

Our business model

How we create value for the business and our stakeholders

Spire Healthcare helps people return to good health, providing more health choices, quickly and safely, through our dedicated and highly trained colleagues, at a time of unprecedented healthcare demand.

Our drivers and resources

Our purpose

Making a positive difference to people's lives through outstanding personalised care.

Our resources

- A highly motivated and skilled team of clinical and non-clinical colleagues
- GPs, consultants and other health professionals who are experts in their field
- Hospitals, critical care units, Macmillan-accredited cancer centres, clinics and consulting rooms
- Our digital infrastructure and the latest medical facilities and equipment

See more detail on how we generate revenue on [page 15](#)



What we do and key trends

Our offer: from prevention to complex care

- A nationwide network of private GPs with rapid access clinics in London
- Occupational health and employee assistance programmes
- Diagnostics
- Treatment and surgery: from orthopaedics to cancer and complex care
- Physiotherapy, recovery and rehabilitation
- NHS talking therapies and corporate and private mental health

Market trends

- Population profile
- NHS waiting lists
- Private market
- Healthcare workforce
- Economic environment
- Role for employers in healthcare

Read more on this in Our market [page 16](#)

Our objectives

Our strategy

We're helping to meet Britain's healthcare needs by running great hospitals and developing new services through the five pillars of our strategy:

- Driving hospital performance
- Building on quality
- Investing in our workforce
- Championing sustainability
- Expanding our proposition

Which together deliver strong financial performance.

We discuss our strategy in detail on [page 20](#)

Risk management

We ensure we achieve our strategic objectives by identifying, quantifying, and monitoring risks to Spire Healthcare in terms of consequence and likelihood.

See our Risks and internal control report on [page 64](#)

Sustainability

We want to become recognised as a leader in sustainability in our industry. Through our sustainability strategy, we seek to drive positive change in the workplace, local communities, and the environment.

See our Sustainability report on [page 36](#)

The value we create

For patients

We provide fast access to high-quality, personalised clinical care with world-class experts

989,300

patients seen in hospitals in 2023 (2022: 926,500) 96% say their care was 'Very Good' or 'Good'

For shareholders

We aim to create value by delivering strong total shareholder returns

During the three-year period 2021-23, Spire Healthcare's share price rose by 45.8% and outperformed the FTSE All-Share Index by 30.6 percentage points. Our Total Shareholder Return for the same period was 46.1%

For colleagues

We provide our colleagues with high job satisfaction, a competitive reward and recognition framework, and the chance to learn, develop and grow

16,800

colleagues
2022: 14,500

For the consultants

We invest in the best people, facilities, patient safety and equipment to make Spire Healthcare the partner of choice for our consultants

8,650

expert consultants we worked with in 2023
2022: 8,760

For NHS and government

We help the NHS reduce waiting lists, work closely with the NHS centrally and in local communities, with commissioners and trusts, and provide NHS talking therapies, physiotherapy and dermatology services

195,950

NHS patients seen in our hospitals in 2023
2022: 182,000

For society and the economy

We support the UK economy and employers by investing in skills, technology and infrastructure, while boosting productivity by helping people get back to work

12

new nurse apprentices joined in December 2023 (2022: 24)

For the environment

We aim to reduce our impact on the environment and work with our suppliers to align our goals and develop healthcare services sustainably

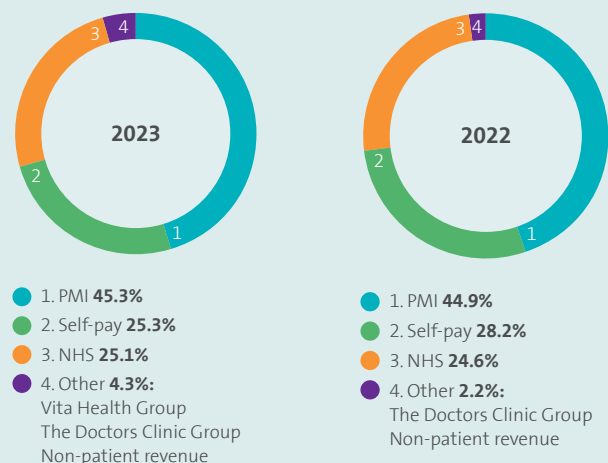
3%

ahead of 2023 target emissions (27,017 tCO₂e achieved, target 27,750 tCO₂e) (2022: 9% ahead)

