unit costs available 2008/2009</b>		
£154 per week sheltered housing costs (includes A to B); £171 per week service and accommodation (includes A to B and F); £286 (includes all costs borne by care homes (A to D and F)); £294 comprehensive package costs (A to F).		

1 Ernst & Young (1993) *The Cost of Specialised Housing and The Cost of Maintaining an Elderly Person at Home*, Reports to the Department of the Environment, Ernst & Young, London.

2 Building Cost Information Service (2009) *Surveys of Tender Prices*, BCIS, Royal Institute of Chartered Surveyors, Kingston-upon-Thames.

3 Office for National Statistics (2007) *Family Spending 2007 Edition*, Office for National Statistics, London, available at [http://www.statistics.gov.uk/downloads/theme\\_social/Family\\_Spending\\_2006/FamilySpending2007\\_web.pdf](http://www.statistics.gov.uk/downloads/theme_social/Family_Spending_2006/FamilySpending2007_web.pdf).

## 1.10 Local authority very sheltered housing for older people

The costs of accommodation and services are based on the results of a study by Ernst & Young in 1993 commissioned by the Department of the Environment.<sup>1</sup>

Costs and unit estimation	2008/2009 value	Notes
<i>Capital costs</i>		
A. Notional rent	£112 per person per week	Capital costs excluded the cost of warden and staff accommodation but were based on the costs of actual schemes in the study divided by the number of people in the schemes to establish cost per person. This figure reflects the types of housing stock and proportions of single and multiple occupancy dwellings. This was converted to notional rents per year using a 3.5 per cent discount rate over 60 years and updated using the BCIS/ABI House Rebuilding Cost Index. <sup>2</sup>
<i>Revenue costs</i>		
B. Salary and other revenue costs	£92 per person per week	Annual gross running costs were adjusted to ensure they reflected the costs incurred by residents over the age of 60. Costs have been inflated to 2008/2009 using the PSS pay and prices index.
C. Agency overheads		No information available.
<i>Personal living expenses</i>		
D. Basic living costs	£115 per person per week	Based on Family Expenditure Survey (2007) <sup>3</sup> estimates of household expenditure of a single retired person mainly dependent on state pension inflated to 2008/2009 using the retail price index. Basic living costs are those covered by care home fees (for example fuel, food and household goods).
E. Other living costs	£8.20 per person per week	Other living costs are those covered by personal expenses (for example leisure goods and alcohol).
F. Other health and social services costs	£34 per person per week	Average cost of service use was based on a survey of residents and unit costs supplied by the DH and the PSSRU. Gross resource costs of services are reported here.
Use of facility by client	52.18 weeks per annum	
Occupancy		No information available.
High dependency	1.24 x F	Data presented allowed a comparison in local authority schemes between the average level of costs of health and social services and the costs of highly dependent residents. Highly dependent residents were those who fell into the Clackmannan D/E category (short interval needs).
London multiplier		No information available.
<b>Unit costs available 2008/2009</b>		
£204 per week sheltered housing costs (includes A to B); £238 per week service and accommodation (includes A to B and F); £353 (includes all costs borne by care homes (A to D and F)); £361 comprehensive package costs (A to F).		

1 Ernst & Young (1993) *The Cost of Specialised Housing and The Cost of Maintaining an Elderly Person at Home*, Reports to the Department of the Environment, Ernst & Young, London.

2 Building Cost Information Service (2009) *Surveys of Tender Prices*, BCIS, Royal Institute of Chartered Surveyors, Kingston-upon-Thames.

3 Office for National Statistics (2007) *Family Spending 2007 Edition*, Office for National Statistics, London, available at [http://www.statistics.gov.uk/downloads/theme\\_social/Family\\_Spending\\_2006/FamilySpending2007\\_web.pdf](http://www.statistics.gov.uk/downloads/theme_social/Family_Spending_2006/FamilySpending2007_web.pdf).

