

## **2. Services for people with mental health problems**

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## 2.1 Local authority residential care (staffed hostel) for people with mental health problems

Based on a study of 20 staffed hostels from eight mental health services.<sup>1</sup>

Personal Social Services Expenditure (PSS EX1) 2008/09 reported median costs (including capital) of £780 and mean costs at £1,199 per resident week for adults aged 18-64 with mental health needs.<sup>2</sup> These costs were uprated using the PSS Pay & Prices index. The minimum range for twenty-five per cent of services was £485 or less and the maximum range was £1,251 or more. Using the Adult Social Services Expenditure Survey 2009/10, the average net unit cost for the provision of external independent residential care for people with mental health problems was estimated to be £751 per week.<sup>3</sup>

Costs and unit estimation	2009/2010 value	Notes
<b>Capital costs</b>		
A. Buildings and oncosts	£28 per resident week	The market value of the buildings was obtained from a recent valuation or, where this was not available, the mid-point of the property's Council Tax Band was employed as a proxy for the current market value. Costs have been uprated using the Tender Price Index for Public Sector Building (non housing). The value of buildings was annuitised over a 60-year period discounted at 3.5 per cent.
<b>Revenue costs</b>		
B. Salary costs	£375 per resident week	Costs of direct management and care staff, the latter including nursing and social work inputs. Costs have been uprated using the PSS Pay Index.
C. Other revenue costs	£72 per resident week	Catering and domestic costs are included as far as possible since the staffing element of catering or domestic services was often not separately identified in the returns. Other revenue costs include energy, utilities, transport, renewals and replacements, cleaning, laundry, TV licence, registration fees and insurance. The capital and revenue costs together represent the total weekly cost of accommodation (or establishment costs). Over and above this accommodation cost, additions have been made to estimate 'care package' costs. These additions include personal consumption or living expenses (E), and the use that clients typically make of hospital and community health and social services (F). Costs have been uprated using the PSS Pay & Prices index.
D. Agency overheads	£20 per resident week	Indirect management, such as central administration, was categorised under the heading of agency overheads along with personnel, accounting and finance functions. Costs have been uprated using the PSS Pay & Prices index.
<b>Other costs</b>		
E. Personal living expenses	£21.90 per week	The DWP allowance is used as a proxy for personal consumption. <sup>4</sup>
F. Service use	£90 per resident week	Service use is the mean receipt per client of a 'reduced list' of services including inpatient days and outpatient attendances in a psychiatric or general hospital, day centre or sheltered workshop attendances, and contact with a GP, community psychiatric nurse, social worker or community psychiatrist. Costs have been uprated using the PSS Pay & Prices index.
Use of facility by client	365.25 days per year	
Occupancy	85%	Occupancy figures are drawn from the same source as the base data.
London multiplier	1.23 x (A to D) + F	Relative London costs are drawn from the same source as the base data for each cost element.
<b>Unit costs available 2009/2010</b>		
£496 per resident week establishment costs (includes A to D); £607 per resident week care package costs (includes A to F).		

1 Chisholm, D., Knapp, M., Astin, J., Beecham, J., Audini, B. & Lelliott, P. (1997) The Mental Health Residential Care Study: the costs of provision, *Journal of Mental Health*, 6, 1, 85-99.

2 The Information Centre (2010) *PSS EX1 2008/09*, The Information Centre, Leeds.

3 Local Government Association/Association of Directors of Adult Social Services (2010) *Report on Adults' Social Services Expenditure 2009-2010*, York Consulting, Leeds.

4 Disability Alliance (2010) *Disability Rights Handbook, 34th Edition, April 2009-April 2010. A Guide to Benefits and Services for all Disabled People, Their Families, Carers and Advisers*, Disability Alliance, London.

## 2.2 Local authority residential care (group home) for people with mental health problems

Based on a study of 23 group homes from eight mental health services.<sup>1</sup>

Costs and unit estimation	2009/2010 value	Notes
<b>Capital costs</b> A. Buildings and oncosts	£32 per resident week	The market value of the buildings was obtained from a recent valuation or, where this was not available, the mid-point of the property's Council Tax Band was employed as a proxy for the current market value. Costs have been uprated using the Tender Price Index for Public Sector Building (non housing). The value of buildings was annuitised over a 60-year period discounted at 3.5 per cent.
<b>Revenue costs</b> B. Salary costs	£11 per resident week	Costs of direct management and care staff, the latter including nursing and social work inputs. Services in a group home are provided more on an ad hoc or regular-visit basis rather than on a 24-hour basis as is the case in a hospital. Costs have been uprated using the PSS Pay Index.
C. Other revenue costs	£46 per resident week	Catering and domestic costs are included as far as possible since the staffing element of catering or domestic services was often not separately identified in the returns. Other revenue costs include energy, utilities, transport, renewals and replacements, cleaning, laundry, TV licence, registration fees and insurance. The capital and revenue costs together represent the total weekly cost of accommodation (or establishment costs). Over and above this accommodation cost, additions have been made to estimate 'care package' costs. These additions include personal consumption or living expenses (E), and the use that clients typically make of hospital and community health and social services (F). Costs have been uprated using the PSS Pay & Prices index.
D. Agency overheads	£4 per resident week	Indirect management, such as central administration, was categorised under the heading of agency overheads along with personnel, accounting and finance functions. Costs have been uprated using the PSS Pay & Prices index.
<b>Other costs</b> E. Personal living expenses	£21.90 per week	The DWP allowance is used as a proxy for personal consumption. <sup>2</sup>
F. Service use	£138 per resident week	Service use is the mean receipt per client of a 'reduced list' of services including inpatient days and outpatient attendances in a psychiatric or general hospital, day centre or sheltered workshop attendances, and contact with a GP, community psychiatric nurse, social worker or community psychiatrist. Costs have been uprated using the PSS Pay & Prices index.
Use of facility by client	365.25 days per year	
Occupancy	85%	Occupancy figures are drawn from the same source as the base data.
London multiplier	1.2 x (A to D) + F	Relative London costs are drawn from the same source as the base data for each cost element.
<b>Unit costs available 2009/2010</b>		
£94 per resident week establishment costs (includes A to D); £253 per resident week care package costs (includes A to F).		

