

The Future Hospital Landscape

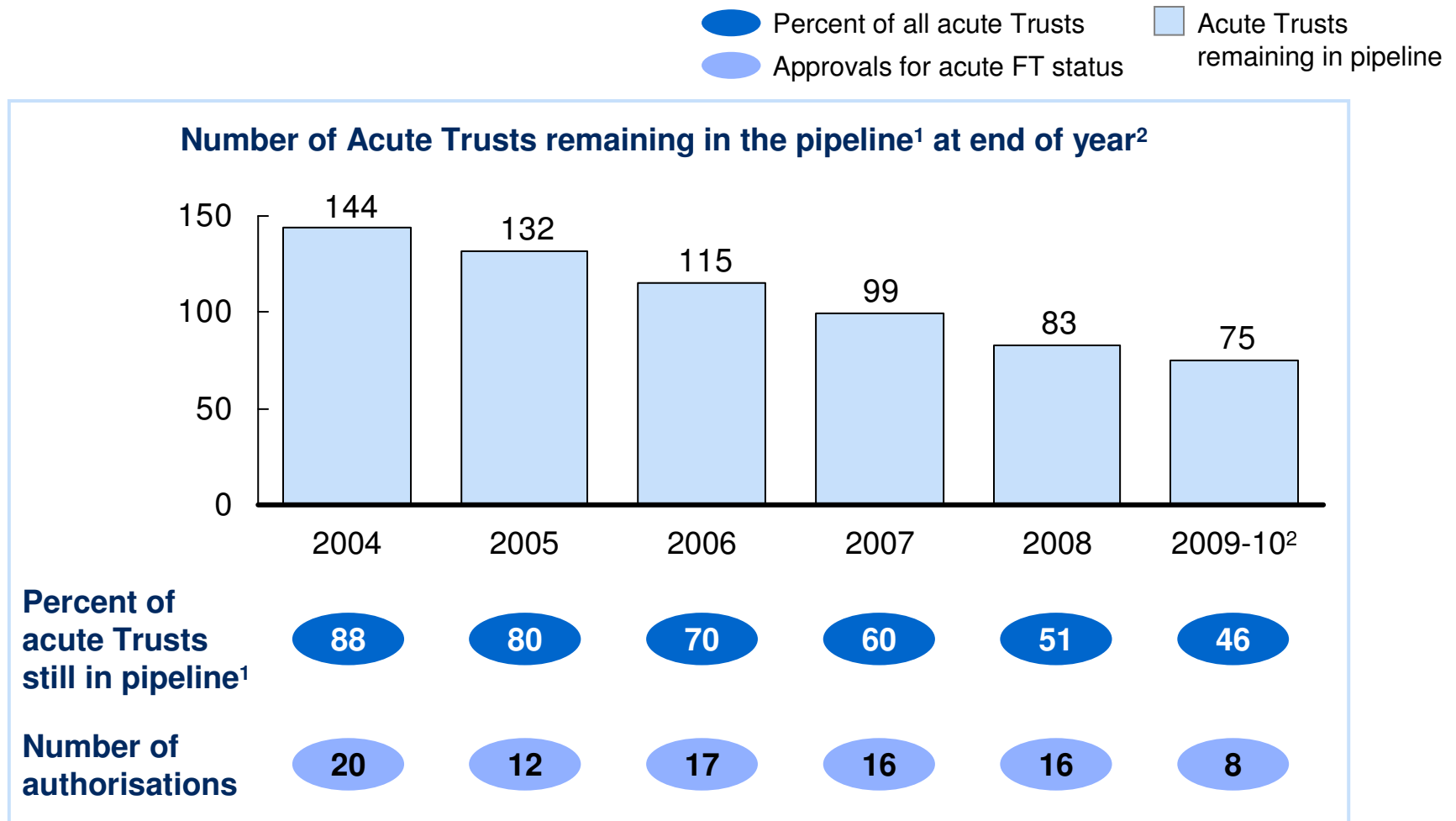
The McKinsey Hospital Institute

Supporting Information

December 2010

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There are 75 Acute Trusts (“non-FTs”) remaining in the pipeline, and the rate of authorisations has slowed in the past year



¹ Number and percent of Trusts remaining in pipeline is based on the current total of 164 acute FTs and non-FTs

