

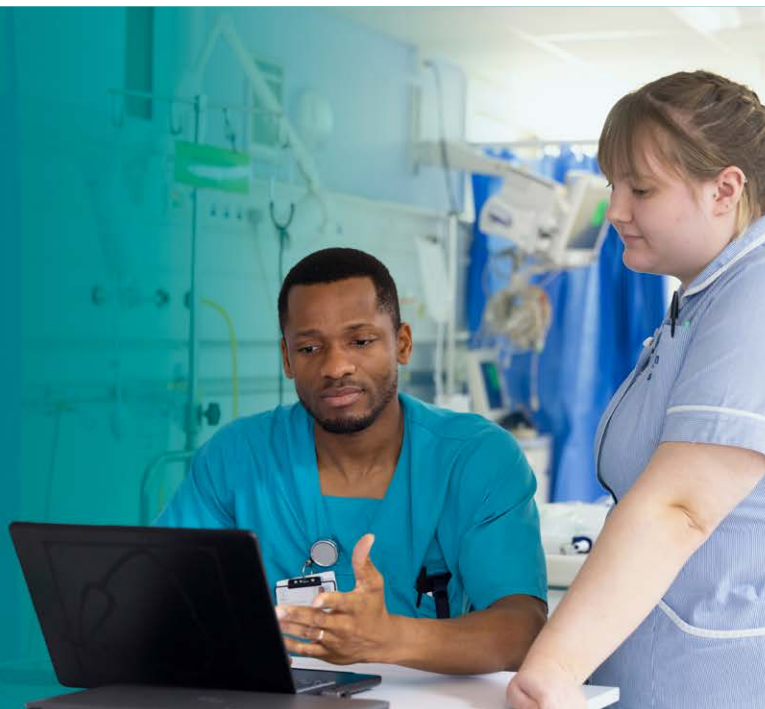
Our strategy continued



1. Driving hospital performance

Continue to grow across our existing hospital estate with increasing margins

As a preferred provider and partner, we aim to offer an outstanding patient experience in our hospitals and ensure we are easy to do business with.



Our goals

- Provide people with rapid access to diagnosis and treatment
- Provide market-leading offer to private patients, with targeted growth in NHS treatments
- Outperform the UK's overall hospital market growth
- Improve our hospital margins and maximise opportunities

Highlights and priorities

Highlights of 2024

- Invested in our hospitals business to transform care, quality and service through centralisation and digitalisation
- Increased private revenue by 3.7% to £995.2 million from £959.7 million in 2023
- £112.1 million capex investment across our estate, including solar energy and three new clinics
- New patient support centres

Priorities for 2025

- Deliver the next milestones on our digital transformation: a new consumer website and new CRM platform
- Ongoing margin enhancement towards 21% by the end of 2027
- Further savings and efficiencies to deliver a cumulative £80 million by 2026
- Delivering patient support centres to improve efficiency and service

Maximising growth in our hospitals

Performance in our hospitals business is driven by delivering a great experience for our patients, our consultants and our teams – ensuring safe care in well-run, high-quality hospitals underpins our ability to deliver results. Getting care right, as evidenced by patient, colleague and consultant feedback, results in good commercial outcomes and maximises patient safety.

Quality is therefore an integral part of every decision we make. All our business decisions, at both central and local levels, have clinical input and quality at their heart. For more see Strategy: Building on quality, on page 25.

We continue to improve our hospitals performance, ensuring all our hospitals work together to deliver our purpose of making a difference to people's lives through outstanding personalised care. We are doing this by transforming the delivery of our hospital services to our patients and our partners and investing in digitalisation.

To maximise performance in our hospitals, we are prioritising operational control, increasing capacity and maximising utilisation across our sites. Today, this remains a skilled, but manual, process that enables us to respond to issues of absence and cancellations in real time. Over the next two years, we will continue to automate these processes to further improve our resilience and performance. We have a clear plan for growth, including returning administration space to clinical use and growing our network of clinics and primary care facilities.

