

## Our business model

# How we create value for the business and our stakeholders

Spire Healthcare helps people return to good health, providing more 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 18](#)



### 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 corporates

➔ Read more on this in our [market on page 19](#)

### 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 21](#)

#### Risk management

We work towards achieving our strategic objectives by identifying, quantifying and monitoring risks, in terms of consequence and likelihood.

➔ See our risks and internal control report on [page 65](#)

#### Sustainability

We aim 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 38](#)

### The value we create

#### For patients

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

#### For consultants

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

#### For private medical insurers

We provide their members with prompt access to leading consultants, facilities and clinical teams with a strong track record on safety, quality and patient satisfaction

#### For NHS GPs

As a critical link in referrals, we liaise closely with them and deliver training, education and information

#### For regulators

We engage with a variety of regulators to ensure compliance with the law and high standards

#### For the community

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

#### For colleagues

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

#### For suppliers

We provide clear policies, relationships and contracts to ensure long-term and mutually beneficial commercial arrangements

#### For the 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

#### For corporates

We provide their employees with access to leading clinicians, facilities, locations and virtual services to enable people to stay in or get back to work

#### For investors and lenders

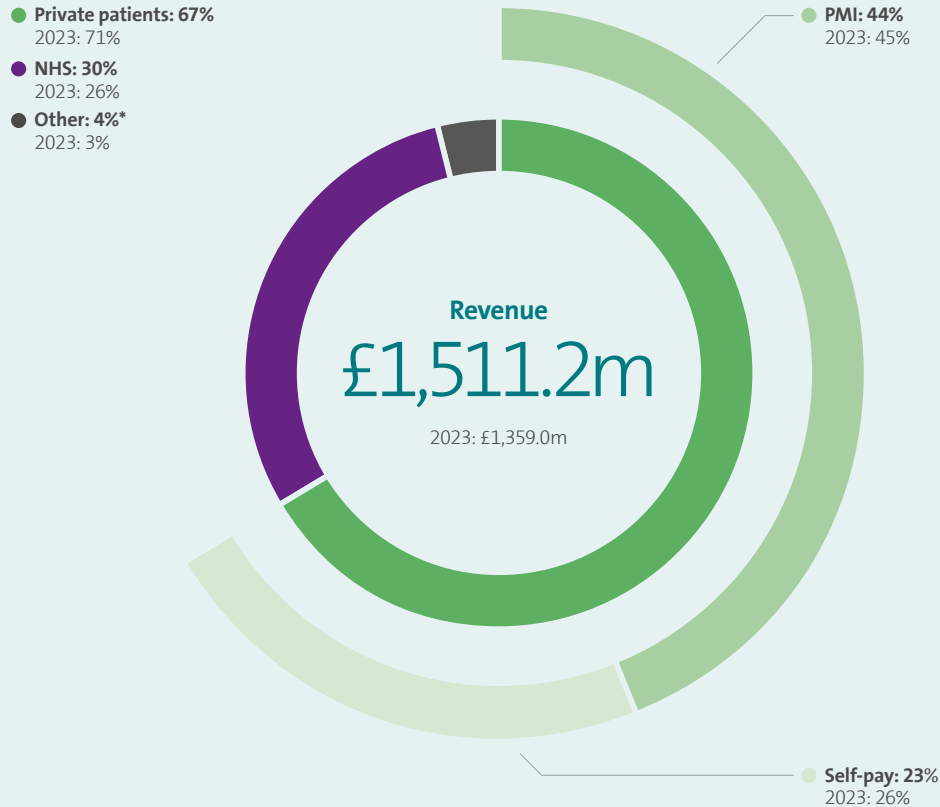
We aim to create value by delivering **strong total shareholder returns and keep them informed on all major issues**

Our business model continued

# How we generate revenue

## Where we generate revenue

As a leading independent healthcare group, we provide diagnostics, inpatient, day case and outpatient care to insured, self-pay and NHS patients, occupational health services to over 800 corporate clients, private GP services and physical and mental health services for the NHS.



## How we generate revenue

### Private patients

We offer assessment, diagnostic tests and treatments at our hospitals and clinics. People have a choice of when and where they are cared for, in hospitals and clinics that combine excellent clinical outcomes with 'hotel-style' levels of service.

To read more about trends in the private health market, see [page 19](#)

### PMI

We have long-term contractual relationships with all the major private medical insurance (PMI) providers Aviva, AXA Health, Bupa and Vitality Health, which dominate the market. Patients' insurance covers future specified health needs, and when patients are cared for by us, agreed costs are covered by the insurer. We market a Spire-branded insurance product, inSpire, underwritten by AXA Health, which gives access to affordable private care at Spire Healthcare hospitals.

### Self-pay

Where patients pay directly for their care they can directly book treatments, without the need for a GP referral. Patients pay a fixed price directly for each treatment or procedure such as a consultation, scan, surgery, mental health session, physio session or GP appointment.

