

# THE COSTS OF THE NEW SYSTEM OF PATIENT AND PUBLIC INVOLVEMENT IN THE NATIONAL HEALTH SERVICE IN ENGLAND; A REVIEW OF THE EVIDENCE

## **Introduction**

Since the end of 2000 several attempts have been made to estimate the costs of the system of patient and public involvement in the National Health Service in England initially proposed in the NHS Plan. These have varied for two main reasons; changing pronouncements as to the system and growing evidence as to the costs of its components.

The initial system proposed in July 2000 comprised Independent Local Health Advisory Forums (ILHAFs), Oversight and Scrutiny Committees (OSCs) of local authorities, Patient Advocacy and Liaison Services (PALS) and Patients' Forums. It was envisaged that this system would be in place from 1 April 2002 at which time Community Health Councils (and ACHCEW) would be abolished. It appeared that an initial £33m p.a. was to be allocated to the new system.

## **The First Exercise**

Towards the end of 2000, I was asked by Wandsworth Community Health Council to make estimates of the costs of the new system as part of its submission to the Inquiry undertaken by the Greater London Authority into its implications for London. I drew attention of the then Director of ACHCEW to this and offered to extend the analysis to England as a whole. The offer was accepted. In consequence, estimates appeared in the Health Service Journal and elsewhere.

These estimates amounted to just over £100m p.a. (£114m in 2001/05). Of them Patients' Forums amounted to the £45m rising to £60m and PALS £33m (with a further £5m for specialist advocacy services). OSCs were put at £14m and ILHAFs at £4m reducing to £3m over time.

They were derived by a mixture of methods. The NHS Plan was construed as meaning that all the money used for Community Health Councils would be added to the initial (2000/02) allocation for PALS. ILHAFs and OSCs were assumed to require a small secretariat (costing £70k p.a.) for each body. Intelligence received suggested that the Department of Health envisaged that Primary Care Trusts and NHS Trusts would be expected to set aside 0.05% of their overall annual budgets for patient and public involvement. It was assumed initially that this would go on Patients' Forums. A crosscheck was then made of the implied cost per Patients' Forum; this turned out to be somewhat lower than the average for existing Community Health Councils. This appeared plausible given their more restricted remit.

## **The Second Exercise**

The second exercise was undertaken in the autumn of 2001 as part of the process of response to the “listening exercise” launched by the government at the beginning of September. By then OSCs were on the statute book under the Health and Social Care Act 2001 (although the relevant section was not yet in force) while “pathfinder” PALS (now renamed Patient Advice and Liaison Services) were in being in a number of Trusts. The Act had introduced also an Independent Complaints Advocacy Service (ICAS); again the relevant section was not yet in force. The government continued to propose Patients’ Forums; to them it added a Commission for Patient and Public Involvement in Health (initially called “Voice” but henceforth referred to as CPPIH) together with local networks at the level of strategic health authorities. ILHAFs had vanished from the scene with the anticipated demise of health authorities.

The context was thus rather different from before. ICAS, OSCs and PALS were either on the statute book or did not require to be. Some increase in the costs of patient and public involvement was thus inevitable; the issue was whether other aspects of what was proposed would add to it unduly.

The estimate for 2003/04 was £221m. The largest component of this was local authority OSCs at £85m, followed by £56m for PALS, £34m for local networks (“Voices”), £33m for patients’ Forums, £10m for ICAS and £2m each on central activities of the CPPIH and specialist advocacy in addition to generalised ICAS.

The costs of local authority OSCs were set at 0.1% of turnover of services scrutinised. This is equivalent to that used for services commissioned by the local authority itself. This may be over-estimated because any economies of scale in scrutiny have been ignored; on the other hand local authorities are less likely to be familiar with the local health service at least initially than with services that they have provided or commissioned.

An alternative lower set of estimates for OSCs was derived from informal discussions with a senior member of a local authority in South West London with an interest in and knowledge of the health service, including community health councils. It was suggested that an OSC well integrated into networks and co-operating with a Community Health Council or comparable successor organisation might be able to manage on £150k p.a.

Estimates for PALS were based on intelligence that the 0.05% of turnover set aside for patient and public involvement was intended to be used for PALS. This yielded £56m in 2003/04. For later empirical work in south West London see below.

The costs for local networks were derived from comments by an official at the Department of Health in October 2001 that thirty full-time equivalent specialist staff would be employed in each network, which would correspond to a strategic

health authority area; earlier on, another official had suggested fifteen per network. Costs per employee were set at £40k p.a.

