



HOUSE OF COMMONS

Public Accounts Committee

Oral evidence: [Penalty charge notices in healthcare, HC 2038](#)

Monday 1 July 2019

Ordered by the House of Commons to be published on 1 July 2019.

[Watch the meeting](#)

Members present: Meg Hillier (Chair); Sir Geoffrey Clifton-Brown; Shabana Mahmood; Stephen Morgan; Anne Marie Morris; Bridget Phillipson; Lee Rowley; Gareth Snell; Anne-Marie Trevelyan.

Gareth Davies, Comptroller and Auditor General, Linda Mills, Parliamentary Relations Manager, National Audit Office, Jenny George, Director, NAO, and David Fairbrother, Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-203

Witnesses

[I](#): Dr Charlotte Waite, Chair, England Community, Dental Services Committee, British Dental Association, Laura Cockram, Head of Policy and Campaigning, Parkinson's UK and Prescription Charges Coalition, and Dan Scorer, Head of Policy and Public Affairs, Mencap.

[II](#): Sir Chris Wormald, Permanent Secretary, Department of Health and Social Care, Julian Kelly, Chief Financial Officer, NHS England and NHS Improvement, Dr Keith Ridge, Chief Pharmaceutical Officer, NHS England, and Brendan Brown, Director of Citizen Services, NHS Business Services Authority.

Written evidence from witnesses:

- [British Dental Association](#)
- [Royal Mencap Society](#)

Report by the Comptroller and Auditor General
Investigation into penalty charge notices in healthcare (HC
2141)

Examination of witnesses

Witnesses: Dr Charlotte Waite, Laura Cockram and Dan Scorer gave evidence.

Q1 Chair: Good afternoon and welcome to the Public Accounts Committee on Monday 1 July 2019. We are here today to examine penalty charge notices in healthcare. The NHS Business Services Authority investigates people who it believes have allegedly fraudulently claimed free prescriptions, free dental treatment and free eye tests, and it pursues them for the money. This includes a penalty charge notice on top of the original cost. However, we as constituency MPs and, I think, some of our first witnesses are aware of how complex the system is and how confusing it is about whether or not you qualify for free treatment. In many cases, if you do not qualify under the box that you ticked, you might qualify under another criterion, so it is a challenging system to navigate as a user, and the NAO Report suggests it is also quite challenging for the NHS to police. There are lots of issues there. We do not discuss the policy, but the effectiveness of it. There are real issues here for the Government.

We are delighted to have as our first witnesses people who are nearer the frontline of the users trying to navigate this system. From my left to right we have Laura Cockram, head of policy and campaigning at Parkinson's UK and the Prescription Charges Coalition. Does that mean you are head of policy and campaigning at the Prescription Charges Coalition or are you just part of it?

Laura Cockram: As an organisation, Parkinson's UK has the chair of the Prescription Charges Coalition. We co-ordinate that.

Chair: So you are right in the hot seat there and know exactly what is going on.

Then we have Dr Charlotte Waite, chair of the England Community, Dental Services Committee at the British Dental Association. Thank you for the evidence that you sent us in advance. And we have Dan Scorer, head of policy and public affairs at Mencap. We heard evidence from you that only 6% of people with learning disabilities are in work. Is that right?

Dan Scorer: Of those known to social services, that is right, yes.

Chair: That is interesting. We will touch on how many people are affected by this. Shabana Mahmood is going to kick off this session. Our second panel are Government witnesses, so this is your chance to tell us what you think we should ask the Government. If you agree with a fellow witness, you do not need to repeat what they said, and then we will get through as much material as possible. Your evidence is very useful to us, so thank you for coming.

Q2 **Shabana Mahmood:** My first question is to all three of our witnesses. Based on your frontline experience, how easy would you say it is for somebody to understand whether they are exempt from prescription or dental charges?

Laura Cockram: Obviously, the Report states that the system is complex. In fact, the NAO Report has one and a half—

Chair: I am sorry, but people in the gallery cannot take photographs in the room. Sorry Ms Cockram, this is not about you—carry on.

Laura Cockram: Thank you. The NAO report has one and a half pages outlining the complexity of the system. It obviously depends on the benefits that you are on. Eligibility for dental treatment is different from prescriptions. It is also compounded by NHS England's making changes last year to the medications that they provide on prescription. On the over-the-counter proposals that came in last year, at Parkinson's UK and the Prescription Charges Coalition we think that the current system places extra barriers on vulnerable people who might not have the capacity—certainly if they are cognitively impaired—to understand the charges. Particularly if you are moving on to benefits for the first time, or you are getting your first prescription, or English is not your first language, the system is very complex.

Dr Waite: I am a community dentist, which means I see patients who cannot usually access high street dental services easily, but the issues that we see in primary care dental services cut across the whole of primary care. To echo Laura's points, many of the patients I see fall into vulnerable groups, many of them have protected characteristics, and very often they come to appointments supported by carers, support workers or family members, who make the declarations on their behalf. I see people daily who just do not know that level of information. Sometimes they are confused between income related and contributions based. Sometimes they just do not know the levels of universal credit or they have absolutely no idea about the benefits at all. We give information out in advance of all our appointments, but it is extremely challenging to get that information back.

From a clinician point of view, the real issue is that it is eating into our precious clinical time. We have to spend time treating our patients—that is what we should be doing. I can spend 50% of a consultation appointment trying to work out what benefit somebody is on and whether they are exempt to help them avoid getting a fine, or making phone calls to care homes. We have members of the team who go out to care homes and have to leave without delivering any care—leaving patients unable to access dental care, potentially in pain, and having to channel off into other areas of the NHS—because nobody can make these declarations for them. We do not want our patients going to A&E. We do not want them having to go and see GPs. They need to be able to access our services. We want to make sure that taxpayers' money and NHS resources are protected, but not at the expense of innocent patients—particularly those with protected characteristics. We are very concerned about this hitting those innocent patients.

Dan Scorer: The issues around eligibility are a real problem. We have had a number of very significant changes to the benefits system in recent years. We have had the move from employment and support allowance to universal credit. We have also had the move from disability living allowance to personal independence payments, with a phased approach. There is a lot of confusion, certainly among people with learning disabilities and family members, about what is happening with people's benefits. Certainly, when many of the families we have spoken to look at the eligibility, they really struggle to identify the specific benefit they are on—income-related ESA versus contributory ESA, for example. Actually, some people were claiming both, making the issue more complex. The checkers are out there, the guidance is out there, but it is incredibly complicated, so unless you are very knowledgeable about and very familiar with the benefits system, trying to understand whether you are eligible is extremely hard. That is clearly causing a lot of people to make honest mistakes in the submissions they put forward, which is leading to them being fined.

Q3 **Shabana Mahmood:** Dr Waite, how do you rate your ability to understand who is eligible for an exemption?

Dr Waite: I claim this as my specialist subject. I think I am pretty good at it.

Q4 **Shabana Mahmood:** How do you rate the ability of most of your colleagues, say in your own practice? I appreciate that it is your specialist subject.

Dr Waite: I think dentists are very aware of this issue. This has been highlighted in the media on a number of occasions; we have had BBC reports with millions of hits. I think dentists are very aware. Colleagues come to me constantly about the issues, the concerns that they see for their patients and the stress it is causing them.

Our particular concern is that patients may not be coming in to access care because of this. I am not clear whether the BSA knows whether the policies at the moment mean that fewer patients are accessing our care. For example, between 2014, when the number of fines started increasing exponentially, and 2017, there was a 23% fall, so 2 million fewer courses of treatment were completed for exempt patients. We just do not know what impact this is having on them.

I think dentists and dental teams are very good. We spend an awful lot of time trying to help our patients. We have very helpful leaflets, but it is sometimes the case that you just don't know. Without being given any more information, people just do not know this information; they don't have it to hand. People who work in citizens advice bureaux have shared letters with me and shared concerns, I believe, with the BSA and NHS England suggesting that even they cannot understand the benefits letters. They, who should be expert in this, cannot determine from the letters whether a patient would be exempt, and they are therefore concerned that patients do not know.

Patients bring us the evidence and we try to decipher it as best we can, but we make it very clear that it is the patient's responsibility and the responsibility of the carer or support worker making that declaration to make the declaration; it is not the dentist's responsibility. It is an extremely complicated system to navigate. All we want to make sure is that people who are eligible for free dental treatment and prescriptions can access them, and rightly so.

Q5 Shabana Mahmood: Who do you think should be responsible for telling someone that their medical condition entitles them to an exemption?

Laura Cockram: It is a shared responsibility—definitely between GPs, pharmacists and dental surgeries. Certainly the information needs to be out there, but I can recognise comments that Sandra Gidley from the Royal Pharmaceutical Society has made about pharmacists not wanting to be prescription police, as I imagine dentists would say as well. Pharmacists, dentists—these are healthcare professionals who provide professional medical services to people in a community; they want to provide the highest-quality medical services and to make sure that they are looking after their patients' wellbeing. It is a very difficult area in which to say that we put the responsibility firmly with one group. I think health professionals have a responsibility, at least to give out that information.

We know about a chap with multiple system atrophy who was fined. He is on contributory ESA. He assumed, because he had this complex neurological condition, along with being on contributory ESA, that he would get his prescriptions for free. His GP gave no indication or knowledge of that, and it was only when the MSA Trust went back to appeal the decision, because he got two prescription charge fines, that the BSA negotiated. The fine was dropped—he still had to pay the amount for the prescriptions—but he was obviously concerned and anxious. There is that need to get the information out there.

Q6 Shabana Mahmood: Would you accept that if it is a shared responsibility between a number of different professionals all sitting in slightly different parts of the system that that is precisely where things can fall through the cracks, and vulnerable patients whose first concern is their illness, health condition or the pain they might be in are not well placed to go away to work out from a leaflet that might be 24 pages long whether they are eligible? In your experience, can you see a way around that problem?

Dr Waite: We know that the BSA has eligibility and exemption checkers online. What I am not clear about is how many people access or use them, whether there has been an evaluation of how effective they are, and what impact they are having on making sure that people are able to access NHS dental treatment and prescription charges as appropriate. Easy read leaflets have also been developed but, again, I am not sure how they have been evaluated. I have no idea how many people have access to those leaflets or how well they help our patients, because it is very difficult to explain such a complicated system in an easy read form. I welcome the fact that they have tried to do that but, as discussed with Dan, I don't

know how achievable it is to put such a complicated system into an easy read format.

Of course, the more information that we can give our patients the better. The BSA has had campaigns to raise awareness, which it has spent a lot of money on, but this has been a campaign about not running the risk. You might imagine saying to patients, "Don't run the risk", but you are not giving them any more information; you are simply saying, "Don't run the risk of coming to the dentist if you think you might get a fine." Again, what impact have those national campaigns had, and are they about information sharing and about giving more information to patients to help them make their way through this complicated system? I am not clear if there has been any evaluation of their impact.

Dan Scorer: The Department for Work and Pensions has a key role here. If people get correspondence about their eligibility for benefits that directly passports them into eligibility for free NHS treatment, they should be made aware of that. As far as I know, they are not currently; that would be a key opportunity to make people aware of that eligibility and, potentially, bypass them having to go through the complex process of online checkers that Charlotte was outlining, or trying to access the very complex easy read information—of course it is welcome that it has been produced, but trying to put a system that complex into accessible language is a huge challenge. It has taken us that much further forward.

Q7 **Shabana Mahmood:** Have you ever seen the DWP locally, through your work, take up that sort of role in any specific jobcentres where they might add on that information to somebody who has come in and is now going to be claiming any number of eligible benefits?

Dr Waite: What I would be concerned about with the DWP is, yes, of course we need to make sure that our patients have the information, but we ask for evidence—if they can bring evidence. Very often, patients do not bring evidence. We are all able to have a letter filed away somewhere, but they do not bring it to show us. I am concerned that even if the DWP letters were more explicit, people just still would not be bringing those letters into appointments and we still would not be able to see them.

Of course, this is where this real-time checking could have a real role to play, but my concern is that NHS dental services certainly are not integrated into the wider NHS IT services at all, and real-time checking would be a long, long way off for high street dentists. If we could check on an online checker, of course that would be ideal in real time, but I do not see that, and in the interim we must have a solution. We cannot have millions of people being innocently fined and not accessing the care that they are entitled to.

Chair: As we know, online checks require a lot of checks on a lot of different systems, which we will probably touch on with our next set of witnesses.

Q8 **Anne Marie Morris:** Mr Scorer, is there any logic behind this very complex system, and if there is, could you express it?

Dan Scorer: Sorry, logic behind it?

Anne Marie Morris: Yes.

Dan Scorer: In terms of “is it proportional?”

Anne Marie Morris: Yes. It seems to me that if you are on benefits, there are 101 questions to decide whether you do or you do not. Would it be simpler, and would it be fair if everybody on benefits did not have to pay? Is there a simple way of achieving the objective? Is it the DWP or the Department of Health and Social Care that makes the decisions about who gets it and who does not, and when it gets changed, suddenly you find that the system has changed for you personally?

Dan Scorer: There is a national policy framework around benefits eligibility and the benefits that will passport you into getting—

Q9 **Anne Marie Morris:** Is there a logic to why some people on benefits should get a passport and why other people should not?

Dan Scorer: Personally, I would say most people would struggle to understand the level of complexity and some of the distinctions involved, particularly when you look, for example, at universal credit and people’s eligibility potentially changing from month to month depending on their income. If you are self-employed, you do not necessarily know what your income is going to be from month to month.

We are getting to a level of complexity and unknowability for the individual in the system now that I do not think is practical. You are absolutely right: there needs to be greater simplicity to aid individuals to understand whether or not they actually have this entitlement, and avoid falling into the trap of being fined for honest mistakes.

Q10 **Anne Marie Morris:** For the different benefits, why do you think the DWP—I assume it is them who make the decision—decide that for this benefit you get a free prescription, and for that benefit you don’t? Is there any logic?

Dan Scorer: These are Department of Health and Social Care policy matters.

Anne Marie Morris: Oh, it is the Department of Health and Social Care that decides.

Dan Scorer: Yes, so you probably need to put those to members of the next panel. However, there is a very important point there across the benefits system, which is that with universal credit, the objective has been to simplify the benefits system. You can argue whether or not it actually has, but certainly in relation to the point we are looking at today, simplicity is desperately needed. Certainly, when you are looking at a benefit like employment and support allowance, which millions of disabled people claim, the distinction between income-related and contributory—which many people fall foul of—is not something where people understand which benefit they are on. Indeed, they may be claiming aspects of both benefits.

