

# Volume 1: National cost collection overview

February 2020



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# 1. Release in volumes in 2020

## 1.1 Overview

1. The mandated collection windows for 2020 will not run concurrently as in previous years due to delays in the voluntary mental health, IAPT and ambulance cost collections in 2019.
2. For this reason and in response to feedback from the sector and discussion with the National Cost Collection (NCC) Costing Expert Working Group (CEWG), we are releasing the National Cost Collection (NCC) guidance in volumes in 2020 (see **Error! Reference source not found.**).

**Table 1: Volume descriptions by sector**

2020 NCC volume	Sector	Release date
1. Overview	All	February 2020
2. Reconciliation	All	February 2020
3. National Cost Collection – acute sector	Acute	February 2020
4. National Cost Collection – ambulance sector	Ambulance	April 2020
5. National Cost Collection – mental health sector (including IAPT)	Mental health	April 2020
6. National cost collection – community sector	Community services	February 2020
7. Data submission	All	April 2020

3. You need to read and digest volumes 1 and 2, and then the volume addressing your organisation's primary sector.

4. You also need to read volume 7 when it is released as this will provide further information on how to submit your data.
5. Publishing in volumes means we duplicate information across volumes 3, 4, 5 and 6. However, in discussion with the CEWG we considered this preferable to cross-referencing between the documents.
6. The guidance in these volumes is part of the *Approved Costing Guidance 2020*,<sup>1</sup> which underpins NHS England and NHS Improvement's costing work, and should be read in conjunction with the other documents in the *Approved Costing Guidance*. It clarifies the scope and process of collecting cost and activity data required for the NCC and supplements the costing standards describing the costing approach we ask you to adopt.

### **How do you know what your primary sector is?**

7. Your organisation's primary sector is the one it was placed in as part of the mandation process.
8. If you feel this allocated sector is problematic for your submission in 2020, please email [costing@improvement.nhs.uk](mailto:costing@improvement.nhs.uk) as soon as possible.
9. You can find your organisation's allocated sector on our mandation webpage in the Excel document Proposed patient-level cost mandation timetable.<sup>2</sup>

## **1.2 About volume 1**

10. This document sets out the scope and governance for the 2020<sup>3</sup> NCC and should be read by all organisations regardless of sector or type (PLICS or aggregated workbook) of submission in 2020.<sup>4</sup>

<sup>1</sup> The *Approved Costing Guidance* includes the costing principles, costing standards and a range of tools to support the costing process. It is available at:

<https://improvement.nhs.uk/resources/approved-costing-guidance/>

<sup>2</sup> <https://improvement.nhs.uk/resources/costing-mandation-project/>

<sup>3</sup> The year 2020 in this document refers to the cost collection for the financial year 2019/20.

<sup>4</sup> <https://improvement.nhs.uk/resources/costing-mandation-project/>

11. It gives you the information you need to participate in the mandated collection during 2020.
12. The submission windows no longer form part of the guidance. Instead please refer to the sector roadmap timelines<sup>5</sup> for more details. The submission windows will also be publicised in the fortnightly costing bulletin.

<sup>5</sup> <https://improvement.nhs.uk/resources/approved-costing-guidance-2020/>

# 2. Introduction to the National Cost Collection 2020

## 2.1 What is the mandated national cost collection in 2020?

13. It is mandatory for all NHS trusts and NHS foundation trusts in existence between 1 April 2019 and 31 March 2020 to comply with the NCC guidance and the collection timetables.<sup>6</sup> For further information, please refer to the *Approved Costing Guidance 2020*.<sup>7</sup>
14. We need to understand how money is spent in the NHS to achieve the ambitions in the NHS Long Term Plan, tackle short-term deficits; support the development of new models of care and reduce variation in the use of resources. The costing data you submit will support a variety of functions at both national and provider level. For example:
  - developing analytical tools and reports to help providers identify operational and clinical efficiencies, improve their data quality, and review and challenge their patient-level cost data
  - supporting efficiency and quality of care improvement programmes, eg Getting It Right First Time (GIRFT)<sup>8</sup> and other operational productivity dashboards such as the Model Hospital, Model Mental Health, Model Community and Model Ambulance
  - informing the national tariff and other pricing discussions
  - informing new approaches and other changes to currency design
  - informing the relationship between provider characteristics, patient characteristics and cost

<sup>6</sup> <https://improvement.nhs.uk/resources/approved-costing-guidance/>

<sup>7</sup> <https://improvement.nhs.uk/resources/approved-costing-guidance/>

<sup>8</sup> <http://gettingitrightfirsttime.co.uk/>

- supporting the implementation of accountable care systems, integrated care systems and organisations
- supporting additional functionality in new releases of our range of tools, eg the PLICS portal.

