

# **I. SERVICES**

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

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## 1.1 Private nursing homes for older people

Using PSS EX1 2004/05<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 place were £414 per week and mean costs were £424 per week. Twenty-five per cent of local authorities had average gross costs of £365 or less and 25 per cent of £488 or more. It has not been possible to exclude capital charges on the revenue account. From 2003/04, the nursing cost element was paid for by the NHS ('free nursing care') and excluded from the expenditure on PSS EX1. The average NHS contribution for nursing care in nursing homes is estimated to be £91. When we add this to PSS expenditure, the total expected mean cost is £515 and the total expected median cost is £505.

| Costs and unit estimation   | 2005/2006 value | Notes  |
|---|-----------------|--|
| A. Fees   | £570 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>2</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>3</sup> |
| <i>External services</i><br>B. Community nursing  | £0.70 per week  | Reflects the level of service receipt found in a 1996 PSSRU survey of 137 nursing homes. <sup>4</sup> In the home with the highest level of nursing input, the average weekly cost was £15 (1996/1997 prices).   |
| C. GP services  | £26 per week    | A study found that residents in private nursing homes consulted GPs for an average 6.01 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 £16 per week.  |
| D. Other external services  | Not known.      |  |
| E. Personal living expenses   | £8.90 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 or a nursing home is £18.80. 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   | 1.15 x A        | Fees in London nursing homes were 15 per cent higher than the national average. <sup>3</sup>   |
| <b>Unit costs available 2005/2006</b>   |                 |  |
| £570 establishment costs per permanent resident week (A); £551 establishment costs per short-term resident week (A); £605 care package costs per permanent resident week (includes A to E); £585 care package costs per short-term resident week (includes A to E). |                 |  |

1 PSS EX1 2004/05, Department of Health.

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 (2006) *Care of Elderly People: UK Market Report 2006*, 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.

## 1.2 Private residential care for older people

| Costs and unit estimation   | 2005/2006 value | Notes   |
|---|-----------------|---|
| A. Fees   | £398 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>1</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>2</sup> |
| <i>External services</i><br>B. Community nursing  | £6.20 per week  | Reflects the level of service receipt found in a 1996 survey of 123 residential homes. <sup>3</sup>   |
| C. GP services  | £16 per week    | 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 per week.   |
| D. Other external services  | Not known       |   |
| E. Personal living expenses   | £8.90 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 updated by the Retail Price Index. The DWP personal allowance for people in residential care is £18.80 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   | 1.20 x A        | Fees in London residential homes were 20 per cent higher than the national average. <sup>2</sup>  |
| <b>Unit costs available 2005/2006</b>   |                 |   |
| £398 establishment costs per permanent resident week (A); £421 establishment costs per short-term resident week (A); £430 care package costs per permanent resident week (includes A to E); £454 care package costs per short-term resident week (includes A to E). |                 |   |

1 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.

2 Laing & Buisson (2006) *Care of Elderly People: UK Market Report 2006*, 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.

### 1.3 Voluntary residential care for older people

| Costs and unit estimation   | 2005/2006 value                    | Notes   |
|---|------------------------------------|---|
| A. Fees   | £393 per week                      | Based on the Laing and Buisson market survey <sup>1</sup> and the relationship between private and voluntary sector prices reported in the 1996 PSSRU survey. <sup>2</sup>  |
| <i>External services</i><br>B. Community nursing<br>C. GP services<br>D. Other external services  | £8.30 per week<br><br>£16 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>3</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 per week. |
| E. Personal living expenses   | £8.90 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>4</sup> This has been updated 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   | 1.20 x A                           | Fees in London residential homes were 20 per cent higher than the UK average. <sup>1</sup>  |
| <b>Unit costs available 2005/2006</b>   |                                    |   |
| £393 establishment costs per permanent resident week (A); £416 establishment costs per short-term resident week (A); £426 care package costs per permanent resident week (includes A to E); £452 care package costs per short-term resident week (includes A to E). |                                    |   |

1 Laing & Buisson (2006) *Care of Elderly People: UK Market Report 2006*, Laing & Buisson, London.

2 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.

