

Preface

Lesley Curtis

In view of the government's announcement in the latest Spending Round (HM Treasury, 2013) for more efficiency savings to be made, commissioners remain under pressure to provide cost-effective services, not least for an ageing population (<http://www.kingsfund.org.uk/time-to-think-differently/trends/demography/ageing-population>) and an increasing number of younger adults with learning difficulties (Emerson & Hatton, 2013). The Children's Social Care Innovation Programme (Department for Education, 2014) has also highlighted reform of systems for adoption, looked-after children, family justice and special educational needs.

With one of the main drivers of future spending pressure being identified as the rising unit costs of care, which have recently been reported to be offsetting any gains made from treating more patients (Appleby, 2013), it is not surprising that the number of people needing to use or construct cost information has grown (see the preface to the 2012 edition of this publication). For the *Unit Costs of Health and Social Care*, there has been an increasing readership and more feedback, with readers sometimes signposting to new sources of information or highlighting areas where clarification and more research are needed.

In the last few years we have aimed to address these issues in this section of the *Unit Costs of Health and Social Care* and have discussed methods used in the more routine elements of our unit costs. Last year we discussed our collaboration with Health Education England (HEE) to update the costs of qualifying professionals. In 2010 and 2012 the overhead element of our calculations was the main focus. This year we have carried out some new research to update the capital element of our cost estimates. We also introduce new schemas later in this preface.

Capital

To allow for the opportunity cost of buildings and equipment used in the production of services, we need to have an estimate of the costs involved and to make assumptions about both the length of time that the 'investment' will be tied up in the service, and the rate of return on that investment. For the *Unit Costs of Health and Social Care* estimates, the goal has always been to provide a close approximation of the 'long-run marginal opportunity cost', which is the cost of supporting one extra client or providing one additional unit of output while recognising the financial implications of necessary expansion to the service.

Discount rates were discussed in the preface to the 2003 and 2010 editions. This year we discuss new sources of residential land data, assumptions we make about office and land sizes, and other costs which are excluded from the regularly published Building Cost Information Service (BCIS).

Land costs

Until 2011, land costs for England and London were drawn from work published annually by the Department for Communities and Local Government (DCLG) (<https://www.gov.uk/.../live-tables-on-housing-market-and-house-prices>). They were then fed into the unit cost estimates by multiplying the cost by the estimated size of land occupied.

In the absence of any recent new published information, last year we commissioned the Valuation Office Agency (VOA) to provide estimates of the cost of a hectare of residential land in 10 regions in England and to provide a weighted average cost for England. Given the variation in land costs within regions, the VOA used previous research to inform the selection of sites and identify those which were representative of the region. Steps were taken to achieve consistency with previous data; weighting factors were derived for each region to reflect the relationship between valuation figures in the earlier price DCLG price list and those published in a VOA property market report (<http://www.voa.gov.uk/dvs/propertyMarketReport/pmrJan2011.html>). These weighting factors were then applied to the new land valuation figures.

Using the principle of opportunity costing, the best alternative value for land currently occupied by health or social care services is the sale of the land for residential purposes. The sites selected by VOA had no major contamination or remediation issues, there was good road frontage and no grant funding was available. Each of these factors may affect the land value. The sites were chosen with a view to providing an evidence base which can be readily updated.

Including inner and outer London, the VOA estimated the cost of land for residential purposes in England to be £3,718,000 per hectare or £372 per m², which is 58 per cent higher than the cost we have used in previous years. As in previous editions of this publication, we have provided a London multiplier which reflects the more expensive cost of land in London. Given the big difference between inner and outer London costs (£20,000,000 per hectare or £2,000 per m² compared with £7,000,000 per hectare or £700 per m²), we have used the land cost for outer London to ensure

consistency with the previous valuation. No appropriate weighting factor was available for London so these figures have been reported as 'unweighted'. Costs for other regions can be found in section 5 of this report.

