

PRIVATE PATIENT UNITS: EAST ANGLIA

# Perhaps it's time to join the chain gang

**Philip Housden's** monthly review of PPUs looks at the private patient services in the 12 NHS trusts delivering acute care services across East Anglia, from the counties of Norfolk, Suffolk, Essex and Cambridgeshire

THIS REPORT is based on the information published in the Trust Annual Accounts for 2019-20, which was partially adversely impacted by the early months of the Covid pandemic

For this group of trusts, the accounts show that total private patient revenues declined by 6.4% from £26.6m to £24.8 m over 2018-19 (Figure 1).

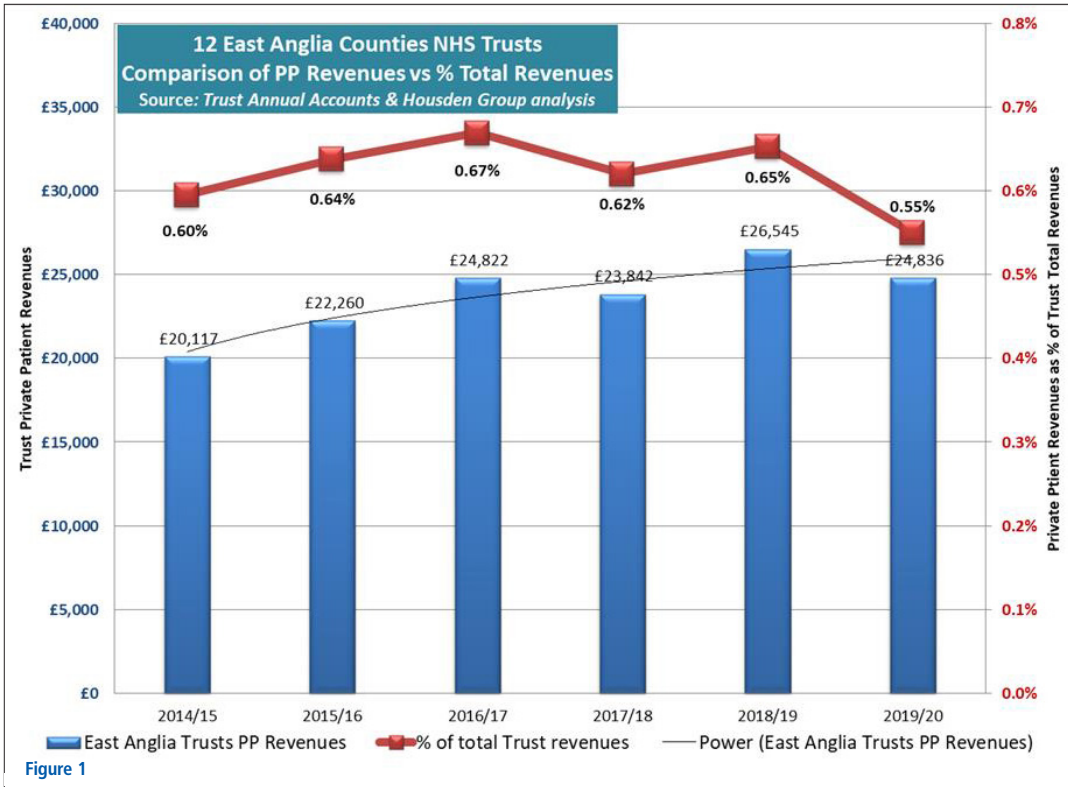
This now represents 0.55% of these trusts' total revenues, down from 0.65% the previous year, the lowest proportion for at least a decade. However, this is still above the combined national average outside of London of 0.43% (Figure 2).

**Top earner**

A comparison of performance by trust (Figure 3, opposite, and Figure 4 overleaf) shows that the highest percentage of private revenues and proportion of total trust incomes in the region is delivered by **Royal Papworth** with private patient income in 2019-20 of £6.7m, down £1.4m and 17.7% on the £8.1m achieved in both the previous two years.

This represents a decline from 5.7% to 4.5% of total trust incomes. This still places the trust at #2 by proportion of total trust revenues outside London and 16th by revenues in the NHS.

