

Building sustainable NHS-private sector partnerships: Expanding private patient units and beyond

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A fresh drive for partnership between the NHS and private sector opens the door to greater collaboration. [Carly Caton](#), Partner in the [health and life sciences team](#) at UK and Ireland law firm Browne Jacobson, explains how to create lasting partnerships that drive mutual financial, health and innovation benefits.

The UK government's call for closer collaboration between public and private healthcare aims to shift perceptions regarding the role of the private sector in the NHS.

While such moves inevitably attract ideological criticism of "NHS privatisation" – despite private sector involvement being established practice for years – the government recognises the importance of narrowing this gap given the substantial financial and resource pressures facing state healthcare provision.

Health Secretary Wes Streeting has made it clear he no longer wants the NHS to be a drain on national finances. Instead, the Labour government envisions the NHS becoming an economic powerhouse.

The power of partnerships will be crucial to realising this ambition, coupling the world-class clinical expertise, technology and certain facilities that exist in public healthcare along with vast amounts of data with the private sector's expertise and access to finance, data and international markets to drive new economic opportunities.

Private patient units: Untapped economic potential

Private patient units (PPUs), which operate within NHS hospitals or in facilities co located to NHS hospitals, offer private healthcare services to patients willing to pay and present significant economic opportunities.

Their unique proposition lies in allowing [NHS trusts](#) to leverage their wealth of expertise to provide private healthcare services, while reinvesting profits generated back in to NHS services – supporting its broader mission of providing high-quality care for all.

Beyond financial gains, PPUs can lead to improved patient care standards, as the influx of resources can fund state-of-the-art equipment and facilities benefiting all patients.

Promoting commercial thinking within a trust is another highly valuable side effect of formally partnering with the independent sector, providing opportunities to incubate new ways of working, drive up quality standards, enable greater translation of innovation from labs to clinics, and support recruitment and retention of top clinical talent.

In 2019, PPUs generated £634m of revenue, giving them an overall 14% of the private patient market. A 2022 report by Latchmore Healthcare Associates identified more than £500m of potential private care outside London that is treated in the NHS each year, largely because most smaller private hospitals outside London lack facilities for high acuity or high complexity treatment.

PPUs are ideally placed to serve this segment of the market as they can share resources with NHS services. As the NHS is already treating these individuals as NHS patients, providing a private pathway would mean payment from insurers or self pay for work they are

doing anyway, effectively generating very high margins.

World-class examples of established PPUs can be found at The Royal Marsden NHS Foundation Trust, which has used its PPU to fund pioneering cancer research and treatments, and Moorfields Eye Hospital NHS Foundation Trust, whose additional income from its PPU has facilitated advancements in eye care that have set new standards in ophthalmology. Both operate 'in-house' as separate divisions of their respective trusts.

Outside London, where PPUs only have an 8% market share, some of the greatest growth potential lies. Private facilities on NHS sites have a competitive advantage over standalone private hospitals by sharing high-cost facilities and scarce skills across public and private care. Consultants largely also prefer to undertake private practice on a single site.

Recent successful models include the partnership between University Hospitals Birmingham NHS Foundation Trust and HCA Healthcare UK to develop the Harborne Hospital. By combining the NHS trust's clinical excellence with HCA's private healthcare expertise, the Harborne Hospital has become a beacon of high-quality private care, while generating valuable revenue to support NHS services.

Despite the benefits, expanding PPUs faces challenges. Pre-Covid plans for new or larger PPUs were delayed due to the pandemic's impact on capacity and resources. During a roundtable [hosted by Browne Jacobson](#), which brought together NHS PPU managers, commercial directors and other sector experts, we found that financial instability has delayed some capital works projects, while shortages of beds and a lack of ringfenced theatre space remain significant challenges.

Ideological opposition presents another hurdle. Some NHS boards are understandably reluctant to ringfence beds, theatres and timeslots exclusively for private patients when NHS waiting lists are so lengthy. However, as successful PPUs illustrate, a range of commercial and legal frameworks exist to navigate these challenges.

Beyond PPUs: Additional partnership opportunities

Looking beyond PPUs, NHS trusts are increasingly establishing joint ventures with private partners, as well as corporate or contractual partnering arrangements, with profits being circulated back into the trust.

The Christie NHS Foundation Trust has a successful joint venture with HCA, the Christie Private Care LLP, which operates as a specialist cancer treatment centre. It has pioneered technology such as robotic surgery and cytoreductive surgery, demonstrating how partnerships can drive innovation.

Independent providers can also get involved with provider collaborative models. Examples include the South West Provider Collaborative, a partnership of five NHS organisations, one community interest company and two independent providers. It commissions specialised mental health, learning disability and autism services at scale across six integrated care systems, with a focus on ensuring people receive high-quality care as close to home as possible.

The private sector can also support NHS trusts in maximising key assets that may have been underutilised. Businesses could help trusts generate revenue by developing commercial real estate projects or offering parking and retail services. With the government reviewing the New Hospital Programme to put it on a more "realistic, deliverable and affordable footing", private sector investment in new infrastructure projects may be increasingly necessary.

Additionally, the new government's long-term vision to move from a curative to preventative healthcare system will rely upon innovation and effective adoption of emerging technologies. Biosciences, pharmaceutical and digital companies, along with universities, should identify opportunities to collaborate with trusts on research and development programmes.

[Strolll](#), which uses augmented reality technology for neuro-rehabilitation, partnered with Leeds Teaching Hospitals NHS Trust for early-phase studies. It has since raised millions in equity funding and grants, won a series of NHS contracts and registered with the FDA to open sales to the US market.

In an international context, trusts possess expertise that other countries would value to drive similar standards in their hospitals. Opportunities are increasingly available for trusts to export their insights by providing consultancy, management services and training to healthcare providers abroad, often as part of consortia alongside independent healthcare providers.

By exploring these various partnership models, the NHS and private sector can work together to address immediate healthcare challenges while building sustainable, mutually beneficial relationships that drive innovation, improve patient outcomes, and create new economic opportunities.

As the government continues to encourage closer collaboration, these partnerships offer a promising path forward for the future of UK healthcare.

Resources

- [Expanding your private patients unit roundtable | Browne Jacobson](#)
- [Maximising commercial income for the NHS | Health and life sciences](#)
- [Guide to demystifying international healthcare contracting law](#)
- [Stroll: Augmented Reality Rehabilitation | Browne Jacobson](#)
- [Provider Collaboration: A practical guide to lawful, well-governed collaboratives](#)

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