15. If you are concerned about how your data will be used, please email [costing@improvement.nhs.uk](mailto:costing@improvement.nhs.uk)

## 2.2 Who needs to submit in 2020?

16. This is the second year that acute trusts are required to submit a mandated PLICS cost collection for part of their cost quantum, and the first year that mental health trusts and ambulance trusts are required to do so.
17. Annex 1 shows which services should be submitted for the mandated collection by sector and extract or NCC workbook. For more detail on each element of your sector's collection, please see the appropriate sector-specific volume.

## 2.3 What if my trust is merging with or being acquired by another?

18. In line with the Treasury's financial reporting manual,<sup>9</sup> two or more public bodies that are combining or transferring functions should apply absorption rather than merger accounting.
19. Your collection for 2020 may be affected by a merger or acquisition either in the financial year for which data is being submitted or in the year of collection. For example:
- date of merger 31 January 2020 – merger during financial year being submitted
  - date of merger 28 April 2020 – merger during year of collection.

<sup>9</sup> [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/769056/2018-19\\_Government\\_Financial\\_Reporting\\_Manual\\_Dec\\_2018\\_.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/769056/2018-19_Government_Financial_Reporting_Manual_Dec_2018_.pdf)



20. As each merger is unique, we ask that costing practitioners contact the cost collection team ([costing@improvement.nhs.uk](mailto:costing@improvement.nhs.uk)) as early as possible so that we can lead you through the bespoke process for merging trusts.
21. Bespoke guidance will be supplied to costing practitioners in merging organisations

## 2.4 Support during the collection

22. You can get support from NHS England and NHS Improvement in many ways leading up to and during the collection period, depending on the scale of your problem.

### Telephone surgery support – collections

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23. The NCC team will be on hand Monday to Friday between 2 and 4 pm to help with any urgent issues.
24. You do not need to book an appointment – just dial in.
25. We ask that you only ring within this two-hour window to allow the costing team to resolve issues during the morning relating to the whole collection.
26. We request that you do not call members of the team directly so that we can deal fairly with all practitioner issues.
27. Calls outside this time will be returned during the call surgery opening hours.
28. We will publish the contact number in every costing bulletin and on the open learning platform.

### Email support

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29. If you have a less urgent issue or a particularly complex issue, please email us ([costing@improvement.nhs.uk](mailto:costing@improvement.nhs.uk)) with citing '2020 national cost collection +

your issue'. During the collection window we aim to respond to your emails within three working days, where possible.<sup>10</sup>

## **Telephone surgery support – standards**

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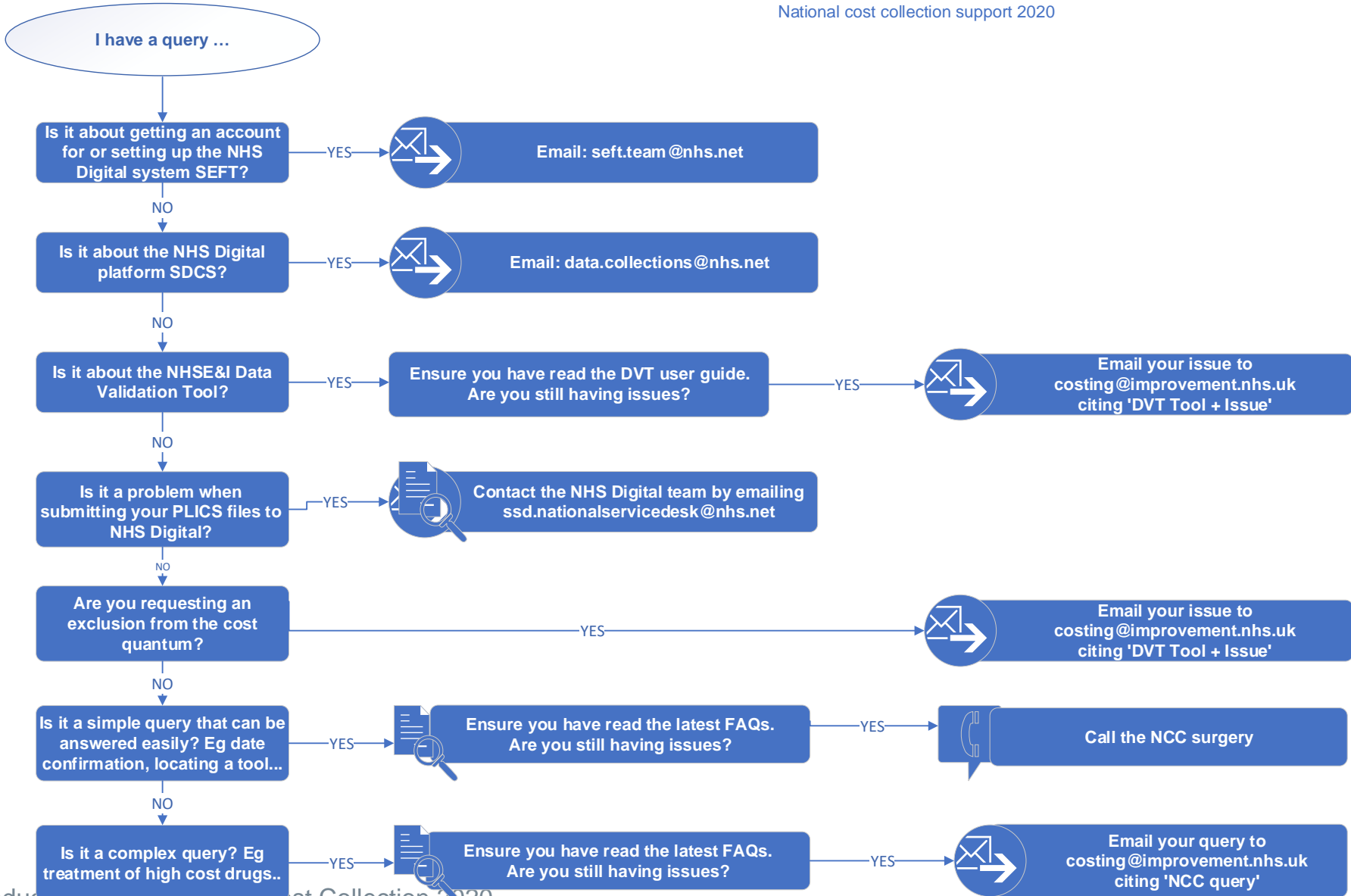
30. During the implementation period, the standards team will be available at specific times to provide support. We will publish the telephone numbers and the times in the costing bulletin.
31. You do not need to book an appointment – just dial in.

