

## **Overview of the Programme Budgeting Costing Methodology**

### **Background**

The Department initiated the national Programme Budgeting Project in 2002 to develop a source of information, which shows 'where the money is going' and 'what we are getting for the money we invest in the NHS'. The collection requires Primary care trusts (PCTs) to provide a breakdown of their expenditure on specific healthcare conditions, known as Programme Budgets. There are 23 different categories of disease areas (plus subcategories), which are based on the World Health Organisation International Classification of Diseases.

Programme Budgeting data enables the analysis of expenditure on specific disease areas such as cancer, mental health, and circulatory diseases, which allows PCTs to examine the health gain obtainable through investment and identify potential shifts in investment to optimise local health gains, reduce health inequalities and improve value for money.

To view the range of available Health investment tools, click the following link  
<http://www.networks.nhs.uk/nhs-networks/health-investment-network/key-tools>

### **The Programme Budgeting Methodology**

The Programme Budgeting data collection is complex. It is continually refined to improve the quality of data and reflect any changes in the underlying data sources.

From 2003/04 to 2009/10 PCTs calculated programme budgeting data using information prepared by their provider organisations specifically for the purpose of the programme budgeting return. This information was primarily based on provider Reference Costs.

For the 2010/11 collection, PCTs calculated programme budgeting information using information already held in SUS and other local information systems. This was primarily based on tariff, and therefore reflected the price paid by the commissioner, rather than the cost of provision. This provides commissioners with more relevant and accurate information on expenditure by disease area, based on actual spend through Payment by Results tariff (PbR) or local contracts.

The 2010/11 collection also provided an analysis of expenditure by care setting in each disease category. This allowed the benchmarking of spend on Inpatients, Outpatients, Community Care, Primary Care, etc. Such information helps commissioners to assess whether care is being delivered in the right setting and to design services around patients. The 2011/12 programme budgeting data will be collected in September 2012.

## **Calculating Programme Budgeting Data**

PCTs firstly identify their expenditure on the purchase of health and social care by service/activity type at each contracting level. PCTs purchase a range of different types of healthcare services, such as GP services, prescribing services, hospital services, and dental services. Some of these services can be mapped directly to programme categories, for example, dental services purchased will be included under programme category 12, 'dental problems'. Other services, such as hospital and community care services require more detailed information to allow costs to be allocated to programme categories.

A mapping document, which gives details of how services should be allocated to Programme Budgeting categories, is available alongside the Programme Budgeting Guidance for PCTs.

### Inpatient activity

Expenditure relating to hospital admissions is generally mapped on the basis of the primary diagnosis of the admission. For admissions covered by the Payment by Results tariff diagnoses based on the International Classification of Diseases (ICD-10) are mapped to programme categories and the expenditure is allocated accordingly.

Some inpatient activity is classified as excluded or unbundled from Payment by Results tariff, and these costs are calculated separately. The mapping document provides information on services such as chemotherapy, radiotherapy, high cost drugs, rehabilitation, specialist palliative care, renal dialysis and critical care.

### Outpatient activity

Outpatient attendances are allocated based on the treatment function code of the attendance. This is because primary diagnosis is not a mandated code for outpatient records.

Outpatient attendances under more general specialties (eg. general surgery, transplantation surgery, geriatric medicine) are included under the miscellaneous expenditure category, as it is not possible to link to specific disease areas.

### A&E activity

A&E expenditure is allocated to programme categories based on the diagnosis code, this could be an A&E diagnosis code or an ICD-10 code. The mapping provides a mapping for A&E diagnosis codes. Where ICD10 codes are used, this should be mapped using the same mapping as for inpatient activity.

### Ambulance and 111 activity

Ambulance and 111 activity is allocated using contract monitoring information provided by service providers. Some service providers will record activity using Ambulance Incident Classification codes, which were incorporated into Reference Costs in 2010/11. Other providers will use NHS Pathways classifications. Mappings for both sets of classifications are provided in the mapping document.

### Community activity

Where possible, community services expenditure should be allocated using commissioners' own information (e.g. contracting or monitoring information). Where commissioners do not have sufficient information to allocate expenditure to programme categories they should use information from providers. There are two community provider expenditure reports. The Community Services Reference Costs Detail report contains information from providers based on Reference Costs information to allocate expenditure on a range of services that map directly to programme categories (e.g. community midwifery services). The Community Services Apportionment report contains information from providers on services that do not map directly to programme categories (e.g. physiotherapy and occupational therapy). Providers report information based on local knowledge or sampling techniques for these services.

The mapping document provides detailed mappings for community services.

### Primary Care prescribing expenditure

The Business Services Authority maintains a mapping which links drug types (based on the British National Formulary) to programme categories. PCTs can download reports on a monthly basis which show how the cost of drugs prescribed in primary care in their locality is split by programme category.

### GP contract expenditure

Costing and coding information is not currently sufficient to enable GP contract costs to be calculated at healthcare programme level. GP contract costs are therefore included as a subcategory of programme 23, 'Other'.

### Other expenditure

There are a range of other services that need to be allocated to programme categories. These include services such as Social Care and Learning Disabilities that map directly to programme categories and services such as Continuing Care which should be mapped based on patient level information.

For further information on Programme Budgeting please refer to the Programme Budgeting guidance for PCTs. Alternatively, if you cannot find the information that you require, please contact us at [programmebudgeting@dh.gsi.gov.uk](mailto:programmebudgeting@dh.gsi.gov.uk).