The costs for Patients' Forums were derived from existing Community Health Council budgets with a deduction for ICAS functions of £10m p.a. (for the basis of this see below), an addition for the extended remit into primary care and parts of the private sector then proposed and an allowance for the larger number of bodies (four hundred as against less than two hundred). Costs per Patients' Forum were £80k p.a.

The costs for ICAS were set at £10m p.a. This was based on a valuation of existing activity by Community Health Council staff.

### **Modification to costs of PALS**

Early in 2002, information came to light over the actual costs of providing PALS in each Trust in the then Merton, Sutton and Wandsworth Health Authority area as against the share of the national total of £10m that it had been allocated, namely a total of £129k earmarked. It became clear that this was around eight times.

### **The Third Exercise**

This was undertaken in the autumn of 2002. At that time it was believed that the government intended an integrated system based around the Patients' Forums relating to Primary Care Trusts; these would support the Patients' Forums relating to NHS Trusts and would provide and commission ICAS as well as undertaking community development work.

The then Director of ACHCEW put together staffing estimates for one hundred and fifty bodies supporting Patients; Forums, providing ICAS and undertaking community development under three scenarios, "fit for purpose", "basic/functional" and "minimal". He asked me to cost the staffing structures he envisaged. This I undertook using information on staff salaries for given grades supplied by the Chief Officer of Wandsworth Community Health council. On this basis I found combined costs of general ICAS and Patients' Forums of £31m (minimal), £37m (basic/functional) and £53m (fit for purpose). Including all on costs, I had a cost of £32k per employee, based on NHS Whitley Council rates.

No attempt was made to update the estimates of OSCs and PALS. This was in part for lack of interest and in part because their size would depend on the degree of integration envisaged in the system (which was by no means clear).

### **The Current Situation**

Since the end of January 2003, things have changed again. A budget and staffing have been announced for the CPPIH.

As of 2004/05 there will be two hundred and fifty staff directly employed at its headquarters and in nine regional offices at a total cost of £12m, approaching £50k per employee. A bit under twice that much would be spent on ICAS and Patients' Forums provided through local networks; these will be contractors to the CPPIH. If contracting out reduced costs by a quarter (somewhat higher than the fifth traditionally assumed in such exercises) then a minimal level of support could be achieved.

On 15 May this year, David Lammy, MP implied to the Health Select Committee that £70m p.a. had been allocated for patient and public involvement in the NHS in England. About half of this could be accounted for by CPPIH (with £8m deducted for Community Health Councils in England this financial year); another £10m the earmarked funding for PALS. It is not clear what is intended for the remaining £25m.

Donald Roy  
27 May 2003

## **THE COSTS OF PATIENT AND PUBLIC INVOLVEMENT IN ENGLAND; WHERE IS THE £25M TO GO?**

On 15 May 2003, David Lammy, MP Parliamentary Under Secretary of State for Health, told Dr. Richard Taylor, MP at the Health Select Committee that he expected to spend three times as much on patient and public involvement p.a. in the National Health Service in England as was historically spent on community Health Councils. This implies a total of £70m.

The Commission for Patient and Public Involvement in Health (CPPIH) appears to have been allocated half of this (from which £8m has been deducted to pay for Community Health Councils until 1<sup>st</sup> September 2003); in later years this appears to split roughly one third/two thirds between directly-employed central and regional staff (£12m) and Patients' Forums and Independent Complaints Advocacy Services (ICAS) commissioned from external health councils. It is not clear how many staff the external providers would provide; at existing Community Health Councils (around 600-700) – more would require a reduction of a third, well beyond the 20% expected conventionally from “contracting-out” exercises).

There is understood to be £10m p.a. allocated to Patient Advice and Liaison Services (PALS) across England. This amounts to less than £20k per trust.

It is not clear what the Minister's intentions for the remaining £25m are. Options appear to include full funding of PALS (which could take a minimum further funding of £20m p.a.), provision for redundancy of staff of Community Health Councils (£10m non-recurrent), proper resourcing of Patients' Forums and ICAS (between £5m and £25m p.a. depending on whether arrangements were minimal or fit for purpose) or continuing Community Health Councils for the rest of the financial year 2003/04 (between £10m and £15m).

Donald Roy  
20 May 2003-06-06

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<sup>1</sup> This is based on Lammy to committee on delegated legislation 10 March 2003; he said there would be 250 direct employees of the CPPIH

