

Preface

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The latest Government mandate for NHS England sets out its objectives and ambitions to 2020 and acknowledges the need to balance the NHS budget (Department of Health, 2017, p10). The *Unit Costs of Health and Social Care* publication supports these challenges by providing information required to put large amounts of money into context; they enable us to more accurately compare the cost of different types of expenditure with their benefits, and therefore make more cost-efficient use of available resources. We also provide unit costs for most Agenda for Change staff grades, which can support decision-makers as they make modifications to the skill mix within services.

While keeping our estimates of service and staff costs current is an important part of this work, another aspect is to identify information gaps, with a view to drawing on the knowledge of experts. Frequently we review published literature to produce new schema, often consulting with authors to obtain additional information to provide estimates as close as possible to the full cost. Every year during our advisory group meetings with our government liaisons, SCIE and NICE representatives, and senior academics, we identify research and policy areas that would benefit from more description and discussion.

Sometimes topics are identified which are appropriate for a Guest Editorial as they focus on overarching and timely policy issues. We also commission short articles. In the main, these are research-based and discuss approaches taken when estimating the costs of new or specific services, or methods used and challenges faced when costing services. This year we are acknowledging their importance, and highlighting the depth of work, through the creation of a database of previous articles, accessible through a dedicated page on our website <http://www.pssru.ac.uk/ucarticles/>. There is also a search facility that allows readers to find articles and editorials for particular client groups or by focus – e.g. policy-related or methods-based.

This new section of our website provides a wealth of information and advice from previous *Unit Costs of Health and Social Care* volumes, and we will continue to look for ways to improve this facility over the coming years. Here are some examples of what can be found there.

Recent policy-focused Guest Editorials. In 2013 John Appleby and colleagues from The King's Fund discussed approaches to health and social care in response to the Department of Health's commitment to sustainable practices in service delivery. This set the scene for some of our subsequent estimates that include carbon costs. In last year's volume, Katja Grasic, from the Centre for Health Economics at the University of York, outlined the full costs of providing agency nurses following an announcement that spending on agency staff was increasing, and nurses were leaving the NHS. Similarly, in 2014, NICE's Pavaranj Jessal explored the use of Big Data, to look at increases in productivity and decreases in costs, at a time when the potential of Big Data in the health and social care sector was just being realised. The following year Steve Allan discussed the implications of the Care Act on social care markets for older people following new legislation which came into force in April 2015.

Recent articles on cost estimation cover many services, including the Well-London programme (2016), vision rehabilitation services (2015), a comparison of published data on the costs of CBT (2013), telecare and telehealth (2013), and multi-site interventions (2012). There are also articles on implementing the Laming recommendations, discussing the costs of a range of accommodation and support environments, as well as on measuring resource use and exploring the cost implications of informal care.

What's new this year?

Guest editorial and articles

For our guest editorial this year, Anita Patel, Margaret Heslin and Oluwagbemisola Babalola discuss different approaches to estimating the costs of medication in economic evaluation, and the impact these might have on the final cost-effectiveness results. Our two articles are also research based: the first by Miqdad Asaria from the Centre for Health Economics, who describes how to calculate average health care costs by age, sex and neighbourhood using routinely-collected data such as Hospital Episode Statistics (HES). This illustrates how NHS spending is distributed across different subgroups within the

population. The second article describes a survey of English dental practices carried out at PSSRU in collaboration with the General Dental Council and the Department of Health. This work was commissioned to inform the new National Health Service (NHS) dentistry contract expected to be rolled out in 2018, supplementing the information available from NHS Digital.

Progress on new work identified as part of last year's consultation with readers

Sexual health services

In searching the literature for studies to help estimate unit costs for sexual health services, it was useful to find a guide which listed sexual health services and how they are commissioned (Public Health England, 2015, p10-15) and statistics on the levels of transmission of sexually transmitted infections (PHE, 2017). We also looked at a report by Development Economics (2013) which includes information on NHS costs of unintended pregnancies, public sector costs, longer-term economic consequences and the financial costs of wider impacts of sexually transmitted infections.

We have now included some unit costs of sexual health services in section 7, and we hope to add to this as additional studies are published. Table 7.8 provides some Department of Health reference cost information for the provision of a variety of sexual health-related services (see page 120). These include the provision of HIV and Aids treatments and related support services, family planning services and the treatment of genito-urinary (GUM) conditions. Table 7.9 provides costs drawn from a study carried out in 2013 and led by Louise Jackson and colleagues (2014) which explored the costs and outcomes of sexually transmitted infection (STI) screening interventions targeting men in football club settings.

Video consultations

For many people, having a remote consultation with a healthcare professional using the telephone or online technology, offers a much more convenient way of accessing NHS services (NHS, 2011, p.27). In October 2013, the Prime Minister announced a new £50 million Challenge Fund to help improve access to general practice **and** stimulate innovative ways of providing primary care services (<https://www.england.nhs.uk/gp/gp/v/ redesign/improving-access/gp-access-fund/>). Six pilot sites introduced video consultations; next year we will be able to report on the costs of video and skype consultations.

