

NHS PRIVATE PATIENTS UNITS

London's patchy PPU performance

In the second of the new series analysing NHS private patient units, based on their published 2019-20 annual accounts, **Philip Housden** (right) expands on last month's round-up of the top ten performing trusts. All of these were in central London. Here he focuses on the capital's other trusts



The Top Ten performing NHS trusts by private patient revenues in 2019-20 are all located in central London hospitals and have been shown to be delivering a growing proportion of overall NHS revenues, as I reported last month in *Independent Practitioner Today*.

This month extends the analysis of London to the remaining 12 NHS trusts, analysing the four 'next movers' and the eight 'lowest earners'.

Of course, the results reported in trusts' 2019-20 annual accounts on which this article and analysis is based were partially adversely impacted by Covid-19 and restrictions on capacity in January-March quarter. The impact was greater during 2020 and this will be reflected in future articles.

Next movers?

➤ The Royal National Orthopaedic Hospital (RNOH) has set a steady course for growth having invested in an expansion from 18 to 28 private patient beds when moving the PPU into the new Stanmore Wing that opened in December 2018.

With a brand refresh and the new capacity, the trust was able to increase revenues by 7.4% (£525k) to £7.6m in 2019-20, the third straight year of growth. This total now represents 3.9% of all trust revenues last year, which despite the growth, was still a decline from 4.6% the year before.



The interior of the new wing of the Royal National Orthopaedic Hospital in Stanmore

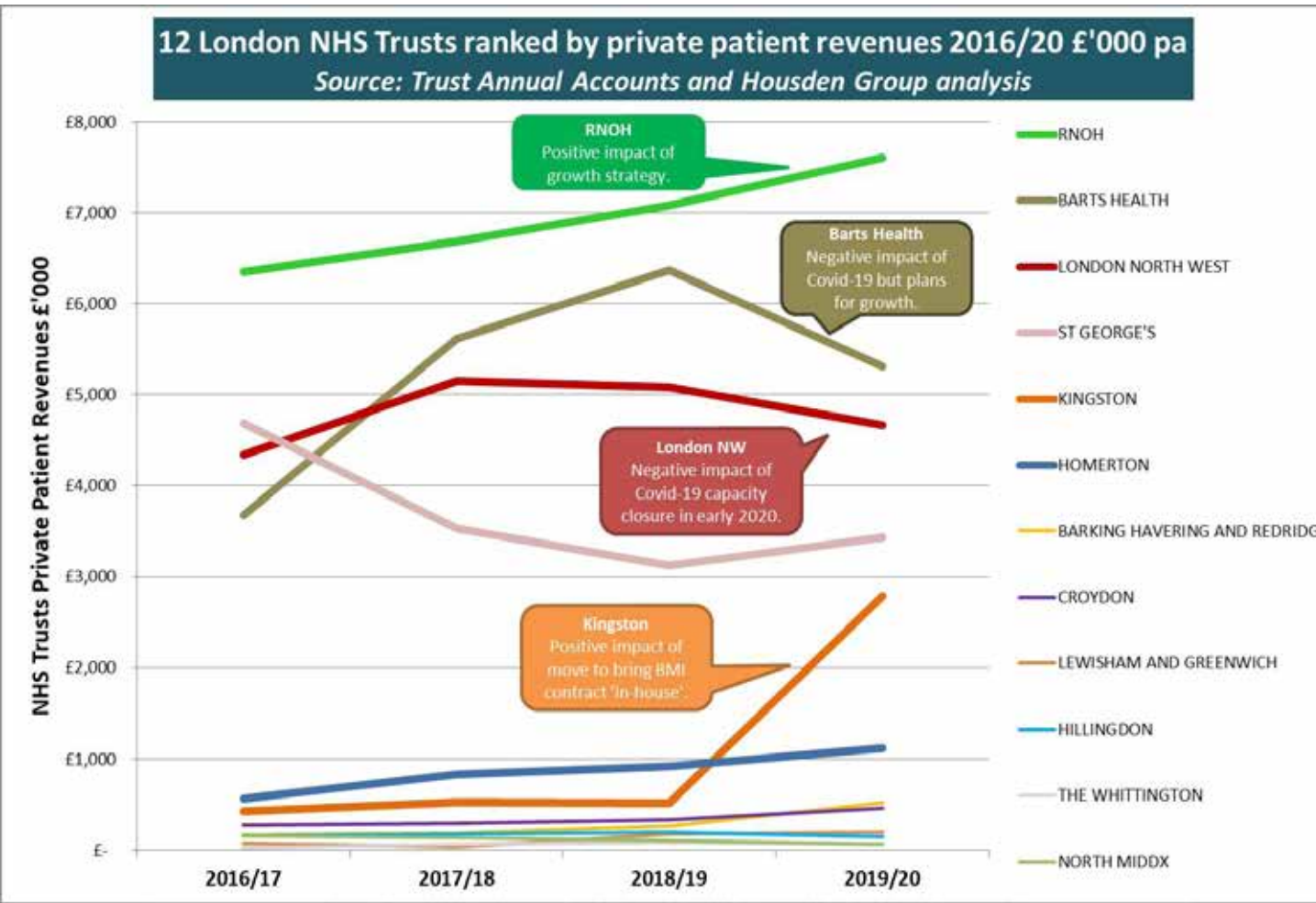
The trust's strategy is to increase complex surgery and international referrals.