Delivering efficiencies

We continue to roll out our efficiencies programme to deliver material savings, efficiencies and customer service improvements, and have an upgraded ambition to deliver a cumulative £80 million in savings by 2026, working towards an adjusted EBITDA margin for hospitals of at least 21% by the end of 2027.

Our strategy continued

We had a successful year in our business transformation of the hospitals business in 2024. Our focus in 2024 was securing the foundations and making sure that we have the internal and external security in place as we initiate significant investment projects, leading to more visible transformation and modernisation from 2025. We have improved the performance of core digital platforms such as our hospital management system, and delivered digital check-in for patients using a tablet, thereby saving time. We have also developed a sophisticated integrated PMI booking tool to help most PMI patients access outpatient consultant bookings more rapidly. In addition, we have completed much of the groundwork in 2024 to launch both a new customer relationship management system and a new consumer website in 2025. We are seeing encouraging momentum from new initiatives such as workforce planning and scheduling tools, and the transformation of our pathology business, better buying and procurement.

In 2024, we expanded our first patient support centre in Essex, which services five of our biggest sites around London, and opened new sites in Cardiff and Seaham in Sunderland. The centres bring significant benefits, meeting demand for patient bookings and reducing costs. Bringing teams together centrally has improved patient response, accuracy and service, with a reduction in average handling times and improved call capture rate. It has also enabled us to re-purpose space and increase clinical capacity by reallocating to clinical use and gaining economies of scale and revenue.

Digitalisation

We are investing in digitalisation to work more efficiently; removing paper and automating repetitive manual processes. Our transformation programme will deliver savings, better experiences for our patients, teams and consultants, and give us advanced data capabilities to make better decisions and build long-term relationships – from improved appointment management, to updating electronic prescribing systems and observations that improve patient safety and clinical outcomes. By embracing data, exploring emerging AI technologies and fostering innovation across our organisation,

our colleagues will be better placed to provide personalised patient care, with reliable access to the right tools.

Our move towards digital patient records will improve patient booking experiences with secure, reliable and instantly available medical records. We have also introduced automated invoice receipting for more than 50% of hospital invoices, enabling us to increase invoice volumes without increasing our team size. This process significantly reduces clinical time spent manually recording and uploading information, as well as improving patient safety and care.

Tactical deployment of Robotic Process Automation capex investment allows us to harness the power of automation and eliminate repetitive manual processes.

This programme of transformation requires careful planning and significant programme management support to ensure that we transition the hospitals business safely, without disruption to clinical care or financial outcomes.

Increasing capacity

Our hospital directors, directors of clinical services and other hospital leaders maximise physical capacity and increase utilisation at our sites. We aim to make more of the space we have, such as moving work from theatres (if it can be done in an outpatient setting) to free up valuable space for more complex work, or returning administration space to clinical use. Physical capacity is the output of several factors: theatre space, beds, outpatient capacity and imaging, and the mix and acuity of patients. We have seen significant growth in utilisation over the past three years and measure sites with unused capacity.

Patients who say their experience of our service in hospitals was 'very good' or 'good'

97%

(2023: 96%)

Source: Patient Discharge Survey 2024.



Strategy in action

Excellence in clinical innovation – reducing average length of stay

Playing our part in partnering with the NHS to improve safety and provide quality care for waiting patients is a key priority, as well as increasing capacity to support NHS elective recovery.

In 2022, we started a project to reduce the length of stay for joint replacements, freeing up more beds to enable increased capacity. We also wanted to help reduce NHS waiting lists by seeing more patients more quickly.

Since launch, hospitals have created more capacity and treated 5,000 more orthopaedic patients, leading to an increase in revenue of £1.64 million. The average length of stay reduced by 0.65 days for hip replacement and 0.63 days for knees.

Connected to this, we have achieved a 60% reduction in avoidable venous thromboembolism (VTE) over 2023 and 2024, achieved through early mobilisation and improved hydration. All our benefiting patients have spent less time in hospital, while there have been stable levels of readmissions

and no reports of readmissions due to unsafe discharge in those with a shorter length of stay.

