

Template for costing policies of opposition parties

Please remember that everything entered into this template, and email correspondence relating to its completion, may be published under the Freedom of Information Act

Description of policy
<p>The policy is to calculate the cost of writing to every household in the UK about the NHS.</p> <p>Andy Burnham MP: "Just as Nye Bevan wrote to every household to introduce his new NHS, so I will write again in 2015 to explain what people can expect from our national health and care service". (Conference speech, 24th September 2014).</p>
Additional policy assumptions
<p>The relevant assumption is a one-off letter, sent to every UK household in 2015, paid for by the Department of Health.</p> <ul style="list-style-type: none">• Every household is sent a letter regarding the NHS – no named recipient• Cost of mass-mailing, printing, post and enveloping• Single, A4 sheet, duplex printed• Staff numbers and labour costs• IT cost in accumulating addresses
Additional technical modelling assumptions or judgements required
<p>The stated purpose of writing to every household in the UK in 2015, is to explain "what people can expect from our national health and care service". This suggests the intention for setting new proposals and expectations on delivery.</p> <p>This assumes to be a one-off policy to <u>unnamed recipient</u> addresses and will not be a recurring cost.</p> <p>The main costing below is the gross cost for Department of Health to issue a letter to every household in the UK, as set out above. A costing has also been provided for Department of Health to issue a letter to every household in England. This second costing may be more appropriate as healthcare is a devolved issue.</p> <p>The costing does <u>not</u> incorporate IT costs to produce relevant data, should the letters be addressed to recipients by name. No single department has all the relevant information to produce this output and not only would it incur further costs but there would also be risks associated with the transference of data.</p> <p>The Department of Health or other smaller department would most likely not have the capacity to produce such volumes of correspondence, therefore this would need to involve a commercial supplier, or HMRC.</p> <p>There may be additional IT costs needed to source some commercial addresses. The ease of which has not been investigated at this stage.</p>

If needed, information required on distributional effects of the policy

N/A

Cost/Revenue to the Exchequer over five years

Breakdown of costs to mass mail households in the UK:

- 26.4 million households in the UK (correct as of 2013 data)

	DEL					AME				
	Start-up cost	Year 2	Year 3	Year 4	Year 5	Start-up cost	Year 2	Year 3	Year 4	Year 5
Current	£9.5m	-	-	-	-	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-	-	-
Total	£9.5m	-	-	-	-	-	-	-	-	-

- £0.36 unit cost per mailout
- Cost inclusive of print, envelope and post
- Single A4, duplex printed sheet
- Addresses derived from Postal Address File (PAF) therefore incurring a mail sort discount

If the mail out was decided to be single side printing on A4 single sheet, the cost would be **£1.4m cheaper.**

	DEL					AME				
	Start-up cost	Year 2	Year 3	Year 4	Year 5	Start-up cost	Year 2	Year 3	Year 4	Year 5
Current	£8.46m	-	-	-	-	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-	-	-
Total	£8.46m	-	-	-	-	-	-	-	-	-

Breakdown of costs to mass mail households in England:

- 23.5 million households in England (correct as of Sept 2014)
- £0.36 unit cost per mailout
- Cost inclusive of print, envelope and post
- Single A4, duplex printed sheet
- Addresses derived from Postal Address File (PAF) therefore incurring a mail sort discount

If the mail out was decided to be single side printing on A4 single sheet, the cost would be **£1.2m cheaper.**

Should each mailout, either to England or the UK, be to named recipients at each address, then the additional cost to IT management could be upwards of **£250k**. This cost has been estimated by HMRC based upon similar yet smaller tasks undertaken by their department.

It should be noted that by supplying this cost, in no way is HMRC agreeing that their department could or should be the department to carry out this exercise.

For tax policies please summarise the scorecard impacts over the next five year period in Table 2, below:

	Revenue				
	2008-09	2009-10	2010-11	2011-12	2012-13
Total	-	-	-	-	-
Distributional effects (if none requested, any significant):					
Comparison with current system (if applicable):					
N/A					
Other comments (including other Departments consulted):					
<i>To be completed by Permanent Secretary's Office</i> Date costing signed off:				21/11/2014	
<i>[If applicable]</i> Date revised costing signed off:					