

PRIVATE PATIENT UNITS: THE SOUTH-WEST

Our monthly look at private patient units by Philip Housden turns its attention to the private services in the 17 – soon to be 14 – NHS trusts delivering acute care services to the south-west counties of Dorset, Devon, Cornwall, Wiltshire, Somerset and Gloucestershire

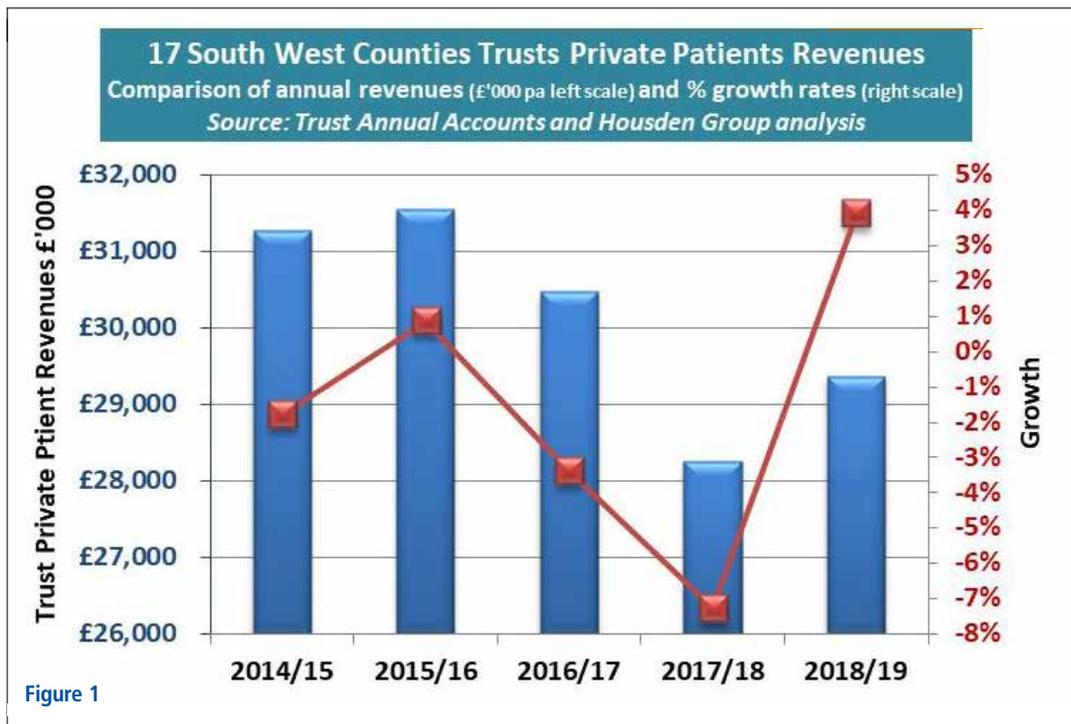


Figure 1

# United front needed

THIS REVIEW 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.

The annual accounts for this group of trusts shows that regional total private patient revenues grew by £1.1m to £29.4m (up 3.9%) after a fall of £2.2m from £28.25m in 2018-19.

This now represents 0.49% of these trusts' total revenues, up from 0.46% last year, but well short of the 0.78% achieved in 2018-19. The combined national average outside of London is 0.43%.

**Great Western Trust** in Swindon continues to lead the region, delivering revenues of £4.2m, up £246,000 and 6.2% on 2018-19 and 1.33% of total trust incomes. The trust operates a 20-bed dedicated PPU, branded Shalbourne Private Health Care.

**Gloucestershire Hospitals** grew £504,000 and 17% to £3.5m revenues in 2019-20. The trust offers

limited bed access at Cheltenham General, but has no dedicated inpatient capacity for private patients on the Gloucester Royal site.

The trust continues to search for a balanced solution for delivering dedicated private inpatient capacity. The Cheltenham General site in particular has strong potential, which would be delivered if the 15-bed Knightsbridge Ward was still fully available for private patients.

Gloucester is not as strong a catchment, but the Royal Infirmary has the surgical infrastructure providing the high-quality patient safety back-up clinicians most value.

