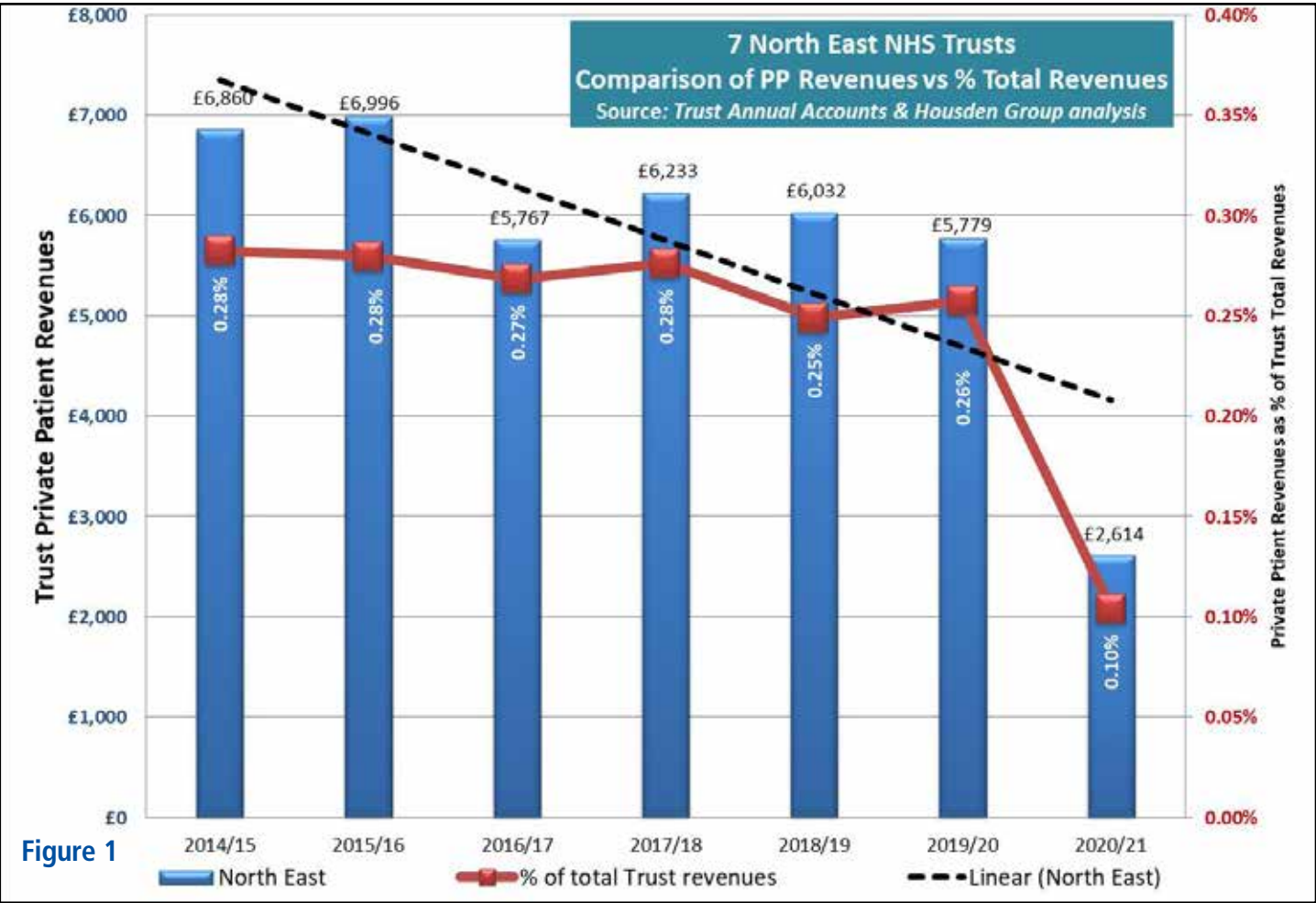


PRIVATE PATIENT UNITS: NORTH-EAST



Time to collaborate

If you practise in a PPU in the north-east of England, then check out how they are faring in Philip Housden’s monthly round-up. Here he analyses private patient revenue growth for NHS trusts across the North-East region covering conurbations of Tyne and Wear and counties of Durham and Northumberland

