

Summary Annual Report 2023

For The Benenden
Healthcare Society Limited
for the year ending
31 December 2023



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Who's Who

at 31 December 2023

The Board

Bob Andrews – Chief Executive Officer*

Ian Blanchard – Board-nominated

Helen Chamberlain – Chief Financial Officer

Paula Clark – Board-nominated

James Clarke – Member-nominated

David Furniss – Board-nominated Chair

Angela Hays – Member-nominated

Lee Howell OBE – Member-nominated

Anthony Lock – Member-nominated

Damien Marmion – Board-nominated

Belinda Moore – Board-nominated

Les Philpott – Member-nominated

Dean Waddingham – Member-nominated

Society Secretary

René Fraioli

Deputy Secretary

James Clarke

Company Secretary

Richard Johnston ACG

Chief Medical Officer

Mr Rowan Connell MD, FRCOG

*Resigned from all directorships on 25 April 2024

We are here for our 882,650 members

More people are joining us

In 2023, our membership grew by

35,241



Our income has grown

Total income (excluding the gains/losses on realisation of investments) increased by

9.3%

By 31 December 2023, our member funds stood at

£179.3m

(2022: £187.9m)

Our members need us more than ever

Demand for care increased by

26%

We helped members 173,079 times

(2022: 137,904 times)



More people are using our Hospital

Our Hospital's income grew by nearly

15%



Increased health and wellbeing costs for our members have led to an operating deficit of £12.1m

(2022: £8.4m surplus)

More demand for care means an increase in operating costs. In 2023, we spent £129.0m looking after our members – that's £32m more than 2022.



We are here for our people and community

Our members are satisfied

We scored

8.9/10

for overall satisfaction.

We support our community

£27,000

of the Benenden Health Community Fund went to local community groups and charities that raise awareness of and improve health and wellbeing.

Our members have their say

1,900

members attended the 20 Member Meetups we held.

17,132

members cast votes at our 2023 Conference.



Our people are engaged

94%

feel proud to work at Benenden Health and agree that we actively build a culture of diversity, equity and inclusion (DE&I).

(2023 employee survey)



2023 Winner of
Moneyfacts Investment
Life & Pensions Awards for

Best Healthcare Service



How we fund what we do

1 Our income comes from

Members' contributions



Benenden Hospital

(profit from self-pay, private medical insurance and NHS income)



Investment income



Benenden Wellbeing Limited

(profit from products)



2 We spend this money on

Health and wellbeing benefits for our members



Operating expenses



3 Any money left over is a surplus that we add to members' funds and reinvest in benefits. If we incur a deficit because our health and wellbeing benefits are higher than our income, members' funds also cover the difference

Surplus



Deficit



Members' funds



Responding to change

We have always adapted and evolved to secure and build our position in a fast-moving world and a fast-changing healthcare industry.

Our ability to innovate and renew ourselves is vital to securing our future and lies at the heart of our new strategy, Growth for Purpose, which we will put into action over the next four years.

The need for us to be resourceful and responsive is well illustrated by the events of 2023. We performed strongly by many measures, with membership rising by 4.2% to 882,650 and total income, excluding the gains/losses on realisation of investments, growing by 9.3%. We also helped members a record 173,079 times, with demand for care rising by 26%. But this record demand produced record costs. In 2023, we spent £129.0m on looking after our members, compared to £96.9m in 2022. This led to us recording an operating deficit of £12.1m for the year (2022: surplus of £8.4m).

Keeping ourselves sustainable

This shows us that while we are essential to our members and meet an ever-growing need amid the ever-rising pressure on the NHS, we must always keep an eye on our financial sustainability.

We have generated surpluses in recent years and managed our finances effectively over a long period, so we can absorb this deficit. But we cannot allow deficits to become a habit. At the same time, we must be under no illusions: demand for care remains high, and we forecast that it will keep rising through the short to medium term, creating an ongoing challenge for us in managing costs. This is the reason for the rise in the monthly contribution rate from £12.80 to £15.50 per person per month from April 2024. It is also why the Board has decided, from 19 February 2024, to extend new members' qualification period for Surgical Treatment from six months after their joining date to 24 months.

