

Background and Rationale:

Sherwood Forest Hospitals NHS Foundation Trust ('SFH') is currently facing a £44.5m budget deficit in 2015/16, as a result of which the Trust is in financial turnaround. All aspects of the Trust's operation are under consideration to improve efficiency, reduce costs and increase income where possible. This plan addresses an identified opportunity with respect to patient / visitor car parking charges.

Facilities

SFH boasts some of the best healthcare parking facilities nationwide – giving excellent availability and access. The Trust has 1,988 parking spaces in total and 87 parking spaces designated as disabled. The disabled to able-bodied parking ratio is 4%. Significant capital schemes during 2014/15 at the Kings Mill Hospital site have resulted in improved patient/visitor parking facilities, an enhanced provision of staff parking (on the former Dukeries site and a new staff car park adjacent to the medical records building), along with better road markings, lining and improved signage. The Trust continues to work on plans to improve the parking shortage at Newark Hospital. All Trust car parking facilities are accredited to the Association of Chief Police Officers' 'Park Mark' Safer Parking scheme.

Access

In September 2014 the Board of Directors reviewed the Trust's compliance with the DH published '*NHS patient, visitors and staff car parking principles – August 2014*' and were assured of the Trust's actions relating to concessions, including free or reduced charges or caps for the following groups,

- Frequent outpatient attenders
- Relatives of patients who are gravely ill
- Visitors to relatives who have an extended stay in hospital

During 2013/2014 the Trust made concessionary payments of £35k through the Healthcare Travel Costs Scheme and the Trust has recently undertaken a review of its Green Travel Plan and is formulating an action plan from the observations made. It should be noted that public transport connections to Kings Mill Hospital remain sub-optimal, reflecting the location of the site. SFH are currently in discussion with two local bus companies to provide an on-site solution for public transport.

Last increases

Patient / visitor car parking charges have not been increased since 2011. The Board of Directors reviewed staff and visitor car parking charges in March 2015. It was felt at the time, with reference to the Estates Return Information Collection (ERIC) benchmarking data, that there was opportunity to increase staff car parking charges. However, patient / visitor car parking remained unchanged.

Staff car parking charge increases were transacted on the 1st April 2015 and agreement was made with the Joint Staff Partnership Forum that staff parking charges will increase by RPI each April. Staff car parking charges are not considered further in this Plan.

Income mechanism

Under the PFI agreement signed in 2005, the Trust is obliged to guarantee the SPV with a specified value of parking income, subject to annual indexation, as a result of which the Trust benefits from a reduced Unitary Charge. The guaranteed income to the SPV from the Trust's car parking facilities for 2014/15 was £1.271 million (ex VAT). Any car parking income over this threshold is retained by the Trust.

The guaranteed income to the SPV rises annually by RPI therefore regardless of whether charges are increased the guaranteed income to the SPV will increase £0.013m to £1.284m in 2015/16.

During 2014/15 total parking income (including staff parking) was £1.604 million (ex VAT) resulting in a net benefit to the Trust of £0.332m. Staff payments totalled £0.405m (25%) and patient and visitors contributed £1.199m (75%).

The Trust has recently agreed with the SPV to provide credit card payment readers on their car parking machines to facilitate easier payment for visitors. The VAT implications of this proposal have now been addressed. The SPV expect that this will be operational 3 months after the implementation of these parking charge increases.

Comparative car parking charges

SFH current charges are compared to other local acute trusts (Table 1), Mansfield District Council (Table 2) and national 'comparable' Trusts i.e. medium-sized acute Trusts (Chart 1). Direct comparison of rates is significantly complicated by trusts using different 'time-bandings' for pricing.

Local Acute Facilities

The most relevant comparator of car parking charges for SFH are other local acute Trusts – these are presented below for consideration. Direct comparison is challenging, as each trust uses different time bandings for price points. Consideration also has to be given to the availability of parking, not just price. Notably Nottingham, Leicester, Sheffield and Derby all have very significant car parking capacity constraints that don't exist at SFH.

