

PRIVATE PATIENT UNITS

Capital still stays top of PPU league

Philip Housden begins the round-up of the PPU market, based on the published 2019-20 annual accounts with the top ten performing trusts. They are all in central London

LONDON IS the engine of growth not only for the private patient market in England but it is also the core effort within the NHS when it comes to private patient services and incomes.

Central London trusts have delivered the lion's share of revenues for the NHS PPU sector for many years, and these trends have continued, if not accelerated, in the last financial year.

Revenues for the top ten trusts climbed to a new record of £427.5m in 2019-20. This is an increase of £15.6m (See Figure 1 on the right).

The top ten now deliver 63.8% of total NHS revenues, up from 62.9% the previous year.

Over the past decade from 2011-12, collective growth of 86% has enabled this proportion to increase from 51.6% (See Figure 2 on the opposite page).

In fact, the clear and consistent long-term trend has been for the aggregation of NHS private patient earnings within the top ten.



Figure 1

Top 10 NHS Trusts by Private Patient Revenues (£'000)	2015/16	2016/17	2017/18	2018/19	2019/20	Growth 19/20	
1 THE ROYAL MARSDEN	£ 83,137	£ 91,856	£ 104,331	£ 121,312	£ 132,621	109.3%	
2 GREAT ORMOND STREET	£ 47,886	£ 55,129	£ 57,260	£ 62,187	£ 64,847	104.3%	
3 IMPERIAL COLLEGE HEALTHCARE	£ 44,144	£ 46,014	£ 50,686	£ 52,221	£ 53,839	103.1%	
4 ROYAL BROMPTON & HAREFIELD	£ 39,287	£ 39,852	£ 38,171	£ 41,577	£ 45,563	109.6%	
5 MOORFIELDS EYE HOSPITAL	£ 23,009	£ 26,765	£ 27,218	£ 28,597	£ 30,800	107.7%	
6 GUY'S AND ST THOMAS'	£ 19,340	£ 18,375	£ 21,485	£ 23,453	£ 21,202	90.4%	
7 ROYAL FREE LONDON	£ 23,254	£ 21,551	£ 22,425	£ 23,187	£ 20,426	88.1%	
8 UNIVERSITY COLLEGE LONDON	£ 19,222	£ 19,948	£ 19,830	£ 20,376	£ 20,426	100.2%	
9 KING'S COLLEGE HOSPITAL	£ 13,723	£ 14,629	£ 20,367	£ 20,579	£ 18,899	91.8%	
10 CHELSEA AND WESTMINSTER HOSPITAL	£ 15,800	£ 15,759	£ 16,856	£ 18,444	£ 18,883	102.4%	
Source: Annual Accounts & Housden Group analysis	£ 328,802	£ 349,878	£ 378,629	£ 411,933	£ 427,506		
		Growth	£ 21,076	£ 28,751	£ 33,304	£ 15,573	
		Growth %	6.4%	8.2%	8.8%	3.8%	

“ Central London trusts have delivered the lion's share of revenues for the NHS PPU sector for many years, and these trends have continued, if not accelerated, in the last financial year ”

During that time, overall private patient revenues delivered by the 140 or so other NHS acute trusts in the rest of London and across England has remained broadly static, increasing by only 12.5%.

Significant movements

This headline masks significant movements by region and by trust and these trends and themes will be explored in future articles.

The annual growth rate last year was 3.8%, which is well down on the average of 6-9% achieved in the most recent three years (see Figure 3 on the right).

