

## Background and Rationale:

Sherwood Forest Hospitals NHS Foundation Trust ('SFH') is currently facing a £50m 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 able-bodied to disabled 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*' 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
- Visitors 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 2013. 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 1<sup>st</sup> 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 Project Co. 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 from the Trust for 2014/15 was £1.2 million. Any car parking income over this threshold is retained by the Trust.

During 2014/15 total parking income (including staff parking) was £1.4 million (ex VAT) resulting in a net benefit to the Trust of £200k.

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 and this facility will be operational by July 2015.

**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. mid-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 facilities – 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		Chesterfield Royal Hospital		Derby Teaching Hospitals		United Lincolnshire Hospitals		Nottingham University Hospitals		Sheffield Teaching Hospitals	
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	2.00	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

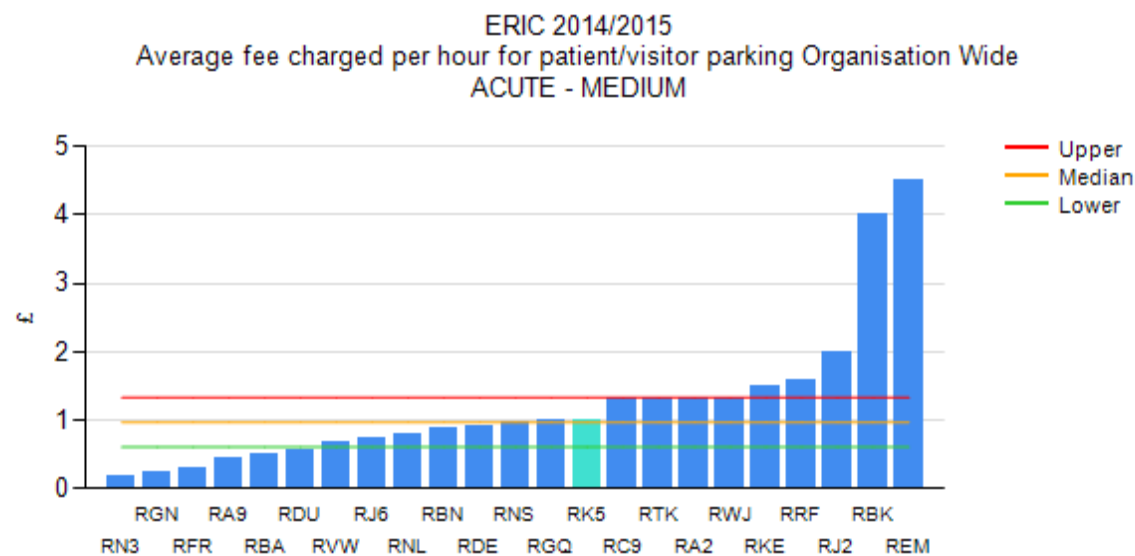
### National compactor trusts

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 website about change to Charges and to allow monthly season tickets to expire.

A range of possible options have been considered, two are presented below for consideration.

#### 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 2

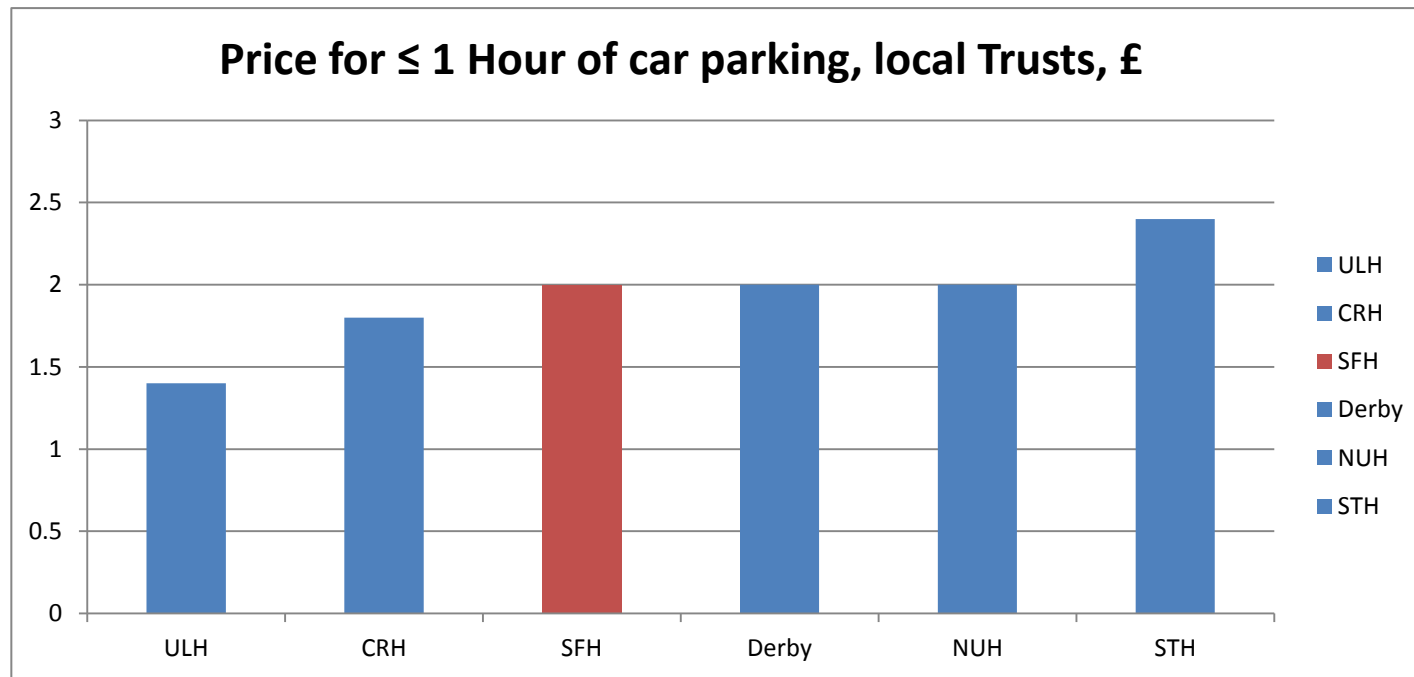
*Table 4 – increases across all bandings*

