

PRIVATE PATIENT UNITS

Clear leader shows how it can be done

Our monthly analysis of private patient revenue growth moves to the East Midlands. **Philip Housden** (right) reports



FIGURES FROM the published annual accounts for this group of trusts shows that total private patient revenues remained flat in 2017-18 as they did in the previous year.

The area covered are the East Midlands counties of Northamptonshire, Leicestershire, Nottinghamshire, Derbyshire and Lincolnshire. There were ten trusts to analyse, but Derby and Burton Hospitals merged in July 2018.

Total revenues remained at £11.8m in 2017-18. This now represents 0.30% of these trusts' total revenues, essentially a flat figure for the last few years. This is below the combined national average outside of London of 0.5%.

The most active trust for private patient services in the region remains Derby, where the NHS PPU is branded Derby Private Patients. It houses 11 ensuite inpatient rooms, five consultation rooms, a private chemotherapy suite and minor procedures room. This unit has delivered growth of 17% in the last year and 76% in the last three, to reach £3.7m.

The trust is ambitious for further growth and is investing £2m to build and equip a new dedicated operating theatre for private patients at the Royal Derby Hospital. It recently hosted the annual NHS PPUs' managers' conference.

Merging enables further expansion through incorporation of the private patient activity in Burton, including the Burton Clinic PPU, worth approximately £0.8m last year, down £100k on 2016-17.

This is developing into one of the first NHS PPU 'chains' that can lead as centres of excellence to support other trusts who may not have their own local commercial skills to develop private patient services.

Another chain
Northern Lincolnshire and Goole also have their own chain. This is branded Lindsey Private Patients, with a presence in Goole, Grimsby and Scunthorpe. In the past year, the revenues remained flat at £1m and 0.33% of total turnover.

At Goole and District Hospital, the Lindsey Suite provides single-room accommodation and services offered include those not routinely offered on the NHS, such as cosmetics and some ophthalmic

procedures plus the expected range of fast access to imaging and self-pay admissions.

Nottingham University Hospitals (NUH) is another trust that experienced flat trading in 2017-18. Income from private patients was £1.9m, down £74k (3.7%). The trust does not have a separate PPU, but houses private patients on NHS wards.

It is responsible for the new National Rehabilitation Centre, co-located with the relocated Defence National Rehabilitation Centre near Loughborough, Leicestershire. This new service offers the opportunity for NUH to develop private patient services, particularly in neuro-rehabilitation and musculoskeletal services.