Table 1: Local trusts patient / visitor car parking rates (Data confirmed from Google search 22.07.2015)

Sherwood Forest Hospitals (SFH)		Chesterfield Royal Hospital (CRH)		Derby Teaching Hospitals (Derby)		United Lincolnshire Hospitals (ULH)		Nottingham University Hospitals (NUH)		Sheffield Teaching Hospitals (STH)	
Duration	Charge (£)	Duration	Charge (£)	Duration	Charge (£)	Duration	Charge (£)	Duration	Charge (£)	Duration	Charge (£)
0 to 0.25	Free	0 to 0.5	Free	0 to 0.5	Free	n/a	n/a	0 to 0.25	Free	n/a	n/a
0.25 - 1 hr	1.50	0.5 – 1 hr	1.80	<1	2.20	Up to 1 hr	1.40	0.25 - 1 hr	2.00	Up to 4 hrs	2.50
1 - 4 hrs	3.00	1 – 2 hrs	2.50	<2	3.00	1 - 4 hrs	3.40	1 - 2 hrs	4.00	> 4 hrs	3.70
4 - 6 hrs	5.00	2 - 4 hrs	3.50	<3	3.90	4 - 6 hrs	4.00	2 - 4 hrs	5.00		
6 - 24 hrs	6.50	4 - 24 hrs	5.50	<4	4.50	6+ hrs	4.00	> 4 hrs	6.00		
7 day saver	10.00	14 day pass	11.90	<5	5.00	10 day saver	15.00	7 day saver	15.00		
4 week saver	25.00			<6	6.00			Monthly saver	20.00		
				>6	8.80						

Local Council

As an additional comparator, the rates charged by Mansfield District Council are shown below

Table 2: Mansfield District Council Car Parking Facilities (at June 2015)

Car Location	£/hour	£/2 hours
Four Season's Shopping Centre	1.00	
Walkden Street	1.00	
Civic Centre	0.70	
Water Meadows	0.70	
Clumber Street	1.00	1.50

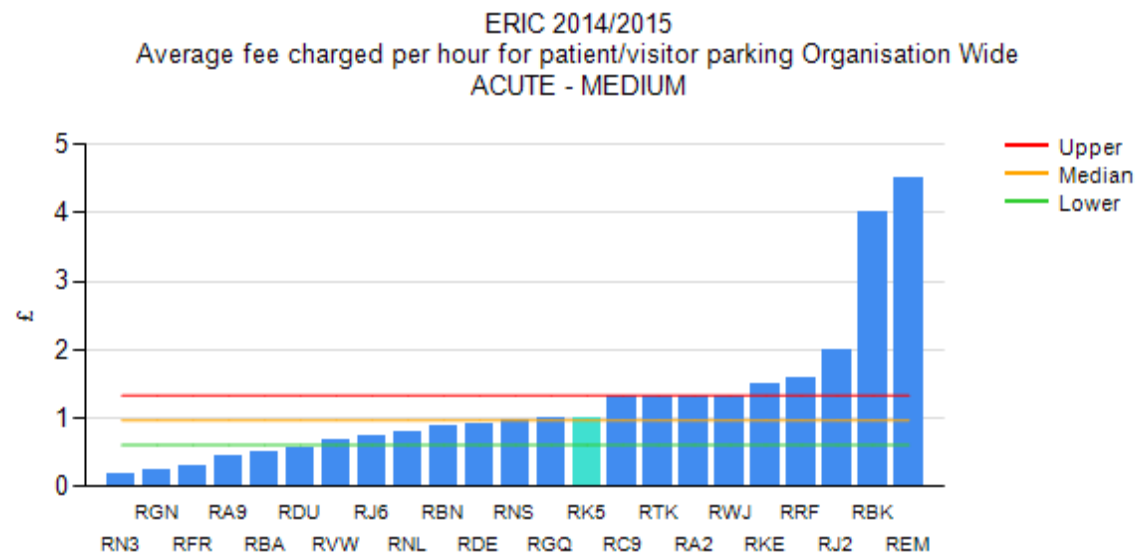
National comparator trusts

The national 'ERIC' benchmarking indicates the relative costs of SFH against 'equivalent' trusts elsewhere in the country.

