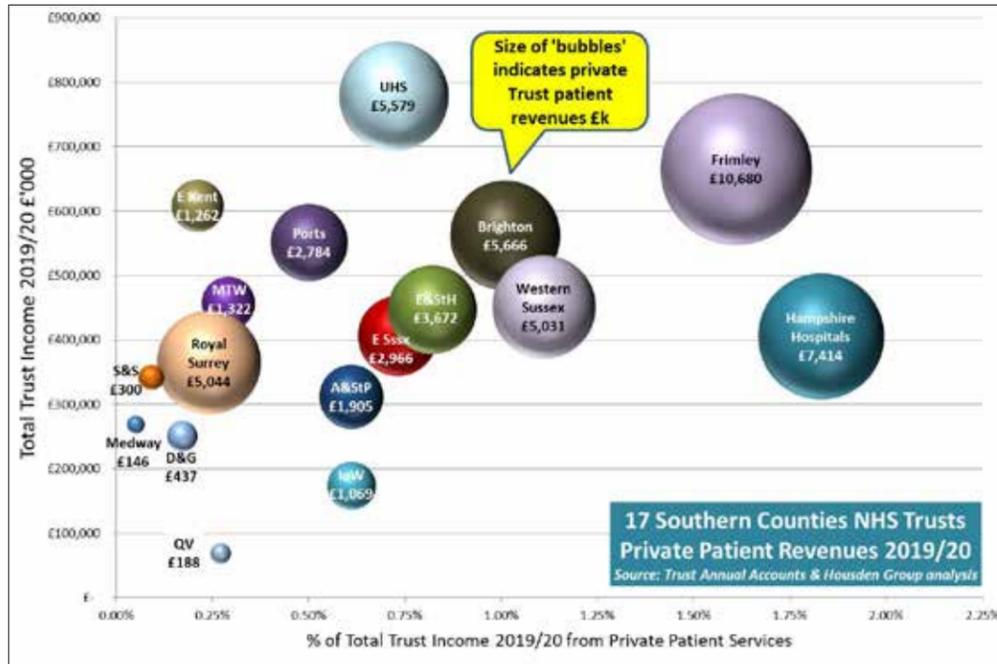


PRIVATE PATIENT UNITS: SOUTHERN HOME COUNTIES

Our ongoing series by Philip Housden (below) reviews the 17 NHS trusts delivering private patient unit acute care services to the southern home counties of Kent, Sussex, Surrey, Hampshire and the Isle of Wight



Ripe for investment

THE PANDEMIC has, of course, significantly changed the NHS PPU landscape in 2020, but the results of this article and analysis is based on those reported in trusts' 2019-20 Annual Accounts, published last autumn.

Analysis shows that total private patient incomes declined by 0.5% from £55.8m to £55.5m, representing 0.78% of these trusts' total revenues, down from 1.01% in 2016-17.

Results are ahead of the combined national average, excluding London, of 0.43% - including the capital, it is 1.04%.

The Southern Home Counties region remains the highest grossing area outside London. However, performance in 2019-20 was patchy, even before Covid, with some trusts routinely choosing to move bed capacity away from PPUs to core NHS supply during the winter.

Top trust by both overall earnings and percentage of turnover remains **Frimley Health**, which is based on its Parkside Suite brand.

Services are provided at Frimley Hospital, Surrey, with 26 en suite inpatient overnight rooms plus further day case capacity and beds and other services at Wexham Park, Slough, Berkshire.

The trust is planning further expansion on opening the new Heatherwood Hospital, Ascot, in the winter of 2021-22, providing care to both NHS and private patients from six operating theatres, 48 inpatient beds and 22 day-case cubicles.

First outside London

Frimley Health delivered private patient incomes of £10.7m in 2019-20, up 13.4% and £1.2m from £9.4m the previous year. This is 1.61% of total trust incomes, up from 1.56%. The trust ranks 11th by total revenues in England and first outside London.

Neighbouring **Hampshire Hospitals'** Candover Suite grew £0.6m in 2019-20 to £7.4m (9%). The 22 inpatient beds and a range of supporting outpatient and diag-

nostic services has supported sustained growth for several years and the trust has further room to grow in the Winchester market.

The trust still leads the region by percentage of total incomes, with private patients now accounting for 1.83% of trust revenues.

Brighton and Sussex grew by 12.6% and £635,000 to £5.7m without having designated PPU beds although offering services from the Royal Sussex County Hospital, the Royal Alexandra Children's Hospital and the Princess Royal Hospital through the Select Healthcare brand.

The trust has significant potential for further growth if designating capacity within the hospital rebuild, now underway, and future trust mergers.

Southampton is fourth highest grossing by revenue in the region despite having no private inpatient beds. It relies instead on a range of day case and diagnostic capability, including a small number of chemotherapy day case beds.

Its private patient revenues declined by 0.7% in 2019-20 to £5m.

Royal Surrey's revenues fell by 10% to £5m in 2019-20. The trust's private patient service is concentrated on delivering complex surgery and niche services including radiotherapy, nuclear medicine, brachytherapy and robotic surgery.

These are delivered without having designated private inpatient beds. The trust has, however, opened the Shere Suite to provide private maternity care through reserving superior en suite rooms for new mothers, offered to those with a planned date for delivery.

Merger planned

At **Western Sussex Hospitals**, the trust delivers inpatient services from both the 16-bed Chichester Suite at St Richard's Hospital, Chichester, which supports a wide range of surgical activity including bariatrics, and also the five-bed Downlands Suite at Worthing Hospital.

The trust is planning to merge with Brighton from April 2021 and

combined private patient earnings will then be on par with Frimley Health's.

