

The changing shape of UK independent healthcare



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Changing times

Independent healthcare has been part of the UK health system for decades, traditionally serving patients who wished to pay for quicker access or additional choice. Recently, however, the role of independent provision has become increasingly integral to NHS elective recovery, infrastructure planning and managing consumer-driven healthcare activity. The private healthcare sector is also changing – patient demand is up, insurers are adapting, global investment is coming in, new facilities are being built and M&A interest is building.

Understanding the latest data and signals is increasingly essential for healthcare professionals, system leaders and investors, and for planning healthcare services over the next three to five years.

So what's next for this growing and important part of our healthcare landscape?

Independent providers now treat significant patient volumes

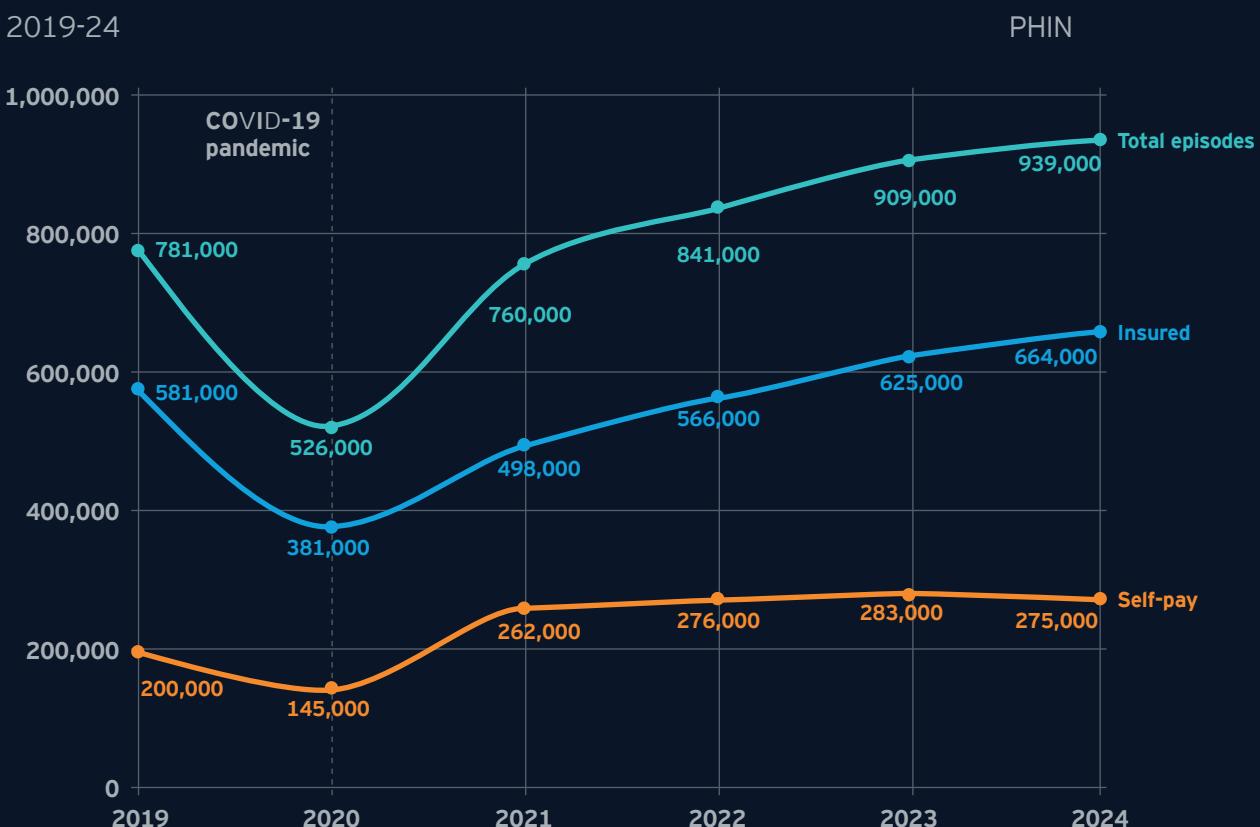
In NHS-funded care, according to the Independent Healthcare Providers Network (IHPN),¹ over a million patients were removed from NHS waiting lists through care delivered in independent hospitals in the last full year. Patients whose pathways were completed in independent facilities waited an average of around 10.6 weeks in Q1 2025, compared with approximately 17.6 weeks for those treated in NHS hospitals.