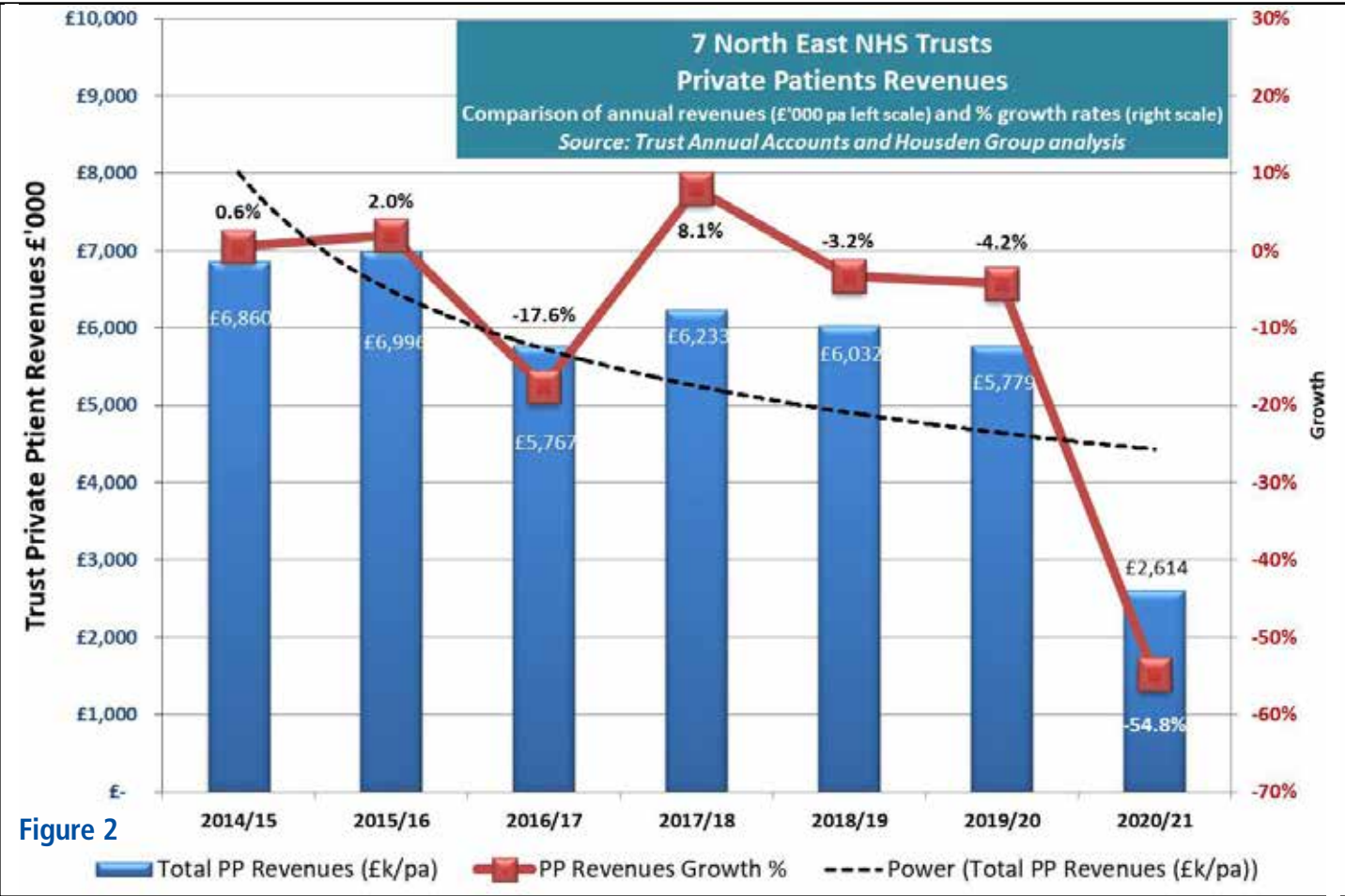


THIS REVIEW is the first to be based on the information from the most recently published trust Annual Accounts for 2020-21. This is a financial year fully adversely impacted by the Covid pandemic. For this group of trusts, the 2020-21 accounts show that total private patient revenues fell, as expected, by 54.8% with total revenues of £2.6m, well down on the typical

values of recent years, which have ranged between £5.8 and £6.2m. This level of income now represents only 0.1% of these trusts’ total revenues, a fall from 0.26% last year. This remains below the combined national average outside of London, estimated to now be 0.23%, down from 0.43% in 2019-20 and is also the lowest regional value in England.