Q11 **Anne Marie Morris:** So far as you are aware, do the DWP and the Department of Health and Social Care talk to each other?

Dan Scorer: Yes, they do talk to each other. They are obviously sharing vast amounts of claimant data in relation to the administration.

Q12 **Anne Marie Morris:** But in terms of the logic, does the Department of Health and Social Care talk to the DWP and say, "This is what we are planning to do. These people fitting these criteria will have free prescriptions, and those won't." Do they have those sorts of conversations?

Dan Scorer: They must do. I think you should put that question to the next panel and ask them about the discussions they are having, what kind of review they are planning on the basis of the evidence that we have been outlining on the panel around the very serious fall in the number of people who are getting free healthcare since the introduction of the fines programme in 2016, and what kind of analysis has been done about the impact that has had on vulnerable groups and people who have protected characteristics under the Equality Act 2010.

Anne Marie Morris: You were nodding fiercely, Dr Waite.

Dr Waite: Dan has just finished off what I was going to say. Is there an impact assessment—a robust impact assessment—on the impact this policy is having, particularly on people with protected characteristics? Also, are reasonable adjustments being made, as they should be appropriately?

This is one of the forms—I don't know whether anybody hasn't seen it. It is the declaration form for dental. There are ways around this, potentially, which we have looked at and would like to bring forward. For example, if a vulnerable person appeals against their fine, and they are deemed to be vulnerable during the appeals process, NHS England and the BSA have a definition of what a vulnerable person is and they will remove the fine.

They have said in the NAO Report that they will not do that up front; they can only do that retrospectively. There is a way of doing that up front: you add a section on to this form, with the definition of vulnerable, and there ends the conversation. If my patients comes and is vulnerable, and does not have someone who knows, or does not themselves know, what benefit they get, we simply tick that box. It goes off and, if they need to pay a charge, they get sent an invoice. They do not enter the fines process.

Another way that would work very well for other patients is not presuming guilt straight off the bat, but sending a letter first that says, "You may have mistakenly ticked the wrong box. We don't think you're exempt. Either prove your exemption or pay your charge." That works well in Scotland. They actually generate more money from these initial letters than they do from the follow-up fines. Removing the presumption of guilt straightaway and having that additional letter would help another cohort of patients. We believe that there are ways around it.

Chair: Thank you for your evidence in writing on that. That's very helpful.

Q13 **Anne Marie Morris:** Ms Cockram, do you have anything to add? If you could simplify the system and yet try to achieve what the Government are trying to achieve—I will ask them when we get them in front of us—what would you do?

Laura Cockram: I agree with Charlotte's assessment. In terms of prescription charges, the coalition's position is that we would like England to be on a par with other UK countries—so Scotland, Wales and Northern Ireland—and have prescription charges scrapped for people with long-term conditions.

There was some evidence in the research that the York Health Economics Consortium published last year saying that the NHS could save £20 million if it scrapped prescription charges for just two conditions—Parkinson's and inflammatory bowel disease—on the basis of people not going back and forth into hospital or having expensive tests because they have been unable to afford their prescription. I guess the halfway house would be Charlotte's suggestion. Our suggestion would be far more radical.

Q14 **Anne Marie Morris:** That is certainly very helpful. It would be helpful, because then we can put it to the next panel, to understand the impact of this on those who are vulnerable. Perhaps, Ms Cockram, you could explain to us the sorts of cases that come to you and to the coalition.

Laura Cockram: I mentioned earlier the gentleman who had multiple system atrophy. There is a lady called Elizabeth who last month received a penalty charge notice for her asthma medication. She was having trouble with her asthma and had a particularly serious attack that meant she was hospitalised. She had a valid prepayment certification but because she went into hospital and needed extra medication she got the prescription charge notice. She appealed the decision after several emails and a phone call, and she was very well able to represent herself in those conversations with NHS Business Services Authority, but she was shocked and quite anxious that it was potentially going to happen again. As I said, it was only last month, so she has managed to resolve it quite quickly.

For somebody with multiple conditions—co-morbidity—with Crohn's disease and rheumatoid arthritis, there was a two-day lapse between their prepayment certificate when they went to pick up their prescriptions. They got penalty charge notices, and wrote a very lengthy letter to the NHS Business Services Authority, outlining why the mistake happened and how they could work with the NHS Business Services Authority to stop it happening again for other people. They sent some money back for the prescription, but then got told that they had to pay the fine, minus, obviously, the money that they had sent back.

The MP intervened—you mentioned this earlier on in terms of MPs' postbags—and got the same response: that NHS Business Services were not going to lift the fine. They had to take the money for their three-month repayment certificate to cover the costs, which meant that further down the road they had to borrow money from somebody else in their family to pay for the prepayment certificate in the future.

One of the big issues at the moment is that, since the NHS Business Services Authority has not been issuing certificates in hard copy, people are not finding it easy to understand exactly when the expiry date of their prepayment certificate is coming up. That is also something the Committee might want to ask the panel about in the next session: what are the opportunities to improve that process so that people who have prepayment certificates are not being erroneously fined?

- Q15 **Chair:** Before I pass on to Sir Geoffrey Clifton-Brown, you just mentioned the digital certificates. Do paper certificates exist for some people? A lot of people are digitally excluded and would not have a phone that they can show it on. What do they get now?

Laura Cockram: I believe a letter comes out. Digital exclusion is something that we also have a particular concern about, but I believe that a letter comes out.

- Q16 **Chair:** So you have a letter and you get it online too? You do get something?

Laura Cockram: Yes. You used to get a card that you could take to your chemist or to the dentist, but you do not get that now.

- Q17 **Sir Geoffrey Clifton-Brown:** We have six questions and four minutes. Dr Waite, you have brandished the form that your patients have to fill in. It is one and a half pages long. You have referred to the easy read guide from NHSBSA. How many pages is that?

Dr Waite: How many pages is the BSA easy read?

Sir Geoffrey Clifton-Brown: Yes.

Dr Waite: It is in my folder. I don't know, but I want to say six or seven pages.

- Q18 **Sir Geoffrey Clifton-Brown:** I will tell you: it is 21 pages. Doesn't that demonstrate how the system is too complicated?

Dr Waite: Of course it does. It is too complicated and we are finding that we are putting a huge amount of stress on people who are already in particularly difficult circumstances. A fine of £100, increasing by another £50 if it is unpaid, is a huge amount of money for some people who are already in very difficult circumstances.

- Q19 **Sir Geoffrey Clifton-Brown:** That is my next question, for one of the three of you—I only want one of you to answer all these questions. There must be a lot of people floating around the system who are vulnerable patients. Where do they go? When they get this letter about the potential fine, what do they do?

Dr Waite: They can go online or they can ring a number to help them, but they come to us, to charities, to their dentists and to advocacy groups, because they find appealing stressful and difficult. How many people do not appeal? How many people are very English—says the lady with the Scottish accent—and just pay the fine? Because I would; I would be too scared, and I would just pay it.

Q20 **Sir Geoffrey Clifton-Brown:** That is a key weakness of the system. Could any of the three of you tell us about people who are exempt from eye tests?

Dr Waite: I cannot, I'm afraid.

Q21 **Sir Geoffrey Clifton-Brown:** Okay, we will ask the next panel. Is there any system whereby people with certain well-certificated medical conditions, where they are never going to recover, can get a certificate for life?

Dr Waite: Certainly not for dental.

Q22 **Chair:** Perhaps it would be better for Mr Scorer to answer, because if someone has a lifelong learning disability, they might qualify.

Dan Scorer: People with a learning disability would in general be claiming under the benefits rules, unless they had additional health conditions where they were claiming exemptions as well.

Q23 **Sir Geoffrey Clifton-Brown:** Would they get an automatic exemption for life, without being troubled by all these letters?

Dr Waite: It cannot be assumed, because you cannot assume people's income. You cannot assume that, and it changes—it varies.

Laura Cockram: Diabetes is certainly one of the conditions where you get it for life. If you have pregnancy as well, that can be problematic, in that you have to provide your eligibility when you go for prescriptions—*[Interruption.]*

Chair: Sorry, but we are not allowed to take photographs in the room. I will reiterate that again, as there seems to be a rash of photographs being taken and it is not permitted.

Q24 **Sir Geoffrey Clifton-Brown:** Ms Cockram, you have talked about some of those highly difficult cases. What would stop a GP, when he or she saw a patient and obviously realised that they were entitled to a certificate, simply telling their patient, "By the way, you should be entitled to this certificate. I'll give you one if you want one"?

Laura Cockram: I don't know what stops the GP. Sometimes it could be a lack of understanding of the condition. We see that with Parkinson's and complex neurological conditions: there is not a great understanding of the condition and there may be an assumption that you are entitled on the basis of your having Parkinson's or motor neurone disease or multiple sclerosis. The suggestion that Charlotte made earlier about having the eligibility checker and, at the same time, the box for a "vulnerable" category on the prescription form, would be helpful in this instance.

Q25 **Sir Geoffrey Clifton-Brown:** A final question to you, Mr Scorer. You mentioned the variability of income on income-based benefits, which must be one of the most difficult aspects of the entire scheme. Would it not be helpful if the DWP were to issue a certificate each month, when it issues the benefit, to say whether or not you are entitled to free prescriptions? They are the people who know.

Dan Scorer: In relation to universal credit, the problem is that the treatment would take place before the person had the certificate, so they could not yet know whether they were eligible. That is one of the particular problems that universal credit throws up.

On other income-related benefits, that could be helpful, but the general principle of DWP issuing statements on eligibility on the back of people's benefits would be a very positive development, taking into account the issues that Charlotte raised about people being able to understand and present that information when they are asked for proof.

Dr Waite: And not everyone will be able to bring proof. We must get past that. A huge number of people will not be helped by that; we must find a solution for them.

- Q26 **Sir Geoffrey Clifton-Brown:** If you are in this category, you are almost pushed into the situation where you have to pay it and then reclaim it, aren't you? Otherwise you could be subject to a fine.

Dan Scorer: Yes. That would be the safer option.

- Q27 **Sir Geoffrey Clifton-Brown:** That is pretty unsatisfactory if you are on a pretty low income.

Dr Waite: Many people will not bother to reclaim the money because the form is lengthy and difficult to fill in, so they will not do it.

Dan Scorer: You also have to remember that people with a learning disability rely in many cases on family members and other supporters to advocate for them, and lots of families who come to us are being asked if they have power of attorney, a deputyship or if they are an appointee when they try to communicate with the NHS. I think there is a lot of confusion in the system about the legal status that family members have to demonstrate to be able to advocate for and represent their loved ones.

- Q28 **Anne Marie Morris:** Mr Scorer, by the sounds of it we do not deal very well with the issue of income. What would be a simpler system that might work?

Dan Scorer: That is a massive question in terms of the Department for Work and Pensions and the NHS agreeing together the impact that it would have on long-term NHS funding if they were to change that system. Certainly, they should look at a range of options to simplify the system. That would clearly have an impact on NHS funding.

- Q29 **Anne Marie Morris:** Let us put to one side the NHS and its worries about money. Given that we want a fair system, is there any way of trying to make the system work given that fluctuation? Do you assume that nothing has changed at the time that they signed for the prescription and therefore that when it changes later, it affects only the next prescription? Is it about the timeline?

Dan Scorer: Families assume with good reason that if their loved one is getting high rates of disability living allowance or personal independence payment, they have already been through a very rigorous assessment process with the Department for Work and Pensions and might be entitled

to free treatment, but they are not. That has nothing to do with those benefits; it is about the income-related benefits. There is a wider question to look at on eligibility and passporting from other benefits for which people have already had to demonstrate their eligibility through very rigorous—some would say overly rigorous—processes, such as disability living allowance and PIP.

- Q30 **Anne Marie Morris:** A final question from me: I know you are looking specifically at learning difficulties, but what about people who have very serious mental health problems? How do they cope with this system?

Chair: Everyone is shaking their heads. Carry on, Mr Scorer.

Dan Scorer: The system is incredibly complex. For people who are experiencing mental distress, the level of complexity of the information that they have to deal with will be overwhelming. Obviously, receiving threatening notifications of a fine—

Dr Waite: And debt collectors, potentially.

Dan Scorer: Yes, and potential debt collections. That is a damaging approach. The whole “Don’t risk it” tone of the campaign is not the right way to approach this. The NHS is a public service; it should be there to inform people about their rights and entitlements and to support them to claim those legally, while tackling fraud in a proportionate manner wherever it is found.

- Q31 **Anne Marie Morris:** I am getting the impression that this advertising campaign did not actually achieve what it was intended to achieve. With regard to the mental health issue, you said earlier that there were some diseases that were like diabetes, in that it was clear that you would always get free prescriptions for them. Given that there is such a range of things with mental health and a lot of them don’t have a nice, diagnosable “It’s this or it’s that, or it’s something else: they’ve got depression”, how on earth do you deal with mental health? How would you try to make that fairer and not have unintended consequences of destroying somebody’s mental health even more badly?

Laura Cockram: I would repeat my earlier suggestion: scrap the charge for all people with long-term conditions in England.

- Q32 **Anne Marie Morris:** But could you define them? Could you do a list of long-term conditions?

Laura Cockram: Yes, absolutely. The prescription charge exemption list has not been updated for 50 years, apart from cancer in 2009. There are a whole variety of conditions, including sickle cell and asthma. Certainly, with some conditions, like sickle cell and cystic fibrosis, people weren’t living that long, but now, because there are massive advancements in medical technology and medical treatments, people are living a lot longer and so they are living into working age and are having to pay for prescriptions. So yes, we could come up with a list—we could do that now.

Anne Marie Morris: Brilliant.

Q33 **Sir Geoffrey Clifton-Brown:** I have one final question for you, Mr Scorer. The income business in this system does indeed seem very troubling. Until the computer systems are up and running so that we can get real-time information, wouldn't it be fairer if the DWP produced an annual statement saying, "Your income was such that if you claimed a prescription in these months, you should contact the following number and offer to repay it"? In other words, there would be an annual reconciliation rather than someone simply not knowing whether they were eligible or not.

Dan Scorer: Are you thinking about universal credit, where you are looking at month-to-month changes?

Sir Geoffrey Clifton-Brown: Yes.

Dan Scorer: That could have some benefits for individuals. Going back more broadly, I think that DWP playing a role in terms of notifying people of related entitlements based on their benefit allocation would be a very positive principle, with the caveats that Charlotte put down around a lot of that information not being very clear in its communication and whether individuals are able to present it. It would be a positive first step in terms of linking up the benefits system more clearly with providing people with that information around their eligibility.

