



# Approved Costing Guidance 2022: Introduction

Version 1, March 2022

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# Introduction

1. In 2022 the NHS will continue the journey to a single National Cost Collection (NCC), which began in 2015 when the Costing Transformation Programme was established. The aim is to drive the transition to patient-level costing, so that we are better able to use cost data to support the delivery of high-quality care for patients and deliver better value for the NHS.
2. We will keep you informed over the year on progress in the wider integration programme for the NHS announced by the Government in November 2021 that will bring together NHS England and NHS Improvement, NHS Digital, NHSX and Health Education England as a single organisation.
3. So far, we have successfully introduced and mandated patient-level costing to the acute, mental health, ambulance, and community sectors. Following the successful community services mandation, NHS England and NHS Improvement will collect patient-level costs from providers of community services this year (starting with 2021/22 data).
4. This year, we have continued the slower rate of change to the NCC caused by the COVID-19 pandemic. However, we are still meeting significant milestones, and in 2021 many acute providers submitted paediatric and neonatal critical care at patient level for the first time.
5. Over 2022/23, in preparation for the 2023 NCC, the pace of the programme will resume ensuring we complete the first ever single NCC in the summer of 2023. The programme has been working closely with senior stakeholders to understand how an annual collection can interact with a potential more frequent collection of costs. It is clear that for any more frequent collection to be successful, the Costing Transformation Programme (CTP) must be completed and tested as part of the mandatory NCC. This means in practice:
  - There is an expectation that the original vision of the CTP will be concluded and implemented into the NCC by end of 2023.

- To do this, there will be a more extensive voluntary collection in early autumn 2022, partnered with NHS Digital, to test patient-level collection methodologies for the costs that are still collected at aggregate level.
  - There would then be a harder implementation of PLICS methodology in summer 2023, with areas on the transition plan such as community maternity or costs to remain at an aggregate level to form part of a separate data feed type.
  - There is no current expectation for the data feed types to be increased by more than the one noted in the bullet point above.
  - There will be a voluntary collection of education and training (E&T) costs in 2023, but the E&T journey is separate from the finalisation of the implementation of patient-level information costing systems (PLICS).
6. The Approved Costing Guidance (ACG) documentation is updated annually to match the annual cycle of submissions, and the documents are developed or amended as new services come into scope for PLICS, stakeholder requirements change, or the information available improves.
  7. We have regularly reviewed the documentation for simplicity and ease of use over the last three years, to ensure it becomes less burdensome for organisations. We will continue to work with all users of the ACG in mind to ensure it is proportionate, achievable, comparable, and understandable, providing the best possible guidance and information for local and national use. We have reduced the length of the documentation every year, and this year it has decreased from 800 pages to under 700 pages.<sup>1</sup>
  8. We thank all providers, their suppliers, and our partners for their support with this ambitious project and look forward to continuing our partnership in the coming months. Through your work, the NHS is now well on the way to implementing standardised, granular, comparable costing at patient level, bringing enormous benefits to patients, to trusts and to local health systems.

<sup>1</sup> These figures give a like-for-like comparison.

# What you need to know for 2022

## Introduction

8. In 2022, the NHS continues its journey to a single National Cost Collection but because of the COVID-19 pandemic, the journey will be slower with limited changes to the NCC guidance.
9. We publish Approved Costing Guidance on the NHS England and NHS Improvement website, with supporting information available on the Open Learning Platform integrated costing improvement course.<sup>2</sup>
10. We will also continue to work with trusts to make costing data available through our national portal.

## Community mandation

11. **NHS England and NHS Improvement made a formal notification of the mandation for the patient-level collection of community services (2021/22 financial year onwards) in March 2021.** This mandated collection of community patient-level data will be part of the NCC in the summer of 2022.
12. Please refer to Appendix 3 for detail of the services included in this collection at patient level.

## How to use this guide

13. This document explains how we ask NHS providers to cost in the financial year ahead (2022/23) using the standards and to submit cost data in 2022 (for the financial year 2021/22) using the collection guidance.
14. The published costing standards will also be applicable retrospectively in 2022, with new guidelines being included in the single standards set for

<sup>2</sup> The Open Learning Platform is for those participating in the costing process and NCC. If you require access to this material, please email us at [costing@england.nhs.uk](mailto:costing@england.nhs.uk)

planning purposes only. Costing teams should refer to [the transition path](#) for their sector on the ACG website to understand the new elements mandation date.

