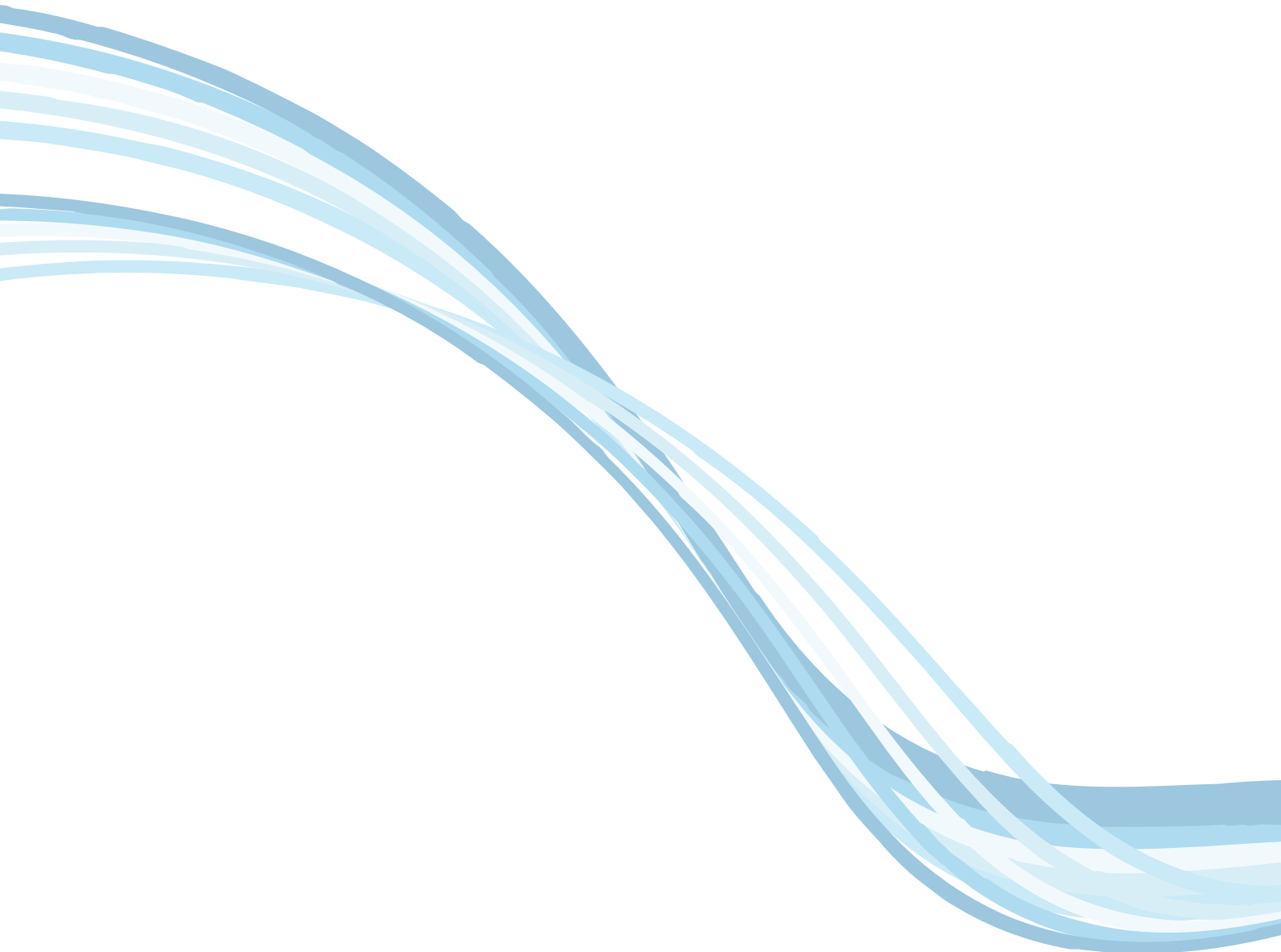


STRATEGIC PLAN 2010-13

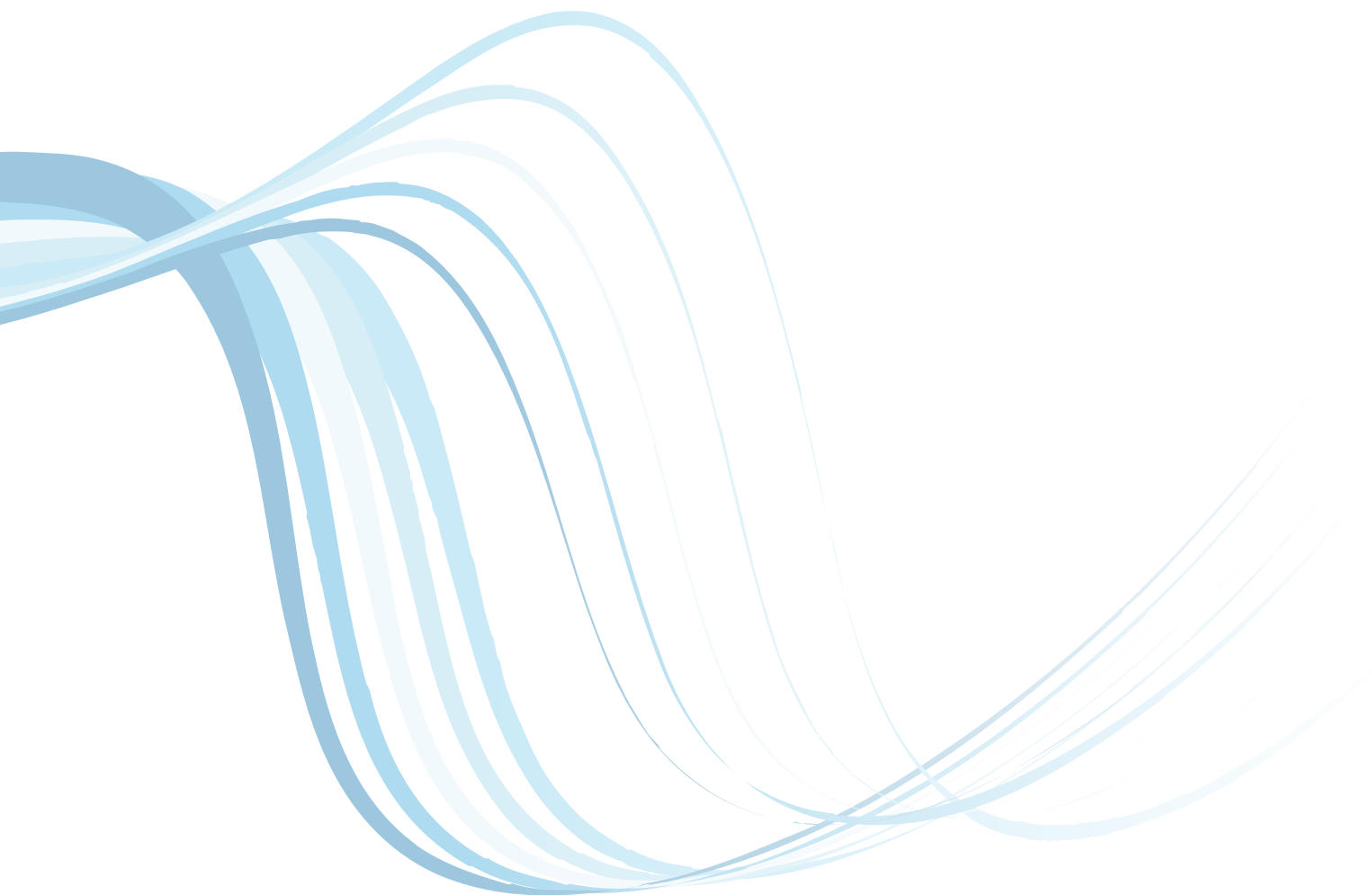
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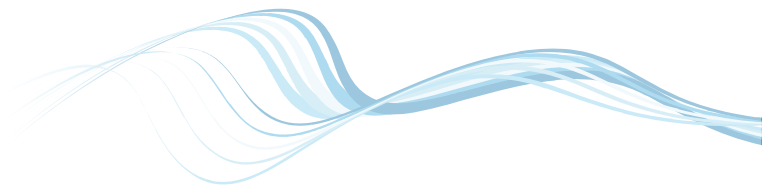