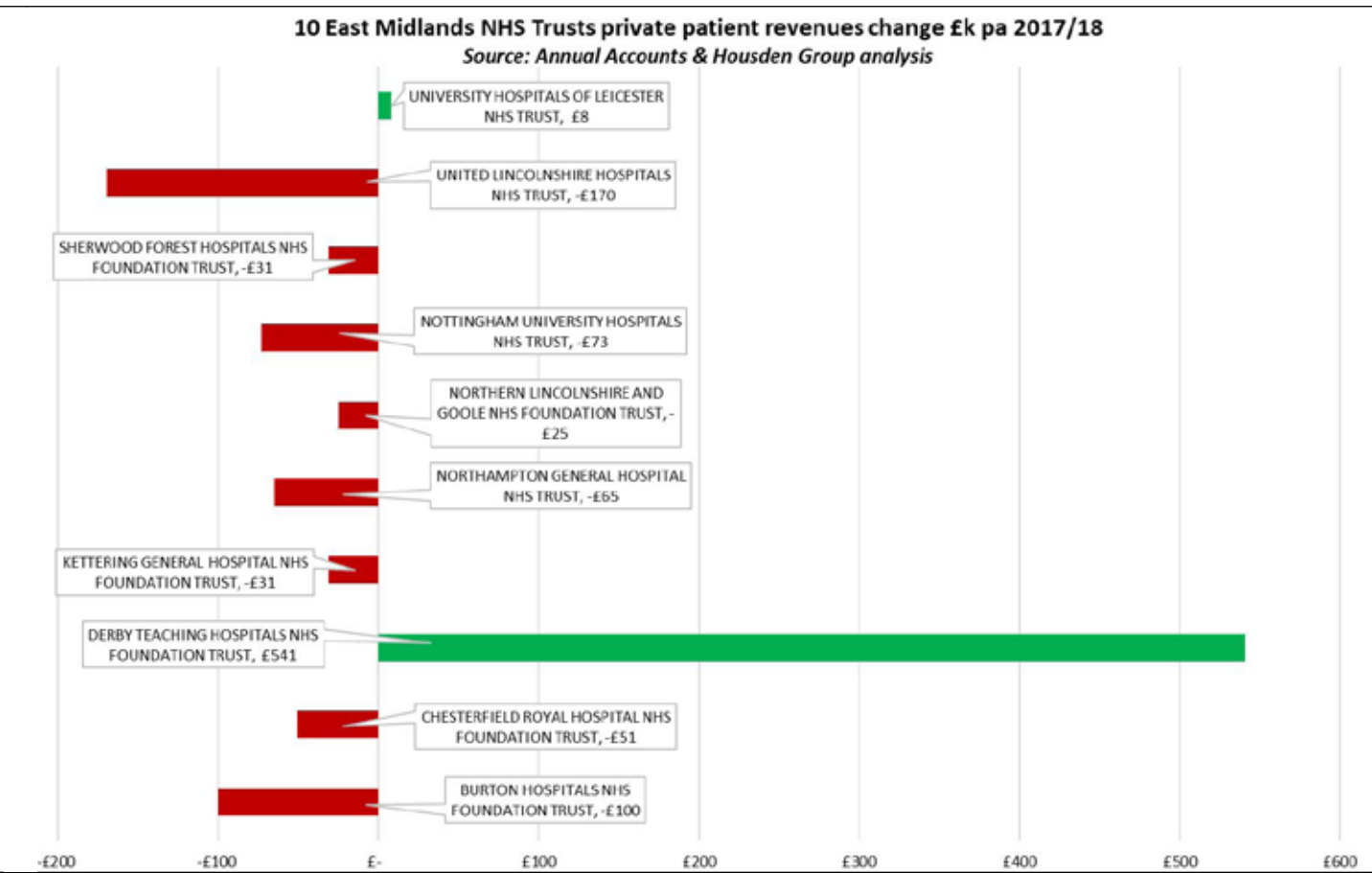
No PPU
University Hospitals of Leicester is a second regional teaching trust in a large catchment but with no dedicated inpatient private patient accommodation. Clinical services remain spread between three main campuses across the city.

Leicester also has a Spire and Nuffield Hospital, both delivering a case mix of higher than average complexity. The trust achieved £2.87m revenues in 2017-18; again, flat on the previous year.

Private patient earnings as a percentage of total turnover is on a longer-term declining trend, down from 0.45% in 2013-14 to 0.35% in 2017-18.

As Leicester and Nottingham can manage the patients the local inde-

Figure 2



pendent hospitals cannot, this patient safety imperative means that a PPU to support most complex patients and treatments is well worth consideration for investment.

Northampton General Hospital is the highest earner of these, earning £845k in 2017-18 and a reported further decline to £719k in 2018-19. This is a fall from 0.35% of total income to 0.31%.

There are four trusts with less than £0.5m a year income from private patients.

Opportunity beckons
United Lincolnshire Hospitals operates from Boston, Lincoln and Grantham; with Pilgrim Hospital, Boston, having a dedicated private patient unit – the Bostonian Wing – with capacity for 18 beds, the largest unit in the region.

Despite this advantage, the trust delivered only £381k revenues from private patients last year, a decline of 31% from £551k in 2016-17. The long-term trend is down, as earnings were £1.1m in 2011-12.

With neighbouring North Lincs Trust developing their own chain across multiple sites, this looks to be

an opportunity for cross-trust working to help with branding, back office and commercial leadership to re-invigorate Boston's service.