Chair: Thank you very much indeed for your time. I should just say, on the question of taking pictures and videos, that this is all live streamed—on television as well as on the web—so people are welcome to take clips of that and use it in any way, although someone will probably come up with an imaginative way that is not allowed. It isn't that there is a complete prohibition on using pictures, but that is where they are available from.

I thank our first panel very much for their very candid evidence. We have quite a crowded room, but do feel free to take a seat as we switch witnesses. If there are any journalists in the room, there is a press desk. I am not sure which side of the room it is on, but there is a place for the press to sit, so if there are any journalists in the main seats wish to sit at the press desk, that might free up some space to bring the witnesses into the bargain. Could we please have the next set of witnesses from the Department of Health and Social Care?

Examination of witnesses

Witnesses: Sir Chris Wormald, Julian Kelly, Dr Keith Ridge and Brendan Brown.

Q34 **Chair:** Welcome back to the Public Accounts Committee on Monday 1 July 2019. We are looking at the penalty charge notices in healthcare, which are the charges levied on people who have allegedly claimed free treatment—free prescriptions and dental treatment—when they were not eligible. We have a very useful NAO Report that highlights some of the

challenges. We have just had some very useful testimony from our first panel of witnesses about the impact on the frontline.

Before I introduce our witnesses, I should warn Sir Chris Wormald, permanent secretary at the Department of Health and Social Care, that, as you might expect, Sir Geoffrey Clifton-Brown has some pithy questions to ask you about preparedness for Brexit.

Sir Chris Wormald: You frequently do.

Chair: I am just putting you on alert. I am sure you are always prepared for Sir Geoffrey and questions on Brexit.

Before I introduce our main witnesses, I welcome our new Treasury Officer of Accounts, David Fairbrother, who is stepping into this important constitutional role that links the work of the PAC and Parliament, through the Treasury, to Departments. Mr Fairbrother's job is to try to keep Departments honest in their responses to the Committee and to Parliament. I say this in the hope that he will nod vigorously.

David Fairbrother: Yes.

Chair: When we ask Departments to respond, he will ensure that they do a good job. Mr Fairbrother was appointed Treasury Officer of Accounts on 3 June. He has worked for a number of years at deputy director level in different policy areas of HMRC, so he knows the ins and outs of tax, as well as working in HM Treasury on tax policy. It is quite a time to arrive, Mr Fairbrother, because the Treasury Officer of Accounts has its 150th anniversary as a position this year, which makes you slightly older than us.

David Fairbrother: In three years.

Chair: In three years? We are older than you, then. I have the wrong information, forgive me. We always vie to be the longest-standing institution. It is not you but us on this occasion. You will know your place from the beginning.

Sir Chris Wormald: That gives me the chance to say that it is the Department of Health and Social Care's 100th birthday today.

Chair: There we go. I think you have just stolen the headlines for the entire session. Was it your intent to do so?

Sir Chris Wormald: I very much doubt that I did, but as you were mentioning anniversaries, I thought I would point that out.

Chair: Last time you did this, you talked about passports and maternity care, and we didn't get anything else in the news. Never mind. So, 100 years of the Department of Health and Social Care but a lot less for the NHS. Let's hope the NHS reaches its 100th anniversary intact as well.

I thank you all for coming. I will introduce the witnesses, from my left to right. We have Brendan Brown, director of citizen services at the NHS Business Services Authority. That sounds like a "Yes Minister" title, so we

will be probing you on what you actually mean for citizens and patients. We have Julian Kelly, lately of the nuclear directorship but who has now jumped over to be chief financial officer at NHS England. Ever versatile, Mr Kelly, but we hope that you are on top of this vital subject today. We also have Sir Chris Wormald, whom I have introduced already as the permanent secretary, and therefore the head, of the Department of Health and Social Care, and Keith Ridge, chief pharmaceutical officer for NHS England. Welcome to you all. As I said, Sir Geoffrey will kick off with some Brexit questions.

Q35 Sir Geoffrey Clifton-Brown: Sir Chris, Brexit. Welcome to the Public Accounts Committee. We were leaving on 31 March and there was a certain amount of preparation for getting drugs in and out of this country. What would happen in the event of no deal on or before 31 October?

Sir Chris Wormald: The Department's preparedness is very similar to that we were faced with on 29 March. As I expect you will remember, we in health deal with three big issues. One is drug supply, as you mentioned; the second is reciprocal healthcare; and the third is workforce. The workforce questions are rather longer term than the first two, which are more day one issues.

Obviously, it is a challenge for us—just like for every other Department—working with our colleagues in the NHS to move our preparation date. Our objective is to basically replicate for 31 October the arrangements that we had in place for the end of March. That is not to say that we will do things exactly the same, partly because the situation is a little different and partly because we have learned some things from our preparations.

The biggest change that we have made, which we set out in some written ministerial statements last week, is in how we are approaching drugs supply. As I am sure I have described to you before, we take a multi-layered approach to securing the drug supply, so we do not rely on a single countermeasure. We have a level of stockpiling and a level of alternative flow routes, and then regulatory changes to put us in a position to secure the drug supply. As I am sure you saw, we are doing the flow part of that slightly differently, in that the Government have gone out with a series of framework contracts that allow us to do future procurement of ferry capacity quicker, as opposed to firm set-piece contracts. That's the biggest change, but the approach is basically the same, using that multi-layered approach.

Q36 Sir Geoffrey Clifton-Brown: I have a copy of the ministerial answer in front of me, but what I and, I am sure, the nation are interested to know is, if we have a no-deal situation, will anybody who is habitually taking a certain drug be absolutely certain that they are going to get that supply after we leave?

Sir Chris Wormald: My answer is exactly the same as it has always been on this. I believe we are taking all the appropriate steps. We rely on a number of externalities, both here and abroad. We never give guarantees, but if everyone does what they are supposed to do we are confident that we've got the right positions in place. But I won't give you an absolute guarantee and I never will.

Q37 **Sir Geoffrey Clifton-Brown:** Presumably, people made arrangements for 29 March. If they were stockpiled, those drugs have now been used up and you've learned from that process. Surely you ought to be pretty confident that anybody who wants their routine drug is going to be able to get it? We are talking about potentially life-threatening situations, so this is a really serious matter. You said in your answer, "if everyone does what they are supposed to do", which sounds slightly weak.

Sir Chris Wormald: It's just a statement of the truth. There are processes in this arrangement that are controlled by either the Department of Health and Social Care or by wider Government, and then there are processes that we do not control. It would be completely wrong of me to issue guarantees over systems that I don't control.

Q38 **Sir Geoffrey Clifton-Brown:** Are you urgently talking to the Department for Transport? We were told in an earlier hearing of the Committee that they had to make—or at least begin to make—their freight procurement arrangements by the end of July at the latest. Are you in constant touch with them?

Sir Chris Wormald: Yes, we are in constant debate and discussion with our colleagues across Government. Working outwards, there are things that the Department of Health and Social Care and the NHS do, which are under our control; then there are things in wider Government, where we are in close debate; and, then there are things done both in this country and by our international partners that we don't control. And to be completely confident, all those things have to work together. That's why I don't issue cast-iron guarantees. I agree with you that these things are incredibly serious. That is why I am very careful with the words that I use, not to give the wrong impression.

Q39 **Sir Geoffrey Clifton-Brown:** I am being prompted to ask a final question about the availability of refrigeration to keep these medicines in the proper control that they need.

Sir Chris Wormald: Sorry?

Chair: How many fridges do you have?

Sir Geoffrey Clifton-Brown: Have you got adequate refrigeration to keep these medicines?

Sir Chris Wormald: They are not actually fridges; they use refrigerated warehousing. I think we have the same levels. I will check for definite.

Q40 **Chair:** Did you buy it or did you lease it last time?

Sir Chris Wormald: I think we lease it. I will write to you with the exact details.

Q41 **Chair:** Is that lease ongoing?

Sir Chris Wormald: I will check for definite, but I think we have the same level of provision that we had last time.

Q42 **Chair:** Can you also let us know how much it has cost to lease it in the meantime?

Sir Chris Wormald: I will write to you with the details. I am sorry, but I don't have the numbers with me.

Sir Geoffrey Clifton-Brown: Thank you.

Chair: We are going to move on to the main session now. I ask Bridget Phillipson to kick off.

Q43 **Bridget Phillipson:** Thanks very much, Chair. We heard from the pre-panel about the complexity that exists in the system. Sir Chris, why are the rules on eligibility for free prescriptions and for dental treatment so complicated?

Sir Chris Wormald: As I am sure you know, this system has grown up over a considerable number of years. Essentially, it becomes complicated because people have added more and more exemptions over time. I should say, right at the beginning of this hearing, that we have fully accepted the National Audit Office report. I think this goes for all of my colleagues, both that we accept the things that are problematic about this system and that we agree with the areas where we need to make further progress; I put that on the record straight away. That is the basic reason why it has become so complicated.

Q44 **Bridget Phillipson:** That's good to hear. What's next? What steps are you now going to undertake to simplify the system?

Sir Chris Wormald: On the simplification, as I am sure you know currently the Government are not proposing to change any of the entitlements, as we speak. As the NAO Report sets out, our focus is on ensuring that we properly communicate what the various exemptions are. My colleagues can describe how we are doing that—we have a campaign running at this moment¹. Our focus is also on making other process changes, including the rolling out of real-time checking of eligibility, so that the process works better. The Government do not propose to change eligibility in this area.

Q45 **Bridget Phillipson:** I am not sure that simplifies things, does it? Your answer is that people should be better informed.

Sir Chris Wormald: I do not think there is any point in my giving you an answer that is less blunt; the Government do not have any intention at the moment of reviewing or changing the prescription levels².

Q46 **Bridget Phillipson:** We heard from the pre-panel some quite sensible recommendations that could be considered by Government; some were larger than others in scope, but there are areas where we could make relatively modest changes to try to improve the functioning of the system. Will Government undertake any kind of further look at the system in the light of the NAO Report?

¹ The Department of Health and Social Care have highlighted that the campaign had finished prior to the PAC session.

² The Department of Health and Social Care have corrected "prescription levels" to "eligibility criteria"

Sir Chris Wormald: As with all NAO Reports and Public Accounts Committee hearings, the Government will carefully consider the Committee's views and recommendations.

Chair: Of course we will. You don't need to repeat things like that; we know that bit. If you did not, you tell us and we will have an argument with you.

Sir Chris Wormald: Okay, we will take that as read. We will do it in that context but, as I say, the Government's position is that it is not reviewing the eligibility criteria at the moment.

Q47 **Bridget Phillipson:** It doesn't sound to me like we will see much of a change. We are going to tell people a bit more often what they are entitled to, but we are not going to do much beyond that.

Sir Chris Wormald: The Government are maintaining their position on this matter—that is true. That said, we take NAO Reports and PAC hearings very seriously, and if recommendations come forward we will consider them. The policy is what it is, and the reason it is very difficult to change is because, essentially, what any Government are doing is balancing the cost of entitlements against the effect on other services. Whenever we change the entitlement, unless we are levelling down—taking people's entitlements away, which nobody wants to do—there is always a cost.

Q48 **Bridget Phillipson:** Might it be more cost-effective to help people to stop make those mistakes in the first place? That does not just involve running an advertising campaign, surely? There could be other action.

Sir Chris Wormald: A key thing that we are doing, as the National Audit Office's Report sets out, is just having finished a very small trial of real-time entitlements checking. We will run a much bigger trial over the summer. Should those be successful, we will roll them out further.

Q49 **Chair:** That is not on every computer system, is it?

Sir Chris Wormald: No. My colleagues know this better than me, but pharmacies basically run off about 11 different IT systems. We are trialling it in one—it has been a small but successful trial so far. We will then trial it in a lot more—about 10% of pharmacies. If it works, we are in discussion with other suppliers about rolling that out further. I want to be completely clear about that: that does not simplify the rules, but it would make it considerably easier for individuals to navigate the rules. We already have an online checker, so individuals can check their eligibility.

Chair: We know what is in the Report, so let's not go through that. Let's get back to Ms Phillipson.

Q50 **Bridget Phillipson:** Some of the difficulty, as you'll know, is for people to understand when they are entitled and when they are not. If you look at the very helpful but extensive grid in the NAO Report that sets out where people are entitled are where they are not, it is not necessarily that straightforward for people to know, so genuine mistakes will creep in.

Let me give an example—I appreciate we are moving towards universal credit and we will come back to that—of a constituent who I will call John. John had ticked a box to say that he receives income-related ESA, but that was going through a process of mandatory reconsideration. He was without any income during that period and was unaware that he should have been applying for jobseeker's allowance. So he had no income and got a penalty charge. He had mistakenly ticked that box. The advice was that even if his mandatory reconsideration was unsuccessful, he may be awarded contribution-based ESA, but, if that did not work, he could apply to the NHS low income scheme. In the meanwhile, John goes through all this pain and unnecessary palaver. He was not setting out to defraud anybody—He thought he was entitled to something and ticked a box— and he has no income, and he is not a wealthy man, so it seems a bit unfair for John to be getting letters saying, "Here's what you owe."

Sir Chris Wormald: I may ask Brendan to comment on this as well. As I was saying, we do not deny at all that it is a very complicated system and that some of our current processes can cause people distress. One of the things we want to change—we have been looking at changing them since the NAO Report was published—is moving to a three-stage process, as opposed to a two-stage process, for how we pursue people who have made errors in their claim. So at the beginning, instead of just a letter saying, "You've got a PCN", we have an investigative stage where we are checking whether we have got our information right. At the moment, we do that and issue the PCN in the same letter, but we could split the two up. Although that does not change the complications you describe, it gives people a clear opportunity to say that we have got it wrong before we get into the PCN process. That is one of the changes that we want to be making.

- Q51 **Bridget Phillipson:** Are you looking at whether you might align dentistry with prescription charging? There are different rules in force. Why is that? Might that be simplified?

Sir Chris Wormald: The reason they are different is that they have grown up as entirely different systems run to their own rules. As I say, we are not looking at changing entitlements at the moment. As you know, they are very different between dentistry and prescriptions.

- Q52 **Bridget Phillipson:** You can see why that might cause confusion.

Sir Chris Wormald: Oh yes.

- Q53 **Bridget Phillipson:** You could be receiving prescriptions but not eligible for dental work.

Sir Chris Wormald: Yes. And of course the bottom line is that the prescriptions system is considerably more generous than the dental system. About 50% of dental charges are free, whereas I think it is 89% of prescription charges. They do run on very, very different sets of rules.