Although the private patient ward has, for now, become the trust's ward that accepts Covid

patients, private patient activity in the second half of 2020 was strong with an increase in spinal work in line with this strategy. The trust also has an outpatient presence in Bolsover Street, central London.

➤ Bart's Health's private patient revenues fell by just over £1m (16.7%) to £5.3m in 2019-20 after recent growth.

This was achieved with four ring-fenced beds and two beds that were



flexed intermittently between NHS and private patient activity, while £840k of the total private patient revenue was derived from fertility services based at the St Bartholomew's site.

The rest of the revenue is generated from the relatively sparse activity across Royal London and Whipps Cross sites.

Planned private patient activity at the Newham Hospital site was delayed by the refurbishment programme that was needed to create the ring-fenced capacity.

The medium-term outlook is positive, as significant growth and service benefits are expected once the trust will have access to the partnership private patient facility now being built by Nuffield Health in former surgeons' accommodation and pathology buildings.

This is due to open later in 2021 with 48 beds, four operating theatres and 28 outpatient consulting rooms.

It is expected that a significant level of diagnostic, clinical support



St Bartholomew's Hospital, where Nuffield Health is building a private patient facility in the former surgeons' accommodation and pathology buildings

port services and complex clinical activity and income will be derived from the services provided by Nuffield as well as regular conversion and transfer of patients between Nuffield Health and the trust.

The increased levels of such complex activity are expected by the trust to more than compensate for any potential loss of activity to the new Nuffield Hospital.

► London North West also experienced a decline – of 8.2% and £400,000 in 2019-20 – but it is understood that, prior to Covid-19, revenues were strong.

The trust's private patient strength is the Sainsbury Wing on the Northwick Park site, which has 19 dedicated private patient beds and in 2020 celebrated its 25th anniversary of opening working to the TrustPlus brand.

It has ambitions to support private patient growth across all their major sites aligned and the wider North West London Integrated Care System developing site and service strategy.

This strategy includes relocation of regional colorectal services to the Central Middlesex site, which can act as a stimulus to opening new private patient capacity and services on that site and then in due course on the Ealing Hospital campus also.