Our business model continued

How we generate revenue

Spire Healthcare group revenue



1. Private patients

We offer assessment, diagnostic tests and treatments for patients who have private health insurance or wish to pay for their own care. We offer them a choice of when and where they are treated, in hospitals and clinics that combine excellent clinical outcomes and levels of infection control with 'hotel-style' levels of service.

PMI

We have long-term relationships with all the major private medical insurance providers, with Aviva, AXA Health, Bupa and Vitality having combined market share estimated at over 90%. We market a Spire-branded insurance product, inSpire, underwritten by AXA Health which gives easy access to affordable private care at Spire Healthcare hospitals.

Self-pay

We enable patients to take control of their own health by directly booking appointments with consultants without the need for a GP referral or an appointment with one of our private GPs through Spire GP or London Doctors Clinic, or talking therapies and musculoskeletal services through the Vita Health Group (VHG) brand.

2. NHS

Spire Healthcare offers the NHS capacity, capability and choice. We perform high volumes of routine elective surgery, including a proportion of complex surgery. Most work comes directly from GPs, allowing waiting NHS patients to access care. The activity is at the same tariff prices as local NHS Trusts and the capital we invest in our sites, at no charge to the NHS, allows us to increase capacity through expanded clinical teams, theatre time and bed availability. This means we can increase capacity aligned to NHS commissioning requirements. Most NHS work comes from NHS GPs via the Electronic Referral System (eRS) which allows patients to book appointments with providers of their choice with the shortest waits.

VHG is the biggest independent provider of NHS talking therapies and offers NHS musculoskeletal services. Services are free to patients, and they can self-refer to many of our services with no need to see their NHS GP. VHG also provides some NHS dermatology services and works in partnership with the NHS across the UK to provide physiotherapy and musculoskeletal services.

3. Corporates

VHG and Spire Occupational Health deliver services to employers through occupational health contracts and employee assistance programmes which support corporates to keep employees healthy, protect and promote good health and provide services such as health surveillance, training and mental health support. VHG has more than 200 corporate clients and Spire Occupational Health has over 630.

* Source: LaingBuisson Health Cover 18th Edition June 2023

Our market

Key trends

The demand for healthcare remains strong – from GP and diagnostic services to hospital treatment, occupational health and NHS talking therapies.



More people are making different choices about their health, seeking the services we can provide sooner than may be available through the NHS or through their employer. However, many haven't had experience of private healthcare before, so we want to help patients make informed choices, understand their options, and get them back to their normal lives.

Demand for private healthcare remained strong in 2023, with patients seeking prompt, safe and effective diagnosis and treatment. There is softening demand from self-paying patients, while the growth in our private medical insurance (PMI) business is being driven by more awareness of the benefits to employers and employees, even among younger demographics, and the deepening of cover.

Our new integrated marketing campaign, launched in 2023, has seen good results. Recent acquisitions have expanded our offer into new markets.

Key trends that affect our market today

01

Population profile

The growing and ageing population and greater prevalence of long-term conditions continue to be underlying factors putting pressure on the UK's healthcare resources. Treatment and care for people with long-term conditions accounts for a large proportion of the nation's total health and social care expenditure, while the number of people who are economically inactive has grown to 2.6 million, with those experiencing long-term ill-health rising by almost 500,000¹ since the start of the pandemic in early 2020. In addition, 3.7 million working-age people are in work with a health condition that is 'work-limiting'².

