Skills for Health

A Review of the Independent Health Sector in England

A Labour Market Intelligence Report

Executive Summary

May 2008

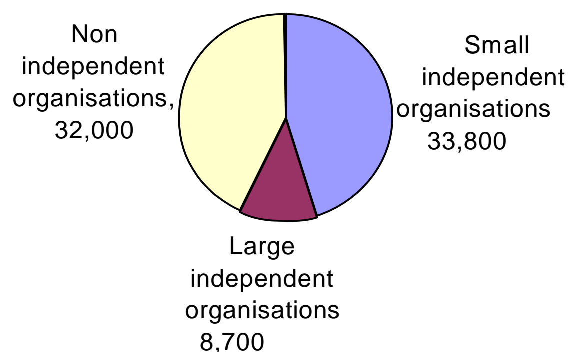
This study has undertaken an appraisal of employer demand for workforce skills in the independent health sector in England, and an identification of the key workforce development issues. This work supports Strategic Aim 2 of Skills for Health: To inform the development and application of workforce policy through research and the provision of robust labour market intelligence. This aim is also a central feature of Sector Skills Agreements across the UK. The specific objectives of this project were to carry out an audit of the independent health sector, to assess current arrangements for statutory data and information required and then to appraise the skills issues in the sector.

For the audit phase, available information about the number and types of organisations operating in the independent health sector in England, with a view to preparing a directory and a list of electronic information sources were assessed. However, the available data was not in a consistent form and did not cover the whole of the sector. In the assessment phase the current arrangements for statutory data and information were evaluated. In the appraisal phase desk research was conducted to identify skills gaps and shortages emerging from the available data sources, then an employer survey sought to fill in those knowledge gaps. A survey of 491 independent health care organisations was conducted in Scotland, together with 40 non-independents (NHS organisations offering some independent provision). This survey is augmented with parallel surveys in the other countries of the UK.

Nature and scale of the independent health care sector

Experian Business database[1] currently contains just over 74,500 health organisations in England as shown in the following table. Of these just under 33,800 are small independent organisations (with fewer than 50 employees), just over 8,700 are large independent organisations (with 50 or more employees) and just over 32,000 are NHS organisations. The following pie chart illustrates these figures:

Breakdown of NHS and Independent Organisations



The independent sector of 42,500 organisations comprises:

- 8,600 community pharmacies;
- 7,700 dental practices;
- 7,700 complementary therapists (which include chiropractors, homeopathic practitioners, hypnotherapists, osteopaths and reflexologists);
- 6,600 traditional therapists (which include occupational therapists, physiotherapists, psychiatrists, psychologists and psychotherapists chiropodists and podiatrists);
- 5,600 optometrists and dispensing opticians;
- 3,500 hospitals, hospices and nursing homes
- 2,800 other health related services (which include nursing agencies, dental and medical laboratories, family planning clinics, private clinics and independent treatment centres).

Most of the organisations (81%) were independent businesses with no subsidiaries. About one in ten have subsidiaries and 6% were a subsidiary of another organisation. Dentists, traditional therapists and complementary therapists were more

[1] The Experian Business Database is based on a range of databases including Yell, Thomson, Companies House, the Registry Trust, the London and Edinburgh Gazettes, National Canvasses and Royal Mail.

likely to be independent. Pharmacies (35%) and nursing homes (59%) were least likely to be independent compared with the sample average. Pharmacists were almost four times more likely (40%) to have subsidiaries than other services.

Over a third of independent health organisations (36%) have some proportion of their work delivered for NHS funding. Dentists, pharmacies, hospitals and nursing homes were most likely to have work delivered for the NHS with optical services by far the most likely (94%). Significant numbers of pharmacies and nursing homes have 70-89% of their work delivered via the NHS. Compared to the sample average dentists are three times more likely to perform over 90% of their work for the NHS.

The majority (56%) of organisations were categorised as mature; i.e. those planning neither growth nor contraction in the medium term, while almost a third (31%) are going for growth. Dentists (78%), pharmacists (80%), and optical services (71%) are more likely to be categorised as mature. Most complementary therapists (47%) are going for growth with this number being higher than the sample average

Almost half (49%) of organisations were aiming for moderate growth over the next 2-3 years with 40% staying the same size.

