

Housing Choices

Discussion Paper 1: What is the evidence for the cost or cost-effectiveness of housing and support options for people with care or support needs?

Paper 1 of 4 in the Housing Choices Discussion Series:

Exploring and comparing the characteristics of housing and support arrangements for people with care and support needs

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Introduction

The National Development Team for Inclusion (NDTi) has a vision of a society where all people, regardless of age or disability, are valued and able to live the life they choose.

This includes people having choice and control over where they live and the support that they receive. Through our work across the UK with older people, people with learning disabilities and people with mental health problems it has become clear that despite the range of housing options that exists for people with support needs¹, there is still an over reliance on traditional forms of housing and support such as residential or nursing care.

Although current health and social care policy and legislation emphasises person-centred approaches and use of community based options (e.g. the Care Act 2014), and discourages residential settings which are segregated from family and communities, this does not appear to be having a significant impact on current patterns. Indeed, it appears that we are currently seeing a shift away from options that offer choice and control, towards more traditional residential care – with these developments being implemented on the rationale that residential care is lower cost.

In order to stimulate debate about the continued over reliance and possible increase in use of residential care, and to encourage more serious exploration and consideration of alternative options, NDTi have conducted a small piece of work to scope, define and describe the different housing and support options available for older people, people with learning disabilities and people with mental health problems. From this work we are producing a series of short discussion papers which will be shared between January and March 2017 as follows:

- **Paper 1: Cost and cost-effectiveness of housing and support options (January 2017)** – a summary of the evidence available on the cost and cost-effectiveness of residential care compared to other housing and support options, including highlighting significant limitations in the evidence available
- **Paper 2: A proposed typology of housing and support options (February 2017)** – acknowledging that a lack of common understanding of terms and definitions can limit understanding of alternatives to residential care, we propose a typology identifying and describing the different housing and support options
- **Paper 3: Characteristics of housing and support options (March 2017)** – in response to feedback and comments on the proposed typology, this paper will set

¹ A description of alternative housing and support options is the focus of paper 2 but includes mainstream rented, home ownership, shared supported housing, Shared Lives, supported lodgings, sheltered housing, extra care housing, retirement village, supported living networks (e.g. KeyRing), intentional communities

out the different characteristics of the housing and support options identified in terms of choice, control, rights and inclusion

- **Paper 4: Policy Recommendations (April 2017)** – we will be inviting comments and responses to each paper through an online forum with the intention of encouraging debate on this increasingly significant subject. The debate generated will be used to inform a final position paper with recommendations for policy and practice development. If sufficient interest is generated, NDTi will also host a roundtable event to take this forward.



Discussion Paper 1: What is the evidence for the cost or cost-effectiveness of housing and support options for people with care or support needs?

In the current climate of funding cuts to social care and increasing pressure on local authorities to reduce spending, cost is an inevitable factor to be considered in decisions around housing and support. Anecdotal evidence of a move away from alternative models of housing and support to more traditional residential care on the basis of cost alone has recently been made explicit in the case of Rochdale Council's savings proposal consultation which seeks a £1.4m saving by "transforming" supported living provision and replacing it with a range of residential care and other services (see [here](#)).

In recognition of the current emphasis placed on cost in shaping decisions about housing and support, we have started this series of discussion papers with a summary of a short review of the evidence available on the cost and cost-effectiveness of residential care compared to other housing and support options. We conducted a search of peer reviewed and grey literature from 2000 onwards. Literature was limited to research and studies conducted in the UK and Ireland. We refer to both cost and cost-effectiveness as some studies identify costs only, without also considering effectiveness. It should be highlighted that the time and resource available for the search was limited, therefore the evidence summarised in this section should not be taken as a comprehensive review of all evidence in this area. We welcome suggestions of further robust and impartial evidence available which we have not included in this paper.

Through reviewing the research that the search identified, it became clear that there are significant limitations to the existing evidence on cost and cost-effectiveness. In light of this, we highlight these limitations first, before providing a broad summary of the evidence that is available and what it suggests.

