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# 2021/22 National Cost Collection Guidance

## Volume 1: National Cost Collection overview

Version 1, March 2022

Areas with significant updates since the 2021 Approved Costing Guidance have been highlighted in **yellow** for ease of reference. They should be reviewed in the context of the whole section.

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# 1. NCCG volumes in 2022

## 1.1 Overview

1. The National Cost Collection Guidance (NCCG) will be released in volumes for the 2022 mandated collection.
2. NCCG will be released in volumes until all collections are mandated and the National Cost Collection (NCC) does not require a hybrid collection model.
3. All documents relate to financial year 2021/22.
4. Below lists the volume number and name:
  - Volume 1: Overview
  - Volume 2: Reconciliation and Exclusions
  - Volume 3: Acute, Mental Health, IAPT and Community sectors
  - Volume 4: Ambulance sector
5. You need to read and digest volumes 1 and 2, and then the volume addressing your organisation's sector.
6. The guidance in these volumes is part of the *Approved Costing Guidance 2022*,<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 which describe the costing approach we require you to adopt.

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<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://www.england.nhs.uk/approved-costing-guidance/>

## 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 inappropriate for your submission in 2022, please email [costing@england.nhs.uk](mailto:costing@england.nhs.uk) as soon as possible citing 'FAO DP Trust allocation in mandation process'.
9. You can find your organisation's allocated sector on our mandation webpage in the Microsoft 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 2022<sup>3</sup> NCC and should be read by all organisations.
11. It gives you the information you need to participate in the mandated collection during 2022.
12. Areas where there have been significant structural changes to the standard or the costing process since the 2021 ACG have been highlighted in **yellow** for ease of reference. These sections should be reviewed in the context of the whole section to ensure full understanding of the change.

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<sup>2</sup> <https://www.england.nhs.uk/approved-costing-guidance/>

<sup>3</sup> The year 2022 in this document refers to the cost collection for the financial year 2021/22.

# 2. Introduction to the National Cost Collection 2022

## 2.1 What is the mandated National Cost Collection in 2022?

13. It is mandatory for all NHS trusts and NHS foundation trusts in existence between 1 April 2021 and 31 March 2022 to comply with the NCC guidance and the collection timetables. For further information, please refer to the Approved Costing Guidance 2022.<sup>4</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>5</sup> and other operational productivity dashboards such as the Model Hospital, Model Mental Health, Model Community and Model Ambulance
  - informing the payment models including the national tariff
  - informing new approaches and other changes to currency design
  - informing the relationship between provider characteristics, patient characteristics and cost

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<sup>4</sup> <https://www.england.nhs.uk/approved-costing-guidance/>

<sup>5</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.
  - Understanding the cost of patient care during and post the COVID-19 pandemic.
15. Additional information on the use of data is provided in the information governance section of this guidance document. If you have concerns about how your data will be used, please email [costing@england.nhs.uk](mailto:costing@england.nhs.uk)

## 2.2 What is the purpose of submitting costs in 2022?

16. There are several significant reasons that nationally collected cost information for 2021/22 is needed. The cost information you submit will be used to:
- provide assurance to the Treasury on how the impact of the funding provided to support the fight against COVID-19 in 2021/22 has been utilised at patient level.
  - it will underpin decisions on future funding streams related to the treatment of patients with COVID-19, the future needs of the system in a COVID environment and the recovery of elective work programmes.
  - to be able to report the cost of COVID internationally – costs information collected by the World Health Organisation
  - identify any positive changes to services since and during the pandemic, for example, the increase in telemedicine.
  - trace the change to the costs in the NHS as the vaccine rolls out.
17. NHS England and NHS Improvement would like colleagues to understand that we do not expect them to achieve perfection but to do their best and document what they have done and why.
18. A key point will be that trusts do not have to fully comply with all of the costing standards.