The regional acute trusts performances by private patient revenues vary significantly and will be discussed by consideration of two potential groupings, north and south. **Dedicated facilities** First, in the ‘northern group’, the regional top earner remains The Newcastle Upon Tyne Hospitals

at £3.76m. However, this total was down £2,257,000 year on year (61.9%), now 0.13%, down from 0.36% of the trust’s total patient revenues. The trust is the only one in the North-east with dedicated inpatient facilities, having a six-bed private patient facility, the Park Suite at the Royal Victoria Infirmary (RVI), and also dedicated private



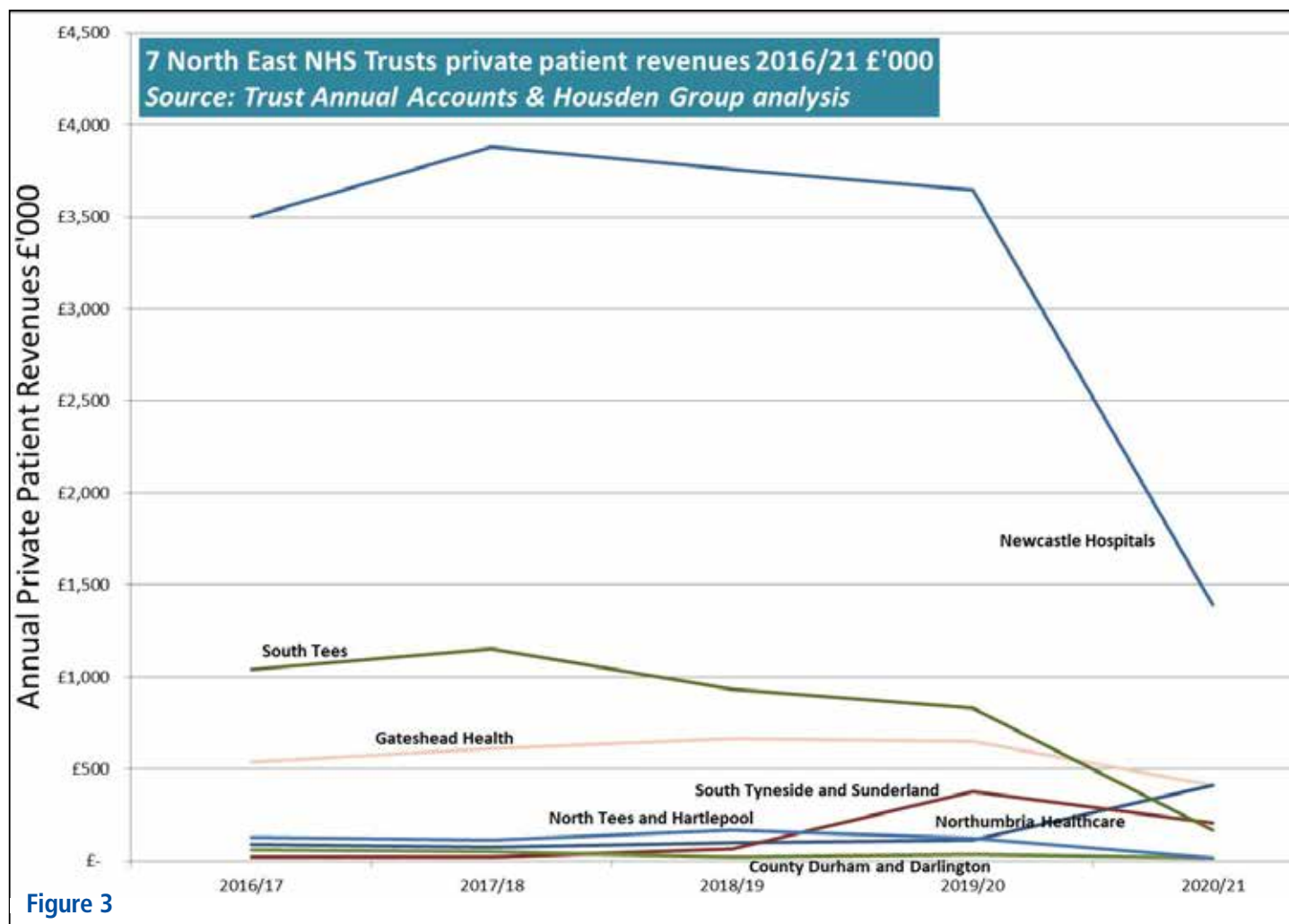
outpatient consulting rooms located in The Lodge, again on the RVI site. **Northumbria Healthcare** in Northumberland bucked the national trend with growth of £295,000 (256%) to reach a new total of £410,000, up from £115,000 in 2019-20 and now 0.08% of income (was 0.02%). Northumbria has in recent years developed links with both Ireland and with China to share expertise on providing high-quality health and this commercial approach may also enable international patient services to develop over time. The trust has recently strengthened its business development resource for private patient services. **Declining incomes** Across the River Tyne, **Gateshead Health** delivered private patient incomes of £413,000, a decline of £238,000 and 36.6% from the £651,000 reported in 2019-20. This is now 0.14% of total trust revenues, a fall from 0.24%.