Kettering General and Chesterfield Royal Hospital Trusts have a negligible level of private patient earnings – less than 0.1% of turnover – at £175k and £80k respectively in the last published annual accounts.

Neither are known to have plans for investment in private patient services. However, at Sherwood Forest Hospitals, plans are being drafted to extend the present limited private patients service at the King's Mill Hospital near Mansfield. The trust reported revenues of only £88k in 2017-18, down on the £119k earned in 2016-17.

Private patient development in the East Midlands region is essentially grouped into three types:
1. Go-ahead trusts that have developed a brand and are either moving forward quickly – that is Derby and Burton – or have the potential to do so: Northern Lincolnshire and Goole.

To this group could be added United Lincolnshire if they worked

with their neighbours more closely.

2. Leicester and Nottingham are teaching trusts without a dedicated PPU, but with the breadth of clinical services to achieve growth and most probably a significant-sized PPU in the future.

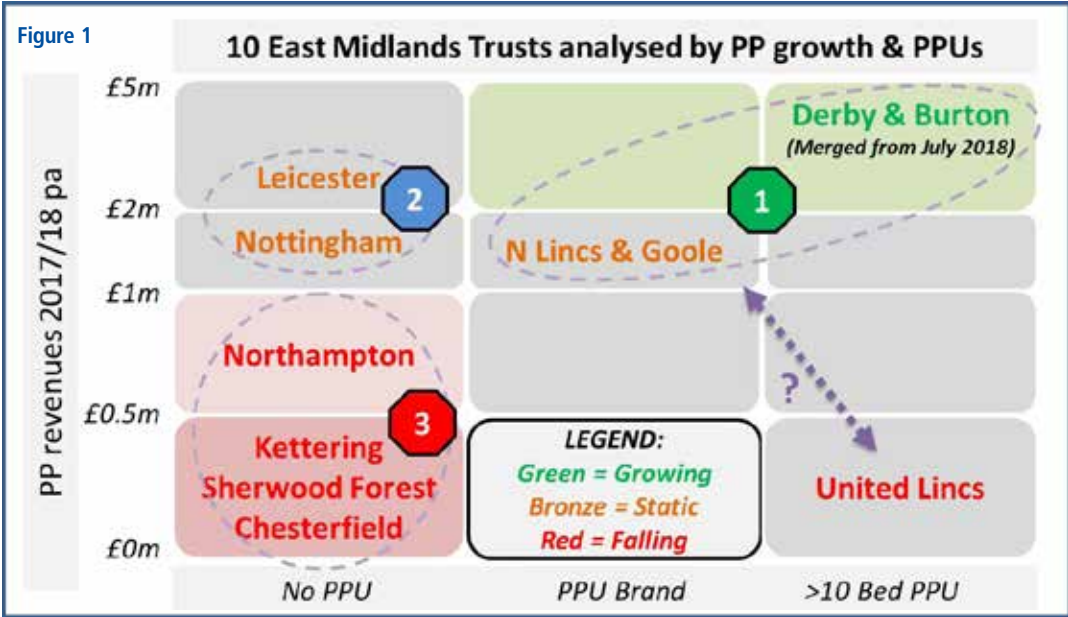
3. The remaining trusts do not have a local service and, apart from Sherwood Forest, appear not to have present plans to invest either. All, however, will have the underlying local demand that would

support a minimum-sized six-bed unit due to the inevitable gaps in provision for private patients for the most complex clinical services.

The opportunity for growth exists for East Midlands and, to kick-start it, perhaps trusts could initially look to Derby Private Health for advice and support.

Next month: The South-west

Philip Housden is a director of Housden Group



aisma
association of independent specialist
medical accountants

At the heart of medical finance

The Association of Independent Specialist Medical Accountants is a national network of firms advising over 3,700 medical practices across the UK. For some of the best advice available on accounting, taxation and pensions, visit our website and find your nearest AISMA accountant.

aisma.org.uk