The ERIC benchmarking data for 2014/15 (shown below) indicates that SFH's current benchmark performance is in the median quartile for medium acute trusts with an average price per hour charged for car parking at £1/hour. The ERIC data has been simplified to show only those trusts that charge for car parking in order to give an accurate performance position.

It is noted that Walsall Healthcare NHS Trust, who have the same PFI SPV as SFH, benchmark in the Upper quartile, with an average price for the first hour of car parking at £4/hour.

Chart 1 – ERIC benchmarking 2014/15 [note: this only takes account of 'first hour' charges]



Scope:

All patient / visitor car parking charges at King's Mill and Newark Hospitals.

Pricing options:

Based on consideration of the Trust's car parking charges, and given that patient / visitor car parking charges have not been updated since 2011, it is considered that there is opportunity to review these charges now.

Implementation is suggested to be as soon as possible once sign off has been agreed with the Executive team, TMB and Board of Directors. Once Board of Directors approval has been given, implementation can be delivered within 4 weeks. This will allow for new signage and marketing on Trust's website about changes to charges. Any pre-paid saver tickets will remain valid at previous rates until their expiry date.

A range of possible options have been considered, three are presented below for consideration. Option 1a has been developed as response to the discussions at Trust Executive Team and Board Strategy Sessions in September 2015 to understand the impact of achieving a mid position benchmark position and remove future the future needs for large rises and reviews as the car parking rates will be incrementally increased year on year each April to reflect any change in the February RPI base figure.

Option 1

Table 3 – increases across all bandings, at lower rates in 4-24hr periods

Time, hrs	Current charge, £	Proposed charge, £	% increase
<0.25	Free	Free	Nil
0.25 – 1	1.50	2.00	33
1 – 4	3.00	4.00	33
4 – 6	5.00	6.00	20
6 – 24	6.50	7.00	7
7 day saver	10	12.50	25
4 week saver	25.00	30.00	20

Option 1a

Table 4 – increases across all bandings, at lower rates in 4-24hr periods, to achieve a mid position benchmark performance and review car park tariffs annually in line with RPI

Time, hrs	Current charge, £	Proposed charge, £	% increase
<0.25	Free	Free	Nil
0.25 – 1	1.50	1.80	20
1 – 4	3.00	3.50	17
4 – 6	5.00	5.50	10
6 – 24	6.50	7.00	7
7 day saver	10	12.50	25
4 week saver	25.00	30.00	20

Option 2

Table 5 – increases across all bandings

Time, hrs	Current charge, £	Proposed charge, £	% increase
<0.25	Free	Free	Nil
0.25 – 1	1.50	2.00	33
1 – 4	3.00	4.00	33
4 – 6	5.00	6.50	30
6 – 24	6.50	8.00	23
7 day saver	10	12.50	25
4 week saver	25.00	30.00	20

Effect of proposed pricing increase on benchmark position

The proposed changes bring SFH in line with other local Acute trusts

Chart 2 – Comparison of proposed first hour charges with local acute trusts, Option 1