Extra costs to the purchaser

Although Building Cost Information Services (BCIS) provides building costs and contract prices (the difference covers contingencies, preliminaries, external work and design fees), some other costs funded by the purchaser are not routinely collected, such as statutory, local authority and infrastructure charges and fees, furnishings and fittings, VAT and sectional agreements. In previous volumes, these costs have been added to the building costs using a multiplier derived from research carried out in the 1990s: one for health care schemes and the other for local authority-run schemes.

This year we have carried out a survey in collaboration with the BCIS to check that the multipliers are still valid. The BCIS provided a mailing list of 66 schemes procured between 2007 and 2011 (42 in health and 24 in social care), and an online and paper survey was distributed and followed up with a telephone call. Overall, a poor response rate (15%) was achieved (five replies from the health sector and five from local authority schemes). Extra costs reported for these schemes were incurred between 2007 and 2013.

Furthermore, special circumstances were reported for two of the new schemes, such as 'additional archaeology costs due to additional discoveries' and 'extensive surveys' due to historical information on services being poor. We found that costs rose only slightly in the health care sector, from 69 per cent of building costs to 71 per cent in the current survey. In the local authority-run schemes however, the difference in percentage additional costs between the two surveys was higher and as might be expected: 47 per cent of building costs in 1991 to 54 per cent in the current survey, raising the multiplier from 1.47 to 1.54. The extra costs in the current survey ranged from 29 per cent for an extra care housing scheme to 77 per cent for a children's residential unit. Due to the small number of schemes in the sample, further opportunities will be sought for future volumes to confirm this increase.

Size of offices

Although the BCIS provides functional prices such as the cost per person in a residential care home, day centre or operating theatre, when we provide the cost of a professional's time we need to include the costs for their office and the land they occupy. We also need to take into consideration whether some professionals are likely to share office space, and whether they make use of treatment space and communal facilities.

To identify the average size of an office occupied by each professional group, a large study beyond that possible within the resources of the *Unit Cost of Health and Social Care* research programme would be required. We have therefore based the sizes of offices, treatment space, communal facilities and land on a small-scale enquiry carried out locally in the 1990s. We are not aware of any new guidelines introduced since to suggest that office sizes have changed. This year, in line with our review of the capital element of our estimates, we have taken the opportunity to tabulate the office sizes used in these volumes and invite readers to comment and, if possible, provide better information.

	Office/treatment space size m2	Land size m2
All local authority offices	19	44
Practice staff (excluding GPs)	20	33
Hospital staff		
<i>treatment space</i>		
(OT, physios/dietitians, S&L therapists, pharmacists)	20	33
Radiographer	47	79
<i>Office</i>		
Office	3	5
<i>Shared facilities (locker room, canteen and community centre combined)</i>		
Shared facilities	5	9
Community staff		
<i>Treatment space</i>		
Nurses, health visitors	14	24
Therapists	17	29
<i>Office space</i>		
Nurses, health visitors	3	5
<i>Shared facilities (recreational space)</i>		
Nurses, health visitors	3	5
Therapists	3	5

Equipment costs

Until 2012 we were able to draw on work undertaken for the Department of the Environment by Ernst & Young, 1994, for the cost of local authority equipment and adaptations. This was replaced with a price list in last year's volume taken from the *TCES national catalogue of equipment for independent daily living* (<http://www.national-catalogue.org/smartassist/nationalcatalogue>) and *Equipment for older and disabled people: analysis of the market* (Consumer Focus, 2010), as we could no longer be confident that the costs were representative of today's prices.

The White Paper *Caring for our future: reforming care and support* (Department of Health, 2012) sets out a new vision for a reformed care and support system, and emphasises the role of aids and adaptations in helping people to remain as independent as possible in their own homes. With this in mind, work this year was commissioned to investigate the costs of arranging for and installing major adaptations (works over £1,000) and minor adaptations (works under £1,000), and this has replaced the price list in schema 7.3 of previous editions of this publication.

