Independent Healthcare Providers Network

State of the sector 2020

IHPN industry barometer

IN PARTNERSHIP WITH

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Contents

Executive summary

Welcome to our first State of the Sector 2020: IHPN Industry Barometer.

The Barometer aims to provide a snapshot of how senior leaders feel about the independent healthcare market including the impact of covid19 on their business today and in the future; where growth, opportunities and challenges lie in both their NHS and private consumer base; the NHS, commissioning and systems; and workforce issues including recruitment and training.

The impact of covid19 on providers has been very challenging. In that context it is heartening to see that IHPN members are largely positive about all of their key markets, (though with particular challenges in international self-pay) and are anticipating growth in domestic self-pay and NHS funded services. Equally it is encouraging to see that the overwhelming majority of members feel that the sector's relationships with both the NHS (at all levels) as well as with government have strengthened in recent months. While there remain concerns about the evolving commissioning structures in the NHS and the extent to which the sector will be included in new models of care, it is clear there are strong foundations on which to build on and forge new partnerships with the NHS in the coming months.

Of course, while responding to the pandemic has been the number one focus of both the health and political world since the beginning of the year, pre-existing challenges such as Brexit and growing workforce shortages will once again rise up the agenda in the coming months. Members clearly identify these as key threats to their recovery and IHPN will be working hard to ensure members are able to weather whatever Brexit scenario the country faces, as well as helping to better promote the sector as the "great place to work" it is.

We have been fortunate to have worked in partnership on the Industry Barometer with Practicus, whose purpose is to help organisations and people navigate change. They were recently voted the leading interim management provider, and they have brought their experience and insight to this project.

We hope to run the Barometer each year and so over time we can gain further insights from members and even better support them across all their key markets. Thank you again to all our members who contributed to the survey and hope that you find the results interesting.

David

David Hare, Chief Executive

PRACTICUS™

Navigating change and ambiguity

It is an uncertain time for the Independent sector. The irony is that the sector's relationship with government and the NHS has never been more positive. Covid19 seems to delight in producing such contradictions. Right across industries, companies have been given a glimpse of what they need to do to succeed in the new future. But at the same time, the virus has left them unable to see how they will effectively navigate their way to doing it. There is an opportunity for the Government to provide clear policy and direction as providers deal with the very real stresses on current operations, as well as the increased costs of servicing a customer.. These are all things that are borne out in the survey feedback for the Independent Healthcare sector.

> **We need change but we also need stability. Navigating this landscape is a shared industry problem and one where we all need to come together to support one another in finding the path forward.**

We need change but we also need stability. Navigating this landscape is a shared industry problem and one where we all need to come together to support one another in finding the path forward. As a change partner in the Independent sector for nearly two decades, it's something we are keen to help facilitate. Ever since lockdown began, we have made access to the wisdom and hindsight of our community of change experts free of charge. It is something you can still access today if you need a confidential conversation about a current challenge. But we also want to go further, which is why we have been working with IHPN to create a series of virtual workshops to focus on the challenges facing the industry and bring together diverse thinking and expertise from around the sector to bear.

I am hoping you can join us for what should be lively and productive discussion to help the Independent sector navigate its way forward. If you would like to get involved, please get in touch with either myself or IHPN.

By Andrew Vaux
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Ask the Practicus Community

Practicus has a community of over 800 change experts from the Independent Sector, the NHS and other industries. As a result of the challenges created for businesses by covid19, we are offering access to those subject matters experts free of charge to gain advice on your challenges, contact **change@practicus.com**

Click here for more about the Practicus Community

Results: The impact of covid19

How large an impact has covid19 had on your organisation?

36% believe covid19 has had an extremely significant impact on their organisation

52% believe covid19 has had a significant impact on their organisation

8% believe covid19 has had a somewhat significant impact on their organisation

4% believe covid19 has had a not-so significant impact on their organisation

It is not a surprise that 96% of respondents felt that covid19 has had a significant impact on their organisation, with 88% of respondents feeling the impact was either extremely significant or significant.

