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BRIEFING PAPER

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The prescription charge and other NHS charges

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Summary

The *National Health Service Act 1946*, which set up the NHS in England and Wales, contained a provision that NHS services should be provided free of charge unless that Act expressly provided for a charge. This provision has been carried forward into the legislation which replaced the 1946 Act – the *NHS Act 1977* and subsequently the *NHS Act 2006*.

Since the founding of the NHS, amendments to legislation have been made allowing charges for NHS services including prescription, dental and optical charges. There are also charges for facilities not covered by NHS legislation, such as hospital car parking.

This note sets out the provisions for prescription and dental charges, which groups are exempt, and explains where charges vary in devolved countries. It additionally covers efforts to reduce prescription wastage.

It also briefly examines the future of NHS charges. In the context of financial pressure on the NHS, there have been proposals to introduce additional charges for services, such as GP appointments. However, the Secretary of State has recently confirmed that there are no plans to charge people who have missed GP appointments.

1. The history of NHS charges

The *National Health Service Act 1946*, which set up the NHS in England and Wales, contained a provision that NHS services should be provided free of charge unless that Act expressly provided for a charge. The stipulation meant that the introduction of any charges required changes to primary legislation. This provision was reiterated in the legislation that replaced the 1946 Act, the *NHS Act 1977* and then the *NHS Act 2006*.

Legislation providing for a prescription charge was not passed until the Labour Government's *NHS (Amendment) Act 1949*. This enabled such a charge, and exemptions to it, to be introduced by regulations. Although the power was introduced in 1949, the charge itself was not introduced until 1952, under a Conservative Government. Apart from a period between 1965 and 1968, a prescription charge has continued in England ever since.

When prescription charges were introduced in 1952, there were limited exemptions (mainly people on National Assistance, together with their dependants). When prescription charges were reintroduced in 1968, exemptions were much more extensive, relating to income, medical status and age.

Currently, *The National Health Service (Charges for Drugs and Appliances) Regulations 2015,* under powers conferred in the *NHS Act 2006*, make provision for prescription charges and exemptions in England. Prescriptions are now free of charge in Scotland, Wales and Northern Ireland. Further information is provided in section 3.

The post-war Labour government passed and implemented the *NHS Act 1951*, which allowed for charges to be levied in respect of dentures and spectacles. These were the first charges to be introduced in the NHS.

1.1 What is the future of NHS charges?

There have been suggestions from stakeholders that additional charges could be introduced to relieve pressure on the NHS budget.

For example, in October 2014, the Chief Executive of the NHS Confederation, Rob Webster, suggested that patients may have to 'cover their hotel costs for bed and board.' He stated:

> If the NHS cannot afford to fund everything, then it will need to make tough choices about what it does fund.[1]

At a British Medical Association conference in May 2014, doctors voted against a motion to introduce charges for GP appointments. However, they agreed that "general practice is unsustainable in its current format."[2] Additionally, a King's Fund report, A new settlement for health and social care, explored possibilities for hospital and GP appointment charges.

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1 'NHS funding crisis: Boss warns of £75-a-night charge for a hospital bed', *The Independent* (last accessed 7 October 2014)

2 'GPs vote against charging patients for appointments', *The Guardian*, 22 May 2014

However, in July 2015, the Secretary of State for Health confirmed that there are no plans to charge people who have missed GP appointments.[3]

Any substantive changes to NHS charges would have to be introduced through primary legislation, to amend the *NHS Act 2006*.

[3] HC Deb 7 July 2015 c163

2. Prescription charges in England

The prescription charge in England will be £8.60 from April 2017.[4] In June 2014, the then Minister for Care Services, Norman Lamb, said that prescription charges are a valuable source of income in England, and were raising an estimated £450 million annually, which helps the NHS provide vital services for patients.[5] His successor, Alistair Burt, said in May 2016 that in the financial year 2014-15, the total revenue from prescription charges amounted to £503.9 million.[6]

A broad system of exemptions from prescription charges, including for those on low incomes and people with some long-term medical conditions, means that on average 90% of all prescriptions are dispensed free of charge.[7] In June 2016, Alistair Burt said that the Department of Health estimated that 60% of people in England are not required to pay for their prescriptions.[8]

Information for constituents on prescription charges are on the NHS Choices website: Get help with health costs.