## 1.11 Housing association very sheltered housing for older people

The costs of accommodation and services are based on the results of a study by Ernst & Young in 1993 commissioned by the Department of the Environment.<sup>1</sup>

Costs and unit estimation	2008/2009 value	Notes
<i>Capital costs</i> A. Notional rent	£101 per person per week	Capital costs excluded the cost of warden and staff accommodation but were based on the costs of actual schemes in the study divided by the number of people in the schemes to establish a cost per person. This figure reflects the types of housing stock and proportions of single and multiple occupancy dwellings. This was converted to notional rents per year using a 3.5 per cent discount rate over 60 years and uprated using the BCIS/ABI House Rebuilding Cost Index. <sup>2</sup>
<i>Revenue costs</i> B. Salary and other revenue costs	£267 per person per week	Annual gross running costs were adjusted to ensure they reflected the costs incurred by residents over the age of 60. Costs have been inflated to 2008/2009 using the PSS pay and prices index.
C. Agency overheads		No information available.
<i>Personal living expenses</i> D. Basic living costs E. Other living costs	£115 per person per week £8.20 per person per week	Based on Family Expenditure Survey (2007) <sup>3</sup> estimates of household expenditure of a one retired person household mainly dependent on state pension inflated to 2008/2009 using the retail price index. Basic living costs are those covered by care home fees (for example, fuel, food and household goods). Other living costs are those covered by personal expenses (for example, leisure goods and alcohol).
F. Other health and social services costs	£50 per person per week	Average cost of service use was based on the Ernst & Young survey of residents and unit costs supplied by the DH and the PSSRU. Gross resource costs of services are reported here.
Use of facility by client	52.18 weeks per annum	
Occupancy		No information available.
London multiplier		No information available.
<b>Unit costs available 2008/2009</b>		
£368 per week sheltered housing costs (includes A to B); £418 per week service and accommodation (includes A to B and F); £533 (includes all costs borne by care homes (A to D and F)); £541 comprehensive package costs (A to F).		

1 Ernst & Young (1993) *The Cost of Specialised Housing and The Cost of Maintaining an Elderly Person at Home*, Reports to the Department of the Environment, Ernst & Young, London.

2 Building Cost Information Service (2009) *Surveys of Tender Prices*, BCIS, Royal Institute of Chartered Surveyors, Kingston-upon-Thames.

3 Office for National Statistics (2007) *Family Spending 2007 Edition*, Office for National Statistics, London, available at [http://www.statistics.gov.uk/downloads/theme\\_social/Family\\_Spending\\_2006/FamilySpending2007\\_web.pdf](http://www.statistics.gov.uk/downloads/theme_social/Family_Spending_2006/FamilySpending2007_web.pdf).

## 1.12 Community care package: very low cost

The care package costs described in this schema are an example of a case where the costs to the public purse on health and social care support are in the lowest decile in a 2005 home care sample of 365 cases.<sup>1</sup> In this sample, which had 35 per cent of 'intensive' cases with 10 or more home care hours per week compared with 26 per cent in England as a whole, 10 per cent of cases incurred gross public community care costs of less than £48 per week. Package costs exclude the costs of hospital and any use of care homes for respite care. Social work/care management costs were included only where visits from a social worker during the previous three months were reported by the individual. GP visits were not collected so estimates based on national data have been included. All costs have been uprated with the appropriate inflators.

<b>Type of case</b>			
Mrs A was an 83 year old widow who lived alone in sheltered accommodation (excluding housing support) but received help from two people, with most help coming from another family member.			
<b>Functional ability</b>			
Mrs A. had problems with three activities of daily living: stairs, getting around outside, and bathing. Her problems stemmed from a previous stroke.			
Services	Average weekly cost	Level of service	Description
<b>Social care</b>			
Home care	£18.10		One hour per week of local authority-organised home care.
Meals on Wheels	£23.20		Based on the average gross weekly expenditure on meals for older people receiving them. Taken from PSS EX1 2007/08, the average cost per meal on wheels was £5.10 for the Local Authority and £3.90 for the independent sector. Costs have been uprated using the PSS Pay and Prices Inflator.
<b>Health care</b>			
GP	£7.70	11.7 minutes	Surgery visits estimated at once every four weeks based on the General Practitioner Workload Survey, July 2007. <sup>2</sup>
Accommodation	£154		Based on the weekly cost of sheltered accommodation (see 1.9, page 45).
Living expenses	£91.30		Taken from the Family Expenditure Survey (2007), uprated to 2008/2009 price levels). <sup>3</sup> Based on one retired adult household, mainly dependent on state pensions.
<b>Total weekly cost of health and social care package</b>	£49 £294		Excludes accommodation and living expenses. All costs.

