

## The Economics of Housing and Care for Older People

PSSRU Evaluation of the Extra Care Housing Funding Initiative

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**PSSRU**

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and the University of Manchester

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## Economics of Housing and Care for Older People

- Current context, relevant questions
- Cost-Effectiveness Analysis
- Focus on Costs:
  - Some emerging findings on capital costs
  - Other cost elements as highlighted by the Bradford study
- Next steps

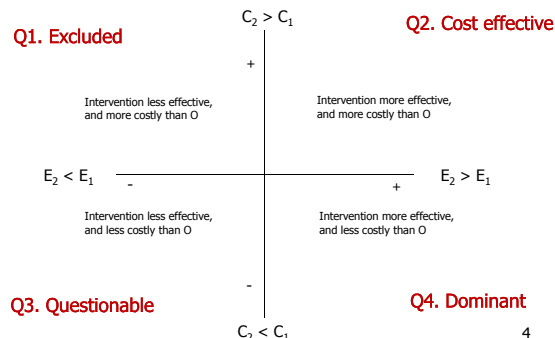
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## Context and relevant questions

- Era of public funding cuts
- Need to justify expenditure, C-E analysis more important than ever
- Housing with Care, specifically Extra Care Housing
  - A new, limited, but expanding area
  - Is capital expenditure on ECH justified?
  - Is ECH more cost-effective than care homes, than sheltered housing, than care in the community, or other alternatives?
- To answer questions, need to measure costs and outcomes, neither of which straight-forward

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## Cost-Effectiveness Plane



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## PSSRU Evaluation: Extra Care Housing Funding Initiative

- Need to identify costs and the outcomes they were incurred to achieve
- Greatest lack of evidence in terms of costs
- Costing methodology / 'rules'
  - Comprehensive; social perspective
  - Reflecting variations
  - Comparisons on a like-with-like basis
  - Costs in relation to outcomes

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## The Extra Care Housing Initiative: PSSRU Evaluation (19 Schemes)

- 2004/05
  - 2 retirement villages: 258 & 270 units
  - 7 new-build: 344 units (38-75)
- 2005/06
  - 1 retirement village: 242 units
  - 9 new-build/remodelled: 372 units (35-48)
- Opening dates: 7 in 2006, 8 in 2007, 4 in 2008

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### ECH Capital Cost Funding: 2004/05 – 2008/10

Financial year	Fund	Bids	Successful bids	
			No.	Units
2004/05	£29.0m	205	16	1422
Pre-allocated	£17.7m		6	306
2005/06	£40.3m	>140	21	1238
2006/07	£20.0m		5(4)	
2007/08	£40.0m	43	14	967
2008/10	£80.0m	61	25	2035

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### Capital Costs Findings

- Average cost per m<sup>2</sup>
- Cost per standard flat (i.e. cost per m<sup>2</sup> \* average area of flats across schemes)
- In comparison to Tinker et al.'s study
  - Remodeling no less expensive than new-build
- Sources of capital funding; funding ratio

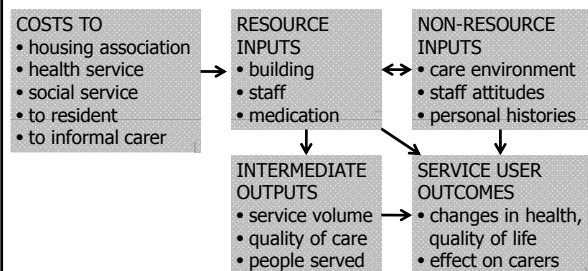
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### Capital Cost IV: Questions raised

- Are rent-only schemes viable? Viability in long-term without subsidies?
- Dependency on sales income? Impact of current economic climate?
- How are rental rates set in public sector ECH? Do capital costs influence rental rates? Who bears the cost?
- But capital costs only one of the cost elements ...

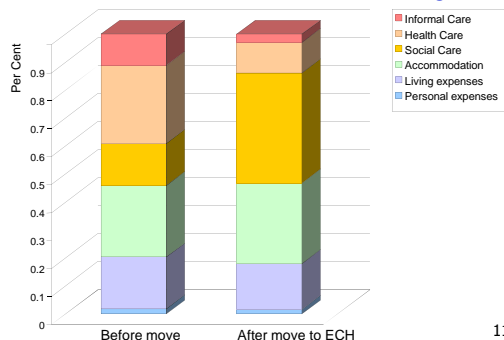
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### Cost Elements, and Outcome links



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### Cost elements: Bradford Study



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### Bradford study II: Key messages

- Social care: £130 increase on average
  - Two-fold increase in home care costs + well being charge
- Health care: £70 decrease on average
  - Pattern of service use: increased access vs. decreased freq.
- Like-for-like comparison problematic
  - Increase in costs to public sector ~ 85 % falls to public sector
- Level of receipt and costs of services seemed to increase in part due to meeting previously unmet needs
- Overall costs per person increased but associated with improved outcomes

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## Bradford Study III: Conclusions

- People assessed eligible with desire to change circumstances had unmet needs = not surprising
- Hope that situation would change on moving = it did
- Question then is more what are costs of improved outcome, rather than surprise at increased costs (or indeed no saving)
  
- THUS, initial evidence that ECH situated in Q2 of C-E Plane
- BUT, could unmet needs have been met in previous homes?
  - No capital investment, lower costs to public purse?
- BUT, do not yet have an ideal comparator:
  - People eligible for ECH but who cannot or don't take that option, who remain in own home (amended care package) or move to care home

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## Next Steps

- Complete data collection (!)
- Costs
  - Individual level - receipt of health and social care services at 6m+18m, receipt of benefits 0m+6m
  - Scheme level – capital cost, operating cost (HA accounts after 1 and/or 2 yrs ) & funding sources (LA), charges to residents, variation between schemes
- Outcomes
  - Functional ability (Barthel, MDS) at 0m, 6m, 18m;
  - Self-perceived health at 0m +12m; Quality-of-life at 12m;
  - Well-being (CASP 19) at 6m +18m
- Series of comparisons with different data sources (best alternative in absence of 'ideal comparator'):
  - E.g. previous PSSRU studies on care homes 1995, 2004/05 (approx. 500 residents in 16 local authorities)

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