Time use

In last year's volume, we took the opportunity to draw the attention of readers to a survey we are carrying out to update or create multipliers to apply to the basic hourly cost to ensure staff time is appropriately allocated to activity categories. Distributed via the Royal College of Nursing, an online survey targeted at nurses generated 166 replies from a total of 27,500 e-mails sent (0.005% response rate). Further efforts were made to reach community nurses, and the Queen's Nursing Institute (QNI) forwarded the survey link to 5,816 district nurses via e-mail. An overall response rate of 1.5 per cent (86 replies) was achieved for community/district nurses, with the majority of replies returned from grade 7 staff.

At the same time, unknown to us, two other pieces of research were underway and the findings were published in 2013. First, the Royal College of Nursing (RCN) had commissioned research to examine the state of the district nursing workforce (Ball & Philippou, 2014). A survey was undertaken in November and December 2013 which included all 8,023 district nurses in England and which achieved a 30 per cent response rate. The survey population included all members recorded with the job title of district nurse, community staff nurse or community matron. The survey collected information on travel, working hours, caseloads and the proportion of time spent on different activities by job title and pay band. This information has now been included in schemas 10.1 and 10.4.

Secondly, the Nursing Times published findings from Stella Wright and Wilfred McSherry's observations of nursing care that were conducted in an acute NHS trust as part of a much larger mixed-methods study (Wright & McSherry, 2013). As the purpose of the study was to explore the impact of the productive ward programme on the delivery of nursing care and not to investigate the time each nurse spent with patients, we have not referenced the article in the schemas or used it to calculate any unit costs. However, some readers may find this useful as it includes information such as time spent on each duty, as well as interaction times with participating patients.

The PSSRU survey link was also sent to other staff groups using professional contacts, social media/friends and colleagues, and was distributed as an online bulletin to allied health professionals. In total, a further 38 responses were received, with 74 per cent of respondents being physiotherapists. This year, new opportunities to promote this survey will be sought to increase the response rate for the various staff groups.

Day care unit of activity

Pre-2009, the unit of activity for day care provided by local authorities as part of PSS EX1 collection was number of 'sessions' attended per week, which was defined as a morning, an afternoon or an evening at the day care facility. This enabled the average cost per session to be calculated by dividing the total cost by the total number of sessions attended during the year. Following new guidance issued in 2008, local authorities were asked to report on the number of clients attending day care or day services per week. To maintain some continuity, since 2008 we have continued to make assumptions about the number of sessions/days clients attend.

This year, to determine the best unit of activity, we have carried out a Freedom of Information request to ask local authorities the duration of a 'unit of activity' and to provide approximate guidance on how many units a week clients attend.

This has enabled us to include a total cost per week per person, as well as a cost per hour. This has then been used to calculate the cost per half-day session, which is the standard unit of day care for most local authorities responding to our information request.

What's new in the publication this year?

Guest editorial

Under the Health and Social Care Act 2012, NHS England has the power to direct the Health and Social Care Information Centre (HSCIC) to collect information from all providers of NHS care, including general practices. In this guest editorial, Pavanraj Jessal from the National Institute for Health and Care Excellence (NICE) discusses the benefits of 'Big Data' and how this can help unit costs to become more precise.

Articles

Person-centred coordinated care and support is key to improving outcomes for individuals who use health and social care services (National Collaboration for Integrated Care and Support, 2013). The first article, by Martin Bardsley and Andrew Street, discusses approaches to costing for those involved in planning or implementing integrated care initiatives and provides examples of pilot schemes using these approaches.

To follow up on an article by John Dickinson (Head of Shared Lives) in the 2011 edition of this publication in which the range of weekly payments to shared lives carers (plus management costs) were presented, this year Nadia Brookes (PSSRU) has provided an article which contributes to the understanding of the costs of shared lives and highlights where some of the gaps still lie. This article draws on work from the *Outcomes and Costs of Shared Lives* project commissioned by the National Institute for Health Research (NIHR) School for Social Care Research conducted between 2012 and 2014.

In 2007, the NIHR funded a five-year research programme: *Support at Home – Interventions to Enhance Life in Dementia (SHIELD)* aiming to reduce disability, improve outcomes, and enhance quality of life for people with dementia and their carers. This article by Jennifer Beecham & colleagues provides the costs of the *Remembering Yesterday Caring Today* (RYCT) group reminiscence intervention, which is run in community settings such as church halls.