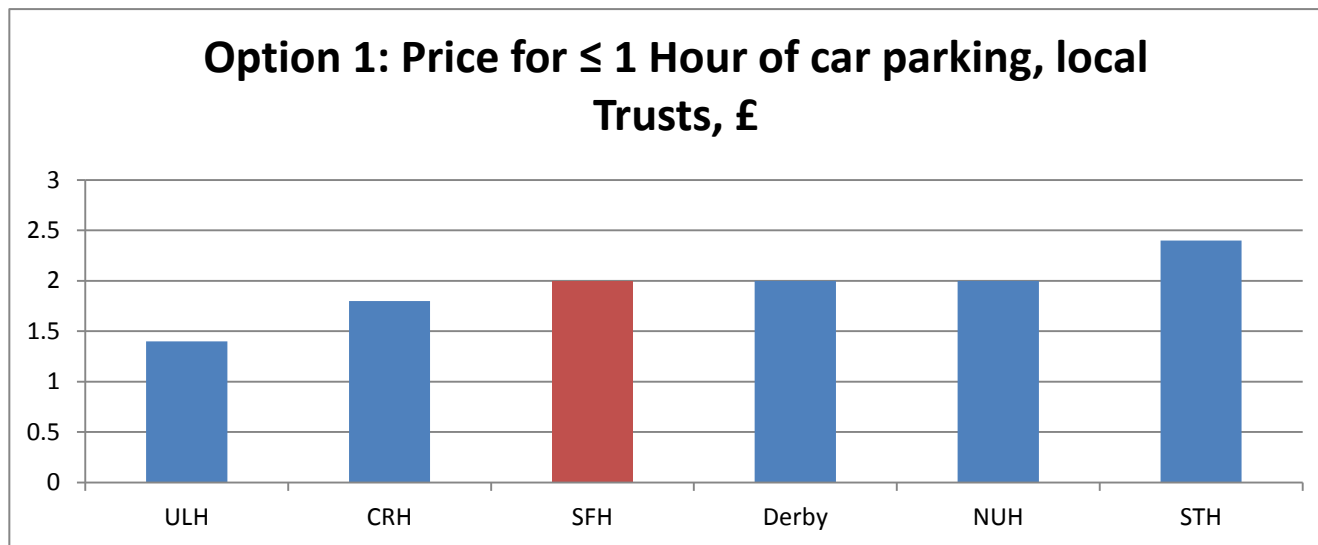
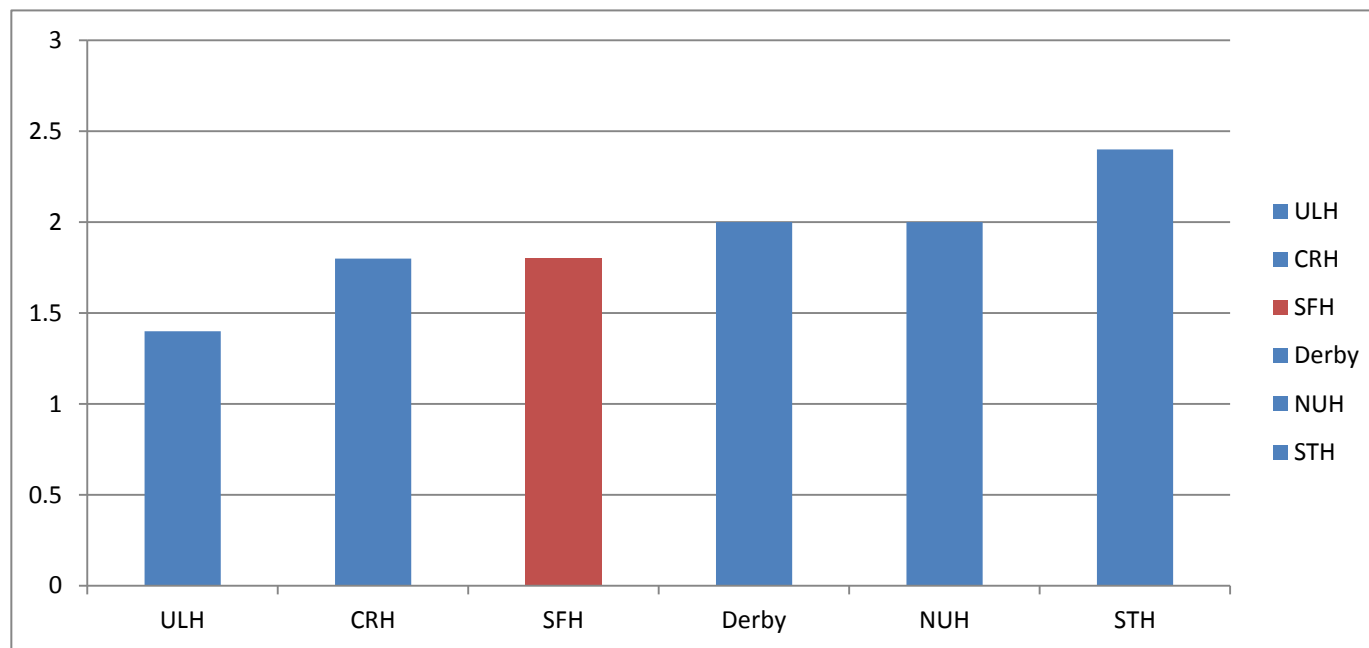