Increasing ward bed capacity has enabled us to increase the number of NHS hip and knee replacement procedures. Compared with 2022, an additional 2,600 NHS procedures were carried out in 2023 and 800 in 2024. This is an increase of 19% in 2023 and 5% in 2024.

Faster treatment through increased capacity enables patients to return to normal life, contributing to overall wellbeing and removing patients from waiting lists. The shorter length of stay has also freed up key clinicians' time, allowing increased throughput without requiring extra clinical resources, such as physiotherapists or nurses.

The new pathway has now been introduced at some NHS hospitals, sharing the learning and further reducing NHS waits within an NHS setting.

Our strategy continued

In addition, we have directly increased capacity by opening three new clinics in Abergele in North Wales, Harrogate and Norwich. These day case clinics allow more patients to be cared for out of hospital and free up space in our hospitals.

Investing in our estate

In line with our five-year refurbishment programme across our core estate, we have invested in improving many of our hospital sites in 2024, including highly-visible, patient-facing reception areas, new technology and sustainability developments to provide the best environment for our patients and colleagues and contribute to our net zero targets. Major projects have included:

- Over £4 million on major refurbishment at five sites in Huddersfield, Cardiff, Sheffield, Edinburgh and Southampton
- Over £6 million on five new MRIs and a further £8.5 million on X-ray, mammography and CT equipment
- More than £10.2 million on installing solar photovoltaic panels and building management systems (BMS) across our hospitals estate, with solar expected to lower energy consumption by 17.9% and BMS by 3%, and enhance the sustainability of facilities nationwide
- Over £2.8 million on fire safety

Tracking our success

As a multi-site business, we have adopted a 'retail' approach to tracking performance and making trading decisions to drive consistency and give clear guidance to maximise performance. We use key performance indicators to track the performance of our hospitals. Through a combination of daily reports and weekly site-led forecasts of activity and cost, we review relevant levers to understand our hospitals performance, including digital traffic and conversion, bookings, workforce planning and costs, as well as key support functions such as IT systems.

We capture use and application of data across the business and use it to improve our insight and improve processes. We review the data we submit to external bodies such as PHIN, procedure registries and PROMs, and use our data extensively for internal assurance, as well as analysing consultant intervention ratios, feeding into our key performance indicators and key patient safety metrics.

Partnering with the NHS

We believe private healthcare has an important role to play in tackling waiting lists by working in partnership with the NHS. We continue to help the NHS recover: our volume of NHS work increased again during 2024 and we saw increased NHS volumes in the second half of 2024.

We supported the former government's Elective Recovery Taskforce in 2023 and gave our support to the new agreement with the NHS in early 2025, both of which aim to reduce waiting lists by using the independent sector. A continued role for the independent sector and more choice for patients, supported by the government and freshly promoted legal rights to choice, saw more than 199,500 NHS patients in our hospitals in 2024. We continue to engage and develop our relationships with the Integrated Care Boards that bring together providers and commissioners of health and care services across geographical areas.

We have completed the sale of Spire Tunbridge Wells to the NHS; we continued to run the hospital for six months and it is now fully in NHS hands.

Services for children and young people

Children and young people are an important part of our patient mix. In 2024, we saw more than 45,000 children in our outpatient departments and cared for over 5,000 on our inpatient wards. We offer a broad range of paediatric services in a hub and spoke model with 12 hub sites offering full services and 15 spoke sites feeding in. Services range from initial consultation and diagnosis through to treatment and surgery, including general paediatric medicine, allergy, dermatology, orthopaedics, gastroenterology, and ear, nose and throat services with the latter the busiest service. We have introduced new services at some hospital sites, including cardiology and endocrinology.

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Capex investment, including solar energy and three new clinics

£112.1m

(2023: £84.4m)

Hospitals business private revenue growth 2024

+3.7%

£995,300 in 2024 (2023: £959,700)