## Main changes to standards in 2022

- There will be minimal changes to the standards and the cost collection in 2022. Table 1 outlines the main changes to the standards.

**Table 1: Main changes to the costing standards**

Service	Summary
<p><b>Acute, mental health and community services</b></p>	<p>IR1 has been updated to include essential information for the mandation of community services in the NCC. CM3 Non-admitted patient care and CM13 Admitted patient care have been updated to include essential information for the mandation of community services in the NCC.</p> <p>In 2021, Costing Approach standard CA4 Maternity was moved to standard CM24, to reflect the importance of bringing maternity services into the main costing process. In 2022, CM24 has been updated to prepare for the mandation of patient-level detail in the cost collection for community maternity (including home births).</p>
<p><b>Ambulance</b></p>	<p>There have been no structural changes to the ambulance standards for 2022. Ambulance standards are separate from the integrated standards to reflect</p>

Service	Summary
	<p>the specific needs of the costing process for the service.</p> <p>The <a href="#">ambulance transition path</a> has been updated.</p>

16. Appendix 1 details which standards apply to which sector.

## Main changes to collections in 2022

17. In 2022, we will be collecting patient-level costs from NHS acute, mental health, community, and ambulance providers. All other services will continue to be calculated and submitted using aggregated costs in the NCC workbook.

18. For 2022, we are asking that providers comply with the following or explain why they are not:

- Providers designated as community will submit PLICS XML files for in-scope community services.
- Providers designated as acute but having community services will submit PLICS XML files for in-scope community services.
- Providers designated as mental health but having community services will submit PLICS XML files for in-scope community services.
- Providers that provide neonatal and paediatric critical care services will submit PLICS XML files for those bed days.

# What you need to do for 2022

19. The mandatory NCC will be undertaken in 2022, relating to data for the financial year 2021/22.
20. Providers should ensure that the data submitted is consistent with the costing standards published in March 2021. Additional information has been provided for clarity in the standards published in March 2022, but this does not change the structure of the costing process.
21. Please read all the guidance relevant to your organisation's services before proceeding.

## Our implementation support provision

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22. We will continue to support providers in implementing and improving the accuracy of patient-level costs. Supporting materials are available on our [Open Learning Platform](#)<sup>3</sup>.
23. Tools we offer include:
  - Integrated and ambulance technical documents
  - information gap analysis template (IGAT)
  - general ledger to cost ledger mapping tool (automapper)
  - costing assessment tool (CAT)
  - data validation tool (DVT)
  - minimum software requirements
  - national PLICS portal.
24. Throughout 2022, we will also roll out a programme of webinars and learning sessions to support patient-level costing in your organisation.

<sup>3</sup> Access to the Open Learning Platform is for those participating in the costing process and NCC. If you require access to this material, please email us at [costing@england.nhs.uk](mailto:costing@england.nhs.uk).

# Legal matters in 2022

## About the Approved Costing Guidance

25. The Approved Costing Guidance describes the process of producing and collecting costs and covers both costs at patient level and average cost per unit. It focuses on obtaining and recording information about the costs of providing NHS services, allocating such costs, and the requirements and guidance for reporting them to us. It covers mandatory elements and voluntary collections where they are undertaken for costing development purposes. It is updated and issued annually. We recommend you use this guidance for all your costing processes and collections.
26. Appendix 3 shows the structure, intended users and compliance status of each part of the guidance for 2021/22 cost data.
27. Our [provider licence](#) and [System Oversight Framework](#) are the primary tools with which we oversee providers of NHS services. NHS foundation trusts and many independent providers of NHS services must hold a licence. It includes standard conditions, some of which relate to setting prices for NHS care. Although NHS trusts do not have to hold a provider licence, they must comply with most of its conditions, including those relating to pricing and costing.
28. Three licence conditions relate to costing:
  - Pricing Condition 1: Recording of information
  - Pricing Condition 2: Provision of information
  - Pricing Condition 3: Assurance report on submissions to NHS Improvement.
29. Pricing Condition 1 specifies that if required in writing by NHS England and NHS Improvement, providers must:
  - obtain, record, and maintain information about costs (and have any necessary systems and methods for doing so)
  - record and allocate costs in accordance with our 'approved reporting currencies' and 'approved guidance'.