2.1 Who is entitled to free prescriptions?

Individuals are entitled to free prescriptions in England if they meet one or more of the following criteria:

- are 60 or over
- are under 16
- are 16-18 and in full-time education
- are pregnant or have had a baby in the previous 12 months and have a valid maternity exemption certificate (MatEx)
- have a specified medical condition and have a valid medical exemption certificate (MedEx)
- have a continuing physical disability that prevents them from going out without help from another person and have a valid MedEx
- hold a valid war pension exemption certificate and the prescription is for an accepted disability
- are an NHS inpatient

Individuals are also entitled to free prescriptions if they or their partner are named on, or are entitled to, an NHS tax credit exemption certificate or a valid HC2 certificate (full help with health costs), or they receive either:

- Income Support
- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance, or
- Pension Credit Guarantee Credit
- Universal Credit

4 Department of Health, NHS prescription charges from April 2017 [accessed 16 March 2017]
5 HC Deb 12 June 2014 c291W
6 PQ 35168 [on prescription fees and charges] 3 May 2016
7 HC Deb 12 June 2014 c291W
8 PQ 41004 [on prescription fees and charges] 30 June 2016

2.2 Medical exemptions

Individuals are exempt from prescription charges if they have one of the medical conditions listed below and hold a valid medical exemption certificate. Medical exemption certificates are given on application to people who have:

- a permanent fistula (for example caecostomy, colostomy, laryngostomy or ileostomy) requiring continuous surgical dressing or requiring an appliance
- a form of hypoadrenalism (for example Addison's disease) for which specific substitution therapy is essential
- diabetes insipidus or other forms of hypopituitarism
- diabetes mellitus, except where treatment is by diet alone
- hypoparathyroidism
- myasthenia gravis
- myxoedema (that is, hypothyroidism requiring thyroid hormone replacement)
- epilepsy requiring continuous anticonvulsive therapy
- a continuing physical disability which means the person cannot go out without the help of another person. Temporary disabilities do not count even if they last for several months

Or are undergoing treatment for cancer:

- including the effects of cancer, or
- the effects of current or previous cancer treatment

Patients with one of the specified medical conditions can apply for a medical exemption certificate from their GP. The NHS Business Services Authority (NHSBSA) explains that the medical exemptions certificate starts one month before the date that the NHS receives a patient's application. If a patient declares that they hold a valid medical exemption certificate which the NHSBSA is unable to verify, they will be subject to a penalty charge. A new process was instituted in early spring 2015 whereby if a patient submits a valid application for a medical or maternity exemption certificate within 60 days from the date of the penalty charge notice, the outstanding penalty change is cancelled, but the prescription charge will still be recovered.[9] Further information on the process for obtaining a certificate is available from the NHSBSA: Medical exemption certificate application process.

2.3 Calls to extend the list of medical exemptions

The list of medical exemptions from prescription charges was agreed in 1968. The only addition to the list since then has been the treatment of cancer in 2009.

A review in 2008 by the President of the Royal College of Physicians looked at how prescription exemptions might be extended to include all long-term conditions. The Department of Health published the report in

[9] PQ 39489 [on prescriptions fee and charges] 9 June 2016

May 2010.[10] The review estimated that exempting people with long-term conditions from prescription charges would cost £430 million annually.

In the Spending Review in 2010, the Coalition Government made clear that no changes would be made to the current list of medical exemptions:

> To ensure spending is focused on priorities, some programmes announced by the previous government but not yet implemented will not be taken forward. This includes free prescriptions for people with long term conditions, the right to one-to-one nursing for cancer patients, and the target of a one week wait for cancer diagnostics [11]

There have also been calls from campaigning groups to extend the list of medical exemptions to a broader list of long-term conditions. The Prescription Charges Coalition calls for an end to prescription charges for people with long-term conditions. It recently carried out a survey into the impact of prescription charges on people with medical conditions, and found that for many people the cost of prescriptions is a barrier to taking medication. The Coalition includes charities such as the British Heart Foundation, Terrence Higgins Trust and the MS Society.