> **"Ways of working have changed significantly. Patients and staff severely impacted by covid19"**

96%

have felt a significant impact on their organisation due to covid19.

How would you describe your view of the impact of covid19 on your business in the medium to long term (2021 and beyond)?

12% feel an extremely significant impact

32% feel a significant impact

52% feel a somewhat significant impact

4% feel a not-so significant impact

Respondents feel that covid19 will continue to impact on their business in the medium to long term, although the strength of that impact will lessen over time. 12% of respondents feel that covid19 will have an extremely significant impact on their business in the medium to long term, whilst 56% of respondents feel the impact is either somewhat significant and not-so significant.

How would you describe your view of the impact of covid19 on your business in the short term (2020)?

36% felt an extremely significant impact

44% felt a significant impact

16% felt a somewhat significant impact

4% felt a not-so significant impact

36% of respondents felt that covid19 has had an extremely significant impact on their business in the short term, with a further 60% of respondents feeling the impact was either significant or somewhat significant.

Results: The impact of covid19

How significant are the changes you are considering you will need to make to your business due to the impact of covid19?

16% are considering extremely significant changes to their business

48% are considering significant changes to their business

28% are considering somewhat significant changes to their business

8% are considering not-so significant changes to their business

Respondents felt they will need to make significant changes to their business due to the substantial impact that covid19 has made - as highlighted in the previous questions. 16% of respondents felt the impact would be extremely significant, with a further 76% feeling it was either very significant or somewhat significant.

What do you consider to be the main implications of covid19 in relation to your workforce?

Respondents felt strongly, with the majority ranking it in their top 3, that one of the main implications of covid19 in relation to their workforce was ensuring that staff are safe at work with particular emphasis to certain vulnerable groups (older, BAME). Respondents also felt that changing attitudes to home working and changing attitudes to work/life balance have a major impact.

What do you consider to be the main implications of covid19 in relation to your operation?

Respondents had a relatively consistent view of the main implications of covid19 in relation to their operation. The majority of respondents ranked the following in their top 3 - the impact of social distancing and increased hygiene requirements and how that will change operating practices, followed by both the size of the waiting lists for NHS elective care providing long term changes to the business and that services will increasingly be delivered in a primary and community care setting.

> **The level of cost savings we will need to deliver if we remain a viable business is likely to be significant**

> **We need to reassess and operationally change every single service we provide going forward**

Summary: The impact of covid19

What does this tell us?

What overwhelmingly comes through in the answers to this section of questions is the scale of the impact that covid19 has had on providers. This impact on businesses is substantial in the short term but providers also feel that it can continue throughout 2021 and beyond – albeit with a slight lessening in significance. This is likely to be driven by uncertainly on when things will get back to "normal", if ever, as well as the longer-term impacts (both positive and negative) of the last 6 months.

The survey shows that this impact has led to providers having to consider wholesale changes to their business, many needing to mitigate against risks that in some cases appeared overnight. This can be seen in the answers that providers gave to what the main implications of covid19 are. Providers highlighted risks around increases to operating costs, whether that be due to lower levels of activity or the impact of social distancing and hygiene requirements.

> **Ways of working have changed significantly. Patients and staff severely impacted by covid19**

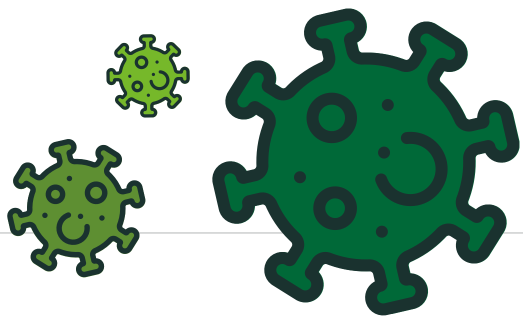
In recognition of these growing uncertainties, IHPN have launched a project with specialist healthcare consultancy Transformation Nous which quantified the impact of covid19 on provider costs including through additional PPE and enhanced infection control requirements. This project was supported by a working group made up of expert participants from around the membership in medical, nursing, commercial, and operational roles.