3 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.

4 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 £427 per week and at current prices, the standard deviation was £121. Ten per cent of homes had average gross costs of £607 or more and 10 per cent of £310 or less. Median costs were £413 per week.

| Costs and unit estimation   | 2005/2006 value  | Notes   |
|---|------------------|---|
| <b>Capital costs (A, B &amp; C)</b>   |                  |   |
| A. Buildings and oncosts  | £49 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   | £16 per week     | Based on Office of the Deputy Prime Minister statistics. Land costs have been annuitised 3.5 per cent over 60 years. <sup>3</sup>   |
| C. Equipment and durables   | £6.60 per week   | Equipment and durables estimated at 10 per cent of capital cost. <sup>4</sup>   |
| D. Revenue costs  | £618 per week    | The median revenue cost estimate is taken from PSS EX1 2003/04 uprated using the PSS Pay and Prices Index. <sup>5</sup> Capital charges on the revenue account have been deducted (£35). Twenty-five per cent of local authorities had average gross costs of £521 or less and 25 per cent of £826 or more. Mean costs were £592 per week.  |
| E. Agency overheads   | £31 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  | £9.40 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 £13.60 per week. |
| G. GP services  | £8.70 per week   |   |
| H. Other external services  | Not known        |   |
| I. Personal living expenses   | £8.90 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   | 1.046 x (D to E) | Based on PSS EX1 2004/05 data. <sup>5</sup>   |
| <b>Unit costs available 2005/2006</b>   |                  |   |
| £721 establishment costs per permanent resident week (includes A to E); £755 establishment costs per short-term resident week (includes A to E); £749 care package costs per permanent resident week (includes A to I); £784 care package costs per short-term resident week (includes A to I). |                  |   |

1 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.

2 Building Cost Information Service (2006) *Surveys of Tender Prices*, BCIS, Royal Institution of Chartered Surveyors, Kingston-upon-Thames.

3 Based on personal communication with the Office of the Deputy Prime Minister (ODPM) (2006).

4 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.

5 PSS EX1 2004/05, Department of Health.

6 Audit Commission (1993) *Taking Care*, Bulletin, Audit Commission, London.

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 Laing, W. (2002) *Calculating a Fair Price for Care*, The Policy Press, Bristol.

10 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                 | 2005/2006 value      | Notes  |
|---|----------------------|--|
| <i>Capital costs</i>                      |                      |  |
| A. Buildings and oncosts                  | £4.20                | 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                     | £92                  | 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 HCHS Pay Index. |
| C. Other direct care costs                |                      |  |
| Medical                                   | £45                  | 1997/1998 costs updated using the HCHS Pay and Prices Index.   |
| Other                                     | £8.20                | Includes diagnostics and ward round updated using the HCHS Pay and Prices Index.   |
| D. Direct overheads                       | £42                  | Includes catering, domestics, energy, security, administration, laundry and supplies. 1997/1998 costs inflated by the HCHS Pay and Prices Index.   |
| E. Indirect overheads                     | £17                  | Includes the estates, central administration and corporate function. 1997/1998 prices inflated by the HCHS 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 2005/2006</b>     |                      |  |
| £208 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             | 2005/2006 value                        | Notes   |
|---------------------------------------|--|---|
| <i>Capital costs (A, B &amp; C)</i>   |  |   |
| A. Buildings and oncosts              | £4.20 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                               | £1.20 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     | £25 per session                        | The median revenue cost estimate is taken from PSS EX1 2004/05 uprated using the PSS Pay and Prices Index. <sup>3</sup> Capital charges on the revenue account have been deducted (£1.50). Data were adjusted to exclude expenditure on services purchased from the independent sector. Reported unit costs contain a wide variation and clearly refer to very different types of care. Ten per cent of authorities had average costs of £13 per session or less, and 10 per cent £56 per session or more. Mean costs were £23 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; 2.53 x B;<br>1.39 x (D to F) | Relative London costs are drawn from the same source as the base data for each cost element.<br>Based on PSS EX1 2004/05 data. <sup>3</sup>   |
| <b>Unit costs available 2005/2006</b> |  |   |
| £30 per session (includes A to F).    |  |   |

1 Building Cost Information Service (2006) *Surveys of Tender Prices*, BCIS, Royal Institution of Chartered Surveyors, Kingston-upon-Thames.