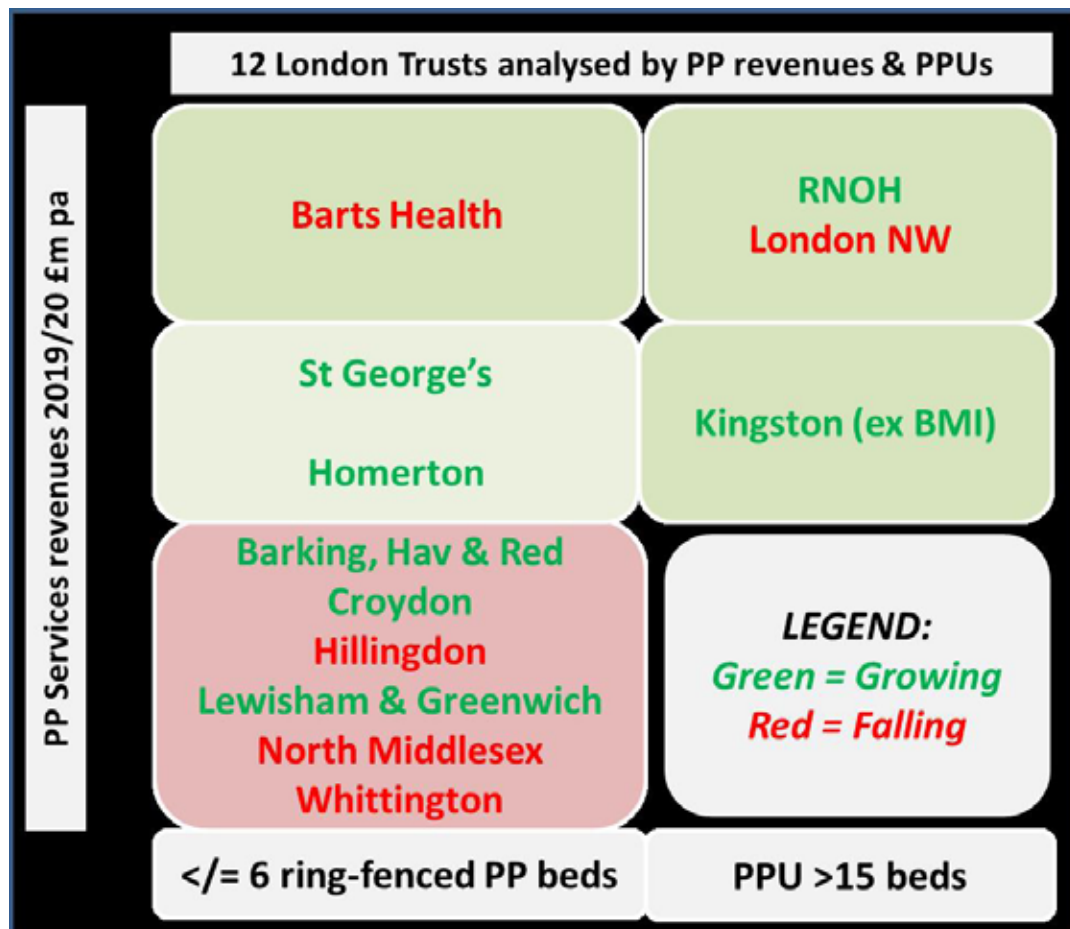
► St George's increased revenues by £309,000 to £3.4m, a growth of 9.9% last year. However, the trust has still not yet moved forward with long-standing plans to invest in a dedicated private patient unit and this still represents only 0.48% of total trust patient-related incomes.

► Kingston Hospital has delivered the biggest growth in this group of trusts.

In 2019-20, private patient revenues jumped £2.27m (441%) to £2.8m and this was an increase from 0.21% to 1.02% of total trust income.

Kingston Hospital ended a long-term contract with BMI at the end of 2018-19 financial year and moved the business to in-house control and operational management to new arrangements commencing from April 2019.

As was experienced most



recently by Basildon and Thurrock NHS Trust, this move is significantly financially positive for the NHS.

► Next, Barking, Havering and Redbridge in north-east London is keen to develop private patient services, having ended the partnership with HCA at Queen's Hospital, Romford, early in 2018.

The trust has improved revenue capture and improved tariffs, resulting in an increase of £254,000 (96%) to a total of £518,000 in private patient earnings in 2019-20 albeit from a narrow service range and low volumes. The trust is known to be reviewing options for growth principally to support the service strengths in cancer and complex surgery.

Lowest earners

The final six trusts between them delivered revenues of only £0.9m, or an average of only £150,000 a year each.

Each of these are located further away from central London and therefore it can be argued do not enjoy the same access to the inter-

national patient market, but it is clear that they are underperforming when compared with similarly sized trusts located in most regions outside the capital.

London remains the driver of NHS private patient revenues and services. Growth is evident and there are new initiatives planned, but performance across the capital remains patchy.

The long-term adverse impact from the enforced capacity and service closures resulting from Covid-19 are not yet fully known, but my 'NHS PPU Barometer' report in *Independent Practitioner Today* (November 2020) has demonstrated how the impact of the pandemic is likely to lead to a reduction in excess of 50% of incomes in 2020-21.

Meanwhile, the ending of the NHS contract with independent hospitals in London has created capacity in the independent hospitals to continue with their private work and so there is a fundamental shift of market share taking place.

For some trusts, this may be a long-term restriction on their ambitions. On the upside, the pan-

demic has been a catalyst for improved system thinking and working and such an approach has a great deal of potential for application for joining-up private patient services between NHS trusts.

Resulting benefits could include lower back office costs, more senior commercial leadership and an improved offer to insurers and self-pay patients.

The 22 London trusts discussed in this pair of articles are spread across five Integrated Care Systems and in each ICS there is at least one Top Ten leading trust and several with significant potential for commercial income growth.

Perhaps 2021 is the right time for trusts to co-ordinate their private patient strategies?

■ My analysis of regional trust PPU 'rising stars', scheduled to be this month's article, has unavoidably had to be delayed and will be picked up in future articles in this series.

■ Next time: The south coast

Philip Housden is managing director of Housden Group commercial healthcare consultancy