The final report has allowed us to provide members with real insight into the shared operational challenges of working in a covid19 environment. The report will be used to inform discussions with NHS policymakers about how best to respond to the changed environment.

It's important to also recognise that many providers have seen key opportunities arising from the pandemic which include the greater use of technology in treating patients, and rising NHS waiting lists providing a renewed push for moving care out of hospitals and into the community.

Providers have also realised the huge impact that covid19 has had on their workforce, particularly around staff safety and the impact on certain vulnerable groups. In addition, providers have realised that covid19 has changed attitudes to both home-working and what a positive work/life balance looks like. Like many organisations around the world, providers realise that they will not necessarily be able to go back to how things were before covid19 and nor would they want to.

Ensuring independent providers can both continue to support their staff to work safely and adapt to the "new normal" ways of working will be a key priority for IHPN's HRD forum in the coming year and our Clinical workstream continues to liaise with NHSE-I on key safety issues to ensure the sector's staff are fully factored into changing in working practices.



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Results: Market environment

How would you describe the market environment for providers of PMI funded services?

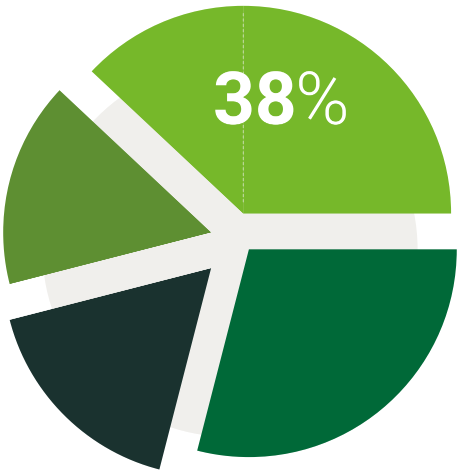
13% feel the market is very positive

25% feel the market is positive

29% feel it is neither positive nor negative

17% feel the market is negative

38% of respondents feel very positively or positively about the market environment for providers of PMI funded services, with a further 29% having neutral feelings. 17% of respondents do not work with PMI funded services.



"There are opportunities for innovation and PMI services should be redesigned to better suit consumers"

How would you describe the market environment for providers of NHS funded services?

8% feel the market is very positive

50% feel the market is positive

21% feel it is neither positive nor negative

21% feel the market is negative

58% of respondents feel very positively or positively about the market environment for providers of NHS funded services, with a further 21% having neutral feelings. Where respondents feel negatively, comments suggest that this is influenced by a challenging operational environment locally and less favourable experiences with local commissioners.

How would you describe the market environment for providers of domestic self-pay?

17% feel the market is very positive

38% feel the market is positive

25% feel it is neither positive nor negative

8% feel the market is negative

55% of respondents feel very positively or positively about the market environment for providers of domestic self-pay, with a further 25% having neutral feelings. Where respondents feel positively, comments suggest that even before covid19 domestic self-pay was a growing market with a view that increasing NHS waiting lists for elective care will only inflate demand for self-pay even further. This question was not relevant to 13% of respondents.

Results: Market environment

How would you describe the market environment for providers of international self-pay?

0% feel the market environment for providers of international self-pay is very positive

4% feel the market environment for providers of international self-pay is positive

21% feel the market environment is neither positive nor negative

25% feel the market environment for providers of international self-pay is negative

13% feel the market environment for providers of international self-pay is very negative

The majority of respondents, that this question was relevant to, feel negatively or very negatively about the market environment for providers of international self-pay, with a further 21% having neutral feelings.

Where respondents feel negatively, comments suggest, unsurprisingly, that this has been influenced by travel restrictions imposed due to covid19.

This question was not relevant to 38% of respondents.

Where do you see the greatest opportunities for growth in private-pay over the next 5 years?

