

# National Cost Collection 2019

**For data relating to 2018/19: commentary on headlines and introduction to the available data**

January 2020



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# Foreword

## National Cost Collection 2019

1. Our aim is that costing data supports the delivery of high-quality care for patients and better value for the NHS.
2. This document supports the publication of the National Cost Collection 2019 which comprises of cost data for financial year 2018/19 (FY1819).
3. The cost data submitted by 223 NHS providers in England gives the most comprehensive insight into how the sector spent £69 billion delivering healthcare to patients in 2018/19.
4. The National Cost Collection is a nationally mandated collection of cost data from secondary care and tertiary care providers that are delivering services in the NHS.
5. In 2019, the publication comprises:
  - aggregated costs<sup>1</sup> – the average unit cost to the NHS of providing defined services to NHS patients in England
  - patient-level costs<sup>2</sup> – a unique cost that is based on the specific interactions a patient has and the events related to their healthcare activity. It provides data about how resources<sup>3</sup> are used at patient level.
6. The data underpinning this publication has many uses. It informs:
  - costing standards development
  - developments to National Cost Collection, including the impact assessment on mandating the submission of PLICS
  - development of benchmarking metrics and development and population of a benchmarking tool
  - modelling new methods of pricing NHS services or changes to currency design

<sup>1</sup> Formally known as reference costs.

<sup>2</sup> Also known as [patient-level information costing system \(PLICS\)](#).

<sup>3</sup> For example, drugs, nursing [and](#) theatre costs.

- public accountability to parliament.
7. Therefore, the quality of a provider's submission is extremely important.
  8. It is a provider's responsibility to improve its internal costing systems, ensuring that the costing model appropriately represents the costs of delivering services.
  9. Due to this, providers are obliged to produce cost data under the conditions P1 and P2 of their provider licence (recording and report of costs).
  10. National bodies have a responsibility to ensure the costs collected are fit for purpose through the production of comprehensive and clear guidance. Those providers that do not comply or do not meet the required standard of data in any given financial year will be subject to actions under the compliance and enforcement policy for the National Cost Collection ratified in 2019.
  11. In 2019, the following providers, having been subject to compliance and enforcement actions, are excluded from FY1819 costing schedules used by NHS Improvement and NHS England:<sup>4</sup>
    - RY4: Hertfordshire Community NHS Trust – provider's data quality did not meet the expected standard by the end of the resubmission window
    - RNK: Tavistock and Portman NHS Foundation Trust – provider failed to make a complete submission of cost data by the end of the standard submission window. A submission was made during the resubmission window however, a mandatory validation was triggered. This provider has been consistently late with submissions in previous financial years.
    - RMC: Bolton NHS Foundation Trust – provider failed to make a complete submission of cost data by the end of the resubmission window
    - RTG: University Hospitals of Derby and Burton NHS Foundation Trust – provider failed to make a complete submission of cost data by the end of the resubmission window.
  12. The excluded providers raw data will be published separately in a flat file alongside the national costing schedules.

<sup>4</sup> NHS England and NHS Improvement is the operational name for the joint organisation formed of NHS England, Monitor and the NHS Trust Development Authority formed on 1 April 2019.

## Costing Transformation Programme (CTP)

13. 2019 marked a significant step forward in delivering a single National Cost Collection that is submitted entirely from PLICS datasets.
14. The cost schedule for acute providers has been solely built from patient-level costs for admitted patient care (APC), outpatients (OP) and accident and emergency (AE) following the mandate of these services for acute providers.
15. In 2020, PLICS will remain mandatory for those services delivered by acute providers. However, in addition, submission of the following at patient level will be mandatory:
  - acute providers: adult critical care, cystic fibrosis, high cost drugs and blood, high cost devices and unbundled imaging
  - mental health providers: provider spells and care contacts
  - ambulance providers: all services.

Providers submitting patient-level datasets in 2020 will not be required to also submit aggregated costs.

16. We expect for 2021 that all cost data for acute, mental health and ambulance providers will be submitted using patient-level datasets.
17. In addition, in 2020, community providers can take part in a voluntary PLICS collection in preparation for a proposed mandated PLICS collection in 2022.
18. A mandated collection of community providers in 2022 is a change to the CTP timetable. Having considered the consultation feedback, we decided to revise the date of the first mandated collection back by 12 months to allow NHS England and NHS Improvement to address the following issues:
  - readiness of providers and software suppliers
  - Accuracy of Community Services Data Set (CHS).