2 Based on personal communication with the Office of the Deputy Prime Minister (ODPM) (2006).

3 PSS EX1 2004/05, Department of Health.

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 of 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 2005/2006 prices, costs ranged from £20 to £45 per client day with an mean and median cost of £31.

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 2004/2005<sup>1</sup> uprated using the PSS Pay and Prices inflator, the mean cost per session for independently provided day care were £17, equivalent to £34 per client day and the median cost was £18, equivalent to £36 per client day. Authorities showing costs in excess of £100 have been excluded.

| Costs and unit estimation  | 2005/2006 value                 | Notes   |
|--|---------------------------------|---|
| <i>Capital costs (A &amp; B)</i>   |                                 |   |
| A. Premises  | £3.80 per client day            | These costs ranged from £2.40 to £5.00 with a mean cost of £3.80 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   | £3.20 per client day            | Of the 10 Centres, 3 had their own minibus/es and costs ranged from £1.40 per client day to £5.90 per client day. Vehicle costs were high for a rural centre which opens only 2 days per week.  |
| <i>Revenue costs</i>   |                                 |   |
| C. Salaries  | £16.60 per client day           | Costs ranged from £8.30 to £38. Those Centres with the highest costs were those accommodating Elderly Mental Ill clients where the staff ratios are often 1:4. The median cost was £13.80.  |
| D. Volunteer costs   | £0.40 per client day            | Seven of the centres reported incurring volunteer expenses.   |
| E. Other staff costs   | £1.20 per client day            | This includes staff recruitment and training, courses and conferences, travel expenses and redundancy payments.   |
| F. Transport   | £3.00 per client day            | This includes taxi expenses, fuel and oil, vehicle repairs, insurance and contract hire. Costs ranged from £1.10 to £6.00 with a median cost of £2.80.  |
| G. Meals   | £1.70 per client day            | Seven Centres provided meals.   |
| H. Overheads   | £2.40 per client day            | Seven Centres provided information on overheads which ranged from £1.10 to £5.00.   |
| I. Other revenue costs   | £3.20 per client day            | Costs includes management and administration, maintenance charges, heat, light and water, telephone, stationery and postage, insurance, sundry expenses and bank charges. Costs ranged from £1.00 to £7.50 per client day and the median cost was £2.                         |
| Use of facility by client  | 50.3 weeks<br>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 2005/2006</b>  |                                 |   |
| The average cost of the 10 Centres was £31 per client day. A Centre incurring all costs A-I would cost £35 per client day. |                                 |   |

1 PSS EX1 2004/05, Department of Health.

## 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   | 2005/2006 value                                      | Notes   |
|---|--|---|
| <i>Capital costs</i><br>A. Notional rent  | £86 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><br>B. Salary and other revenue costs   | £28 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><br>D. Basic living costs<br>E. Other living costs   | £81 per person per week<br>£9.20 per person per week | Based on Family Expenditure Survey (2001/2002) <sup>3</sup> estimates of household expenditure of a single person retired mainly dependent on state pension inflated to 2005/2006 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). The average weekly expenditure per person in all expenditure groups with the exception of household goods and services and leisure services has decreased slightly or remained the same as last year. |
| F. Other health and social services costs   | £30 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 2005/2006</b>   |  |   |
| £114 per week sheltered housing costs (includes A to B); £144 per week service and accommodation (includes A to B and F); £225 (includes all costs borne by care homes (A to D and F); £234 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 (2005) *Surveys of Tender Prices*, BCIS, Royal Institution of Chartered Surveyors, Kingston-upon-Thames.

3 Office for National Statistics (2002) *Family Expenditure Survey Database, 2000/2001*, available from: <http://www.statistics.gov.uk>.