The 2015 Government has confirmed that there are no plans to extend the current list of medical exemptions:

> **Alistair Burt**:
>
> There are no plans to change the list of medical conditions which provide exemption from prescription charges.
>
> Other extensive exemption arrangements are in place, in England, including those based on low income, which support those who cannot afford to pay for their prescriptions. For those who need multiple prescriptions and do not qualify for exemption, Prescription Prepayment Certificates (PPC) can be purchased, which allow someone to claim as many prescriptions as needed. A 12 month PPC costs £104 and benefits anyone who needs 13 or more prescriptions a year.[12]

This position was reasserted by Alistair Burt's successor, David Mowat, in July 2016, who remarked that the Government "have no plans to makes changes to prescription charging policy".[13]

2.4 Getting help with prescription costs

NHS Low Income scheme

If an individual is on a low income, they may qualify for help with health costs through the NHS Low Income scheme.

Prescription pre-payment certificate

Individuals could also save money through a prescription pre-payment certificate (PPC).

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10 Prescription Charges Review: The Gilmore report, November 2009
11 HM Treasury, Spending Review 2010, October 2010, page 43
12 PQ 22445 [on Pulmonary Arterial Hypertension] 20 January 2016
13 PQ 42930 [on prescriptions fees and charges] 20 July 2016

The NHS Choices website sets out the costs and potential savings:

- A three month PPC costs £29.10 and will save you money if you need four or more items in the three months
- A 12 month PPC costs £104.00 and will save you money if you need more than 13 items in a year
- The cost of the three month and annual PPC have been frozen for three years and five years respectively, and will remain frozen in 2015.

Full information on available help with health costs is included on the NHS Choices website – Get help with health costs.

2.5 Universal Credit

Under the Welfare Reform Act 2012, from April 2013 Universal Credit began to replace a range of means-tested benefits and tax credits for working age people. Universal Credit will replace income-related Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit.

Anyone who received Universal Credit up until October 31 2015 was entitled to full help with health costs. Following this, a patient can claim for help with health costs if, on the date they make their claim, they either

a) receive Universal Credit and either had no earnings or had net earnings of £435 or less in their last Universal Credit assessment period; or

b) receive Universal Credit, and/or they (or their partner) had limited capability for work and work-related activity, and they either had no earnings or had net earnings of £935 or less in their last Universal Credit assessment period.

After December 2016, the net earning threshold applies to a couple's combined net earnings. Before then, the eligibility criteria only considered net earnings for the individual claimant even if they were a part of a couple. If a patient paid for health costs before this date, however, they may still be able to claim a refund under the old eligibility criteria.

Help with health costs provides for:

- free NHS prescriptions
- free NHS dental treatment
- free wigs and fabric supports
- free sight tests and access to optical vouchers to help with the cost of glasses or contact lenses
- assistance with the costs of travel to an NHS appointment on referral by a primary care practitioner (eg doctor, dentist or optician)[14]

[14] NHS Choices, Universal Credit [last accessed 11 June 2015]

3. Prescription charges in Wales, Scotland and Northern Ireland

3.1 Wales

Prescription charges in Wales were abolished on 1 April 2007. Individuals are entitled to free prescriptions if they are:

- A patient registered with a Welsh GP and receive their prescription from a Welsh pharmacy
- A Welsh patient who has an English GP and an entitlement card and they receive their prescriptions from a Welsh pharmacy

In May 2016, figures in a report by Statistics for Wales indicated that there had been a 40% increase in the number of prescriptions dispensed over the previous ten years.[15] This was, however, broadly in line with the gradual rise in prescription dispensation in Wales which had been taking place well before the abolition of prescription charges in 2007.