- Q54 **Bridget Phillipson:** Can I give you another constituency case to illustrate some of the difficulty here? My constituent, who I will call Jean, indicated that she was exempt from dental charging because she was in receipt of the pension guarantee credit. She believed she was in receipt

of that, but it transpired that she was not. However, she should have been in receipt of it, because she was entitled to it. She was getting free prescriptions because she was over the age of 60. Again, because she is not claiming what she is entitled to, she ends up with charges, but she does receive free prescriptions because she is over the age of 60. It seems very complicated—needlessly so.

Sir Chris Wormald: Yes. As I say, I am not denying that it is complicated. Obviously, equalising the two systems would come with a considerable cash cost, and that would have to be found from other services. That is the trade-off that we face in these areas. Our focus, accepting that it is a complicated system in exactly the way you describe, is how do we make it easier for people to navigate it, knowing what they are entitled to and not make false claims; and change the system by which we issue PCNs so that it is less stressful for people, if there is an error that needs to be corrected short of a PCN? Those are the two things we are looking at.

I should also say that the NHS Business Services Authority does a lot of work on how it works with the vulnerable both to try to avoid the situation where people get a PCN and to assist them in circumstances where they do, which I am sure Brendan could describe for you. As I say, I am not denying that it is a complicated system that leads to some of the challenges you set out.

Q55 **Bridget Phillipson:** Mr Brown, if you have got a genuine first-time honest mistake, is issuing a fine always the right approach? If someone has just made their first mistake in this area, should the fine be issued in the first case, or might there be other ways of trying to make people more aware of how the rules apply, and making sure that they are following the rules properly?

Brendan Brown: As Chris has outlined, a proposal to move to a three-stage process has been agreed. The first stage will be pre-PCN, and that will alert an individual that there is an indicator that they have claimed an exemption that they may not be entitled to. It will give them an opportunity to get in touch with us so that we can advise them accordingly, signposting them if necessary, if it is a DWP benefit rather than an NHS exemption. That proposal will be implemented in the coming months.

Q56 **Bridget Phillipson:** Just going back to my constituency postbag, I have had quite a few cases where people have received these charges. A constituent I'll call Colin had a prepayment certificate. It had expired 16 days before the point at which he claimed his prescription—a genuine oversight on his part. He said, "I honestly believed I was covered. I wasn't well. I must have forgotten to renew my application. I know it was my mistake, but I feel I am being penalised for a simple oversight. I've worked hard all my life, leaving school at 15. I'm working, but I'm not on a big wage."

It seems a bit disproportionate that that person, for a first-time error, gets landed with a big charge. Could we move more quickly towards a system where we do not just fine people the first time they have made mistake? If

they have just been unwell and have not renewed something it seems quite heavy-handed.

Brendan Brown: In terms of the prepayment certificate, the valid from and to date is very clear on the exemption certificate issued to those people who purchase them. The current rules are that if anybody who does not have a valid prepayment certificate declares that they have one, although it may not be fraud and it may be an error, they have still made an incorrect claim for exemption and would be liable to pay the penalty and the charges.

Q57 **Chair:** Mr Brown, is there a difference if you have had one and are entitled to get another one? That is not quite the same as pretending you were entitled to it and you never had one in the first place. There are degrees.

Sir Chris Wormald: The prepayment certificate—

Chair: I am asking Mr Brown.

Brendan Brown: On the prepayment certificate, a lot of people pay monthly rather than buying them for a fixed period, and it continuously renews, but you can buy a three-month or a six-month exemption certificate³. During that period you can have as many prescriptions as you might need. There is no limit to the number of items. It costs, roughly, £2 per week, but when that has expired prescriptions need to be paid for unless there is another exemption in place. That is the policy.

Q58 **Bridget Phillipson:** I appreciate that, and my constituent did not set out to defraud anybody or steal money. I am sure we have all been in the position when we have overlooked the expiry date on something, particularly if we have been unwell. My constituent had been unwell. It just seems a bit unfortunate if you make a genuine mistake, when you have obviously expressed the intention of trying to keep yourself on the right side of the rules if you have been buying this—you have not just been ticking the box, trying to get something that you are not entitled to.

Moving on slightly, I wonder why the advertising campaign and the support tools came after the increase in the eligibility checks. We ramped up the eligibility checks—you could say that we want to make sure that people are not claiming things that they are not entitled to—but the awareness around that came afterwards. Was that decision taken by you and your colleagues, Mr Brown, or was it a matter for the Department to decide?

Brendan Brown: As the loss recovery activities were increased, we identified through the user research that we had carried out that an increasing number of people were confused. We therefore made a proposal to NHS England to divert some of the surpluses that we recovered towards making people aware and making it easier for people to find out whether they were exempt.

³ The Department of Health and Social Care have corrected this to: ‘...a three-month or a **twelve**-month exemption certificate.’

We introduced a number of items. One is: "Am I exempt?" That is referenced in the audit report, as well as an eligibility checker. The rules are complicated, so people can enter some personal details—income and circumstances—to determine—

Q59 **Bridget Phillipson:** But why did that come after the increase in the eligibility checks?

Brendan Brown: Because the user research was indicating to us that people were confused. We made a proposal to NHS England, which was supportive of it and allowed us to divert some of the surplus that we would ordinarily have given to NHS England to invest in improving these tools and making people aware of the entitlements that are available to them.

Q60 **Bridget Phillipson:** Sir Chris, given that universal credit was introduced in 2003, why is it still not included on the prescription form?

Sir Chris Wormald: Yes, that should have happened by now—though, sorry, it was 2013, not 2003—

Bridget Phillipson: Sorry, 2013, yes.

Sir Chris Wormald: It does not make the story that much better, to be honest. It should have happened by now. It is being done now. What happened was that the change was not prioritised highly enough. As I say, it should have happened by now. What we have in place is a workaround: people are advised to tick a different box, the employment support box⁴, which has not been renamed "universal credit". I am told—I think this is correct—that although clearly this should have happened by now, we have not managed to identify anyone who has suffered as a result, because there is a workaround and people just tick a different box. I know that is not really as satisfactory, but—

Chair: That has caused me some consternation—

Sir Chris Wormald: It wasn't prioritised because there wasn't evidence of harm but, as I say, I am not going to defend that it has not happened. It should have happened by now.

Q61 **Bridget Phillipson:** Is not the risk that people therefore do not seek treatment, if it is not clear? This is a complex enough system as it is, and apparently the Government's stated position on universal credit is to simplify the system.

Sir Chris Wormald: As I say, this should have happened by now, but we haven't seen any evidence of what you describe happening—as far as we can tell.

Q62 **Bridget Phillipson:** Are you looking for any evidence?

Sir Chris Wormald: Yes, we have looked into this question. No one has ever been issued a PCN on that basis. But, as I say, I am not particularly trying to defend this, because clearly it should have happened by now.

⁴ 'The Department of Health and Social Care have corrected "employment support box" to "jobseekers allowance box".'

Q63 **Chair:** They cannot tick a box to say that they are getting universal credit, so how on earth would you capture that?

Sir Chris Wormald: Because we advise people which box to tick—

Q64 **Bridget Phillipson:** Who is the “we” in this?

Sir Chris Wormald: As in that’s what goes on our website, that’s what pharmacists advise people to do as they are filling out the form—

Q65 **Bridget Phillipson:** We are asking quite a lot of professionals involved in this to understand that though?

Sir Chris Wormald: Keith may want to comment. We have actually done quite a lot with pharmacists to explain this. But as I say, this should have happened by now.

Q66 **Chair:** Sir Chris, I am staggered by your statement that you don’t think anyone suffered harm because of this. But you are not actually measuring people who are on UC, because they can’t tick a box—they are ticking another box, which they might or might not be advised to by a rather harassed pharmacist on a Saturday morning with a long queue or whatever. Nothing against pharmacists or dentists, but they are probably too busy at times to make sure that everyone ticks the right box—we heard about that earlier—and yet you can tell us, hand on heart, that no one has suffered hardship.

Sir Chris Wormald: Not that we have found, no.

Q67 **Bridget Phillipson:** How have you sought to determine that?

Sir Chris Wormald: Brendan might be able to answer, but we can look at the basis on which PCNs have been issued, and whether that is related to benefits. We have not found anyone who has been on universal credit, should have been entitled and did not tick the box.

Q68 **Bridget Phillipson:** But do we know whether people are reluctant to seek treatment therefore? You are talking about people who have had treatment, or who have received a prescription, and ticked a box for eligibility, but what about those people who have just walked away because they think, “Not sure about this”? Because the campaigns have been very much geared towards telling the individual that they are responsible and, if in doubt, to walk away.

Sir Chris Wormald: As I say, we have not seen any evidence of that happening. I don’t think pharmacists have reported that.

Dr Ridge: I would add that the system is—on the form itself, as you probably know—that, if no evidence is produced, there is a way across for the pharmacist or staff to make so that the medicines are still supplied⁵. The patient will still have access to their medicines. It is fair to say that the system creates a bit of tension between pharmacists and perhaps dentists—I can only really talk about pharmacists—and their patients, or it can do. It is important that that relationship is maintained, but on the

⁵ The NHS have edited their comment: ‘there is a space for the pharmacist or member of staff to put a cross on the form, ensuring that medicines are still supplied’

other hand, from a professional point of view, the General Pharmaceutical Council, which regulates pharmacy professionals, makes very clear in its standards the expectations of pharmacy professionals in terms of the advice they should be given, in general, about their interaction with health services and other things.

There is an expectation; in my role as head of the profession, I would expect pharmacists and their staff to be well trained, and indeed, they are well trained. The contractor for community pharmacies has an interest in ensuring that its staff are well trained, to ensure that they can explain this system to patients and the public when asked.

- Q69 **Bridget Phillipson:** Sir Chris, we heard this from the dentist on the pre-panel, and the British Dental Association was quoted last August by the BBC as reporting a huge fall in the number of people on low incomes going to the dentist for treatment—a fall of 23% over four years. They are worried that that is because people are concerned about ending up fined because they have sought to claim for something to which they are not entitled. When you say you are not aware of the impact there because it is not following through in the fines, is the risk not that people are just not getting the treatment they need because they are worried about whether they will end up with a fine as a result?

Sir Chris Wormald: I cannot deny there is a risk, because clearly there is, and that is why we wish to take the further mitigating actions that we are taking. We face a tension across the board when we are charging for things: how do we defend the interests of the taxpayer by ensuring that the people who are supposed to get the exemption are the only people who do so, while not deterring people who are correctly trying to claim?

We think the National Audit Office has got it right, and we appreciate that we have more to do, both in our reassurance of people and in our systems, to make it easier for people to know whether they are exempt—and, if you are in that situation, there is no risk and no worry about people's coming forward for treatment. We accept that that is a risk and we accept that there is more that we need to do in the way that I have described.

- Q70 **Bridget Phillipson:** We cannot be certain that there is a correlation, but a 23% drop over four years among low-income people seems like a really steep decline, which should cause alarm bells to ring at the Department over a lack of access for vulnerable people and people on low incomes to treatment for something that can have a serious impact on their health overall—particularly if left untreated.

Sir Chris Wormald: We would accept that. I don't know whether there is a direct causation between what we are talking about here and the 23% that you quote, but we accept the risk that you are highlighting. It is part of the reason why we are carrying out both the changes that the National Audit Office described in its report to try to make this easier to understand and to navigate, and the further step that I have just described of having that investigatory phase, as you suggested, before you get to the penalty charge notice. While I do not necessarily recognise your numbers, the

general point you make is correct and we need to do more on that. We already do quite a lot, but I think we still have more to do.

- Q71 **Bridget Phillipson:** You say that in some of these areas we just do not know, and that is the problem: we just do not know. We have a complicated system, and from what you have set out today there are no real plans to do much about that. We have universal credit rolling out and we do not know whether that will cause further problems, but we could presumably see people going in and out of entitlement. You talk about piloting of real-time systems, but universal credit is rolling out across the country and there will be people who are not confident that they are entitled to free treatment. Is there not a risk that they just walk away?

Sir Chris Wormald: I do not agree that we do not have a plan; I think we have set out three very clear things. We have our advertising campaign to make it easier for people to understand. We are changing our system of issuing PCNs to recognise that there are a percentage of people who incorrectly receive them, and we wish to progressively move to real-time checking so that people are not inadvertently claiming exemptions that they should not. Those are three very clear actions. I do recognise the problem that you are describing, but I don't accept your characterisation that we are not doing anything about it.

- Q72 **Bridget Phillipson:** What conversations have you had with the Department for Work and Pensions about how this will all inter-relate to universal credit?

Sir Chris Wormald: We have quite a lot of discussions with them. As you know, this is one complex system interacting with another complex system, so I won't get into the details of individual parts of DWP policy; but I am quite happy to go back to my colleagues and then write with any specifics—but we do discuss this with them a lot.

- Q73 **Bridget Phillipson:** I would just be keen to know how this will work in practice. If you are somebody who is receiving universal credit, but your income fluctuates—that is kind of the point.

Sir Chris Wormald: Yes.

- Q74 **Bridget Phillipson:** It is one of the driving aspects of the policy. Perhaps you are self-employed and you have real variation in your monthly income. Is there a risk we are going to see more people fined because they are uncertain as to their eligibility within a given month?

Sir Chris Wormald: Brendan, do you want to describe what you do with DWP already? Then we will come back to the future point.

Brendan Brown: In terms of the real-time exemption checking facility, we will have the ability to check DWP legacy benefits from around about November time. That is subject to DWP delivering everything that they have committed to. From early 2020 that will include UC as well. So UC claimants who go into a pharmacy, who are not exactly sure, because of their assessment period or payment period, whether they have any underlying entitlement, will either use the "Am I exempt?" tool

themselves, or the real-time exemption checker will do that. It will be a live link into DWP and verify whether they are exempt or not.

Q75 **Bridget Phillipson:** That will be from 2020, you say.

Brendan Brown: Early 2020. That is subject to DWP delivering what they have said. We have the capability from the technical architecture to do that, but we need DWP to allow us to access the UC system in order to verify that information.

Q76 **Bridget Phillipson:** What about dentistry?

Brendan Brown: The Department will be considering on the back of real-time exemption checking in pharmacy whether or not there is a role for that in dentistry.