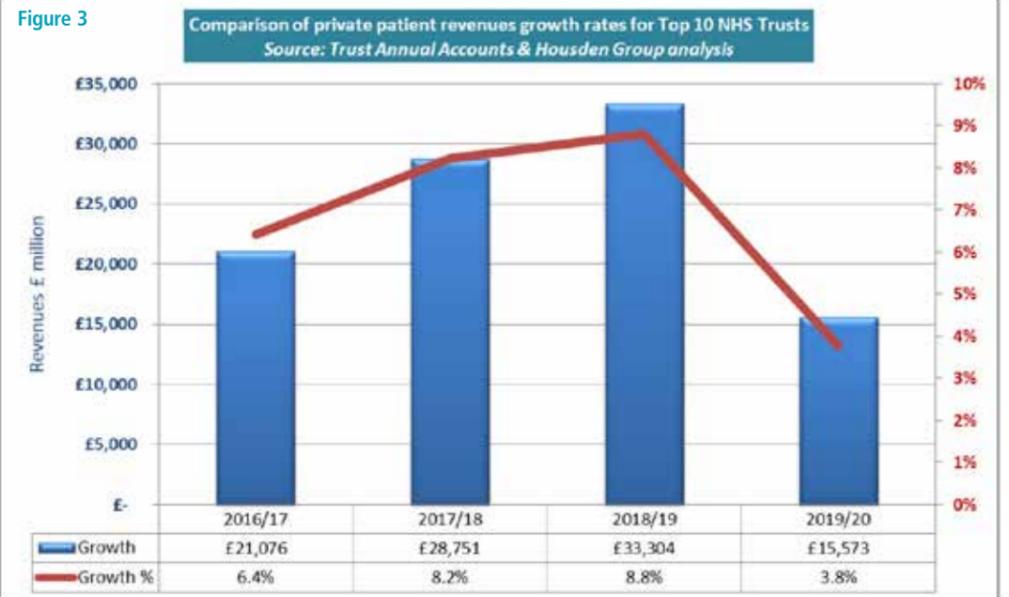
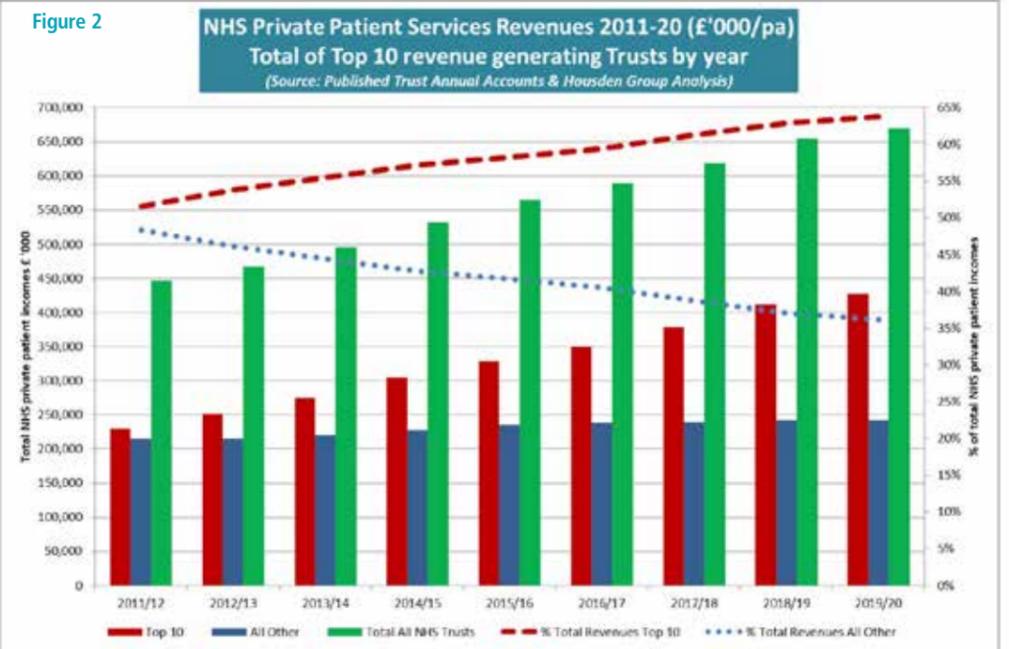
Aggregate growth for this group of trusts has been 30% since 2015-16. The year's deflated growth rate can largely be explained by the adverse impact of Covid-19, which required trusts across the UK to close private patient capacity and re-direct it to NHS services during March and largely to continue to do so since then.

1 The Royal Marsden continues to be number one. The trust grew revenues 9.3% and £11.3m to £132.6 m in 2019-20 and is up £49.4m (59.5%) over the past four years (See Figures 4 & 5 overleaf).

This is now 19.8% of the total NHS private patient revenues and 33.6% of the trust's total patient-related income – the largest proportion in the NHS by far.

The trust continues to plan expansion and will be opening a new facility in Cavendish Square in the spring of 2021.

