

Approved Costing Guidance 2021 - Introduction

What you need to know and what you need to do.

Contents

Introduction	2
What you need to know for 2021	4
What you need to do for 2021	8
Legal matters in 2021	10
Appendix 1: Standards Matrix	15
Appendix 2: Collections Matrix.....	18
Appendix 3: Mandation timetable and high-level transition path ..	20

Introduction

In 2021 the NHS will continue its journey a single National Cost Collection. This is a process that began in 2015 when the Costing Transformation Programme was established. The aim was to drive the transition to patient-level costing, which means that the NHS will be better able to use cost data to drive continuous improvement in all its functions, and this in turn will mean better outcomes for the people who use the NHS.

So far, we have successfully introduced and mandated patient-level costing to the acute, mental health and ambulance sectors. We expect to mandate it for community service providers from financial year 2021/22, following a number of years of voluntary submissions by the sector.

This year, we have by necessity slowed the rate at which we are introducing changes to the National Cost Collection. This, of course, is due to the incredibly difficult circumstances caused by the COVID-19 pandemic. However, despite the pandemic, major milestones are still being met and in 2020 our costing teams achieved the following:

- Many acute providers submitted Adult Critical Care, High Cost Drugs, High Cost Devices, Cystic Fibrosis and Unbundled Imaging at patient level for the first time.
- Mental Health providers submitted Care Contacts (CC) and Provider Spells (PS) at patient level for the first time.
- Ambulance Providers submitted 999 services at incident level for the first time.

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, as stakeholder requirements change or the information available improves. The documentation has been under review over the last two years to ensure it is proportionate, achievable, comparable and understandable.

As such, we are glad to announce that the 2021 ACG documentation has been significantly simplified and rationalised compared to previous year's iterations, which will make it easier for costing practitioners to follow and will make it less burdensome on organisations to apply the standards.

The Approved Costing Guidance will continue to be developed over the coming years with all end users in mind to ensure it provides the best possible guidance and information for local and national use.

Through this work the NHS is now well on the way to implementing standardised, granular, comparable costing at patient level, and this will bring enormous benefits to patients, to trusts, and to the whole system. 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.

What you need to know for 2021

1. In 2021, the NHS will continue its journey to a single national cost collection but because of the COVID-19 pandemic it will be at a slower pace with changes in the National Cost Collection Guidance being limited.
2. The Approved Costing Guidance documentation had been rationalised for 2021, making it easier to follow and less burdensome for trusts to apply. All of the documentation is on the NHS England website¹.
3. We will also continue to work with trusts to make costing data available through our national portal.²

Community mandation

4. Work continues on community mandation with an expected collection of patient level data in 2022.
5. **NHS England and NHS Improvement advises costing teams to work as if this case with formal notification being made to trusts before 1 April 2021.**
6. Working on that principle, this means that the first year of mandation will now be for data from the financial year 2021/22

How to use this guide

7. This document explains how we ask NHS providers to cost in the financial year ahead (2021/22) using the standards and to submit cost data in 2021 (for financial year 2020/21) using the collection guidance.
8. The published costing standards will also be applicable retrospectively for the first time in 2021 with new guidelines being included in the single standards

¹ <https://www.england.nhs.uk/approved-costing-guidance/>

² <https://nhsi.okta-emea.com/login/login.htm?fromURI=%2Fapp%2FUserHome#>

set for planning purposes only. Costing teams should refer to the transitional pathway to understand the new elements mandate date.

Main changes to Standards in 2021

9. 2021 will see the culmination of our 2-year programme to review the standards in line with stakeholder feedback. There have been some fundamental changes to the standards to ease the burden on practitioners. Table 2 outlines the main changes to the standards as result of this review.

Table 1: High level changes to the costing standards

Service	Summary
<p>General</p>	<p>The costing principles have been updated to focus on three core themes:</p> <ul style="list-style-type: none"> • materiality • data and information • engagement and usage <p>Costs will now either be classified as patient facing or overhead; there is no longer a type 2 support cost.</p> <p>Providers will now be able to choose a GL to CL mapping level which is appropriate to their local environment.</p> <p>There has been a reduction in the number of allocation methods, activities, and resources to be used as part of the costing process.</p> <p>Costing Extensions have been introduced to enable those providers who need more support or wish to do specific deep dives to have the information without included it in the mandated dataset.</p>
<p>Acute, Mental Health and Community services</p>	<p>The information requirements and costing processes for Acute, Community and Mental Health have been combined into one document.</p> <p>CM11 has been redacted.</p>

Service	Summary
	<p>CM15 has been redacted with important information now being available in CP2.</p> <p>CP6, CM20 and CM23 are no longer prescribed and will form part of the suite of costing extensions.</p> <p>CM24 has been introduced with a implementation date of 22/23 (collected in 2023)</p>
Ambulance	Minimal structural changes to the Ambulance standards for 2021.