38% feel self-pay has the greatest growth opportunity in private-pay

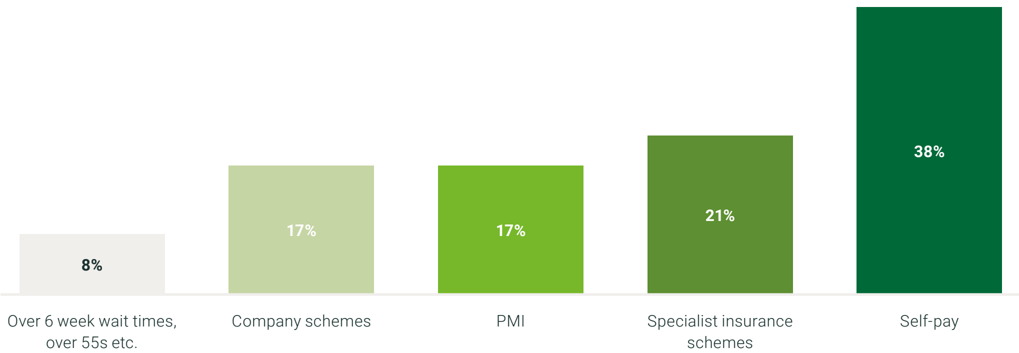
17% feel company schemes have the greatest growth opportunity in private-pay

17% feel PMI has the greatest growth opportunity in private-pay

21% feel specialist insurance schemes have the greatest growth opportunity in private-pay

8% feel 6 week wait times, over 55s etc. has the greatest growth opportunity in private-pay

Respondents feel that the greatest opportunities for growth in private-pay lie in 2 main areas – self-pay and specialist insurance schemes – 38% and 21% respectively. Private medical insurance and company schemes are still relevant but are not viewed as great an opportunity by respondents.



Results: Market environment

Which areas of your business do you expect to see the biggest growth over the next 12 months?

50% expect NHS-funded areas of their business will grow the most over the next 12 months

8% expect PMI funded areas of their business will grow the most over the next 12 months

38% expect domestic self-pay areas of their business will grow the most

0% expect international self-pay areas of their business will grow the most

4% expect another area of their business will grow the most over the next 12 months

> **The independent healthcare sector has demonstrated that it can mobilise quickly in an emergency situation, and work within tariff to provide additional capacity**

How would you describe the current Government's attitude to the independent health sector?

8% feel very positive

54% feel positive

38% feel neither positive nor negative

62% of respondents feel very positively or positively about the current Government's attitude towards the independent health sector, with a further 38% having neutral feelings. Not one respondent feels negatively. Whilst we have never asked this question in the same way before, the fact that not one respondent reported a negative view is likely to be a significant improvement on the position over previous years.

What do you see as the three main opportunities facing the independent sector?

Respondents feel that the main opportunities facing the independent sector are NHS waiting times both in terms of diagnostics and elective care, new and better relationships with the NHS both locally and nationally, and the growth of self-pay. Not one respondent saw Brexit as an opportunity and both people increasingly managing their own healthcare and new markets/customers were also not selected by most respondents.

What do you see as the three main challenges facing the independent sector?

Respondents feel that the main challenges facing the independent sector are covid19, NHS policy towards independent providers and government policy uncertainty. Not one respondent saw changing demographics as a challenge.

Results: Market environment

How would you describe the NHS leadership's attitude to the independent health sector?

8% feel very positive about the NHS leadership's attitude to the independent health sector

25% feel positive about the NHS leadership's attitude to the independent health sector

42% feel neither positive nor negative about the NHS leadership's attitude

21% feel negative about the NHS leadership's attitude to the independent health sector

4% feel very negative about the NHS leadership's attitude to the independent health sector

33% of respondents feel very positively or positively about NHS' leadership's attitude towards the independent health sector, with a further 42% having neutral feelings. Where respondents feel positively, comments suggest that this has been the result of recent collaborations between the independent sector and the NHS both at a local and a national level.

How central do you think health and social care policy will prove to national politics?

79% believe that covid19 will mean that health and social care policy remains at the forefront

8% believe that the opposition will make health and social care policy their main areas of focus

13% believe that health and social care policy will be marginalised by other political issues like the economy

87% of respondents feel that, one way or the other, covid19 will ensure that health and social care policy will prove central to national politics.