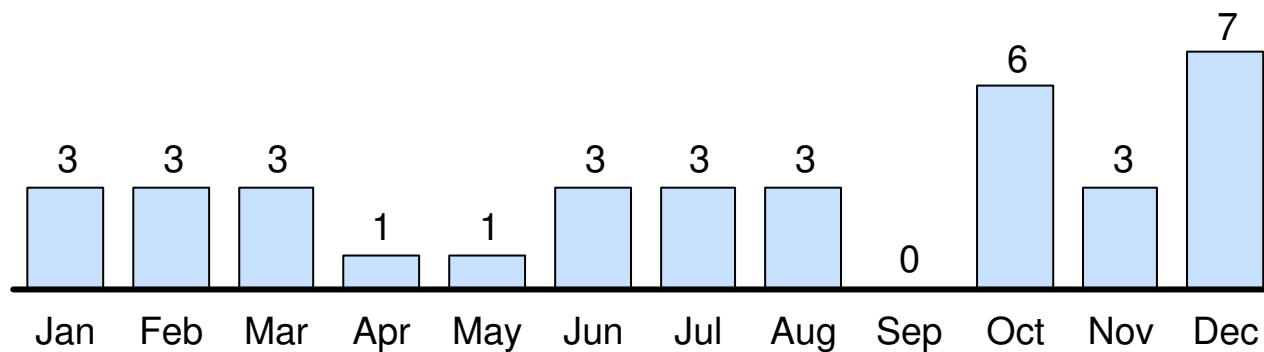
² 2009-10 includes authorisations up to 1st March 2010

SHAs' timelines for FT applications are slipping

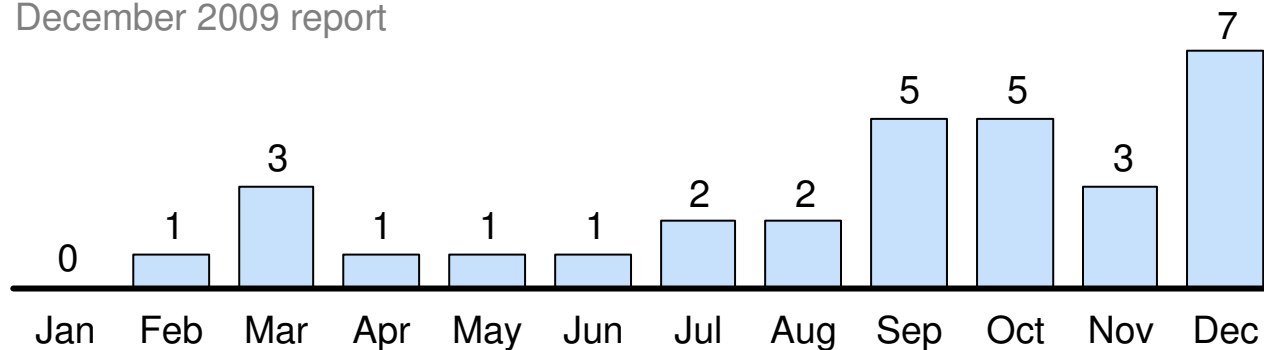
Number of applications

2010 FT application timeline as reported by SHAs

September 2009 report



December 2009 report

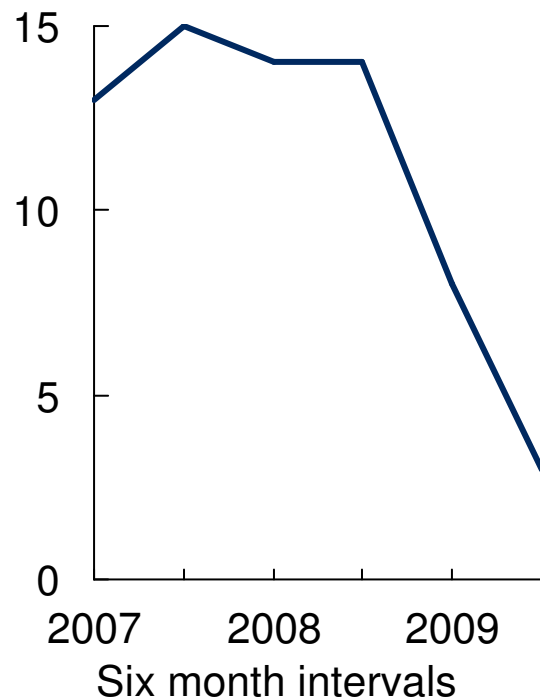


- Number of FT applications expected in 2010 has reduced from 36 in the SHAs' September reports, to 31 in the December reports
- Many applications still expected during the year are being pushed back (in December 77% were expected in the second half of the year, compared to 61% in September report)

