



Strategic Advisory

Case Studies



Engagement Type

Strategic Advisory – United Kingdom

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Situation

A UK mid-market private equity client wanted to understand trends and opportunities in the English healthcare system for the development of ‘consumer healthcare’.

A major learning disability provider wanted to gain full understanding of the state of payers’ finances to develop its strategic approach to contract renegotiations. Marwood provided an analysis of 75 Local Authorities’ finances trajectory between 2016/17 and 2017/18, helping the client identify price increase opportunities.

- Identified key system drivers that impacted the role of the consumer and provided expert insights into how this may impact on reshaping the market in the medium-term.
- Developed a methodology for recognising future opportunities using policy, regulatory and funding dynamics that turn service users into consumers
- Analysed how these dynamics influence the development of a consumer market in England
- Identified areas that could see increased future demand at both the provider and the service levels

- Leveraged Marwood’s Local Authority Finance database, triangulated with national and local financial datasets, to provide bespoke analysis to meet the client requirements.
- Analysed changes in three critically interconnected and relevant spending lines between 2016/17 and 2017/18:
 - Projected change in overall spending power; accounting for central government allocations, Council Tax and business rates revenue, social care precept, and improved Better Care Fund
 - Projected change in adult social care spending
 - Projected change in adult learning disability spending
- Benchmarked 75 Local Authorities and provided context through insight into the wider funding context in England

Description of Marwood’s Work and Analysis

Identifying key inputs to assess likely rationing decisions

Section 1: NHS reimbursement decisions
 - NHS rationing decisions create the potential for a consumer market – users then cement this potential
 - Our approach starts with a catalyst
 - To assess likely rationing decisions populated from key

Understanding English healthcare markets from the perspective of the user as potential consumer

Speciality	Everyday support	Wellness
Paper	Government	CO
National/International	Government	CO
Public	Single (typically)	MA
Reputation	High	MA
Presence and strength	High	MA
Financial health	High	MA
Public sector	High	MA
Manufacturers/Providers	High	MA

Example of Bariatric Surgery Rationing Based on Characteristics: NHS Rationing

Factor influencing NHS Rationing	Status
Personal (social) appearance	High - better health
Health requirements	High - better health
Size and power of local group	High - better health
Public opinion perceived	High - better health
Use of financial impact on NHS	High - better health
Presence of healthbars	High - better health
International trends	High - better health

Example of Bariatric Surgery Rationing Based on Characteristics: Consumer Response

Factor influencing development of consumer market in response to rationing	Description
Demographics (population need)	Presence of population that may be eligible for intervention based on NICE guidelines - 20% (2012) of adult population (18+ of all ages)
Health status of affected population likely to pay	For women, those in lower income quartiles have higher rates (18% than women in the right quartile)
Individual preferences (willingness to pay)	Two approaches possible: - Focus on those in quartiles identified through two fields above as a possible market. - Water upstream - focusing on males and females of working age with appropriate BMI in quartile.

Overview of local authority funding conditions in England, Scotland and Wales

Key Lines of Inquiry	Percentage Change in Projected Spending Between 2016/17 and 2017/18			
	1. LA Overall Spending Power	2. Adult Social Care	3. Adult Learning Disability	4. Adult Social Care with Adult Learning Disability
Average for 56 English LA	3.5%	0.5%	2.2%	1.9%
Average for 4 Welsh LA	1.5%	0.5%	2.2%	1.9%
Average for 3 Scottish LA	0.0%	2.0%	1.0%	1.0%

- In England, Marwood obtained data across the four key lines of inquiry for 56 LAs
- LA overall spending power is projected to increase by 1.5% on average between 2016/17 and 2017/18
- AD spending is projected to be almost flat on average between 2016/17 and 2017/18
- AD spending is projected to increase by 2.2% on average between 2016/17 and 2017/18
- AD spending excluding ALD spending is projected to decrease by 1% on average between 2016/17 and 2017/18
- In Wales, Marwood obtained data across the four key lines of inquiry for all of the 4 LAs
- LA overall spending power is projected to increase by 1.4% on average between 2016/17 and 2017/18
- AD spending is projected to increase by 3.5% on average between 2016/17 and 2017/18

Summary of projected percentage change in spending across English local authorities following agreed key lines of enquiry

Local Authority	Percentage Change in Projected Spending Between 2016/17 and 2017/18			
	LA Overall Spending Power	Adult Social Care	Adult Learning Disability	Adult Social Care with Adult Learning Disability
Local Authority 1	1.5%	0.5%	(2.8%)	15.6%
Local Authority 2	0.5%	0.5%	13.8%	13.9%
Local Authority 3	1.5%	2.0%	0.5%	1.5%
Local Authority 4	(0.2%)	(0.2%)	(4.4%)	(1.2%)
Local Authority 5	0.5%	(23.8%)	(8.5%)	(27.2%)
Local Authority 6	(2.2%)	(2.8%)	(2.2%)	(2.2%)
Local Authority 7	(1.2%)	(2.8%)	(2.7%)	(4.2%)
Local Authority 8	0.5%	(1.4%)	(1.4%)	(1.2%)
Local Authority 9	0.0%	(3.2%)	7.8%	(8.1%)
Local Authority 10	0.2%	(2.8%)	(0.4%)	(0.4%)
Local Authority 11	2.5%	11.2%	19.1%	6.2%
Local Authority 12	0.5%	(2.8%)	(0.5%)	(2.1%)
Local Authority 13	2.0%	1.0%	2.0%	0.4%
Local Authority 14	(2.8%)	(0.8%)	(0.8%)	(2.8%)
Local Authority 15	0.5%	(5.1%)	6.2%	(8.4%)
Local Authority 16	2.5%	0.5%	1.5%	(0.4%)