


Top 10 considerations when expanding an NHS private patient unit

03 July 2025  Carly Caton

Key considerations for expanding a private patient unit (PPU) will often depend on a number of factors.

This includes whether it will involve working with a partner – which may be structured in various ways – building a new private hospital or carrying out any construction works.

There are, however, some common themes, as set out here.

1. Estates and construction – is a new building required?

Depending on whether there is a construction element or new building as part of the expansion, and whether the trust owns the site where the services are to be provided, there will be different issues to work through in respect of real estate.

How the project is structured (especially whether it is with a partner or not) will also have a big impact on property matters. This should include considering issues such as how the lease chain works if there are funders and developers involved, and whether or not the project is structured as a “land transaction” (like with the UHB/HCA Harborne Hospital project).

Who will the facility revert to at the end of the term if working in partnership with a private provider?

There may also be considerations, such as interface with a private finance initiative (PFI) hospital estate.

If works are seen to be being “procured” by the trust this obviously triggers a procurement process.

Again, this depends on whether or not a partner is involved and what each party’s role in the project is.

2. Partnering or not?

Does the trust want to expand its PPU alone or with a partner? There are obviously pros and cons to both options, and various different ways this can be done.

These range from working with a partner in relation to certain limited services only, to having a full corporate joint venture arrangement where both parties form a new corporate vehicle to build a new private patient hospital (or expand a current one) and run the private patient services moving forwards.

Expanding your own PPU

Pros:

- Complete control over the expansion process and can make decisions independently.
- Retention of all profits generated from the expansion.
- Maintain own brand identity and reputation.

Cons:

- Limited resources and expertise to expand on your own?

- Higher financial risks?
- More competition from other healthcare providers?

Working with a partner on the PPU

Pros:

- Benefit from the expertise and resources of the partner.
- Share the financial risks and costs of the expansion.
- Benefit from the partner's existing brand identity and reputation.
- Brings in more patients.
- Better deals with insurers?

Cons:

- Less control over the expansion process and decision-making.
- Share profits generated from the private patient activity.
- Challenges with integrating with the partner's existing systems and processes?
- Cost and timing required to carry out transaction.

3. Procurement

Whether or not procurement is an issue will depend on the trust's plans for expansion and whether anything is actually being "procured".

This could be works as mentioned above or services. Forming a joint venture/partnership arrangement with a partner in and of itself will not trigger the need for a procurement but each situation will need to be analysed to consider whether there are any procurement issues to be aware of.

It's important for trusts to identify these considerations early on and factor into plans to ensure the expansion is structured in a way that is beneficial for all parties involved.

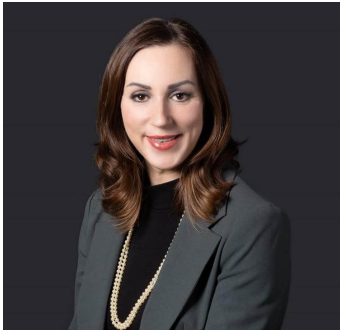
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