

Trust Board Report

Meeting Date:	20 May 2013
Title:	Reference Costing 2012/13
Executive Summary:	To inform the Board of the Department of Health's Reference Cost guidance requirements
Action Requested:	The Board is requested to approve the costing process for this year's Reference Cost submission
Report of:	Kevin Stringer, Chief Financial Officer
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Resource Implications:	N/A
Public or Private: (with reasons if private)	Public Session
References: (eg from/to other committees)	N/A
Appendices/ References/ Background Reading	N/A
NHS Constitution: (How it impacts on any decision-making)	<p>In determining this matter, the Board should have regard to the Core principles contained in the Constitution of:</p> <ul style="list-style-type: none"> ✚ Equality of treatment and access to services ✚ High standards of excellence and professionalism ✚ Service user preferences ✚ Cross community working ✚ Best Value ✚ Accountability through local influence and scrutiny

Background Details

1	<p><u>Background</u></p> <p>Following the end of each financial year, a reference cost submission is made by each provider, as a formal record of the cost of its services. The submission is completed according to national guidance, and is fully reconcilable to the Trust's accounts. The submission enables cost comparisons to be made at a national level.</p> <p>For the first time, the DoH is adding a requirement for Boards or their Audit</p>
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Principle 6 – Transparency (Costing should be transparent and auditable)

Standard 1 Classification of direct, indirect and overhead

Standard 2 Creation of cost pools groups and cost pools

Standard 3 Allocation of costs

Standard 4 Classification of costs into fixed and variable categories

Standard 5 Work in progress

Standard 6 Treatment of income

Standard 7 Treatment of non-patient care activities

Standard 8 Data integrity

Standard 8a Data matching

Standard 9 Quality assessment and measurement

Standard 10 Audit

(b) Appropriate costing and information capture systems are in operation

The Patient Administration System (PAS) and the majority of the departmental information capture systems in the Trust have already been used for several years in compiling Reference Costs. The new PLICS is using nine major data sets e.g. CDS data, A & E, Ward Stay, theatres, Radiology, pathology, pharmacy, community and income data, and ten minor systems.

These systems have been setup for costing in the PLICS system by the supplier and we are now in the process of validating the information. All of these systems will be used for the preparation of reference costs, in 2012-13, and will be sufficient to improve the accuracy of the Trusts reference costs.

(c) Costing teams are appropriately resourced to complete the reference costs return accurately within the timescales set out in the reference costs guidance

The reference cost submission is managed according to an internal timetable to ensure that the submission is produced, validated, and signed off, prior to submission on the 17th July.

Due to the PLICS system being used for the first time to produce reference costs the PLICS supplier is being engaged to provide support to the costing team in the production. This provides further assurance to the process of completion, but has required additional resources, over and above the recurrent level.

(d) Procedures are in place such that the self-assessment quality checklist will be completed at the time of the reference costs return.

The self-assessment procedure, currently in place, includes checks on costs, activities, output of unit costs and data quality. Last year this was completed by reconciling with the final accounts and SLAM and engaging with the information team, financial management teams and service management teams. The teams also investigated anomalous draft results including those highlighted by the Audit Commission's

<p>4</p> <p><u>Next Steps</u></p>	<p>National Benchmark. Internal management checks provided assurance on data quality and the reliability of the costing system. We will continue with these approaches.</p> <p>The process outlined above will be followed by the Costing team in order to successfully submit Reference Costs in mid-July.</p>
<p>5</p> <p><u>Recommendation</u></p>	<p>The Board is recommended to approve the costing process that supports the reference costs submission.</p>