1 Chisholm, D., Knapp, M., Astin, J., Beecham, J., Audini, B. & Lelliott, P. (1997) The Mental Health Residential Care Study: the costs of provision, *Journal of Mental Health*, 6, 1, 85-99.

2 Disability Alliance (2010) *Disability Rights Handbook, 34th Edition, April 2009-April 2010. A Guide to Benefits and Services for all Disabled People, Their Families, Carers and Advisers*, Disability Alliance, London.

## 2.3 Voluntary sector residential care (staffed hostel) for people with mental health problems

Based on a sample of 31 staffed hostels.<sup>1</sup>

Costs and unit estimation	2009/2010 value	Notes
<b>Capital costs</b> A. Buildings and oncosts	£30 per resident week	The market value of the buildings was obtained from a recent valuation or, where this was not available, the mid-point of the property's Council Tax Band was employed as a proxy for the current market value. Costs have been uprated using the Tender Price Index for Public Sector Building (non housing). The value of buildings was annuitised over a 60-year period discounted at 3.5 per cent.
<b>Revenue costs</b> B. Salary costs C. Other revenue costs D. Agency overheads	£271 per resident week £100 per resident week £36 per resident week	Salary costs represent the costs of direct management and care staff, the latter including nursing and social work inputs. Costs have been uprated using the PSS Pay Index. Catering and domestic costs are included as far as possible since the staffing element of catering or domestic services was often not separately identified in the returns. Other revenue costs include energy, utilities, transport, renewals and replacements, cleaning, laundry, TV licence, registration fees and insurance. The capital and revenue costs together represent the total weekly cost of accommodation (or establishment costs). Over and above this accommodation cost, additions have been made to estimate 'care package' costs. These additions include personal consumption or living expenses (E), and the use that clients typically make of hospital and community health and social services (F). Costs have been uprated using the PSS Pay & Prices index. Indirect management, such as central administration, were categorised under the heading of agency overheads along with personnel, accounting and finance functions. Costs have been uprated using the PSS Pay & Prices index.
<b>Other costs</b> E. Personal living expenses	£21.90 per week	The DWP allowance is used as a proxy for personal consumption. <sup>2</sup>
F. Service use	£74 per resident week	Service use is the mean receipt per client of a 'reduced list' of services including inpatient days and outpatient attendances in a psychiatric or general hospital, day centre or sheltered workshop attendances, and contact with a GP, community psychiatric nurse, social worker or community psychiatrist. Costs have been uprated using the PSS Pay & Prices index.
Use of facility by client	365.25 days per year	
Occupancy	90%	Occupancy figures are drawn from the same source as the base data.
London multiplier	1.46 x (A to D) + F	Relative London costs are drawn from the same source as the base data for each cost element.
<b>Unit costs available 2009/2010</b>		
£437 per resident week establishment costs (includes A to D); £533 per resident week care package costs (includes A to F).		

1 Chisholm, D., Knapp, M., Astin, J., Beecham, J., Audini, B. & Lelliott, P. (1997) The Mental Health Residential Care Study: the costs of provision, *Journal of Mental Health*, 6, 1, 85-99.

2 Disability Alliance (2010) *Disability Rights Handbook, 34th Edition, April 2009-April 2010. A Guide to Benefits and Services for all Disabled People, Their Families, Carers and Advisers*, Disability Alliance, London.

## 2.4 Voluntary sector residential care (on-call staff) for people with mental health problems

Based on a sample of 33 group homes.<sup>1</sup>

Costs and unit estimation	2009/2010 value	Notes
<b>Capital costs</b> A. Buildings and oncosts	£34 per resident week	The market value of the buildings was obtained from a recent valuation or, where this was not available, the mid-point of the property's Council Tax Band was employed as a proxy for the current market value. Costs have been uprated using the Tender Price Index for Public Sector Building (non housing). The value of buildings was annuitised over a 60-year period discounted at 3.5 per cent.
<b>Revenue costs</b> B. Salary costs C. Other revenue costs D. Agency overheads	£108 per resident week £59 per resident week £25 per resident week	Costs of direct management and care staff, the latter including nursing and social work inputs. Costs have been uprated using the PSS Pay Index. Catering and domestic costs are included as far as possible since the staffing element of catering or domestic services was often not separately identified in the returns. Other revenue costs include energy, utilities, transport, renewals and replacements, cleaning, laundry, TV licence, registration fees and insurance. The capital and revenue costs together represent the total weekly cost of accommodation (or establishment costs). Over and above this accommodation cost, additions have been made to estimate 'care package' costs. These additions include personal consumption or living expenses (E), and the use that clients typically make of hospital and community health and social services (F). Costs have been uprated using the PSS Pay & Prices index. Indirect management, such as central administration, was categorised under the heading of agency overheads along with personnel, accounting and finance functions. Costs have been uprated using the PSS Pay & Prices index.
<b>Other costs</b> E. Personal living expenses	£21.90 per week	The DWP allowance is used as a proxy for personal consumption.
F. Service use	£97 per resident week	Service use cost is the mean receipt per client of a 'reduced list' of services including inpatient days and outpatient attendances in a psychiatric or general hospital, day centre or sheltered workshop attendances, and contact with a GP, community psychiatric nurse, social worker or community psychiatrist. Costs have been uprated using the PSS Pay & Prices index.
Use of facility by client	365.25 days per year	
Occupancy	95%	Occupancy figures are drawn from the same source as the base data.
London multiplier	1.11 x (A to D) + F	Relative London costs are drawn from the same source as the base data for each cost element.
<b>Unit costs available 2009/2010</b>		
£226 per resident week establishment costs (includes A to D); £345 per resident week care package costs (includes A to F).		