## **Frequently asked questions (FAQs)**

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32. This year we will not be publishing FAQs. Instead we will publish our email and call log, ensuring providers cannot be identified on the open learning platform (OLP).
33. This change was asked for by practitioners following the close of the 2019 submission period.

<sup>10</sup> Complex queries may require input from multiple teams and we may not be able to respond in three working days. We will keep you posted on the progress of your query.



# 3. Scope of activity and costs to be collected

- 34. The NCC collects data about the costs of patient care in the NHS. This means that some of the costs your organisation incurs are not collected.
- 35. This section details the scope of activity and costs that your organisation should submit.
- 36. You should use the healthcare resource group 4+ (HRG4+) 2018/2019 reference cost grouper.<sup>11</sup>

## 3.1 Costing period

- 37. The costing period begins on **1 April 2019** and ends on **31 March 2020**.
- 38. For patient-level cost collections of admitted patient care (APC), all patient episodes completed within the costing period or still open at the end of the costing period are in scope. Episodes are classified by type according to their completion status. Please see Standard IR1: Collecting information for costing to understand how your APC episode types identify their status on collection.
- 39. The EC extract list of the acute extract specification provides details the period of expected values for arrival date, and time and date of departure from the emergency department that should be accounted for in the financial year 2019/20.
- 40. The specialist ward care (SWC) feed type specifies that the costing period is for all occupied bed days in 2019/20.

<sup>11</sup> <https://digital.nhs.uk/services/national-casemix-office/downloads-groupers-and-tools/costing---hrg4-2018-19-reference-costs-grouper>

41. Only resources used and activities undertaken within the costing period should be included, regardless of when the patient event started or ended.

## 3.2 What do providers need to submit in 2020?

42. Patient-level costs are collected at the level of each patient event. A patient event is:
- an attendance, episode or contact for acute providers
  - a spell or contact for mental health providers
  - an attendance for IAPT providers
  - an incident for ambulance providers.
43. For each patient event costing data is collected for **resources** used and **activities** undertaken. These are listed in the appendices to the extract file specification relevant to your primary sector.
44. The extract file specification spreadsheet documents detail the fields to be collected for each sector.
45. If you are unable to meet the requirements of the extract specifications, please contact [costing@improvement.nhs.uk](mailto:costing@improvement.nhs.uk) as early as possible so we can provide you with an alternative solution.
46. Aggregated unit costs are collected for services not yet in scope of PLICS and those delivered by providers that are not yet mandated for their primary sector.<sup>12</sup> Some service areas may require additional information fields.

### Acute, mental health (including IAPT) and ambulance

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47. For the 2020 NCC, patient-level costing (PLICS) is mandatory for all providers except those whose main service is community. You need to submit a PLICS collection that is consistent with the costing standards if you provide:
- acute services – admitted patient care (APC), non-admitted patient care (NAPC), emergency care (EC), specialist ward care (adult critical care) and

<sup>12</sup> For example, where an acute provider delivers community services or a community provider delivers mental health services.

supplementary information (high-cost drugs, high-cost blood products, excluded devices and unbundled imaging)

- ambulance – 999 services only
- mental health (provider spells and care contacts).

48. To ease provider burden, we propose that the:

- acute sector does not have to submit PLICS-level data in 2020 for non-acute services, instead they can complete an aggregated submission within the NCC workbook
- mental health (including IAPT) sector does not have to submit PLICS-level data in 2020 for non-mental health/IAPT services; instead they can complete an aggregated submission within the NCC workbook.

49. Providers that deliver community services but this is not their main service are still required to make an aggregated HRG unit cost submission for community services in 2020 alongside their other 'out of scope for PLICS' services.