1 Darton, R., Forder, J., Bebbington, A., Netten, A., Towers, A-M. & Williams, J. (2006) Analysis to support the development of the Relative Needs Formula for Older People, PSSRU Discussion Paper 2265/3, Personal Social Services Research Unit, University of Kent, Canterbury.

2 The Information Centre (2007) 2006/07 UK General Practice Workload Survey, Primary Care Statistics, The Information Centre, Leeds.

3 Office for National Statistics (2007) *Family Spending 2007 Edition*, Office for National Statistics, London, available at [http://www.statistics.gov.uk/downloads/theme\\_social/Family\\_Spending\\_2006/FamilySpending2007\\_web.pdf](http://www.statistics.gov.uk/downloads/theme_social/Family_Spending_2006/FamilySpending2007_web.pdf).

### 1.13 Community care package: low cost

The care package costs described in this schema are an example of a case where the costs to the public purse on health and social care support are in the bottom quartile in a 2005 home care sample of 365 cases.<sup>1</sup> In this sample, which had 35 per cent of 'intensive' cases with 10 or more home care hours per week compared with 26 per cent in England as a whole, 25 per cent of cases incurred gross public community care costs of less than £91 per week. Package costs exclude the costs of hospital and any use of care homes for respite care. Social work/care management costs were included only where visits from a social worker during the previous three months were reported by the individual. GP visits were not collected so estimates based on national data have been included. All costs have been uprated using the appropriate inflators.

<b>Type of case</b>			
Mrs B. was a 79 year old widow who lived alone but received help from two people, most help being provided by a family member.			
<b>Functional ability</b>			
Mrs B. had problems with three activities of daily living: stairs, getting around outside and bathing. Her problems stemmed from arthritic conditions and cardiovascular disease.			
Services	Average weekly cost	Level of service	Description
<b>Social care</b>			
Home care	£72	4 hours per week	Based on 4 hours of local authority-organised home care.
Private home care	£42	3 hours per week	Based on 3 hours of independently provided home care.
<b>Health care</b>			
Community nurse	£6.60	11.7 minutes	Community nurse visits once a month. Home visits estimated at once every four weeks based on the General Practitioner Workload Survey, July 2007. <sup>2</sup>
GP	£7.70		
Accommodation	£73		The national average weekly gross rent for a two bedroom house in the social housing sector including £5.06 service charge. <sup>3</sup>
Living expenses	£91		Taken from the Family Expenditure Survey (2007), uprated to 2008/2009 price levels). <sup>4</sup> Based on one retired person household, mainly dependent on state pensions.
<b>Total weekly cost of health and social care package</b>	£129 £293		Excludes accommodation and living expenses and independently provided home care. All costs.

1 Darton, R., Forder, J., Bebbington, A., Netten, A., Towers, A-M. & Williams, J. (2006) Analysis to support the development of the Relative Needs Formula for Older People, PSSRU Discussion Paper 2265/3, Personal Social Services Research Unit, University of Kent, Canterbury.

2 The Information Centre (2007) 2006/07 UK General Practice Workload Survey, Primary Care Statistics, The Information Centre, Leeds.

3 Dataspring (2008) *Guide to Local Rents 2008 Part II: Social Landlord Rents, 2005-08*, The Cambridge Centre for Housing and Planning Research, University of Cambridge, [www.dataspring.org.uk](http://www.dataspring.org.uk).

4 Office for National Statistics (2007) *Family Spending 2007 Edition*, Office for National Statistics, London, available at [http://www.statistics.gov.uk/downloads/theme\\_social/Family\\_Spending\\_2006/FamilySpending2007\\_web.pdf](http://www.statistics.gov.uk/downloads/theme_social/Family_Spending_2006/FamilySpending2007_web.pdf).