19. NHS England and NHS Improvement costing team are available to support trusts through the process to reduce the burden and we will be pragmatic regarding how to cost in 2021/22.
20. NHS England and NHS Improvement recognises costing the pandemic in 2021/22 will not be simple but it is also important for us to maintain the momentum of the costing transformation programme and ensure that costing is seen nationally as key business management information.
21. The NCC allows us to understand the cost of providing patient care, for both routine and expensive clinical events, for example CAR-T cell therapy. Whilst inclusion of expensive clinical events will increase a trusts National Cost Collection index, it will be showing the genuine cost of service which is being delivered.

## 2.3 Who needs to submit in 2022?

22. This is the fourth year that acute trusts are required to submit a mandated PLICS cost collection for part of their cost quantum, and the third year that mental health trusts and ambulance trusts are required to do so.
23. This is the first year of mandated PLICS for mandated community trusts.
24. For more detail on each element of your sector's collection, please see the appropriate volume of ACG.

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

25. In line with the Treasury's financial reporting manual,<sup>6</sup> two or more public bodies that are combining or transferring functions should apply absorption rather than merger accounting. Your collection for 2022 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:

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<sup>6</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)



- date of merger 31 January 2022 – merger during financial year being submitted
  - date of merger 28 April 2022 – merger during year of collection.
26. As each merger is unique, we ask that costing practitioners contact the cost collection team ([costing@england.nhs.uk](mailto:costing@england.nhs.uk)) as early as possible so that we can lead you through the bespoke process for merging or acquiring trusts.
27. Bespoke guidance will be supplied to costing practitioners in merging organisations.

## 2.4 Changing operational structures

28. There are several changes which can occur within a trust which may have an impact on the National Cost Collection submission:

- Mergers
- Acquisitions
- Integrations
- Major service reconfiguration

29. If any of the above effect your trust for the 2022 National Cost Collection, you should contact the cost collection team at [costing@england.nhs.uk](mailto:costing@england.nhs.uk) to ensure your National Cost Collection submission is being submitted in line with the mandate.

## 2.5 Submission window for 2022

30. In line with the planned development of PLICS as part of the NCC, NHS England and NHS Improvement have revised the National Cost Collection (NCC) submission windows to a summer collection window, following engagement with trusts, costing software providers, NHS Digital and users of the PLICS data.

31. The 2022 National Cost Collection submission window will run from Monday 18 July to Friday 2 September. Table 1 shows how this submission window will be split during this period.

32. NHS Digital have carried out some testing having expanded the capability of their processing and are now confident that at least 30 trusts per day can make a submission and receive summary level data reports the following day.

33. If more than 30 trusts submit on any given day, the processing of the data and any subsequent reports will instead take place the following day, processing will also take place over the weekend so that NHS Digital are able to catch-up with any backlog where more than 150 submissions are received in a week.

Table 1: shows the dates for how the window will be split.

Date	Milestone	Notes
18/07/22 -05/08/22	Collection window open for submissions	<p>During this time trusts may make multiple submissions and make use of the in collection tools to assess data quality.</p> <p>NHS England and Improvement will not be scheduling trusts during this time, but please speak with your software supplier as they may still prefer to schedule submissions.</p> <p>If, during this time period, your submission is 'final' then you should submit your Director of Finance sign-off document at the same time.</p>
08-Aug-22	This is the named day submission period. During this time there will be dedicated support for each cohort on their named day.	Cohort A - tbc
09-Aug-22	On this day, each trust must make their final submission of data and director of finance sign-off if they haven't already done	Cohort B - tbc

10-Aug-22	so in the previous four week window.  Friday 12th August will be kept aside for any trusts unable to submit on their named day.	Cohort C - tbc
11-Aug-22		Cohort D - tbc
15/08/22 -26/08/22	Data quality checking window	<p>During this time NHS England and Improvement will assure the quality of the data submitted by all trusts and, where appropriate, contact trusts to arrange a re-submission.</p> <p>NHS England and Improvement will aim to make re-submission decisions quickly during this time to allow trusts to plan their re-submission date.</p> <p>Trusts can also use this time to check the quality of their own data using the analytical tools and, where appropriate, contact NHS England and Improvement to request a re-submission.</p>
30/08/22 -02/09/22	Re-submission window	During this time any trusts identified as requiring a re-submission during the data quality checking window will be scheduled in to make their re-submission.