Limitations of cost and cost-effectiveness research

Firstly, the research is limited simply in terms of **quantity**. Considering the very significant amount of public funding spent on housing and support, there are relatively few studies which look at the costs of different options, and even fewer which look at their cost-effectiveness. For example, a recently published and otherwise comprehensive academic book which looks at the outcomes of supported housing in Britain and Sweden barely

addresses the cost of supported housing, other than to suggest that supported housing may be less expensive than institutional living (Clapham, 2015).

Secondly, there are limitations around the **quality** of some of the research. Several of the studies identified are costed case studies rather than robust cost or cost-effectiveness comparisons (e.g. Hurstfield et al 2007; Department of Health, 2009; The Association of Supported Living, 2009; Roe et al, 2011). While these can be useful as illustrative examples, they are not robust, reliable research studies on which to base cost-effectiveness decisions. In addition, some of the research and the costed case studies reviewed are not independent, i.e. they are conducted by organisations or bodies providing or representing some of the alternative housing and support providers, raising questions about potential bias.

Thirdly, there are specific **issues around the unit costs** used in much of the research. There is a tendency for the recycling of unit costs between studies and sources; for example, once a unit cost has been calculated, it can be reused and updated by different authors. The Personal Social Services Research Unit (PSSRU) 'Unit Costs of Health and Social Care' (Curtis, and Burns, 2016) which is updated annually, and data published by LaingBuisson are generally considered to be reliable sources of cost data and used in costed studies. While they provide access to some of the best available data, careful examination of some of the methodology behind the original sources of the unit costs reveals they often have their limitations. For example, take the case of the PSSRU unit costs for adults with learning disabilities in residential care and supported living. These are based on illustrative cost models developed by LaingBuisson in 2011 (Roe et al, 2011). The unit cost for residential care homes is based on examples of high-specification care homes in the South East of England (one 4 bed residential house and one 8 bed residential house). The unit costs for supported living homes is based on supported living homes in the North West of England (one 2 bed supported living home and one 3 bed supported living home). The weekly unit costs for the residential care homes include living expenses, whereas the weekly unit costs for supported living homes do not. Not only are these unit costs based on just two homes each, they are in different parts of the country and they include different elements within the weekly unit costs. That these two sources of costs data are considered to be among the most reliable sources of unit costs, emphasises the weakness of the available data on which to base any costed studies. Indeed, the LaingBuisson report itself concludes:

“The need to better understand costs, and the effect of changes in key variables on unit costs, fees, margins and viability, is ongoing and key to making good decisions for the future. Much work still needs to be done.”
(Roe et al, 2011, p22).

Linked to this is the issue of variation and lack of clarity over what is included in unit costs. Some studies and case examples only include cost to adult social care, rather than cost to the public purse in general. This is an issue for making comparisons between housing and support options. For example, the cost of residential or nursing care includes housing and

living costs as well as care and support costs, whereas for many other options housing and living costs are separate from care and support costs, but often publicly funded through housing benefit and welfare benefits. When unit costs are presented as a weekly cost, it is often unclear whether they include housing and living costs or solely the cost to adult social care.

Fourthly, making comparisons based on weekly unit costs of different models, which many of the studies do, **ignores future cost benefits** that may accrue for many years as a result of certain housing and support options. Some options may prevent future costs to health and social care (i.e. through improved health or wellbeing, or community inclusion reducing reliance on statutory services) but this is not taken into account when simple comparisons between unit costs are made. On the other hand, a number of studies make ambitious claims about future costs prevented which are very difficult to evidence.

Finally, there are further difficulties when it comes to attempting to make **comparisons** between studies. There are vast differences in the terminology used to describe different housing and support options. This is particularly the case around supported housing/supported accommodation/supported living/independent living/group homes where these terms can refer to similar or very different types of support. This issue is exacerbated by the lack of clear definitions in many of the studies reviewed (i.e. not stating what they mean by the terms they have adopted). Linked to this, a number of the more robust studies classify different housing and support options by staffing levels (particularly in mental health); for example, low level/24 hour staffing rather than the type of housing and support. Furthermore, it is difficult to draw conclusions about a particular model without recognising that the cost can vary hugely depending on the support need of the individual. Within a single primary support need there can be a huge variation in the level of need from low to very high and complex needs meaning it is difficult to come up with satisfactory average costs for one housing and support option.

