

Barnet, Enfield and Haringey

Mental Health NHS Trust

A University Teaching Trust

Title:	Reference Costs 2015-16 Publication
Report to:	Trust Board
Date:	27 March 2017
Security Classification:	Public Board Meeting
Purpose of Report:	<p>This is an annual report to update the Trust Board on the publication of the 2015-16 reference costs. The Trust's headline Reference Costs Index score for 2015-16 is 94.</p> <p>This report was considered at the Finance and Investment Committee meeting on 20 March and may be subject to a further update.</p>
Recommendations:	<p>The Trust Board is asked to note the publication of reference costs for 2015-16 and the Trust's Reference Cost Index score.</p>
Report Sponsor:	Simon Goodwin, Chief Finance and Investment Officer
Comments / views of the Report Sponsor:	The Trust Board is asked to note the contents of this report with particular reference to the need to improve the accuracy of the costing of the Trust's services for future Reference Costs collections.
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Report History:	Annual report.
Budgetary, Financial / Resource Implications:	None
Equality and Diversity Implications:	None
Links to the Trust's Objectives, Board Assurance Framework and / or Corporate Risk Register	This report supports the Trust's objective 3.1 – to develop a long term clinical and financial sustainability plan with our commissioners.
List of Appendices:	<ul style="list-style-type: none"> • Appendix 1 – Breakdown of the Trust's RCI score by service & currency • Appendix 2 – Comparison of RCI scores for all London mental health providers • Appendix 3 – Comparison of RCI scores for all mental health providers

Report

1. Introduction and Background

- 1.1 This report provides an update on the Trust's Reference Costs Index (RCI) score for 2015-16 following publication of the 2015-16 reference costs by the Department of Health in December 2016.
- 1.2 The report also explains how the Reference Costs Index is calculated and compares the Trust's RCI score with other mental health providers and with the Trust's costs in 2014-15.

2. Reference Costs Index score 2015-16

- 2.1 Each year, all NHS providers are required to complete the mandatory reference costs collection. This requires unit costs to be calculated for the majority of the Trust's services. Costs are calculated on a full cost basis, so that all overheads and indirect costs are apportioned to services.
- 2.2 The RCI is a measure of the relative cost difference between NHS providers. In order to calculate the RCI each provider's unit costs are compared with the national average. By multiplying the Trust's activity by the national average cost for each service, the actual cost of services is compared with an expected cost. The RCI is the result of dividing actual costs by expected costs and multiplying by 100. Thus a Trust with average costs would receive a RCI score of 100, while an index score below 100, indicates that a Trust's costs are below the national average.
- 2.3 It is recognised that providers face unavoidable cost differences, for example London weighting/high cost area supplement and land and building valuations in urban areas, particularly London. To make the RCI comparable on an equal basis it is divided by the Trust's Market Forces Factor (MFF), which represents the unavoidable additional costs borne by a provider resulting from its location. The Trust's MFF is currently 1.10438.
- 2.4 The headline Reference Cost Index score for the Trust in 2015-16 is **94** which represents a deterioration of eight points on the Trust's RCI score of 86 in 2014-15. This means that, on average, the Trust's costs are 6% below the national average, although clearly this will vary from service to service.
- 2.5 A breakdown of the Trust's RCI score by service is shown below with a comparison to RCI scores in 2014-15. The main reasons for the deterioration in RCI score in 2015-16 are as follows:
 - There was a significant decrease in cluster days in psychotic and cognitive impairment clusters as the number of mental health contacts fell in 2015-16 after an increase in activity in 2014-15. This resulted in a deterioration of 4 points in the RCI score for mental health clusters.
 - A number of corrections were made to cost allocations in 2015-16 that caused the Trust's RCI score to deteriorate by a total of 4 points. These included;
 - Speech & language therapy – correction of double counting of activity that occurred in 2014-15.
 - Forensic community services – income relating to prison mental health services is now correctly treated in 2015-16.
 - CAMHS – some local authority funded costs were incorrectly treated as sub-contracted services in 2014-15 (and hence excluded from the RCI calculation) but this has been corrected in 2015-16.
 - IAPT services for adults were clustered for the first time in 2015-16 and are excluded from the calculation of RCI scores for 2015-16.