## 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  | 2005/2006 value                                      | Notes   |
|--|--|---|
| <i>Capital costs</i><br>A. Notional rent   | £95 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><br>B. Salary and other revenue costs  | £38 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 2005/2006 using the PSS Pay and Prices Index.   |
| C. Agency overheads  |  | No information available.   |
| <i>Personal living expenses</i><br>D. Basic living costs<br>E. Other living costs  | £81 per person per week<br>£9.20 per person per week | Based on Family Expenditure Survey (2001/2002) <sup>3</sup> estimates of household expenditure of a single person retired mainly dependent on state pension inflated to 2005/2006 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). The average weekly expenditure per person in all expenditure groups with the exception of household goods and services and leisure services has decreased slightly or remained the same as last year. |
| F. Other health and social services costs  | £16 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 2005/2006</b>  |  |   |
| £133 per week sheltered housing costs (includes A to B); £149 per week service and accommodation (includes A to B and F); £230 (includes all costs borne by care homes (A to D and F)); £239 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 (2005) *Surveys of Tender Prices*, BCIS, Royal Institution of Chartered Surveyors, Kingston-upon-Thames.

3 Office for National Statistics (2002) *Family Expenditure Survey Database, 2000/2001*, available from: <http://www.statistics.gov.uk>.

## 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  | 2005/2006 value                                      | Notes   |
|--|--|---|
| <i>Capital costs</i><br>A. Notional rent   | £95 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 uprated using the BCIS/ABI House Rebuilding Cost Index. <sup>2</sup>   |
| <i>Revenue costs</i><br>B. Salary and other revenue costs  | £85 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 2005/2006 using the PSS Pay and Prices Index.   |
| C. Agency overheads  |  | No information available.   |
| <i>Personal living expenses</i><br>D. Basic living costs<br>E. Other living costs  | £81 per person per week<br>£9.20 per person per week | Based on Family Expenditure Survey (2001/2002) <sup>3</sup> estimates of household expenditure of a single person retired mainly dependent on state pension inflated to 2005/2006 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). The average weekly expenditure per person in all expenditure groups with the exception of household goods and services and leisure services has decreased slightly or remained the same as last year. |
| F. Other health and social services costs  | £31 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 2005/2006</b>  |  |   |
| £180 per week sheltered housing costs (includes A to B); £211 per week service and accommodation (includes A to B and F); £292 (includes all costs borne by care homes (A to D and F)); £301 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 (2005) *Surveys of Tender Prices*, BCIS, Royal Institution of Chartered Surveyors, Kingston-upon-Thames.

3 Office for National Statistics (2002) *Family Expenditure Survey Database, 2000/2001*, available from: <http://www.statistics.gov.uk>.

## 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  | 2005/2006 value                                      | Notes   |
|--|--|---|
| <i>Capital costs</i><br>A. Notional rent   | £85 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><br>B. Salary and other revenue costs  | £246 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 2005/2006 using the PSS Pay and Prices Index.   |
| C. Agency overheads  |  | No information available.   |
| <i>Personal living expenses</i><br>D. Basic living costs<br>E. Other living costs  | £81 per person per week<br>£9.20 per person per week | Based on Family Expenditure Survey (2001/2002) <sup>3</sup> estimates of household expenditure of a single person retired mainly dependent on state pension inflated to 2005/2006 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). The average weekly expenditure per person in all expenditure groups with the exception of household goods and services and leisure services has decreased slightly or remained the same as last year. |
| F. Other health and social services costs  | £46 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 2005/2006</b>  |  |   |
| £331 per week sheltered housing costs (includes A to B); £377 per week service and accommodation (includes A to B and F); £458 (includes all costs borne by care homes (A to D and F)); £467 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 (2005) *Surveys of Tender Prices*, BCIS, Royal Institution of Chartered Surveyors, Kingston-upon-Thames.

3 Office for National Statistics (2002) *Family Expenditure Survey Database, 2000/2001*, available from: <http://www.statistics.gov.uk>.