These are the kinds of decisions that the Board has to make to keep the Society financially sustainable for the long term and able to operate for the good of our members in a way that still represents excellent choice and value.

In the coming years, our success will depend on remaining relevant to everyone's healthcare needs, whether that is protecting health and preventing ill-health or offering Diagnosis and Surgical Treatment, while keeping ourselves sustainable and staying true to our roots as a mutual organisation.

These decisions have to be well informed by data and forecasting and always made with members' best interests at heart. I would like to thank my fellow Board members for the diligence and dedication they have brought to our discussions. Although we have seen a good deal of change on the Board, colleagues' focus on members' interests has been unwavering. Among other things, we oversaw the Society's compliance with the Financial Conduct Authority's new Consumer Duty regulations, which make sure we give members clear information, a fair price and good value.

Seeing our new democracy in action

We have also consulted with our Member Council, which is part of our new democratic and engagement structure.

The Council gives the Board a direct connection to members' views, and it has been insightful to be able to talk to this group in an open and honest way through the year.

I have been happy to see other features of the new democracy take shape. These include Member Meetups for our new Benenden Health Communities around the UK and our new Online Community, which lets members discuss healthcare topics and the Society's services.

We have also seen Direct Member Voting for the first time at our Annual Conference. These are important first steps towards getting members more engaged in their Society, and I am looking forward to seeing how this activity develops in 2024.

Adapting for the future

Changing our democratic and engagement model is just one example of how Benenden Health has adapted in recent years. Others include developing our brand and product so they appeal to people at all stages in life and strengthening our corporate business. I am also pleased to see our Hospital investing in the latest techniques, including robotic knee and prostate surgery, as it continues to strengthen its reputation. In parallel, we continue to discuss the Hospital's change in legal status from a charity limited by guarantee to a company limited by shares owned by The Benenden Healthcare Society Limited.

In the future, we will continue to adapt in other ways, including making ourselves more environmentally sustainable by understanding our carbon footprint and that of our wider supply chain.

Supporting our communities

We also continue to support our local community, in both York and Kent. In 2023, our people volunteered their time to improve green spaces in the local community and donated items like workwear to students preparing for their first jobs and food and toiletries to York Food Bank. Our Community Fund has also supported good causes, providing funding awards for psychotherapeutic counselling, classes to support people with sight loss to be more active and hot meals for the community.

Thank you

After another year which tested our adaptability, I would like to thank all Society and Hospital colleagues, Community members and the Member Council for their efforts in 2023. I look forward to 2024, confident in our resilience and our ability to carry on meeting members' needs and give them excellent value.

David Furniss
Chair, Benenden Health



Setting new ambitions

Benenden Health has made itself into a significant player in UK healthcare by investing in every part of the organisation, from product and brand to technology and people.

In the next few years, we intend to capitalise on this to be the UK's leading low-cost healthcare provider.

For some time, we have worked hard to make ourselves responsive and resilient in all we do. We have a healthcare product that appeals to people at every life stage, offering value and a level of support that more and more people depend on. We have a brand that is increasingly known, recognised and respected. We are also a modern business with upgraded technology systems that allow us to give members a great experience and to be efficient and productive in all we do. And we have a new democratic and engagement structure that is reconnecting members with their Society.

All this means we are well equipped to take advantage of our position as a fast-growing player in UK healthcare.

It is essential that we continue to evolve, because people's needs evolve, too, and so does healthcare itself. People now have more and more options to buy care for themselves, their families and their employees, and we must remain prominent among those choices with relevant services that meet as wide a range of needs as possible.

To achieve this, we have set ourselves strategic priorities for the coming years.

Making Benenden Health famous

We are now among the handful of best-known healthcare brands in the UK, and our goal is to remain in the top five. Prompted awareness of the brand reached 37% in 2023, and around one in four adults say they would consider us when it comes to buying healthcare. We have achieved this by investing consistently in growing awareness of Benenden Health, not least through our partnership with Channel 4, including our series of Time for a Check-in adverts highlighting topics like menopause and mental health. We resumed this in January 2024, complemented by the campaign message 'Britain, we've got you', which emphasises Benenden Health as a source of help, as well as a thought leader.