Service	2014-15 Reference Costs Index (RCI) score		2015-16 Reference Costs Index (RCI) score	
	Total Cost (£000s)	RCI	Total Cost (£000s)	RCI
Community Services				
Allied Health Professionals	3,723	80	6,164	118
Health Visiting and Midwifery	4,946	80	5,533	120
Intermediate Care	5,615	134	5,838	134
Nursing	9,888	138	11,045	133
Wheelchair Services Adults	714	66	700	104
Wheelchair Services Children	23	81	75	65
Total Community Services	24,908	107	29,355	126
Outpatients				
Genitourinary Medicine	1,078	73	1,205	157
Family Planning Clinic	972	110	621	78
Physiotherapy	1,597	95	1,842	90
Speech and Language Therapy	1,000	50	0	0
Dietetics	483	139	0	0
Total Outpatients	5,130	81	3,667	102
Mental Health				
Children and Adolescent Mental Health Services	11,390	76	13,246	94
Drug and Alcohol Services	3,867	105	2,650	73
Mental Health Care Cluster	79,540	89	79,920	94
Mental Health Care Cluster Initial Assessment	4,215	54	3,514	52
Mental Health Specialist Teams	1,098	60	2,079	128
Secure Mental Health Services	30,478	85	31,821	84
Specialist Mental Health Services	4,796	76	5,173	94
Total Mental Health	135,385	85	138,403	90
Total included in RCI calculation for 2015-16	165,422	88	171,425	94
IAPT Adult & Elderly	3,694	47	2,761	111
Total included in RCI calculation for 2014-15	169,116	86	174,186	95

2.6 A more detailed breakdown of the Trust's RCI score by service and currency is shown in Appendix 1. As above, it demonstrates a wide variation in RCI scores across different services.

2.7 Reference Cost Index scores for the ten mental health services providers in London are set out below and more detail is provided in Appendix 2. This indicates that the Trust has the third lowest RCI amongst this group and hence is the third most effective mental health Trust in London (we were top of this group in 2014-15). However, when we look at mental health services only the Trust remains the most effective amongst this group with an RCI score for mental health services of 90. Nationally only six Trusts have lower RCI scores for the provision of mental health services.

Org Code	Organisation Name	2015-16 Headline RCI	2015-16 RCI for MH services only
RPG	OXLEAS NHS FOUNDATION TRUST	86	92
RNK	TAVISTOCK AND PORTMAN NHS FOUNDATION TRUST	93	93
RRP	BARNET, ENFIELD AND HARINGEY MENTAL HEALTH NHS TRUST	94	90
RWK	EAST LONDON NHS FOUNDATION TRUST	97	94
RKL	WEST LONDON MENTAL HEALTH NHS TRUST	95	95
RV3	CENTRAL AND NORTH WEST LONDON NHS FOUNDATION TRUST	103	107
RV5	SOUTH LONDON AND MAUDSLEY NHS FOUNDATION TRUST	108	108
RQY	SOUTH WEST LONDON AND ST GEORGE'S MENTAL HEALTH NHS TRUST	106	106
RAT	NORTH EAST LONDON NHS FOUNDATION TRUST	107	98
TAF	CAMDEN AND ISLINGTON NHS FOUNDATION TRUST	136	136

2.8 Amongst all providers in London (including acute, community and mental health organisations) the Trust has the eighth lowest RCI score out of a total of 36 Trusts as shown in the table below;

Org Code	Organisation Name	Trust Type	Headline RCI Score
RPG	OXLEAS NHS FOUNDATION TRUST	Mental health	86
RAX	KINGSTON HOSPITAL NHS FOUNDATION TRUST	Acute	88
RQX	HOMERTON UNIVERSITY HOSPITAL NHS FOUNDATION TRUST	Acute	90
RYX	CENTRAL LONDON COMMUNITY HEALTHCARE NHS TRUST	Community	90
RAP	NORTH MIDDLESEX UNIVERSITY HOSPITAL NHS TRUST	Acute	92
RNK	TAVISTOCK AND PORTMAN NHS FOUNDATION TRUST	Mental health	93
RQM	CHELSEA AND WESTMINSTER HOSPITAL NHS FOUNDATION TRUST	Acute	93
RRP	BARNET, ENFIELD AND HARINGEY MENTAL HEALTH NHS TRUST	Mental health	94
RKL	WEST LONDON MENTAL HEALTH NHS TRUST	Mental health	95
RWK	EAST LONDON NHS FOUNDATION TRUST	Mental health	97
RVR	EPSOM AND ST HELIER UNIVERSITY HOSPITALS NHS TRUST	Acute	97
RAL	ROYAL FREE LONDON NHS FOUNDATION TRUST	Acute	97
RY9	HOUNSLOW AND RICHMOND COMMUNITY HEALTHCARE NHS TRUST	Community	98
RAS	THE HILLINGDON HOSPITALS NHS FOUNDATION TRUST	Acute	101
RJ7	ST GEORGE'S HEALTHCARE NHS TRUST	Acute	101
RF4	BARKING, HAVERING AND REDBRIDGE UNIVERSITY HOSPITALS NHS TRUST	Acute	101
RJ2	LEWISHAM AND GREENWICH NHS TRUST	Acute	103
R1H	BARTS HEALTH NHS TRUST	Acute	103
RV3	CENTRAL AND NORTH WEST LONDON NHS FOUNDATION TRUST	Mental health	103
RP6	MOORFIELDS EYE HOSPITAL NHS FOUNDATION TRUST	Acute	105
RRU	LONDON AMBULANCE SERVICE NHS TRUST	Ambulance	105
RJ6	CROYDON HEALTH SERVICES NHS TRUST	Acute	106
RQY	SOUTH WEST LONDON AND ST GEORGE'S MENTAL HEALTH NHS TRUST	Mental health	106
RYJ	IMPERIAL COLLEGE HEALTHCARE NHS TRUST	Acute	106
RAT	NORTH EAST LONDON NHS FOUNDATION TRUST	Mental health	107
RKE	THE WHITTINGTON HOSPITAL NHS TRUST	Acute	108
RV5	SOUTH LONDON AND MAUDSLEY NHS FOUNDATION TRUST	Mental health	108
R1K	THE LONDON NORTH WEST HEALTHCARE NHS TRUST	Acute	109
RRV	UNIVERSITY COLLEGE LONDON HOSPITALS NHS FOUNDATION TRUST	Acute	110
RP4	GREAT ORMOND STREET HOSPITAL FOR CHILDREN NHS FOUNDATION TRUST	Acute	111
RJ1	GUY'S AND ST THOMAS' NHS FOUNDATION TRUST	Acute	111
RJZ	KING'S COLLEGE HOSPITAL NHS FOUNDATION TRUST	Acute	111
RPY	THE ROYAL MARSDEN NHS FOUNDATION TRUST	Acute	112
RT3	ROYAL BROMPTON & HAREFIELD NHS FOUNDATION TRUST	Acute	116
RAN	ROYAL NATIONAL ORTHOPAEDIC HOSPITAL NHS TRUST	Acute	134
TAF	CAMDEN AND ISLINGTON NHS FOUNDATION TRUST	Mental health	136