Q77 **Bridget Phillipson:** So we might potentially be seeking a decent solution to the issue around prescriptions in pharmacies, but there is no prospect of anything around dentistry, then, if you are—

Sir Chris Wormald: No, it is exactly as Brendan has just described it. We have started with pharmacy. This is a complicated thing to do. It is why we are taking a very careful piloting approach, so I am not going to promise you any particular dates for what is a complex IT project. We have started with pharmacy. We are doing a bigger trial in pharmacy. We will evaluate that, and then we will decide how we will go forward. So we took a decision to start with pharmacy, because it is the volume; but we will take a decision about dentistry when we have evaluated the pilots that we are already doing.

Q78 **Bridget Phillipson:** Have you looked at the costs of the different options that might exist around universal credit—so the gap between whether somebody is below the income threshold and how that would connect with prescription charging and dentistry? With dentistry there is no prospect of there being any option of, as far as I can tell, any time soon, real-time information checks. So are there not other solutions you might look to put in place in the meanwhile, rather than people ending up fined, when they may believe at the point of treatment they are entitled but, given their monthly variation in universal credit, they may well not be?

Sir Chris Wormald: Perhaps Brendan can come back to what the individual online check already does. That is the thing that we have done straight away.

Brendan Brown: I perhaps should also clarify for the Committee that although the prescription form hasn't yet got a universal credit exemption box, the patient dental form has already got a separate universal credit box included on there.

Q79 **Bridget Phillipson:** It is just that you may not know yourself whether you are, or are not, eligible.

Brendan Brown: Absolutely. The "Am I exempt?" tool is now available, so any patient in England can go online and find out if they are exempt. From early 2020, that will include universal credit as well, so patients will

be able to check themselves. If they are confused, they will be encouraged by a pharmacy or a dentistry to check before they go in for dental treatment. I accept your point: particularly if it is for expensive, band 3 dental treatment, they might want to be certain that they are exempt before attending for some costly treatment.

- Q80 **Bridget Phillipson:** I have one final question. Sir Chris, we heard about the workaround, where universal credit recipients might tick the box to say that they are receiving ESA. I think that is what you said. Have any done so and been fined?

Sir Chris Wormald: As far as I know, the answer to that is no. I think the answer is no, isn't it, Brendan?

Brendan Brown: The answer is no. We do get customers who get in touch with us who might have ticked another box and then say that, actually, they are on universal credit. Separately from DWP, rather than in a large batch or in live check, we can then verify whether they are in receipt of universal credit. It does happen. Someone might tick a medical exemption, for example, but when they get in touch with us they say: "Sorry, I didn't have my glasses with me. I couldn't see a universal credit box and I wasn't sure which box to tick, and there wasn't anybody there. I know I am entitled to free prescriptions", and we can then check that.

- Q81 **Bridget Phillipson:** Have any just paid the fine, rather than ringing you up? Do you know how many people might have just paid the fine, rather than challenging it?

Brendan Brown: We would not know. People who pay their penalty notices pay them. We don't re-check on people who have paid their penalty charges.

Chair: Wow.

- Q82 **Sir Geoffrey Clifton-Brown:** Sir Chris, this almost defies belief—where to start? I don't think you were here for the previous witness session. I asked Dr Waite, on behalf of the British Dental Association, how many pages the easy-to-read guide is. Do you know how many pages it is?

Sir Chris Wormald: No.

Chair: Give us a guess.

Sir Geoffrey Clifton-Brown: Give us a guess.

Sir Chris Wormald: I think I would prefer not to.

- Q83 **Sir Geoffrey Clifton-Brown:** Let me give you a clue: the form is one and a half pages long. How long would a guide to fill in a form one and a half pages long need to be?

Sir Chris Wormald: Sorry; I don't know the answer.

- Q84 **Sir Geoffrey Clifton-Brown:** It is 21 pages long. Doesn't that tell you how complex the system is?

Sir Chris Wormald: Yes.

Q85 **Sir Geoffrey Clifton-Brown:** Isn't it staggering that it has taken all this time and the DWP still does not talk to the Department of Health and Social Care and actually put on the prescription form—let alone anything else—that people may or may not be eligible for universal credit under free prescriptions?

Sir Chris Wormald: As Brendan described, universal credit is on the dental form. That change has already been made. However, I think your general point is correct: this is a very complicated system.

Q86 **Sir Geoffrey Clifton-Brown:** You made it very clear at the beginning that you were not going to change any of the eligibility criteria, but that you were going to change some of the knowledge around that. Could you not, between the two Departments, devise a better system for the people who have to work within universal credit to know whether they are eligible or not? I suggested in the previous witness session that there could perhaps be a balancing system at the end of the financial year, such that the DWP issues a statement for every month stating whether people were or were not eligible in certain months for free prescriptions, and if they have claimed within those months they will need to contact whoever it is to put the system right. Could you not come up with some system that would make it much easier for claimants to know whether they were eligible or not?

Sir Chris Wormald: That is not a solution that we have thought about. Our focus in this area has been to try to improve the up-front ability of claimants to know whether they are eligible at that particular time, both through the online checker and, increasingly, through a real-time check. If we get to the position where we have real-time checking everywhere, we ought to be able to eliminate most of this problem, because people will know at the point that they claim their prescription—not retrospectively—whether they are eligible or not.

Q87 **Sir Geoffrey Clifton-Brown:** Yes, but until you get to that point, the poor person on universal credit who walks into their doctor's and is told that they need a prescription does not necessarily know at that point in time, because of their income, whether they are eligible or not. They could be lining themselves up for a penalty charge and they would not know whether they were or not. Under that system they would probably—almost certainly, if they were prudent—have to pay the prescription charge and then claim it back.

Sir Chris Wormald: I am certainly happy to look at whether there are other things that we can do in the interim. I do not know how technically complicated what you have just proposed is. As I have said, we are clear that there is a whole range of areas in this territory where we need the systems to be better. We are open-minded about how to do that, so I am quite happy to look at the solution that you have proposed, but, as I said, I do not know how technically difficult that would be for the DWP. Improving people's ability to check in advance that they are eligible is clearly the best customer solution, so I would not want to do anything that distracts people from doing that.

Q88 **Sir Geoffrey Clifton-Brown:** Yes, but if that is not possible, it puts an awful difficulty on the individual claimant, doesn't it?

Sir Chris Wormald: You make a very fair point, and I am quite happy to look at further solutions.

Q89 **Sir Geoffrey Clifton-Brown:** Thank you, Sir Chris; that is really helpful. Can I challenge you to justify the whole system? *[Laughter.]* Wait for the question. As I understand it, looking at paragraph 1.2, the total value of dishing out 1.1 billion prescriptions to the taxpayer, bearing in mind that 89% of them are exempt anyway, is about £8.91 billion⁶—call it £9 billion.

Sir Chris Wormald: Something like that, yes.

Q90 **Sir Geoffrey Clifton-Brown:** You accept that number. Do you also accept the NAO's number—in the key facts at the beginning—and that the total collected in PCNs last year was £36.5 million? Less the compliance cost of £11.2 million, the total net to the Department was £25 million on a prescription cost of £9 billion. Is the whole thing worth it?

Sir Chris Wormald: We are spending 31p for each pound that we collect, so we are spending considerably less than we get in. The other very important number quoted by the National Audit Office is the extent to which taking a harder line on this deters fraud in the first place, which is the best solution. The NAO quotes the number in its key facts; over £50 million a year in deterred fraud, which is separate from the collection. It goes into detail on that in paragraph 2.13.

Obviously, there is a judgment to be made. We worry about all levels of fraud in the NHS. The Committee has worried about fraud in the NHS. We think it reasonable to act to protect the taxpayer in that way. If we are both increasing the amount of money that we get in from penalty charge notices and deterring fraud in the first place, that is clearly contributing to resources that can be redeployed elsewhere in the NHS. That is clearly a judgment call.

The NHSE and the business services authority decided to ramp up this system—as the NAO Report sets out—in order both to get some money back and to deter fraud in the system. That was not the case previously. Of course, that is a decision about whether we act where we know there is fraud in the system, and that has to be balanced against the issues that Ms Phillipson raised. Those are the balances that we take.

Q91 **Sir Geoffrey Clifton-Brown:** I have one more question on this matter. Given the numbers—you have just given the number of estimated fraud compared with your total income from the PCNs—is the priority of the whole system the prevention of fraud or the collection of income?

Sir Chris Wormald: It is both, but personally, I would say that prevention of fraud is the best outcome. Again, the things that we are

⁶ 'The NHS have corrected £8.91 billion to **£8.561 billion** (<https://www.england.nhs.uk/wp-content/uploads/2018/07/Annual-Report-Full-201718.pdf>)'

doing to improve real-time checking are also the best defence against fraud in this area.

I know it is a point for debate, but in almost all the cases that we deal with, individual fraud is at quite a low level. As you know, across the NHS as a whole it adds up to some very big numbers. If we are going to tackle it, we have to deal with the small pockets that we have. The NAO quotes the number here; even with the £50 million reduction, there is still £169 million of estimated fraud in prescriptions. That's quite a lot of money that can make quite a difference to individuals.

Chair: We have all the figures. I will bring in Anne Marie Morris and then we will go to Shabana Mahmood.

- Q92 **Anne Marie Morris:** Sir Chris, what is the key objective of this? Is it to try to help people who are not well off and struggling to be free of prescription charges? Or is it to claw back as much money as possible back into the NHS, as we are struggling because the Government are not giving enough money?

Sir Chris Wormald: No, the objective is that the people who Government and Parliament have agreed should get an entitlement get their entitlements, and that people who do not, do not. We are seeking both to be fair to individuals, so that people who are entitled to free prescriptions get them—that is the case for the vast majority—and where people are not entitled, they pay their way, so that that money can be used to support wider NHS resources.

- Q93 **Anne Marie Morris:** So, Sir Chris, why, in that case, did we decide to increase the number of eligibility checks rather than look at the other side of the coin—I think we agree it is the prime objective—which is to have a system that means those that need help get it? It seems to me that that bit has been left. Indeed, you told us earlier there is no intention to look again at who should or shouldn't be eligible, or indeed to simplify the system.

Sir Chris Wormald: As I say, Governments take policy decisions about who they want to be entitled, or not. Our job as public officials is then to enforce that system. As I understand it—Brendan and Julian might want to comment—the decision to increase the number of checks was both to recover money from people who weren't entitled to it and to deter fraud in the system. It had those two objectives. Is that correct, Julian?

- Q94 **Anne Marie Morris:** Mr Kelly, let me ask you this: historically—I know the decisions that are made about which benefits get free prescriptions and which don't go back—is there a principle that has governed the decision about which ones carry free prescription charges and which ones don't?

Julian Kelly: That is more in the policy question space; I will start, and then Chris can jump in. Fundamentally, the focus, as I understand it, has been on means-tested benefits as opposed to contributory benefits, or indeed benefits that aren't necessarily means-tested. That has been the focus, so that the help is focused on those who need it most, notwithstanding the fact that, clearly, the more rules you put into any

system and the more you try to target a system, the more complicated the system becomes.

- Q95 **Anne Marie Morris:** Is there a distinction between those that are means tested and those that are not? Is that the two buckets we are talking about?

Julian Kelly: I think that is broadly speaking the case.

- Q96 **Anne Marie Morris:** In which case, why have you not looked at simply bucketing all the ones that are means tested and all the ones that are not, and making it simple? In one group you get free prescriptions and in the other you don't.

Julian Kelly: I am speaking in broad terms. When you look down the list on the back of the exemptions forms, which says income support, income tested job seeker's allowance, income tested employment and support allowance, pensions credit guarantee, that is basically what that list does.

- Q97 **Anne Marie Morris:** But it is a very complicated system, and yet there are two very simple buckets. Why is it that the NHS hasn't looked at this? Have you even talked to the DWP about why they think specific benefits should carry or lack the penalty of paying prescription charges?

Julian Kelly: I think, as Chris said earlier, over time the decisions have been made to target help on those who need it most. That is, in broad terms, done by targeting those benefits that are means tested.

- Q98 **Anne Marie Morris:** So why aren't you talking to the DWP? Sir Chris has already admitted that the system does not work. Why aren't you talking to the DWP to try to look at a simplified system that works and does what you have said—helps the vulnerable?

Julian Kelly: Because you would still need as simple a list as you can have of which benefits are means tested, so that someone looking at it knows, "Yes, I am in receipt of that benefit and therefore I can tick that box." It would not necessarily help to say, "Are you in receipt of a means-tested benefit?" You would still have to go to some other list to know what was a means-tested benefit, whether you were in receipt of it and whether it applied here. The form tries to be as clear as possible about which benefits are subject to an exemption.

- Q99 **Anne Marie Morris:** With respect, it is not a simple form, or it would not take 21 or 26 pages to describe it.

Sir Chris Wormald: No, it is not simple. Figure 2 on page 13 of the NAO Report sets it out extremely clearly. There are a whole series of benefits that are very clear that you are eligible, but the complication comes with those at the bottom of the means-tested part; those are the ones where people's incomes are varying, and those are the ones that Sir Geoffrey was pointing to, where people have the potential to bounce in and out of being eligible.

- Q100 **Anne Marie Morris:** With respect, Sir Chris, that is not simple. For some benefits, it says, "eligible in some cases". How on earth is that helpful?

Chair: That is the NAO doing their best to understand it.

Sir Chris Wormald: As I have sought to make clear, we are not trying to claim that the system is simple. It was built up piecemeal over time—

Q101 **Anne Marie Morris:** My concern is that you are not doing anything about it.

Sir Chris Wormald: I have set out the Government's policy position on that.

Q102 **Chair:** You say that—you keep retreating into that.

Sir Chris Wormald: It is not retreating, it is just a fact; the Government are not currently looking to deal with eligibility.

Q103 **Chair:** That gives you an easy ride.

Sir Chris Wormald: Well, clearly not.

Q104 **Bridget Phillipson:** The difficulty is that, if you have been working all your life and you are no longer working, and you think you are receiving employment support allowance, you might not know that there is more than one type. The same applies to jobseeker's allowance. Many of the cases I have seen have been people who have consistently worked all their lives, and through ill health are no longer able to work or have been made unemployed. They think, "Well, I am claiming ESA—tick." Then they get a very nasty surprise when they get a penalty charge through the door, when they feel they have done nothing wrong, they have worked hard and played by the rules. What you are telling us is, "Good luck, because nothing is changing."

Sir Chris Wormald: That is not what we are saying at all. I am setting out what the Government's policy position is, and that is just a fact that we all deal with. Then I am saying that our responsibility is (a) to communicate what that is, (b) to make it much easier for people to check whether they are exempt and (c) to change our system of penalty charge notices so that, where people have made a fair error, there is a stage where we discover that before people are issued with a penalty charge. That is what we are seeking to do about that.