## 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 the England as a whole, 10 per cent of cases incurred gross public community care costs of less than £45 per week. Package costs exclude the costs of hospital and any use of care homes for respite care. Social work/care management costs were only included 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.

| <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  | £15                 |                  | One hour per week of local authority organised home care.   |
| Meals on Wheels  | £24.50              |                  | Seven meals per week.   |
| <b>Health care</b>   |                     |                  |   |
| GP   | £7.60               | 13.2 minutes     | Visits estimated at once every eight weeks based on the General Practitioner Workload Survey, April 2004. <sup>2</sup>  |
| Accommodation  | £133                |                  | Based on the weekly cost of sheltered accommodation.  |
| Living expenses  | £106                |                  | Taken from the Family Expenditure Survey (2001/2002, uprated to 2004/2005 price levels). <sup>3</sup> Based on one adult retired household, mainly dependent on state pensions. |
| <b>Total weekly cost of health and social care package</b>   | £47<br>£286         |                  | Excludes accommodation and living expenses.<br>All costs.   |

1 Darton, R., Forder, J., Bebbington, A., Netten, A., Towers, A-M. and 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 Royal College of General Practitioners (2004) *General Practitioners Workload, April 2004*, RCGP Information Sheet, No. 3, Royal College of General Practitioners, London.

3 Office for National Statistics (2002) *Family Expenditure Survey Database, 2000/2001*, available from: <http://www.statistics.gov.uk>.

### 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 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 the England as a whole, 25 per cent of cases incurred gross public community care costs of less than £85 per week. Package costs exclude the costs of hospital and any use of care homes for respite care. Social work/care management costs were only included 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.

| <b>Type of case</b><br>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><br>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><br>Home care  | £60                 | 4 hours per week | Based on 4 hours of local authority organised home care.   |
| Private home care  | £33                 | 3 hours per week | Based on 3 hours of independently provided home care.  |
| <b>Health care</b><br>Community nurse<br>GP  | £5<br>£7.60         | 13.2<br>minutes  | Community nurse visits once a month.<br>Visits estimated at once every eight weeks based on the General Practitioner Workload Survey, April 2004. <sup>2</sup>                   |
| Accommodation  | £63                 |                  | The national average weekly gross rent for a privately owned two bedroom dwelling at 31 March 2005. <sup>3</sup>   |
| Living expenses  | £106                |                  | Taken from the Family Expenditure Survey (2001/2002, uprated to 2004/2005 price levels). <sup>4</sup> Based on one person retired household, mainly dependent on state pensions. |
| <b>Total weekly cost of health and social care package</b>   | £73<br>£275         |                  | Excludes accommodation and living expenses and independently provided home care.<br>All costs.   |

1 Darton, R., Forder, J., Bebbington, A., Netten, A., Towers, A-M. and 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 Royal College of General Practitioners (2004) *General Practitioners Workload, April 2004*, RCGP Information Sheet, No. 3, Royal College of General Practitioners, London.

3 Affordability of Housing Association Rents in England, *Dataspring News*, 2005.

4 Office for National Statistics (2002) *Family Expenditure Survey Database, 2000/2001*, available from: <http://www.statistics.gov.uk>.

## 1.14 Community care package: median cost

The care package costs described in this schema illustrate the median public expenditure costs of £154.60 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 the 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 only included 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.

|  |                            |                         |   |
|--|----------------------------|-------------------------|---|
| <b>Type of case</b><br>Mrs D. was an 80 year old widow living with two other relatives.  |                            |                         |   |
| <b>Functional ability</b><br>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><br>Home care  | £150                       | 10 hours per week       | Based on the cost of local authority organised home care.   |
| <b>Health care</b><br>GP   | £7.60                      | 13.2 minutes            | Visits estimated at once every eight weeks based on the General Practitioner Workload Survey, April 2004. <sup>2</sup>  |
| Accommodation  | £67                        |                         | Shared two bedroom house/bungalow with two other relatives. Privately rented. Based on the average (private) rental income in England in 2005 and adjusted to take account of shared situation. <sup>3</sup>  |
| Living expenses  | £206                       |                         | Living expenses taken from the Family Expenditure Survey (2001/2002, uprated to 2005/2006 price levels). <sup>4</sup> Based on one man one woman retired 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>   | £158<br>£431               |                         | Excludes accommodation and living expenses.<br>Includes all costs.  |

1 Darton, R., Forder, J., Bebbington, A., Netten, A., Towers, A-M. and 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 Royal College of General Practitioners (2004) *General Practitioners Workload, April 2004*, RCGP Information Sheet, No. 3, Royal College of General Practitioners, London.