In the area of anticipated growth over next 2–3 years by sector of organisation it was hospitals (18%) and complementary therapies (12%) that predicted 'rapid' growth.

The most important objective for businesses is to increase sales/turnover (57%). The next most important objectives were an increase in output/productivity (35%), an increase in local market share (29%), an increase in profit margins on sales (25%), and other targets (17%).

The aim of a significant proportion of businesses employing fewer than five people was to make their services better understood by the public. Businesses of above ten employees were very likely to state the aim of improving quality.

Possible future development constraints were pretty evenly spread across costs (21%), financial constraints (19%), and workforce issues (17%). Nursing homes concentrated on workforce issues.

Occupational structure and skills

Half of all the organisations which had recruited in the previous year had recruited senior managers (51%) and sole practitioners and half recruited support to clinical staff (50%). The nursing homes were far more likely (86%) to recruit support to clinical staff.

Around a third (34%) of posts were filled without difficulty, slightly over a third (38%) not being filled, and six in ten posts were filled without difficulty.

Over two thirds (68%) of businesses thought that skills shortages over the past three years had stayed the same. Slightly over a quarter (26%) of organisations indicated that skills shortages originated from external factors.

The great majority of independent health organisations expect senior manager recruits to have professional qualifications. It is particularly important for these roles in the smallest organisations to be highly professionally qualified (93% compared to 87% overall).

Recruitment and skills shortages

Over three quarters (76%) of companies were not likely to have recruited staff in the last twelve months. Slightly under a quarter (24%) had recruited in the last twelve months. Nursing homes were the most likely to have recruited in the last twelve months at 84%.

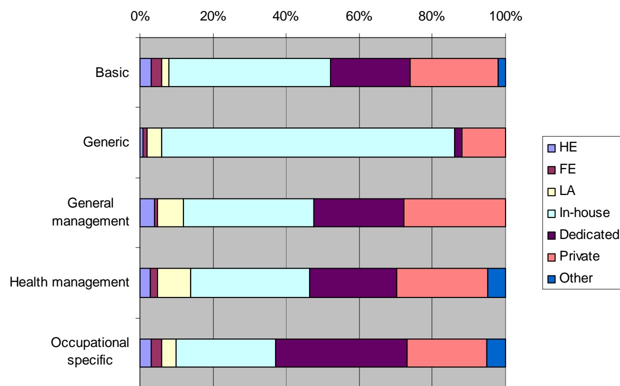
The vast majority of both medium (72%) and large (77%) organisations recruited in the last twelve months. The vast majority (96%) of tiny organisations did not recruit over the last twelve months.

Training and development and skills gaps

Nine out of ten providers had trained their staff in the last twelve months. The government's objective of increased patient influence in the delivery of health services has already had a considerable impact on the changing requirements of training (38%). Around 29% said workforce development requirements were impacting on training priorities and 27% said

economic and political issues were affecting the skills that staff need to be gained.

Training providers by type of training



The findings show a positive relationship between organisation size and the likelihood of having a budget for training expenditure. Almost half of large organisations had a budget for training expenditure; this was almost twice the sample average. Around two thirds had a career progression policy (62%) and just over two thirds had a training/learning plan. A surprisingly small amount (16%) saw the need for a staff retention policy.

Around 21% of organisations have provided generic training in the last twelve months in skills areas such as customer services, sales, interpersonal skills and team working. Two in ten organisations say there will need to be more generic training in the next three years.

Around 15% of organisations provided general management training during the last twelve months in skills areas such as legislation knowledge, leadership, equality and diversity awareness and risk assessment. Over a third anticipate providing increased levels of general management training in the next three years.

Over a quarter of organisations (27%) reported that health management training had taken place in the last twelve months, in areas such as health legislation, regulatory knowledge and delivering a patient centred approach. Nearly half of the providers said they will increase their health management training over the next three years. A high proportion of organisations (87%) provided occupational specific training in the last 12 months.

Overall dedicated training providers, defined as providers training for a specific and applied skill or knowledge area, was identified as the most effective method of training with nine out of ten organisations perceiving it as very effective. In-house training was the second most effective training method with almost nine in ten (87%) identifying it as very effective.

Organisations were most likely (66%) to identify internal issues as constraints to investment in training. Almost as many (58%) identified external issues and almost a quarter (23%) cited collaboration and co-operation issues.