<sup>1</sup> Chisholm, D., Knapp, M., Astin, J., Beecham, J., Audini, B. & Lelliott, P. (1997) The Mental Health Residential Care Study: the costs of provision, *Journal of Mental Health*, 6, 1, 85-99.

## 2.5 Private sector residential care (staffed hostel) for people with mental health problems

Based on a sample of 33 hostels.<sup>1</sup> Hostels often accommodate 20 or more people and are managed either by local authority social services departments or voluntary agencies.

Costs and unit estimation	2009/2010 value	Notes
<b>Capital costs</b> A. Buildings and oncosts	£33 per resident week	The market value of the buildings was obtained from a recent valuation or, where this was not available, the mid-point of the property's Council Tax Band was employed as a proxy for the current market value. Costs have been uprated using the Tender Price Index for Public Sector Building (non housing). The value of buildings was annuitised over a 60-year period discounted at 3.5 per cent.
<b>Revenue costs</b> B. Salary costs	£162 per resident week	Costs of direct management and care staff, the latter including nursing and social work inputs. Indirect management, such as central administration, was categorised under the heading of agency overheads along with personnel, accounting and finance functions. Costs have been uprated using the HCHS pay index.
C. Other revenue costs	£105 per resident week	Catering and domestic costs are included as far as possible since the staffing element of catering or domestic services was often not separately identified in the returns. Other revenue costs include energy, utilities, transport, renewals and replacements, cleaning, laundry, TV licence, registration fees and insurance. The capital and revenue costs together represent the total weekly cost of accommodation (or establishment costs). Over and above this accommodation cost, additions have been made to estimate 'care package' costs. These additions include personal consumption or living expenses (E), and the use that clients typically make of hospital and community health and social services (F). Costs have been uprated using the PSS Pay & Prices index.
D. Agency overheads	£13 per resident week	Indirect management, such as central administration, was categorised under the heading of agency overheads along with personnel, accounting and finance functions. Costs have been uprated using the PSS Pay & Prices index.
<b>Other costs</b> E. Personal living expenses	£21.90 per week	The DWP allowance is used as a proxy for personal consumption.
F. Service use	£85 per resident week	Service use cost is the mean receipt per client of a 'reduced list' of services including inpatient days and outpatient attendances in a psychiatric or general hospital, day centre or sheltered workshop attendances, and contact with a GP, community psychiatric nurse, social worker or community psychiatrist. Costs have been uprated using the HCHS Pay & Prices index.
Use of facility by client	365.25 days per annum	
Occupancy	85%	Occupancy figures are drawn from the same source as the base data.
London multiplier		No estimate is available for privately managed staffed hostels in London.
<b>Unit costs available 2009/2010</b>		
£313 per resident week establishment costs (includes A to D); £419 per resident week care package costs (includes A to F).		

<sup>1</sup> Chisholm, D., Knapp, M., Astin, J., Beecham, J., Audini, B. & Lelliott, P. (1997) The Mental Health Residential Care Study: the costs of provision, *Journal of Mental Health*, 6, 1, 85-99.

## 2.6 Acute NHS hospital services for people with mental health problems

Based on a sample of 25 acute psychiatric wards covered in a survey of residential care in eight district health authorities.<sup>1</sup> All costs are based on 1995/1996 figures, uprated using the appropriate HCHS inflators. The costs are based on acute wards and so are not representative of the daily unit cost of general psychiatric hospital care.

Costs and unit estimation	2009/2010 value	Notes
<b>Capital costs (A, B &amp; C)</b>		
A. Buildings and oncosts	£14 per bed per day	Based on the new-build and land requirements for a bed in a psychiatric hospital ward. <sup>2</sup> Occupancy rates have been taken into account. Capital costs have been annuitised over 60 years at a discount rate of 3.5 per cent.
B. Land	£1.40 per bed per day	Based on information provided by the Department for Communities and Local Government, discounted at 3.5 per cent over 60 years. <sup>3</sup>
C. Equipment and durables		No information available.
<b>Revenue costs</b>		
D. Salary, supplies and services costs	£164 per day	Revenue costs were obtained from hospital accounts and were broken down into salaries, supplies and services, and agency overheads. Salary costs include medical and clinical support services. Where this input could not be identified at ward level, a multiplier of 1.33 was calculated on the basis of nursing (75 per cent) to medical and clinical support (25 per cent) ratios in those wards where full information was available.
E. Agency overheads	£53 per day	Indirect management, such as central administration, was categorised under the heading of agency overheads along with personnel, accounting and finance functions. Costs have been uprated using the PSS Pay & Prices index.
Use of facility by client	365.25 days per year	
Occupancy	95%	Occupancy in London was estimated to be 102 per cent. Occupancy figures are drawn from the same source as the base data.
London multiplier	1.2 x A; 2.70 x B; 1.11 x D; 1.15 x E	Relative London costs are drawn from the same source as the base data for each cost element. If the interest is just in effects due to technology and price effects, the multiplier to be used for salaries, supplies and service costs is 1.19. <sup>4</sup> The increase on previous years in the inflator for land is due to a revision of price trends by the Department for Communities and Local Government.
<b>Unit costs available 2009/2010</b>		
£232 per inpatient day (includes A to E).		

1 Chisholm, D., Knapp, M., Astin, J., Beecham, J., Audini, B. & Lelliott, P. (1997) The Mental Health Residential Care Study: the costs of provision, *Journal of Mental Health*, 6, 1, 85-99.

