

Step 7: Assess costs and benefits

Introduction



This step will support you to identify and compare cost and benefits for different types of housing for older people considering different care levels across different funding arrangements. This step is intended to give an overview of key cost-benefit information that relates to your local area, and different housing options, rather than a detailed set of costs or 'return on investment' that would be undertaken for a specific build.

What will it add?



It will provide indicative costs and benefits for different types of housing for older people to help potential investors, the local authority and other local stakeholders to better assess the economic benefits and make an informed decision.



KEY QUESTIONS

- What is the ongoing cost of care supported by each housing option being compared?
- What are the land costs, building and refurbishing costs, and running costs per unit for each type of housing?
- What are the key considerations relating to the costs of different housing options for different groups? i.e. self-funders (older people), the local authority, the Government (e.g. DWP), investors and providers?
- What are the potential benefits, for example for social care provision or the NHS?
- What are the potential risks to investors, local and national, and how can these be mitigated?

How to?



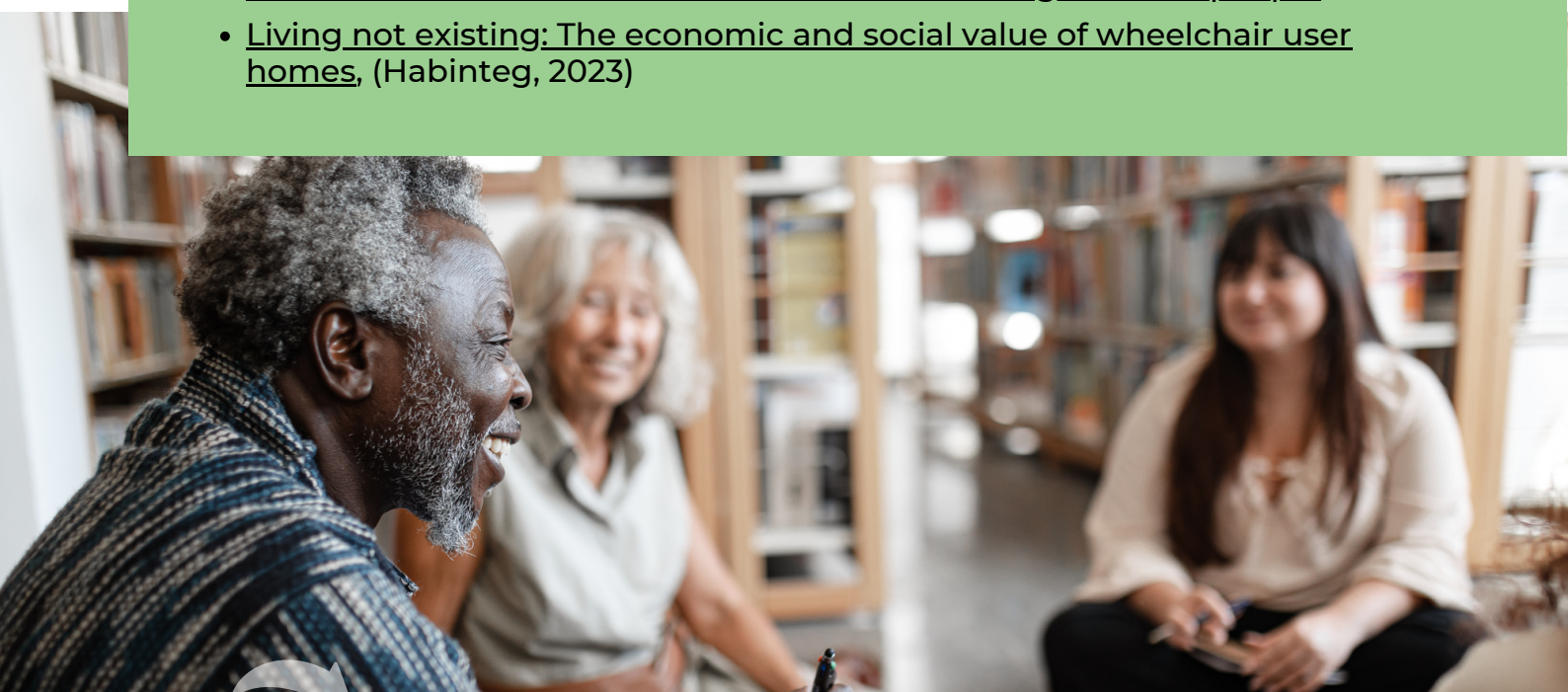
- Start by identifying the levels of care supported by each housing option and the ongoing costs of providing low, medium, or high levels of care and support in each setting.
- Consider the people that live in your area and any gaps in provision (identified in [steps 1-4](#)) as well as the mix of self-funders, full and partially funded, attendance allowance eligible, etc. This will help to identify costs and benefits of addressing those gaps as well as identifying how some costs would be met.