A recent School for Social Care Research scoping review on housing and adult social care, which included a review of cost and cost-effectiveness research, summarises the problems with the evidence in this area:

“Although there have been a growing number of studies involving some element of cost-effectiveness or value for money analysis, the evidence base is still weak in relation to housing and adult social care and frequently involves some heroic assumptions about the cost offsets or what has been prevented. Major analytical constraints include the availability of comprehensive cost data and the difficulty of costing some benefits, especially ones that accrue over time. Many of the wider costs are difficult to quantify and to attribute to a particular measure... More research is needed to quantify the costs and benefits over time to specific client groups of housing interventions, which include control or comparator groups, and measures for ‘softer’ outcomes such as enabling independent living.”

(Bligh et al, 2015, pp49-50)

Summary of review findings

In spite of these quite significant limitations, and the caveats that must come with them, the review conducted reveals some general indications that alternative housing and options can be delivered at similar or lower cost than residential or nursing care.

Very broadly, the evidence for people with mental health problems indicates that either individual or shared supported housing options are lower cost than residential care homes (Jarbrink et al, 2001; Beecham et al, 2004; Priebe et al, 2009; Knapp et al, 2014; Killaspy et al, 2016). For people with a learning disability, the picture is less clear; some studies have suggested that individual or shared supported housing options can be higher cost than residential or nursing homes (Hallam et al, 2006; Roe, 2011a; Roe, 2011b) while others provide examples of supported housing options costing less than residential care (Department of Health, 2009; Association for Supported Living, 2011, McConkey et al, 2016).

There have been several studies which have looked at extra care housing (or very sheltered housing) for older people. Most have found that extra care housing is lower cost or saves money compared to residential care (Nash et al, 2013; Weis and Tuck, 2013; Bield et al, 2013) or is lower or similar cost with more positive outcomes (Netten et al, 2011, Baumker et al, 2011).

A small evaluation of living support networks (e.g. KeyRing) found that they resulted in reduced support costs compared to alternative forms of support (Short, 2009). A number of studies have found that adult placement (most of them Shared Lives) is lower cost than residential care (Beecham et al, 2004; Dickinson, 2011; Roe, 2011; Social Finance, 2013). However, it should also be noted that a recent attempt to look at the costs of Shared Lives for older people highlighted that the range of costs across schemes, the lack of consistent cost information and the difficulty in collecting cost data make it difficult to estimate true costs (Brookes and Callaghan, 2014).

There are indications therefore, that alternative housing and support options which, we argue, offer greater levels of social and community inclusion, choice and control (as will be explored in the following discussions papers) can be provided at comparable or lower cost than residential care, but the evidence is both minimal and limited in quality. High quality research which looks at both cost and effectiveness in this area is scarce, and there is a clear need for more robust studies to be carried out.

Conclusion and discussion points

To summarise, although we reviewed various research studies which looked at the costs of residential care homes and other forms of housing and support, the issues outlined above have led us to conclude that the limitations in quality and quantity mean that there is not sufficient, reliable evidence in which to inform decisions on the basis of cost. As a result, in our view, this makes drawing any firm conclusions about moving to one form of housing with care or support *on the basis of cost* impossible. Given this lack of evidence (that residential care is more or less expensive than other forms of housing and support), there is a strong argument that decisions about an individual's housing and support should be based on other factors supported in current health and social care policy – rights, inclusion, choice and control. The purpose of the next two papers in this series is firstly to propose a typology to assist in describing these alternative options, and secondly to consider the rights and choice based characteristics of these options.

We welcome comments and views on any of the points raised in this paper from commissioners and providers of housing and support (in all its forms), people who use services and their families (and representative organisations), academics and policy makers. In particular, we are interested in knowing:

- Are you aware of any research (published or unpublished) not included here about the cost or cost-effectiveness of either residential care or the alternatives that can inform this debate?
- Whether you would draw similar or different conclusions to those articulated here from the evidence that we have described in this paper?

Please share your views by commenting via the forum here

<https://muut.com/housingchoices>



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