

Introduction to the Unit Costs of Health and Social Care publication

The first Unit Costs of Health & Social Care volume was published in 1992. It has always been funded by the Department of Health (DOH), now the Department of Health and Social Care (DHSC), with small amounts of funding provided by the Department for Education (DfE). We ensure our costs are of good quality by applying established cost estimation methods and principles.

Unit costs should:

- **Be consistent** across different economic analyses, to avoid inconsistency in unit costs used which could feed into inconsistency in decisions proposed.
- **Be comprehensive**, in that they consider long-run marginal costs as well as obvious direct costs such as salaries. Long-run marginal costs include the initial qualifications cost of staff and the cost of building, heating and running the buildings in which they work. These long-run costs are often substantial. Excluding them would underestimate the long-run cost of decisions made.
- **Be clearly documented**, so that it is clear what judgments have been made in constructing them, so that they can be used in an informed way.

What are unit costs and why are they important?

Unit costs represent the total expenditure incurred to produce one unit of output. In health and social care, this could be the cost of one hour of a nurse or GP's time, or a face-to-face appointment with a social worker or perhaps a speech therapist. It could also be a week in a residential care or nursing home or the cost of a day care attendance. Unit costs are important because they support organisations' assessments of performance and value for money. In other words, they can help providers achieve the most efficient use of resources.

How we calculate costs

Our approach to cost estimation is grounded in economic theory and is both transparent and flexible. Our cost estimation approach is shown below and more information is available in our presentation which can be found at <https://www.pssru.ac.uk/project-pages/unit-costs/unit-costs-2018/>

Cost estimation approach

- Financial implications of all service components are included
- Unit costs reflect the long-run marginal opportunity cost for that service
- A "bottom-up" approach is taken – users can substitute their own data for any component
- Sources of information are fully referenced
- Unit costs account for the fact that care staff do not spend all their time with clients
- Regional weightings are given where possible

How do we find our information?

Our Advisory Group, who we meet with annually, guides our work and provides valuable leads. The Advisory Group consists of representatives from DHSC and DfE, economists from research units, and representatives from the Social Care Institute for Excellence (SCIE) and the National Institute for Health and Care Excellence (NICE). We perform a literature search for new studies and draw information from secondary sources of data, as well as working with organisations to estimate unit costs for specific services. Occasionally we commission our own research.

Throughout the year we prepare the volume by:

- Identifying where our unit costs could be improved or updated
- Identifying gaps where new unit costs estimations are required
- Identifying data sources or research to derive new unit costs
- Responding to government priorities, new policies or practice developments

In the past, we have worked closely with Foundations, the National Body for Home Improvements who helped us to calculate the total cost of supplying and fitting a variety of home adaptations. We also conducted a survey with the assistance of the General Dental Council/Department of Health and Social Care and the Chief Dental Officer for England, to identify the unit cost of dental services.

What information is included?

We begin the volume with an author-produced preface introducing the reader to the year's work and any new additions or changes. We also summarise this year's new schema and identify schema which have been withdrawn due to our policy of only publishing work which is less than ten years old. We then have a number of articles from external authors relating to cost information and sometimes a guest editorial which focuses on overarching and timely policy issues. These papers are provided free-of-charge and we are very grateful to all those who contribute their time and expertise to ensuring a wide range of interesting items. All guest editorials and articles since 2003 can be viewed in our articles database <https://www.pssru.ac.uk/ucarticles/>

Section I of the report covers services used by particular client groups. For many of the groups, we include the cost of residential care and day care and we differentiate where possible between local authority and private sector providers. Chapter 6, the children's services chapter includes information on adoption and foster care, together with the costs of more specialised services such as counselling and advocacy. Chapter 7 contains average costs for elective and non-elective hospital admissions as well as outpatient attendances and other more specialised services such as inpatient and outpatient palliative care. These have been drawn from the NHS reference costs. The costs for specialist neuro-rehabilitation services, screening interventions for sexually transmitted infections and self-management programmes are also found in this chapter.

Whereas our usual approach is to present the unit costs for particular services or professionals, Chapter 8 contains our care-package costs. Here the unit of interest is the individual and the combination of services they use. Examples of care packages are health care support received by people requiring mental health support and care packages for people at the end of their lives.

Section I: services for

- Older people
- Those requiring mental health support
- Those with learning disability or physical support needs
- People who abuse drugs and alcohol
- Children and young adults

And

- Hospital services
- Care packages for people with a range of needs

Sections II, III and IV present the costs for professionals and teams of professionals who can provide support for all client groups. They are divided in the volume according to whether staff are health or social care professionals and whether they are hospital or community based.

In section V you will find other useful information such as inflation indices, NHS staff earning estimates, training costs and care home fees. You can also find further information in our blog <https://www.pssru.ac.uk/blog/category/unit-costs/page/6/>

Section II: community-based health care staff such as nurses, GPs and dentists

Section III: community-based social care staff e.g. social workers or home care workers

Section IV: hospital-based staff including doctors and scientific and professional staff

Section V: supporting information, such as inflation indices, NHS staff earnings, training costs

All volumes dating back to 2003 can be downloaded in PDF format from the PSSRU website either in sections or the whole volume.

The *Unit Cost of Health & Social Care (UCH&SC)* is available on the PSSRU website: <https://www.pssru.ac.uk/>.

There are also links for the following:

- UCH&SC volumes from 2003 can be downloaded as a whole publication or in sections
- Excel spreadsheets that summarise unit costs by professional groups
- There is a database of around 65 articles that have previously been published in the UCH&SC volumes: <https://www.pssru.ac.uk/ucarticles/>
- Our blogs can also be found on the website at [Home | PSSRU](#).