As the UK's largest cardiothoracic hospital, Papworth has a distinctive edge and focus, ensuring that the brand can stand out sufficiently to support private



patient local, regional and international demand. This was reinforced by the move from 1 May 2019 to the new Royal Papworth Hospital located on the Cambridge Biomedical Campus.

The new hospital has five operating theatres, five cardiac catheterisation labs, extensive diagnostic modalities and over 300 beds. Of this total capacity, 12 beds are in the new Varrier-Jones private patient ward, which is a significant

reduction on the previous 32 beds on the old campus.

This loss of dedicated capacity, plus the teething challenges of moving sites and the Covid impact at the end of the financial year all contributed to the year-on-year decline.

**Doubled revenues**

**Cambridge University Hospitals'** private patient revenues grew by £1.25m to reach £10.65m in 2019-

20, a rise of 13.3%. The trust has doubled private patient revenues in the last five years and jumped from 0.88% to 1.32% of total turnover.

The trust is now ranked 12th by revenues in the NHS and second outside of London, only marginally behind the longstanding provincial leader Frimley Health in Camberley, Surrey.

This growth has been achieved in part through improved com-

mercial management systems with strengthened tariffs and a one-off improvement to revenues in 2019-20 from receipt of historic undercharging for private patient activity.

A significant increase in revenues was achieved from fertility services, while cardiology continues to perform well through the Cambridge Heart Clinic. This is a joint venture with Regent's Park Healthcare operating since 2008, who have access to five inpatient and day-case beds and three consulting rooms.

Looking to the future, in the field of cardiology, it will be interesting to see how Cambridge University and Papworth Hospitals work in such close proximity going forward.

In the longer term, the strategic opportunities for the trust are significant with the new Cancer Hospital ([www.cambridgecancer.org.uk](http://www.cambridgecancer.org.uk)) and the new Cambridge Childrens Hospital ([www.cambridgechildrens.org.uk](http://www.cambridgechildrens.org.uk)), the UK's first combined physical and mental health hospital.

Both of these new hospitals will seek to attract increased UK and international private patient income streams.

**Basildon's** PPU is also predominantly based on the delivery of cardiac services and is located within the Essex Cardiothoracic Centre, the trust's eight-bed Brook Suite PPU.

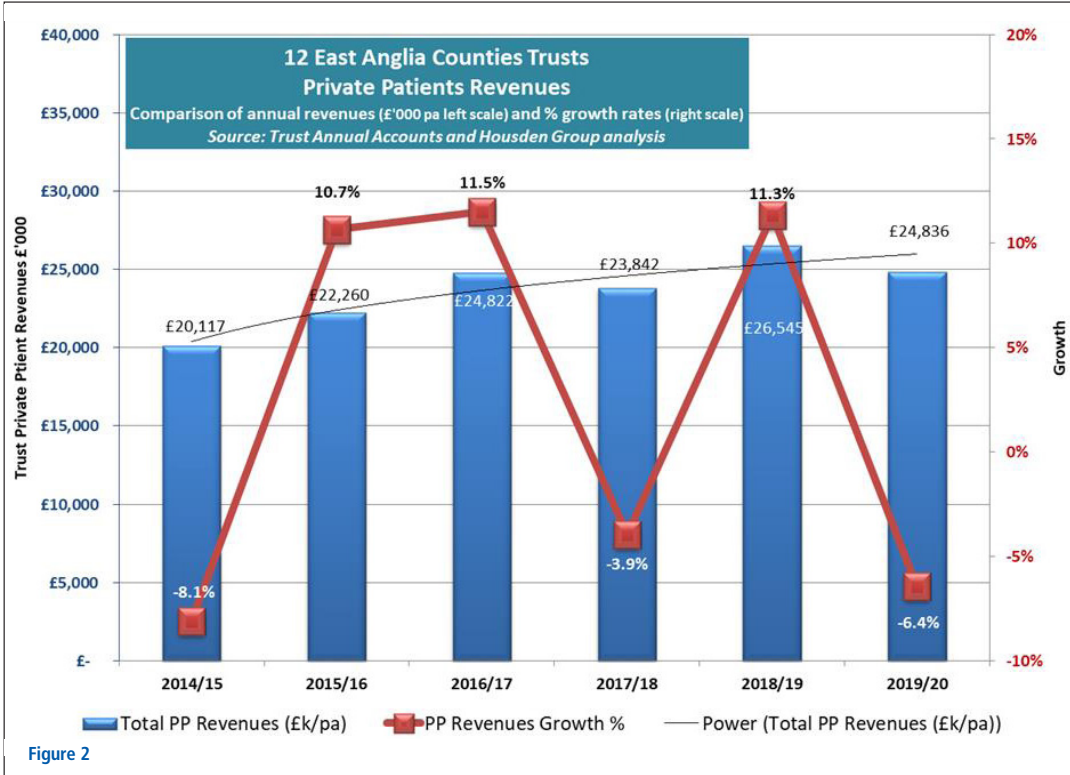
Total private patient incomes in 2019-20 were £5m, down £772,000 and 13.3% on 2018-19. This performance now equates to 1.49% of trust incomes, down from 1.85% the year before.