3.2 Scotland

Prescription charges in Scotland were reduced gradually from 2007 and abolished on 1 April 2011. People are entitled to free prescriptions if they are:

- A patient registered with a Scottish GP and they receive a prescription from a Scottish pharmacy
- A Scottish patient who has an English GP and an entitlement card and they receive a prescriptions from a Scottish pharmacy

The Scottish Government has welcomed the rise in prescriptions for people with long-terms conditions as a result of the abolition of charges. In 2013, Alex Neil (SNP), then Health Secretary said:

> Latest figures show that since 2007/08, the number of items dispensed for long term conditions such as asthma, crohns disease and diabetes has increased year on year, demonstrating the benefit of removing the barrier of cost.[16]

Since charges were scrapped in 2011, there has been an increase of more than 10,000 items for those with Crohn's disease and nearly 237,000 items for those with asthma.[17]

In March 2014, the leader of the Scottish Conservatives, Ruth Davidson, said that she would remove free prescription charges to fund extra NHS nurses and midwives if they were elected to power in the 2016 Scottish election.[18]

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15 Statistics for Wales, Prescriptions dispensed in the community in Wales, 2015, May 2016
16 The Scottish Government, Prescription charges
17 The Scottish Government, Prescription charges
18 'Scottish Tory conference: Leader Ruth Davidson would scrap free prescriptions', *BBC,* 16 March 2014 (last accessed 6 October 2014)

3.3 Northern Ireland

All prescriptions dispensed in Northern Ireland were made free of charge in April 2010.

Prescriptions from other UK countries are also dispensed free of charge at Northern Ireland pharmacies.

Further information can be found on the Northern Ireland Government pages on prescription charges.

The Northern Ireland Assembly's research services has also produced a briefing paper on Prescriptions: Costs and charges in the UK and Republic of Ireland.

4. Guidance on repeat prescriptions

It is the responsibility of individual doctors to decide prescribing practices, including repeat prescribing and duration of prescriptions.

Concerns have been raised in the House of Commons about a 28-day prescribing pattern, due to the high cost of monthly prescriptions and inconvenience of regular visits to the doctor. In response, the then Minister for Public Health, Anna Soubry, stated:

> My hon. Friend asked why the Government have not introduced more flexible prescribing patterns and moved away from the 28-day prescribing policy. The responsibility for prescribing, including repeat prescriptions and the duration of prescriptions, rests with GPs and other doctors who have the expertise and who rightly take clinical responsibility for that particular aspect of a patient's care. Doctors can prescribe flexibly and take decisions about prescribing patterns on the basis of a patient's need.[19]

The British Medical Association (BMA) provides the following guidance on prescribing intervals:

> Doctors provide prescriptions for intervals that they feel are clinically appropriate, taking into account such factors as possible reactions, a possible need for a change in prescription and consequent waste of NHS resources, patient compliance, and any necessary monitoring. Sometimes a doctor may give six or even twelve months supply on one prescription (for example the contraceptive pill, or thyroxine with a regular review in surgery once the patient is safely stabilised). This is cost-effective and patients often prefer it. A recent report on prescribing durations recognise that blanket instructions to only give 28 days supply are associated with significant increases in dispensing and other transaction costs, together with reductions in compliance in previously stable patients, and an increase in dissatisfaction amongst patients because of travel costs and time to obtain regular medicines. It can also place significant and unnecessary workload on the doctor and surgery staff.
>
> […]
>
> The Department of Health takes the view that prescribing intervals should be in line with the medically appropriate needs of the patient, taking into account the need to safeguard NHS resources, patient convenience, and the dangers of excess drugs in the home. Dispensing doctors should treat patients for whom they dispense, and any patients for whom they only prescribe, in the same way.[20]

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19 HC Deb 10 July 2013 c515

20 British Medical Association, General Practitioners' Committee, Prescribing in General Practice, May 2013, page 5

5. Prescription wastage

There are concerns about the high cost to the NHS of medicine wastage. This is due to a number of factors, including the fact that medicine cannot be returned to pharmacies and re-used, prescribing practices, and patients moving in or out of hospital and not bringing their medicine with them.