## Community

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50. Data for community services will be collected at average unit HRG cost level until community PLICS is mandated within the NCC.<sup>13</sup>

51. Community providers that deliver services covered by the PLICS collection are not required to submit those services at patient level. This data will be collected in the NCC workbook as in previous years.

## Materials for a costing submission

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52. Annex 2 gives details of the materials you will need to prepare your submission.

<sup>13</sup> The proposed mandate year is the financial year 2021/22, to be collected in 2022. For more information see: <https://improvement.nhs.uk/resources/costing-mandation-project/>

### 3.3 Education and training

53. Separate education and training (E&T) costs are not part of the mandated 2020 NCC.
54. In 2020 trusts are required to net off their E&T income from patient care costs. The E&T transitional method<sup>14</sup> gives guidance on how to do this in a transparent way; all organisations that provide E&T should follow this method.
55. We have started collecting E&T costs on a voluntary basis and over the next few years will work with trusts to refine and improve this in advance of a mandated collection. The Department of Health and Social Care (DHSC) is working towards mandating an E&T collection with NHS Digital. Until it is mandated and an assurance process is in place, we will not be changing the NCC process for E&T costs (where income is used as a proxy for cost).

<sup>14</sup> The transitional method is published as part of the *Approved Costing Guidance – Standards*. See <https://improvement.nhs.uk/resources/approved-costing-guidance-standards>

## 4. Data quality

56. The *Approved Costing Guidance* requires providers to follow the seven costing principles when recording and allocating their costs:
- stakeholder engagement
  - consistency
  - data accuracy
  - materiality
  - causality and objectivity
  - transparency
  - totality.
57. Data quality is integral to each of these principles – each depends on reasonable data quality.
58. Each provider is responsible for producing sound, accurate and timely data, and should work towards data that is right the first time.
59. The *NCC guidance volume 2: Reconciliation and exclusions* outlines the process for assuring that the total cost dataset reconciles to the annual accounts.

### 4.1 External assurance

60. NCC submissions are subject to audit as part of the costing assurance programme, to provide assurance that the mandated cost submissions have been prepared in accordance with the *Approved Costing Guidance*. All NHS acute trusts and foundation trusts are audited at least once every three years.
61. The audit has two aspects:
- assurance review by the external auditors. This covers PLICS submission, PLICS preparedness and aggregated HRG data for each provider (if applicable)



- a review by NHS England and NHS Improvement of costing submissions, particularly the recording of items in the quantum, arrangements for board assurance and previous costing external audit reports.
62. We publish a dashboard summarising the findings of the audits for the financial year 2019/20<sup>15</sup> collection once the final reports are agreed.
63. NHS Improvement may use its enforcement powers where providers have not prepared their NCC in accordance with the *Approved Costing Guidance*.

## 4.2 Board assurance

64. The collected costing data is the source data for products produced by NHS England and NHS Improvement (see Section 6.1 for details on how we use the costing data).
65. In 2019 we amended the board assurance process to increase scrutiny and so ensure the accuracy of the costing returns. For the 2020 NCC we expect two reports to be taken to the board/committee:
- a pre-submission report – before the collection window opens for 2020
  - a final submission report – at around the time of or following submission.<sup>16</sup>
66. The pre-submission report should confirm that:
- a plan is in place for producing the required costing return(s) by the required deadline, including senior review and sign-off of the return(s)
  - processes are in place to:
    - ensure return(s) will be prepared in accordance with the *Approved Costing Guidance*
    - validate the accuracy of activity and costing data with services
    - complete information gap analysis and costing standards gap analysis templates (or the costing assessment tool (CAT) if the provider has previously submitted PLICS), with any issues addressed as part of the submission process

<sup>15</sup> Costing assurance audits are currently being undertaken.

<sup>16</sup> NHS Improvement will request a resubmission if the final submission highlights any concerns.

- the costing team is appropriately resourced to complete the cost collection
- any actions from previous NHS Improvement audits of costing have been or are being formally followed up and completed (as appropriate), and any issues raised as part of the desktop review have been addressed.

67. The final submission report should be tabled to:

- confirm that the costing return has been completed in line with the *Approved Costing Guidance*, including:
  - all mandatory and significant non-mandatory validations have been reviewed and verified
  - the information in the submission – both cost and activity – has been reviewed with services and verified as accurate, reconciled to audited financial statements and in line with other financial and activity returns
- summarise any variations from the *Approved Costing Guidance – standards* (mandated for acute activity and voluntary for other services):
  - where and why the trust has not complied with the standards (transition path timetable<sup>17</sup>)
  - how costs have been allocated in these areas and proposed actions to address these issues
  - any areas where the costing allocations are deemed superior to those in the costing standards
- list any outstanding areas of review or work to be addressed and signed off by the director of finance on behalf of the board subject to completion. For governance best practice, we advise the board receives regular progress reports on outstanding areas of review/work.