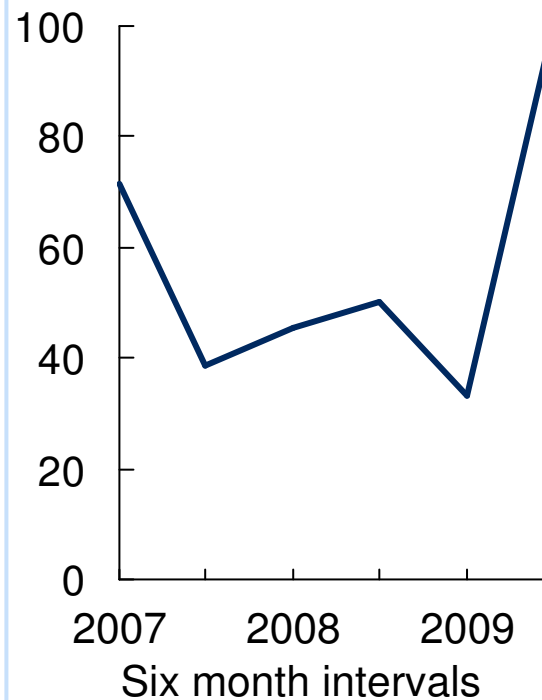
The decline in the number of authorisations is due to fewer applications rather than a reduced pass rate

Number of applications in six month intervals, %

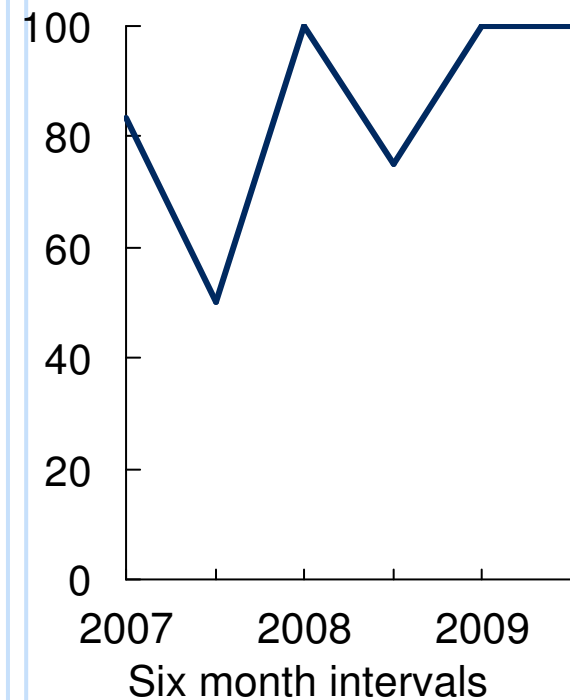
Application rate has fallen in 2009



1st time pass rate has not decreased (%)



2nd or 3rd time pass rate has not decreased (%)

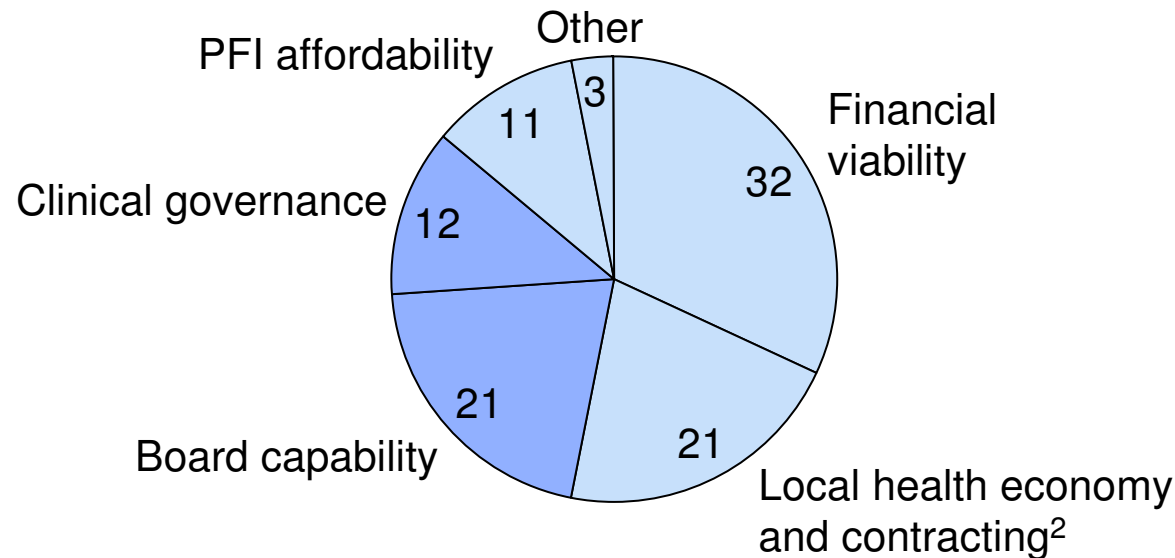


FT applications are most frequently rejected or delayed because of financial viability, board capability and local health economy

