

## Glossary

**Agency overheads** Overhead costs borne by managing agency.

**Annuitising** Converting a capital investment (such as the cost of a building) into the annual equivalent cost for the period during which the investment is expected to last.

**Capital overheads** Buildings, fixtures and fittings employed in the production of a service.

**Care package costs** Total cost of all services received by a patient per week.

**Cost function analysis** Statistical analysis using a multivariate technique 'designed to simultaneously tease out the many influences on cost'.

**Direct overheads** Day-to-day support for a service, such as immediate line management, telephone, heating and stationery.

**Discounting** Adjusting costs using the time preference rate spread over a period of time in order to reflect their value at a base year.

**Durables** Items such as furniture and fittings.

**Indirect overheads** Ongoing managing agency costs such as personnel, specialist support teams and financial management.

**Long-term** The period during which fixed costs such as capital can be varied.

**Marginal cost** The cost of an additional unit of a service.

**Oncosts** Essential associated costs such as employer's national insurance contributions on salaries.

**Opportunity cost** The value of the alternative use of the assets tied up in the production of the service.

**Per average stay** Cost per person of a typical stay in a residential facility or hospital.

**Per client hour** Cost of providing the service for one hour of patient attendance. This allows for costs of time not spent with clients and allocates the costs of this time to the time spent with clients.

**Per clinic visit** Cost of attending to one client in a clinic. This allows for overall time spent on non-clinical activity and allocates this to the total time spent with clients in any setting.

**Per consultation** Cost per attendance in a clinic or surgery. This also allows for overall time spent on non-clinical activity and allocates this to the total time spent with clients.

**Per example episode** Cost of a typical episode of care, comprising several hours of a professional's time.

- Per home visit** Cost of one visit to a client at home. This includes the cost of time spent travelling to the visit. It also allows for overall time spent on non-clinical activity and allocates this to the total time spent with clients in any setting.
- Per hour in clinic** Cost of one hour spent by a professional in a clinic. This allows for overall time spent on non-clinical activity and allocates this to the total time spent with clients in any setting.
- Per hour of client contact** Cost of one hour of professional time spent attending to clients. This also allows for the costs of time not spent with clients and allocates the costs of this time to the time spent with clients.
- Per hour of client-related work** Hourly cost of time spent on activities directly related to the client. This is not necessarily time spent in face-to-face contact with the client.
- Per hour of direct outputs (teams)** Cost of one hour of team activity which results in a measurable activity by any member(s) of the team.
- Per hour of face-to-face contact** Hourly cost of time spent in face-to-face contact with clients. This also allows for the costs of time not spent with clients and allocates the costs of this time to the time spent with clients.
- Per hour of home visiting** Cost of one hour spent by a professional undertaking visits to clients at home. This includes the cost of time spent travelling. It also allows for overall time spent on non-clinical activity and allocates this to the total time spent with clients in any setting.
- Per hour of patient-related work or per patient-related hour** Hourly cost of time spent on activities directly related to the patient. This is not necessarily time spent in face-to-face contact with the patient.
- Per hour on duty** Hourly cost of time spent by a hospital doctor when on duty. This includes time spent on-call when not actually working.
- Per hour worked** Hourly cost of time spent by a hospital doctor when working. This may be during the normal working day or during a period of on-call duty.
- Per inpatient day** Cost per person of one day in hospital.
- Per patient day** Cost per person of receiving a service for one day.
- Per permanent resident week** Total weekly cost of supporting a permanent resident of a residential facility.
- Per place per day (nursery)** Cost of one child attending a nursery for one day.
- Per procedure** Cost of a procedure undertaken in a clinic or surgery. This also allows for overall time spent on non-clinical activity and allocates this to the total time spent with clients.
- Per professional chargeable hour** Hourly cost of services provided when paid for by the client. This also allows for the costs of time not spent with clients and allocates the costs of this time to the time spent with clients.
- Per resident week** Cost per person per week spent in a residential facility.
- Per session (day care)** Cost per person of each morning or afternoon attendance in a day care facility.
- Per session per client** Cost per person of one treatment session.
- Per short-term resident week** Total weekly cost of supporting a temporary resident of a residential facility.
- Price base** The year to which cost information refers.

**Ratio of direct to indirect time spent on: client-related work/direct outputs /**

**face-to-face contact/clinic contacts/home visits** The relationship between the time spent on direct activities (such as face-to-face contact) and time spent on other activities. For example, if the ratio of face-to-face contact to other activities is 1:1.5, each hour with a client requires 2.5 paid hours.

**Revenue costs** Supplies and services other than salaries incurred in the production of a service.

**Revenue overheads** Variable support services, supplies and other expenditure incurred in the production of a service.

**Schema** Framework and contents of cost synopsis for each service.

**Short-term** The period during which durable assets cannot be immediately added to or removed from the existing stock of resources.

**SSMSS** Social Services Management and Support Services: Overhead costs incurred by a local authority as defined by CIPFA guidelines. These include indirect overheads such as finance and personnel functions.

**Time preference rate** The rate at which future costs or benefits are valued in comparison to current or base years costs or benefits.