New unit costs

Dementia

Following the publication of a systematic review of dementia care costs carried out by Knapp et al. (2013) and in the light of the Government's drive to improve the lives of people with dementia (see <https://www.gov.uk/government/policies/improving-care-for-people-with-dementia>), we have included two additional schema (see schemas 1.4 and 1.5). Schema 1.4 provides the costs, including external services received, for patients receiving nursing care in residential care homes, and schema 1.5 provides this information for those not receiving nursing care.

Hospice – Rapid Response Service

In the last two years, we have drawn on published work to include the costs of care services received by people in the last twelve months of life and the costs of providing end-of-life care at home for children. This year, following

recommendations made in the *End of Life Care Strategy for England* (Department of Health, 2008) for particular attention to be given to ensuring that rapid response nursing services are available for people approaching the end of life, we have provided the average cost per patient using the service (see schema 7.9). This work has been carried out in collaboration with Pilgrims' Hospices in East Kent.

Time banks

Promoting social action (giving, both of time and money) is part of the Big Society Agenda, and the *Giving* White Paper (HM Government, 2011) expressed enthusiasm for time-banking models, which are a way of releasing 'social capital' in communities and provide the infrastructure for sharing time, skills and resources. This year we have included the costs (schema 11.9) of the Rushey Green time bank (<http://www.rgtb.org.uk/index.html>), which has approximately 350 members.

Advocacy for people with learning disabilities

As discussed above, the Government has made choices at a time of spending restraint, which target resources on the needs of people with disabilities (HM Treasury, 2013). In schema 4.5, we have drawn on work by Bauer & colleagues (2013) to provide the cost of two interventions which provide an advocacy service to parents with learning disabilities who are at risk of losing their children into care.

Incredible Years Teacher Classroom Management Programme

The *Incredible Years Teacher Classroom Management Programme* is a prevention programme to strengthen teacher classroom management strategies, and promote children's prosocial behaviour and reading skills. Schema 6.20 provides the costs for two group leaders to deliver a six-day workshop to ten teachers.

Residential parenting assessments

The care package costs for children in schema 8.13 illustrates examples of the support given to families in receipt of a residential parenting assessment (RPA). These costs have been drawn from a study undertaken by the Childhood Wellbeing Research Centre (CWRC) (Munro et al., 2014) which explored the costs incurred to local authorities using RPAs. Three local authorities took part in an in-depth case analysis of 10 or 11 RPA cases. The social care processes and support unit costs are based on previous research by the Centre for Child and Family Research, and the weekly cost of the RPA is the rate charged to the local authority by the independent RPA provider.

Independent reviewing officers

In line with the provisions of the Children and Families Act 2014, children who do not return to the care of their parents, are not placed within a friends and family setting and who are not adopted require the best social care assistance. This will be managed by the Independent Review Office (IRO) who will review and monitor care plans for children growing up in the public care system. This year we have drawn information from a cost analysis of the IRO service by Jelacic & colleagues (2014) to provide the hourly costs and cost of carrying out a review, of the IRO. Caseloads and time inputs have been based on recommendations for a properly resourced IRO service (DCSF, 2010).

Costs of reunification

Reinforcing the government's commitment to improve services for vulnerable children, in early 2014 the National Society for the Prevention of Cruelty to Children (NSPCC) commissioned the Centre for Child and Family Research (CCFR) at Loughborough University to provide evidence to inform debates about the cost effectiveness and potential long-term savings of providing appropriate assessment, support and services to families on return home (Holmes, 2014). Schemas 8.9.1-8.9.4 provide the costs of packages of support and services that could be provided to children and families on return home. Parenting programmes, adult mental health, drug and alcohol and CAMHS services have been included for those with higher and more complex needs.

Dentists

This year, we have collaborated with the Department of Health and the Chief Dental Officer for England to provide two new schemas for dentists: the performer dentist, a qualified dentist who works for a GDS/PDS Provider; and the provider performer dentist, a qualified dentist who is a partner, sole trader, or shareholder who holds a General Dental Services/Primary Dental Services contract, and who also practises (see schemas 10.9-10.11).