Demand from patients has also grown. IHPN polling indicates that about one-third of the population has used private care at some point and a larger proportion – one in two UK adults – say they would consider it in future. This reflects broader consumer expectations for faster access. And the implications are clear: private demand is no longer confined to a small market segment and the combined commissioning and consumer-facing opportunities are expanding.

What are the key growth areas?

Between 2023 and 2024, the Private Healthcare Information Network (PHIN)² reports an increase in hospital/clinic admissions of 3% across the UK – the fourth consecutive year of growth in total and insured patient admissions. Although the number of self-paying patients has been largely flat, private admissions have been fuelled by a record breaking 6% increase in private medical insurance patient volumes:

Private admissions by year (UK)



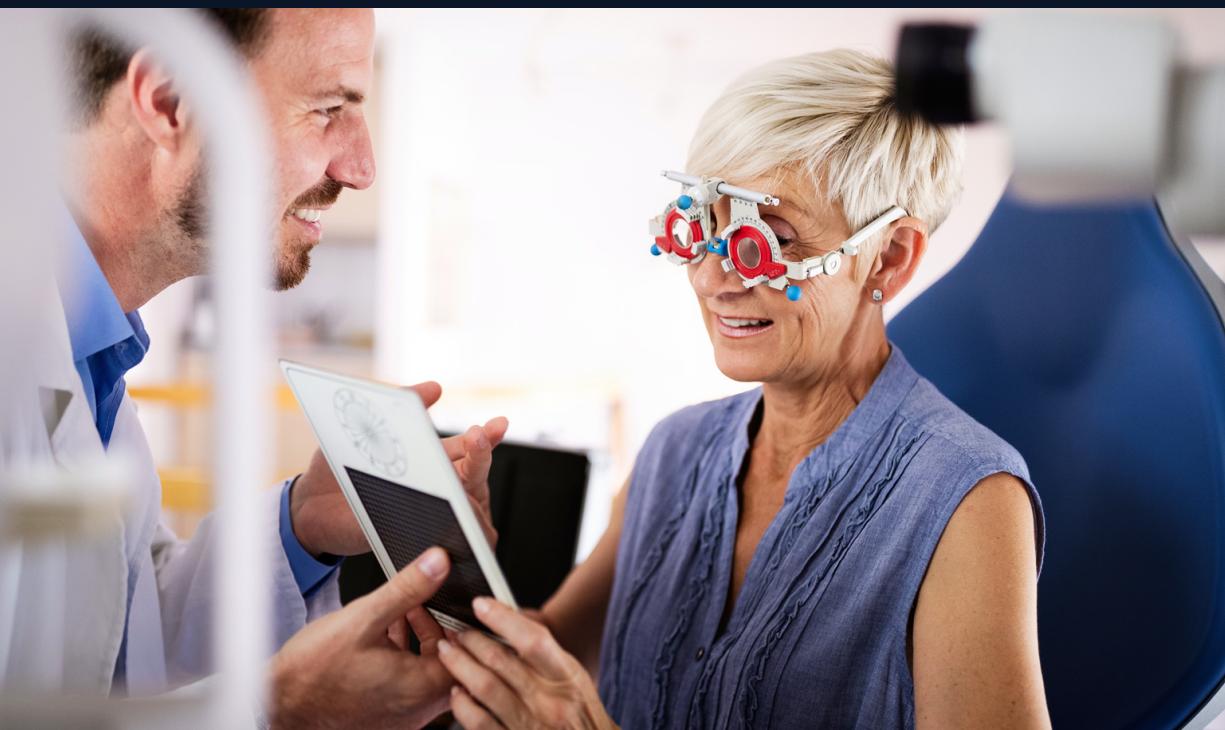
From a service-line perspective, demand continues to concentrate on orthopaedics, ophthalmology, dermatology and diagnostics, all of which align well with high-volume, low-complexity elective pathways and day-case models of care that the independent sector can deliver efficiently.

