

**RECONCILIATION OF THE FUNDING AND OTHER DETAILS IN LORD HUNT'S REPLY TO
THE DEBATE IN THE HOUSE OF LORDS ON THE EVENING OF Thursday 13 FEBRUARY
2003 WITH THOSE IN "COST ESTIMATES FOR CORE ELEMENT IN REPLACEMENT
SYSTEM FOR COMMUNITY HEALTH COUNCILS IN ENGLAND" DATED
14 OCTOBER 2002**

I have done a quick exercise attempting to reconcile the reply made by Lord Hunt on the evening of 13 February 2003 with ACHCEW's own calculations made in October last year. My conclusion is that the sum announced (£34M in 2003/04) would be enough to enable a version of the "minimal" scenario to be introduced by the following financial year (2004.05) on the assumption that, as was the case with Community Health Councils, the allocation for the following financial year was the same either in nominal or real terms as in the previous year. However, this result would be achieved at the cost of a substantial reduction in pay levels, terms and conditions of front line staff engaged in the new system.

Lord Hunt announced that there would be eighteen staff employed directly by the Commission for Patient and Public Involvement in Health in each of the Government Office regions (of which there are nine in England). I have assumed that all of these would be full-time equivalents (FTEs), making a total of one hundred and sixty two. The Commission's national office, Ladywood House, has space for fifty employees. I have translated this into forty full time equivalents. I have assumed also that the composition of posts (with more management roles) would mean that the average cost per full time equivalent at national and regional level would be 20% higher than in the "front line" (if the "front line" staff had been employed directly as assumed in the October 2002 calculations).

Lord Hunt confirmed that the commission intended to contract out staffing and other support for statutory Patients' Forums and the Independent Complaints Advocacy Service to non-profit/voluntary providers. The normal assumption on contracting out (based on work by the late Simon Domberger in the early 1980s) is that it produces a saving of 20% was applied to the previous figure for Scenario C "Minimal"; this gave net local costs of £25.0M p.a./ in addition to £6.2 M p.a. for the nine regional offices and £1.5M p.a. for the national office of the Commission. A further allowance of 3% was made for inflation 2003/04 on 2002/03 (mainly labour costs); this added in a further £1.0M giving a grand total of £33.7M as against the £34M announced.

A tentative exercise for the transition year (currently 2003/04) has also been undertaken. It has been assumed that the Commission will be fully staffed for the entire year and the regional offices for three-quarters of it. The estimate by Sharon Grant of recruitment costs for Patients' Forums (£4.0M) has been included as has five months funding for Community Health Councils in England (£9.6M). It has been assumed also that 90% of the potential liability of redundancy payments to existing staff of Community Health Councils (thought to be around £7.0M) will arise; this constitutes £6.3M. There would be enough money left from the £34M to fund three months of local costs; alternatively, the money could be devoted to retaining a complaints service of some kind over the seven months from 1 September (when Community Health Councils are intended to cease).

Donald Roy
19 February 2003