

Preface

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In this volume, we have a guest editorial followed by two short articles. This preface introduces these and identifies improvements, new information and recent surveys that have been used to replace information which has become dated. Reasons why certain information has been omitted in this edition are also identified.

The guest editorial by Adriana Castelli on the National Schedule of Reference Costs data (page 7) draws on the 2006/07 reference costs dataset (Department of Health, 2008) in order to explore how activity and average unit costs have changed over time in one particular healthcare sector, i.e. community care services. Adriana also discusses their potential use in informing policy-makers on the relative costs reported by NHS organisations and non-NHS providers.

Articles

In 2004, Government guidelines (NICE) stated that most people with mental health problems should be offered evidence based psychological therapies. Although there is documented evidence of the cost-effectiveness of individual therapies, to date there is very little evidence of the cost-effectiveness of group based therapies. In the article on page 15, Barbara Barrett and Sarah Byford discuss the challenges of estimating the unit costs of group based therapies and draw on earlier work to devise a costing strategy.

The introduction of personal budgets is an important policy priority. In the article on page 21, Karen Jones describes the pattern of expenditure of service users in the national Individual Budget pilot evaluation.

Improvements

Every year, we review all data sources of the Unit Costs report to ensure that the information is as up-to-date as possible. If a service or professional role is still available but the costs are out-of-date, current salary information and inflators are employed to adjust the costs to the present year. If a schema is ten or more years old, no recent data have been found, and the service is no longer relevant, we delete the schema from the publication until new research or other data are available. This year, we have included for the first time in the

miscellaneous section, (page 189) a list of schemata which have appeared in previous volumes and also a list of articles since 2001 so that readers can refer to them or download them online. This will be a permanent feature and will appear in future volumes.

In previous years, the Unit Costs reports have included the costs of adult and children's services. In 2007 however, the responsibility for data collection and other issues relating to children was transferred to the Department for Children, Schools and Families (DCSF) and is therefore no longer under the remit of the Department of Health. Section 6 (Services for children and their families), found in the 2007 report, will now be excluded permanently from the Unit Costs report and also 10.3 (Social Worker (children)) unless there is any change to funding arrangements and responsibilities in the future.

New information

Salaries of NHS Staff

Prior to this volume, salaries for hospital and community based health care staff have been based on the midpoints of Agenda for Change (AfC) paycales according to pay circulars produced by NHS Employers and before Agenda for Change was implemented, the Whitley paycales. This year we have based the unit cost calculations on information taken from the NHS Staff Earnings Estimates (March 2008) collected by the Information Centre. This information was generated using a sample of organisations from the Electronic Staff Record (ESR) Data Warehouse which records payments made to staff in the NHS. Details of the full methodology can be viewed at <http://www.ic.nhs.uk/statistics-and-data-collections/workforce/nhs-staff-earnings>, or a summary of the methodology can be found in http://www.ic.nhs.uk/webfiles/publications/esr_earnings_2007-12/March%2008%20Bulletin.pdf.

As the roll out process is not fully completed, the figures were presented as an experimental series. Before using these salaries in our calculations therefore, we sought advice from the Department of Health and the Information Centre to ensure that they accurately represent salaries within the NHS.

For each professional, the most appropriate salary has been used and is taken from the tables shown in the miscellaneous section of this report (page 168). Table 1 provides the mean and median basic salary for Agenda for Change bands and also the mean and median full-time equivalent salary including other payments i.e. overtime, occupation payments, location payment and other payments including redundancy pay or payment of notice periods.

Table 2 (page 168) shows the mean and median pay for qualified nurses and Table 3 (page 169) provides the same information for medical staff groups such as foundation officers and consultants.

Where we have used the mid-point salary of Agenda for Change bands in previous editions of the Unit Costs report (sections 7, 8, 11 and 12), we have replaced this with the median full-time salary for the band. This is considered to be more appropriate than the mean, which may be biased high or low according to the professional groups included within the band.

The following table provides the midpoint salaries for Agenda for Change bands 2 to 7 used in the previous volumes of the Unit Costs report and also the midpoints using the 2007/08

salaries. It also provides the median basic salary using the 2007 NHS Staff Earning Estimates (used to calculate the unit costs estimates) and the difference between the median (2007) and midpoint (2007/08).

Table 1 Agenda for Change bands midpoints and the median basic salaries used this year in the Unit Costs Report

	2006/2007 midpoints (£)	2007/2008 midpoints (£)	Sept-Dec 2007 median basic salary (£)	Difference between median and midpoint 2007/2008 (%)
Band 2	13,445	13,647	14,500	+6.2
Band 3	15,446	15,678	16,300	+4.0
Band 4	18,039	18,310	19,700	+7.7
Band 5	21,646	21,971	22,900	+4.2
Band 6	26,720	27,120	29,200	+7.7
Band 7	31,906	32,385	34,300	+5.9

In the case of Foundation Officers where salaries for specific job descriptions have been provided, the mean salary is considered to be a more reliable indicator than the median.