Epsom and St Helier's private patient revenues fell by £1.1m from £4.8m to £3.7m in 2019-20. The trust has potential for further growth out of the 20-bed Northey Suite at Epsom and further untapped opportunities out of the St Helier site.

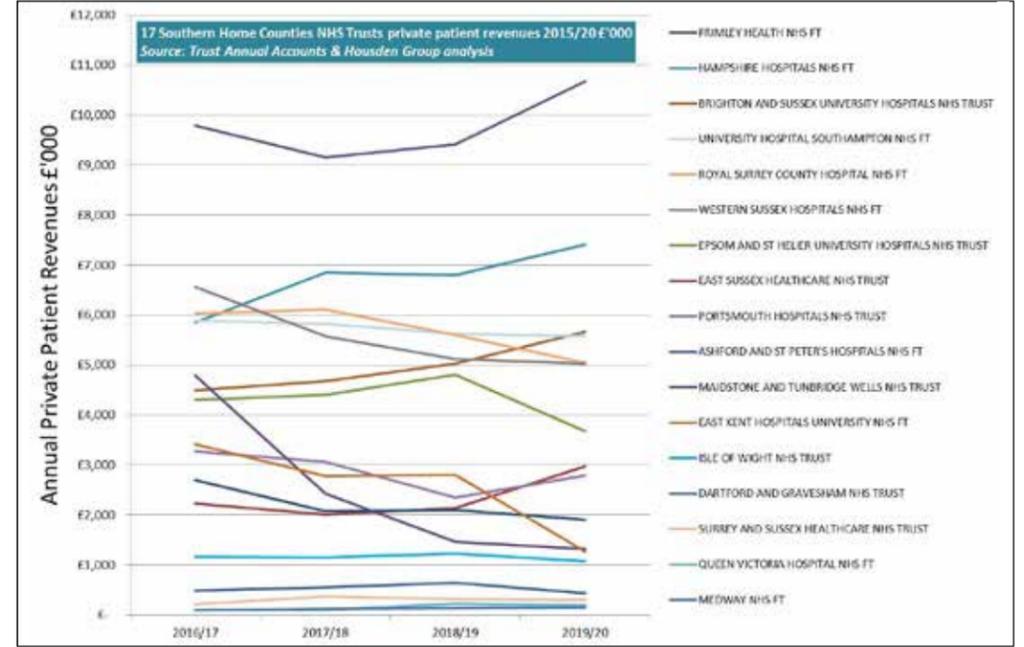
East Sussex Hospitals had a good year, increasing income from £2.1m to deliver £3.0m for the first time, a growth of 39%. This was achieved following a strategic review by concentrating on tariff strengthening, income capture and building consultant relationships.

The 19-bed Michelham Suite at Eastbourne General Hospital has been partially refurbished in order to take advantage of BMI's closure of 52 bed Esperance Hospital, in the town in July 2019.

Returning to growth

Along the coast, **Portsmouth Hospitals'** Harbour Suite has 13 protected private beds and supported the trust returning to growth in 2019-20, with an increase of £440k to £2.8m - up 19%. The unit offers a step down from critical care and has been redirected to Covid support for some time.

Ashford and St Peter's fell back by £200,000 to £1.9m. The trust has from time to time reviewed its relationship with BMI Healthcare regarding the onsite Runnymede Hospital and the opportunities this could present for increasing private patient revenue.



Maidstone and Tunbridge Wells

experienced a further fall of 9% and £137,000 in 2019-20 to £1.3m. This is the sixth year that income has fallen from the high of £8.1m in 2013-14.

The drop can be explained due to the loss of inpatient capacity to NHS demands and also competition from GenesisCare for private cancer services.

But actions taken following a review of the future opportunity undertaken in 2018-19 has in part arrested the decline. This review led to the reinstatement of private patient beds within a smaller Wells Suite of eight beds re-opened just prior to the onset of the pandemic.

East Kent owns Spencer Hospitals

, a subsidiary company managing PPU services of varying size out of Margate, Ashford and Canterbury. The trust has opportunities to grow through future trust site and service reconfiguration.

Spencer provides NHS Choose and Book and was one of the first multi-site PPU 'chain' brand. It has total income from all sources of over £10m. However, the trust reported a decline of 55% and £1.5m last year to £1.25m private patient income.

It is not known if this decline is due to the accounting treatment of Spencer as a trading subsidiary or the result of actual trading performance.

Trusts under £1m

Five remaining trusts were at or under £1m a year revenues. **Isle of Wight** has reduced private patient bed capacity and declined by £155,000 and 13% to £1.1m. **Dartford and Gravesham** was down £208,000 and 32% to £437,000; **Surrey and Sussex** held steady at around £300,000.

Queen Victoria Hospital in East Grinstead, £40,000 down (18%) to £188,000, is also reviewing the opportunity to merge with Brighton and Sussex, which would then bring the regional burns and plastics centre within scope of private patient services development.

Medway was up £15,000 to £146,000 and is not known to be considering developing a private patient service.

Missing out

Looking beyond the present extreme impact of Covid on resources, capacity and forecast earnings for 2020-21 and 2021-22, the region can be expected to return to delivering significant revenues for trusts from private patients.

However, given that medical insurance and self-pay demand rates are strongest in the Southeast, it is considered that at least half of the region's trusts are underperforming their local catchment market for private patients and are therefore missing out on several millions of pounds worth of revenues a year.

Into 2021-22, this will be a market ready for re-investment in capacity. Perhaps recent and potential trust mergers, and the experience of working with the independent sector during the pandemic, might open up options for trusts to consider new partnerships and joined-up working to take advantage.

Next month: the Northern Home Counties

Philip Housden is managing director at Housden Group commercial healthcare consultancy