Based in the heart of London's healthcare district, just behind Oxford Street, Private Care at Cavendish Square will be a comprehensive cancer centre covering



all of the main cancer pathways and a convenient location for patients visiting London from around the UK and further afield. The trust says Cavendish Square will offer patients fast and direct access to world-leading diagnostic experts in cancer and state-of-the-art diagnostic technology in a modern environment.

2 Great Ormond Street Hospital for Children (GOSH) is number 2.

The trust increased private patient revenues by £2.65m and

4.3% to reach £64.8m and is also second for private patient revenues as a percentage of total income, with this being 14.4% in 2019-20.

GOSH treats children from around the world and to support patient referrals from the Gulf region the trust has a regional office in Dubai Healthcare City.

The trust's international patient focus has meant GOSH private patient incomes have been disproportionately adversely affected by the pandemic restrictions on travel to and from the UK in 2020.

3 In third spot is Imperial College Healthcare, where private patient revenues increased in 2019-20 to £53.8m, up £1.6m and 3.1% on the previous year.

Delivering care from across five locations around west London, the trust has an international reputation for private maternity care at both the Lindo Wing of St Mary's Hospital and at Queen Charlotte's and Chelsea Hospital. Imperial is the only NHS trust with more than 100 dedicated private patient beds.

4 Royal Brompton and Harefield is number four by turnover and also number four by proportion of income, with 11.4% of total revenues achieved through private patient services.

In 2019-20, growth was 9.6% and £4m to reach £45.6m. This was the highest growth rate across the Top 10. The trust provides inpatient services from Chelsea and Harefield sites as well as an outpatients and diagnostic centre for private patients at 77 Wimpole Street in the Harley Street area.

The merger with Guy's and St Thomas' from February 2021 will deliver a combined private patient income of around £67m a year, perhaps enabling the new trust to leapfrog GOSH and Imperial to second place in the NHS top ten.

5 At five is Moorfields, which achieved growth of 7.7% and £2.2m to rise to total private patient revenues of £30.8m in 2019-20.

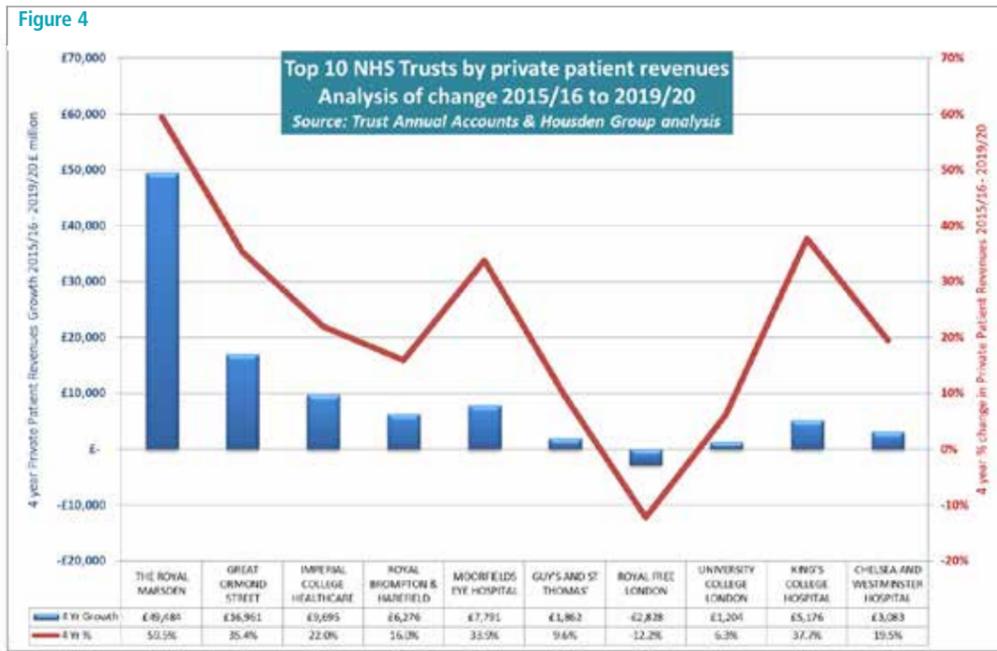
Growth has been achieved through service development – for example, self-pay laser eye surgery – and the addition of new capacity, raising the number of patient rooms from 23 to 27.