30. Pricing Condition 2 includes a provision that a provider must give us such information, documents, and reports as we may require for the purposes of our pricing functions and in such form and at such times as we may require.
31. The ACG imposes the relevant requirements under those conditions for recording and collecting 2021/22 cost information and recording 2022/23 cost information (with a view to collection in 2023).
32. These requirements apply to NHS trusts and foundation trusts. We have published a [trust mandate listing document](#) which details by trust and service when they will be expected to submit patient-level costs.
33. We continue not to impose any requirements on independent providers, although we encourage them to comply with the costing principles. However, we may require costing and other information to be submitted in future.

## Publication of collected data

34. The collection of patient-level costing data is intended to help providers manage their costs, improve productivity, eliminate unwarranted variation and, overall, improve services for patients. To achieve this, we are committed to returning the data collected to NHS providers, and other users of cost data, as rapidly as possible, and in a format that helps achieve these objectives.
35. We will continue to release data into the PLICS portal, improve the portal's functionality in partnership with providers, and align it more closely with the Model Health System, so that costs sit alongside other key performance measures to inform management decisions.
36. To this end, we will release data as soon as possible after the collection finishes, with tools to help providers identify and improve their cost data.

## Information governance

37. For 2021/2022, we will collect the below two datasets:
  - PLICS Integrated Data Set. This contains unit costs for inpatient admissions, emergency care, outpatient attendances, mental health provider spells and care contacts, IAPT appointments and community care contacts for NHS providers in England.

- PLICS Ambulance Data Set. This contains activity and financial data for all incidents going through 999 call centres or dispatch centres in England.
38. NHS Digital will collect the PLICS datasets from providers (subject to a mandatory request from NHS England and NHS Improvement being accepted by NHS Digital).
  39. NHS Digital may publish and/or disseminate data collected and/or created under that request; this may include dissemination to other organisations. The acceptance of our mandatory request and any subsequent use of the PLICS datasets collected under that mandatory request will be subject to the appropriate information governance processes and relevant approval.
  40. If you have any objections to how your data will be used, please contact us at [costing@england.nhs.uk](mailto:costing@england.nhs.uk)

#### **How we will use the PLICS datasets**

41. NHS Digital creates PLICS datasets at our request. They collect the datasets from NHS providers, matches them with the relevant national dataset, adds key identifiers (to allow us to subsequently link this data with the national dataset) and pseudonymises the data before providing it to us. The matching process is specific to the national dataset:
  - [Patient-level information and costing systems \(PLICS\) Integrated Data Set](#) is matched to the Hospital Episode Statistics (HES); the Mental Health Services dataset (MHSDS); and the Community Services dataset (CSDS).
  - The [Patient-level information and costing systems \(PLICS\) Ambulance Data Set](#) is not at patient level, so there is no matching process.
42. We intend to use the PLICS data in our pricing and other functions<sup>4</sup> to:
  - produce and distribute patient-level data in [our tools](#) for use by NHS providers, eg national PLICS portal and PLICS data quality tool
  - support efficiency and quality of care improvement programmes, eg [Getting It Right First Time \(GIRFT\)](#), and operational productivity in NHS providers
  - inform and model new methods of pricing NHS services
  - inform new approaches and other changes to currency design

<sup>4</sup> See Section 70 of the [Health and Social Care Act 2012](#).

- improve future cost collections
- review investment decisions, eg for technology and staffing
- inform the relationship between provider and patient characteristics and cost
- develop analytical tools and reports to help providers improve their data quality, identify operational and clinical efficiencies, and review and challenge their patient-level cost data.

43. As well as sharing the PLICS data internally, we intend (subject to NHS Digital's approval) to share pseudonymised patient-level data with participating providers and arm's length bodies using our tools and reports. The benefits of doing this are:

- with participating providers: it supports the implementation of integrated care systems (ICSs) and additional functionality in new releases of our tools
- with the Department of Health and Social Care (DHSC), NHS Digital, and with other organisations and individuals: it helps to:
  - identify operational and clinical efficiencies, eg NHS RightCare
  - provide comparative costs to support evaluation of new or innovative medical technologies, eg placental growth factor testing to identify or rule out pre-eclampsia
  - respond to Freedom of Information requests and parliamentary questions
  - benchmark performance against other NHS and international providers
  - inform academic research.