10. Appendix One details which standards apply to which sector see.

Main changes to collections in 2021

11. In 2021, we will be collecting patient-level costs from NHS acute, mental health and ambulance providers. All other providers and services will continue to be calculated and submitted using aggregated costs in the National Cost Collection workbook.
12. For 2021, we are asking that providers comply or explain with the following:
 - Providers designated as acute but having mental health or IAPT services submit PLICS XMLs files for in-scope mental health or IAPT services.
 - Providers designated as mental health but having acute services submit PLICS XMLs files for in-scope acute services.
 - Providers who provide adult critical care services submit PLICS XML files for those bed-days.

What you need to do for 2021

Mandatory cost collections in 2021

14. This section provides details of the cost collections that will be undertaken in 2021. The collections will relate to data for the financial year 2020/21.
15. Providers who have been mandated to make PLICS submissions should ensure that the data submitted should be consistent with the costing standards and transitional pathway published in March 2021.
16. **Please read all the associated guidance relevant to the services your organisation provides before proceeding with implementation.**³ Further information can be found on Appendix 2.
17. The national cost collection will operate one submission window in 2021.

Our implementation support provision

18. We will continue to support all sectors in implementing and improving the accuracy of patient-level costs, including by providing tools. These include:
 - information gap analysis template (IGAT)
 - general ledger to cost ledger mapping tool
 - costing assessment tool (CAT)
 - data validation tool (DVT)
 - minimum software requirements.
 - national PLICS portal
19. In addition, we will roll out throughout 2021 a programme of webinars to support the implementation of PLICS in your organisation.

³ <https://improvement.nhs.uk/resources/costing-mandation-project/>

20. These are all supported by the online learning platform which is designed to support trusts implementing and submitting patient-level data.⁴

⁴ <https://www.openlearning.com/nhs>

Legal matters in 2021

About the Approved Costing Guidance

26. The Approved Costing Guidance describes the process of producing and collecting costs, both patient-level and reference costs. It focuses on obtaining and recording information about the costs of providing NHS services, the allocation of such costs, and the requirements and guidance for reporting them to us. It is updated and issued annually. It includes both mandatory and voluntary elements, but we recommend you use this guidance for all your costing processes and collections.
27. Appendix 3 shows the structure, intended users and compliance status of each part of the guidance for 2020/21 cost data.
28. Our provider licence⁵ and Single Oversight Framework⁶ are the main 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 enable us to fulfil our duties with NHS England to set prices for NHS care. Although NHS trusts do not have to hold a provider licence, they must comply with most of its conditions, including its requirements relating to pricing and costing.⁷
29. 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.

⁵ The Health and Social Care Act 2012 provides for a licence to be issued by Monitor to providers of NHS services. For further details see: <https://improvement.nhs.uk/resources/apply-for-an-nhs-provider-licence/>

⁶ See: <https://improvement.nhs.uk/resources/single-oversight-framework/>

⁷ See: <https://improvement.nhs.uk/news-alerts/provider-bulletin-7-december/#SOF>

30. Pricing Condition 1 specifies that if required in writing by 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’.
31. 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.
32. This guidance imposes the relevant requirements under those conditions for recording and collecting 2020/21 cost information and recording 2021/22 cost information (with a view to collection in 2022).
33. 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 ⁸.
34. We continue not to impose any requirements on independent providers, although we encourage them to comply with the costing principles. We may, however, require costing and other information to be submitted in future.

Publication of collected data

35. The collection of patient-level costing data is intended to help providers manage their costs, improve productivity, eliminate unwarranted variation and overall to 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.
36. 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 Hospital, so that costs sit alongside other key performance measures to inform management decisions.

⁸ <https://www.england.nhs.uk/approved-costing-guidance/approved-costing-guidance-2021-guidance-and-tools/>

37. To this end, we intend to release data as soon as we can after the collection finishes, with tools to help providers identify and improve their cost data.

Information governance

38. For 2021/22 we will collect three patient-level datasets:

- patient-level costing (acute) dataset (PLCADS) contains unit costs for inpatient admissions, accident and emergency attendances, and outpatient attendances
- mental health dataset (PLCMHDS) and IAPT dataset (PLCIADS) containing unit costs for contacts and inpatient admissions
- ambulance dataset (PLCAMDS) with unit costs for 999 activity.

39. The names of these datasets may change once the Mandatory Request from NHS England and NHS Improvement to NHS Digital has been issued. Organisations will be informed on these dataset names later in 2021.

40. 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).

41. 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.

42. If you have any objections to how your data will be used, please contact us at costing@improvement.nhs.uk

How we will use the PLICS datasets

43. PLICS datasets are created by NHS Digital at our request. NHS Digital collects the datasets from NHS providers, matches this dataset with the Hospital Episode Statistics (HES), adds key identifiers (to allow us to subsequently link this data with HES) and pseudonymises the data before providing it to NHS Improvement.

