



HEALTHCARE
COSTING
FOR **VALUE**
INSTITUTE



Costing skills in the NHS

Briefing

June 2018

Contents

Introduction and summary	3
Results of survey	5

Introduction and summary

Costing has a major role to play in supporting the delivery of high quality sustainable services across the NHS. NHS organisations need robust and detailed cost data to support them to meet the major financial challenges they face, allowing them to understand their service costs, reduce unwarranted variation and develop new models of care.

NHS Improvement's Costing Transformation Programme (CTP) is intended to deliver significant improvements to the quality of costing information in the NHS, with patient-level costing (PLICS) in place across all NHS providers by 2020. These enhancements to the quality of costing information will support providers to understand how they use their resources, and drive improvements in the efficiency and effectiveness of patient care.

The implementation and use of PLICS systems, as well as the embedding of the national healthcare costing standards is anticipated to be a challenge for many NHS trusts. In addition, there needs to be a new focus on the engagement of clinicians and operational managers to ensure costing and activity data is used to drive improvements in patient care.

These developments place new and challenging demands on NHS finance teams, where costing has traditionally been a "back room" finance function, with the focus being on the completion of national reference cost collections using average specialty costs.

Although there is a cost associated with implementing PLICS, NHS Improvement's assessment indicates that the cost is more than recouped by the benefits of PLICS data at an individual trust level.¹

Is there the capacity and capability within the NHS to deliver the CTP?

The Healthcare Costing for Value Institute surveyed costing practitioners working in its membership trusts to gauge whether there is the capability and capacity within the NHS to deliver the requirements of the CTP, as well as promote the use of cost data. These survey results, together with information gathered from interviews with senior finance leaders, costing system suppliers, and NHS Improvement, has provided a useful insight into the ability of the NHS finance profession to deliver the changes needed for this costing revolution.

Summary survey results

It is important to note that our survey was drawn from Institute member organisations in England and that the analysis is based on 28 replies. The results are therefore not necessarily representative of the whole sector, but the emerging themes are those that we hear from a wide range of costing practitioners.

Our survey results showed that:

- The costing function sits in a small central costing team, with more than half of teams containing two or fewer full time staff.
- Most trusts anticipate additional workload pressures on costing teams with the implementation of the new costing standards, and the increased use of costing data across the organisation.

¹ NHS Improvement *Mandating patient-level costs for acute activity: impact assessment October 2017*

- Two thirds of trusts reported that they did not have enough staff with the right skills to deliver the increased workload, with an aggregated estimate of an additional 27 new posts required. If the surveyed trusts were representative of all NHS trusts, this would equate to over an additional 200 new costing posts being required nationally.
- Whilst small centralised costing teams allow the development of specialist costing expertise, the size of the team means that they often lack the capacity to engage with colleagues in clinical, operational and financial management roles to promote the use of costing data.
- Nearly a quarter of trusts had vacancies in their costing teams. The lack of promotion opportunities within the costing profession, with no formal career path, is seen as a barrier to the recruitment and retention of staff. It was suggested that formal training and a recognised qualification for cost accountants would be helpful.
- The key skills identified as necessary within the costing team were:
 - technical skills, including knowledge of the costing system, SQL and database skills
 - engagement and communication skills to embed a culture of using costing information to support improvements in patient care.
- The training and support resources provided by both the Healthcare Costing for Value Institute and NHS Improvement Costing were reported as helpful. Several trusts identified the need for dedicated SQL training, and the development of analytical skills.
- Some trusts recognised that small costing teams cannot support the use of PLICS across the whole organisation, and emphasised the need for business finance partners to act as ambassadors for PLICS. Finance staff outside the costing team do not always have sufficient understanding of how to use the cost data.