68. Annex 4 provides **Error! Reference source not found.**; editable versions will be available on the OLP.

### 4.3 Self-assessment quality checklist and survey

69. The self-assessment quality checklist and the NCC survey are no longer in the NCC workbook. Annex 3 now lists the checks you should make as part of

<sup>17</sup> See the technical document tab 'Transition path'.

your internal assurances before submitting your cost collection but we will not collect this information.

70. The survey will be carried out separately to the NCC to relieve burden during the submission process.

# 5. Compliance and enforcement

71. Providers that do not submit information in the required format or submit poor-quality information will likely have a detrimental impact on NHS England and NHS Improvement's ability to carry out their pricing, oversight and improvement functions effectively.
72. Data is defined as **poor quality** when (not exhaustive):
  - an incorrect quantum was used following reconciliation
  - a provider's NCC index moves significantly without explanation
  - the standards were not used as defined in the *Approved Costing Guidance*
  - a trust's data has a significant impact on national averages.
73. There are two types of **submission failure**:
  - a costing system supplier failure – this will affect several trusts
  - a failure specific to a trust (or a group of trusts).
74. In the case of a supplier failure, NHS England and NHS Improvement will focus on ensuring the supplier promptly identifies and corrects the issue. We will do this throughout the submission preparation period and submission window by talking to all suppliers via the supplier forum and regular one-to-ones with supplier liaison officers.
75. If a provider feels it is at risk of not submitting its mandated cost collection, we expect its director of finance to formally register this risk with NHS England and NHS Improvement as soon as it is identified. This should be done via [costing@improvement.nhs.uk](mailto:costing@improvement.nhs.uk) citing 'National Cost Collection 2020 C&E'.
76. For more information, our compliance and enforcement process for providers the process is available on the OLP.
77. As each failure is unique, we ask costing practitioners to contact the NCC team as early as possible so we can give you bespoke support.

## 6. Information governance

78. This section details the PLICS information governance for the data collected in 2020.
79. PLICS cost collections by NHS Digital are subject to a mandatory request from NHS England and NHS Improvement being accepted by NHS Digital. We ask NHS Digital to establish and operate a system to collect patient-level costing information under Section 255 and 256(2)(a) of the Health and Social Care Act 2012. On acceptance of this mandatory request, NHS Digital issues a Data Provision Notice (DPN).
80. Our expectation is that NHS Digital may disseminate the data collected and/or created under that request, including to NHS England and NHS Improvement and potentially other organisations. The acceptance of the mandatory request and any subsequent use of the collected data is subject to information governance processes and approval.
81. In summer 2020, NHS Digital will collect the patient-level costed (acute) dataset (PLCADS) containing the unit costs for NHS providers in England.
82. In autumn 2020 it will collect:
  - patient-level costed data from NHS mental health providers
  - incident-level costed data from NHS ambulance service providers.

### 6.1 How we will use the collected data

83. We intend to use the data as follows:
  - inform costing standards development
  - inform developments to the PLICS collection, including the impact assessment on mandating the submission of PLICS
  - inform the development of benchmarking metrics and to develop and populate a benchmarking tool

- inform development of the Carter review programme's 'Model Ambulance' and populate this where applicable
- informing and modelling new methods of pricing NHS services
- informing new approaches or changes to currency design

84. Even if the intended uses of PLICS data change for future collections, the data collected this year will continue to be covered by the information in the mandatory request, the DPN and this document.

## 6.2 Sharing of data

85. NHS England and NHS Improvement may use the collected PLICS data for the purposes described above. As well as sharing PLICS data within NHS England and NHS Improvement, we may also (subject to NHS Digital's approval) share it with other national bodies

86. In developing and populating a PLICS benchmarking solution, NHS England and NHS Improvement may also share suitably aggregated PLICS data (as determined in consultation with participating organisations) with other trusts taking part in this collection.

87. Any sharing of PLICS data by NHS England and NHS Improvement (excluding back to the trust that owns the data) will be subject to a data-sharing arrangement approved by the Information Asset Owner of PLICS at NHS England and NHS Improvement and subject to NHS Digital's approval.

## 6.3 Freedom of information requests

88. All public-sector bodies are bound by the requirements of the Freedom of Information Act 2000 (FOIA). Anyone can submit an FOI request.

89. In line with NHS Digital's or NHS England and NHS Improvement's FOIA process and within the statutory timeframes set out under the FOIA, either organisation may engage with third-party organisations in relation to a given FOI request.

90. Contact with relevant third parties around an FOI request received by either organisation will be on a case-by-case basis and dependent on the nature of the request.
91. As such, under relevant circumstances and depending on the nature of the FOI request, NHS Digital or NHS England and NHS Improvement will contact the trust(s) concerned.
92. NHS Digital may also contact NHS England and NHS Improvement in respect of an FOI request (where appropriate).