2 Building Cost Information Service (2010) *Surveys of Tender Prices*, March, BCIS, Royal Institute of Chartered Surveyors, London.

3 Based on personal communication with the Department for Communities and Local Government (2010) <http://www.communities.gov.uk/documents/housing/xls/141389.xls>.

4 Chisholm, D., Knapp, M. & Astin, J. (1996) Mental health residential care: is there a London differential?, in A. Netten & J. Dennett (eds) *Unit Costs of Health and Social Care 1996*, Personal Social Services Research Unit, University of Kent, Canterbury.



## 2.7 Long-stay NHS hospital services for people with mental health problems

Based on a sample of 19 long-stay psychiatric wards covered in a survey of residential care in eight district health authorities.<sup>1</sup> All costs are based on 1995/1996 figures, uprated using the appropriate HCHS inflators. The costs are based on long-stay inpatient psychiatric care wards and are not representative of the daily unit cost of general psychiatric hospital care. In such a case, the unit cost estimates derived from the reference costs<sup>2</sup> would be more appropriate.

Costs and unit estimation	2009/2010 value	Notes
<b>Capital costs (A, B &amp; C)</b>		
A. Buildings and oncosts	£18 per bed per day	Estimates are based on the new-build and land requirements for a bed in a psychiatric hospital ward. <sup>3,4</sup> Occupancy rates have been taken into account. Capital costs have been annuitised over 60 years at a discount rate of 3.5 per cent.
B. Land	£1.60 per bed per day	Based on information provided by the Department for Communities and Local Government, discounted at 3.5 per cent over 60 years. <sup>3</sup>
C. Equipment and durables		No information available.
<b>Revenue costs</b>		
D. Salary, supplies and services costs	£113 per day	Revenue costs were obtained from hospital accounts and were broken down into salaries, supplies and services and agency overheads. Salary costs include medical and clinical support services. Where this input could not be identified at ward level, a multiplier of 1.33 was calculated on the basis of nursing (75 per cent) to medical and clinical support (25 per cent) ratios in those wards where full information was available.
E. Agency overheads	£61 per day	The capital and revenue costs together represent the total weekly cost of accommodation (or establishment costs). Over and above this accommodation cost, additions have been made to estimate 'care package' costs. These additions include personal consumption or living expenses, and the use that clients typically make of hospital and community health and social services.
<b>Other costs</b>		
F. Personal living expenses	£21.90 per day	Once patients have given up their private accommodation, their full package of costs can be estimated by including other services received and personal expenditure. For long-term stays in hospital, patients will continue to receive pension entitlement, incapacity benefit (£80.15, higher rate for patients under pension age and £89.90 for people over pension age per week) and severe disablement allowance (£52.85 per week). See rules which came into force from April 2006 on benefits of long-stay hospital patients <sup>5</sup> .
Use of facility by client	365.25 days per year	
Occupancy	83%	Occupancy in London was estimated to be 93 per cent. Occupancy figures are drawn from the same source as the base data.
London multiplier	1.20 x A; 2.70 x B; 1.32 x D; 1.11 x E	Relative London costs are drawn from the same source as the base data for each cost element. If the interest is just in effects due to technology and price effects, the multiplier to be used for salaries, supplies and service costs is 1.19 (see <i>Unit Costs of Health and Social Care 1996</i> , pp.19–22). <sup>6</sup>
<b>Unit costs available 2009/2010</b>		
£215 per inpatient day (includes A to F).		

1 Chisholm, D., Knapp, M., Astin, J., Beecham, J., Audini, B. & Lelliott, P. (1997) The Mental Health Residential Care Study: the costs of provision, *Journal of Mental Health*, 6, 1, 85-99.

2 [http://www.dh.gov.uk/en/PublicationsandstatisticsPublications/PublicationsPolicyAndGuidance/DH\\_111591](http://www.dh.gov.uk/en/PublicationsandstatisticsPublications/PublicationsPolicyAndGuidance/DH_111591)

3 Building Cost Information Service (2010) *Surveys of Tender Prices*, March, BCIS, Royal Institute of Chartered Surveyors, London.

4 Based on personal communication with the Department for Communities and Local Government (2010) <http://www.communities.gov.uk/documents/housing/xls/141389.xls>.

5 Disability Alliance (2010) *Disability Rights Handbook, 34th Edition, April 2009-April 2010. A Guide to Benefits and Services for all Disabled People, Their Families, Carers and Advisers*, Disability Alliance, London.

6 Netten, A. & Dennett, J. (1996) *Unit Costs of Health and Social Care 1996*, Personal Social Services Research Unit, University of Kent, Canterbury.

## 2.8 NHS psychiatric intensive care unit (PICU)

This schema is based on a study of a PICU in Withington Hospital, Manchester in 1993.<sup>1</sup>

Using reference costs,<sup>2</sup> the mean average cost for Local Psychiatric Intensive Care Units for 2009 was £617 with the minimum range for 25 per cent of the services being £489 or less and the maximum range for 25 per cent of the services being £674 or more. Costs have been updated using the HCHS Pay & Prices inflator.