### Move forward

**Royal Bournemouth** has moved forward in the past year with revenues up £412,000 and 14.1% to a five-year high of £3.3m. This was achieved after opening additional capacity above the five original dedicated private beds within the Bournemouth Private Clinic.

The trust also hosts a cardiology

joint venture with Regent's Park Healthcare called the Dorset Heart Clinic, and has plans to extend inpatient bed capacity.

**Bournemouth and Poole trusts** have now completed a merger to form University Hospitals Dorset from April 2021. It is to be expected that the experienced private patient leadership at Royal Bournemouth can now revitalise the service at Poole and the steep decline in private patient revenues on that site.

These were down a further £147,000 and 15% in 2019-20 and over £1m down in two years since the ending of the ring-fencing of Poole Hospital's Cornelia Suite, a dedicated six-bed PPU opened in 2013.

Figure 2 (overleaf) suggests the potential for a county-wide approach, given that **Dorset County** in Dorchester is keen to develop private patient services, as it relatively underperforms Bournemouth's 1.12% of total revenues, achieving £819,000 reve-

nues and a 4.6% increase in 2019-20 at 0.45% of total revenues.

At Plymouth, the trust fell back £398,000 and 12.7% in 2019-20 to total private patient revenues of £2.7m – 0.54% of turnover. The trust has historically ring-fenced capacity in The Meavy Clinic.

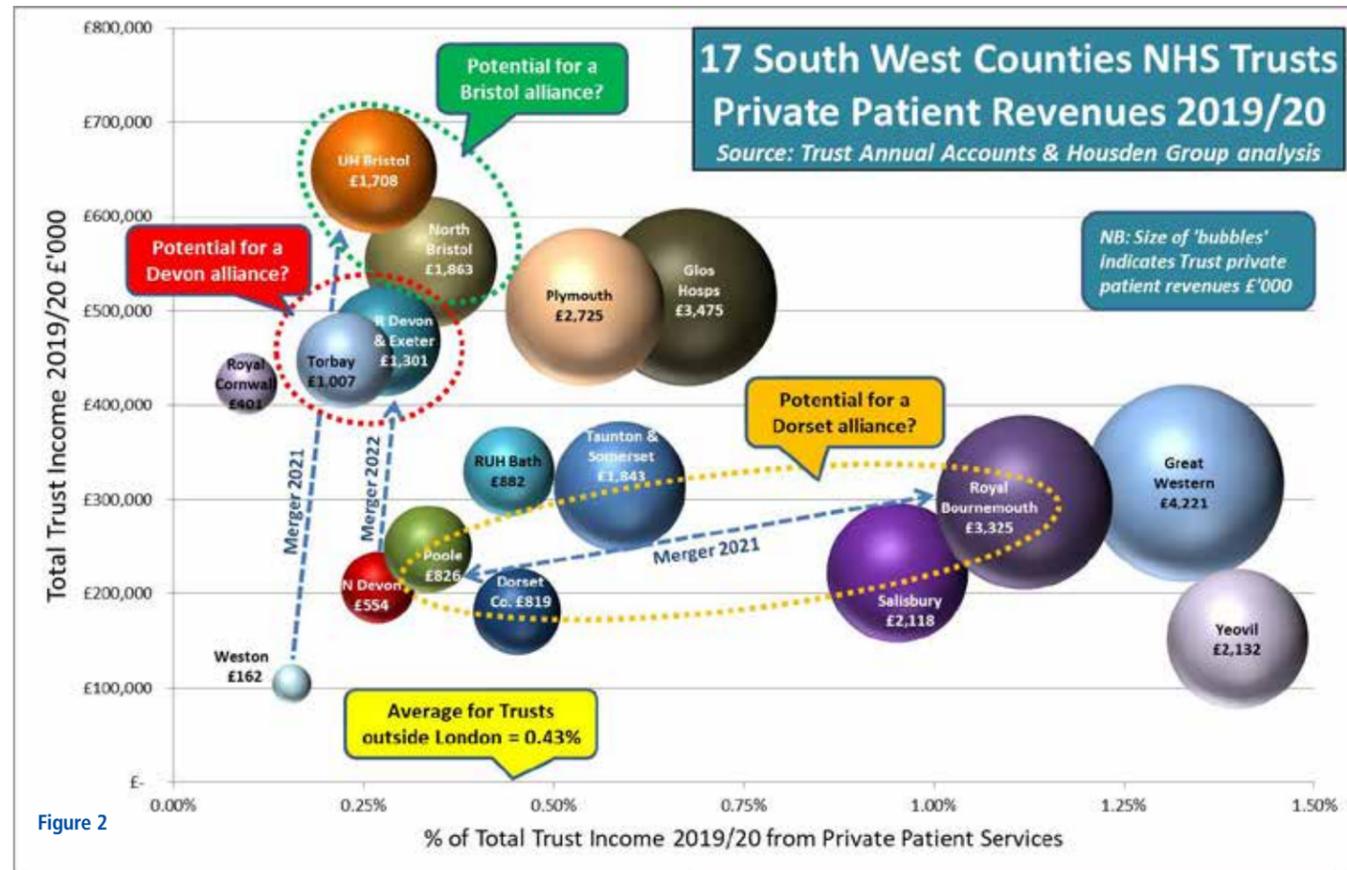
As the trust provides a wide range of specialist regional services, the trust catchment for complex activity is a market opportunity which may drive further growth.