## 2.6 Working with your software supplier

34. When you are planning your submission and the date you wish to submit on, you should speak with your software supplier first so they can better support all trusts by spreading out submission dates as much as possible.

35. In 2022, the guidance and tools will all be at least three months before the submission window opening on 18 July 2022. It is strongly encouraged that you engage early with your software supplier to try to produce your submission data as early in the year as possible.
36. The NCC team hold regular monthly meetings with each of the software suppliers where we can discuss any ongoing issues, please raise any issues, or concerns with them or us if you would like us to discuss them during the monthly meetings.

## 2.7 Support during the collection

37. 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. Please see Annex 1 for submission support contacts.
38. You should not contact members of the NHS England and NHS Improvement costing team directly. If you have a query, you should use the telephone call surgeries and the central costing email address.
39. In addition, if you would like an informal chat with a member of the NHS England and NHS Improvement costing team, you can join our regular 'coffee and connect' sessions by contacting [costing@england.nhs.uk](mailto:costing@england.nhs.uk).

### Call surgery

40. The way the call surgeries will be accessed has changed and will now be via MS TEAMS.

41. The call surgery can be accessed in the following ways:

- joining via the link on a PC or laptop as this will give full functionality of MS TEAMS when you speak to us
- using the MS TEAMS app on a smartphone
- dialling on a telephone device using the phone number provided and the phone conference ID number, this option is audio only
- joining via the MS TEAMS browser website, this option can be used if you're using a device that doesn't have MS TEAMS installed, this has been

tested across multiple platforms and does work in MS Chrome and MS Edge, however it doesn't work using Mozilla Firefox.

42. It is recommended to use a PC or laptop wherever possible as this allows share screen functions.
43. The access link, telephone number and other joining instructions will be provided via the OLP, the costing newsletter and will also be included in responses to inbox queries.
44. When you access the surgery, you will be added to a lobby, and the host of the surgery will admit you to the 'meeting' in the order that you arrived in the lobby, once they have finished the query of the previous caller.
45. The host will monitor the lobby and if it gets particularly busy, they will invite a colleague from the costing team at NHS England and NHS Improvement to the MS TEAMS meeting and they will support them in answering the queries using the breakout rooms functionality.
46. Once you are speaking to the host you will have the ability to admit other people from the lobby, please do not do this.
47. The NCC team will be available every Wednesday between 13:30 and 14.30 to help with any urgent issues.
48. During the collection window the collections call surgery will operate at the same times every weekday.
49. The standards team will be available every Thursday between 10:00 and 13:30 and Monday between 14:30 and 17:00.
50. You do not need to book an appointment.

### **Email support – standards and collections**

51. If you have a less urgent issue or a particularly complex issue, please email us ([costing@england.nhs.uk](mailto:costing@england.nhs.uk)) with citing '2022 NCC, <trust code> & <your

issue>'. During the collection window we aim to respond to your emails within three working days, where possible.<sup>7</sup>

52. The average turnaround time for costing inbox queries is 5 days.

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

53. FAQs will be published on the OLP every Monday, starting one week after the publication of this document and can be found [here](#).

## **2.8 Dry run**

54. Following successful, separate, dry-run collections for Acute and Mental Health sectors in 2021, the costing team are going to undertake a dry-run collection again for all sectors in 2022.

55. The purpose of the dry run is to test the new integrated extract specification for Acute, Mental Health, IAPT and community services and the updated Ambulance extract specification.

56. The dry run collection will take place in March 2022 and prior to this we have been taking expressions of interest from software suppliers with their provider partner.

57. To test the new integrated and ambulance extract specifications, it is hoped a range of both integrated and single sector organisations will be able to participate.

58. The dry run will test every element of the collection up to, but not including, submission of the files generated by the DVT to or the workbook to NHS Digital. These outputs will instead be submitted to the costing team at NHS England and NHS Improvement via a secure online platform.

59. Before volunteering you trusts to take part it is important that you are adequately resourced to fully commit to the dry run exercise.