Historically, we have set out to appeal to individuals and families. But our combination of value and service has appealed more and more to businesses keen to look after their employees and stand out in a competitive job market. Our membership grew again in 2023, passing 882,000. Our corporate business was a significant part of that success, growing by 25%. We want to continue this, and in 2023 launched our first business-to-business TV advert to highlight benefits we can bring to employers, not least lower absenteeism and employee turnover.

Making Benenden Health fit for the future

We have done much recently to equip ourselves for the future, notably upgrading our IT systems and giving our members a fully digital experience through our app – now used by 136,746 members and counting. We have also enhanced our product, adding a Cancer Support Service and virtual Physiotherapy among other elements.

We now see an opportunity for our technology capabilities to make members' experience even better, as well as to enhance value.

We can use information about members' healthcare needs and interests to guide them to the content and services that help them protect and enhance their health in various ways, from better sleep to improved digestion.

In this way, we can help more members more often by spreading the benefits of Benenden Health beyond those drawing on our historical strengths in Diagnosis and Surgical Treatment. This is also a route to increasing our appeal to would-be members of all ages, and we will continue to investigate this kind of innovation in 2024.

Our plans also include making the most of clinical expertise at Benenden Hospital to reach a national audience with thought leadership and virtual one-to-one consultations.

Making the most of mutuality

We exist solely for our members. We have no shareholder interests to cater for, and any surplus we generate goes into our business and providing care. In 2023, we put our new democratic structure into action, launching our Member Communities and running their first Member Meetups, and setting up an Online Community. This is about getting members more engaged and involved in their Society, and we will continue with this in 2024 and beyond.

Not only does it make members more likely to stay with us, but it also helps us find out more about their needs, so we can do more to meet them.

Making ourselves sustainable

The fact that we recorded an operating deficit in 2023 despite increasing our income underlines how important it is to maintain a strong capital position. This allows us to pursue our plans even when costs rise sharply, as they did in 2023. We continue to keep a close eye on our investments to make sure they give us the security we need.

We also continue to nurture our people, who are the backbone of our success. This year, we have launched our diversity, equity and inclusion strategy to make sure we do all we can to foster a positive environment for everyone who works for us and anyone who is thinking of joining us.

Thank you

All we do for our ever-growing number of members is only possible because of a lot of hard work, from arranging treatment and devising marketing campaigns to working with our corporate customers, giving medical care and organising member events. I would like to thank everyone for their efforts in 2023.

Helen Chamberlain
Chief Financial Officer,
Benenden Health



Summary Directors' Report on Remuneration

In 2023, the Group Nominations and Remuneration Committee (GNRC), chaired by member-nominated non-executive director Les Philpott, carried out its responsibilities in line with its terms of reference. It had to balance the need to attract, retain and motivate staff in a tough recruitment market with the duty to spend members' money wisely.

The Committee and Board decided it was important to recognise colleagues' hard work against a backdrop of rising member demand for services. It is important to note the increase in membership numbers driven by business performance and the hard work of colleagues.

Executive remuneration

The Committee realises the importance of setting executive remuneration at a level that promotes the Society's success. It also recognises that, as a mutual, the Society needs to be prudent with members' money.

Executive remuneration was benchmarked and presented to the GNRC in 2023, and we will next carry out this exercise in 2025.

Executive directors' bonus depends on how they perform against key measures. The executive directors are measured against personal and collective objectives which drive the variable element of the discretionary bonus. The Committee also looks at conduct and behaviour in deciding any discretionary award.

Usually, the discretionary element of reward includes a maximum of 30% of individual executives' salaries with an 'on target' expectation at 25%, to reflect the realistic maximum payments we are likely to make. The bonus opportunity is designed to drive outstanding performance and deliver the best we can for the Society and all our members on a sustainable basis. The Committee decided it was important to recognise the Society's performance, particularly in sustaining growth in membership in 2023, against the backdrop of high inflation and balanced against the deficit, which was largely down to the substantial increase in member benefits spend. The Committee set bonuses payable in April 2024 at 22.5% of salary for both the CEO and the CFO compared to the bonus of 27.5% paid in 2023.