- Identify costs related to land, building, refurbishments, as well as the running costs for each type of housing.
 - Consider the split cost for individuals, city council, and government.
 - Relate these costs to information on the local market (step 3), including house prices.
- Identify the potential benefits of housing for older people to older people and their families, the NHS and social care systems. You can consult the data sources listed below for national averages if local data is not available.
 - Wider benefits to the local area can be further considered within social value of investment (step 10).



SOURCES OF INFORMATION AND RESOURCES

- SCIE cost and benefits analysis tool - to help local organisations to consider the relative cost and benefit of residential care, extra care, sheltered housing and shared lives
- Health and social care costs for extra care housing
- Economic impact assessment of Retirement Living and Assisted Living Extra Care with a focus on health and social care benefits, social capital gains, and investment benefits
- Identifying health and care system benefits of housing with care
- Health and social care costs for residential care and nursing homes for older people considering private and local authority's provision
- Cost model: extra care housing – although this example is specific on extra care housing, it provides relevant insights on cost and benefit analysis for other types of housing with care and support
- Cost benefit analysis methodology – an example from Northern Ireland with insights on key aspects of the methodology
- Cost comparison between different types of specialist housing in England – Pages 10 to 17
- The health and social care cost benefits of housing for older people
- Living not existing: The economic and social value of wheelchair user homes, (Habinteg, 2023)





PARTNERS TO INVOLVE

To gain access to this information, it is key that you work in partnership with relevant organisations and agencies. Below are some examples of some key partners to be considered and their areas of expertise.

- Strategic housing and social care policy teams.
- Planning and development teams.
- Specialist housing associations.
- Health and social care senior management (providers and commissioners).
- Director of Finance.
- Corporate resourcing team.



TIPS ON CO-PRODUCTION

The 'I' and 'We' statements below are illustrative examples of co-production outcomes associated with this step. We encourage housing partnerships to adapt them as they see fit to best reflect their local context.

For individuals:

- I understand the key costs of each type of housing, particularly as they relate to my funding status (self-funders, full/part funded, etc.).
- I understand the key benefits of each type of housing and how they can affect my life and the wider health, social care and housing markets.
- I help decide what cost and benefit factors should be prioritised in the business case.

For the partnership:

- We make relevant information on costs and benefits accessible to individuals and facilitate their understanding through practical examples.
- We support individuals to identify the most important cost and benefit factors to be prioritised in the business case.

Further information about the benefits of and principles of co-production, as well as examples of co-production in the housing sector can be found [here](#).



EXAMPLE OF BENEFITS

Housing LIN published “[The health and social care cost-benefits of housing for older people \(2019\)](#)” report outlining the evidence for the health and social care benefits, and specifically cost-benefits, of housing for older people, particularly extra care housing. The report presents strong evidence that suggests that housing for older people provides a significant cost-benefit to the NHS and local social care systems.

Several examples are presented in the report demonstrating the importance of assessing cost and benefits of housing for older people to further understand the relevance of investing in extra care. It was identified a variety of cost-benefits, including:

- Less frequent visits to GPs.
- Fewer community nurse visits.
- Fewer ambulance calls, particularly in relation to falls.
- Shorter unplanned hospital stays and less frequent unplanned admissions.
- Extra care is seen as a preventative alternative to residential care leading significant savings in the long term.
- People are less likely to enter long-term care.
- Improved wellbeing and quality of life.
- Estimates suggest that extra care saves the NHS and social care an average of £2,441 per annum per individual.

These are some examples of wider benefits of investing in extra care that can add value to the business case and help developers and investors in the decision making. While the report is focused on extra care options, it offers valuable insights and examples of that can be extrapolated to other types of housing for older people. The report also provides a calculation method for a cost-benefit estimate with references to sources of information that can help to understand cost and benefit of other types of housing.

Access the [full report](#).

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Toolkit available at: <https://www.scie.org.uk/housing/toolkit-for-place-based-plans-for-housing-for-older-adults/>