## 6.4 Data retention

93. NHS Digital will also store PLICS data as part of this collection in line with its retention policy.
94. NHS England and NHS Improvement will keep the data for seven years and then our IT team will securely dispose of. The patient-level costed (acute) dataset contains unit costs for admitted patient care (APC), emergency care (EC), non-admitted patient care (NAPC), specialised ward care (SWC) and supplementary information for NHS providers in England.
95. The patient-level costed (mental health) dataset (PLCMHDS) contains unit costs for APC and outpatient attendances for mental health providers.
96. The incident-level costed (ambulance) dataset (PLCAMBDS) contains unit costs for emergency NHS ambulance service providers.
97. If you have any concerns about how your data will be used, please contact us at [costing@improvement.nhs.uk](mailto:costing@improvement.nhs.uk)

## 6.5 Linkage to other existing datasets.

98. NHS Digital collects data from NHS providers and then:
  - adds key identifiers (to allow NHS England and NHS Improvement to subsequently link this data to HES) and pseudonymises the data before providing NHS England and NHS Improvement with Hospital Episode Statistics (HES)-PLCADS

- adds key identifiers (to allow NHS England and NHS Improvement to subsequently link this data to MHSDS) and pseudonymises the data before providing NHS England and NHS Improvement with MHSDS-PLCMHDS. Annex 1: Who needs to submit in 2020?

Sector	Acute	Community	Ambulance	Mental health	IAPT
<b>Submission period</b>	Summer 2020	Summer 2020	Autumn 2020	Autumn 2020	Autumn 2020
<b>Collection body</b>	NHS Digital	NHS Digital	TBC	TBC	TBC
<b>PLICS extract</b>					
<b>EC (formerly AE)</b>	✓	x	x	x	x
<b>APC</b>	✓	x	x	x	x
<b>OP</b>	✓	x	x	x	x
<b>SWC*</b>	✓	x	x	x	x
<b>SI **</b>	✓	x	x	x	x
<b>AMB</b>	x	x	✓	x	x
<b>MHPS</b>	x	x	x	✓	x
<b>MHCC</b>	x	x	x	✓	x
<b>IAPT</b>	x	x	x	x	✓
<b>NCC workbook tabs</b>					
<b>AE</b>	x	✓	x	x	x
<b>AMB</b>	x	x	x	x	x
<b>CC</b>	✓	✓*	x	x	x
<b>CF</b>	x	x	x	x	x
<b>CHS</b>	✓	✓	x	✓	x
<b>CMCT</b>	✓	x	x	x	x



Sector	Acute	Community	Ambulance	Mental health	IAPT
Chemo and radiotherapy	✓	x	x	x	x
Direct access	✓	✓	x	✓	x
Day case	x	✓	x	x	x
HCD	x	✓	x	x	x
IMAG	x	✓	x	x	x
IP	x	✓	x	x	x
MH	✓	✓	x	x	x
OPATT	x	✓	x	x	x
OPROC	x	✓	x	x	x
REHAB	✓	✓	x	x	x
RENAL (renal dialysis)	✓	x	x	x	x
SPAL (specialist palliative care)	✓	✓	x	x	x
Legally sensitive ( <i>new</i> )	✓	x	x	✓	x
Reconciliation	✓	✓	x	✓	x
Checklist ( <i>removed</i> )	N/A	N/A	N/A	N/A	N/A
Survey ( <i>removed</i> )	N/A	N/A	N/A	N/A	N/A
Drugs and devices ( <i>removed</i> )	N/A	N/A	N/A	N/A	N/A
Memorandum data ( <i>removed</i> )	N/A	N/A	N/A	N/A	N/A

\* Specialist ward care – adult CC.

\*\* Supplementary information – high-cost devices and unbundled OP imaging.

✓\* One provider in the community sector submits CC services.

# Annex 2: Materials to use in preparing your submission

Product	Description
<b><i>Approved Costing Guidance</i></b>	Includes the National Cost Collection (NCC) guidance and the costing standards, which should be used when preparing the 2020 NCC return. It tells providers how to comply with the pricing conditions in the NHS provider licence that relate to recording of costs.
<b>NHS England and NHS Improvement data validation tool (DVT), including DVT business rules</b>	Business rules: A workbook giving the definitions the DVT uses to validate the CSV files before submission. The reference tabs show the data permitted in a field, eg which HRGs are allowed to flow as part of the dataset.
	Tool: Assesses the data quality of the CSV files produced by the costing software and then creates the XML files needed for submission.
<b>Extract file specification</b>	Gives the output specification required for each extract to enable a trust to submit files to NHS Digital.
<b>Healthcare resource group 4+ (HRG4+) 2018/2019 reference cost grouper and documentation</b>	The National Casemix Office (NCO) at NHS Digital publishes the grouper and supporting documentation, including the user manual, the code to group table, individual chapter summaries and a summary of changes from the previous costing grouper release.
<b>NCC workbook and user guide documentation</b>	Used to collect aggregated HRG data. The documentation will detail the validation rules as well as a guide to the functionality of the workbook.