This means that the first year of mandate will be for financial year 2021/22 data rather than 2020/21.

19. A full mandate timetable by provider sector can be found [on our website](#).<sup>5</sup>

<sup>5</sup> <https://improvement.nhs.uk/resources/costing-mandation-project/>

20. Education and training costs remain outside the scope of the National Cost Collection. However, NHS England and NHS Improvement continue to work with the Department of Health and Social Care (DHSC) and Health Education England (HEE) to develop costing standards and collection guidance with a view to a DHSC mandated collection in 2020. About 50 trusts are currently completing a voluntary collection.
21. If you cannot find the information you are looking on our webpages, please contact [costing@improvement.nhs.uk](mailto:costing@improvement.nhs.uk)

# 2019 Headlines

22. The NHS costs collected in 2019 for FY1819:

- cover £69bn of NHS expenditure; this is a growth of 1.4% on the £68bn collected in 2017/18 (FY1718)
- represent 61% of the £113bn total NHS expenditure<sup>6</sup> in FY1819.

23. These costs can be further broken down:

- acute services: £54.1bn
- ambulance services: £2.0bn
- community services: £5.4bn
- mental health, Improving Access to Psychological Therapies (IAPT) and secure services: £7.5bn.

24. Table 1 shows the breakdown of total costs over the last five years.<sup>7</sup>

**Table 1: Total costs by service sector over time (£bn)<sup>8</sup>**

Total cost by service	2014/15	2015/16	2016/17	2017/18	2018/19
Acute	47.4	50.2	51.6	53.4	54.1
Mental health	6.7	6.9	7.1	7.2	7.5
Community	5.3	5.4	5.6	5.5	5.4
Ambulances	1.7	1.7	1.9	1.9	2.0
<b>Total</b>	<b>61.2</b>	<b>64.2</b>	<b>66.1</b>	<b>68</b>	<b>69</b>

<sup>6</sup> <https://www.gov.uk/government/news/department-of-healths-settlement-at-the-spending-review-2015>

<sup>7</sup> Changes in total costs could be due to scope of collection, changes in activity or changes to the cost delivering services.

<sup>8</sup> Costs are exclusive of HRG UZ01Z (Data Invalid for Grouping)

## Acute services

25. Acute services including PLICS APC, OP and AE totalled £54bn.

26. Total costs are shown in Table 2.<sup>9</sup>

**Table 2: Total Cost by department**

Total cost by department	2014/15 (£bn)	2015/16 (£bn)	2016/17 (£bn)	2017/18 (£bn)	2018/19 (£bn)
Day case	4	4.3	4.5	4.4	4.5
Elective inpatient	5.4	5.5	5.4	5.4	5.4
Non-elective inpatient	15.6	16.7	17	18	17.9
<b>Sub-total core APC</b>	<b>25</b>	<b>26.5</b>	<b>26.9</b>	<b>27.7</b>	<b>27.8</b>
Other acute services	9.9	10.6	11	11.4	11.2
Outpatient attendance	8.5	8.8	8.9	9.3	9.6
Outpatient procedure	1.5	1.6	1.8	1.8	2
Accident and emergency (A&E)	2.5	2.7	3	3.2	3.4
<b>Sub-total all acute services</b>	<b>47.4</b>	<b>50.2</b>	<b>51.6</b>	<b>53.4</b>	<b>54.1</b>
Mental health	6.7	6.9	7.1	7.2	7.5
Community health services	5.3	5.4	5.6	5.5	5.4
Ambulances	1.7	1.7	1.9	1.9	2
<b>Total</b>	<b>61.2</b>	<b>64.2</b>	<b>66.1</b>	<b>68</b>	<b>69</b>

27. The values in the above table for 2018/19 were calculated from costed patient-level datasets submitted as part of the first mandated PLICS collection.

<sup>9</sup> A detailed breakdown of the units of currency can be found in the organisation-level source data 4 zip file.



28. For 2019, additional detail can be found in the [PLICS](#) portal.<sup>10</sup>

## Mental health services

29. The total value of mental health services in FY1819 was £7.5bn.

30. Of this:

- £4.6bn (62%) was costed against mental health care clusters
- £2.8bn (38%) was costed against and related to other mental health services that are collected based on different units of activity<sup>11</sup>

31. Table 3 shows the unit costs and total costs for mental health care clusters between FY1516 and FY1819.

32. The cost of initial assessment is per patient assessed and may cover multiple attendances, though the assessment is usually completed in two contacts. The cost for cluster days is not per contact; instead, it is the total cost of a cluster period divided by the number of days spent in the cluster.