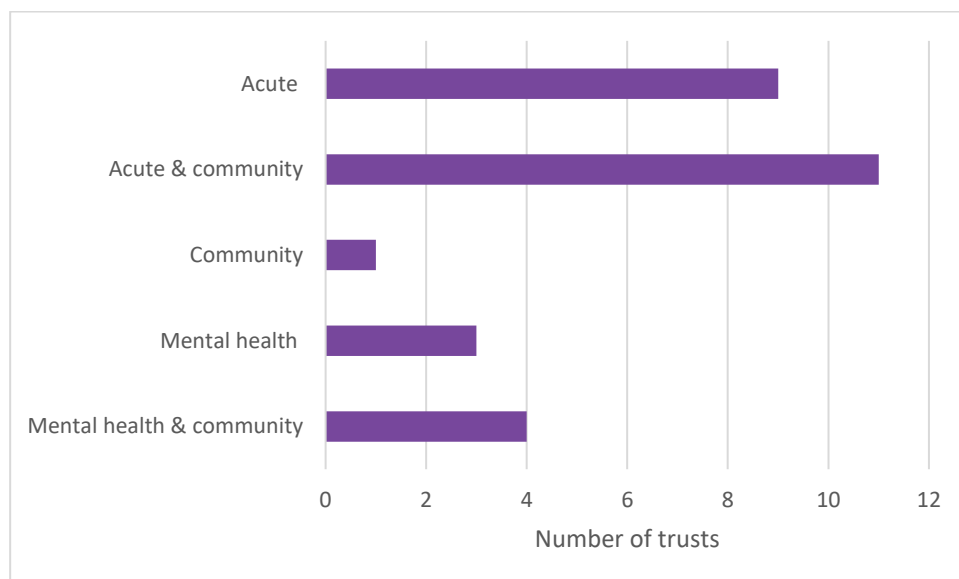
These results highlight the scale of the challenge facing the NHS, both in terms of implementing the new cost standards, and maximising the use of PLICS data to support improvements in patient care. There is work to be done to ensure the NHS has the right number of finance staff with the right skills to deliver the costing revolution.

The Institute will continue to work with members and NHS Improvement to address these challenges.

Results of the survey

28 costing practitioners working at trusts in England responded to the survey (figure 1) covering acute, community and mental health services. We have excluded the two responses from non-English members.

Figure 1 Number of responses to survey



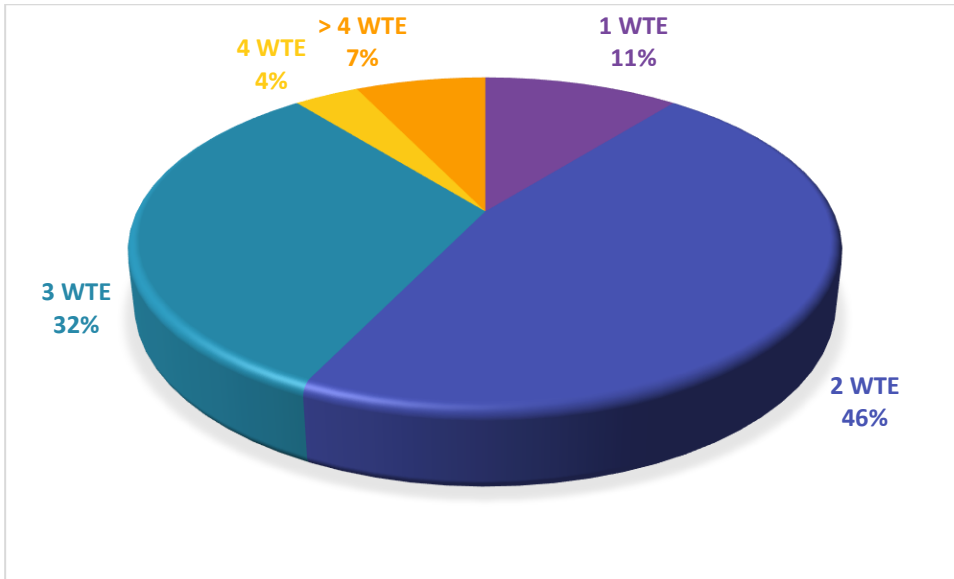
What is the size and team structure of your costing workforce?