Product	Description
<b>NHS Data Dictionary</b>	Where possible, we align the NCC requirements with the definitions in the NHS data model and dictionary (the NHS Data Dictionary) and include links to this in this guidance.
<b>Open learning platform</b>	An online platform used by the costing team to publish the analysis of the cost data during the collection period.
<b>Secure electronic file transfer (SEFT)</b>	<p>The web portal NHS providers use to transfer PLICS XML files created by the DVT tool to NHS Digital electronically and securely. You can also view validation reports during the collection in SEFT. It is managed by NHS Digital.</p> <p>NHS Digital has muted moving to SDCS cloud for mental health and ambulance; it may use this in 2020 as an alternative to SEFT.</p>
<b>Strategic data collection system (SDCS)</b>	The online platform used to upload the NCC workbook. It is managed by NHS Digital.
<b>The Technology Reference data Update Distribution (TRUD) datasets</b>	<p>The Terminology Reference data Update Distribution (TRUD) service supplies datasets to support consistent coding of activity, including:</p> <ul style="list-style-type: none"> <li>• the chemotherapy regimens list, including adult and paediatric regimens, with mapping to OPCS-4 codes that have one-to-one relationships with unbundled chemotherapy HRGs</li> <li>• the National Interim Clinical Imaging Procedure (NICIP) code set of clinical imaging procedures, with mapping to OPCS-4 codes that relate to unbundled diagnostic imaging HRGs</li> <li>• the national laboratory medicines catalogue, a national catalogue of pathology tests.</li> </ul>

# Annex 3: NCC checklist

Check	Detail
1	Total costs: The national cost collection (NCC) quantum has been fully reconciled to the signed annual accounts through completion of the reconciliation statement workbook in line with guidance. Where you were unsure of how the elements of the annual accounts link to the reconciliation, you spoke to your financial accounts department.
2	The costs have been reviewed by relevant service managers or clinicians.
3	Total activity: The activity information used in the NCC submission to report APC, NAPC and A&E attendances has been fully reconciled to provisional Hospital Episode Statistics (HES), differences are explained/documentated and the PLICS to HES activity levels reconciliation template has been completed and submitted to NHS Improvement.
4	Sense check: All relevant unit costs under £5 have been reviewed and are justifiable.
5	Sense check: All relevant unit costs over £50,000 have been reviewed and are justified.
6	Sense check: All unit cost outliers (defined as unit costs less than one-10th or more than 10 times the previous year's national mean average unit cost) have been reviewed and are justifiable, eg reviewing material cost variation at a specialty/HRG level.
7	Benchmarking: Where possible data has been benchmarked against national data for individual unit costs and for activity volumes (the previous year's information is available in the National Benchmarker).
8	The most recent costing assurance audit report has been reviewed and appropriate action taken where recommendations were made.
9	Where possible the principles, processes and methods set out in the costing standards have been used. Any deviation has been noted and deviations and progress captured in the costing assessment tool (CAT). Note that the CAT forms part of the cost collection process and will need to be submitted to NHS Improvement by the required deadline (TBA).

Check	Detail
10	Data quality: The quality of data for 2019/20 has been assured.
11	Data quality: The reliability of costing and information systems for 2019/20 has been assured.
12	Data quality feedback from last year's cost collections has been reviewed and appropriate action taken where needed. Feedback took the form of: <ul style="list-style-type: none"> <li>• PLICS data quality tool – for providers who submitted acute PLICS last year</li> <li>• management report – for providers who submitted acute PLICS last year</li> <li>• NCC data feedback report – all providers.</li> </ul>
13	Data quality: All other non-mandatory validations as specified in the guidance, PLICS data validation tool and workbooks have been considered and any necessary revisions made.
14	Acute PLICS submitters: The output files have been run through the data validation tool and mandatory validation issues have been dealt with.
15	Acute PLICS submitters: CDSUIDs have been checked to make sure they are consistent with what has been submitted to SUS (for providers submitting CDSUIDs to SUS only).

# Annex 4: Example board assurance reports

## Example report 1: Pre-submission report

**To:** Name of receiving committee

**For meeting on:** Date

**Agenda item:** **Agenda item number (often done by board secretariat)**

**Report by:** Your name

**Report on:** **National Cost Collection 2020 submission – pre-submission planning report**

**Report for:** Decision

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### Introduction

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99. Committee X is asked to review the costing plan and supporting information provided to ensure that it meets the expected requirements noted in the *Approved Costing Guidance*<sup>18</sup> (see para X below). The committee has delegated approval for costing from the board.
100. The data collected, either at a patient level or aggregated HRG level, is the source data for work by NHS England and NHS Improvement's Model Hospital Team and work on Use of Resources by both NHS England and NHS Improvement and the Care Quality Commission. Therefore, the board

<sup>18</sup> Includes the costing principles, costing standards and a range of tools to support the costing process. It is available at: <https://improvement.nhs.uk/resources/approved-costing-guidance/>

assurance process reflects the importance of cost submissions and raises the profile of costing across the organisation, especially at a senior level.