**Table 3: Summary statistics for mental health care clusters**

Service area	FY1617		FY1718		FY1819	
	Unit cost (£)	Total cost (£m)	Unit cost (£)	Total cost (£m)	Unit cost (£)	Total cost (£m)
Initial assessment (cost per assessment)	301	247	307	268	304	326
Cluster days (cost per cluster day)	18	4,216	18	4,227	19	4,331
<b>Total</b>		<b>4,463</b>		<b>4,495</b>		<b>4,632</b>

<sup>10</sup> <https://analytics.improvement.nhs.uk/#/views/NationalPLICSPortal/TermsandConditions?iid=1>

<sup>11</sup> A detailed breakdown of the units of currency can be found in the organisation-level source data 4 zip file.

## **Other mental health services**

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33. The remaining mental health services are collected using different activity measures, and cover areas such as drug and alcohol services and secure mental health services.

**Table 4: Summary of the unit cost and total costs by service area**

Service area	FY1617		FY1718		FY1819	
	Unit cost (£)	Total cost (£m)	Unit cost (£)	Total cost (£m)	Unit cost (£)	Total cost (£m)
CAMHS	267	698	275	748	271	779
Drug and alcohol	114	160	123	147	120	95
Mental health specialist teams (excluding adult IAPT) <sup>12</sup>	168	380	192	369	206	419
Secure mental health services	N/A <sup>13</sup>	834	N/A	792	N/A	821
Specialist mental health services	328	246	315	236	331	275
<b>Total</b>		<b>2,318</b>		<b>2,292</b>		<b>2,389</b>

## Community health services

34. The total value of community health services in FY1819 was £5.4bn.
35. These services are collected using care contact<sup>14</sup> as the unit of activity, with a few exceptions such as some audiology services, some elements of intermediate care and some wheelchair services.

<sup>12</sup> In 2015/16 we collected Improving Access to Psychological Therapies (IAPT) costs for adults by cluster for the first time. In previous years, this was captured by contact and was delivered as part of the mental health specialist teams. The figures in Table 4 exclude IAPT for each of the three years reported, for consistent comparison to be made.

<sup>13</sup> In 2016/17 the methodology for collecting some secure services data was changed to a combination of pathway and cluster; it is no longer viable to compare unit costs across years.

<sup>14</sup> A detailed breakdown of the units of currency can be found in the organisation-level source data 4 zip file.

36. Table 5 shows the unit cost and total costs for community health services between FY1617 and FY1819.

**Table 5: Costs by area for community health services**

Service area	FY1617		FY1718		FY1819	
	Unit cost (£)	Total cost (£m)	Unit cost (£)	Total cost (£m)	Unit cost (£)	Total cost (£m)
Allied health professionals	66	901	63	880	73	895
Audiology	57	196	57	201	61	187
Community rehabilitation	84	116	85	91	96	131
Day care facilities regular attendances	124	24	131	32	70	15
Health visiting and midwifery	65	1,057	61	1,053	67	938
Intermediate care	132	825	127	724	119	886
Medical and dental	140	206	137	205	148	199
Nursing	44	2,148	45	2,082	46	2,078
Wheelchair services	181	129	177	135	193	113
<b>Total</b>		<b>5,603</b>		<b>5,404</b>		<b>5,444</b>

## Ambulance services

37. The total value of ambulance services in FY1819 was £2bn.
38. Ambulance services are split into four currencies, with units of activity as follows:
- call – per call
  - hear and treat – per patient
  - see and treat – per incident
  - see, treat and convey – per incident.
39. Of the total value of ambulance services in FY1819, £1.4 billion (69%) was reported against the ‘see, treat and convey’ currency.
40. Table 6 shows the unit cost and total costs for ambulance services from FY1617 to FY1819.

**Table 6: Costs by currency for ambulance services**

	FY1617		FY1718		FY1819	
	Unit cost (£)	Total cost (£m)	Unit cost (£)	Total cost (£m)	Unit cost (£)	Total cost (£m)
Calls	7	74	7	74	7	74
Hear and treat or refer	37	30	37	33	47	38
See and treat or refer	181	443	192	472	209	519
See and treat and convey	248	1,306	252	1,342	257	1,395
<b>Total</b>		<b>1,852</b>		<b>1,921</b>		<b>2,026</b>

# Introduction to the data

41. The 2018/19 reference costs data is presented in four ways:
- the national schedule of NHS costs
  - the national cost collection index (NCCI)
  - the reconciliation statement
  - a database of source data.
42. All the data is available to download from the [NHS Improvement website](#).<sup>15</sup> This section gives an overview of what each data collections contains.