The impact of performance on executives' discretionary pay

In considering the discretionary element of executives' pay, the Committee assesses the performance of the Society and each executive's contribution. Payments under the plan are made at the Committee's discretion in April, following the audited accounts. We have a 'clawback' provision for any audited activity that, after year-end, turns out not to have been delivered to the expected level or standard.

The Committee must be satisfied that there is no significant conduct risk or any reputational, financial, operational or other reason not to make awards. It makes this judgement based on input from the Group Audit and Risk Committee.

As well as recognising whether executives delivered objectives, the Committee also assessed how they dealt with long-term issues and risks facing the group. It has also made sure that it carries on supporting members and safeguarding stakeholders' interests.

Non-executive directors' remuneration

As the Committee commissioned an independent benchmark of non-executive directors' remuneration in 2022, another benchmarking exercise will happen in 2024, with the results presented to the Committee. The honoraria payment made to Member Council representatives will also be rebenchmarked and presented to the Committee in 2024.

The full Directors' Report on Remuneration is in the Annual Report and Financial Statements:

www.benenden.co.uk/financial-results

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF THE BENENDEN HEALTHCARE SOCIETY LIMITED

Opinion on Summary Financial Statements

The Summary Financial Statements, which comprises the summary financial review, summary income statement and summary statement of financial position, are derived from the audited financial statements of the group and Society for the year ended 31 December 2023.

In our opinion, the Summary Financial Statements are consistent, in all material respects, with the audited financial statements on the basis described on page 20 of the SAR report.

Summary Financial Statements

The Summary Financial Statements do not contain all the disclosures required by United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and the Friendly Societies Act 1992. Reading the Summary Financial Statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 30 April 2024. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

Directors' responsibilities for the Summary Financial Statements

The directors are responsible for the preparation of the Summary Financial Statements on the basis described on page 9 of the SAR report.

Auditor's responsibility

Our responsibility is to express an opinion on whether the Summary Financial Statements are consistent, in all material respects with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA 810 (Revised): Engagements to Report on Summary Financial Statements) as issued by the International Auditing and Assurance Standards Board.

Use of our report

This report is made solely to the Society's members, as a body, in accordance with the International Standard on Auditing (ISA 810 (Revised): Engagements to Report on Summary Financial Statements) as issued by the International Auditing and Assurance Standards Board. Our work has been undertaken so that we might state to the Society's members those matters which we are required to report in an auditor's report on summary financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the Society's members as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in black ink that reads "David Heaton". The signature is written in a cursive, flowing style.

David Heaton (Senior Statutory Auditor)
For and behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
30/04/2024

Summary Financial Review 2023

This is a summary of the review published in the audited 2023 Annual Report and Financial Statements of the Society and its subsidiaries (the group), which is available at benenden.co.uk/financial-results

The Board of Directors have confirmed that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

Approved by the Board of Directors on 30 April 2024 and signed on its behalf by:



René Fraioli
Society Secretary

Membership up 4% to 882,650

We have seen higher membership growth – the continued investment in brand awareness coinciding with record NHS waiting lists, has seen our membership increase by 35,241 in the year to 882,650. Despite the ongoing squeeze in household budgets, new and existing members continue to recognise the value in our product. Our corporate sales have also gone from strength to strength, with record growth at 25%.

Total income up 9%

As a result of this combination of membership growth and the contribution rate increase in April 2023, total income, excluding the gains/(losses) on realisation of investments, has increased by 9% to £152.4m (2022: £139.4m).

Proportion of income spent on members up to 88%

We have provided record help to our members – we have spent 88%* of Society contribution income on members (2022: 74%). More members have turned to Benenden Health due to record NHS waiting lists during 2023. We helped our members 173,079 times in 2023, an increase of 26% on 2022.