### NHS

We contract with the NHS to care for NHS patients, offering diagnostics, elective surgery and treatment and at our hospitals and clinics. Some work comes through block contracts, but most patients come to us directly through their NHS GP, allowing waiting patients to access care. Patients have the legal right to request NHS treatment in an independent setting and the government has agreed to promote this choice through a new agreement. Care is at the same tariff prices as local NHS trusts. The NHS agrees settlements with Spire annually for the cost of care and prices increased by 3.9% in 2024.

Through Vita Health Group (VHG), we provide talking therapies, musculoskeletal and physio services, and dermatology services for the NHS. Services are free at the point of delivery to patients, who can self-refer to services without seeing their NHS GP.

### Corporates

We provide over 800 corporates with occupational health services through long-term contracts and employee assistance programmes. Our services 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 contracts with 200 corporate clients and Spire Occupational Health has over 610. We also offer a pay-as-you-go model with smaller businesses.

To read more about services for corporates, see [Engagement with stakeholders on page 59](#)

## Our market

# Key trends

### Ongoing significant demand for safe, high-quality healthcare treatment is driving our market

The demand for healthcare in the UK remains strong – with accelerated demand for private healthcare, and the number of patients paying privately for healthcare continuing to increase.

We have a strategic partnership with the NHS and stand ready to take on more work, including increased complexity. We welcome patients exercising their right to choose where they receive treatment.

The number of people out of work in the UK due to ill health continues to increase, and with our expansion into primary care services including mental health and physiotherapy, we are confident we can help more people live healthier lives and get back to work, as well as supporting corporates to take care of their employees.

# 7.46 million

Patient pathways on waiting lists, down from 7.6 million in December 2023<sup>8</sup>

# 33.7 million

Working days lost to work-related illness and injury<sup>6</sup>

# 16.4 million

People in the UK now covered by a form of private health scheme, up from 13.5 million pre-pandemic<sup>14</sup>

1. Source: Get Britain Working White Paper, Policy Paper, 26 November 2024, [www.gov.uk](http://www.gov.uk)
2. Source: Rising ill-health and economic inactivity because of long-term sickness, UK: 2019 to 2023, ONS, 26 July 2023
3. Source: Statistics, Key figures for Great Britain (2023/24), Health and Safety Executive
4. Source: [www.mind.org.uk](http://www.mind.org.uk)
5. Source: The Mental Health Foundation
6. Source: Mental Health Statistics UK 2024: ForthWithLife.co.uk
7. Source: NHS England
8. Source: NHS England
9. Source: Independent Healthcare Providers Network (IHPN), 24 January 2025
14. Source: LaingBuisson

### Macro trends



#### 01 Population profile

The UK's growing and ageing population, and the prevalence of long-term conditions, are putting pressure on the UK's healthcare resources. The number of people in the UK who are economically inactive has grown to 2.8 million<sup>1</sup>, with those inactive due to long-term sickness on the rise since 2022.<sup>2</sup> In addition, 1.7 million working-aged people are suffering from a work-related illness in the UK.<sup>3</sup> One in four people will experience a mental health problem of some kind each year in England<sup>4</sup> and poor mental health is costing the economy an estimated 5% of GDP.<sup>5</sup>

#### Impact

- Total costs to Britain were around £21.6 billion in 2022/23, while in 2024, 33.7 million working days were lost due to work-related illness and injury.<sup>6</sup> There is an increased government spotlight on the need to get people back to work
- People continue to experience long waits to see their NHS GPs and are struggling to access community services for long-term conditions or other health issues
- In 2023, the NHS spent £217.5 million on medications to treat depression and anxiety.<sup>7</sup> Talking therapies are effective and confidential treatments, delivered by trained and accredited practitioners for conditions including depression and anxiety

#### Our response

- We are committed to delivering a range of vital healthcare services to help improve the population's health, relieve pressure on the NHS and support those with long-term ill-health
- We continue to expand our range of primary care services including our physical and mental health business, VHG, and offer a range of services covering wellbeing, musculoskeletal therapy, mental health services and NHS talking therapies



#### 02 NHS

NHS waiting lists remain high, with 7.46 million<sup>8</sup> pathways although down from the all-time high of 7.8 million. In 2019, there were around 1,600 people waiting longer than a year for care; today, it is approximately 200,000, much reduced from 2023, but still much higher than before the pandemic. The 18-week waiting target has not been met for almost 10 years. Over 1.5 million patients were removed from NHS waiting lists via the private route in 2024 – at a rate of around 18,000 patients a week.<sup>9</sup> The new government seeks to reduce waiting lists and waiting times, move more care into the community, focus on prevention, and improve technology in the service.