44. We intend to use the PLICS data in our pricing and other functions to:⁹
- produce and distribute patient-level data in NHS Improvement tools for use by NHS providers, eg national PLICS portal and PLICS data quality tool¹⁰
 - support efficiency and quality of care improvement programmes, eg Getting It Right First Time (GIRFT)¹¹ and operational productivity in NHS providers
 - inform and model new methods of pricing NHS services
 - inform new approaches and other changes to currency design
 - improve future cost collections
 - 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.
45. As well as sharing the PLICS data within NHS Improvement, 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 and additional functionality in new releases of our tools
 - with DHSC, NHS England, NHS Digital and 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
 - respond to NHS Improvement freedom of information requests and parliamentary questions
 - benchmark performance against other NHS and international providers
 - inform academic research.

⁹ See Section 70 of the Health and Social Care Act 2012.

¹⁰ <https://improvement.nhs.uk/resources/tools-for-using-costing-data/>

¹¹ <http://gettingitrightfirsttime.co.uk/>

Patient-level costing as a mandated information standard

46. We are working with NHS Digital to update the existing mandated information standard for patient-level costing¹². This will ensure costing standards used by the costing practitioners and requirements for informatics teams are aligned across the sector.

Costing assurance programme

47. The costing assurance programme (CAP) will continue to provide assurance on the accuracy of costing information and identify providers where additional support may be required.
48. For information on the CAP and to keep up to date on findings from the programme, see our [CAP website](#).

Costing assessment tool

49. The costing assessment tool (CAT) objectively assesses the quality of costing at each trust and the degree to which the costing standards have been implemented.
50. We will collate the CAT tools submitted to us to produce dashboards for each trust. Trusts can use these to improve their costing, and we can identify trusts requiring extra support.

¹² <https://digital.nhs.uk/data-and-information/information-standards/information-standards-and-data-collections-including-extractions/publications-and-notifications/standards-and-collections/dcb2123-patient-level-information-and-costing-plics-data-set>

Appendix 1: Standards Matrix

The table below lists all the costing standards published in the Approved Costing Guidance 2020 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		
	CM24	Maternity	X	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

Collection ¹³	Summary	Volumes to be reviewed	Expected collection window ¹⁴
Acute Sector (Mandated)	<p>Mandatory collection of PLICS data for APC, OP, A&E, Adult Critical Care, High Cost Drugs, High Cost Devices, Cystic Fibrosis and Unbundled Imaging in line with the standards published in 2020.</p> <p>Aggregated costs will not be collected for these services from the designated acute providers, but providers will need to submit the National Cost Collection Workbook for other services outside these areas.</p>	Volume 1, 2 and 3	<p>Each trust will be given a date in the timetable to submit its costing returns.</p> <p>Should there be an issue with this, please contact costing@improvement.nhs.uk to discuss</p>
Ambulance (Mandated)	<p>Mandatory collection of PLICS data for 999 services in line with the standards published in January 2019.</p> <p>Aggregated costs will not be collected for these services from the designated acute providers, but providers will need to submit the National Cost Collection Workbook for other services outside these areas.</p>	Volume 1, 2 and 5	
Mental Health	<p>Mandatory collection of PLICS data for 999 services in line with the standards published in 2020.</p>	Volume 1, 2 and 3	

¹³ Sector is defined by the mandate timeline <https://improvement.nhs.uk/resources/costing-mandation-project/>

¹⁴ We will publish the final collection window on our website as soon as it is agreed with NHS Digital.

(Mandated)	Aggregated costs will not be collected for these services from the designated acute providers, but providers will need to submit the National Cost Collection Workbook for other services outside these areas.		
Community (Mandated)	Aggregated costs will be collected for all services in the National Cost Collection Workbook.	Volume 1, 2 and 4	

Appendix 3: Mandation timetable and high-level transition path

We have published a proposed [costing mandation timeline](#), which identifies by trust type and type of activity when we expect to mandate the collection of patient-level costs. We have used the 2017/18 reference costs submission as the guide to identify when – subject to approval after completion of the impact assessment and consultation – trusts will be required to submit patient-level costs.

If you have any queries about the proposed timeline, please contact costing@improvement.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 (subject to mandation review)
Acute trust with mental health services	2018/19	2020/21	
Acute trust with community services	2018/19		2021/22 (subject to mandation review)

Type of provider	Acute services	Mental health services	Community services
Mental health provider with acute and community services	2019/20	2020/21	2021/22 (subject to mandation review)
Mental health provider with community services		2019/20	2021/22 (subject to mandation review)
Mental health provider with acute	2020/21	2019/20	
Community provider with acute and mental health services ¹⁵	2022/23	2022/23	2021/22 (subject to mandation review)
Community provider with acute services	2022/23	N/A	2021/22 (subject to mandation review)
Community provider with mental health services	N/A	2022/23	2021/22 (subject to mandation review)

¹⁵ If a trust's main service is community services, we will expect them to submit patient-level costs for non-community services in 2021/22 whether community services are mandated from that year or not.

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

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

© NHS England and NHS Improvement March 2021
Publication approval reference: PAR344