5.1 Non-reuse of prescription medication

Unused medicines cannot be returned to the NHS for reuse. The Department of Health states:

> Medicines returned to pharmacies cannot be used again. The Royal Pharmaceutical Society's Code of Ethics for pharmacists states that 'medicines returned to a pharmacy from a patient's home, a nursing or residential home must not be supplied to any other patient'. These medicines cannot be used again and have to be destroyed. The reason is that once the medicine has left the pharmacy, storage conditions cannot be guaranteed. Some medicines are sensitive to heat, light or moisture and can become less effective if not stored properly. It is also not possible to guarantee the quality of medicines on physical inspection alone.[21]

5.2 Reducing prescription wastage in England

Work is ongoing in each UK country to reduce medicine wastage.

In response to a PQ in November 2011, then Health Minister, Simon Burns, set out the scale, causes and costs of medicine wastage in England:

> **Christopher Pincher:** To ask the Secretary of State for Health if he will estimate the cost to the NHS of the over-prescription of drugs in (a) England, (b) the West Midlands, (c) South Staffordshire Primary Care Trust and (d) Tamworth.
>
> **Mr Simon Burns**: The Department does not routinely collect data on the annual value of unused prescription medicines for England as a whole or in part.
>
> We commissioned the York Health Economics Consortium and the School of Pharmacy at the University of London to carry out research to determine the scale, causes and costs of waste medicines in England. The report, "Evaluation of the Scale, Causes and Costs of Waste Medicines"[22], was published by the researchers on 23 November 2010. The report estimated the gross annual cost of unused prescription medicines in national health service primary and community care in 2009 to be in the region of £300 million, of which £150 million was avoidable waste. There are many causes for medicines wastage. Over prescribing of medicines is just one of those causes.[23]

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21 Department of Health, Repeat prescribing systems
22 Evaluation of the Scale, Causes and Costs of Waste Medicines (November 2010), York Health Economics Consortium/The School of Pharmacy, University of London
23 HC Deb November 2011 c357W

The PQ below from July 2012 sets out the Government's commitment to reduce medicine wastage:

> **Damian Hinds**: To ask the Secretary of State for Health what steps he (a) has taken and (b) plans to take to reduce wastage of drugs.
>
> **Mr Simon Burns**: Following publication of the research into the scale, causes and cost of waste medicines in England in November 2010, the Department and key interested parties took part in a round table event hosted by the King's Fund in January 2011 to consider practical next steps that could be taken, either nationally or locally, to reduce the amount of waste medicines in the national health service.
>
> There was agreement among all who attended that medicines wastage is a serious issue for the NHS and that action must be taken to tackle avoidable wastage of medicines as well as optimising medicines use to improve health outcomes.
>
> As a result, a steering group to improve the use of medicines and reduce waste was set up last year and tasked with developing an action plan. The group is now finalising its conclusions, which are expected later this year.[24]

In December 2012, the Department of Health commissioned a report to look at the ways in which the NHS was working to improve the use of medicines and tackle avoidable medicines wastage. The action plan outlines how best practice could be shared across the NHS in the future. Improving The Use Of Medicines For Better Outcomes And Reduced Waste: An action plan set out recommendations to improve prescribing practices and reduce medicine waste, including:

- identifying patients who are on repeat prescriptions and who no longer need the medicines
- improving systems and processes for medicines to accompany patients when transferred between wards and clinical areas in hospital and on discharge
- encouraging patients to bring their own medicines into hospital, for use during their stay
- implementing a national public information campaign raising awareness of how the public can help make the best use of their medicines and reduce waste.