All but one respondent reported their trust's costing function was contained in a small central costing team. This finding reflects the results of the 2016/17 national reference cost survey where over three quarters of all NHS trusts had implemented a central costing function.² One trust had recently moved to a structure where costing expertise is supplied within a business partnering model.

These central costing teams tend to be small, with more than half containing two or fewer full time staff (figure 2).

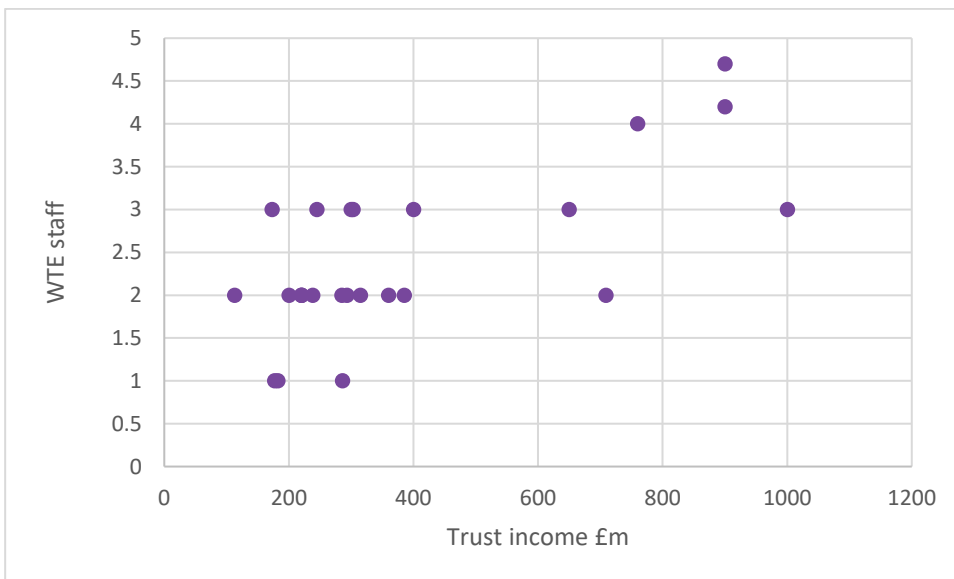
² <https://improvement.nhs.uk/resources/reference-costs/>

Figure 2 Number of staff in costing team



The larger costing teams tend to be at those trusts with higher income, but the picture is mixed (figure 3).

Figure 3 Comparison of WTE staff in costing team with trust income



The surveyed trusts were at varying stages of implementation of patient level costing; only two had yet to implement a PLICS system, but conversely, only two had developed their systems to a level where PLICS intelligence was driving their cost improvement plans.

The majority of respondents are expecting additional workload pressures on their costing teams as a result of the CTP. Most reported that, although they had installed a PLICS system, the

implementation of the new costing standards, as well as the work needed to reap the benefits of patient level data, would be substantial.

“Dual running and more pressure internally to use the data continues to add to the burden on a small team”

“Setting up and embedding the system is time consuming and requires a dedicated team in my opinion. GIRFT and Carter metrics mean that the information in the PLICS system is becoming very popular”

“Moving to CTP system requires a second implementation of a new system”

“Whilst there has been an additional workload pressure growing, this will increase further and further. Partially down to the work required to bring CTP up to standard, but mainly through the increased awareness of, and engagement with PLICs to drive change”

Two thirds of teams reported they do not have enough staff with the right skills to deliver that impending workload, with an aggregated estimate of an additional 27 new posts required. Just two trusts had approval to recruit to new posts.

If these 28 trusts are representative of all NHS trusts nationally, using the 242 trusts completing the 2016/17 reference cost survey, that would equate to over an additional 200 new costing posts nationally.

Some people referred to the challenge of justifying the worth of the investment in a costing team in the current financial environment. Two of the finance directors interviewed questioned the justification for extensive investment in costing, given the lack of sophisticated currencies for commissioning mental health and community services.