## Low Number Suppression

43. In a change to previous years we are now obliged to follow NHS Digital's disclosure control rules for any data that they collect on our behalf. This year they were our collection partner for all the acute PLICS data, as this makes up over half of the cost data collected this year, we have made the decision to apply their disclosure control principles to all of the national cost collection data.
44. This means that in the source data, which is provided at organisation>department>service code>currency level, where the activity count is less than 8 the actual figure has been replaced with a '\*'. The row of data will still be available with the costs shown so you are able to reconcile to a full national quantum of costs using the source data.

## National schedules of NHS costs

45. The national schedule of NHS costs (NSNC)<sup>16</sup> shows the national average unit cost for each service submitted by the 223 NHS providers in 2018/19.

<sup>15</sup> <https://improvement.nhs.uk/resources/national-cost-collection/>

<sup>16</sup> Formerly known as National Schedule of Reference Costs (NSRC)

46. The schedule shows:
- activity, measured by the number of attendances, bed days, episodes, tests or other unit of activity appropriate to the service
  - total cost, measured by the number of attendances, bed days, episodes, tests or other unit of activity appropriate to the service
  - the national average (mean) unit cost, i.e. total cost divided by total activity
  - the number of data submissions, i.e. the number of providers reporting costs against each service.
47. The costs included in the schedule are the average of the actual reported costs. We have not removed the market forces factor (MFF) index, which reflects unavoidable cost differences due to geographic location.
48. Within the schedule, we have used unit costs and activity reported by the NHS to estimate:
- the total cost of each activity (by healthcare resource group (HRG), etc) across all settings
  - the total cost of all activity in each setting (inpatients, day cases, outpatients, etc).
49. As in previous years, we exclude HRG UZ01Z (data invalid for grouping) from the schedules. It also excludes high cost homecare drugs, unmatched imaging and unmatched radiology<sup>17</sup>.

## National Cost Collection Index (NCCI)

50. The NCCI is a measure of the relative cost difference between NHS providers. It shows the actual cost of a provider's casemix compared with the same casemix delivered at national average cost. A provider with costs equals to the national average will score 100. Providers with higher costs will score above 100 and providers with lower costs will score below 100. For example, a score of 110 suggests that costs are 10% above the average, while a score of 90 suggests costs are 10% below the average.

<sup>17</sup> If included in the quantum, they would represent 2.3% (unmatched pathology 0.1%, unmatched imaging 0.2% and high cost homecare drugs 2.0%)

51. Whereas the schedule provides detailed information on the national average cost for each treatment or procedure, the NCCI provides a comparison of costs at the aggregate level for each provider.

## Reconciliation statement

52. The data from the reconciliation statement is also published. The reconciliation statement is an integral part of the national cost collection and shows the adjustments that have been made to get from providers' audited financial accounts to their total costs. Adjustments are made to derive the total costs, such as accounting for services outside the scope of national cost collection, income received for private patients, research and development (R&D) and education and training (E&T).<sup>18</sup>
53. Publishing the reconciliation statement allows a comparison between providers to understand how they have derived their total costs and shows how the adjustments are made.
54. The published data includes:
- data from the reconciliation statement, showing the adjustments that have been made to get from providers audited operating expenses to their total costs
  - details of the value and volume of some drugs and devices
  - details of the answers provided on the self-assessment checklist and the survey.

## Database of source data

55. Alongside this document we have published a technical document, *National Cost collection 2018-19: a guide to using the data*, and three zip files containing the raw data submitted by trusts and the supporting information required to use the data. Information about what is in the zip files can be found in Chapter 3 of the technical document. All files can be downloaded from the [NHS Improvement website](https://improvement.nhs.uk/resources/national-cost-collection/).<sup>19</sup>

<sup>18</sup> The rationale for netting income on the reconciliation statement is due to the assumption that income received for private patients, R&D and E&T is equivalent to the costs incurred for those services.

<sup>19</sup> <https://improvement.nhs.uk/resources/national-cost-collection/>



# National Cost Collection 2019

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This publication can be made available in a number of other formats on request.