The trust reports that, at the end of 2020, private patient activity has returned to pre-Covid levels, supported by the development of telemedicine services which has enabled it to remain in touch with international patient demand.

Looking ahead, the Moorfields trust is considering expansion of its private consulting room presence in central London and is designing additional private patient capacity within the new hospital planned for the St Pancras Hospital site in King's Cross, Camden, which may open in around five years' time.

6 Guy's and St Thomas', in sixth place, experienced a 9.6% fall in private patient revenues in 2019-20, dropping back to £21.2m from £23.45m in 2018-19. A significant part of service provision is the collaboration with HCA to deliver private cancer care at the Guy's site.

The trust's Private Patient Services adapted to support the response to Covid-19, but it is understood that private patient services have now resumed with



Guy's Cancer Centre with the Shard behind the Guy's Hospital Tower

healthy interest from new consultants joining private practice.

It is accepting international patients where appropriate safety guidance is met and offering virtual consultations where specialist expertise is required.

Looking forwards, Guy's and St Thomas' Private Healthcare has an ambitious growth strategy including plans to expand its current facility.

The forthcoming merger with Royal Brompton and Harefield Hospitals is the opportunity to build a strong partnership that delivers an exceptional cardiovascular care offer for private patients from the UK and internationally.

7 Royal Free – joint seventh with UCL, see below – also saw an adverse impact from Covid-19 in the latter part of 2019-20, which meant the trust ended the year with income of £20.4m, down 11.9% and £2.8m on the previous year's total of £23.2m.

The general lack of progress over the past few years is illustrated by the graphic comparing growth rates across the top ten (Figure 5), where Royal Free is the only top ten trust to have declined in private patient revenues during the last four years, with a drop of minus 12.2%.

This is understood to be due to the connected challenges of constrained access to overcommitted