> **This will continue to top the agenda - especially when winter flu starts up again**

What do you see as your major challenge in relation to the delivery of change and transformation in your organisation?

Respondents identified a number of challenges in relation to the delivery of change in their organisation. They raised concerns around how sustainable the current funding arrangements are with NHS organisations, alongside increased operational costs due to covid19 which could lead to future issues with contracting arrangements and with commissioners. They also highlighted concerns around a lack of involvement in integrated care systems or even being actively excluded from them.

79% **believe that covid19 will mean that health and social care policy remains at the forefront**

Summary: Market environment

What does this tell us?

The survey showed that providers are reasonably bullish about all markets other than international self-pay – covid19 and restrictions on international travel have obviously dampened providers' aspirations in that area.

When it comes to growth in private-pay, providers feel that most of the growth will predominantly be in self-pay, followed by specialist insurance schemes. More generally, providers feel that growth will overwhelmingly be in NHS funded services followed by domestic self-pay.

This is reinforced by how providers see the main opportunities for the sector - longer waiting times for NHS both in diagnostics and elective care, and the growth of self-pay. In addition, this is underpinned by new and better relationships with the NHS both locally and nationally.

In light of these results, it's therefore welcome that the NHS has extended its contract with independent hospitals for the majority of providers until the end of the year, as well as launching a £10 billion procurement framework to bring in additional capacity to help cut NHS waiting lists. As part of this, IHPN will be ensuring that both the hospitals contract and wider framework are working as effectively as possible so that NHS patients can benefit from the high-quality care provided by the sector.

Equally, IHPN will also look at embarking on a piece of work to better promote independent healthcare directly to consumers – helping to improve public understanding of how to access healthcare privately through self-pay and PMI, and make it a more attractive and relevant proposition to their lives.

Providers not unsurprisingly see the main challenges as covid19 but also government policy uncertainty and NHS policy towards independent providers.

The survey results suggest that although progress has been made in relationship building between the independent sector and both the NHS and the Government, with new and fruitful relationships having developed, there is still caution over what may happen next, and providers are generally feeling more positive about the Government's attitude to the sector then to NHS leadership. It will be important to build on the new working relationships that have been formed during the pandemic to ensure that progress in this area is not lost and is an area IHPN will be prioritising, both in fostering positive relations with the NHS leadership and those in government, as well as supporting members to overcome any issues they have locally with the NHS. We are also looking to continue work started prior to the pandemic around influencing emerging NHS integrated care systems and ensuring independent providers are fully factored into their plans.

Providers are very clear that covid19 will ensure that health and social care policy remain central to national politics, although other areas such as Brexit and the economic recession may take some attention over the coming months. And regardless of whether a vaccine is found for covid19, with the ever-growing size of the NHS waiting lists, it's clear that the influence of covid19 will remain for a substantial amount of time.

Results: The NHS

The NHS is developing more integrated systems of care – will this provide more or less opportunities for the independent sector?

48% believe there will be more opportunities

35% believe there will be less opportunities

17% believe there will be no difference

Just under half of all respondents felt that more integrated systems of care will provide more opportunities for the sector. 52% felt there were either less opportunities or it would make little difference.

> **I would generally feel more positive if only systems will engage**

Has your relationship changed with NHS organisations in your local area since the onset of covid19? If you operate in multiple areas, then please give your general view