Table 2 Midpoint salaries for Foundation Officers and the mean basic salaries used this year in the Unit Costs Report

	2006/2007 midpoint (including supplement) (£)	2007/2008 midpoint (including supplement) (£)	Sept-Dec mean total earnings (£)	Difference between mean and midpoint (2007/2008) %
Foundation Officer 1	33,610	34,089	31,200	-8.5
Foundation Officer 2	42,047	42,400	43,000	+1.4

The salaries of specialty doctors have not been reported by the Information Centre so we have taken the salary information from the NHS Employers Pay Circular (NHS, 2008) and based it on the midpoint for the grade as in previous years. Consultant salaries have been based on total earnings provided by the Department of Health as they are in line with what was reported last year. They have been calculated by taking the total consultant paybill (less estimated employers oncosts) and divided by the number of full-time consultants. Next year, we will revisit the source of information with a view to using the information produced by the Information Centre.

It was reported in the 2007 edition of this report that the staff grade would be included in this publication. However, the existing staff grade has now been closed to new applicants and those currently on that grade have the option of moving onto the new specialty doctor contract.

In cases where staff typically work more hours than the standard working week of 37.5 hours (i.e. foundation officers where 97 per cent work on average 56 hours per week and consultants for whom a typical contract is 43.3 hours), we have based the unit costs on their total earnings which include overtime and other payments. The basic salaries are provided in the note. For other staff such as nurses and scientific and professional staff, where the unit costs are based on the standard working week of 37.5 hours, we have based the unit costs on the basic salary and have included the total earnings figure in the note.

Salaries of local authority staff

Between Spring 2006 and Spring 2007, the National Minimum Dataset for Social Care (NMDS-SC) was piloted across local government. This nation-wide workforce information project gathered detailed data, including information on earnings, from employers, providing an overview of the whole social care sector. Although the information is not considered a reliable source for this edition of the Unit Costs report, it is hoped that we can use it in future volumes. This year, we are using the Earnings Survey carried out by the Local Government Analysis and Research (LGAR) which is based on information provided by 46 local authorities.

Superannuation

An important component of the calculation of salary-related costs for health and social care professionals is the amount employers contribute to national insurance and superannuation. In order to ensure the accuracy of superannuation payments in local authorities, each year we carry out a survey of 20 authorities to see what percentage of salaries local authorities contribute towards superannuation. Last year, we found that the rate had increased from 14.9 per cent to 15.9 per cent. This year the rate has increased to 17.7 per cent resulting in an overall increase in the costs reported in this volume. The contribution that NHS employers make to superannuation payment remains at 14 per cent.

Sickness days

Although unit costs are often compiled on an annual basis, we always disaggregate these costs to a lower level which includes an hourly cost. The first step is to identify the number of hours that the member of staff would be expected to work and to do this we need to know how many days annual, statutory and sick leave are expected to be taken. In previous years we have made assumptions about the number of sick days taken. This year, sickness rates have been based on the National Sickness Absence levels for 2005 for NHS professional (Information Centre, 2006). The national sickness absence level for 2005 was 4.5 per cent which amounted to 11.7 days per year compared to the 10 days of sickness on which previous calculations have been based. For local authority professionals, sickness rates have been taken from the Local Government Sickness Absence Levels and Causes Survey 2006–2007 (Local Government Association, 2007).

Living expenses

In 2007, a new edition of the Family Spending Survey was released and we have updated the information on basic living expenses and other living costs for older people (see pages 34–42). In previous editions, these expenses were taken from the Family Expenditure Survey (2001/2002) and inflated as necessary. This year, the survey was based on spending during 2006 and inflated to 2007/08. A comparison of the spending patterns between the two time points showed that the average weekly expenditure per person on essential items such as household goods and services, fuel and power and food has decreased by 24 per cent whereas spending on recreation, hotels and transport (includes miscellaneous services) has increased by 196 per cent. Overall spending in all households on these items which are those normally covered by care home fees has increased by 44 per cent. Other living costs covered by personal expenditure (for example leisure goods and alcohol) have reduced by 11 per cent.

Mental health teams

In previous editions of the Unit Cost report, information on health and social care teams for adults has been taken from the Adult Mental Health Service Mapping data at the University of Durham. Information on services for older people with mental health problems however was not included in this dataset and unit costs were drawn from a study (von Abendorff et al., 1995) of two specialist services.

This year the responsibility for adult service mapping data has transferred to Mental Health Strategies which is part of the Care Services Improvement Partnership (CSIP). CSIP have developed the combined Service and Financial Mapping Website (<http://www.mhcombinedmap.org>) which was available online in 2007 for the first time and includes information on team compositions and case loads for all adult mental health services (including older people).

We have drawn on this information to update schematas 10.1 to 10.5 which has resulted in decreases in some team staffing costs especially the cost of a NHS community multi disciplinary mental health team key worker for elderly people (9 per cent decrease) and large increases in others such as the Assertive Outreach Team worker (18 per cent increase).

References

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- von Abendorff, R., Challis, D. & Netten, A. (1995) Case managers, key workers and multi disciplinary teams, PSSRU Discussion Paper 1038, Personal Social Services Research Unit, University of Kent, Canterbury.