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SECTION ONE: INTRODUCTION AND STRATEGIC DIRECTION

Introduction

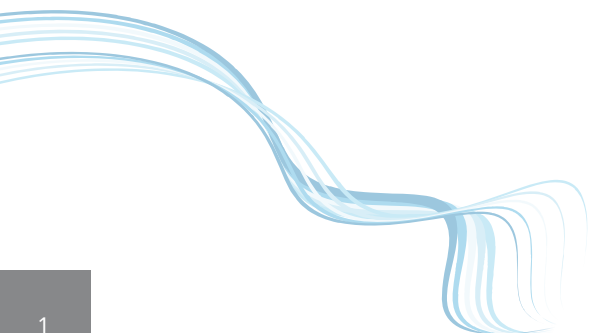
NHSBT is a Special Health Authority in England and Wales, with responsibilities across the United Kingdom for organ donation and transplantation. Our core purpose is to ***“save and improve lives”*** through the provision of a safe and reliable supply of blood components, diagnostic services, tissues, solid organs and plasma proteins to the NHS. We rely entirely on the altruism and loyalty of our donors, and in 2008/09, countless lives were saved and transformed by their generosity in donating approximately two million units of blood and 3,513 organs.

Building on the progress made since NHSBT was established in October 2005, we need to respond to the changing demands of hospitals, regulatory authorities, and above all, donors, patients and the public, to deliver the service and performance they rightly expect from us.

In early 2008 we generated a three-year Strategic Plan, which established a series of very challenging objectives and reflected the ambition, and far-reaching implications, of the first Organ Donation Taskforce (ODTF) report and the National Blood Service Strategy Review, both announced in January 2008.

Significant progress has been made and we are within the critical phases of delivery of that programme. Therefore, our latest Plan continues to focus on benefits delivery, both operational and financial, ensuring that benefits are fully embedded as we go forward.

We are also very cognisant of the current economic situation, the state of public finances and the likely constraints that our customers will be required to work within over the next few years. As such, our intent is to identify and develop opportunities and initiatives that will drive out further improvements and efficiencies beyond those captured in the 2008 Strategic Plan. At this stage, the updated Plan captures our intent to identify, evaluate and pilot activities, for delivery in 2011/12 and beyond, with detailed implementation plans to be captured in future iterations of the Strategic Plan.



Strategic Direction

Our strategy is constructed around five strategic objectives that reflect the operational structure of NHSBT:

1. Blood Components: To deliver a modern, world class blood service that provides a sustainable and dependable supply of blood components that meet all safety, quality, compliance and service standards, as efficiently as possible.

Our first concern will always be the safe and dependable supply of blood components to NHS hospitals, as well as providing a safe and high quality service to our donors. In conjunction with this, we will continue to modernise processes and systems, driving out efficiencies at each stage of the blood supply chain, from the collection of blood to the processing, testing, issue and delivery of blood components to hospitals.

2. Specialist Services: Based on a thorough understanding of the needs of our customers and the broader market, to develop a portfolio of high quality, financially viable specialist services and products that are consistent with the objectives of NHSBT, complementary to existing activities and build on our unique skills and capabilities.

We will develop and maintain a strategically appropriate, and financially viable, portfolio of specialist (diagnostic) services and products (e.g. tissues), so long as they are consistent with the objectives of NHSBT. We will build on our skills, capabilities and facilities where NHSBT is best placed to provide them.

We will continue to provide related services (such as the operation of the British Bone Marrow Registry and the UK Cord Blood Bank) to the highest standards of quality, focused on the needs of the broader healthcare community and NHS patients, as mandated and directed by the Department of Health (and, where relevant, the Devolved Health Administrations).

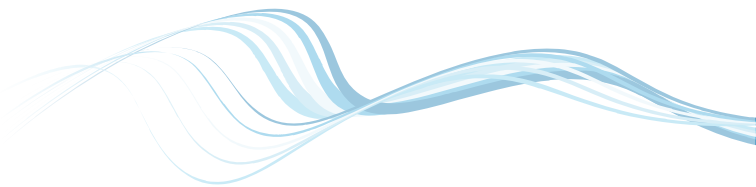
3. Organ Donation and Transplantation:

To maximise the number of organ donors, donated organs and registered supporters of organ donation, thereby enabling an increase in the number of life-saving transplants.

