PRESS INFORMATION

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HEALTHCARE TO MIGRATE FROM HOSPITALS TO THE COMMUNITY

Britain is on the cusp of a significant migration of NHS secondary healthcare services which will head out of acute hospitals and into more dispersed community based settings, according to the latest research from healthcare market intelligence provider **Laing & Buisson**.

Arguing that the move will bring about benefits to both patients and taxpayers in terms of more convenient, more responsive and more efficient healthcare services, *Primary Care and Out of Hospital Services UK Market Report 2011/12**, claims that the underlying driver of the move is the country's ageing population allied with a long standing shift in the burden of healthcare to chronic conditions of old age.

Adding its own sense of urgency, meanwhile, is the current NHS efficiency drive and the shift towards GP-based commissioning which will focus both commissioners' and providers' minds increasingly on opportunities to reconfigure traditional service models.

Since the NHS cannot currently afford to invest in major new asset classes, the report argues, services in a variety of specialist and niche areas – such as primary medical care, occupational health, community health, prison healthcare and commissioning support (*see overviews below*) - will largely have to re-locate into facilities which already exist. These sites will include community health assets encompassing community hospitals and clinics, GP surgeries, care homes, people's own homes (*ie* home healthcare) – and indeed back into freed up space on NHS acute hospital sites, though under different management and ownership arrangements.

With independent sector providers set to play a major role in the reconfiguration of health services under the NHS reforms implemented by both the former Labour government and those being pushed forward by the present Coalition government, these new areas of off-site healthcare provide massive opportunities in marketplaces together worth billions of pounds.

Providing figures on this area for the very first time, **Laing and Buisson's** new report estimates the addressable and current market size of some of the key components of future NHS 'out-of-hospital' services (*see table below*).

In a 'zero growth' NHS, building these services will depend on money being transferred from hospitals, which currently absorb the lion's share of resources and ploughed into these new areas – with significant openings for independent providers to step up. In 2009/10 the NHS in England alone spent £42bn on acute hospital services (excluding mental health).

Speaking at the launch of the report, author William Laing commented:

> 'Nearly all of the potential migration of services out of hospital will depend on politicians being willing to support the decommissioning of at least a portion of acute NHS hospital capacity currently used to care for mainly older people admitted as emergencies to medical wards, most of whom do not actually need to be in hospital. Without closure, partial closure or re-use of some NHS acute hospital capacity, none of the theoretical savings from the creation of alternative community based healthcare services will be 'cashable'.'

Looking ahead at how a future healthcare landscape might look, he added:

> 'The district general hospital of the future, provided it is well served by transport, might even develop into something akin to a 'medical mall', to borrow a term from the United States, in which healthcare services operated by a range of providers are co-located on a site together with healthcare support companies and other retail or commercial services.'

	Addressable NHS annual market value (England 2010)	**Current annual value of independent sector provision**
Home healthcare	Several £bn	£1.1bn
CATS[1] and similar approaches to migrating routine secondary healthcare services out of NHS acute hospitals	Several £bn	Not known, but small
Telehealth	£300m (conservative)	£15 – 20 million
Disease management (including telehealth)	£600m - £1bn	Not much more than the £15 - £20m for telehealth
End of life care	'in the £bs' according to the Department of Health	£600m from hospice movement plus unknown sums bundled up with residential and domiciliary care, etc.
Sub-acute care transferred from NHS hospitals to care homes	£500m (if 10% of non-elective, non-critical in-patients were transferred	Not known, but small
Whole pathway commissioning and provision	Little basis for estimating	Embryonic

[1] Clinical Assessment and Treatment Support, a reconfigured and community based alternative to traditional hospital based services, as pioneered by Care UK and other independent sector providers.

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Specialist and niche areas covered in the report include:

Primary medical care:

The NHS in England spent £8.3bn on GP services in 2009/10. While the sector remains dominated by traditional, small scale general practices, the report notes the emergence of a 'corporate' sector of multi-practice groups such as The Practice, which operates 60 general practices in addition to a range of related healthcare services for the NHS. The report estimates that multi-practice groups currently generate revenues of £185m, or just 2.2% of the addressable NHS general practice market, but this corporate sector is set to expand as structural barriers to competition amongst general practices are lowered under Coalition government plans.

Privately paid general practice is currently a larger market, valued at £500m in 2010, but it remains something of an investment backwater, dominated by small scale, professionally based providers.

Occupational health services:

Overall UK spending on occupational health is estimated to be around £500m in 2010, of which about half (£250m) is believed to be contracted out to commercial occupational health providers. The sector has not grown at all since the 2008/09 recession and it may in fact have contracted.