What are the benefits and challenges of the small central costing team structure?

Respondents cited the most significant benefit of having a centralised costing function was the ability to develop in-depth specialist expertise and skills, and to keep abreast of the fast-moving CTP requirements and guidance. Central costing teams provide a dedicated resource to ensure trust-wide apportionment methodologies to improve the quality and consistency of costing data.

However, one of the reported benefits, a dedicated resource available to complete the national costing returns, was also described as being a barrier to engagement with services and integration with other members of the finance team. Heavy workloads over the summer period reduces the opportunities for costing staff to be outward facing over this period.

“During costing submissions, we often disappear from view”

Similarly, consolidation of expertise into a single team means that costing is “seen as someone else’s problem”. It was reported to be difficult for small teams to influence the quality of data in feeder systems, and the requirements for costing can be overlooked if other teams are responsible for general ledger coding.

Other disadvantages included a lack of capacity to engage with colleagues working in clinical, operational or financial management roles, and a lack of knowledge of services.

“The main challenge of this is engagement. It is not only difficult to engage with the wider trust, but the finance team as well”

These small teams are vulnerable to the loss of skills when people are absent or leave.

What are the challenges in recruiting and retaining costing practitioners?

Nearly a quarter of the surveyed trusts had vacancies on their costing teams, with four respondents reporting difficulties in retaining and recruiting costing staff. Three trusts had posts which had been vacant for over a year. The lack of promotion opportunities within the costing profession was seen as a barrier to the recruitment and retention of staff.

“The band 5s are studying, so roughly after 2 years they get experience and become part qualified and then move on to another NHS organisation because there is no internal career progression”

One respondent identified the need for a clear career path.

“Outlining routes into costing - and routes out again - finance professionals need to know how costing would sit in their career path and what opportunities would exist if/when they decide upon their next move after costing.”

Recent recruitment into costing roles in the surveyed organisations has almost exclusively been from within the NHS, with only two appointments out of 19 from a non-NHS background.

Just under half the trusts had successfully recruited costing staff from other teams in their finance department, but the costing teams were also vulnerable to skilled staff moving within the organisation.

“Two members of the team came from other roles in the finance department but with significant NHS finance knowledge and have been developing their skills”

“I have developed three team members (two have now left the organisation). Two were doing accounts payable work and one was working in systems / financial management. I am currently developing a fourth member of staff who has also come from accounts payable”

“We train people who then go fully in to management accounts”

What skills are already in place within NHS costing teams, and where are the gaps?

Staff in the costing teams included a high proportion of qualified accountants and accounting technicians. Every team, bar one, had at least one qualified accountant (and that team had a costing practitioner with 30 years' experience). One third of teams had two or more qualified accountants in post, and over half the teams had one or more qualified accounting technicians.

Respondents were asked to identify the key skills required for their costing team. Two key priority areas were identified:

- technical skills including those specific to the costing system in use, as well as database skills
- communication and the ability to engage with other teams including clinical, information, and the broader finance teams.

Technical skills

Where a trust runs their costing system in house, skills and knowledge relating to that particular system were viewed as being essential, even where a data warehouse team provided support to extract data. One costing system supplier described having considerable call on his staff to provide costing support to trusts, where that expertise was not in place in house.

There was a recognition that these technical skills were particularly important during the implementation of PLICS and the CTP, where support was needed from more junior staff. Once data feeds were established and the required output was determined, the focus would then move to using costing information.

The need to have SQL and database skills within the team was also highlighted, given the extensive data sets which need analysis.

“I don't think any costing post should be appointed without basic SQL now. The CTP submission is too large to still be talking in Access terms”

“We need consistent SQL support with an expanded R&D role to analyse the increased size of the dataset. Normal accountants are not able to analyse costs to sufficient detail using excel. We need expanded mathematical analytical skills and appropriate software and training to data mine.”

Engagement and communication skills

There was a broad level of recognition that engagement and communication skills are crucial to embedding a culture of using costing information to improve services, and it was noted that these are harder to develop.