Q105 **Bridget Phillipson:** I think we need a conversation with the Department for Work and Pensions as well, because people do not understand the difference between all the various benefits that there are. I know there is a push toward simplification, which has not even filtered through, given the problems that we have discussed around universal credit, but it is very complicated and people do not know the difference. Unless people are aware which of those benefits they are receiving, this will keep happening.

Sir Chris Wormald: Yes, which is why we need to make the changes that we have described during this hearing.

Q106 **Anne Marie Morris:** So, Sir Chris, while you have told us that Government policy is not changing, is it not also your job to advise a Minister that this is not working and it is damaging?

Sir Chris Wormald: I am not going to discuss what policy advice we give to Ministers, for the normal reason. Our job as public officials is to

implement the system we have as well as it is possible to do so, which is why we are making the series of process changes that I have described. It is clearly a debate that is had reasonably continuously around whether people think we have our sets of prescription charges in the right place, and I am sure that debate will continue.

- Q107 **Anne Marie Morris:** But, Sir Chris, I put it to you that it would be the responsible position for any adviser, if a policy is not working and is not saving the Government money—as this is not—to say, “Minister, I think you should look at this, and here are my suggestions.”

Sir Chris Wormald: As I say, I am not—

- Q108 **Chair:** That is not providing information about the detailed policy advice you are providing to Ministers, so perhaps you could answer Ms Morris’s question.

Sir Chris Wormald: That is a debate that I am sure will go on. It is not the case that the system is not working, in the sense that we do get quite a lot of money in for the NHS, both through charges and what we additionally raise through the PCN system. We accept that cases in which it is not clear cut whether someone is eligible for an exemption can cause both confusion and stress for individuals. In the vast majority of cases, it is actually reasonably clear cut.

- Q109 **Anne Marie Morris:** With respect, you have only recovered 20% of the value of PCNs issued. How can that be cost-effective?

Sir Chris Wormald: It is compared with the previous policy, before my colleagues in NHS England and the NHS Business Services Authority increased the number of PCNs. That number was much lower, in terms of the cash brought in. Is the new policy generating more cash for the NHS? Yes it is, and it is deterring fraud in the way that I have described. Clearly, we want those numbers to be higher, but this system is indisputably collecting more money than the previous system, in which very few checks were carried out.

- Q110 **Anne Marie Morris:** But a third of penalty charge notices are still outstanding. The way I read this, the more penalty charge notices that someone gets, the less likely it is that they will actually be followed up. How will that help you? Your argument isn’t working.

Sir Chris Wormald: No, that is not the case. Clearly, the amount outstanding is partly a function of how many PCNs you give out. It will go up as the numbers increase. However, the cash brought into the NHS has been going up in proportion to the number of PCNs. It could be higher, but it is still additional resources for the NHS that it did not have access to previously.

- Q111 **Anne Marie Morris:** But, Sir Chris, you have already admitted to Ms Phillipson that you don’t know whether that cash is because people just bottle and say, “It’s too hard; I will pay”, or whether it is cash in from people who were genuinely fraudulent. You can’t tell the difference, can you?

Sir Chris Wormald: And this is why we want to change our systems, so that that is much clearer.

Q112 **Anne Marie Morris:** So you will recommend that, at least, to your Minister?

Sir Chris Wormald: Those are the measures that I described today, which are the advertising campaign, the real-time checking and the change in the PCN process.

Q113 **Anne Marie Morris:** I have to say that that advertising campaign, from what I have heard from the previous witnesses, simply does not work. All it does is terrorise people. It does not do anything to inform them.

Sir Chris Wormald: I don't think that that is what our evaluation says.

Q114 **Anne Marie Morris:** Mr Brown, isn't this all about telling people not to take the risk? That sounds like putting the frighteners on them. It does not sound to me like a way of helping people to know whether or not they are entitled.

Brendan Brown: That was certainly not the intention.

Q115 **Anne Marie Morris:** But that is what happened, isn't it? That's the wording.

Brendan Brown: The campaign was "Check before you tick". It was trying to get a message across that, if you are unsure whether you are entitled to an exemption, to please check. It explained the different channels through which you could do that—by ringing our contact centre or going online. It was actually trying to educate people not to simply take the risk of claiming exemptions to which they may not be entitled and then ending up with a penalty notice. The whole concept of the campaign was—

Q116 **Anne Marie Morris:** But Mr Brown, if you point people to a website and it comes up with that, and in some cases it says, "Eligible in some cases", that is no help.

Brendan Brown: That isn't what is on the website.

Q117 **Anne Marie Morris:** What is on the website? Do you mean it is even worse than this?

Brendan Brown: No, it isn't. It is a journey—

Q118 **Anne Marie Morris:** A journey?

Brendan Brown: It is a customer journey that takes about three minutes to complete. You input your details—name, address, date of birth—and the system verifies for you whether or not you have a valid exemption. You don't need to understand all those intricacies of all those rules. The system goes behind the scenes and identifies whether your details are held on one of the exemption databases. If they are, it comes back and says that you are entitled to claim free prescriptions. It is the exact opposite of what has been presented there. We have tried to simplify, as far as possible, the complex rules—

Chair: As far as possible; therein lies the rub.

Anne Marie Morris: With respect, Mr Brown, a lot of parts of the country still don't have the internet. In the south-west, we certainly don't have the internet everywhere in rural communities.

Chair: And in parts of Shoreditch, I should say.

Q119 **Anne Marie Morris:** Dr Ridge, is there a way of chemists and pharmacists helping, so that, instead of this wonderful system that people can go and have a look on, there was a screen at the pharmacy, and they checked there? Indeed, you helped individuals, all without putting too much of a burden on the pharmacist.

Dr Ridge: That is possible, I am sure, but the way I described it earlier there are obligations from both a professional and a contractor point of view—and I am happy to talk through both of those, if that would be helpful. On the contractor side, where NHS England contracts with community pharmacy to provide pharmaceutical services, there is an obligation through the contract for patients to be checked in terms of their exemption status. They are asked about their exemption status.

Q120 **Anne Marie Morris:** So the pharmacist has to check?

Dr Ridge: It is the pharmacy team—not necessarily just the pharmacist, but the pharmacy team.

Q121 **Anne Marie Morris:** And how do they do that?

Dr Ridge: They will ask, physically—"Could you just tell me whether you are exempt from prescriptions or not?" Then there is the process of going through the form.

Q122 **Anne Marie Morris:** Can I just backtrack to asking them whether they are exempt: they haven't taken them through the steps which help them identify whether they are exempt, because they won't know whether they are exempt.

Dr Ridge: There is automatic exemption for certain age groups anyway, but then the process would be to go through, with the patient, the exemption status or not and to explain to the patient—that would be good professional practice—and help guide them through that process.

Q123 **Anne Marie Morris:** Do pharmacists have some training on this?

Dr Ridge: Pharmacists will have training, yes, because contractors will have an incentive, if you like, to make sure their staff are well trained; and, indeed, I would expect them to be well trained in this area. It is similar for other professionals, in my view, but certainly for pharmacy, too. In terms of the professional regulatory regime which surrounds pharmacy practice regulated by the General Pharmaceutical Council, there are standards which are directly relevant here: providing patient-centred care, to help people, and to guide them through the system. So I guess the pharmacy world is doing its best to implement the system as set out.

Q124 **Anne Marie Morris:** Don't you think that is asking a bit much, actually, of the pharmacist, whereas if you had a nice easy-to-use computer screen, which, according to Mr Brown, takes three minutes to complete, you would solve the problem, because you must have the internet and if you are there, and the system is there, your knowledge isn't the key issue? It is how good the system is that you are using.

Dr Ridge: Again, I am sure that is possible, but I would emphasise what is a pilot around the real-time exemption checking, which is going very well. The staff like it. Okay, it is a small number of pharmacies, but, as Chris said, it will be 1,000 or more later this year, and then it will roll out, I am sure, in due course, where you will be able to exemption-check someone's status in less than a second. So I think that, for me, feels like the future, where that will help a great deal. And, indeed, in the initial evaluation with a small number of pharmacists it is doing well.

Q125 **Anne Marie Morris:** If it is so successful, why aren't we rolling it out faster? I can't believe there is a pharmacy that doesn't have a computer.

Dr Ridge: Okay, my view on that, as with all IT things, is that I think it is best to take it reasonably carefully and to do it well, and to make sure we get it right; so 10% of pharmacies by later this year feels to me like a reasonable pace, and then there is an implementation planned after that, across a number of different IT systems, which adds to the complexity.

Q126 **Anne Marie Morris:** So is there active work going on to integrate your pharmacy system with this system, in terms of entitlement?

Dr Ridge: Yes.

Q127 **Anne Marie Morris:** How quickly is that moving forward?

Dr Ridge: That would be for Brendan.

Q128 **Anne Marie Morris:** Is that a Mr Brown question?

Brendan Brown: What has been outlined in terms of the 10%: that is one pharmacy-supplier system. They have a 10% reach in terms of England. Later this year on the back of that pilot it is intended that ourselves and NHS Digital will work with the other pharmacy-supplier systems to make the functionality change to those systems to allow the real-time exemption checking to take place. It is also worth this Committee noting that we focus quite a bit here in terms of the level of confusion. The rules are complex, and I am certainly not trying to defend them; but I would like it on record that 97% of the exemptions that are claimed by patients—so this is non-age-related exemptions, which is the bulk, but the exemptions that we put into the process for checking—are correctly claimed. So the patient understands that they hold a valid exemption and 97% of the records that we check are filtered out because the exemption that has been declared has been correctly verified. There is a lot of focus here on the rules being complex, but the vast majority of people in England are correctly claiming exemption from prescriptions.

Since we started undertaking this penalty checking service for NHS England, it is also worth noting that back in 2014, we had to search four prescriptions to find one that had a misclaim on it. We now have to search

20 prescriptions where an exemption has been claimed to find one where there has been a misclaim. As far as we can tell, patients understand the rules, and having a loss recovery service is having the correct impact.

Q129 **Anne Marie Morris:** If we added in the age-related ones, I don't suppose the figures would be 97%, would they?

Brendan Brown: People who are either over 60 or under the age limit are entitled, so we don't need to—

Q130 **Chair:** Do you have any handle on the people who may not be calming because it is complex?

Brendan Brown: Sorry?

Chair: You talk about the 97% figure, which you have just sprung on us, but what about people who are not claiming because they are worried about all the rules? The National Audit Office is thorough in its footnoting, but there are 13 footnotes to figure 2 to explain the details of who qualifies and who doesn't. I am still puzzled about how you can possibly put that into a three-minute computer system.

Q131 **Anne Marie Morris:** It might be helpful, Chairman, if we asked Mr Brown to send us this computer system—

Chair: Or a link.

Anne Marie Morris: Or a link to it, with a worked example so we can try it out for ourselves.

Brendan Brown: Sure.

Q132 **Anne Marie Morris:** That would be very helpful. I would like to know where you get this 97% figure from. Could you send us evidence about how that has been calculated?

Brendan Brown: Yes, sure. I can send the Committee evidence about that.

Q133 **Anne Marie Morris:** Right. How do you define a vulnerable person, Mr Brown?

Brendan Brown: There is no clear definition of a vulnerable person. However, we have to be sensitive to customers with different protected characteristics. Clearly, we deal with customers who are vulnerable. Our contact centre agents are trained to identify people who may be vulnerable, but that relies upon the individual contacting them when they are in receipt of a penalty notice. Our agent will help and advise them, signpost them to the exemptions they can claim and how to claim them, and make an arrangement with them if appropriate. In some cases, we will ease the penalty charge.

Q134 **Anne Marie Morris:** But that is all after the event. This vulnerable person has already been put through the wringer.

Brendan Brown: That is correct. There is nothing from the prescription data that is submitted—the prescription form and the dental submission form that is received by the NHS Business Services Authority—

- Q135 **Anne Marie Morris:** Given that we are trying to protect vulnerable people, wouldn't it be a good idea to come up with a definition? Wouldn't it also be a good idea then to oblige every pharmacist and dentist to look at that person, because they know who is vulnerable? I can't believe that Dr Ridge wouldn't be able to identify who is vulnerable and who is not. In those circumstances, they should claim and not pay the charge, and you should worry about the process afterwards.

Brendan Brown: Anybody working in the NHS, whether they are a contractor or a direct employee of the NHS, who is dealing with somebody they view as vulnerable has a duty of care towards them in the first instance.

- Q136 **Anne Marie Morris:** But that duty of care doesn't mean, "We don't want to cause you any stress, so don't pay for the prescription and we'll chase it up afterwards." You are saying that they have a duty of care, but it doesn't go so far as to give them the right, the ability and the flexibility to say, "This is a vulnerable person. I don't want to put them through the wringer, because it will obviously cause them more harm. Therefore, on this occasion, I will ensure they get the prescription or dental treatment without having to pay for it, and then I will send it up to head office"—to you guys.

Brendan Brown: Under the current policy, being vulnerable does not in itself mean that you are entitled to free NHS dentistry or prescriptions.

- Q137 **Anne Marie Morris:** That is not my point. My point is that, if you know somebody is vulnerable, why put them through the wringer when you could actually sort it out after the event? As I understand it, in footnote 3 on page 25 there is a definition of vulnerable.

Brendan Brown: As I explained earlier, there is nothing from the data that we receive from the prescription form and from the dental submission to indicate— We do not access patients' individual health records. All we have are details of a patient who has accessed NHS dentistry, the level of dentistry that they accessed—whether band 1, 2 or 3—and that an exemption has been claimed. It is the same on prescriptions. There is a patient name, address, date of birth and that they claimed an exemption, and under which exemption category. We have no insight that indicates that a patient may be vulnerable. We certainly wouldn't intentionally issue a penalty notice to anybody who we clearly knew was vulnerable.

- Q138 **Anne Marie Morris:** I think, Mr Brown, that we would like to see a process whereby that issue of vulnerability is looked up properly and, if the individual is in real distress and at real risk, leave is given to a pharmacist or dentist to have the argument after the event, not before. Given that vulnerability is actually defined, do you have any measure or collect any figures as to what amount of what you reclaim comes from vulnerable people?

Brendan Brown: No, we don't. People who pay just make payments. We do not analyse or go back through the data of people who make the payments. I am not sure I understand your question precisely.

- Q139 **Anne Marie Morris:** If we are supposed to be protecting vulnerable people here—that is obviously the intention of the policy—why are you not measuring the numbers of vulnerable people who are actually caught up in the system through no fault of their own?