Building for growth

Growth is fuelling significant shifts in the market:

- Cleveland Clinic London is expanding its clinical services with a new cancer treatment centre at 40 Grosvenor place – following 25% revenue growth at the Clinic to December 2024, achieving 10% of the London private market.³
- BUPA has acquired the New Victoria Hospital in Kingston upon Thames – BUPA's first UK hospital acquisition since 2008, designed to facilitate more seamless pathways from primary care services into secondary care facilities.⁴
- Fortius Clinic – the largest private orthopaedic treatment centre in London – is building a new private healthcare clinic in Wimbledon.⁵
- Given the extent of PMI coverage in London, further acquisitions, market entrants and consolidation are expected to be announced in the coming weeks and months.

Recent announcements point to independent health providers' need to remain competitive in a market where new entrants are disrupting the landscape and offering new and ever enticing incentives to attract patients, corporate clients, insurers and practicing consultants.



³ Cleveland Clinic Newsroom – newsroom.clevelandclinic.org

⁴ Bupa – Bupa.com

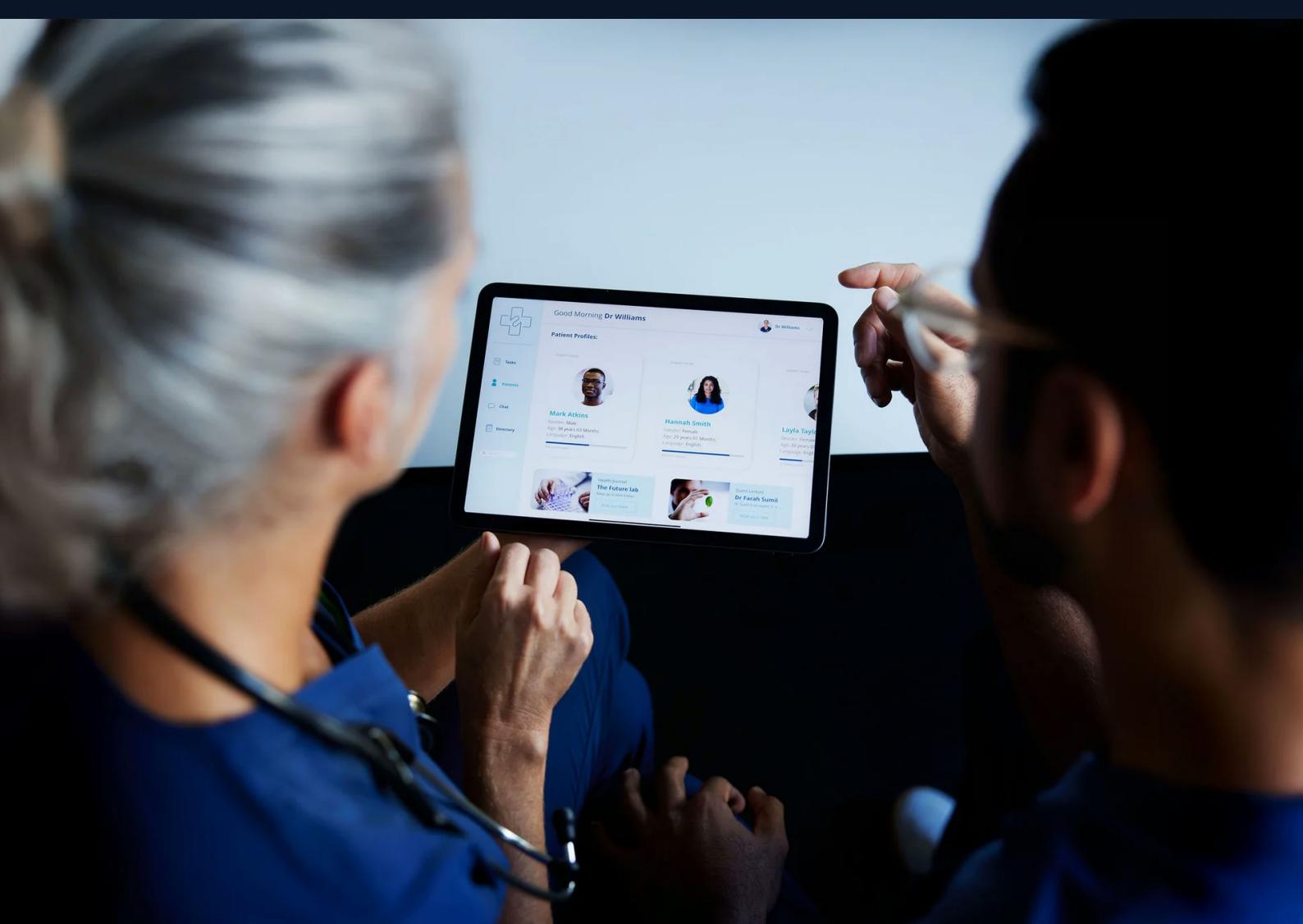
⁵ fortiusclinic – fortiusclinic.com

What's next?