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<sup>7</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 updated on the progress of your query.

## 2.9 Minimum hardware specification

60. A minimum hardware specification is recommended for optimum output to make your National Cost Collection submission (see Table 2).

**Table 2: Recommended hardware specification**

Features	Recommendation
Operating system	Windows 10 64 bit
Storage	SSD
Processor chip	Intel core i7 or AMD Ryzen 7
RAM	8GB – 16GB

61. If you experience problems running the data validation tool (DVT) on your local computer, it is possible to run it on your server as this will have a larger RAM capacity and SSD storage, although the summary reports generated will be in a CSV format.

# 3. Scope of activity and costs to be collected

- 62. 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.
- 63. This section details the scope of activity and costs that your organisation should submit.
- 64. You should use the **National Costing Grouper 2021/22**. An announcement will be made to all sectors once the grouper is available.
- 65. **It is expected to be published in March 2022** and NHS England and NHS Improvement will keep you informed on the progress of the development of the grouper as well as notifying you when it becomes available.

## 3.1 Costing period

- 66. The costing period begins on **1 April 2021** and ends on **31 March 2022**.
- 67. 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 within: Integrated information requirements and costing processes, for more detail.
- 68. The emergency care (EC) extract list in the integrated extract specification 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 2021/22.
- 69. The specialist ward care (SWC) feed type specifies that the costing period is for all occupied bed days in 2021/22.
- 70. All mental health provider spells (MHPS) completed within the collection year, or hospital provider episodes still open at the end of the collection year, are in



scope of this collection. A spell or episode that is unfinished at the end of the financial year must be collected as part of the month 12 file.

71. All mental healthcare contacts (MHCC) completed within the collection year are in scope of this collection.
72. All IAPT care contacts attended within the collection year are in scope of this collection.
73. All community health service (CHS) care contacts within the collection year and in scope of this collection.
74. For supplementary information (high-cost drugs, high-cost blood products, high-cost excluded devices and unbundled imaging) are in scope of this collection.
75. For ambulance, incidents 'hear and treat', 'see and treat', 'see and convey' and 'other' incident currencies within the collection year are in scope of this collection.
76. 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 2022?

77. Patient-level costs are collected at the level of each patient event. A patient event is:
  - an attendance, episode or contact for acute activity
  - a spell or care contact for mental health activity
  - a care contact (attendance) for IAPT activity
  - a care contact for community services
  - an incident for ambulance activity.
78. For each patient event costing data is collected for **resources** used and **activities** undertaken. These are listed in the appendices to the extract specification relevant to your primary or integrated sector.
79. The extract specification spreadsheet documents detail the fields to be collected for each sector.

80. If you are unable to meet the requirements of the extract specifications, please contact [costing@england.nhs.uk](mailto:costing@england.nhs.uk) as early as possible so we can provide you with an alternative solution.
81. Aggregated unit costs are collected for services not yet in scope of PLICS.<sup>8</sup> Some service areas may require additional information fields.

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

82. For the 2022 NCC, patient-level costing (PLICS) is mandatory for all providers. 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, paediatric and neonatal critical care) and supplementary information (high-cost drugs, high-cost blood products, excluded devices and unbundled imaging)
  - ambulance – 999 services only
  - mental health - provider spells (MHPS) and care contacts (MHCC)
  - IAPT – Improving access to psychological therapies contacts (IAPT)
  - community health services – care contacts (CHS).

### **Materials for a costing submission**

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

## **3.3 What should providers do if they cannot provide patient-level community costing?**

84. In 2022, providers for the first time are being mandated to provide patient-level costing for community inpatient episodes and community care contacts. NHS England and NHS Improvement is aware that some trusts have anecdotally commented they are not able to provide this level of data as the master feeds are not available within their organisation.

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<sup>8</sup> For example, where an acute provider delivers community services, or a community provider delivers mental health services.

85. NHS England and NHS Improvement have identified four themes in the anecdotal feedback regarding submission of community services data. Table 3 outlines the themes and the actions that should be taken by the trust.