Mental health issues are growing and yet have been traditionally underserved and less recognised than physical health issues. Around one in six adults and 26% of late teens have a common mental health condition³. Demand is set to rise faster than other health services³. Talking therapies are effective and confidential treatments, delivered by trained and accredited practitioners for conditions like depression, worry and anxiety⁴.

To help improve the country's health, relieve pressure on the healthcare system, and support those with long-term ill-health, we are committed to delivering a range of vital services. That's why alongside investments in our hospitals, we are also developing care services such as occupational health, wellbeing, musculoskeletal therapy, mental health services and NHS talking therapies – creating an integrated healthcare offer.



1. Office for National Statistics (ONS) indicated an increase of 27,208 people on the previous month to hit 491,433 as of July 2023.
2. The Health Foundation analysis of the ONS' Labour Force Survey, 2023.
3. Committee of Public Accounts, 'Progress in improving NHS mental health services, July 2023.
4. NHS England, NHS talking therapies for anxiety and depression, January 2022.

02

NHS waiting lists

NHS waiting lists have been long since before the pandemic, but they have grown to record levels, rising to 7.6 million pathways. The problem is not only the length of the lists, but also the length of time people are waiting for diagnoses and treatments and people waiting on more than one pathway. In 2019, there were around 1,600 people waiting longer than a year for a procedure. Today, this number is in excess of 337,000.

337,000+

patients waiting over a year, down from over 400,000 in November 2022

Source: NHS waiting times data for December 2023, published February 2023.

7.6m

patient pathways on waiting lists, up from 7.2 million in 2022

Source: NHS waiting times data for December 2023, published February 2023.

58%

of Spire Healthcare target consumers would be more likely to consider using a private hospital, given growing waiting lists

Source: Proprietary Spire Healthcare research conducted with 2,416 target consumers during November 2023, up from 57% in 2022.



Our market continued

Key trends that affect our market today continued

03

Private market

Demand for private care continues; it grew overall, driven primarily by private medical insurance (PMI), and penetration has grown significantly. The most recent LaingBuisson data⁵ states that around 7.4 million lives are now covered by private medical cover, and 3.5 million each by health cash plans and dental benefit plans. Corporates are also looking to extend cover deeper into their workforces beyond senior employees, as a defence against NHS waiting times and a cost-effective additional offer to employees. Revenue from PMI is much higher due to more people using their insurance and our management of case and price mix.

The growth in demand for self-pay is down slightly, but remains significantly above pre-pandemic levels. PHIN data shows self-pay admissions down by 4% at quarter two in 2023.

Our target customer base – the number of people willing and able to use private healthcare in the areas in which we operate – is around 5.2 million people. The profile of our customers has remained similar in terms of age and wealth profile. Some people who previously might have defaulted to the NHS before the pandemic are turning to us to receive care, however some people on the edges of our audience are seeing a decline in affordability owing to the cost-of-living, which acts against them turning to us. Our new integrated and targeted marketing campaign, launched in 2023, focuses on the desire of patients to get back to their lives by having their health conditions diagnosed and treated swiftly and safely, with the message: 'The sooner you're better, the better'.

Read more about how we are 'Driving hospital performance' on page 21 and 'Expanding our proposition' on page 34



74%

of 25-34 year olds would consider using private healthcare if they needed treatment in the future

Source: IHPN polling 'Going Private', 2023.

People are also experiencing longer waits to see their NHS GPs and struggling to access community services for long-term conditions or other health issues. Spire Healthcare has increased the size of its GP services including Spire GP and the London Doctors Clinic, and new services including Spire Occupational Health. Most recently, through the acquisition of Vita Health Group, we now offer mental and physical therapies for private, corporate and NHS customers. Many of these services are increasingly part of the value chain into hospitals, as they refer to our clinicians and therapists who can help patients back to health.