Operational deficit of £12.1m

We have incurred an operational deficit of £12.1m for 2023 (2022: surplus of £8.4m) and reduced members' funds by £8.6m (2022: increased by £9.3m) to £179.3m – this deficit is a result of increased spending on members' benefits, as we helped more members and the cost of treatment also rose during a period of high inflation.

The contribution rate increase in April 2023, the first for two years, has not been enough to cover the cost of high demand for care in 2023. This new level of demand for services and ongoing inflationary pressures mean that the contribution rate has had to increase to £15.50 per person per month from April 2024 to continue to keep the Society financially secure.

*Calculated as the underlying member benefits cost (being reported member benefits cost adjusted for movements in provisions) of the Society as a proportion of contribution income.

Expenses of management (the cost of running our business) have increased by £1.3m in 2023 to £32.7m (2022: £31.4m). This is largely due to wage inflation through our salary benchmarking exercise to make sure we retain our frontline staff members, together with an increase in staff numbers. Investment in our core systems to deliver longer-term productivity gains has also increased our costs. We continued to invest in the Benenden Health brand in 2023, but at a lower level than in 2022. The expenses of management ratio, as defined by Rule 34, was 22.3% and remains below the limit of 24%.

	2023 £m	2022 £m
(Deficit)/excess of income over expenditure after tax	(11.3)	6.6
Adjustments to remove:		
Less gains/add losses on investments	(0.7)	0.9
Less change in investment property valuations	(0.1)	(0.2)
Add change in operational property valuations	0.0	1.1
Operational (deficit)/surplus for the year	(12.1)	8.4
Change in investment fund – realised and unrealised gains/(losses)	3.3	(11.2)
Net loss on property revaluations	(0.1)	(0.5)
Actuarial gain on pension scheme	0.3	12.6
(Decrease)/increase in members' funds	(8.6)	9.3

Group member funds down £8.6m to £179.3m

Members' funds decreased by £8.6m primarily due to the operational deficit of £12.1m. This is partially offset by a positive performance from our investment fund, which generated net gains of £3.3m compared to a loss of £11.2m in 2022. Offsetting movements on the pension scheme asset and liability values resulted in a small actuarial gain on the pension scheme.

The fall in members' funds and the increase in the solvency capital requirement (SCR) mean that, at the end of 2023, the capital coverage for the Society, the ratio of members' funds to the SCR, decreased to 213% (2022: 235%). However, we remain in a strong position to absorb adverse market conditions or other major capital shocks. The SCR is calculated following Solvency II principles designed to make sure that organisations can survive a once-in-200-year risk event.

Summary Financial Statements

Summary income statement		
	2023 £m	2022 £m
Income		
Contributions	129.7	119.6
Gains/(losses) on the realisation of investments	0.7	(0.9)
Gains on investment property revaluations	0.1	0.2
Third-party income from hospital activities	19.0	16.7
Other income*	3.6	2.9
Total income	153.1	138.5
Expenditure		
Members' benefits	(129.0)	(96.9)
Management expenses	(32.7)	(31.4)
Other expenses**	(2.7)	(3.6)
Total expenditure	(164.4)	(131.9)
(Deficit)/excess of income over expenditure after tax	(11.3)	6.6

*Includes investment income, commissions receivable and other income.

**Includes non-recurring costs, impairment charges, depreciation, investment expenses and interest and similar costs.

Summary statement of financial position		
	2023 £m	2022 £m
Assets		
Intangible assets	3.4	3.6
Tangible assets	44.6	46.5
Investments	159.3	158.2
Cash and cash equivalents	18.5	18.2
Debtors and other assets	9.7	10.7
Total assets	235.5	237.2
Capital and reserves		
Members' funds	179.3	187.9
Liabilities		
Provision for outstanding members' benefits	28.0	20.1
Defined Benefit Pension scheme liability	12.0	14.0
Other liabilities	16.2	15.2
Total liabilities and members' funds	235.5	237.2

**Member Services**

0800 414 8100

**Add friends and family**

0800 414 8470

**24/7 GP Helpline**

0800 414 8247 (select option 1)

**24/7 Mental Health Helpline**

0800 414 8247 (select option 2)