**Table 3: Themes and next steps**

Theme	Next steps
The provider has no electronic patient record of the clinical event	Using the proforma on the OLP with accompanying covering letter, the Director of Finance or Chief Financial Officer should contact the costing team as Section 6 (Compliance and enforcement) of this document.
The provider has an electronic patient record of the clinical event but there are not sufficient data fields to meet the mandatory requirements of the data extract specification	Using the proforma on the OLP with accompanying covering letter, the Director of Finance or Chief Financial Officer should contact the costing team as Section 6 (Compliance and enforcement) of this document.
The provider has an electronic patient record of the clinical event and there are sufficient data fields to meet the mandatory requirements of the data extract specification but they data has not been ingested into the provider costing system	Using the proforma on the OLP with accompanying covering letter, the Director of Finance or Chief Financial Officer should contact the costing team as Section 6 (Compliance and enforcement) of this document. The letter should clearly state why the data has not been ingested and what steps are being taken
The provider has an electronic patient record of the clinical event, there are sufficient data fields to meet the mandatory requirements of the data extract specification and they data has been ingested into the provider costing system but the trust is not submitting the data to Community Services Data Set (CSDS)	The provider should still submit the patient-level costing data part of the NCC for 2022. This activity should form part of the balancing items when reconciling your NCC to mandated datasets e.g. HES, IAPT, MHSDS, CSDS <sup>9</sup> .

86. Where a trust has an issue which is not noted in the table above, they should (using the proforma) an explanatory letter from Director of Finance or Chief Financial Officer) and provide supporting information.

<sup>9</sup> Further information on reconciling your data set can be found National Cost Collection Guidance Volume 2.

87. All providers should inform NHS England and NHS Improvement of their intention to not comply with the community mandation no later than Thursday 7 April 2022. The Director of Pricing and Costing and NHS England and NHS Improvement regional finance teams will be informed and a decision on compliance and enforcement action will be taken after the close of the 2022 NCC.
88. A copy of the proforma can be accessed on [the OLP here](#).

### 3.4 Education and training

89. Separate education and training (E&T) costs are not part of the mandated 2022 NCC.
90. In 2022 trusts are required to net off their E&T income from patient care costs. The E&T transitional method<sup>10</sup> gives guidance on how to do this in a transparent way; organisations that provide E&T should follow this method.
91. NHS England and NHS Improvement will not be changing the NCC process for E&T costs (where income is used as a proxy for cost) in 2022.

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<sup>10</sup> The transitional method is published as part of the *Approved Costing Guidance – Standards*. See <https://www.england.nhs.uk/approved-costing-guidance/>

# 4. Data quality

92. The Approved Costing Guidance requires providers to follow the seven costing principles when recording and allocating their costs:
- engagement
  - data and information
  - materiality.
93. Data quality is integral to each of these principles – each depends on reasonable data quality.
94. Each provider is responsible for producing sound, accurate and timely data, and should work towards data that is right the first time.
95. 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 In-collection data quality

96. In 2020-21, due to timing issues as a result of the global pandemic, there was no defined re-submission window as there had in previous years. This meant NHS England and NHS Improvement had to carry out our usual re-submission analysis processes during the normal collection window.
97. Despite being a new process NHS England and NHS Improvement were able to identify 27 trusts that required resubmission to improve data quality and a further 32 requests from trusts to resubmit.
98. In 2020/21 additional checks were bought in during the collection window, to check the cost quantum in the reconciliation against each trust's final audited accounts. A pre-submission reconciliation check was also offered to trusts. This service will be available in 2021/22.
99. In that document you can also find information about the new in-collection analysis tools that we'll be making available to you via Tableau, using them

you'll be able to see your own data benchmarked against trust averages and, where appropriate, you can request a re-submission within the main collection window.

## 4.2 External assurance

100. 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.

101. 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.

102. We publish a dashboard summarising the findings of the audits for the financial year 2021/22<sup>11</sup> collection once the final reports are agreed.

103. NHS England and NHS Improvement<sup>12</sup> may use its enforcement powers where providers have not prepared their NCC in accordance with the Approved Costing Guidance.