Costs and unit estimation	2009/2010 value	Notes
<b>Capital costs (A, B &amp; C)</b>		
A. Buildings and oncosts	£48 per patient day	Annuitised value of an NHS psychiatric unit over a 60-year period discounted at 3.5 per cent, taking into account occupancy rates. <sup>3</sup> This has remained unchanged since last year.
B. Land	£2.50 per patient day	Based on information provided by the Department for Communities and Local Government, discounted at 3.5 per cent over 60 years. <sup>4</sup>
C. Equipment and durables		No information available.
<b>Revenue costs</b>		
D. Salary costs	£410 per patient day	Staff costs have been inflated to current levels using the HCHS pay index, drug costs were inflated using the HCHS prices index and all other costs were inflated using the combined index. The revenue costs include calls on other wards to deal with violent incidents. Variable costs were distinguished from fixed costs in the study. These comprised just 7 per cent of total cost (excluding capital) and were dominated by the cost of special nursing.
E. Supplies and services – drugs	£27 per patient day	
– other	£2.40 per patient day	
F. Overheads	£111 per patient day	
<b>Other costs</b>		
G. Patient injury	£4.30 per patient day	This was the cost of treating one patient who incurred major injuries as a result of an aggressive incident (inflated using the HCHS Pay & Prices index).
Use of facility by client	12.3 days	Average length of stay.
Occupancy	55%	Occupancy during study period.
High dependency		Highly disturbed and violent patients.
London multiplier	1.2 x (A to B)	Costs were based on one unit in Manchester.
<b>Unit costs available 2009/2010</b>		
£604 per patient day (includes A to G); £7,435 per average stay.		

1 Hyde, C. & Harrower-Wilson, C. (1995) Resource consumption in psychiatric intensive care: the cost of aggression, *Psychiatric Bulletin*, 19, 73-76.

2 [http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_111591](http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_111591)

3 Building Cost Information Service (2010) *Surveys of Tender Prices*, BCIS, Royal Institute of Chartered Surveyors, Kingston-upon-Thames.

4 Based on personal communication with the Department for Communities and Local Government (2010) <http://www.communities.gov.uk/documents/housing/xls/141389.xls>.

## 2.9 NHS Trust day care for people with mental health problems

A session is defined as either a morning, afternoon or evening at the day care facility.

Using reference costs,<sup>1</sup> the mean average cost for NHS day care for people with mental health problems for 2009 was £102 with a minimum range for 25 per cent of the services being £71 or less and the maximum range for 25 per cent of the services being £118 or more. For elderly people with mental health problems, the mean average cost was £134 with a minimum range for 25 per cent of the services being £104 or less and the maximum range for 25 per cent of the services being £172 or more.

Costs and unit estimation	2009/2010 value	Notes
<b>Capital costs (A, B &amp; C)</b>		
A. Buildings and oncosts	£4.70 per session	Based on the new-build and land requirements for day care facilities (which do not distinguish by client group). These allow for 33.4 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	£0.80 per session	Based on information provided by the Department for Communities and Local Government. <sup>3</sup> Land costs have been discounted at 3.5 per cent over 60 years. Since the revenue costs given below now include capital costs, this has not been included in the unit costs figures quoted below.
C. Equipment and durables		No information available.
D. Revenue costs	£26 per session	Mean cost based on a survey conducted in the South Thames NHS region of day settings for adults with mental health problems. In total sufficient data were obtained to estimate the revenue costs for 122 settings. <sup>4</sup> These results have been updated using the PSS Pay & Prices index. Most of the NHS Trust settings taking part were orientated towards providing treatment and consequently 95 per cent of these settings had costs between £20 and £32 at current prices.
E. Agency overheads	£1.30 per session	Following the Audit Commission report about overheads associated with residential care, <sup>5</sup> agency overheads have been assumed to be 5 per cent of revenue costs.
Occupancy	76%	Department of Health statistics, 1998. <sup>6</sup> More recent data are not available.
London multiplier	1.20 x A; 2.70 x B; 1.30 x D	D has been based on PSS EX1. <sup>7</sup>
<b>Unit costs available 2009/2010</b>		
£33 per user session (includes A to E); £66 per day (excluding evenings).		

1 [http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_111591](http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_111591)

2 Building Cost Information Service (2010) *Surveys of Tender Prices*, BCIS, Royal Institute of Chartered Surveyors, Kingston-upon-Thames.

3 Based on personal communication with the Department for Communities and Local Government (2010) <http://www.communities.gov.uk/documents/housing/xls/141389.xls>.

4 Beecham, J., Schneider, J. & Knapp, M. (1998) *Survey of Day Activity Settings for People with Mental Health Problems*, Report to the Department of Health, PSSRU Discussion Paper 1457, Personal Social Services Research Unit, University of Kent, Canterbury.

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

6 Department of Health (1998) *Community Care Statistics, Day and Domiciliary Personal Social Services for Adults, Detailed Statistics*, Government Statistical Service, London.

7 Department of Health (2009) *PSS EX1 2008/2009*, Department of Health, London.

## 2.10 Local authority social services day care for people with mental health problems

A session is defined as either a morning, afternoon or evening at the day care facility. This year the cost provided by PSS EX1 is cost per service user per week. PSS EX1 2008/09 gross costs uprated using the PSS Pay & Prices index reported median costs at £88 *per client per week* and mean costs at £78 *per client per week*.<sup>1</sup> Capital costs charged to the revenue account have been deducted (£4.80). In order to provide a cost per day care session therefore, you could assume that clients attend day care on average for three sessions per week resulting in a mean and median cost for a day care session of £26 and £29 respectively. However some will attend more often and others less depending on individual circumstances.

Costs and unit estimation	2009/2010 value	Notes
<b>Capital costs (A, B &amp; C)</b>		
A. Buildings and oncosts	£4.70 per session	Based on the new-build and land requirements for day care facilities (which do not distinguish by client group). These allow for 33.4 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	£0.80 per session	Based on information provided by the Department for Communities and Local Government. <sup>3</sup> Land costs have been discounted at 3.5 per cent over 60 years.
C. Equipment and durables		No information available.
D. Revenue costs	£15 per session	Mean cost based on a survey conducted in the South Thames NHS region of day settings for adults with mental health problems. <sup>4</sup> In total sufficient data were obtained to estimate the revenue costs for 122 settings. These results have been uprated using the PSS Pay & Prices index. Ninety-five per cent of the social service departments had costs between £12 and £18 at current prices with a median cost of £15 per session. In comparison to day care provided by the NHS Trusts, only 3.2 per cent of settings managed by the local authority social service departments were orientated towards providing treatment whereas over a third provided social support.
E. Agency overheads	£0.80 per session	Following the Audit Commission report about overheads associated with residential care, agency overheads have been assumed to be 5 per cent of revenue costs. <sup>5</sup>
Occupancy	76%	Department of Health statistics, 1998. <sup>6</sup> No later statistics are available.
London multiplier	1.20 × A; 2.61 × B; 1.65 × D	D is based on PSS EX1 statistics.
<b>Unit costs available 2009/2010</b>		
£21 per user session (includes A to E); £43 per day (including evenings).		