“The ability to talk to clinicians, deal with confrontation, take criticism and turn it around is something that is more difficult to support”

However, most concerns were raised about the opportunity to use these skills, rather than deficiencies in the skill sets of costing practitioners. A number of respondents did not yet have robust output from their PLICS systems to share with services. Respondents highlighted the lack of capacity in the teams to engage widely across the trust, but also identified that the wider finance teams did not have sufficient awareness of the increased focus on costing, nor the understanding of how to use the data.

“The focus on costing seems to be directed to the costing practitioners. The wider finance team are still not aware of the changes and any focus from outside the organisation, so costing is still deemed low priority to them”

“One person is unable to get the PLICS message across the entire organisation, so having business finance partners as ambassadors of PLICS is essential”

How do costing teams access information, training and support, and what else is needed?

Survey respondents and interviewees reported a broad range of resources that they have used and found helpful, provided by the HFMA Healthcare Costing for Value Institute and NHS Improvement.

Some survey respondents are participating in costing system user groups and supplier training events.

What other training and support is needed?

Formal training and a recognised qualification for cost accountants were both suggested.

Several respondents identified the need for dedicated SQL training. Development of analytical skills was also seen as important.

“SQL training so we can update our PLICS system and rely less on external support”

“We're all handling such enormous volumes of data. SQL is the only efficient way to quickly and easily pull out the data needed to deal with ad-hoc business support queries.”

“SQL training would be useful, even just basic skills.”

“Analytical training would be good. I'm from a management accounts background where you don't deal with too much data, coming to a role where there are significant amounts of data that you are expected to analyse, review and draw conclusions from can be difficult without this kind of prior experience.”

Some interviewees and survey respondents identified the need for specific tools and training materials to be produced to support the CTP. It should be noted that since the survey, NHS Improvement have launched their online training platform to support the implementation of the CTP standards.

Also proposed was more networking between organisations using the same feeder systems for HR and payroll, enabling joint work with suppliers on devising templates to load data into PLICS systems.

The Healthcare Costing for Value Institute programme 2018/19 is built around four themes:



Confident costing

Supporting improvements in costing

Costing is high on the NHS agenda with NHS Improvement's mandation of new costing standards. The Institute provides a support network where members have the opportunity to discuss costing challenges with their peers, as well as share learning. Our wide range of Confident costing events and publications ensure we support both those new to costing as well as more experienced costing staff.



Translating data

Making the most of patient-level cost data

Providers of NHS services have increasingly large amounts of data about their patients, with the roll-out of patient-level costing (PLICS) across the NHS. The challenge is how to make the most of patient-level cost data to support improvements in patient care and deliver efficiencies. The Institute has a series of toolkits to support members turn the data generated by PLICS into powerful intelligence. The Institute's support network allows members to share examples of how they have embedded PLICS within their organisation and encouraged clinicians to use PLICS data to support service redesign.



Driving value

Improving patient outcomes at lowest possible cost

The concept of 'value' in healthcare – maximising the outcomes which matter to people at the lowest possible cost – is increasingly seen as a key lever for supporting the delivery of high quality sustainable healthcare. The challenge is how to do this in practice. What is clear is that clinicians and finance staff need to work more closely together to support improvements in value. The Institute has a growing reputation for bringing together senior finance and clinicians to explore what value means for the NHS. Institute members have the opportunity to hear from those at the cutting edge – both nationally and internationally – and take back practical ideas for their own organisations. Our value challenge projects work with members to put the theory of value into practice.



Innovation

Pushing costing and value boundaries

The Institute continues to push forward and promote costing and value-based healthcare. This is supported by Institute-led projects which aim to challenge current practices and the existing culture. The Institute works with its Members, Partners and Associates to learn from and share good practice in the UK and internationally. We are always looking for new ideas and opportunities to ensure that we are at the cutting edge of costing and value.

To view the 2018/19 Institute programme [click here](#)

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