## Patient-level costing as a mandated information standard

44. We are working with NHS Digital to update the [existing mandated information standard for patient-level costing](#). This will ensure costing standards used by costing practitioners and requirements for informatics teams are aligned across the sector.

## Costing assessment tool

45. The costing assessment tool (CAT) aims to objectively assess the quality of costing at each trust and the degree to which the costing standards have been implemented. The CAT is populated by the trust and submitted to us after each annual collection.
46. We will collate the CATs submitted to produce dashboards for each trust. Trusts can use these to improve their costing, and we can identify trusts requiring extra support.

# Appendix 1: Standards matrix

The table below lists all the costing standards published in the Approved Costing Guidance 2022 and the relevant sectors for the standards.

Standard type	Standard no	Standard title	Acute	Community	Mental health	Ambulance
Information requirements	IR1	Collecting information for costing	X	X	X	X
Costing processes	CP1	Ensuring the correct cost quantum	X	X	X	X
	CP2	Clearly identifying costs	X	X	X	X
	CP3	Allocating costs to activities	X	X	X	X
	CP4	Matching costed activities to patients	X	X	X	X
	CP5	Reconciliation	X	X	X	X
Costing methods	CM1	Medical staffing	X	X	X	
	CM2	Incomplete patient events	X	X	X	

Standard type	Standard no	Standard title	Acute	Community	Mental health	Ambulance
	CM3	Non-admitted patient care	X	X	X	
	CM4	Emergency department attendances	X	X		
	CM5	Theatres and special procedure suites	X	X		
	CM6	Critical care	X	X	X	
	CM7	Private patients and other non-English NHS-funded patients	X	X	X	
	CM8	Clinical and commercial services supplied or received	X	X	X	
	CM9	Cancer MDT meetings	X		X	
	CM10	Pharmacy, medicines	X	X	X	
	CM13	Admitted patient care	X	X	X	
	CM14	Group sessions		X	X	
	CM16	Sexual health services		X		
	CM17	Dental services		X		
	CM19	Wheelchair services		X		

Standard type	Standard no	Standard title	Acute	Community	Mental health	Ambulance
	CM21	Clinical non-pay items	X	X	X	
	CM22	Audiology services	X	X		
	CM23	Direct access and hosted services	X			
	CM24	Maternity	X	X		
	CM25	Chemotherapy services	X			
	CM26	Radiotherapy services	X			
	CM28	Blood services	X	X	X	
	CM31	Allocating costs across job cycle elements				X
	CM32	Fleet costs				X
	CM33	Non-responding time				X
	CM34	The income ledger				X

# Appendix 2: Collections matrix

This matrix applies to the NCC 2022 collection.

Collection <sup>5</sup>	Summary	Volumes to be reviewed	Collection window
<b>Acute Sector (Mandated)</b>	<p>Mandatory collection of PLICS data for acute services in line with the documents published in March 2022.</p> <ul style="list-style-type: none"> <li>• APC feed – admitted patient care</li> <li>• OP feed – non-admitted patient care (outpatients)</li> <li>• EC feed – emergency care (A&amp;E, minor injury units, walk in centres and urgent treatment centres)</li> <li>• SWC feed – specialised ward care (adult, paediatric and neonatal critical care)</li> <li>• SI feed – supporting information (high cost drugs, high cost devices, cystic fibrosis and unbundled imaging)</li> </ul> <p>Where a trust is integrated across sectors, they should also supply patient-level costs for these services:</p> <ul style="list-style-type: none"> <li>• CSCC feed – community service care contacts (in scope community services)</li> <li>• MHPS feed – mental health provider spells (admitted patients)</li> <li>• MHCC feed – mental health care contacts (mental health non-admitted patient care)</li> </ul>	<p>Volume 1, 2 and 3</p>	<p>The 2022 NCC submission window will run from Monday 18 July to Friday 2 September.</p>

<sup>5</sup> Sector is defined by the mandate timeline, see [www.england.nhs.uk/approved-costing-guidance](http://www.england.nhs.uk/approved-costing-guidance)