Other new items

Self-management programmes

Empowering patients and targeted prevention are key priorities for the Five Year Forward View (5YFV) (NHS, 2014, p. 10-13) and there are a number of self-management programmes which aim to help people improve their own health (<https://www.kingsfund.org.uk/projects/gp-commissioning/ten-priorities-for-commissioners/self-management>). To support this policy, chapter 7 includes costs for the following programmes:

- self-management support using a digital health system for chronic obstructive pulmonary disease (COPD)
- a nurse-facilitated self-management support for people with heart failure and their family carers
- The Diabetes Education and Self-Management Programme (DESMOND).

Advocacy and counselling for children

A collaboration with a national children's charity has resulted in two new schema to add to chapter 6 on children's services. The advocacy and counselling services (6.17 and 6.18) are targeted at young people aged between ten and twenty-one who have additional/multiple needs, are in need of immediate care and protection, are looked after, or a care leaver. Although the services vary and can be delivered in various locations, these are considered to be typical models.

Positive behavioural support for adults

Positive behavioural support (PBS) is the best way of supporting people who display, or who are at risk of displaying, behaviour which challenges (Skills for Care, 2017; Public Health England, 2013). Drawn from a study conducted by Valentina Lemmi in 2016, we show the costs of positive behaviour support for adults (4.5).

Costs of perinatal anxiety and depression

Research carried out by Bauer and colleagues (2016) focuses on the economic consequences of perinatal anxiety and depression. Table 2.9 and 2.10 itemises public sector costs incurred per mother and child, as well as the wider societal costs which include productivity losses, health-related quality of life losses, and out-of-pocket costs.

Supported living homes for adults with autism and complex needs

In 2015, we discussed some work we had carried out in collaboration with the Autism Alliance and included a new table on residential care for adults with autism and complex needs. We have continued to keep in touch with the Alliance, and this year have included some new costs on supported-living homes for adults with autism and complex needs (see 4.4.1).

Routine data

Local authority overheads

In last year's preface, we discussed the work we were undertaking with the Chartered Institute of Public Finance and Accountancy (CIPFA) to update local authority overheads, currently drawn from two studies: Selwyn et al. (2009) and Glendinning et al. (2010). This year, using CIPFA's social care benchmarking activities, we have included some overhead information on children's homes which was based on returns from 50 authorities, and also adoption, drawn from the returns of 30 local authorities. Two years' returns have been compared to ensure consistency of the information, and the average of the two referred to in the relevant schema: 6.2 and 6.8. We will continue to monitor the CIPFA annual returns with a view to reflecting our findings in local authority-provided services.

Superannuation rates

Every year we verify and update where necessary the employers' superannuation contribution rate for local authorities and the NHS, which is then reflected in our unit cost estimates. Although the rate paid by employers of NHS staff has remained at 14 per cent for a number of years, regardless of pay level, the rate for 2016/17 to 2017/18 has increased to 14.3 per cent of pensionable pay. In addition, in March 2017, the Department of Health introduced a levy on employers to pay for the administration of the NHS Pension Scheme. This levy is 0.08 per cent of pensionable pay and is collected at the same time and in the same way as normal employer contributions. In practical terms, this means that employers will pay 14.38 per cent of pensionable pay (<http://www.nhsemployers.org/your-workforce/pay-and-reward/pensions/pension-contribution-tax-relief>).

We have also searched the actuarial valuations produced by the administrators of the Local Government Pension Scheme (LGPS) to establish the rate employers contribute to superannuation for local government employees. Based on 43 valuations, the average contribution rate for employers (the primary rate) is 17 per cent and will remain at this rate until March 2020, when the administrators of the fund carry out the next valuation. Employee contributions have been excluded.

Land costs

In 2013, we commissioned the Valuation Office Agency to provide estimates of the cost of a hectare of residential land in ten regions in England and to provide a weighted average cost for England. As these estimates are now out of date, we have replaced them with residential land value estimates published by the Department for Communities and Local Government in 2015. Normally, for this publication, we would inflate these values to current prices; however, this year we have not been able to find a suitable inflator, and therefore have based our land calculation on the values shown: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488041/Land_values_2015.pdf.

Although the estimate for England (including London) has formed the basis for our unit cost land calculations - £6,900,000 per hectare or £690 per m² - we have also included a non-London multiplier which can be used to obtain a land cost for services not based in London. A London multiplier has also been included, and through further analysis of the report, we have calculated a cost per hectare and a multiplier for inner and outer London (see table 1).

Table 1

	Cost per hectare	Multipliers
England including London	£6,900,000	
England excluding London	£2,100,000	0.3
London (including inner and outer)	£26,443,939	3.83
Inner London	£46,196,154	6.70
Outer London	£13,605,000	1.97

Conclusion and acknowledgements

I would like to thank readers who have assisted in improving estimates this year and those who have engaged with our activities on social media via Twitter and our blogs. Once again, the volume has benefited enormously from the contributions of the Working Group members: Jennifer Beecham (chair), Amanda Burns, Ross Campbell, Maura Lantrua, Adriana Castelli, Ciara Donnelly, Jennifer Francis, Ruth Hancock, Sebastian Hinde, Tracey Sach, James Shearer and Jonathan White. I would also like to thank the production team: Alan Dargan, Jane Dennett and Ed Ludlow and my co-author Amanda Burns and programme leader Jennifer Beecham. I would be most grateful if you could keep emailing any cost information to me: L.A.Curtis@kent.ac.uk or Amanda Burns: A.L.Burns@kent.ac.uk.

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