50% reported that relationships have improved

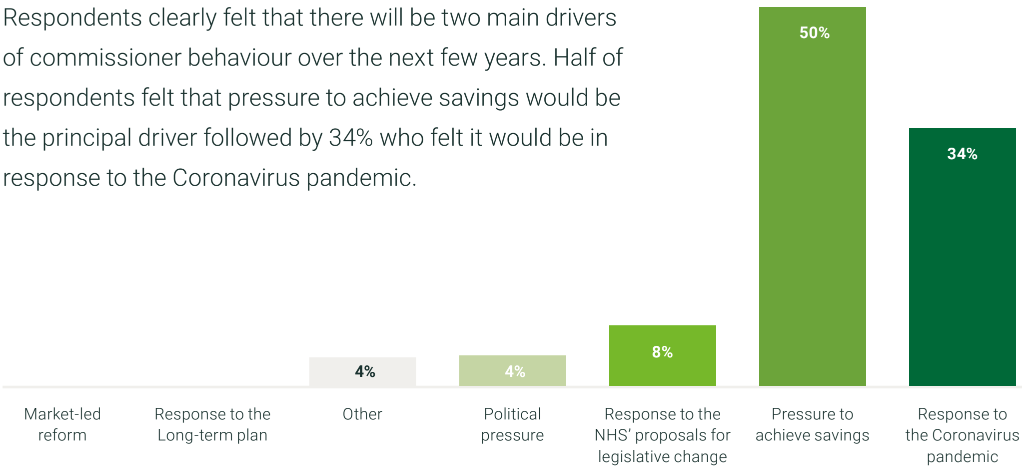
46% reported a real mixed bag

4% reported no change to their relationships

50% of respondents felt that relationships had improved with NHS organisations in their local area since the onset of covid19. Perhaps even more positively, no respondents felt that overall relationships had deteriorated. Nearly half of respondents experienced a mixed bag with some relationships improving and others worsening – this reflects anecdotal feedback received by IHPN from members over the past few months.

What will be the principal driver of commissioner behaviour over the next few years?

Respondents clearly felt that there will be two main drivers of commissioner behaviour over the next few years. Half of respondents felt that pressure to achieve savings would be the principal driver followed by 34% who felt it would be in response to the Coronavirus pandemic.



Summary: The NHS

What does this tell us?

Providers have a range of views about how integrated systems of care will influence opportunities for the sector. Providers have had concerns previously about the development of integrated systems of care particularly fearing that they may reduce the range and variety of providers being commissioned to deliver services in local areas. It is interesting that half of respondents now feel positively about more integrated systems of care and undoubtedly this will have been influenced by their experience of how relationships have developed and changed during the pandemic period.

The survey shows that members feel that relationships between providers and NHS organisations in their local area have seen a marked improvement, with not one respondent feeling that relationships have worsened. However, feedback that IHPN has received from members over the pandemic period is reflected in the survey with nearly half of respondents experiencing a mixed bag with some relationships improving and others worsening. This, in part, recognises the high levels of variation in CCG behaviour that members have experienced over the last 5 months.

The recent NHS letter outlining Phase 3 of its covid19 response which encouraged the reduction of CCGs to one per integrated care system may help in reducing this variation.

Equally the NHS' recently announced £10bn procurement framework should also provide a key impetus for productive working between the two sectors.

Notwithstanding this, members are obviously feeling more positively about relationships with NHS organisations and these improvements should put providers in good stead to be able to support commissioners to respond effectively to challenges post covid19. Providers feel that the response to the pandemic and pressure to achieve savings will drive how commissioners behave going forward, though this may change in light of the Government's forthcoming Comprehensive Spending Review which will likely set out significant funding increases to the NHS. Equally, the commissioning landscape is ever changing and IHPN will be monitoring the move towards further CCG mergers and the growing role and impact of integrated care systems as well as Primary Care Networks on commissioning behaviour.

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Results: The workforce

What is the main challenge you face in relation to recruitment?

Respondents answered this question consistently with two key areas emerging. The challenges around recruitment rest on both the general availability of staff but also more specifically being able to recruit people with the right quality and skills. This appears to be a particular issue with nurses and other specialist roles such as Resident Medical Officers (RMOs).

Secondly, respondents highlighted that the attractiveness of NHS terms and conditions can deter staff from working in the independent sector.