The action plan did not however consider the reuse of medication returned by patients:

> We have not considered the "recycling" of medicines supplied in primary care and returned by patients, in the Action Plan. Whilst anecdotally, there is some public support for considering this, we decided that for practical, technical and ethical reasons, including the possible impact of adverse storage conditions on the integrity of medicines, we should exclude this aspect at this time.[25]

On 1 July 2015, the Health Secretary, Jeremy Hunt, announced plans to encourage the public to take more personal responsibility in using finite NHS resources. This will include publishing the cost to the NHS on

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24 HC Deb 16 July 2012 c599W

25 Department of Health, Improving the use of medicines for better outcomes and reduced waste: An Action Plan, October 2012,

packets of prescriptions which cost more than £20. The packets will also be marked with "funded by the UK taxpayer". The intention is to reduce waste by reminding people of the cost of medicine, and to also improve patient care by boosting adherence to drug regimes. This will be implemented in 2016.[26]

5.3 Reducing prescription wastage in Northern Ireland, Scotland and Wales

In Northern Ireland, the cost of unused medication in the health and social care service is estimated to be £2.5 million per year.[27]

The Department for Health Social Services and Public Services (DHSSPS) has introduced a programme to reduce medicine waste. In October 2010, then Health Minister, Michael McGimpsey, outlined the Government's work to reduce medicine wastage and associated costs:

> My Department and the Board are continuing to ensure that any issues of overprescribing and cost are being dealt with. Over the last five years, my Department has delivered some £90m of efficiencies in the prescribing budget and at the same time managed £3 million additional prescriptions in 2009/10."
>
> Continuing the Minister said that during this period the use of generic medicines has increased from 43% to 60% and that is an important way of managing drugs inflation.[28]

In Wales, more than 250 tons of unused medication is returned to GPs and pharmacies each year, representing an estimated cost of £50 million per year.[29]

The Welsh Assembly launched a major campaign to reduce medicine wastage in 2010. Reducing medicines waste set out actions to reduce medicine wastage for Health Boards: GPs and other prescribers; community pharmacies; and hospitals, care homes and hospices.

According to a recent BMJ article, there is no evidence to suggest that the abolition of prescription charges in 2007 has led to an increase in prescribing.

In Scotland, the estimated annual cost of medicine waste is £44 million.[30] The Scottish Productivity and Efficiency Strategic Oversight Group is working to reduce prescribing waste.

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26 Department of Health, Speech: Personal Responsibility, 1 July 2015
27 BMA, Dispensed but unopened medications (accessed on 30 September 2014)
28 http://www.northernireland.gov.uk/news/news-dhssps/news-dhssps-october-2010/news-dhssps-15102010-statement-on-free.htm
29 BMA, Dispensed but unopened medications (accessed on 30 September 2014)
30 BMA, Dispensed but unopened medications (accessed on 30 September 2014)

6. Dental charges

6.1 Dental charges in England

Full information can be found on the NHS Choices website, Get help with health costs.

Individuals in receipt of the following income-based benefits are exempt from dental charges:

- Income Support
- Income-related Employment and Support Allowance
- Income-based Jobseeker's Allowance
- Pension Credit guarantee credit
- Universal Credit

If an individual is on a low-income, they may qualify for help with health costs through the NHS Low Income scheme.

An individual is able to apply for a refund for NHS treatment through the scheme, if they have already paid.

6.2 Dental charges in Wales

Full information on charges and exemptions is on the NHS Direct Wales website.

Individuals are exempt from dental charges if they meet the following criteria:

- Are under 18, or are a full-time student under 19.
- Are expecting a baby, or have had a baby in the last 12 months.
- Are named on a Tax Credit NHS Exemption Certificate.
- Are named on an NHS HC2 certificate for full help with health costs.

Individuals receiving income-based benefits are also exempt.

6.3 Dental charges in Scotland

The Scottish Government website states that, similar to the policy in England, only income-based benefits qualify for automatic help with health costs:

> Only Income Support, income-related Employment and Support Allowance, Pension Credit Guarantee Credit or Income-based Job Seeker's Allowance count for automatic help with health costs.[31]

6.4 Dental charges in Northern Ireland

Individuals in Northern Ireland are entitled to free Health Service (HS) dental care for most treatments if they:

- Are aged under 18;
- Are aged 18 and in full time education;

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31 The Scottish Government, Help with health costs (last access 2 October 2014)

- Are pregnant or have borne a child within the 12 months before treatment starts;
- Are an HS in-patient and the treatment is carried out by the hospital dentist;
- Are an HS Hospital Dental Service out-patient;
- Are a Community Dental Service patient.