City Hospitals Sunderland merged in April 2019 with **South Tyneside** to form **South Tyneside and Sunderland NHS Foundation Trust**. The new trust’s combined private patient revenues last year were £206,000, well down on £375,000 in 2019-20. This is a decline of £169,000 and 36.6%, and a fall from 0.07% to 0.04% of total trust incomes. Turning to the second ‘southern’ group of three trusts, the first, **South Tees Hospitals**, is by far the largest in terms of private patient earnings and has in recent years been the second highest in the North-east. However, revenues have consistently fallen from a high of £1.8m in 2015-16 at 0.35% of total income to £831,000 in 2019-20 at 0.14% and then to £165,000 at 0.02%. The fall last year was therefore £666,000 and 80%. The trust still offers some limited private patient services from Friarage Hospital in Northallerton, North Yorkshire, where the Wensleydale Suite, with a four-room treatment and consul-

tation outpatient area, used to be the private patient hub. The trust does provide private patient fertility and therapy services from **James Cook University Hospital** in Middlesbrough, where this is also a commercial arrangement with Sk:n, the dermatology provider for mole mapping and related services. The other two trusts have for several years had little private patient revenue. **North Tees and Hartlepool’s** income fell 88% last year from £125,000 to only £15,000 in 2020-21.

It should be noted though that the trust has provided private assisted conception services using the same provider as South Tees. The final trust, **County Durham and Darlington**, also saw a reduction from the already low level of £34,000 to £14,000. **Vibrant market** With the exception of Newcastle – the NHS’s regional and supra-regional services centre – private patient earnings presently provide little in the way of significant additional income for these trusts in the North-east. However, this appears to be a good healthcare economy and there does remain a vibrant private patient market demand, particularly fuelling growth in self-pay demand, given rising NHS waiting lists and access times. The North East region’s relative geographic isolation means it is most likely that higher complexity insured patients are being treated locally within the NHS and there

NEXT MONTH: We take a break from our regional reviews to assess the wider overall findings for England NHS trusts from the publication of annual accounts for 2020-21



fore they are not picked up and charged.

For lower-acuity elective cases, patients do have a range of choices available from the region's independent hospitals, but may also travel out of area.

The complexities of opening, managing and growing an in-house private patient service mean that this is out of reach of many trusts if they start at a low base and so fostering trust collaboration across the new integrated care system could be the route to success.

Groups or 'collaborative chains', based on the proposed northern and southern groups as suggested – or some other locally developed variant – could potentially enable leadership and/or back-office cost sharing to give a fresh approach to drive growth from the North-east's NHS private patient offer. ■

Philip Housden is managing director of Housden Group commercial healthcare consultancy