Recent policy announcements continue to reposition the independent sector:

- NHS England's 2025-2028 Elective Recovery Plan identified the independent sector as a strategic partner in achieving Referral to Treat (RTT) targets. It aims to standardise commissioning, performance monitoring and quality of care outcomes across the sector.
- A national commissioning framework is being established to expand use of independent sector capacity through block contracts and pathway-based procurements, moving beyond ad hoc local arrangements. Much more is expected on this.
- Separately, the government is exploring private-capital models to deliver new "neighbourhood health centres," with infrastructure funding likely to involve long-term public-private partnership (PPP) approaches. This could bring significant opportunities for investment and service design.

Collectively, these developments suggest a more stable, institutional role for the independent sector – both as an operational partner and as a potential infrastructure delivery channel.



Hot topics

Key considerations include:

1. Capacity and service mix

Operationally, the focus remains on elective care – particularly areas that are amenable to fixed-site delivery with predictable throughput and standardised protocols. Providers continue to invest in day-case optimisation, digital triage and theatre productivity. For NHS commissioners, understanding where independent capacity can add the most marginal gains (e.g., in long-wait specialties, low-complexity lists) will support continued progress against elective recovery targets.

2. Contracting and financing models

The shift towards pathway-based contracts and block arrangements suggests that volume-based incentives alone may be phased out. This has implications for provider operating models, margin expectations and case mix strategies. Independent providers are beginning to prepare for closer integration with NHS planning cycles and increasingly NHS Trusts and their private patient arms are reaching out to local independent providers for additional capacity.

3. Data and performance reporting

Dr. Penny Dash's Review of Patient Safety across the Health and Care Landscape, published this summer, found that the current safety system is fragmented and expensive, led by overlapping organisations. A "revamped, revitalised and reinforced" National Quality Board is expected to be launched and with it will come rising expectations around real-time interoperable data, as this is key to providing further transparency about patient experience and outcomes. Investment in digital infrastructure and analytics is already at an all-time high across the sector – and will be critical to meeting these expectations.

4. Workforce planning and clinical governance

As independent providers expand their offer, workforce planning will become even more fundamental. Networks of clinicians will be asked to work on an increasingly integrated basis, including through new partnership models. Clinical governance standards will be required to adapt. There will be opportunities for the independent sector to play a greater role in medical education, rotations and CPD as integration deepens.