Individuals in receipt of the following income-based benefits are also exempt: Income Support, Employment and Support Allowance (income-related), Income-based Jobseeker's Allowance, or Pension Credit guarantee credit.

7. Hospital parking charges

In England, NHS Hospital Trusts and Foundation Trusts are responsible for setting their own car parking policies and schemes for patients, visitors and staff. Results from a 2015 patient survey showed that over 75% of sites that charge for car parking currently operate a concessions scheme and display it prominently.[32]

The Department of Health introduced non-mandatory guidance on NHS patient, visitor and staff car parking principles in 2014. These set out rules for managing car parking in the NHS. They include suggestions for concessions, including for:

- disabled people
- people who attend frequent outpatient appointments
- visitors with relatives who are gravely ill
- visitors to (and carers of) people who have an extended stay in hospital
- carers of people in the above groups
- staff working shifts when no public transport is available

Introducing them, Secretary of State for Health, Jeremy Hunt said:

> Patients and families shouldn't have to deal with the added stress of unfair parking charges.
>
> These clear ground rules set out our expectations, and will help the public hold the NHS to account for unfair charges or practices.[33]

The reference to "carers" in the above list was added on 29 October 2015, prompted by Julie Cooper's Private Members Bill on *Hospital Parking Charges (Exemption for Carers) Bill*.[34] The Bill provided for exempting carers from hospital car parking charges but did not make any progress past Second Reading. The Minister for Community and Social Care, Alistair Burt, said that the Government could not support the Bill because of the discretion that the Government must give to local hospitals. The Minister also raised concerns that if car parking charges were scrapped for carers, or for everyone, the money would have to be taken from elsewhere in hospitals and NHS budgets. The Minister said:

> In a perfect world, everything would be wonderful, and she (Liz McInness) finished by saying that it would be great if everyone could park for free at hospitals. They cannot do so, however, because the money would have to be found from somewhere.
>
> […]
>
> It is reasonable to suggest that if the NHS as a whole had to find costs upwards of £180 million, perhaps even towards £250 million, they would have to come from somewhere. It is therefore reasonable to ask who else would pay for them and whether that

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32 PQ 8440 [on Hospitals: Parking], 14 September 2015
33 "Hospital car parking guidance to reduce some charges", BBC, 23 August 2014
34 See the Library briefing on Background to Hospital Parking Charges (Exemption for Carers) Bill, 26 October 2015

> would be done through higher charges for others or at the expense of other parts of the NHS[35].

Scotland and Wales

The Barnett formula determines how much money is allocated to each of the devolved administrations. Scotland, Northern Ireland and Wales are then free to decide how their allocation of money is spent.

Any expenditure by a devolved administration on provisions such as free prescriptions or free car parking will reduce the amount of money that administration has to spend on other services.

Hospital parking charges in Scotland and Wales were abolished in 2008. Three car parks in Scotland, operated under Private Finance Initiative (PFI) contracts, still have charges[36], and four hospitals in Wales continue to charge, but have been told to abolish charges once contracts with private parking firms end.[37] Car parking charges have also been abolished in most hospitals in Northern Ireland, and for those that remain, many patients with cancer and other long-term conditions are exempt.[38]

When hospital parking charges were abolished in Scotland and Wales, hospitals would have lost the additional income brought in from parking charges. A BBC article from 2008 on scrapping hospital parking charges in Scotland states:

> Scrapping the charges will cost health boards about £5.5m a year in lost income.
>
> The boards will get £1.4m from the Scottish Government in this financial year, but will get no further funding.[39]

It does not appear that additional money was allocated to hospitals by the Welsh Government when parking charges were abolished. A Guardian article from 2008 said, with regards to Welsh hospitals: "NHS trusts will be told to absorb the loss of income within existing budgets".[40]

7.1 NHS income-generation rules

Charging for car parking on healthcare sites is a common example of an income generation scheme.