For the 2015 edition, in view of the introduction of *Direct Access* (General Dental Council, 2013) enabling dental hygienists and dental therapists to take on more responsibility, we are planning to include other dental care staff. We are also hoping to carry out a survey in collaboration with the Department of Health on dental practices throughout England. As well as

providing salary information for dental hygienists and therapists, it is also hoped that the survey will provide better information on the costs of dental equipment used, and on other overheads.

Other information

Valuing patients' time for hospital appointments

Following feedback this year requesting sources of information relating to patients' time, we would like to draw readers' attention to a report published by the Centre for Health Economics (Van den Berg, 2013). This provides a methodology for providing a monetary value for time involved in admission, travel, waiting and treatment. The paper applies an approach to a sample of patients in the Netherlands not participating in the labour market, the costs of which are converted to pounds.

Acknowledgements

Earlier in this preface we identified the importance of providing feedback to us on the content of the *Unit Costs of Health and Social Care* volumes. We urge readers to continue doing this either by using our feedback form (<http://www.pssru.ac.uk/project-pages/unit-costs/feedback.php>) or directly by e-mail to L.A.Curtis@kent.ac.uk.

We would also like to draw readers' attention to the blogs we have recently published. The first provided a summary of the unit cost programmes at PSSRU and provided an insight into the many agencies and individuals who now use the publication (<http://blogs.lse.ac.uk/healthandsocialcare/2014/01/31/research-highlight-unit-cost-programmes-at-pssru/>). The second was targeted at commissioners and those involved in purchasing mental health care services (<http://www.pssru.ac.uk/blogs/blog/category/unit-costs/>) and was published during Mental Health Awareness Week in May 2014.

Finally, a wide range of individuals are consulted and provide direct input for this publication. First of all I would like to extend particular thanks to Jennifer Beecham, whose input into this volume continues to be invaluable. Thanks also to the rest of the PSSRU team who have contributed: Amanda Burns who this year has gained more experience in sourcing and researching information, and Jane Dennett and Ed Ludlow who have continued to provide valuable administrative and technical assistance. This year our University of Kent colleague, Jackie Sullivan, helped us out on more than one occasion with software support. Grateful thanks are also extended to our Working Group.

Others who have assisted this year are: Martin Bardsley, Annette Bauer, Nigel Boatfield, James Booth, Nadia Brookes, Lisa Callaghan, Ross Campbell, Adriana Castelli, Agu Chinyere, Barry Cockcroft, Vanessa Edwards, Tamsin Ford, Helen Foster, Jennifer Francis, Heather Gage, David Glover, Philippe Granger, Tara Guinnessy, Laura Holdsworth, Lisa Holmes, Bernard Horan, Pavanraj Jessal, Armin Kirthi-Singha, Nicola Le Prevost, Samantha McDermid, Metin Mustafa, Mark Purvis, Jonathan White and Daisy Wild.

References

- Appleby, J. (2013) *Spending on health and social care over the next 50 years*, the Kings Fund, http://www.kingsfund.org.uk/sites/files/kf/field/field_publication_file/Spending%20on%20health%20...%2050%20years%20low%20res%20for%20web.pdf [accessed 23 September 2014].
- Ball, J. & Philippou, J. (2014) *Survey of district and community nurses in 2013*, King's College, London.
- Bauer, A., Fernandez, J.L., Knapp, M. & Anigbogu, B. (2013) *Economic evaluation of an 'experts by experience' model in Basildon district*, [http://eprints.lse.ac.uk/29956/1/Internet Use and Opinion Formation in Countries with Different ICT Contexts.pdf](http://eprints.lse.ac.uk/29956/1/Internet%20Use%20and%20Opinion%20Formation%20in%20Countries%20with%20Different%20ICT%20Contexts.pdf) [accessed 23 September 2014].
- Bauer, A., Wistow, G., Dixon, J. & Knapp, M. (2014) Investing in advocacy for parents with learning disabilities: what is the economic argument? *British Journal of Learning Disabilities*, doi: 10.1111.bld.12089.
- Children and Families Act 2014, <http://services.parliament.uk/bills/2013-14/childrenandfamilies.html>
- Consumer Focus (2010) *Equipment for older and disabled people: an analysis of the market*, <http://www.consumerfocus.org.uk/files/2010/11/Equipment-for-older-and-disabled-people-an-analysis-of-the-market.pdf> [accessed 23 September, 2013].
- Department of Health (2008) *End-of-life care strategy: promoting high quality care for adults at the end of their life*, <https://www.gov.uk/government/publications/end-of-life-care-strategy-promoting-high-quality-care-for-adults-at-the-end-of-their-life> [accessed 17 July 2014].