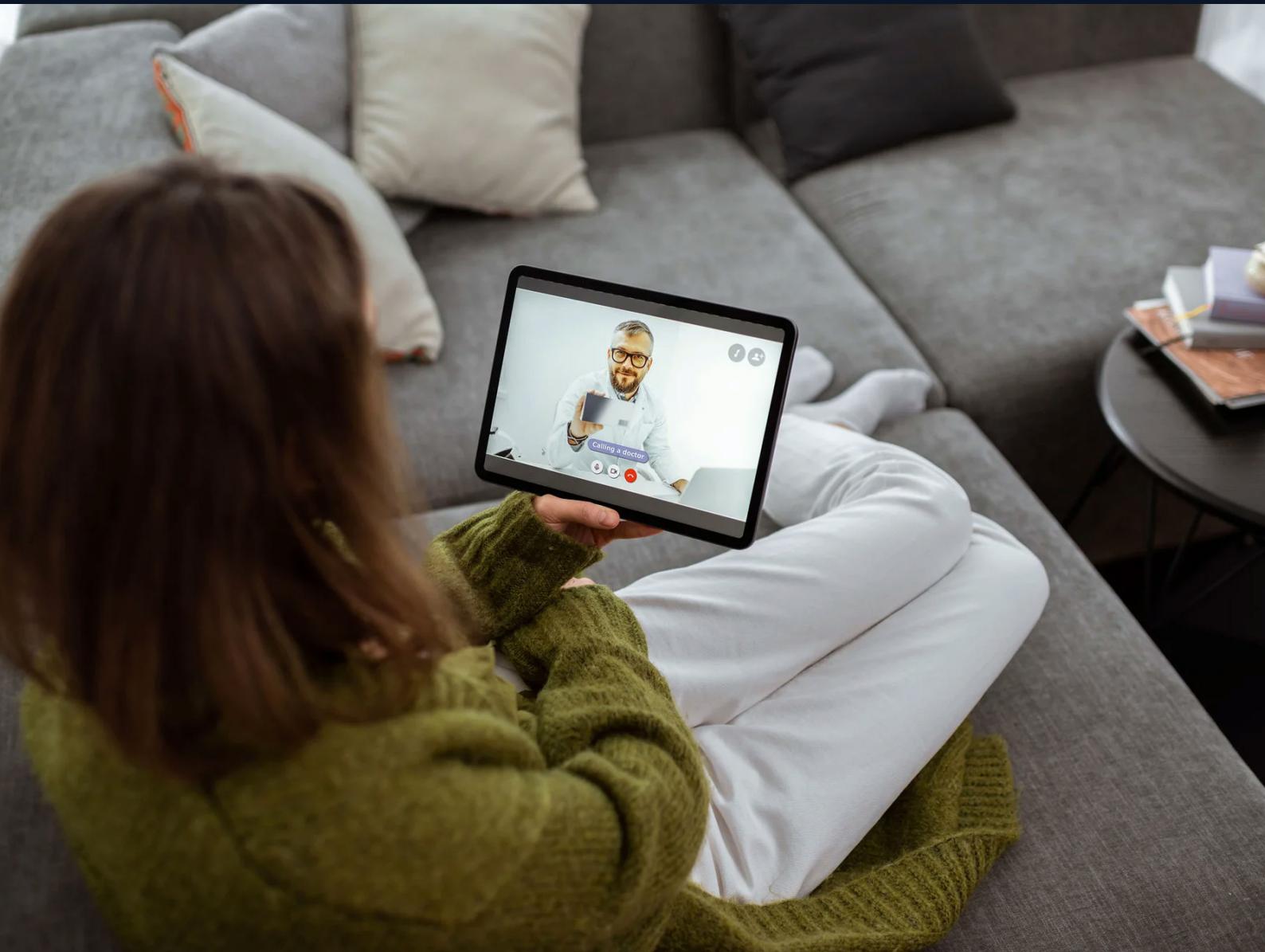
5. Infrastructure finance and capital deployment

The proposed use of private capital to deliver NHS facilities introduces new financing dynamics. Investors and operators will want to evaluate strategic finance opportunities as the government's openness to PPP-style models unlocks new investment opportunities, but also invites scrutiny around long-term cost and value for money.

What's the market outlook?

Several trends are already shaping the next phase of growth:

- Continued use of independent capacity as a core part of NHS elective planning, supported by more coordinated national frameworks, aligned contracting and reporting
- Growth in PMI and employer-funded care, particularly for diagnostics, outpatient consultations and mental health services
- More sophisticated contracting models that blend activity and outcomes, with integration into local ICS delivery plans
- Increased scrutiny of public-private partnerships for infrastructure, potentially linked to broader NHS estate strategies
- Heightened focus on transparency, quality assurance and the alignment of clinical governance standards across sectors



How can EY help?