## 4.3 Sign-off process

104. Since the outbreak of the COVID-19 pandemic, NHS England and NHS Improvement have made the changes to the board assurance process (BAP) used in previous years to allow a trusts Director of Finance to sign off the NCC return.

105. For the finance year 2021/22 there will be a hybrid approach to the sign off process as we phase back to business as usual.

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<sup>11</sup> Costing assurance audits are currently being undertaken.

<sup>12</sup> Acting on behalf of Monitor

106. Where a trust can obtain board assurance on their NCC submission, this should be the sign off level. Example board assurance reports which can be used as pro-forma to this assist this process are available on the OLP.

107. Two reports should be taken to the board/committee:

- a pre-submission report – before the collection window opens for 2022
- a final submission report – at around the time of or following submission.

108. 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
- 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 in collection review have been addressed.

109. 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

- where and why the trust has not complied with the standards (transition path timetable)
- 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.

110. Board level assurance on the NCC submission is soft implementation for 2022 and therefore trusts who are unable to meet this requirement are still permitted to have their NCC return signed off by the trust's Director of Finance.

111. If submitting with Director of Finance approval you should complete the pro forma<sup>13</sup> and your trust's director of finance (or delegated alternative) should review and sign it.

112. The director of finance should 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 all sectors):
- where and why the trust has not complied with the standards (transition path timetable<sup>14</sup>)
- how costs have been allocated in these areas and proposed actions to address these issues

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<sup>13</sup> Editable versions of the pro-forma are available on the OLP.

<sup>14</sup> See the transition pathway at <https://www.england.nhs.uk/approved-costing-guidance/>.



- 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
- list any issues raised by costing practitioners with NHS England and NHS Improvement during the collection.

113. An editable version of the board assurance pro-forma and the Director of Finance sign off template will be available on the OLP<sup>15</sup>.

## 4.4 Self-assessment quality checklist and survey

114. Annex 3 now lists the checks you should make as part of your internal assurances before submitting your cost collection but we will not collect this information.

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

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<sup>15</sup> <https://www.openlearning.com/nhs/courses/costing-improvement>

# 5. Highlights from the reconciliation checking process

116. This section summarises highlights from the pre-submission and post-submission reconciliation checking process introduced for the NCC in 2021.
117. For the first time in 2021 the National Cost Collection team were able to complete pre-submission and post-submission checks on trusts cost quantum during the cost collection window.
118. The first review, completed as part of the pre-submission check, was voluntary for trusts to submit their draft reconciliation which was then checked against the audited annual accounts.
119. The second review was undertaken after the initial window closed to identify trusts where a re-submission was required.
120. Across both reviews, similar issues were found, and these were consistent with issues found in previous desktop reviews. The main issues identified were:
- Incorrectly adjusting other operating income – the figure in line 2 of the reconciliation should be the same as other operating income in the audited annual accounts. Where this includes misclassified income or adjustments are required these should be included in the specific line or an agreed adjustment requested.
  - Depreciation of donated assets – there were instances of trusts excluding all depreciation when only that for donated assets should be excluded.
  - COVID income – trusts incorrectly classified income on the wrong line and then calculated an additional figure for COVID income which was not consistent with income in the audited accounts.
  - Incorrectly adding back donations towards revenue from the DHSC and other sources which had been excluded in other operating income.

- Not adjusting for share of profit/loss from joint ventures/associates.

121. To support trusts in the future, the NHS England and NHS Improvement costing team will continue to review each trusts cost quantum if requested by the provider.

122. It is essential for costing leads to meet with their colleagues in Financial Accounts to ensure that they are using the final post audited general ledger and to review the draft cost quantum with the final audited accounts for consistency.

# 6. Compliance and enforcement

123. 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.
124. 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.
125. 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).
126. In the case of a supplier failure, we 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.
127. If a provider feels at risk of not submitting its mandated National Cost Collection, we expect its director of finance to formally register this risk with us as soon as it is identified via [costing@england.nhs.uk](mailto:costing@england.nhs.uk) citing 'National Cost Collection 2022 C&E'.
128. For more information, our compliance and enforcement process for providers the process is available on the [OLP](#).
129. As each situation is unique, we ask costing practitioners to contact the NCC team as early as possible so we can give you bespoke support.