#### Impact

- The private sector is well placed to contribute to health provision in the UK. Government and the NHS recognise the need to work with the independent sector to care for NHS patients by using its capacity. The NHS spent £2.1 billion in private hospitals in 2023, up from £1.9 billion in 2022

#### Our response

- Most of Spire's NHS activity comes from NHS GPs via the electronic referral system (eRS), which allows patients to book appointments with providers with the shortest waits. Tariff prices per procedure are the same as in NHS trusts
- We have a strategic partnership with the NHS and stand ready to take on more NHS work, particularly on longer-term contracts, allowing us to create capacity for diagnostics and treatment. We are contributing to the 2025/26 NHS Payment Scheme consultation
- We are engaging with NHS England on the new 10-year plan due to be published in spring 2025, and we contributed to a new concordat statement of partnership between NHSE and the independent sector

Our market continued

Structural trends



03 Private market

The value of the UK's private healthcare market rose to a record £12.4 billion in 2023<sup>10</sup>, and while UK PMI penetration is low (c.15% of population), it is growing. Private hospital admissions for insured patients grew to record levels in 2023, with PMI established as the primary level of payment – now more popular than before COVID-19 – as more people understand the costs and benefits of PMI and more workplace schemes become available<sup>11</sup>.

Impact

- The overall self-pay market for healthcare ceased to grow in 2024 but demand remains above pre-pandemic levels. More people are becoming insured, either through employment or direct purchase of policies

Our response

- We care for private, corporate and NHS customers through PMI, self-pay, contracts with employers and NHS referrals. Spire works with all major insurers
- We are widening our integrated healthcare offering to span hospitals and clinics, including Spire GP, LDC, Spire Mental Health and VHG alongside the hospitals business. These services can meet more needs of local patients and are increasingly part of the value chain into hospitals
- We are disciplined on pricing and acuity (complexity) mix. We have implemented price rises and managed our mix of services and choice of products

10. Source: Private Acute Healthcare Report, LaingBuisson, October 2024

11. Source: PHIN



04 Healthcare workforce

The UK healthcare sector continues to face a severe skills shortage, with healthcare professionals leaving the industry each year. The combination of recent high inflation and labour shortages is also impacting upon the profession. A long-term NHS Workforce Plan was published in summer 2023, setting out the strategic direction for the workforce in England, addressing the shortfall into the 2030s by expanding training.

Impact

- The current staff shortage in the UK's healthcare sector is creating strain on healthcare delivery and patient care
- Attracting and retaining the best people remains a challenge for all healthcare providers, both state and independent. Rates for agency staff and specialist clinical roles are rising owing to both shortages and inflation, presenting a further challenge

Our response

- We seek to be a positive contributor to the healthcare workforce. We run a large nurse apprenticeship programme and offer a range of clinical and non-clinical apprenticeships, along with many training opportunities
- In 2024, we increased the proportion of permanent colleagues, improved colleague retention to 86.1% and reduced agency spend
- We are competitive in the reward we offer colleagues, so we can attract and retain the best people, and have addressed that in our salary awards and benefits programme



05 Economic environment

Following sharp rises in inflation in the UK in 2023, the rate fell in 2024, but cost-of-living pressures are still affecting many people's disposable income. New government measures to increase national insurance rates for employers will add further pressure.

Impact

- The economic climate and financial concerns have resulted in a complex inflationary environment that affects our supply chain, our operational costs and salary expectations. However, people will continue to need healthcare
- Spire has some resilience to these pressures. Our core customer is more insulated against rising costs, while our older, self-funding customers are less likely to have borrowing costs. We have shown that three-quarters of the population could obtain access to funds to pay for care if needed<sup>12</sup>

Our response

- We forecast that our significant investment in solar power during 2024 will result in a reduction of energy costs by 17.9% and 3% for building management systems
- The largest rise in our costs is colleague salaries, with increases to address the cost-of-living in 2022, 2023 and 2024, and we remain a competitive employer on reward
- Our continued investment in the transformation and modernisation of the hospitals business will yield significant efficiencies to offset rising costs
- Our continued integration of primary care services and creation of new care pathways will enhance margin

12. Source: Spire Healthcare research, 2024



06 Role for corporates

Corporates are increasingly expected by their workforce to play a role in preventing, maintaining and improving the health of their employees, through PMI, occupational health and wellbeing interventions. Over 25% of businesses offer PMI and one in five are planning to introduce it over the next 12 months<sup>13</sup>.

Impact

- 16.4 million people in the UK are now covered by some form of private health scheme, up from 13.5 million pre-pandemic<sup>14</sup>
- Corporates who prioritise employee health and wellbeing are better able to attract and retain top talent, and enhance overall business success

Our response

- We are advising employees and corporates to support companies to have a healthy workforce, and broadening our primary care services into adjacent markets including occupational health, musculoskeletal services and mental health
- We provide mental health and musculoskeletal services and employee assistance programmes to corporates through VHG, helping companies to support their employees to remain healthy at work or aid those off work to recover and return to their duties, thereby improving productivity for corporates
- We provide services for corporates through Spire Occupational Health and VHG; prioritising occupational health yields benefits for corporates including reduced absenteeism, improved morale and complying with the law

13. Source: PHIN

14. Source: LaingBuisson