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



### 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 and option 2) – see Chart 3.

The effect is that SFH position moves from a median position to an upper quartile benchmarked position when compared to other medium acute Trusts. (SFH is RK5). What is not / cannot be known is where in a price increase cycle the ERIC comparator trusts are.

Chart 3 – Impact on ERIC position of proposed changes to pricing

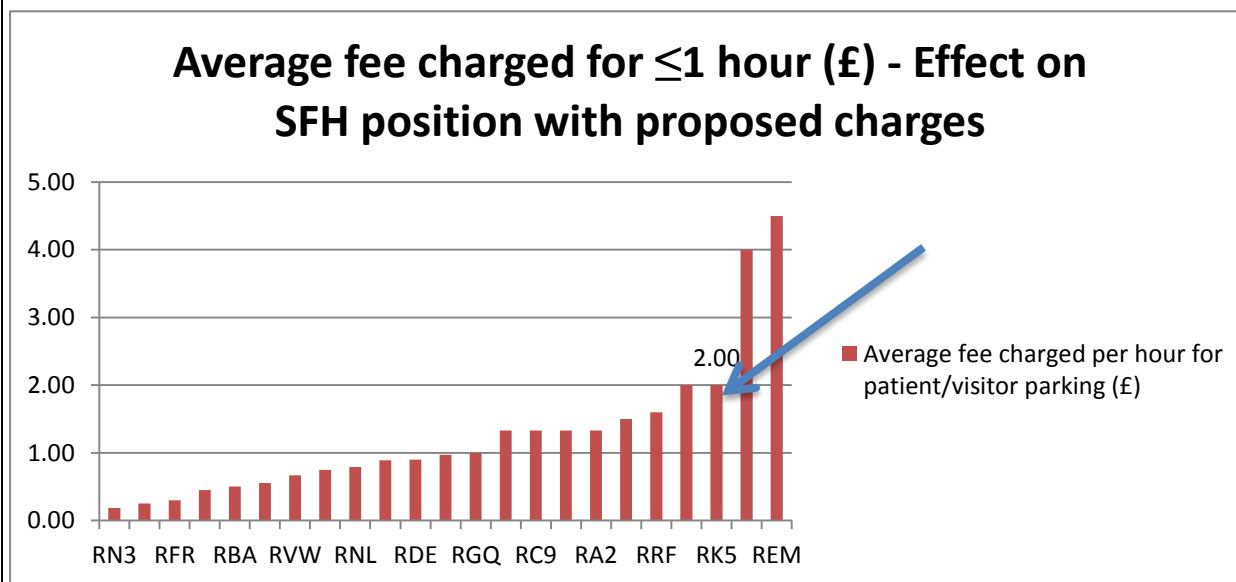


Table 5 – national quartiles

Quartiles	Value
Upper	1.3300
Median	0.9700
Lower	0.6096

### Financial impact

The full year impact of the two options is set out below, based on 14/15 car movements on site.

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

Table 6

Time, hr	Cost	Movements	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 additional revenue, £						378,817

## Option 2 – increases across all bandings

Table 7

Time, hr	Cost	Movements	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 additional revenue, £						402,328

### 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.

### Planning

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



### Quality Impact Assessment (QIA)

An initial QIA has been carried out, as part of the PID. The scores indicate that a fuller assessment is not required.

### 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 tariffs are adopted. The benefit to the Trust of Option 1 is as follows (£31.5k per month on a straight line 1/12<sup>th</sup> basis):

Table 8

Estimated Savings / Income		
Savings areas	2015/16	Comments
	£'000	
<b>Car Parking tariff increase – full year effect (FYE)</b>	378 (Option 1)	Confirmed by JC in finance 9/7/15
<b>Total part year effect (PYE)</b>	221	