Department for Children, Schools and Families (2010) *IRO Handbook, Statutory guidance for independent reviewing officers and local authorities on their functions in relation to case management and review for looked after children*, Department for Children, Schools and Families.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/273995/iro_statutory_guidance_iros_and_las_march_2010_tagged.pdf [accessed 17 July 2014].

Department for Education (2014) *Children's social care innovation programme*,

<https://www.gov.uk/government/publications/childrens-services-innovation-programme> [accessed 17 July 2014].

Department of Health (2012) *Caring for our future: reforming care and support* (2012),

<https://www.gov.uk/government/publications/caring-for-our-future-reforming-care-and-support> [accessed 17 July 2014].

Emerson, E. & Hatton, C. (2013) *Estimating future need for social care among adults with learning disabilities in England: an update*, http://www.improvinghealthandlives.org.uk/uploads/doc/vid_10673_IHaL2011-05FutureNeed.pdf [accessed 17 July 2014].

Ernst & Young (1994) *Benchmark study of the costs of aids and adaptations, report no. 4*, report to the Department of the Environment, London.

General Dental Council (2013) *Direct access guidance*, [http://www.gdc-](http://www.gdc-uk.org/Newsandpublications/factsandfigures/Documents/Direct%20Access%20guidance%20UD%20May%202014.pdf)

[uk.org/Newsandpublications/factsandfigures/Documents/Direct%20Access%20guidance%20UD%20May%202014.pdf](http://www.gdc-uk.org/Newsandpublications/factsandfigures/Documents/Direct%20Access%20guidance%20UD%20May%202014.pdf) [accessed 17 July 2014].

HM Government (2011) *Giving White Paper*,

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/78915/giving-white-paper2.pdf [accessed 17 July 2014].

HM Treasury (2013) *Spending round 2013*,

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209036/spending-round-2013-complete.pdf [accessed 17 July 2014].

Holmes, L. (2014) *Supporting children and families returning home from care, Counting the costs*, NSPCC with Loughborough University, Child for Child and Family Research.

Jelicic, H., La Valle, I. & Hart, D., with Lisa Holmes (2014) *The role of independent reviewing officers (IROs) in England*, National Children's Bureau, London.

Knapp, M., Lemmi, V. & Romeo, R. (2013) Dementia care costs and outcomes: a systematic review, *International Journal of Geriatric Psychiatry*, 28(6):551-61. Doi:10.1002/gps.3864. Epub 2012 Aug 12. National Collaboration for Integrated Care and Support (2013) *Integrated Care and Support: Our Shared Commitment*, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/198748/DEFINITIVE_FINAL_VERSION_Integrated_Care_and_Support_-_Our_Shared_Commitment_2013-05-13.pdf [accessed 17 July 2014].

Munro, E., Hollingworth, K., Meeto, V., Quy, K., McDermid, S., Trivedi, H. & Holmes, L. (2014) *Residential parenting assessments: uses, costs and contributions to effective and timely decision-making in public law cases*, Department for Education, London.

Van den Berg, B., Gafni, A. & Portrait, F. (2013) *Attributing a monetary to patients' time: a contingent valuation approach*, CHE Research Paper 90, University of York, Centre for Health Economics.

Wright, S. & McSherry, W. (2013) How much time do nurses spend on patient care? *Nursing Times*; 109: online issue.