# 7. Information governance

130. This section summarises the key information governance aspects for the PLICS data to be collected in 2022.

131. PLICS cost collections by NHS Digital are subject to a mandatory request from NHS Improvement being accepted by NHS Digital. We ask NHS Digital to establish and operate a system to collect patient-level costing information under Sections 255 and 256 of the Health and Social Care Act 2012. On acceptance of this mandatory request, NHS Digital issues a Data Provision Notice (DPN).

132. 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.

133. In Summer 2022, NHS Digital will (subject to acceptance of the Mandatory Request) collect:

- Patient-level costs for an attendance, episode, appointment or critical care period for acute activity
- Patient-level costs for a spell or contact for mental health activity,
- Patient-level costs for a care contact for IAPT activity
- Patient-level costs for a care contact or appointment for community activity
- Patient-level costs for High Cost Drugs and High Cost Blood Products, High Cost Devices and Unbundled Imaging
- Incident-level costs for ambulance activity.

## 7.1 How we will use the collected data

134. 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.

135. 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.

## 7.2 Sharing of data

136. 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

137. 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.

138. 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.

## 7.3 Freedom of information requests

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

140. 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.

141. 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.
142. 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.
143. NHS Digital may also contact NHS England and NHS Improvement in respect of an FOI request (where appropriate).

## 7.4 Data retention

144. NHS Digital will also store PLICS data as part of this collection in line with its retention policy.
145. NHS England and NHS Improvement will keep the data for seven years and then our IT team will securely dispose of it.
146. If you have any concerns about how your data will be used, please contact us at [costing@england.nhs.uk](mailto:costing@england.nhs.uk)

## 7.5 National data opt-out

147. NHS Digital will be requested to collect PLICS data by a Mandatory Request from NHS Improvement, under sections 255 and 256 of the Health and Social Care Act 2012.
148. On receipt of a Mandatory Request (or a Direction under section 254), NHS Digital generally issues a Data Provision Notice (DPN) to those that hold the information that NHS Digital is legally required to collect.
149. The DPN issued to providers for PLICS is a legal obligation with which the providers must comply, and therefore the National Data Opt-out does not apply to the provision of PLICS data by the providers to NHS Digital.