**PPU chain network**

From April 2021, the trust merged with both Southend and Mid Essex Healthcare in Chelmsford to form Mid and South Essex NHS Foundation Trust.

Although Basildon's income declined in 2019-20, Mid Essex grew by 47% to £600,000 from £407,000, at 0.19% of turnover, and Southend also grew by 22.6% from £270,000 to £331,000, reaching 0.1% of total income from private patients.

The trust's common brand is Nash Private Healthcare and there are opportunities to build on the combined income of £6m to



develop a common service offer, as they now effectively provide one of the few NHS 'PPU chain' networks.

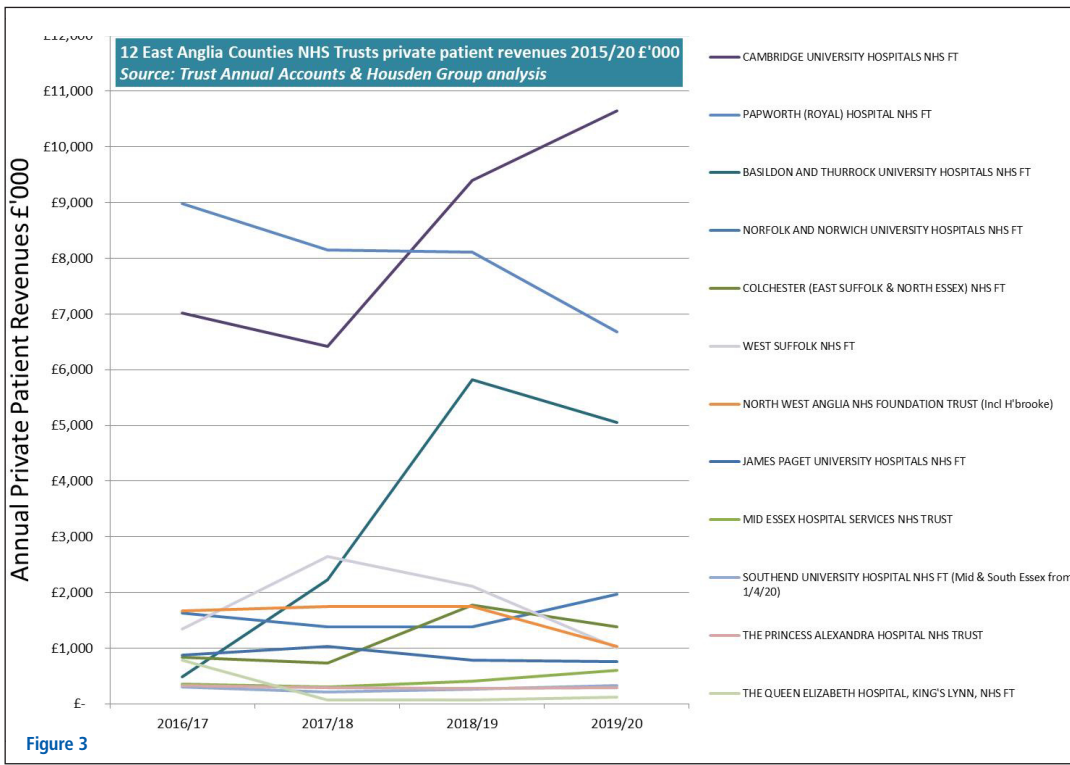
Further growth can be achieved through investment in expanded capacity based on the regional burns and plastics services at Chelmsford and the regional cancer centre at Southend.