Brendan Brown: As I mentioned, we have no insight into who is vulnerable or not.

Anne Marie Morris: But you have a definition of it.

- Q140 **Chair:** Can you give us a rough figure? For example, a number of us, as constituency MPs, will have written to you to claim on behalf of patients who have come to us after they have been patients because they are vulnerable. Ms Phillipson gave some very clear examples earlier; we all have them. Even if they are only partial figures, you could collect examples of where vulnerable people have been penalty charged and gone through the whole process with all the fines and all the extra charges on top. Are you keeping any record of that, and are you looking at your processes to find out whether anything could be changed?

Brendan Brown: At the moment, we are not. We can take that away and—

Chair: Mr Kelly.

Julian Kelly: It is worth saying that we currently filter out at the outset anyone whose address is with a registered care home, so at least we do a sort of level-one filter.

- Q141 **Chair:** And it is the system that tells you whether it is a registered care home, absolutely, for sure? NHS England is faultless, is it? Forgive me for being sceptical.

Julian Kelly: That's fine. Brendan will know more of the detail, but effectively we take the address of the person on the prescription form and match it against the list of CQC-approved providers.

- Q142 **Chair:** But I have to say that, if you are in a care home, it is probably partly age-related, and there will also be people with severe disabilities who may well be exempt for other reasons, so I am not sure that that is a great comfort. However, someone with dementia living with their family would not be noticed at all. I appreciate your valiant attempt to defend the system.

Julian Kelly: The other thing I was going to say—this is not a perfect answer to your question, and Brendan's point stands about what we know about someone who has paid—is that, where we are contacted, in 5% of cases we do ease the policy. Someone still owes a prescription charge, and we can sort that out, but we do ease and do not apply the penalty charge notice. Where we are contacted, the data we would have leads to our providing some easement in 5% of cases.

Chair: I think I have a 100% success rate.

Julian Kelly: All I am saying is that that is the one bit of data that we have.

Q143 **Sir Geoffrey Clifton-Brown:** Mr Brown, how many PCNs were issued in the last year during which you have been operating this system?

Brendan Brown: In 2018-19, it was 1.4 million.

Q144 **Sir Geoffrey Clifton-Brown:** To what value?

Brendan Brown: I haven't got that figure to hand.

Q145 **Sir Geoffrey Clifton-Brown:** Well, it's in the Report; it's £200 million. What is the amount yielding from that?

Brendan Brown: Well, the yield is continuing—

Q146 **Sir Geoffrey Clifton-Brown:** It's in the Report—£36.5 million. How much did it cost to get that £36.5 million?

Brendan Brown: As highlighted in the Report, it is roughly 30 pence in the pound that it costs—

Q147 **Sir Geoffrey Clifton-Brown:** How much is that? How much is that? It's £11 million. So the net amount from £200 million-worth of tickets that you are getting is 25 point something million pounds, and you are chasing some of the poorest people in the land. Is it worth it?

Brendan Brown: Well, the view of the policy owners and the service owner, in terms of NHS England, is that it is worth it. Also, the Counter Fraud Authority is satisfied that the level of fraud has reduced in the system since we have been undertaking these checks and issuing penalty notices. It believes as well that it is right that there is a deterrent.

Q148 **Sir Geoffrey Clifton-Brown:** Of that £11.2 million, how much are you paying to Capita?

Brendan Brown: Capita carry out a very small proportion of the dental exemption checking activity. To put that into some context for the Committee—

Q149 **Sir Geoffrey Clifton-Brown:** I can see in the Report what they are doing; I just want to know how much they are costing you.

Brendan Brown: That information is commercially sensitive.

Q150 **Chair:** The whole, the total—the figure for what you are spending on paying Capita to run the system?

Brendan Brown: Yes.

Q151 **Chair:** We might request that privately.

Brendan Brown: You can request it privately. It is part of a wider contract that we have with Capita that covers all of dental services and some IT services, and that contract is coming to an end on 31 December this year.

Q152 **Sir Geoffrey Clifton-Brown:** Whatever the figure is—we'll find out privately—you are obviously not very satisfied with their services, because you are bringing this in-house.

Brendan Brown: Capita did not bid for any aspect of the work they are doing with the NHS Business Services Authority. We have built capability for issuing penalty charges and dealing with customers within the NHS family since 2014. It is a non-profit service, operated by the NHS, and it is our view and that of NHS England that BSA should operate that for the whole system, covering all of dental and all of prescriptions consistently.

Q153 **Sir Geoffrey Clifton-Brown:** It may not be a profit service—clearly the cost of compliance is less than the amount you are getting in, but nevertheless, from the tax point of view, you would want to keep the compliance costs as low as possible, would you not?

Brendan Brown: It is, except—we talked earlier about some of the customers that we deal with, the patients who are impacted by receiving a penalty charge notice. Some of the cost does involve our agents, who, when a customer contacts us—

Q154 **Sir Geoffrey Clifton-Brown:** I have very little time; can I cut you off there? Instead of constantly increasing the number of PCNs—as I say, for some of the poorest in the land—why don't you go after the 114,000 PCNs that you issue to repeat offenders at the level of five or more? Issue fewer PCNs, but go after those that you can actually make stick, so that the compliance costs would be less.

Brendan Brown: We have made a proposal to NHS England and the Department for dealing with repeat offenders, and that will include working with the Cabinet Office-approved debt collection agency. We are working through that at the moment.

Q155 **Sir Geoffrey Clifton-Brown:** Where has that actually got to? You are working through it with the Cabinet Office. Where has it actually got to?

Brendan Brown: We are working with the Department on that; perhaps Sir Chris would like to respond.

Sir Geoffrey Clifton-Brown: Sir Chris, could you enlighten us?

Sir Chris Wormald: It's a proposal that is with us at the moment, so it is being considered right now.

Q156 **Sir Geoffrey Clifton-Brown:** When would we be likely to see the results of that?

Sir Chris Wormald: Hopefully very shortly, but it's for subsequent decision.

Q157 **Sir Geoffrey Clifton-Brown:** Finally—write-off. We have a very short bit on write-off in the NAO Report. Has there been any proposal to write off some of the older debts? That is to Sir Chris or whoever.

Chair: Mr Kelly would authorise that.

Julian Kelly: At this point, I don't think there has been a consideration of it. At some point, I think, we will have to look at what it makes most sense to go after in terms of outstanding debt. It is not actually capitalised on an NHSE balance sheet.

Q158 **Chair:** So you haven't banked it yet.

Julian Kelly: No.

Q159 **Shabana Mahmood:** I have lost count of the number of times today, Sir Chris, that you have said that you don't deny that this is a complicated system, or words to that effect. You have admitted it can cause distress. Mr Brown, you also said it is a very complicated system: "I'm not defending that." Those are your exact words. That is because the system is indefensible. So, Sir Chris, what more would it take for you as somebody who is presiding over this system to go to a Minister and say "This is no longer about a political policy choice, but is about poor public administration, and different choices need to be made"?

Sir Chris Wormald: No, that is not quite what I have said.

Q160 **Shabana Mahmood:** You said the exact words, "I don't deny it is a complicated system and can cause distress." That was in your first answer to Ms Phillipson, and throughout this session today you have repeatedly said you don't deny it is a complicated system.

Sir Chris Wormald: Yes, because it quite clearly is. I think actually various of the answers we have given demonstrate what in fact is happening here, which is that for the vast majority of people it is very clear whether you get an exemption or not. Brendan's 97%—

Q161 **Shabana Mahmood:** We are not interested in the people who are not making mistakes. I am interested in the 3% who are highly vulnerable and are being chased and have the frighteners put on them by the quick-to-issue PCN policy that has been pursued by the NHS, Sir Chris. That is what you are not defending today.

Sir Chris Wormald: Yes, and, as I have said, we want to change that system, which is not changing the basics of the exemptions, which, as I say, are complicated; but we do want to change both how people can know whether they are exempt or not, and to relax the way in which we pursue penalty charge notices, so that we give ourselves that space to identify people who have made genuine error or are vulnerable before—

Shabana Mahmood: So, Sir Chris—

Sir Chris Wormald: So those are the changes we are proposing.

Q162 **Shabana Mahmood:** For your highly complex and indefensible system, your solution as the person in charge of policy here is to basically help vulnerable citizens navigate a complex and indefensible system better. Can you understand why our constituents watching this evidence session today would think that there is breathtaking complacency and arrogance on the part of the people who are presiding over a system that is causing such distress?

Sir Chris Wormald: No, I don't recognise that. I am trying to be honest with the Committee about things we can currently do to ease the challenges that the NAO Report set out and that the Committee has set out, and those things that we can't. We can't change the overall system at the moment. Therefore our focus is on how we ensure that we make it as easy to navigate as possible and, where things do go wrong, that we are not pursuing people straight away with penalty charge notices.

Q163 **Shabana Mahmood:** Knowing the frailties of the system, though, you could also make a different choice, which is to simply say you are not going to issue PCNs as regularly and as readily as you have been doing, because this problem has come from 2014, when we saw a massive increase in the number of checks, with no work done to understand the complexity of your system.

Sir Chris Wormald: That is one of the reasons why we want to go, as I said, to a three-stage system rather than a two-stage system, so that the first thing we do is not issuing a PCN, until we have identified whether it is a genuine error or just an error in the data-matching or all those sorts of things. So we are looking to try and deal with exactly the problem that you are setting out. We are not proposing to do it in the way that you are suggesting, but we are recognising that that is a problem and trying to build our system so that we are protecting the kind of people you are describing from just getting a PCN first-off, as it were, and adding that investigative stage. That is why we are doing what we have described.

Q164 **Shabana Mahmood:** Your chosen way to try and get around the problems of this system will rely on IT changes, which will cost money, so what can you tell us today about the cost-effectiveness of the system and the changes you are pursuing with the IT changes that will be required, as opposed to just following a different policy agenda entirely?

Sir Chris Wormald: For the real-time exemption checking—as I say, it will take out an enormous number of these problems—I think the project is already costed.

Brendan Brown: It is.

Q165 **Shabana Mahmood:** What are the costs associated with that real-time checking?

Brendan Brown: It is an NHS Digital project, so I do not have those costs. It is something that I can get—I can provide the Committee with the details of that.

Chair: If you could write to us, please.

Q166 **Shabana Mahmood:** Sir Chris, has a full assessment been done of the costs—we don't know what they are today—that will be incurred in order for us to have a real-time checking system that stops some of these problems occurring in the first place?

Sir Chris Wormald: As I said, the way we are doing this is by successive pilots, and we then evaluate the results of those pilots. I am sure that will include the calculation you are describing.

Q167 **Chair:** We welcome the pilots, because at least you are not spending all the money up front on another IT system. Will you be doing a proper evaluation of the cost of those pilots and the cost of rolling it out?

Sir Chris Wormald: Yes. As I say, we started with a very small pilot, which had very encouraging results.

Q168 **Chair:** I think you answered some questions earlier, but can you be precise about when? There was some talk about rolling it out to the next stages in 2020.

Sir Chris Wormald: For exactly the reasons you say, we are doing a small pilot, then a much larger pilot. We will then take decisions on the roll-out. We have not taken the approach of naming dates.

Q169 **Chair:** But nothing for dentists at this point.

Sir Chris Wormald: We will take that decision once we have piloted it properly in pharmacies.

Q170 **Chair:** You will need a different IT system for dentists, because they will not use the same one as the pharmacies' systems.

Sir Chris Wormald: Yes.

Q171 **Chair:** So another Government IT project.

Sir Chris Wormald: Well, we are seeking to learn the lessons of previous IT projects by rolling it out quite carefully.

Q172 **Chair:** A tick for the pilots, but maybe the jury's still out on the rest.

Sir Chris Wormald: As I say, the pilot is running over the summer. Once we have evaluated the pilot, we ought to write to you with its results and what the next stages of the decisions are.

Chair: That would be helpful.

Q173 **Shabana Mahmood:** We saw the big increase in checks from around September 2014. We are now in 2019, some five years later, and talking about welcome pilots and projects to try to fix some of the problems in the system. As these checks were being increased, whose job among you was it to think about vulnerable citizens, and to raise the flag on their behalf to indicate that this system was causing undue and unfair distress?

Sir Chris Wormald: I would have to check. The decision to increase the number of penalty charge notices was made by NHS England. It long predates Julian—I suspect he doesn't know off the top of his head either.

Chair: Mr Kelly is here to speak for NHS England.

Sir Chris Wormald: We might have to write you on that question, unless Julian happens to know.

Q174 **Shabana Mahmood:** I am rather worried that it appears to have been nobody's job to think about what vulnerable citizens will go through as the system is being rolled out and checks are being increased. The fact

that you cannot tell me today whose job it was to speak for citizens makes me think it was no one's job. It should be.

Sir Chris Wormald: We will write to you on the specifics. NHS England's normal mode of practice is to worry about those things a lot, so I suspect they did in this case as well. I cannot give you a definitive answer.

- Q175 **Shabana Mahmood:** No, Sir Chris. They seem to have worried about it so ineffectively that it has taken five years for somebody to think, "We need some pilots to try to work out how to make this system simpler for people to navigate." I would challenge the answer that you have just given; it doesn't bear any connection to the evidence that has been given today, or to what has happened with penalty charge notices.

Sir Chris Wormald: We had better write to you on your question.

- Q176 **Shabana Mahmood:** Mr Brown, what does it mean to be the director of citizen services?

Brendan Brown: I cover a remit that is quite broad in terms of citizen-facing services, which the NHSBSA are responsible for. This is one of those services. Sir Chris mentioned at the start, when there were some questions on reciprocal healthcare, that European health insurance and the wider overseas healthcare is another citizen service that I am responsible for, as well as some of the exemption schemes: some medical and maternity schemes, and the NHS low income scheme. There are a range of schemes that the NHSBSA are responsible for administering, and my team are responsible for delivering those.

- Q177 **Shabana Mahmood:** Who in your team fights for vulnerable citizens, if you are the citizen-facing arm of the Business Services Authority?

Brendan Brown: We have people working in the NHSBSA who support me and my team to ensure that we comply with the public sector equality duty responsibilities, and as the administrator of this particular scheme we have carried out three assessments under the equality impact assessment since we were commissioned to provide the service.