% (100% = 57 reasons cited)

Financial/operational issues
Governance issues

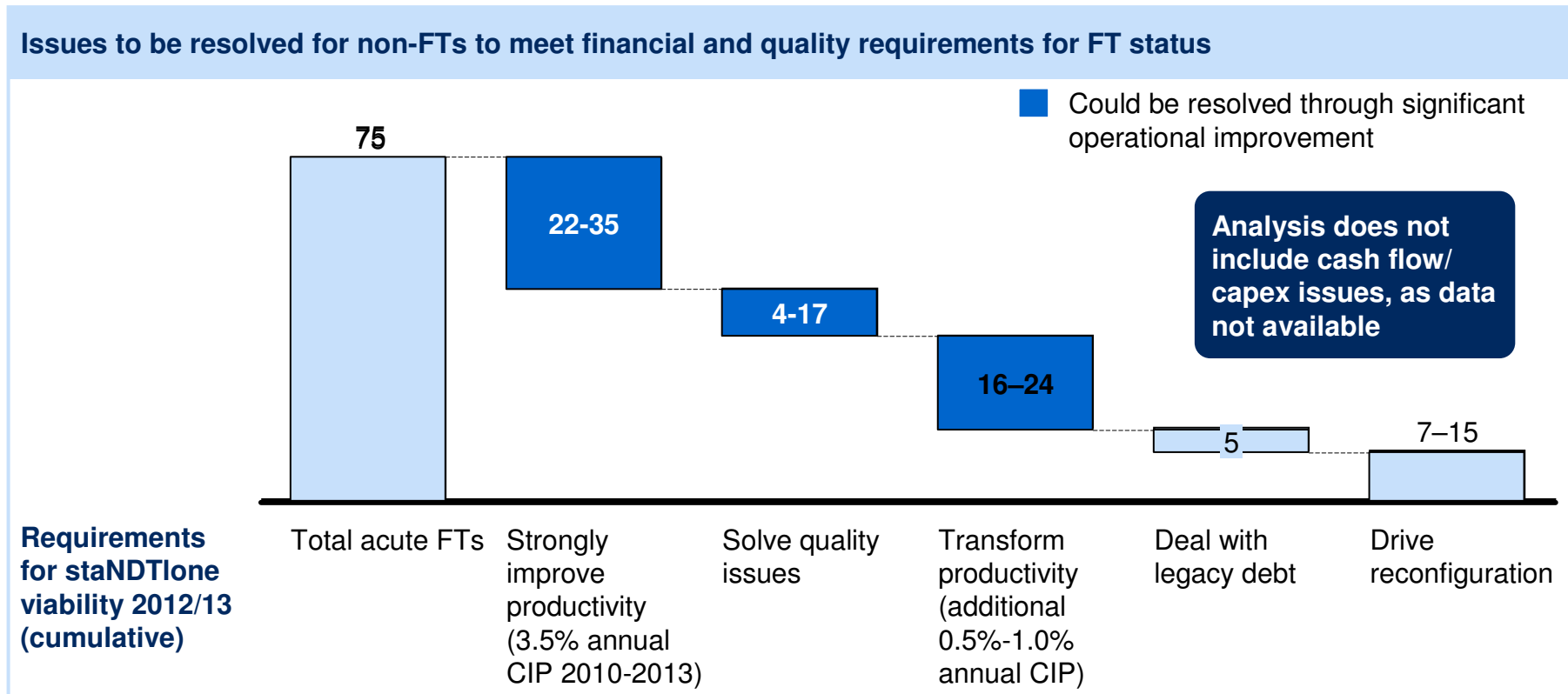
Reasons cited in FT assessments that resulted in delay or rejection of application¹



¹ Based on 57 reasons cited in assessments that resulted in postponement, withdrawal, rejection or deferral between 2004 and 2009. More than one reasons may be cited in an assessment