Chart 3 – Comparison of proposed first hour charges with local acute trusts, Option 1a



ERIC

The revised 'average fee charged per hour' has been fed into the 2014/15 ERIC benchmarking data first hour charge rise from £1.50 to £2 (the first hour proposal is consistent across option 1, option 1a and option 2) – see Chart 4 and 5.

The effect is that SFH position moves from a median position to an upper quartile benchmarked position when compared to other medium acute Trusts for Option 1 and Option 1a. What is not / cannot be known is where in a price increase cycle the ERIC comparator trusts are.

Table 5 – national quartiles

Quartiles	Value
Upper	1.3300
Median	0.9700
Lower	0.6096

Chart 4 – Impact on ERIC position of proposed changes to pricing, Option 1

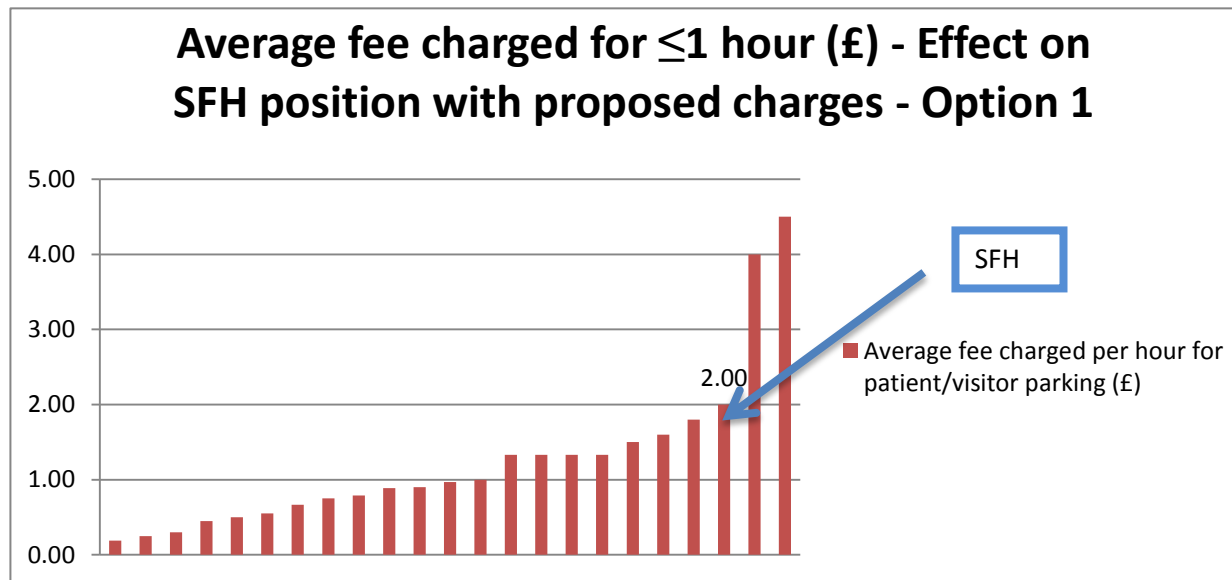
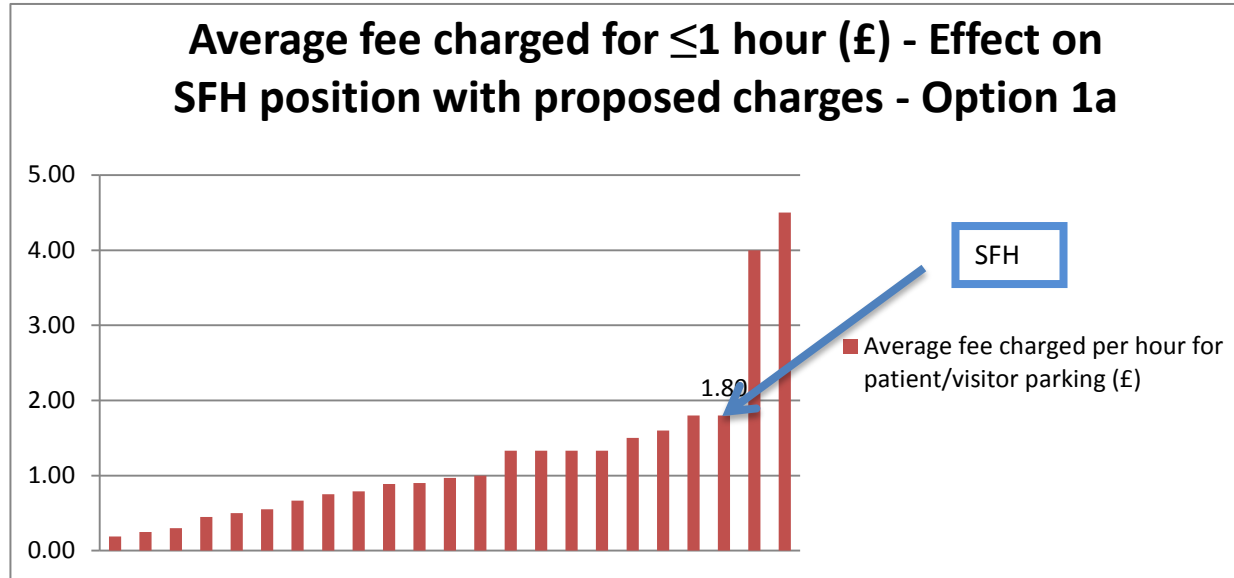