## 1.14 Community care package: median cost

The care package costs described in this schema illustrate the median public expenditure costs of £165 per week on health and social care support in a 2005 home care sample of 365 cases.<sup>1</sup> In this sample there were 35 per cent of 'intensive' cases with 10 or more home care hours per week compared with 26 per cent in England as a whole. Package costs exclude the costs of hospital and any use of care homes for respite care. Social work/care management costs were included only where visits from a social worker during the previous three months were reported by the individual. GP visits were not collected so estimates based on national data have been included. All costs have been uprated using the appropriate inflators.

<b>Type of case</b> Mrs D. was an 80 year old widow living with two other relatives.			
<b>Functional ability</b> Mrs D. had problems with four activities of daily living: stairs, getting around outside, dressing and bathing.			
<b>Services</b>	<b>Average weekly cost</b>	<b>Level of service</b>	<b>Description</b>
<b>Social care</b> Home care	£181	10 hours per week	Based on the cost of local authority-organised home care.
<b>Health care</b> GP	£7.70	11.7 minutes	Visits estimated at once every four weeks based on the General Practitioner Workload Survey, July 2007. <sup>2</sup>
Accommodation	£84		Shared three bedroom house/bungalow with two other relatives. Privately rented. Based on the average (private) rental income in England in 2008 and adjusted to take account of shared situation. <sup>3</sup> Uprated using the retail price index.
Living expenses	£162		Living expenses taken from the Family Expenditure Survey (2007), uprated to 2007/2008 price levels. <sup>4</sup> Based on one man one retired woman households mainly dependent on state pensions and adjusted to allow for two other relatives.
<b>Total weekly cost of health and social care package</b>	£188 £434		Excludes accommodation and living expenses. Includes all costs.

1 Darton, R., Forder, J., Bebbington, A., Netten, A., Towers, A-M. & Williams, J. (2006) Analysis to support the development of the Relative Needs Formula for Older People, PSSRU Discussion Paper 2265/3, Personal Social Services Research Unit, University of Kent.

2 The Information Centre (2007) *2006/07 UK General Practice Workload Survey*, Primary Care Statistics, The Information Centre, Leeds.

3 Rentright, Average price for England, [http://www.rentright.co.uk/country/england/3\\_rrpi.aspx](http://www.rentright.co.uk/country/england/3_rrpi.aspx), Accessed October 14 2009.

4 Office for National Statistics (2007) *Family Spending 2007 Edition*, Office for National Statistics, London, available at [http://www.statistics.gov.uk/downloads/theme\\_social/Family\\_Spending\\_2006/FamilySpending2007\\_web.pdf](http://www.statistics.gov.uk/downloads/theme_social/Family_Spending_2006/FamilySpending2007_web.pdf).



## 1.15 Community care package: high cost

The care package costs described in this schema are an example of a case where the costs to the public purse on health and social care support are in the top quartile in a 2005 home care sample of 365 cases.<sup>1</sup> In this sample, which had 35 per cent of 'intensive' cases with 10 or more home care hours per week compared with 26 per cent in England as a whole, 25 per cent of cases incurred gross public community care costs of over £274 per week. Package costs exclude the costs of hospital and any use of care homes for respite care. Social work/care management costs were included only where visits from a social worker during the previous three months were reported by the individual. GP visits were not collected so estimates based on national data have been included. All costs have been uprated using the appropriate inflators.

<b>Type of case</b>			
Mr D. was a 79 year old widower who owned his own home and lived with two other friends. One of these friends provided him with help.			
<b>Functional ability</b>			
Mr D. had problems with seven activities of daily living: stairs, getting around outside and inside the house, using the toilet, transferring between chair and bed, dressing and bathing. His problems stemmed from arthritic conditions and a previous stroke.			
Services	Average weekly cost	Level of service	Description
<b>Social care</b>			
Home care	£181		10 hours per week. Based on local authority-organised home care.
Day care	£35		Attended a day centre about once a week.
Private home care	£439		Based on PSS EX1 2006/07 uprated using the PSS Pay and Prices Inflator. Cost of 24 hours of independently provided home care.
<b>Health care</b>			
Community nurse	£26		Once a week visit from a community nurse.
OT	£24		A couple of visits from the OT during the previous month.
GP	£7.70	11.7 minutes	Visits estimated at once every four weeks based on the General Practitioner Workload Survey, July 2007. <sup>2</sup>
Accommodation	£68		Owner occupied two bedroom house shared with two others. Based on the annuitised value of a detached house and shared between three people. Taken from the Halifax Price Index, 2nd quarter 2009.
Living expenses	£162		Living expenses taken from the Family Expenditure Survey (2007). <sup>3</sup> Based on one man and one woman retired household, not mainly dependent on state pensions.
<b>Total weekly cost of health and social care package</b>	£273 £942		Excludes accommodation and living expenses and privately purchased home care. Total package costs.