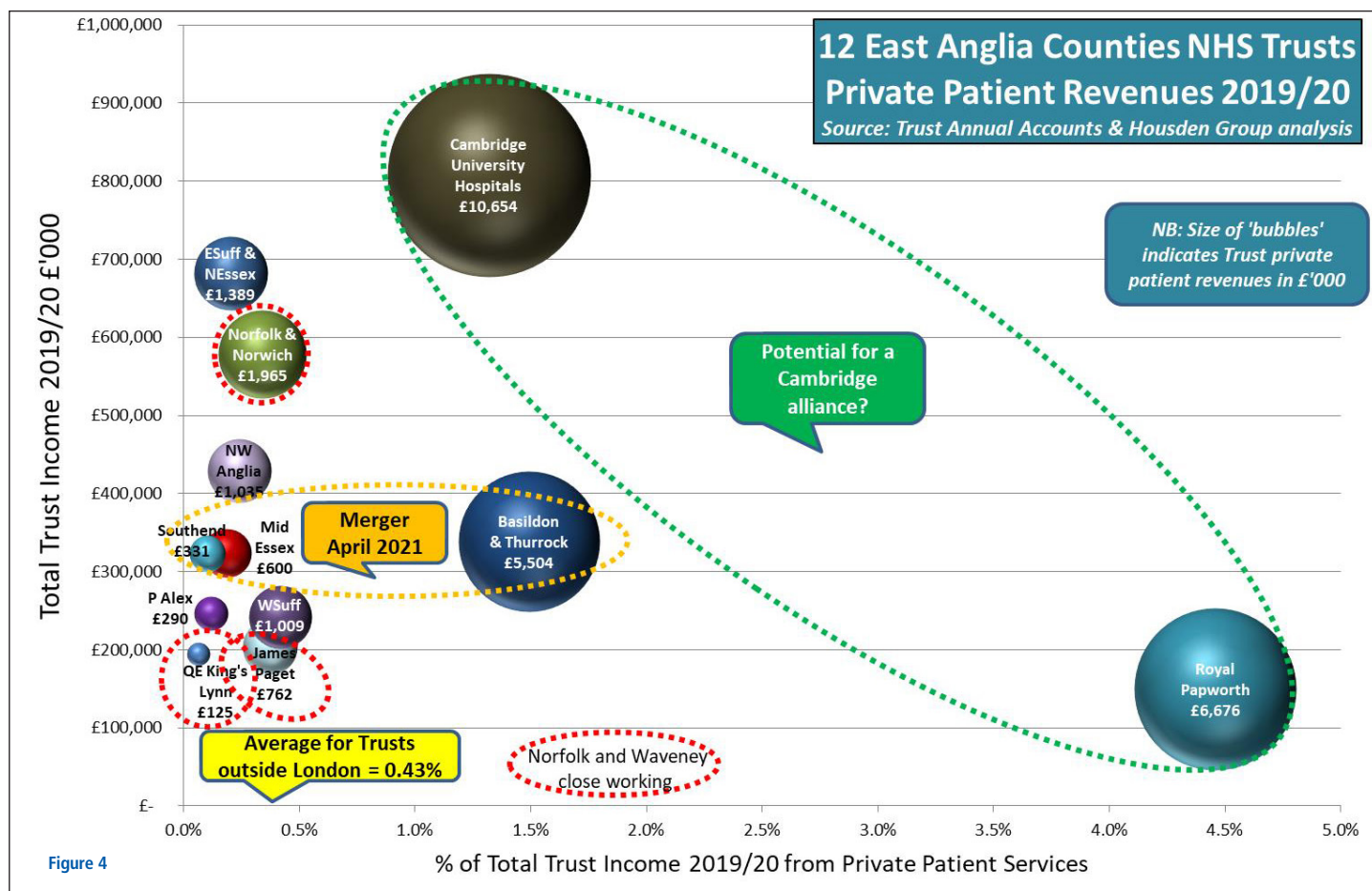
**Norfolk and Norwich** does not have a dedicated PPU since it closed the ward in 2016, but still reported revenues of £1.97m, up £579,000 and 41.8% on 2018-19 at 0.34% of revenue. This is the highest private patient income the trust has achieved since 2013-14.