3 The Mortgage Warehouse (2006) Market Activity Picks up as Mortgage Rental Incomes, Property Values and Yields Rise, (23/3/2006), released by Paragon 1 March 2006.

4 Office for National Statistics (2002) *Family Expenditure Survey Database, 2000/2001*, available from: <http://www.statistics.gov.uk>.



## 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 the England as a whole, 25 per cent of cases incurred gross public community care costs of over £256 per week. Package costs exclude the costs of hospital and any use of care homes for respite care. Social work/care management costs were only included 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.

| <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. |                            |                         |   |
| <b>Services</b>  | <b>Average weekly cost</b> | <b>Level of service</b> | <b>Description</b>  |
| <b>Social care</b>   |                            |                         |   |
| Home care  | £150                       |                         | 10 hours per week. Based on local authority organised home care.  |
| Day care   | £29.50                     |                         | Attended a day centre about once a week.  |
| Private home care  | £264                       |                         | Based on 24 hours of independently provided home care.  |
| <b>Health care</b>   |                            |                         |   |
| Community nurse  | £20                        |                         | Once a week visit from a community nurse.   |
| OT   | £19                        |                         | A couple of visits from the OT during the previous month.   |
| GP   | £7.60                      | 13.2 minutes            | Visits estimated at once every eight weeks based on the General Practitioner Workload Survey, April 2004. <sup>2</sup>  |
| Accommodation  | £71                        |                         | 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 2006.               |
| Living expenses  | £206                       |                         | Living expenses taken from the Family Expenditure Survey (2001/2002, uprated to 2005/2006 price levels). <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>   | £226                       |                         | Excludes accommodation and living expenses and privately purchased home care.   |
|  | £767                       |                         | Total package costs.  |

1 Darton, R., Forder, J., Bebbington, A., Netten, A., Towers, A-M. and 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 Royal College of General Practitioners (2004) *General Practitioners Workload, April 2004*, RCGP Information Sheet, No. 3, Royal College of General Practitioners, London.

3 Office for National Statistics (2002) *Family Expenditure Survey Database, 2000/2001*, available from: <http://www.statistics.gov.uk>.

## 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 the England as a whole, 10 per cent of cases incurred gross public community care costs of over £353 per week. Package costs exclude the costs of hospital and any use of care homes for respite care. Social work/care management costs were only included 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.

|   |                             |                         |   |
|---|-----------------------------|-------------------------|---|
| <b>Type of case</b>   |                             |                         |   |
| Mrs E was a 82 year old 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   | £450                        |                         | 30 hours per week of local authority organised home care.   |
| <b>Health care</b>  |                             |                         |   |
| Community nurse   | £20                         |                         | Once a week visit from a community nurse.   |
| GP  | £7.60                       | 13.2 minutes            | Visits estimated at once every eight weeks based on the General Practitioner Workload Survey, April 2004. <sup>2</sup>  |
| Accommodation   | £39                         |                         | 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 2006. |
| Living expenses   | £206                        |                         | Living expenses taken from the Family Expenditure Survey (2001/2002, uprated to 2005/2006 price levels). <sup>3</sup> Based on one man and one woman retired households, mainly dependent on state pension.             |
| <b>Total weekly cost of health and social care package</b>  | £478<br>£723                |                         | Excludes accommodation and living expenses.<br>All costs.   |

1 Darton, R., Forder, J., Bebbington, A., Netten, A., Towers, A-M. and 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 Royal College of General Practitioners (2004) *General Practitioners Workload, April 2004*, RCGP Information Sheet, No. 3, Royal College of General Practitioners, London.

3 Office for National Statistics (2002) *Family Expenditure Survey Database, 2000/2001*, available from: <http://www.statistics.gov.uk>.