Chart 5 – Impact on ERIC position of proposed changes to pricing, Option 1a



Financial impact

The full year impact of the three options is set out below, based on 14/15 car movements on site. Using this data set creates a mismatch between assumed income and actual because of manual intervention of entry and exits on site.

Option 1 – increases across all bandings, at lower rates in 4-24hr periods

Table 6

Time, hr	Current cost, £	Movements per year	Current total revenue, £	Proposed cost, £	Proposed total revenue, £	Proposed revenue uplift, £
<0.25	Free	20,188	Nil	Free	Nil	Nil
0.25 – 1	1.50	162,375	243,562	2.00	324,750	81,188
1 – 4	3.00	272,484	817,452	4.00	1,089,936	272,484
4 – 6	5.00	17,852	89,260	6.00	107,112	17,852
6 – 24	6.50	14,585	94,802	7.00	102,095	7,293
Total			1,245,076 *		1,623,893	
Total additional revenue, £						378,817

* Actual revenue received was £1.199m compared to modelled £1.245m

Option 1a – increases across all bandings, at lower rates in 4-24hr periods to achieve a mid position benchmark performance and review annually inline with RPI

Table 7

Time, hr	Current cost, £	Movements per year	Current total revenue, £	Proposed cost, £	Proposed total revenue, £	Proposed revenue uplift, £
<0.25	Free	20,188	Nil	Free	Nil	Nil
0.25 – 1	1.50	162,375	243,562	1.80	292,275	48,713
1 – 4	3.00	272,484	817,452	3.50	953,694	136,242
4 – 6	5.00	17,852	89,260	5.50	98,186	8,926
6 – 24	6.50	14,585	94,802	7.00	102,095	7,293
Total			1,245,076 *		1,446,250	
Total additional revenue, £						201,174