> **We are currently investing in more accredited training**

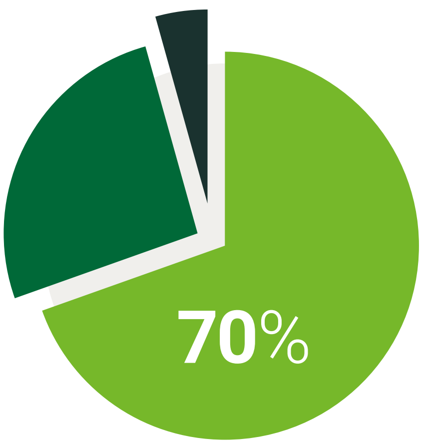
What are your organisation's aspirations in terms of training clinical staff over the next 5 years?

70% would expect training to increase

26% would expect training to stay at about the same levels as now

4% would expect training levels to decrease

70% of respondents expect training to increase with a further 26% expecting it to stay at similar levels to now.



What are your feelings about increasing the number of apprenticeships in your organisation?

48% felt very positive

39% felt positive

13% felt neither positive nor negative

87% of respondents are very positive or positive about increasing the number of apprenticeships in their organisation. This reflects the key role that apprenticeships play in member organisations and is despite some members commenting on the limitations of the current apprenticeship scheme, particularly in respect to it being inflexible and onerous.

> **Significant contribution from our apprenticeship colleagues**

Summary: The workforce

What does this tell us?

The survey showed that independent providers are experiencing consistent issues around recruitment. This is primarily due to the lack of available, high quality specialist staff and seems particularly problematic with nurses and RMOs. Nurse shortages are a significant problem across the entire healthcare system, with current estimates of over 40,000 nursing vacancies in the NHS in England. The Government's manifesto pledge for 50,000 new nurses (although only 31,000 of those will be new) may at some point start to make a dent into this vacancy figure. Brexit may also have an increased impact on the recruitment of specialist staff as we move into 2021, and the ability to recruit from abroad may be further impinged.

As a sector which employs or contracts tens of thousands of members of staff, IHPN are keen to do more to promote the independent health sector as a "great place to work", particularly in light of the pandemic which saw staff in the sector swiftly and effectively adapt to new working conditions, as well as forging new partnerships with NHS staff brought into their facilities.

Providers expect to be delivering an increased amount of training over the next 5 years. This seems to reflect the changes that providers have and will need to make to their businesses due to covid19, and acknowledges the movement towards new ways of working, increasing use of technology and potential blurring of professional boundaries.

The emphasis by providers on increased training is also reinforced in their views on increased numbers of apprenticeships. This reflects the positive role that apprenticeships fulfil in member organisations as well as the desire of providers to contribute to the development and training of future healthcare professionals. This could be further enhanced if the current apprenticeship scheme was improved as many providers find it acts as a disincentive.

Looking forward

If you could change one thing to benefit your business, what would it be?

Providers identified a myriad of changes that would benefit their businesses, but some key themes emerged. Firstly, that a clear strategy and policy direction from all areas of the healthcare system would be extremely beneficial. Providers suggest this starts at the top with clear government strategy on healthcare both now and in the future and within that acknowledging and supporting the role that independent providers have in delivering high quality service provision to both NHS and private patients.

Secondly, members want to see independent providers involved in systems at all levels so that they can play their part and bring their experience to the fore. Systems therefore need to be open and transparent for effective and productive relationships to exist.

Thirdly, there is a need for high quality, consistent and effective commissioning which ensures the best outcomes for patients and great value for the public purse. Linked to this is the need for effective funding mechanisms that underpin these commissioned arrangements that fully reflect the true costs of operation, particularly in the post covid19 environment.

Finally, some providers felt that a covid19 vaccine would have the biggest benefit. Of course, uncertainty around the timing and effectiveness of a vaccine makes it difficult for providers to respond to and consequently plan for. Optimistically, the earliest that a vaccine is likely to be available is Spring 2021 which is arguably too late for any short-term decision making but may influence longer term plans.

Independent Healthcare Providers Network

The Independent Healthcare Providers Network (IHPN) is the representative body for independent sector healthcare providers. Our members deliver a very diverse range of services to NHS and private patients including acute care, primary care, community care, clinical home healthcare, diagnostics and dentistry.

To learn more about this document and about IHPN, please contact us.

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