2.9 Nationally, as shown in Appendix 3, the Trust has the fifteenth lowest RCI score of all mental health Trusts (there are 56 in total). In 2014-15 we were ranked the fourth most cost effective mental health Trust in the country. However, it's worth noting that of the ten mental health Trusts with the lowest RCI scores in 2014-15 only one (Oxleas Foundation Trust) improved their score in 2015-16 so we are not alone in seeing a deterioration in RCI score in 2015-16.

2.10 We have spoken to Oxleas Foundation Trust regarding their 2015-16 reference costs and their costing lead stressed the importance of ensuring that activity data is complete across all areas. They highlighted the following reasons why Oxleas' Foundation Trust's RCI score remains low in 2015-16:

- Cost centres are mapped relatively well to the cost categories used in Reference Costs thus reducing the need for complex apportionment tables.
- Mental health activity is very well captured and recorded and close links with the Information team ensure that the Trust is up to speed with any changes in Reference Costs guidance.

- There are some gaps in activity for community services but service managers are very good at emphasising the need for accurate activity data and there are now very few areas where estimates are required.

3. Audit of 2015-16 Reference Costs

3.1 As part of NHS Improvement's Costing Assurance Programme the Trust's 2015-16 reference costs submission has been selected for audit in February 2017. The review will focus on the processes involved in producing the annual reference costs return and seek to provide assurance that national costing guidance (chiefly the Mental Health clinical costing standards) is being complied with.

3.2 To date the programme has focused on acute providers and of the 79 Trusts (all acute) whose 2014-15 reference costs submissions were audited around half were deemed to be non-compliant with the costing guidance. Some of the main areas highlighted as requiring improvement are listed below and are also areas where there is room for improvement in our own costing processes:

- Before reference costs are submitted every Trust's Board or Audit Committee or Sub-Committee should confirm that it is satisfied with the Trust's costing processes and systems. Where senior management have limited visibility of reference costs returns then data quality issues are more likely.
- Many Trusts undertake costing as a stand-alone exercise and do not properly integrate their costing data into their financial management arrangements.
- Some Trusts use national average reference costs as their main or only weighting for apportioning costs in some areas resulting in costs not reflecting actual resources consumed. This practice is not compliant with the costing guidance.
- Although costing guidance allows community services activity to be estimated it was found that estimates are often made without a robust rationale e.g. rolling forward figures from previous years without considering any activity or service delivery changes in the interim.

4. Conclusions and actions

4.1 As the variability of the service level RCI scores in Appendix 1 demonstrates, whilst the Trust's overall RCI score is robust, there is much work to do to improve the accuracy of the Trust's reference costs for 2016-17 at a detailed level.

4.2 The deadline for submission of the reference costs return for 2016-17 for London Trusts is 25 July 2017. Over the next six months we will seek to work closely with service managers and clinicians to produce robust costing information for each service area.

4.3 In particular, we will seek to implement any recommendations made in the audit of our 2015-16 reference costs and will aim to adhere to best practice as set out in the national Mental Health clinical costing standards. In addition, NHS Improvement is currently developing a new set of healthcare costing standards as part of the Costing Transformation Programme (CTP). It is important that the Trust keeps abreast of latest developments regarding the CTP as there is currently an expectation that these standards will become mandatory for all mental health Trusts from the 2019-20 financial year and that we will be required to submit our 2019-20 reference costs (in the summer of 2020) at patient level.

Implications

5. Budgetary / Financial Implications

5.1 None

6. Risk Management

6.1 None

7. Equality and Diversity Implications

7.1 None

8. Consultation

8.1 None required