1 Darton, R., Forder, J., Bebbington, A., Netten, A., Towers, A-M. & Williams, J. (2006) Analysis to support the development of the Relative Needs Formula for Older People, PSSRU Discussion Paper 2265/3, Personal Social Services Research Unit, University of Kent, Canterbury.

2 The Information Centre (2007) *2006/07 UK General Practice Workload Survey, Primary Care Statistics*, The Information Centre, Leeds.

3 Office for National Statistics (2007) *Family Spending 2007 Edition*, Office for National Statistics, London, available at [http://www.statistics.gov.uk/downloads/theme\\_social/Family\\_Spending\\_2006/FamilySpending2007\\_web.pdf](http://www.statistics.gov.uk/downloads/theme_social/Family_Spending_2006/FamilySpending2007_web.pdf).

## 1.16 Community care package: very high cost

The care package costs described in this schema are an example of a case where the costs to the public purse on health and social care support are in the top decile in a 2005 home care sample of 365 cases.<sup>1</sup> In this sample, which had 35 per cent of 'intensive' cases with 10 or more home care hours per week compared with 26 per cent in England as a whole, 10 per cent of cases incurred gross public community care costs of over £378 per week. Package costs exclude the costs of hospital and any use of care homes for respite care. Social work/care management costs were included only where visits from a social worker during the previous three months were reported by the individual. GP visits were not collected so estimates based on national data have been included. All costs have been uprated using the appropriate inflators.

<b>Type of case</b>			
Mrs E was a 82 year old woman who was married and lived with her husband and another relative in her own home. Her husband provided most support.			
<b>Functional ability</b>			
Mrs E suffered from dementia and needed help with nine activities of daily living: stairs, getting around outside and inside the house, using the toilet, transferring between chair and bed, dressing, bathing, washing and feeding.			
<b>Services</b>	<b>Average weekly costs</b>	<b>Level of service</b>	<b>Description</b>
<b>Social services</b>			
Home care	£542		30 hours per week of local authority-organised home care.
<b>Health care</b>			
Community nurse	£26		Once a week visit from a community nurse.
GP	£7.70	11.7 minutes	Visits estimated at once every four weeks based on the General Practitioner Workload Survey, July 2007. <sup>2</sup>
Accommodation	£36		Owner occupied two bedroom house shared with her husband and another relative. Based on the annuitised value of a terraced house and shared between three people. Taken from the Halifax Price Index, 2nd quarter 2009.
Living expenses	£162		Living expenses taken from the Family Expenditure Survey (2007). <sup>3</sup> Based on one man and one woman retired households, not mainly dependent on state pension.
<b>Total weekly cost of health and social care package</b>	£576 £774		Excludes accommodation and living expenses. All costs.

1 Darton, R., Forder, J., Bebbington, A., Netten, A., Towers, A-M. & Williams, J. (2006) Analysis to support the development of the Relative Needs Formula for Older People, PSSRU Discussion Paper 2265/3, Personal Social Services Research Unit, University of Kent, Canterbury.

2 The Information Centre (2007) *2006/07 UK General Practice Workload Survey, Primary Care Statistics*, The Information Centre, Leeds.

3 Office for National Statistics (2007) *Family Spending 2007 Edition*, Office for National Statistics, London, available at [http://www.statistics.gov.uk/downloads/theme\\_social/Family\\_Spending\\_2006/FamilySpending2007\\_web.pdf](http://www.statistics.gov.uk/downloads/theme_social/Family_Spending_2006/FamilySpending2007_web.pdf).