04

Healthcare workforce

The UK healthcare sector continues to face a severe skills shortage, with a large number of healthcare professionals leaving the industry each year. This is why the board considers workforce to be outside of our risk appetite – read more in our risks section on page 64.

Attracting and retaining the best people remains a challenge for all healthcare providers, both public and private, and this is the case for Spire Healthcare too. Rates for agency staff and specialist clinical roles are rising owing to both shortages and inflation, presenting a further challenge, but we are managing this well and agency spend is down.

We welcomed the government's announcement this year of the first comprehensive workforce plan for the NHS, putting staffing on a more sustainable footing and aimed at improving patient care. The plan focuses on retaining existing talent in the NHS and making the best use of new technology alongside a major recruitment drive.

The combination of recent high inflation and labour shortages means businesses like ours have to be competitive in the reward we offer colleagues, to attract and retain the best people, and we have addressed that again in our salary awards in 2023.

To counteract shortages, we run one of the largest nurse apprenticeship programmes run by a single organisation and offer a range of clinical and non-clinical apprenticeships, along with many training opportunities and student placements. We seek to be a positive contributor to the healthcare workforce. We continue to make progress in improving colleague retention, increasing hire rates and, as a result, are starting to reduce agency spend.



At Spire Healthcare, we offer a range of apprenticeship programmes and training opportunities. Read more on page 29 and on page 44

5. LaingBuisson Health Cover UK Market Report, 18th Edition, June 2023.

Our market continued

Key trends that affect our market today continued

05

Economic environment

Following sharp rises in inflation in the UK last year, the rate has fallen in 2023, but remains much higher than the Bank of England's target of 2%. Cost-of-living pressures are still having a major impact on many people's disposable income, and higher interest rates have become a factor for individuals and businesses everywhere. This has the potential to temper growth in our market, but we have some resilience to these pressures in the private healthcare sector. Our core customer is generally more affluent and more insulated against rising costs, while our older self-funding customers, are mostly far less affected by mortgage increases.

The economic climate and financial concerns have resulted in a slight slowing of our enquiries, though this is, to some extent, being offset by our brand-building and advertising campaigns and the underlying demand due to NHS waiting lists. The inflationary environment we are in is quite complex, affecting our supply chain, our operational costs, and salary expectations, but we continue to remain competitive on price. We continue to hedge our energy prices, currently until autumn 2024, as energy costs have been a huge driver in increasing pressure for most businesses and families. We have planned for mitigating the impact of energy costs from 2024 onwards. The largest rise in our costs is colleague salaries, with increases to address the cost-of-living in 2022 and 2023, and remain a competitive employer on reward. Read more on pages 12, 28, 68 and 113.



UK inflation rate

4.0%

in December 2023

10.5%

in December 2022

Source: UK Consumer Price Index (CPI), ONS.

06

Role for employers in healthcare

It is increasingly understood that employers have a role to play in preventing, maintaining and improving the health of their employees, through occupational health and wellbeing interventions. The Chartered Institute of Personnel and Development⁶ notes that 'Employee health is a core driver of a business's performance and employers should support employees not already covered by disability legislation' and the role that employers can play in health and wellbeing has risen up the public policy agenda during 2023.

As noted above, employers are increasing the provision of PMI for their employees⁷. Meanwhile, our occupational health services are seeing continued demand for employee health support.

Mental health and musculoskeletal services provided to employers through Vita Health Group are allowing employees to remain healthy at work or aid those off work to recover and return to their duties, helping to improve productivity for employers. Prioritising occupational health yields benefits like reduced absenteeism, improved morale, and helps employers comply with the law. It attracts and retains top talent, enhancing overall business success.



6. Chartered Institute of Personnel and Development, 'Health is everyone's business: Proposals to reduce ill-health-related job loss', 2019.
7. Healthcare and Protection, 'Corporate wellbeing demand here to stay as services continue expanding – analysis' 2023.