The most popular method suggested to overcome barriers to training was better co-ordination between NHS, independent and voluntary providers, which was selected by almost a quarter (22%) of organisations.

Labour Market Information

Discussions with stakeholders took place to assess the feasibility of setting up a composite LMI resource using existing databases and statistics. However, data was not standardised and omitted areas of the sector in the research project. Secondly discussions with six regulatory councils covering over half of the independent sector workforce concluded that creating a directory of existing registered providers was not feasible, due to the nature and scope of data they collect. The idea of setting up an LMI resource was met with some support from the regulators. They would be happy to publicise such a facility on their own websites, if the obstacles above were ever overcome.

Drivers of change

The key drivers of change affecting the skills needs of the independent sector workforce over the next three years were spread across several areas. The most frequently identified drivers of change were legal issues (42%). The next most frequently identified were collaboration (36%), economic and political factors (33%), and patient influence (31%).

Very small companies (those employing fewer than 5 staff) were most likely (43%) to identify collaboration as the key driver of change. When compared with the sample average, large companies were more likely to identify economic and political

(52%), patient influence (47%), and workforce development (40%) drivers of change than smaller sized companies.

Over half (61%) of all organisations had a professional development policy and 57% had a business plan. Nearly half (48%) of all organisations had a training/learning plan and 37% had a career progression policy. Slightly over a third (34%) had an equal opportunities policy and a quarter (25%) had a budget for training expenditure. Tiny companies (1-4 employees) were least likely to have any types of organisational policies. Medium sized companies appear keenest to see internal advancement of employees, and are the most likely (41%) to have staff retention policies, a career progression policy (66%) and appraisal processes (85%). Three quarters (76%) also had a business plan. There was a positive correlation between organisation size and the likelihood of having a budget for training expenditure.

Policy context

England, as in the rest of the UK, faces distinct challenges in meeting the health needs of a diverse and mobile population. The demand and need for health and healthcare services is changing rapidly in response to:

- An ageing population, with implications both for the health care workforce and future service demands;
- The growth in chronic diseases and long term illness and;
- Increasing emergency hospital admissions.

As a consequence, the provision of services is also changing with:

- An increased focus on public health;
- Greater responsiveness to the population's needs and expectations;
- More use of patient pathways, multi-professional and multi-disciplinary working;
- A changing balance between community and hospital based services;
- The introduction of new technologies;
- Organisational change and the need for increased productivity.

At the same time and across all sectors Lord Leitch's review of Skills in the Global Economy places emphasis on a 'demand led' skills system which can add economic value; raise productivity; and ensure employers and individuals have a strong and coherent influence on investment, funding and provision of skills and future qualifications. For the health sector and in line with the strategic direction of the Sector Skills Agreement, the future workforce needs to be able to deliver:

- A patient-centred approach – services organised around patients and service users, reflecting changes in approaches to supporting people with chronic illness and major improvements in the quality, cost and accessibility of healthcare;
- Improved public health – with an emphasis on preventing ill health and supporting healthier lifestyles;
- Team based approaches to healthcare delivery – through multi-professional and multi-disciplinary working across the sector.

To support this health sector employers need to realise the potential, skills transferability and productivity of their workforce and more directly influence investment and commissioning of the supply of skills.

The independent health sector in England comprises large organisations and a wide base of small organisations across the country. The smaller organisations are mostly autonomous with little overall co-ordination, and subject to increasing audit, regulation and inspection. However, the Independent Healthcare Advisory Services (IHAS) who have assisted with the collation of this information provides a representative body for acute independent healthcare providers in particular around the operational and regulatory agenda. The role of independent health sector providers in delivering contracted services on behalf of the NHS is set to increase and there has been recognition for the potential capacity within the independent sector to deliver NHS targets.

Legal requirements and the impact of NHS legislation are increasingly impacting on the drive to up-skill the workforce affecting over half of healthcare SMEs in England along with increasing patient influence and moves to work more collaboratively with the NHS.

Contacts

Research & LMI
Debbie Dresser, Technical Data Officer
Debbie.Dresser@skillsforhealth.org.uk

Lorraine Yeomans, Research Manager
Lorraine.Yeomans@skillsforhealth.org.uk

Dr Chris Loughlan, Research & LMI
Chris.loughlan@skillsforhealth.org.uk