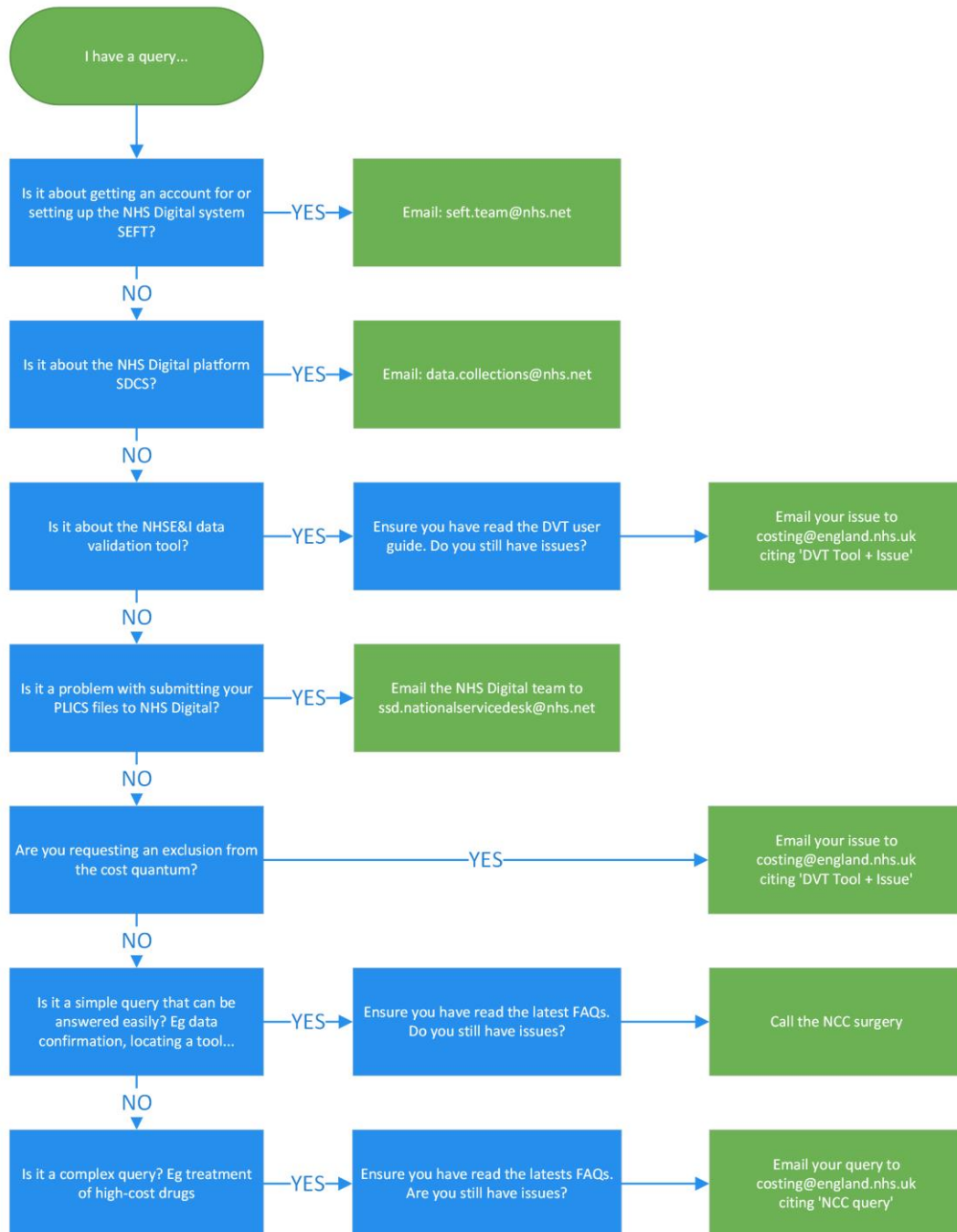
## 7.6 Linkage to other existing datasets.

150. NHS Digital collects PLICS data from NHS providers and then undertakes activities including:

- adding key identifiers where required (to allow NHS England and NHS Improvement to subsequently link this data to other datasets for example, this may include HES, MHSDS, IAPT and CSDS)
- pseudonymising the data before providing (subject to relevant governance process) NHS England and NHS Improvement with the processed PLICS data.



# Annex 1: Submission support contacts



151.

# Annex 2: Materials to use in preparing your submission

Product	Description
<b>Approved Costing Guidance</b>	Includes the National Cost Collection (NCC) guidance and the costing standards, which should be used when preparing the 2022 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 specification</b>	Defines the specification required for each extract to enable a trust to submit files to NHS Digital.
<b>National costing grouper 2021/22 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 PLICS data items with the definitions in the NHS data model and dictionary (the NHS Data Dictionary) and include links to this in the extract specification.
<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.</p> <p>It is managed by NHS Digital.</p> <p>Where available trusts can also access a summary report via SEFT during the collection window following submission of PLICS files. NHS Digital will issue further guidance on this where relevant.</p>
<b>Strategic data collection service (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	Tick on completion
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 has been fully reconciled to provisional Hospital Episode Statistics (HES), MHSDS, IAPT and CSDS, differences are explained/documentated and the PLICS to dataset activity levels reconciliation template has been completed. For information on this can be found in National Cost Collection Volume 2.	
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).	
10	Data quality: The quality of data for 2021/22 has been assured.	
11	Data quality: The reliability of costing and information systems for 2021/22 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	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).	

Contact us: [costing@england.nhs.uk](mailto:costing@england.nhs.uk)

NHS England and NHS Improvement  
Skipton House  
80 London Road  
London  
SE1 6LH

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