1 The Information Centre (2010) *PSS EX1 2008/09*, The Information Centre, Leeds.

2 Building Cost Information Service (2010) *Surveys of Tender Prices*, BCIS, Royal Institute of Chartered Surveyors, Kingston-upon-Thames.

3 Based on personal communication with the Department for Communities and Local Government (2010) <http://www.communities.gov.uk/documents/housing/xls/141389.xls>.

4 Beecham, J., Schneider, J. & Knapp, M. (1998) *Survey of Day Activity Settings for People with Mental Health Problems*, Report to the Department of Health, PSSRU Discussion Paper 1457, Personal Social Services Research Unit, University of Kent, Canterbury.

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

6 Department of Health (1998) *Community Care Statistics, Day and Domiciliary Personal Social Services for Adults, Detailed Statistics*, Government Statistical Service, London.

## 2.11 Voluntary/non-profit organisations providing day care for people with mental health problems

A session is defined as either a morning, afternoon or evening at the day care facility. This year the cost provided by PSS EX1 for day care provided by others is cost per service user per week. PSS EX1 2008/09 gross costs uprated using the PSS Pay & Prices index reported median costs of £66 *per client per week* and mean costs of £68 *per client per week*.<sup>1</sup> In order to provide a cost per day care session therefore, you could assume that clients attend day care on average for three sessions per week resulting in a mean and median cost for a day care session of £22 and £23 respectively. However some will attend more often and others less depending on individual circumstances.

Costs and unit estimation	2009/2010 value	Notes
<b>Capital costs (A, B &amp; C)</b>		
A. Buildings and oncosts	£4.70 per session	Based on the new-build and land requirements for day care facilities (which do not distinguish by client group). These allow for 33.4 square metres per person. <sup>2</sup> Capital costs have been annuitised over 60 years at a discount rate of 3.5 per cent. Although a capital value has been given, in practice premises costs are often based on rental paid, and purpose-built centres are rare.
B. Land	£0.80 per session	Based on information provided by the Department for Communities and Local Government. <sup>3</sup> Land costs have been discounted at 3.5 per cent over 60 years.
C. Equipment and durables		No information available.
D. Revenue costs	£15 per session	A survey was conducted in the South Thames NHS region of day settings for adults with mental health problems. <sup>4</sup> In total sufficient data were obtained to estimate the revenue costs for 122 settings. These results have been uprated using the PSS Pay & Prices index. Ninety-five per cent of the settings managed by voluntary/non-profit organisations had costs between £10 and £19 at current prices with a median cost per session of £15. Sixty per cent of voluntary/non profit-organisations providing day care for people with mental health problems provide work-related activities and none provides treatment.  PSS EX1 2008/09 gross costs uprated using the PSS pay and prices index reported median and mean costs at £65 and £67 respectively for day care provided by others for people with mental health problems. This cost is for a day and not for a session of day care. <sup>5</sup>
E. Agency overheads	£0.70 per session	Following the Audit Commission report about overheads associated with residential care, agency overheads have been assumed to be 5 per cent of revenue costs. <sup>6</sup>
Occupancy	76%	Department of Health statistics, 1998. <sup>7</sup>
London multiplier	1.20 x A; 2.70 x B;	No multiplier available
<b>Unit costs available 2009/2010</b>		
£21 per user session (includes A to E); £42 per day (excluding evenings).		

1 The Information Centre (2010) *PSS EX1 2008/09*, The Information Centre, Leeds.

2 Building Cost Information Service (2010) *Surveys of Tender Prices*, BCIS, Royal Institute of Chartered Surveyors, Kingston-upon-Thames.

3 Based on personal communication with the Department for Communities and Local Government (2010) <http://www.communities.gov.uk/documents/housing/xls/141389.xls>.

4 Beecham, J., Schneider, J. & Knapp, M. (1998) *Survey of Day Activity Settings for People with Mental Health Problems*, Report to the Department of Health, PSSRU Discussion Paper 1457, Personal Social Services Research Unit, University of Kent, Canterbury.

5 The Information Centre (2010) *PSS EX1 2008/09*, The Information Centre, Leeds.

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

7 Department of Health (1998) *Community Care Statistics, Day and Domiciliary Personal Social Services for Adults, Detailed Statistics*, Government Statistical Service, London.

## 2.12 Sheltered work schemes

Opportunities for employment among people with disabilities are changing rapidly.<sup>1,2</sup> The research upon which these costs is based was conducted in specialist settings for people with mental health problems, now several years ago. It is clearly important to ensure that the models that were operating during the research are relevant to any setting to be costed. The models and costs upon which this schema is based are described in Hallam & Schneider (1999).<sup>3</sup> The methodology for costing these work schemes is given in Netten & Dennett (1996, pp 28-31), and can be adapted to innovative settings.<sup>4</sup>

The figures in the table below are averages for the seven schemes and are based on 1994/1995 figures and uprated using the PSS Pay & Prices index.

The costs do not take into account variations in different departments within each scheme due to staffing levels, attendance rates or productivity. Cost per hour ranged from £2.50 to £12.30 at current prices, with the full-time placements working out least expensive per hour. There is also wide variation in the cost per placement per year, with net costs ranging from £4,337 to £11,636 per annum.

