



Briefing Note 1: How NHS Trusts Can Generate Commercial Income: A Comprehensive Guide

The National Health Service (NHS) is the backbone of healthcare in the UK, delivering vital services to millions. However, with increasing financial pressures, NHS Trusts are increasingly looking for innovative ways to generate commercial income. This article explores how NHS Trusts can develop sustainable revenue streams while maintaining their core mission of providing high-quality care. Using real-world examples and expert insights, we will provide a roadmap for Trusts to diversify their income without compromising patient care.

The Case for Generating Commercial Income

In the face of budget constraints and rising demand for services, NHS Trusts must explore alternative revenue streams. While NHS funding is largely provided by the government, supplementary income can:

1. **Offset Operational Costs:** Reduce reliance on taxpayer funding for non-core activities.
2. **Reinvest in Patient Care:** Enable upgrades to facilities, equipment, and technology.
3. **Promote Innovation:** Foster partnerships that lead to better healthcare solutions.

The challenge lies in balancing these goals with ethical considerations and maintaining public trust.

Examples of Commercial Income Streams

1. Leasing and Property Development

Many NHS Trusts own significant property portfolios. Leveraging these assets can generate substantial income:

- **Moorfields Eye Hospital:** Partnered with UCL and the Royal Free Hospital to sell its Old Street site and develop a state-of-the-art facility at St Pancras.
- **University Hospitals Birmingham:** Developed commercial office space alongside its healthcare campus, leasing to private tenants.

2. Private Patient Units (PPUs)

Offering private care within NHS facilities can attract patients seeking premium services:

- **Royal Marsden Hospital:** Operates a successful PPU offering specialist cancer treatments, contributing millions annually to its budget.
- **Great Ormond Street Hospital:** Runs private services for international patients, reinvesting profits into NHS care.

3. Partnerships with Private Sector

Collaborating with private companies can unlock new revenue streams:

- **Guy's and St Thomas' NHS Foundation Trust:** Partnered with Johnson & Johnson to establish a surgical training facility.
- **Chelsea and Westminster Hospital:** Hosts a Boots pharmacy on-site, sharing revenue from its operations.

4. Research and Development (R&D)

NHS Trusts are well-placed to capitalize on their expertise in clinical research:

- **Oxford University Hospitals:** Partners with pharmaceutical companies to conduct clinical trials, generating income and advancing medical knowledge.
- **Cambridge University Hospitals:** Collaborates with industry leaders on biomedical research projects.

5. Commercializing Intellectual Property (IP)

NHS innovations can be licensed to generate royalties:

- **Sheffield Teaching Hospitals:** Developed and licensed a software solution for diagnosing sleep disorders.
- **Alder Hey Children's Hospital:** Created a digital app for managing patient anxiety, now licensed to other healthcare providers.

6. Retail and Catering Services

Modernizing retail and catering offerings can enhance the patient experience while boosting income:

- **Leeds Teaching Hospitals:** Introduced high-street brands like Costa Coffee and Marks & Spencer into its hospitals.
- **Barts Health NHS Trust:** Operates pop-up shops and food stalls in hospital atriums.

7. International Ventures

Exporting NHS expertise abroad can be highly lucrative:

- **King's College Hospital:** Operates satellite facilities in Dubai and Abu Dhabi.
- **Great Ormond Street Hospital:** Provides consultancy services to establish pediatric care facilities overseas.

Overcoming Challenges

1. Ethical Considerations

Maintaining public trust is paramount. Any commercial activities must align with NHS values and prioritize patient care over profit.

2. Regulatory Hurdles

Navigating NHS England guidelines and local planning regulations can be complex. Trusts must ensure compliance at every stage.

3. Cultural Resistance

Staff and stakeholders may initially resist commercialization. Transparent communication and clear benefits are key to gaining support.

4. Operational Risks

Commercial ventures come with financial risks. Robust planning and risk management frameworks are essential.

Red Circle's 5-Point Action Plan for Generating Commercial Income

1. Conduct an Asset Audit

- **What to Do:** Inventory all physical and intellectual assets to identify untapped opportunities.
- **Example:** Identify underutilized properties, high-demand specialties, or marketable innovations.

2. Develop a Commercial Strategy

- **What to Do:** Create a clear roadmap aligned with the Trust's goals and values.
- **Example:** Set income targets, prioritize initiatives, and allocate resources.

3. Engage Stakeholders

- **What to Do:** Build consensus among staff, patients, and the community.
- **Example:** Host town halls and provide regular updates on commercial activities.

4. Build Partnerships

- **What to Do:** Collaborate with private sector partners, academic institutions, and other NHS Trusts.
- **Example:** Partner with technology firms to co-develop healthcare solutions.

5. Monitor and Evaluate

- **What to Do:** Establish KPIs to track the success of commercial ventures and adapt as needed.
- **Example:** Regularly review financial performance and patient satisfaction metrics.

Conclusion

By embracing commercial opportunities, NHS Trusts can secure much-needed income to enhance services, invest in innovation, and improve patient outcomes. Success requires strategic planning, stakeholder engagement, and a commitment to the NHS's core values. The examples and action plan outlined in this article provide a blueprint for Trusts aiming to balance financial sustainability with their public service mission.

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Somerset House, Church Road, South Gloucestershire, GL9 1HT

Email: james.wilson@redcirclehca.com

Telephone: 01454 406100