### Additional opportunities

**Salisbury** has declined £272,000 – a fall of 11.4% – in 2019-20 at 0.95% of total trust incomes. The trust has four dedicated beds in the Clarendon Suite, which is small by PPU standards, and addition revenues from diagnostic and other earnings.

The trust's plans for a new day case unit and other campus developments may raise additional opportunities in the future.

**Yeovil** is a trust with a track



record of successful commercial developments and provides private patient inpatient services through the 14-bed Kingston Wing.

Private patient incomes fell £332,000 last year to £2.1m, but the trust still enjoys the highest percentage of trust revenues in the South-west, now at 1.4% of turnover, a drop from 1.61% in 2018-19.

Nearby Taunton also fell back £332,000 (15.5%) last year and, like several trusts, reversed gains from the previous year. The trust provides services including the 12-bed Parkside Unit PPU at Musgrove Park Hospital.

**Diagnostic centre**

The merger from April 2020 to create Taunton and Somerset NHS Foundation Trust provides opportunities for growth of private provision into community services as does the recently agreed partnership with Rutherford Diagnostics Ltd to create an off-campus diagnostics centre delivering CT, MRI and ultrasound scans and X-rays to meet growing demand for NHS diagnostic services.

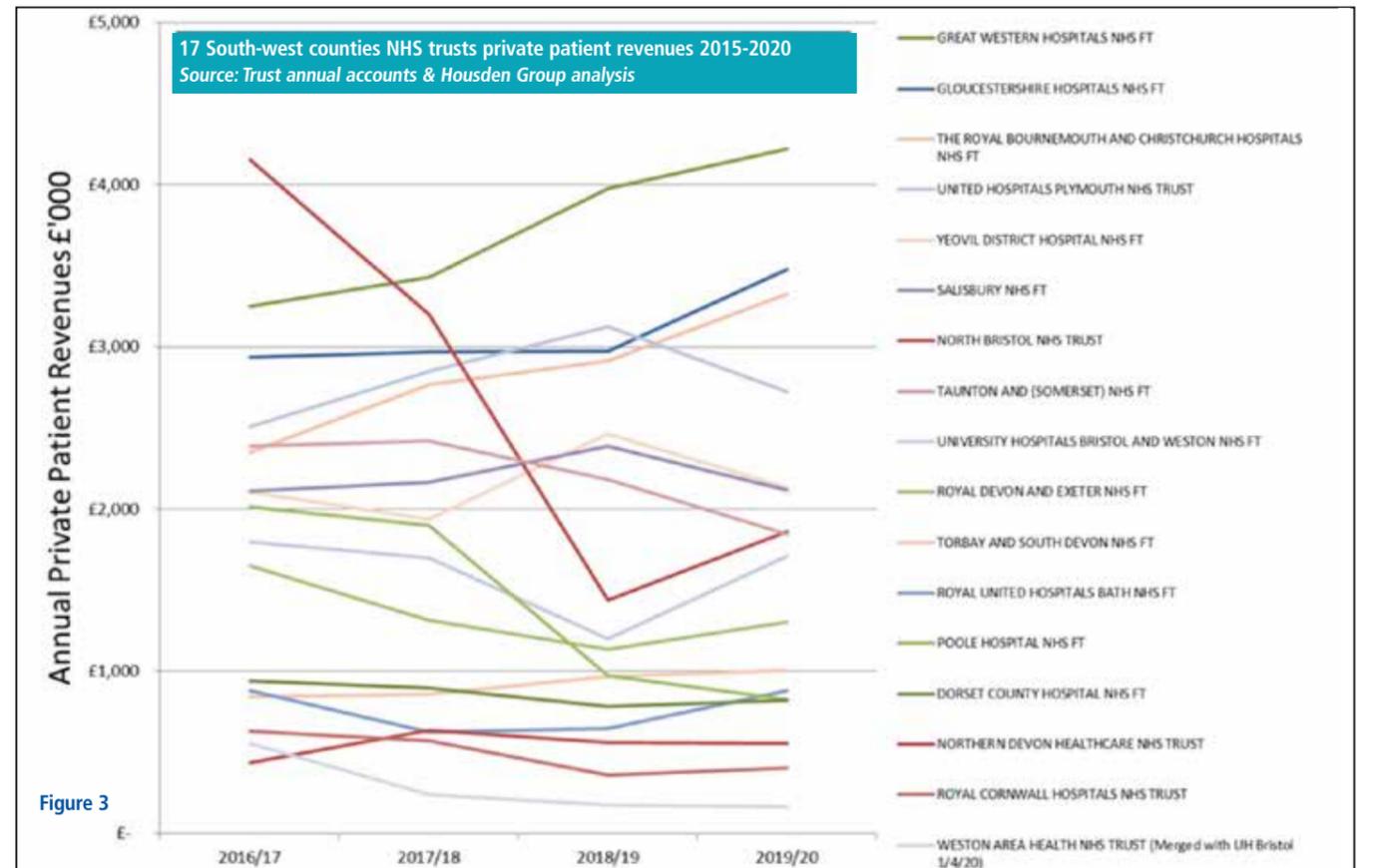
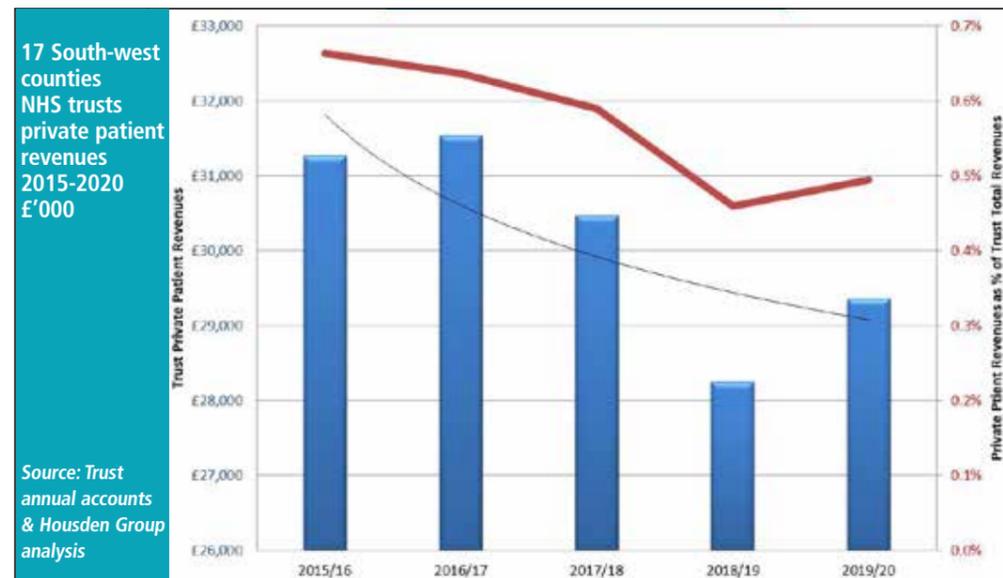
North Bristol NHS Trust is the largest trust in the south-west of England, providing hospital and community healthcare to Bristol, south Gloucestershire and north Somerset. Southmead Hospital is the specialist regional centre for a number of services including neurosurgery, renal medicine, plas-

tics, orthopaedics and major trauma.