Since 2016, the trust has been

working more closely with the other two providers in Norfolk and Waveney: **The Queen Elizabeth Hospital**, King's Lynn, and **James Paget Hospital**, Great Yarmouth. Could this closer working be extended to private patient services in the future?

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King's Lynn is located away from big centres of population and experienced a steep decline in private patient revenues in 2017-18.

#### Private hospital purchase

Although income in 2019-20 was relatively low at £125,000, this was up £61,000 and 95% on the previous year. This growth has been made possible through the acquisition in September 2019 of the on-site BMI Sandringham Hospital.

The purchase provided additional capacity for the trust from 30 inpatient beds and two additional operating theatres and room for private patient services.

**James Paget Hospital**, Great Yarmouth, has an eight-bed PPU, the Charnwood Suite, and outpatient and ambulatory services through a sub-brand entitled East Point Consulting Rooms and was considering expansion of capacity pre-Covid.

In 2019-20, the trust experienced a marginal decline of 2.4% and £19,000 to a new total income of £762,000.

This equates to 0.37% of total revenues, well down on the 0.60% in 2017-18 when private patient incomes were over £1m for the first time.

Also declining in 2019-20 was **North West Anglia**, which comprises Peterborough and Hinchinbrook Hospitals. Although there is at present little or no private patient service out of Peterborough, Hinchinbrook did operate seven beds under the brand Mulberry Private Healthcare from 1994 to 2019.

The trust's private patient revenues were reported as £1.01m, down £719,000 (41%) on 2018-19, due in significant part to the loss of capacity.

In Suffolk, both trusts experienced a dramatic reduction in private patient incomes in 2019-20. At **West Suffolk**, Bury St Edmunds, income was £1.0m, a reduction of 52.1% and £1.1m from £2.1m the previous year.

This is a decline from 1.0% to 0.42% of turnover. It is a similar story for **East Suffolk and North Essex NHS Foundation Trust**, created by the merger of

Colchester and Ipswich in July 2018. In 2019-20, the combined trust's private patient revenues declined by £595,000 (30%) to £1.4m and were 0.20% of total revenues – down from 0.33%.

Although both main hospital sites are within attractive markets, it is not known whether the trust is considering private patient services growth.

#### Significant investment

**Princess Alexandra**, Harlow, Essex, is a smaller single-campus hospital with no PPU. The trust has been awarded significant capital for investment in a new hospital to deal with estates and capacity issues.

The trust had a 22.6% (£61,000) growth in private patient revenues in 2019-20, but this represents only 0.12% of turnover.

Private patient provision in East Anglia is heavily concentrated in the centres of excellence that deliver high-acuity regional services that the independent sector does not provide.

In Cambridge, the two trusts have the potential to link up their

private patient approach to develop a substantial business.

For other trusts across the region, the potential for private patient services on campuses that essentially provide a 'district general' service range are more limited, but still there.

As the independent hospitals in these catchments are also generally restricted in ability to provide clinically complex care, all trusts therefore do have potential for growth, particularly where it is designed in alongside and aligned with the core NHS site and service strategy.

In mid and south Essex, and potentially across Norfolk too, other joined-up thinking could develop a local 'chain' or group approach to the delivery of private patient services.

#### Next month: East Midlands

*Philip Housden (below) is managing director at Housden Group commercial healthcare consultancy*