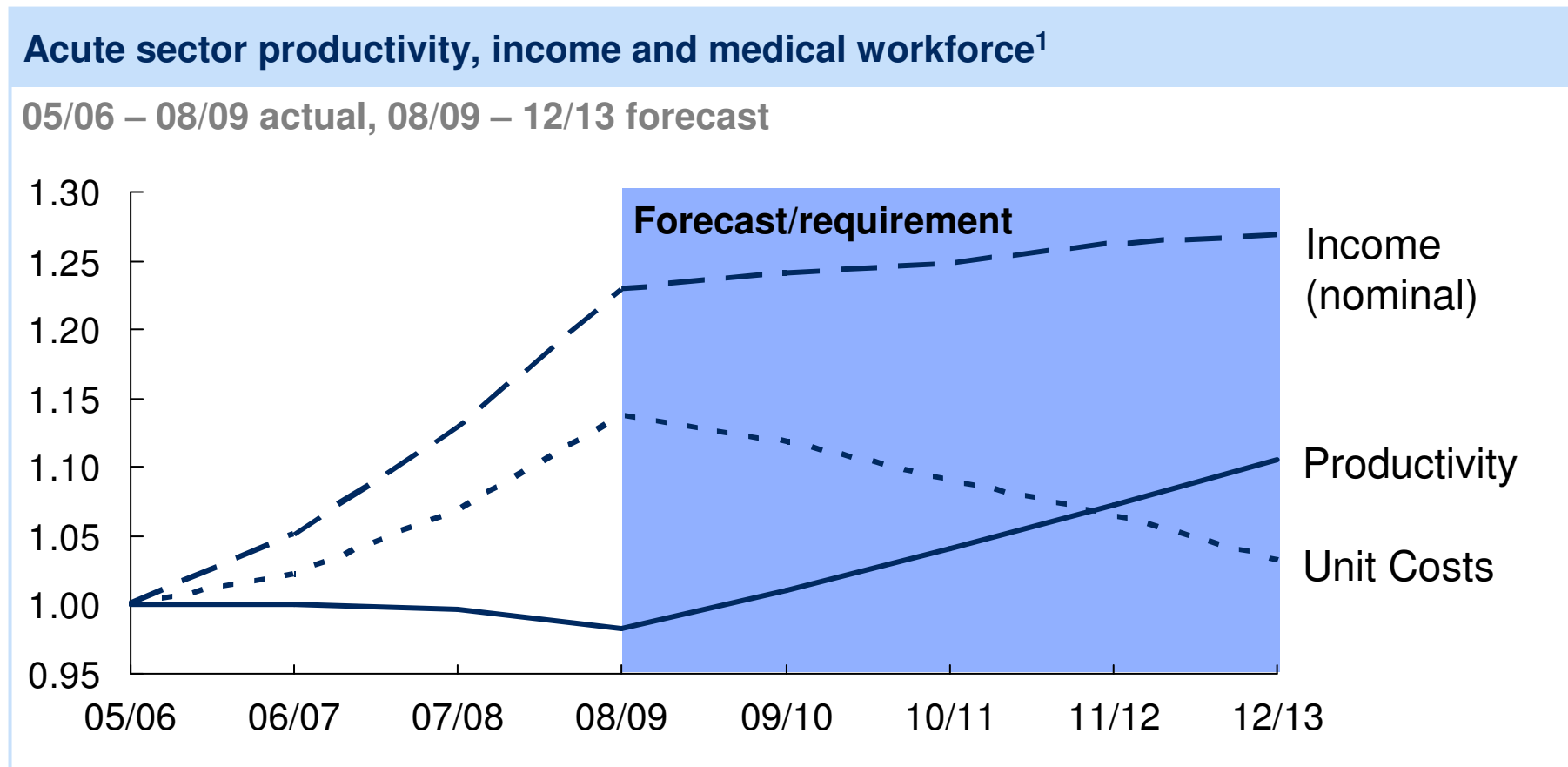
² Reasons relating to 'Local health economy and contracting issues' include deficits or major financial difficulties in main commissioners and difficulties agreeing contracts or requirements for capacity reductions to address the local health economy position

Operational improvement and debt restructuring would resolve most issues for non-FTs, with up to 15 requiring reconfiguration



Productivity has not improved historically, and the trend needs to change to meet future challenges

Indexed against 2005/06 value



¹ Productivity = Spells per medical WTE at acute Trusts; Income = Total income from operations across the acute sector (FTs and non-FTs); Workforce = medical WTE at acute Trusts

Operational, quality and legacy debt issues are overlapping only in a few cases

Underlying issues for acute non-FTs that require more than a strong productivity improvement alone (3.5% CIP)