As recently as 2016-17, North Bristol was the highest-earning trust by revenues in the region and a recent period of decline was arrested last year with growth of £424,000 to £1.8m – but still only 0.34% of turnover.

The redevelopment of the new Brunel building at Southmead Hospital Bristol, where 75% of the 800-beds are single rooms, offers an opportunity to deliver private patient inpatient services alongside NHS care.

Across the city, private patient revenue at University Hospitals



Bristol grew £507,000 and 42.2% last year to £1.7m, reversing the steeply decline in 2018/19. Again, the trust does not have a dedicated private patient unit.

The trust has merged with Weston from April 2020, where Weston's 12-bed Waterside Suite delivers a local private patient service and income for that trust of £162,000, a fall of 6.4% and £11,000 in 2019-20.

**Service gap**

Even though neither of the two large trusts in Bristol currently provides dedicated private patient service and the city and catchment is well provided for by independent hospitals, there is still a gap for delivery of complex and specialist services.

This may be an opportunity for cross-city working between them and a new city-wide approach with the trusts jointly developing a stronger private practice 'chain' together.

Royal United Hospitals Bath operates in one of the most competitive private hospital markets outside of London.

The trust is growing private patient revenues, but from a low base of 0.44% of total incomes, increasing by 36.7% and £237,000 to £882,000 in 2019-20.

However, the relative affluence and size of the drive-time catchment means that there remains local market potential. It is understood that, because of this potential, the trust is considering a review of options for further growth in private patient services.

In Devon, the Royal Devon and Exeter did have plans to invest in dedicated new capacity for some time, but the work programme, announced in 2019, for an investment of £1.8m to open a new 12-bed PPU inpatient ward was delayed and perhaps will not be open until at least 2022.

Trust revenues grew 14.4% and £164,000 to £1.3m in 2019-20, still only 0.28% of total income. The trust will merge with Northern Devon from April 2022, where private patient revenues held steady at £554,000 – a fall of £6,000 and 1.1% – at 0.27% of total incomes.

Although the trust had a PPU, this capacity has been used for

NHS activity for some years. Despite local consultant support, the market seems too small and geographically isolated to achieve a new service on its own and so the forthcoming merger may provide a boost with the support of the dedicated manager and team from Royal Devon and Exeter.

**Weak competition**

Along the coast, Torbay and South Devon has enjoyed six years of growth, with an increase of £38,000 and 3.9% last year to a new high of £1m. The trust faces relatively weak local independent sector competition and therefore also has opportunities for growth. Perhaps this could be accelerated through an alliance with their neighbours in Exeter?

Across the Tamar, Royal Cornwall reversed four years of decline last year with growth of 11.1% and £40,000 revenues in 2019-20 to reach £401,000.

This is still only 0.1% of total trust incomes, the lowest private patient earnings of the trust in the region. It is not known whether the trust plans to develop a local

private patient service, but Ramsay's Duchy Hospital is situated close to the trust's main site at Truro and is therefore in a good position to provide a convenient local service to consultants.

Looking to the future post-Covid, the ageing population, increasing patient safety agenda and rising restrictions on NHS access and lengthening waiting times, means that there remain opportunities for all the south-west trusts to consider the benefits of growing private patient services.

The region is the home of the most active regional group of NHS PPU managers and this supportive network provides a strong base for developing future co-operation, alliances and even city- and county-wide networks/groups/chains of NHS PPUs to exploit these market opportunities.

Perhaps such partnerships could now start to develop in Dorset, Bristol and Devon?

**Next month: West Midlands**

Philip Housden is managing director of Housden Group commercial healthcare consultancy