## Background

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101. The *Approved Costing Guidance* requires an increased level of board assurance from 2018/19 onwards. This is the first of two reports being taken to Committee [insert name] on the process for producing the cost data required under the NHS provider licence. The second report will update the committee on progress, issues which will be addressed before the final submission and any areas where the trust is still working to implement the costing standards required under patient-level costing.
102. Under the Costing Transformation Programme, costing is moving from average costs (reference costs) to patient-level costing over the next three years. For 2019/20, we will be submitting two cost collections – a patient-level submission for acute services and a workbook submission for other services.

## Plan for submission

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103. The committee is asked to approve the following:
- The plan (Annex A) [include a summary of the plan for the committee] adequately meets the requirements to produce the required costing submission by the deadline date. This includes:
    - senior review and sign off to ensure the return has been prepared in accordance with the *Approved Costing Guidance*
    - processes to validate the activity and costing data with services
    - the information gap analysis and costing standards gap analysis have both been completed and any issues will be addressed as part of the planning process [consider including these as annexes].
  - That the costing and other teams [add teams if useful, such as informatics, management accounts, financial accounts] involved in the submission are sufficiently resourced to produce and validate the submissions within the planned timeline.

## Addressing issues raised in NHS England and NHS Improvement's reviews

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104. NHS England and NHS Improvement have two processes for reviewing the accuracy of costing submissions:
- (a) the Costing Assurance Programme undertaken by EY
  - (b) their post-submission review.
105. The trust was last covered by the Costing Assurance Programme in 20XX/XX. Updates on the agreed action plan have been taken to Committee [insert name]. [Or if this has not occurred] An update on agreed actions will be taken to Committee [insert name] by [insert date].
106. As part of the desktop review on [insert year] data [insert number or state 'no'] points were addressed. The key issues were:
- Examples could include 'certain lines in quantum reconciliation not agreeing to audited accounts/missing entries. This will be noted in correspondence received by [insert date] or from the review in 2019/20 for 2018/19 submission. [If more useful these can be summarised in another annex.]
  - [add example]
  - [add example].
107. These have been included in the overall work plan to ensure they are addressed in this submission.

## Recommendation

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108. The costing team are requesting that the Committee [insert name] approves the process in place and can therefore provide assurance to the board on the plan to successfully complete the mandated costing submissions for [insert year].

### Attachments:

Annex 1: High-level costing plan

Annex 2: Information and costing gap analysis



## Example report 2 – submission report

**To:** Name of receiving committee

**For meeting on:** Date

**Agenda item:** **Agenda item number (often done by board secretariat)**

**Report by:** Your name

**Report on:** **National Cost Collection 2020 submission – planned submission report**

**Report for:** Decision

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### Introduction

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1. Committee [insert name] is asked to approve the costing submission on [insert date] 2020, subject to any outstanding items noted in paragraph X. The committee also gives approval for the director of finance to make the costing submission, subject to addressing any concerns raised in this report or by this committee.<sup>19</sup>

### Background

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2. An initial report on the plan for this year's costing submission was approved on [insert date first report was approved]. This report updates the committee on actions and identifies any areas where the trust is still working to complete the return.
3. This report also identifies high value areas where the trust is struggling to comply with the costing standards (where mandated). These issues will be highlighted to NHS England and NHS Improvement as part of the costing analysis tool (CAT) and will be monitored through this committee for future costing submissions.

<sup>19</sup> If this report is to be sent following the submission, minor rewording will be needed as appropriate.

## Key actions

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## Annex 1: Outstanding actions to be completed

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The following actions are underway. [Those below are examples. They should be high level.]

Action	Deadline	Lead
Outstanding mandatory validations addressed and corrected	XX/XX/XX	XXX
Non-mandatory validations reviewed and verified Any required adjustments validated with services	XX/XX/XX	XXX
Data run through the data validation tool and any issues addressed	XX/XX/XX	XXX
Points from deputy director of finance and director of finance will be reviewed, addressed and signed off	XX/XX/XX	XXX

## Annex 2: Areas where the trust is unable to fully implement the costing standards

[Those below are examples. They should be material issues.]

Costing standard	Issue	Raised with NHS England and NHS Improvement	Actions this year	Plan for future submissions
Theatres	<ul style="list-style-type: none"> <li>The theatre system does not record activity in minutes</li> <li>The system only allows one consultant to be recorded even where more than one is in attendance</li> </ul>	Yes/no	<ul style="list-style-type: none"> <li>Minutes have been manually calculated</li> <li>Discussed with consultants – it is not possible to address this, so we have assumed all operations had a single consultant in attendance</li> </ul>	<ul style="list-style-type: none"> <li>Raised with theatre system provider</li> <li>This has been raised with the theatre provider. In addition, until this can be addressed, we will work with theatres to identify whether this information can be collected through another data source</li> </ul>
Medical staffing	Job plans used as the basis for allocating medical staff costs were incomplete [can state if this is for some/all areas]	Yes/no	For those clinicians without job plans we have used average information for their specialty	We will work with HR to ensure job plans are updated annually

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