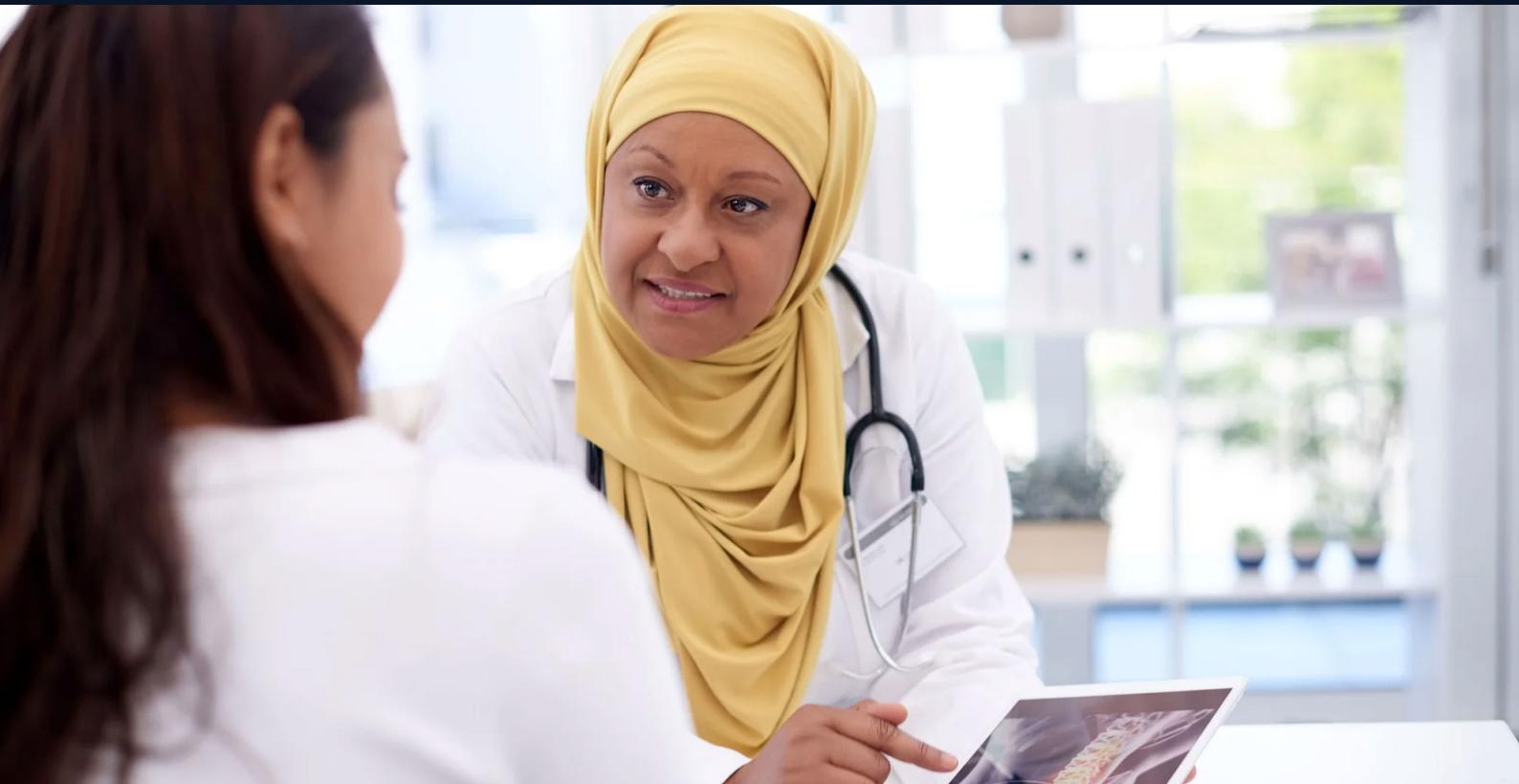
The independent sector is no longer peripheral to the UK health economy. It is now a material contributor to public service delivery and a growing component of consumer healthcare demand. For operators, the challenge will be maintaining agility while responding to increasing competition. For NHS commissioners and system planners, the priority will be leveraging independent capacity in a way that is cost-effective, equitable and sustainable.

Underpinning these moves are:

- Changing consumer expectations of care
- Higher expectations for fully integrated, seamless pathways – from primary care and diagnostics right through to specialist acute care services and recovery
- Global funding changes, including changes in healthcare funding policy in the US
- The impact of private equity investments on healthcare organisations, the competitive landscape and pace of change

EY teams are currently helping independent healthcare providers navigate these issues and more:

- **Commercial strategy:** accelerating growth through business model innovation
- **Advanced analytics:** turning information into connected intelligent insights for informed decision making
- **AI strategy and M&A:** enabling better and faster ROI for new products and services and accelerating M&A
- **EY Health Outcomes platform:** an innovative industry-wide tool designed to facilitate value-based contracting at scale



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