- Q178 **Shabana Mahmood:** Mr Brown, I was rather trying to understand why you felt you could say with such confidence before our Committee that 97% of these claims are made correctly, and that we are worrying only about a very small number. It seems to me that, actually, that small number is exactly what we are interested in, because it represents the people who are suffering the most, who are in large amounts of pain and who will struggle most in this system. I was rather surprised that a director of citizen services could say with such complacency again that, somehow, because 97% of all this system works well, that is a badge of honour, when we have heard cases today in our pre-panel and from my colleague Ms Phillipson of real distress and real harm caused to our citizens as a result of this system, so does anyone speak for those kinds of cases in your team? I think not, from the answer you have given.

Brendan Brown: Yes, they do, and we undertake user research on the way in which—

Q179 **Shabana Mahmood:** Third time lucky—maybe you could name that person.

Brendan Brown: Jane Miller is the person who supports me and my team in this area—

Q180 **Shabana Mahmood:** And has she been telling you regularly about all these vulnerable citizens and their cases?

Brendan Brown: She does, as well as the service manager responsible for the service. I also deal with MP correspondence, and parliamentary questions that are asked are brought to my attention, so I am fully aware of some of the issues being addressed here. All of that insight is used in the improvements we have continuously tried to make to the service.

Q181 **Shabana Mahmood:** Sir Chris, would you accept that there might be a cultural issue here? Twice in answers that you and Mr Brown gave in the earlier evidence, you referred to people as “customers”, as if the NHS were a corporate entity merely chasing a transactional debt, a customer, rather than a public service chasing down citizens. There is a big difference between the two. Do you think that a cultural difficulty might lie at the heart of the approach taken by the NHS, and that that is what might need to change?

Sir Chris Wormald: I am sorry if that word gave that impression—

Shabana Mahmood: I don’t think that there is any other impression it can give—it is pretty clear what a customer is, Sir Chris.

Sir Chris Wormald: I am not quite sure how to answer your question. We worry a lot about the issues that you raise. The NHS as a whole has an extremely powerful culture of public service. Does that mean we always get it right? No, it doesn’t. As we have tried to say throughout this hearing, we recognise the areas where this system needs to improve, for many of the reasons that the Committee has said. We are seeking to put in place things that improve it. I am not sure that I have a measure of whether there is a cultural problem, but we certainly recognise the challenges that this system brings and, as I say, the need to make it better.

Q182 **Shabana Mahmood:** We will return to that later, Sir Chris. When my colleague Sir Geoffrey asked you to justify this system, you gave a very long answer on deterring fraud in the system. When he put it to you, what was more important, preventing fraud or collecting money, you said both, but then preventing fraud was obviously a key driver for you. If preventing fraud was and is a key driver for you, why is it that only five cases have been sent to the Crown Prosecution Service, only one of which has led to a guilty plea? That rather undermines your earlier answers, does it not?

Sir Chris Wormald: No. As the National Audit Office Report sets out, an awful lot of what you do in a system to prevent fraud is at the front end, as it were, of people knowing whether fraud is easy or not. When you look at what it is that has caused that £50 million drop that the National Audit Office points to, that is not people being caught and prosecuted for fraud,

as you say; it is people not attempting it in the first place. The system of wider checks and the rigour that pushes into the system is what deters fraud. At the other end, in very rare cases we are looking at prosecution, but that's not how we've got those fraud numbers.

Q183 **Shabana Mahmood:** You don't know how much of the data we've been talking about today is related to fraud or to error.

Sir Chris Wormald: We have the estimate from the NHS Counter Fraud Authority that is quoted in paragraph 2.13 of the NAO report. That's the one that we use for the fraud element of what we are talking about.

Q184 **Shabana Mahmood:** We know that 114,725 people have received five or more PCNs for prescriptions, and yet only five of those cases have progressed. We know that 227 people have received more than 30 PCNs. What on earth is going on? Why are so few cases being referred for further checks and to the Crown Prosecution Service for review?

Sir Chris Wormald: I will ask Brendan to add on that. In policy terms, this is something where we have a new proposal, as Brendan described, to do more in that area. The strategy that was adopted was to massively increase the number of checks, with the aim of deterring fraud. We want to move on, but in a considered way, to the cases you are describing. Do you want to describe what you do already in this area, Brendan?

Brendan Brown: In terms of individuals who are deemed to be repeat offenders, as we've been operating the scheme for a couple of years we have identified, as highlighted in the Report, a number of people who were continuing to claim prescriptions and some dental treatment despite being issued with a penalty notice. We have a process of them being handled by a separate investigative team, to establish whether or not—

Q185 **Shabana Mahmood:** How many cases are currently with that separate investigative team?

Brendan Brown: I haven't got the figures to hand.

Q186 **Shabana Mahmood:** That is quite an important number, so could you write to us and let us know?

Brendan Brown: Sure. Having put our policy in place, I have also had to work with the Department to support the activities that we are doing. A small number, as highlighted in the NAO Report, have been taken forward and the files have been presented to the Crown Prosecution Service to determine whether or not they wish to prosecute them.

Q187 **Shabana Mahmood:** There are only five cases. In one case it was deemed not in the public interest to pursue. Can you tell us why?

Brendan Brown: That would be for the CPS determine why they felt, on balance—

Q188 **Shabana Mahmood:** You are not aware of the circumstances of that case?

Brendan Brown: I am aware, but it wouldn't be appropriate for me to discuss a single case. It wouldn't be right for me to do so.

Q189 **Shabana Mahmood:** One person pleaded guilty. How many PCNs had that person, who eventually pleaded guilty, been issued with?

Brendan Brown: A very high number. Again, that is one individual case.

Q190 **Chair:** Double figures?

Brendan Brown: Yes.

Q191 **Shabana Mahmood:** It is difficult to avoid individual cases when there are only five.

Brendan Brown: I know. It is difficult, but I can't identify them.

Chair: It is unusual to go down as low as five.

Brendan Brown: I cannot identify the individuals.

Chair: We appreciate that it is tricky, Mr Brown.

Q192 **Shabana Mahmood:** Would the cases of the 227 people who have had more than 30 PCNs be sitting with the separate investigative team?

Brendan Brown: Yes, that's right.

Q193 **Shabana Mahmood:** We know that 10% of PCNs are cancelled where the claimant cannot be identified or located, according to the National Audit Office Report. What are you doing to try to understand how to locate people better when they are getting a PCN?

Brendan Brown: We are undertaking a series of checks to verify and improve the filtering and the checking that we do so that when we issue a penalty charge notice, it is issued correctly. I am not sure of precisely the question you are trying to lead me to answer.

Q194 **Shabana Mahmood:** The NAO Report, at paragraph 4 of the summary, says: "NHSBSA will cancel a PCN where the claimant cannot be identified and located based on the details provided on the prescription or dental form. Since 2014, NHSBSA has cancelled around 0.5 million (10%) PCNs with a value of £92 million". That is clearly a sizeable number. What are you doing to try to get around this problem?

Brendan Brown: It is. We mentioned a little earlier putting in place a debt collection provision. That will include a tracing facility. In some instances, we might identify and begin issuing a penalty charge but it might be returned as "gone away", for example, so we need to identify the individual's current address. There is no point sending a surcharge or even considering putting the individual through another process if they have moved.

Q195 **Shabana Mahmood:** I understand that debt collection is progressing in relation to dental charges and there is a decision yet to be made in relation to prescription charges. Is that correct? What can you say to reassure us that any debt collection that results in bailiff action will not have the same aggressive and sharp practices that many of us, as constituency MPs, see in other cases where debt enforcement is carried out?

Brendan Brown: I can reassure everybody on this Committee that the processes that the debt collection agencies will follow are very tight. They will not involve bailiff activity at all. It will be dealt with sensitively, as it is already with dental PCN debt, and we will be using an organisation that is part-owned by the Cabinet Office. It is used right across Government, by the DWP, HMRC and ourselves, and the rules it follows cover all Government areas.

Q196 **Sir Geoffrey Clifton-Brown:** To go back to the figures I mentioned, there is a gross yield of £36 million less costs—£25 million—on 200 million penalty notices. Is 13.5% a satisfactory yield for any PCN system?

Brendan Brown: It is early days in terms of the scheme.

Q197 **Sir Geoffrey Clifton-Brown:** Early days since 2014?

Brendan Brown: We believe it is a reasonable yield, accepting some of the costs that we have to incur in terms of building additional functionality so that customers can access the service and identify whether they are exempt. We view that, as NHS England does, as a reasonable yield.

Q198 **Sir Geoffrey Clifton-Brown:** Sir Chris, I do not think you were here for the previous session, but there was very good evidence from the British Dental Association that this system is deterring a substantial number of people from seeking the dental treatment they need. Presumably, a proportion of those people end up on the NHS at A&E. Have you done any work to work out the cost to the NHS from that activity?

Sir Chris Wormald: Not that I am aware of.

Julian Kelly: Not that I am aware of.

Q199 **Sir Geoffrey Clifton-Brown:** We have already heard that the dental system of claiming is extremely complicated. On the benefits side, I happen to have a copy of the piece of advertising you referred to. This is for universal credit—I go back to where I was earlier. This is when you are entitled to free prescription. On the first page, it states: "Universal Credit—but only if your earnings in your last assessment period were £435 or less, or £935 or less if you get an element for a child or have limited capability for work." Given you are dealing with some of the most vulnerable and poorest people in the land, is that guidance really satisfactory?

Chair: Is it clear?

Sir Geoffrey Clifton-Brown: Is that guidance really satisfactory?

Sir Chris Wormald: It is a statement of fact of what the exemptions are.

Q200 **Sir Geoffrey Clifton-Brown:** But when people walk in and need that prescription, they will not know whether they meet those criteria or not.

Sir Chris Wormald: Which is why we are making the changes that we have described throughout this hearing. Effectively, you have tools that do that calculation for you—the online version that Mr Brown described and the real-time check.

Q201 **Chair:** But you still have to have at your fingertips the information that you put in. A number of MPs have given evidence, and Richard Burden MP wrote on this very issue. Like a number of us, his surgery had a lot of people visit it who receive universal credit and who were told to tick box K on the prescription form to see if they may be entitled to an exemption. Box K relates to income-based jobseeker's allowance. However, if people do this and live in a live UC area, they can be fined if it is later discovered that their income is above the relevant universal credit thresholds, as Sir Geoffrey helpfully laid out for us.

Being an assiduous constituency MP, Mr Burden, MP for Birmingham, Northfield, wrote to the DWP. I know you are not the DWP, but you do represent the Government here today. They wrote back in a very friendly letter: "Dear Richard"—I am sure that made all the difference—"Not all help with health cost claims have a tick box for universal credit. If that is the case, you should tick the box for income-based jobseeker's allowance instead."

They give that advice, but quite a few people came back to his surgery saying that they ticked box K in good faith, having been told that that is what they should do, and have had problems as a result, because no one seems to understand. There is no connection: they ticked the box that they were told to tick but were fined nevertheless. We won't go into all the detail of that now, but it demonstrates that there are real problems, which we are picking up.

If we are picking it up at our surgery, I am sure I do not need to tell an experienced permanent secretary in Whitehall that it usually means something is going pretty badly wrong for people to bother to take the time to come and see an MP about it. I think we have had enough experience on this.

Before I pass on to Sir Geoffrey for the final word, I just want one more question on HC2 certificates for refugees and asylum seekers. Paul Blomfield MP has asked us to raise this on behalf of the City of Sanctuary Sheffield. An HC2 certificate proves your exemption for certain health things. If you are dispersed as a refugee or asylum seeker, your address change renders that invalid, or certainly raises a claim. PCNs have been issued to those people.

The good news, Mr Brown, is that, according to City of Sanctuary Sheffield, your staff in Newcastle are helpful and are willing to thoroughly examine PCN cases, recognise mistakes and cancel PCNs. However, does that not demonstrate another problem with this system? It may be niche, but it is yet another complication.

Sir Chris Wormald: Yes. I do not know about that individual one but, again, this is why splitting the first stage of the PCN process—so that there is an investigative bit before a PCN is issued—is the quickest thing that we can do to assist in all these complicated cases, so that, when a problem arises, people are talking to Mr Brown's helpful staff in Newcastle and reconciling the problem before they get something that tells them that they owe a penalty charge.

Q202 **Chair:** It is great that Mr Brown's staff in Newcastle are helpful. Third-party agencies are ringing on behalf of a lot of these people, not the people themselves. That is the point that we are still concerned about—the most vulnerable. Of course, not all UC claimants are the most vulnerable, but a lot of people who are caught in this are.

Sir Chris Wormald: As I say, building in that extra stage for an investigative bit so that you can sort out complications before you get into the formal system is why we think that is a step—

Chair: It suggests that the system that itself was designed to stop fraud is not working very well if you have to have a workaround for it.

Q203 **Sir Geoffrey Clifton-Brown:** Sir Chris, given that the financial results of this whole system are pretty poor, that both the dental and prescription sides are vastly overcomplicated and the number of PCN tickets issued that are actually repaid, is this system really fit for purpose?

Sir Chris Wormald: It could be improved, as I have said throughout. We have sought not to be defensive at all about the challenges that the system brings, and we have sought to be clear about the improvements that we are making. I am sure that there are further improvements that we can and should make on top of those that we have proposed. Nevertheless, what we have done has generated extra cash for the NHS and has, in the view of the Counter Fraud Authority, cut the levels of fraud in prescriptions by 25%. We have outcomes to show for what we have been doing, and we also have exactly the challenges that the Committee has pointed to. We have, as I say, a series of steps that we hope will improve that situation, and I am sure we will want to consider whether there is more we can do. If we can get to real-time checking so the burden is taken off the person applying—if it is done for them before they get their prescription—that would be completely transformative.

Chair: I have to say that there is great faith in real-time checking, but those of us who deal with the sharp end of the problems know about real-time information. DWP letters explaining anything remotely more than a straightforward claim—even some straightforward claims—are very difficult to understand.

Let me be clear: this Committee is here, as has been long established, to look at the economy, efficiency and effectiveness of Government policy. Rarely is it the case that this Committee rises up as one in the middle of the hearing because it is so concerned. The effectiveness, efficiency and economy of this policy is roundly questioned by all members of the Committee. Sir Geoffrey summed it up: not fit for purpose is one way of describing it, but there are big questions about whether it is even cost-effective. You yourself, Sir Chris, have recognised that it is not working, and instead of challenging the system you are trying to find ways of tinkering with how it is applied. To us, that does not seem to tackle the problem. I don't want to pre-empt our report, but I think you can gather from the Committee's tone of questioning that there is a lot of scepticism about how this is going forward.

I thank you nevertheless for your time. The transcript of this and the previous session will be up on the website in the next couple of days. We will be producing our report in September.