* Actual revenue received was £1.199m compared to modelled £1.245m

Option 2 – increases across all bandings

Table 8

Time, hr	Current cost, £	Movements per year	Current total revenue, £	Proposed cost, £	Proposed total revenue, £	Proposed revenue uplift, £
<0.25	Free	20,188	Nil	Free	Nil	Nil
0.25 – 1	1.50	162,375	243,562	2.00	324,750	81,188
1 – 4	3.00	272,484	817,452	4.00	1,089,936	272,484
4 – 6	5.00	17,852	89,260	6.50	116,038	26,778
6 – 24	6.50	14,585	94,802	8.00	116,680	21,878
Total			1,245,076 *		1,647,404	
Total additional revenue, £						402,328

* Actual revenue received was £1.199m compared to modelled £1.245m

Sensitivity analysis

Sensitivity analysis has been carried out on the full year effect figures to understand the potential impact of the increase in parking charges on patient activity at the Trust. This helps to illustrate how much income could be lost and the extent to which this would lessen the gains that could be expected from the parking price increases. The following example illustrates this further:

The income for an average (first attendance) outpatient attendance is £146.78 and there are approximately 90,000 such attendances expected within 15/16. The following table shows the impact of lost income, resulting from any reduction in these expected attendances:

% reduction in first outpatient appointments	Activity reduction in first outpatient appointments (number)	Potential lost income (FYE)
1%	900	£132,102
2%	1800	£264,204
3%	2700	£396,306

Whilst the above calculations use only one form of activity and associated income as an example, it does demonstrate the activity shift required to fully offset the anticipated increase in income from the car parking charge changes. The likelihood of this occurring cannot be anticipated, but these figures are included for reference.

It should also be acknowledged that car park volumes may reduce should patients choose to use public transport to attend the hospitals. A draft Green Travel Plan also is being developed within the Trust to better improve access to the Trust by working with public transport providers as part of the Trust's sustainability agenda.

Planning

A separate Project Initiation Document has been produced in support of this scheme

Quality Impact Assessment (QIA)

A stage 2 QIA has been undertaken to provide assurance around the potential adverse press this proposal is likely to generate and any effect on patient choice.

Recommendation:

With reference to DH guidance 'NHS patient, visitors and staff car parking principles' which suggests trusts consider the impact of car parking charges on frequent and long stay hospital patients, the recommendation is that percentage increase for the longer duration tariffs is less than the shorter duration. It is therefore recommended that Option 1 or 1a tariffs are adopted supported by a robust communication plan. The benefit to the Trust of Option 1 is as follows in table 8 and Option 1a is detailed in table 9. There is a difference between modelled forecast and actual revenue received because of accounting periods.

Option 1 increases across all bandings, at lower rates in 4-24hr periods

Table 8 – Income assumption queries

	Full year 14/15, £000	Full year 15/16, £000	FYE, £000	PYE from 1/10/15, £000
Staff	366 *	440	74	74
Visitors	1245 **	1624	379	190
Total	1611	2064	453	264
Guaranteed Income to SPV	(1272)	(1284)	(12)	(12)
Contribution to Trust	339	780	441	252

* Actual staff income 14/15 was £0.405m

** Actual visitor income was £1.199m

Option 1a: Increases across all bandings, at lower rates in 4-24hr periods to achieve a mid position benchmark performance and review annually inline with RPI.

Table 9 – Income assumption queries

	Full year 14/15, £000	Full year 15/16, £000	FYE, £000	PYE from 1/11/15, £000
Staff	366 *	440	74	74
Visitors	1245 **	1446	201	84
Total	1611	1886	275	158
Guaranteed Income to SPV	(1272)	(1284)	(12)	(12)
Contribution to Trust	339	602	263	146

* Actual staff income 14/15 was £0.405m

** Actual visitor income was £1.199m