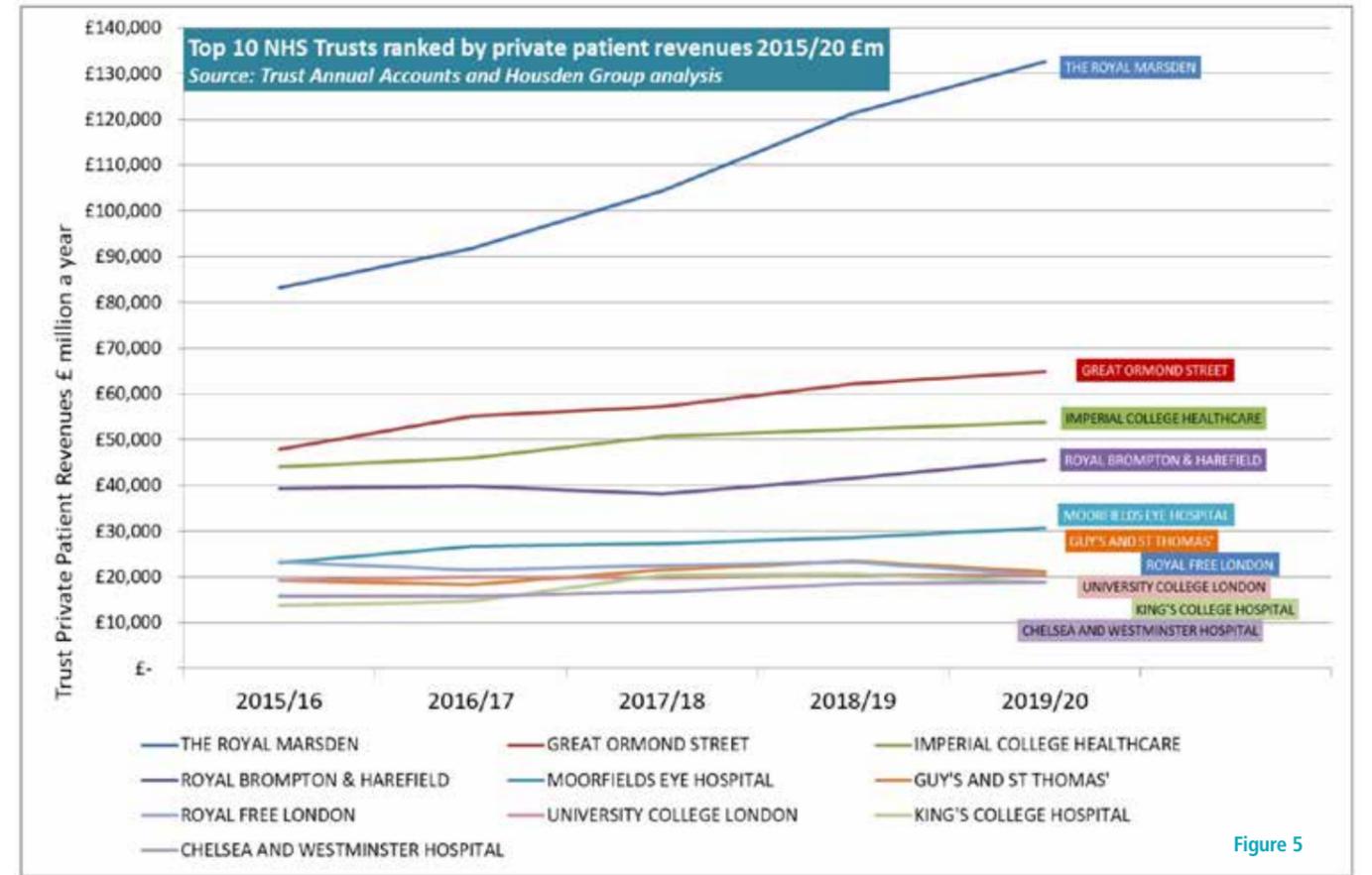


Figure 5

facilities shared with the NHS, such as ITU and theatres and variable international demand and delivery.

With real progress on returning to private patient activity not expected until the new financial year, the challenge for Royal Free will be how the trust fits its PPU into some likely substantial reconfiguration of services that comes out of the Covid experience.

However, the trust's off-main-campus facility at Hadley Wood in High Barnet continues to do well and has more than doubled business from pre-Covid times with hopes for potential growth still to come.

8 University College London's private patient income being static in 2019-20, the trust moved up from ninth to joint seventh place in the top ten as revenues increased by 0.2% and £50,000 to £20.4m.

UCL's private patient services are presently based across eight specialist sites in and around Bloomsbury, central London, and

offer a wide range of private services, including neurology and neurosurgery, fertility, maternity, teenage cancers and ear nose and throat treatment.

The trust can be expected to receive a boost to private patient incomes from April 2021 worth over £3m a year when it takes control of Mount Vernon Cancer Centre at Northwood from East and North Hertfordshire.

9 In ninth place, King's College Hospital's private patient revenues declined by £1.7m (8.2%) in 2019-20 to £18.9m.

All the trust's 21 beds in the private inpatient unit, The Guthrie Wing, were reallocated as a Covid assessment area supporting the emergency department in March and this explains the headline fall in what was otherwise a steady year.

However, in the current financial year, the trust has not yet recommenced private patient activity but is committed to do so, starting with some ambulatory day surgery patients out of hours,

planned to start before the end of 2020.

Looking further ahead, the trust has strategic plans to at least double private patient capacity to 45-60 beds and is exploring options for either redevelopment of the present building or relocation on site. The projected timeline to open these is at least two to three years away.

10 Finally, at number ten in the NHS is Chelsea and Westminster Hospital, which grew private patient revenues 2.4% last year (£439,000) to £18.9m.

Looking ahead, the trust is aiming to deliver a more 'focused' private patient proposition that replicates the trust's reputation as a centre of excellence for women's and children's services.

The West Middlesex site now offers a satellite IVF fertility service as an extension of the highly regarded IVF service offered at Chelsea and Westminster, in addition to private cardiac services.

These top ten trusts were achieving an increasing share of the cen-

tral London private patient market until Covid-19 forced a closure and redirection of most of their dedicated capacity.

The recent NHS PPU Barometer (*Independent Practitioner Today*, November) demonstrated how the impact of the pandemic is expected to lead to a reduction in excess of 50% of the 2019-20 incomes in 2020-21.

Many of the top ten report a gradual return to offering capacity for private patients, but until international travel restrictions are lifted, private patient revenues cannot be expected to return to pre-pandemic levels for some time.

■ **Next month: The rising stars**

Philip Housden (below) is a director of Housden Group

