

Independent mental health hospitals buoyant and enjoying robust demand

London, 1 February 2018

LaingBuisson has launched the third edition of its Mental Health Hospitals report.

NHS demand has been the main driver for robust revenue growth for independent mental health hospitals in recent years, amounting to 12% in 2015 and 4% in 2016, though pressure on prices by financially stretched NHS agencies has meant some diminution in profit margins.

Drivers for the increase in demand are a combination of factors including growing recognition of mental illness, a tendency to protect society rather than the right to liberty, and the greater priority given to mental health.

But the main driver continues to be the long-term trend towards NHS outsourcing of non-generic mental health hospital treatment, which shows no sign of abating. CCG block contracts with NHS Mental Health Trusts, which give the Trusts little incentive to expand their own in-patient capacity or even maintain what they have, limited NHS capital budgets, and risk averse behaviour of Trusts all contribute to the growth in demand for independent acute mental health bed capacity.

There is, however, no place for complacency. There is always the risk that the declining trend in NHS bed capacity will be reversed. Also, while the focus of the Five Year Forward View for Mental Health envisages an increase in the share of NHS spending on mental health, the focus is on community based services and prevention and this is an area in which the NHS does not need supplementary capacity at present, meaning independent sector providers need to look elsewhere for growth.

William Laing, the report's author said:

"Mental health hospital treatment has been one of the major growth areas in independent healthcare provision in recent years. It looks set for further expansion as NHS commissioners look outside largely generic NHS in-house services to meet the specialised needs of many severely mentally ill patients. NHS England appears to be comfortable with the outsourcing trend, which is expected to continue, though there are threats on the horizon, most notably the possibility of a left leaning Labour government which might call a halt to further outsourcing. But while this eventuality could halt the growth trend, it would be much more difficult to reverse it with 30% of the UK's mental health hospital capacity now operating effectively in independent sector hands."

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For further information please contact:

LaingBuisson

Heidi Nicholson, Head of Business Development

Tel: 020 7833 9123

Notes to Editors

About LaingBuisson

LaingBuisson, the leading health and social care market intelligence provider, has been serving clients for over 30 years, providing insights, data and analysis on market structures, policy and strategy. We are the chosen provider of independent sector healthcare market data to the UK Office for National Statistics (ONS) and work with providers, commissioners, payors, manufacturers, investors, regulators and advisors. We help our clients to understand their markets, make informed decisions and deliver better outcomes through market intelligence, consulting and data solutions.

For more information, please visit our website at www.laingbuisson.com.

About William Laing

William, founder of LaingBuisson, is a well-known healthcare economist and leading commentator on health and community care. His views are often quoted in the media and he is frequently invited to contribute to radio programmes, speak at conferences and to participate in 'think tank' committees. Before founding LaingBuisson in 1976, William worked for the Association of the British Pharmaceutical Industry and the Office of Health Economics where he was Deputy Director. He has a BSc Econ from the London School of Economics.

About the Mental Health Hospitals report

Now in its third edition, the report includes:

- Market Definition
- Size and Growth
- Segmentation
- Trends
- Demand Drivers
- Supply and Demand
- Business Models
- Politics and Regulation
- Payors
- Major Providers
- Investors
- Market Potential
- Financial Appendix
- Trade Bodies Appendix
- CCGs Listing
- Mental Health Network Listing

For further details of the report visit www.laingbuisson.com