Costs and unit estimation	2009/2010 value	Notes
A. Total annual expenditure	£10,482	Average gross expenditure for the seven work schemes ranged from £7,019 to £14,715.
B. Total annual income	£2,241	Average gross expenditure minus average net expenditure. Income ranged from £423 to £4,515.
Number of places	46	The number of places provided per week in 1994-1995 ranged from 21 to 60.
Hours worked per week	25	Based on the mean number in each work scheme. The number of hours worked per week ranged from 16 to 35.
Number of weeks worked	47.2	Based on the mean number in each work scheme. The number of weeks worked per year ranged from 29 to 52.
Number of workers at any one time	37	The number of workers on the schemes at one time differs from the number of places because of shift working on three of the schemes.
<b>Unit costs available 2009/2010</b>		
£9.80 gross cost per hour; £7.80 net cost per hour.		

1 Schneider, J. (1998a) Work interventions in mental health care: Arguments in favour, and a review of the evidence, *Journal of Mental Health* 7, 81-94.

2 Schneider, J. (1998b) Models of specialist employment for people with mental health problems, *Health and Social Care in the Community*, 6, 2, 120-129.

3 Hallam, A. & Schneider, J. (1999) Sheltered work schemes for people with mental health problems: service use and costs, *Journal of Mental Health*, 8, 2, 163-178.

4 Netten, A. & Dennett, J. (1996) *Unit Costs of Health and Social Care 1996*, Personal Social Services Research Unit, University of Kent, Canterbury.

## 2.13 Cognitive behaviour therapy (CBT)

This schema is based on a costing which was undertaken for a randomised controlled trial of interventions for adolescents with depression. The setting was two Child and Mental Health Services (CAMHS) teams in secondary care where CBT was delivered.<sup>1</sup>

Costs and unit estimation	2009/2010 value	Notes
A. Wages/salary	£40,000 per year	Based on full-time equivalent basic salary of the January-March 2010 NHS Staff Earnings estimates. <sup>2</sup> Average salary based on Agenda for Change 2008 payscales for a Specialty Doctor (midpoint), Clinical Psychologist (band 7 median) and Mental Health Nurse (band 5 median). (Salary costs last year included supplements.)
B. Oncosts	£9,988 per year	Employers' national insurance plus 14 per cent of salary for employers' contribution to superannuation.
C. Qualifications		Information not available for all care staff.
D. Overheads	£3,130 per year	Comprises £3,130 for indirect overheads. <sup>3</sup> No allowance has been made for direct overheads because it is not possible to separate these from the cost of treatment.
E. Ongoing training		Information not available for all care staff.
F. Capital overheads	£3,292 per year	Based on the new-build and land requirements of an NHS office and shared facilities, capital costs have been annuitised over 60 years at a discount rate of 3.5 per cent. <sup>4,5</sup> Based on the assumption that there is one office per team.
Working time	42 weeks per annum 37.5 hours per week	Includes 29 days annual leave and 8 statutory leave days. <sup>2</sup> Assumes 6 study/training days and 12 days sickness leave. <sup>6</sup> Weighted to reflect team composition. Based on a total of 1547 hours per year.
<b>Ratio of direct to indirect time: on face-to-face contact</b>	1:1	Fifty per cent of time is spent on face-to-face contact and 50 per cent on other activities.
Length of contact	55 minutes	Average duration of CBT session.
<b>Unit costs available 2009/2010</b>		
£36 per hour; £73 per hour face-to-face contact; £67 cost of CBT session.		

1 Goodyer, I.M., Harrington, R., Breen, S., Dubicka, B., Leech, A., Rothwell, J., White, L., Ford, C., Kelvin, R., Wilkinson, P., Barrett, B., Byford, S. & Roberts, C. (2007) A randomised controlled trial of SSRIs with and without cognitive behavioural therapy in adolescents with major depression, *British Medical Journal*, doi: 10.1136/bmj.39224.494340.55.

2 The Information Centre (2010) *NHS Staff Earnings Estimates June 2010*, The Information Centre, Leeds.

3 Netten, A., Knight, J., Dennett, J., Cooley, R. & Slight, A. (1998) *Development of a Ready Reckoner for Staff Costs in the NHS, Vol 2 Methodology*, Personal Social Services Research Unit, University of Kent, Canterbury.

4 Building Cost Information Service (2010) *Surveys of Tender Prices*, BCIS Royal Institute of Chartered Surveyors, Kingston-upon-Thames.

5 Based on personal communication with the Department for Communities and Local Government (2010) <http://www.communities.gov.uk/documents/housing/xls/141389.xls>.

6 The Information Centre (2010) Results of the NHS Sickness Absence Survey 2009, NHS Employers, London.

## 2.14 Counselling services in primary medical care

Counselling may be concerned with addressing and resolving specific problems, making decisions, coping with crises, working through conflict, or improving relationships with others. The work of most counsellors in primary care is generalist and is not necessarily linked to any diagnostic categories. In generic counselling, a broad range of techniques is used to help the patient. In specific counselling, a specific model such as psycho dynamic counselling or bereavement counselling is used.