Community Health Services:

Community Health Services cover a range of low-tech services typically led by nurses and professions supplementary to medicine. The addressable market is £8-8.5bn in England alone, of which an estimated £860m is delivered by social enterprises and £830m by for-profit providers, the latter mainly through small scale contracts with PCTs or sub-contracts with primary contractors. While market penetration has been slower than the independent sector had hoped, there have been major contract wins by for-profit groups in 2011, including Assura Medical's £450m five-year contract to provide community health services in Surrey. According to the report, it is possible to envisage an independent sector penetration, over and above the social enterprise spin-offs, of perhaps 20% or more of this £8.5bn market over the next five years. This would give independent sector providers a share approaching £2bn per year.

Prison Healthcare:

The UK addressable market for offender healthcare is estimated at a little over £300m a year. The share that is outsourced to the independent sector is unknown, but is probably in the region of £50 - £100m a year and continues to grow.

Commissioning Support Services:

The government recognises that Clinical Commissioning Groups, which under the government's NHS reform plans will take over responsibility for commissioning £80bn of NHS services in England by April 2013, will need to employ or buy in commissioning support services. This provides a major new opportunity for independent sector organisations with the appropriate skill sets to provide some of those support services that CCGs will require. The addressable market is estimated at £1.3bn.

According to the report, a cadre of professional commissioning support staff will emerge, most of them with past experience working for PCTs, but they will be employed in a wide range of public sector organisations, social enterprises and nationally and locally based for-profit companies, the balance of which will determined in large part by the early choices that pathfinder CCGs make.

- END OF RELEASE -

**Primary Care and Out of Hospital Services UK Market Report 2011/12*. Priced at £850 for hard copy and £1,210 (inc. VAT) for hard copy and PDF. Available from Laing & Buisson, 29 Angel Gate, City Road, London, EC1V 2PT. Tel: 020 7833 9123. Web: www.laingbuisson.co.uk

FOR FURTHER INFORMATION (and to request a copy of the executive summary)**:**

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NOTES TO EDITORS:

Founded by William Laing in 1986, Laing & Buisson is the UK's leading provider of information and market intelligence on the independent health, community care and childcare sectors.

Laing & Buisson offers a uniquely focused range of expert services to providers, purchasers and investors in the health and community care markets. Information about the range of products and services provided is summarised below.

Conferences & Awards
In addition n addition to one-off conferences on subjects selected for their special interest or topicality, Laing & Buisson's annual programme features a series of conferences - definitive events covering key developments and leading edge practice in specific areas including homecare, supported living, extra care housing, long term care for the older people, learning disabilities and mental health sectors, acute healthcare, private healthcare insurance, investing in healthcare and children's nurseries. The Independent Healthcare Forum consists of two major conferences: the acute healthcare conference and the mental health conference and a workshop for private patient units and smaller providers, with an exhibition area representing a selection of providers to the sector. The Independent Specialist Care Awards and the Independent Healthcare Awards take place in March and September, highlighting the range of achievements and recognising best practice within the sectors, and paying tribute to those who have demonstrated excellence in their particular fields.

Market Reports & Annual Directories
Laing & Buisson publishes a series of special market reports and directories on the health and community care sectors. Annual publications include Laing's Healthcare Market Review, Long Term Care: Directory of Major Providers, and the Care of Elderly People Market Survey. The research and conclusions within the reports are frequently cited in parliamentary questions and answers, official documents and company prospectuses, and are regularly drawn upon by the national media.

Newsletters
Laing & Buisson publishes two authoritative monthly newsletters - *Community Care Market News*, which covers the long-term care sector and *Healthcare Market News*, which covers the acute healthcare sector. Subscribers receive ten issues per year covering the latest events in those sectors alongside detailed analysis, special features and in-depth interviews. They can also access these stories in an online archive of news coverage which dates back well over ten years.

CareSearch and Health & Care Data
Care*Search* is Laing & Buisson's flagship data product, a 'one stop shop' with extremely flexible search facilities for those needing detailed, reliable and up-to-date information on care homes, care home groups, independent healthcare establishments, care commissioners, PCTs and inspection and registration agencies for the whole of the UK. Further to this, details of group operators, their holdings and financial information from statutory accounts offer subscribers an invaluable resource. Alternatively, individual data sets are available to supply as csv files by email. In addition to the data included on Care*Search* being available to purchase separately, home care agencies and groups can also be supplied.

Consultancy & Market Intelligence
Market intelligence and consultancy work, focusing on non-clinical aspects of health and social care markets, is tailor-made for companies with an active interest in the sector. Examples of recent work include a report on the future of the independent healthcare sector for the Healthcare Commission, the seminal work conducted by Laing & Buisson on *A Fair Price for Care* for the Joseph Rowntree Foundation and *Improving Lives – Improving Life*, a report on the key strategic issues facing the long term care sector. Laing & Buisson also frequently assists investors in market due diligence work in the health and care sectors.