	<ul style="list-style-type: none"> <li>IAPT feed – Improving access to psychological therapies.</li> </ul> <p>Aggregated costs will <b>not</b> be collected for these services from the designated acute providers, but providers will need to submit the NCC workbook for other services outside these areas.</p>		
<b>Ambulance sector</b>  <b>(Mandated)</b>	<p>Mandatory collection of PLICS data for 999 services in line with the documents published in March 2022.</p> <p>Aggregated costs will <b>not</b> be collected for these services from the designated ambulance providers, but providers will need to submit the NCC workbook for other services outside these areas.</p>	Volume 1, 2 and 4	
<b>Mental health sector</b>  <b>(Mandated)</b>	<p>Mandatory collection of PLICS data for mental health services in line with the documents published in March 2022.</p> <ul style="list-style-type: none"> <li>MHPS feed – mental health provider spells (admitted patients)</li> <li>MHCC feed – mental health care contacts (mental health non-admitted patient care)</li> <li>IAPT feed – Improving access to psychological therapies.</li> </ul> <p>Where a trust is integrated across sectors, they should also supply patient-level costs for these services:</p> <ul style="list-style-type: none"> <li>CSCC feed – community service care contacts (in scope community services)</li> <li>EC feed - emergency care (minor injury units, walk in centres and urgent treatment centres),</li> <li>APC feed – admitted patient care,</li> <li>OP feed – non-admitted patient care (outpatients),</li> </ul>	Volume 1, 2 and 3	

	<p>Aggregated costs will <b>not</b> be collected for these services from the designated mental health providers, but providers will need to submit the NCC workbook for other services outside these areas.</p>		
<p><b>Community sector</b> <b>(Mandated)</b></p>	<p>Mandatory collection of PLICS data for APC, OP, A&amp;E, and Community Services Care Contacts (CSCC) in line with the standards published in 2021.</p> <ul style="list-style-type: none"> <li>• CSCC feed – community service care contacts (in scope community services)</li> <li>• EC feed - emergency care (minor injury units, walk in centres and urgent treatment centres),</li> <li>• APC feed – admitted patient care,</li> <li>• OP feed – non-admitted patient care (outpatients),</li> </ul> <p>Aggregated costs will <b>not</b> be collected for these services from the providers of community services, but providers will need to submit the NCC workbook for other services outside these areas.</p>	<p>Volume 1, 2 and 3</p>	
<p><b>All trusts</b></p>	<p>Aggregated costs will be collected for services remaining in the NCC workbook.</p>	<p>Volume 3</p>	

# Appendix 3: Mandation timetable and high-level transition path

Below is the timeline which identifies by trust type and type of activity when the collection of patient-level costs becomes mandated. We used the 2017/18 reference costs submission as the guide to the majority sector (activity type) for each trust, and each sector mandation was approved after completion of the impact assessment and consultation. All trusts are now required to submit patient-level costs for their majority sector.

If you have any queries about the timeline, please contact [costing@england.nhs.uk](mailto:costing@england.nhs.uk) citing in the subject 'DP Mandation'

## Mandation of patient-level costing by trusts and service – high-level assessment

Type of provider	Acute services	Mental health services	Community services
Acute trust with mental health and community services	2018/19	2020/21	2021/22
Acute trust with mental health services	2018/19	2020/21	N/A
Acute trust with community services	2018/19	N/A	2021/22
Mental health provider with acute and community services	2019/20	2020/21	2021/22
Mental health provider with community services	N/A	2019/20	2021/22
Mental health provider with acute	2020/21	2019/20	N/A
Community provider with acute and mental health services	2022/23	2022/23	2021/22

Type of provider	Acute services	Mental health services	Community services
Community provider with acute services	2022/23	N/A	2021/22
Community provider with mental health services	N/A	2022/23	2021/22

**Note:**

The mandation of community services in 2022 includes district nursing, allied health professionals and podiatry, intermediate care and specialist nursing in the community, along with minor injury units, urgent treatment centres, walk-in centres, community outpatients and community inpatient beds.

It does not include community midwifery/maternity contacts, wheelchair services, unbundled HRGs, community dental or sexual health. These services will remain in the NCC workbook in 2022.

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