Costs and unit estimation	2009/2010 value	Notes
A. Wages/salary	£35,184 per year	Based on the median full-time equivalent basic salary for Agenda for Change Band 7 of the January-March 2010 NHS Staff Earnings estimates. <sup>1</sup> See page 230 for information on mean salaries.
B. Salary oncosts	£8,698 per year	Employers' national insurance plus 14 per cent of salary to employers' superannuation.
C. Overheads: - direct	£4,388 per year	Ten per cent of salary costs added for equipment, management and administrative overheads.
D. Capital overheads	£3,534 per year	Based on new-build and land requirements for a practice nurse non-treatment space. Capital costs have been annuitised over 60 years at a discount rate of 3.5 per cent. <sup>2</sup>
E. Travel		No information available.
<b>Ratio of direct to indirect time on:</b> client contact	1:0.30	A study of nine practices found that on average each session lasted 55 minutes and the mean number of sessions was 7 (median 6). <sup>3</sup> Seventy-seven per cent of the time was spent on face-to-face contact and 23 per cent of the time on other work.
Consultations:	96.6 minutes 29.7 minutes 34 minutes	Average length of surgery consultation. <sup>4</sup> Average length of telephone consultation. <sup>4</sup> Average length of home visit. <sup>4</sup>
Working time	42 weeks per year 37.5 hours per week	Each practice in the study employed counsellors for between 6 and 49 hours per week. Based on working hours of 1,535 hours per year.
<b>Unit costs available 2009/2010</b>		
£34 per hour (includes A to D); £44 per hour of client contact (included A to D); £71 per surgery consultation.		

1 The Information Centre (2010) *NHS Staff Earnings Estimates June 2010*, The Information Centre, Leeds.

2 Based on personal communication with the Department for Communities and Local Government (2010) <http://www.communities.gov.uk/documents/housing/xls/141389.xls>.

3 Simpson, S., Corney, R., Fitzgerald, P. & Beecham, J. (2000) *A Randomised Controlled Trial to Evaluate the Efficacy and Cost-Effectiveness of Counselling with Patients with Chronic Depression*, Report to the NHS Health Technology Assessment Programme.

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



## 2.15 Individual placement and support

### Description of IPS

People with severe mental health problems face particular barriers to employment, both in relation to their impairments (McGurk & Mueser, 2004) and as a result of stigma and prejudice (Thornicroft, 2006). To overcome these, an approach known as Individual Placement and Support (IPS), has been developed (Department of Health, 2006) and has strong evidence to support it (Bond, Drake & Becker, 2008; Burns et al., 2007). There are 25 criteria for 'fidelity' of IPS to the standards of best practice, the management ratio and the caseload sizes used here are within the bounds of 'good to exemplary' scores; most of the other fidelity criteria have little or no direct impact on service costs. Moreover, there is evidence from the US that each place on a caseload serves about 1.8 clients over a year. Although caseload size is used here to estimate a range of unit costs for IPS, turnover has not been factored in because it is likely to vary according to the skills of the post-holder.

### Necessary conditions for IPS to operate

It should be noted that successful operation of IPS requires work-oriented mental health services, through cross-sector engagement and partnership working; this is not a role which should be undertaken exclusively by an IPS service. The specialist skills of IPS staff and managers costed here are intended to provide direct interventions with service users and employers, to place people in work and support them as required. Responsibility for the maintenance of work-oriented mental health is shared more widely across professionals in the field.

### Variations in the costs presented

The IPS approach requires employment specialists to be integrated into the mental health team. However there is a wide range of levels at which the specialists are currently appointed. Therefore in Table 1, we offer costs for four grades of staff, two with professional qualifications (e.g. psychology, occupational therapy) and two with no particular qualifications. These different levels of pay, combined with a range of caseload sizes, yield a range of unit costs, as shown in Table 2. To the salary costs are added the usual overheads, plus a management cost for a team leader, who according to IPS wisdom should not supervise more than 10 staff and should be available to provide practical support. A small marketing budget is included here, but annual costs for training were not available. We were advised by experienced IPS services that no other costs are commonly incurred.

The unit cost per year shown in Table 2 ranges from £1,441 to £5,492, depending on caseload size and salary level of the worker. This does not take account of turnover in clients, as they require less support and is therefore a conservative estimate of unit costs.

### Comparative costs of day care

Unit costs of IPS may be compared to the costs of day care. In Unit Costs of Health and Social Care 2009 Schema 2.11 (p. 65) the cost of voluntary sector day care was £42 per day outside of London. Table 3 shows the number of day care sessions at this cost which would correspond to each level of IPS costs from Table 2. This ranges from 34 sessions – less than one day per week, to 131 sessions, less than three days per week. Whereas day care is often allocated in perpetuity, IPS is geared to finding a person paid work, and therefore the amount consumed by a given individual is likely to decrease over time, making IPS likely to be more cost-effective for individuals who move on to work for any length of time. Moreover, there is some evidence that those individuals who attain work also gain in self-esteem (Sesami Research Team and Practice Partnership, 2007) and reduce their reliance on mental health services though not necessarily on benefits (Schneider et al., 2009) besides participating more fully in the economy, with all that this brings in terms of social inclusion.

**Table 1 Cost components (£)**

	Unqualified	Unqualified	Qualified	Qualified
	Band 3	Band 4	Band 5	Band 6
Wage	17,700	20,100	23,300	32,000
Salary oncosts	1,498	1,798	2,198	3,286
Superannuation	2,478	2,814	3,262	4,480
Overheads - indirect	3,130	3,130	3,130	3,130
Overheads - direct	960	1,095	1,275	1,764
Capital	2,327	2,327	2,327	2,327
SE team leader	6,943	6,943	6,943	6,943
Marketing budget	987	987	987	987
TOTAL	36,023	39,194	43,422	54,917

**Table 2 Unit costs (£)**

Caseload 10	3,602	3,919	4,342	5,491.69
Caseload 15	2,402	2,613	2,895	3,661.12
Caseload 20	1,801	1,960	2,171	2,745.84
Caseload 25	1,441	1,568	1,737	2,196.67

**Table 3 Equivalent cost in day care days (£)**

Caseload 10	86	93	103	131
Caseload 15	57	62	69	87
Caseload 20	48	47	52	65
Caseload 25	34	37	41	52

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- Thornicroft, G. (2006) *Shunned: Discrimination Against People With Mental Illness*, Oxford University Press, Oxford.