NHS bodies are allowed to charge for car parking and to raise revenue from it as an income generated activity as long as certain rules are followed. Income generation activities must not interfere to a significant degree with the provision of NHS core services. They must be profitable, as it would be unacceptable for monies provided for the benefit of NHS

35 HC Deb 30 October 2015 c682 and c685
36 "NHS car parking savings 'pass £13m'", BBC, 21 April 2013
37 "Hospital car parking guidance to reduce some charges", BBC, 23 August 2014
38 Car parking charges in the health and social care sector, Northern Ireland Assembly, 28 November 2011
39 BBC, NHS car parking charges abolished, 2 September 2008
40 Guardian, Welsh hospital to scrap car parking charges, 3 March 2008

patients to be used to support commercial activities, and this profit must be used to improve health services.[41]

The Department of Health's guidance on Income Generation in the NHS provides that income generation activities must be profitable and must not use NHS funding to subsidise their costs:

> For a scheme to be classed as an Income Generation scheme, the following conditions need to be met:
>
> the scheme must be profitable and provide a level of income that exceeds total costs. If the scheme ran at a loss it would mean that commercial activities were being subsidised from NHS funds, thereby diverting funds away from NHS patient care. However, each case will need to be assessed individually. For example, if a scheme is making a substantial loss then it should be stopped immediately.[42]

As income generation schemes must be profitable, any parking concessions that are provided for certain groups - such as disabled patients or frequent visitors - must be taken into consideration when calculating the estimated annual revenue. As the guidance above explains, NHS funds must not be diverted from patient care to subside a loss making scheme.

NHS Confederation says:

> The income generation rules should not be seen as a requirement to maximise profit, however. NHS principles and Government policy are clear that healthcare is funded through taxation, not through patient charges. Surpluses from parking charges should only be a by-product of covering costs and managing space fairly. In practice, NHS trusts can plan minimal surpluses or break even.[43]

Where car parking schemes make a surplus, this is often invested in improvements to car parks. Providing car parking services will incur overheads, such as maintenance costs, which must be paid for – if no charges were imposed, maintenance costs would have to be sourced from elsewhere at the risk of diverting funds from patient services. Charging for car parking allows revenue to be raised which can be used to maintain car parking services.[44]

Profits after maintenance costs have been paid for must be used to improve local health services.[45]

Foundation Trusts (FTs) are not covered by the Department of Health guidance on income generation, as they are independent bodies. For FTs, non-NHS income is governed by a board of Governors who are drawn from NHS patients, the public, staff and stakeholders. Non-NHS income streams need to concretely demonstrate how new revenue from

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41 Department of Health, Income Generation: Car parking charges – Best practice for implementation, December 2006

42 Department of Health, Revised guidance on income generation in the NHS, February 2006

43 NHS Confederation, Fair for all, not free-for-all: Principles for sustainable hospital car parking, 2009

44 Department of Health, Income Generation: Car parking charges – Best practice for implementation, December 2006, page 7

45 Department of Health, Income Generation: Car parking charges – Best practice for implementation, December 2006, page 7

sources outside the NHS will support the principal purpose of an FT, which is to provide goods and services for the NHS. Governors can, for example, reject increasing parking charges in order to best serve NHS patients.[46]

[46] Foundation Trust Network, How NHS providers use non-NHS income to improve patient services, August 2014, page

8. Other NHS charges

8.1 Hospital TV and telephone charges

Bedside television and telephones in hospitals are operated by private providers who charge the patients on a pay per use basis. The charges are set by the providers, and the Government does not issue guidance regarding the amounts charged.

8.2 Premium NHS telephone rates

The Department of Health issued guidance and directions to NHS bodies in December 2009 on the cost of telephone calls, which prohibit the use of telephone numbers that charge the patient more than the equivalent cost of calling a geographical number to contact the NHS, and additional guidance as clarification in February 2012. Further information on this can be found in the Library Standard Note, Use of non-geographic telephone numbers by the NHS and GPs' practices.

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