We are committed to developing NHSBT as a UK-wide Organ Donation Organisation and delivering our share of the recommendations of the first Organ Donation Taskforce (ODTF). Those recommendations aimed to deliver a 50% increase in deceased organ donation in the UK within five years, resulting in an additional 1,200 transplants per year.

Going beyond this, we will support the aspiration to increase numbers on the Organ Donation Register to 25 million by 2013, and to increase the numbers of deceased organs donated by 73%.

The delivery of these aspirational targets is therefore reflected in a more specific strategic objective that is captured in section two of this Plan. These aspirations are also a shared objective of all stakeholders within the DH, the Devolved Health Administrations and their partners across Government. They have been incorporated into the Terms of Reference of the DH Programme Delivery Board chaired by Chris Rudge, DH National Clinical Director Transplantation, and have been built into the strategic targets of NHSBT.



4. Fractionated Products/Plasma Proteins: via the Bio Products Laboratory (BPL) to provide a secure and financially viable source of high quality plasma proteins to NHS patients. To fulfil this mission BPL will attain the scale, efficiency and international capability that enables it to be sustainably cash generative, allowing it to self-fund its investment needs and maintain its product portfolio.

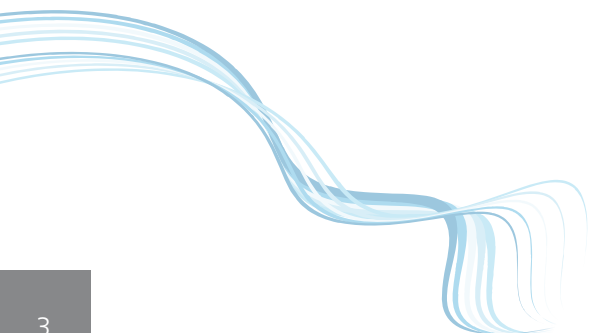
BPL will continue to supply a significant share of the UK's need for plasma proteins (immunoglobulin's, albumin and clotting factors). It will underpin this mission by ensuring financial viability, as a result of increasing the output of its Elstree factory, and using this to satisfy opportunities in international sales and contract fractionation.

5. NHSBT Corporate: To be an effective champion and advocate for the needs of donors and customers across NHSBT, developing organisational capacity, capability and processes in support of our ambitious objectives, identifying opportunities for effective collaboration across our Operating Divisions and supporting them with highly efficient and effective Group Services.

In order to fulfil the ambition of our strategy, we will continue to review our organisational arrangements, making the necessary changes to our structures, systems and governance processes.

We will seek to identify and deliver synergies between our operating units (Blood Components, Specialist Services, ODT and BPL) and underpin them with efficient and effective Group Services.

We are committed to applying the principles of Sustainable Development and will apply them to all that we do, whilst meeting the targets set by Government.



SECTION TWO: STRATEGIC OBJECTIVES AND THEMES FOR 2010-13

BLOOD COMPONENTS

Strategic Objective: To deliver a modern, world class blood service that provides a sustainable and dependable supply of blood components that meet all safety, quality, compliance and service standards, as efficiently as possible.

We have identified four strategic themes that underpin the strategic objective in Blood Components:

Customer Service

To be the “supplier of choice” to our customers through the introduction of modern, value adding, service and delivery models that ensure reliability and dependability, minimise wastage “vein to vein” and ensures that NHSBT remains at all times their most cost effective option.

Sufficiency of Supply

To ensure there is a sustainable supply of red cells and platelets that will be sufficient to meet current and future demand through modernising blood collection activities and by providing a service to our donors that is both a convenient and highly positive experience.

Safety and Compliance

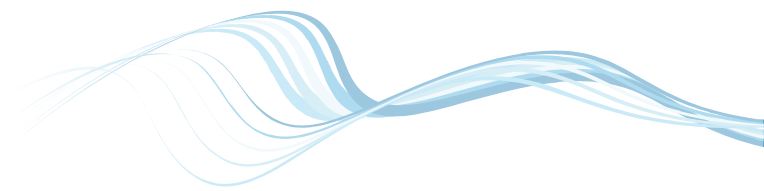
To proactively identify and implement the highest standards of safety and compliance across the full range of NHSBT activities.

Efficiency

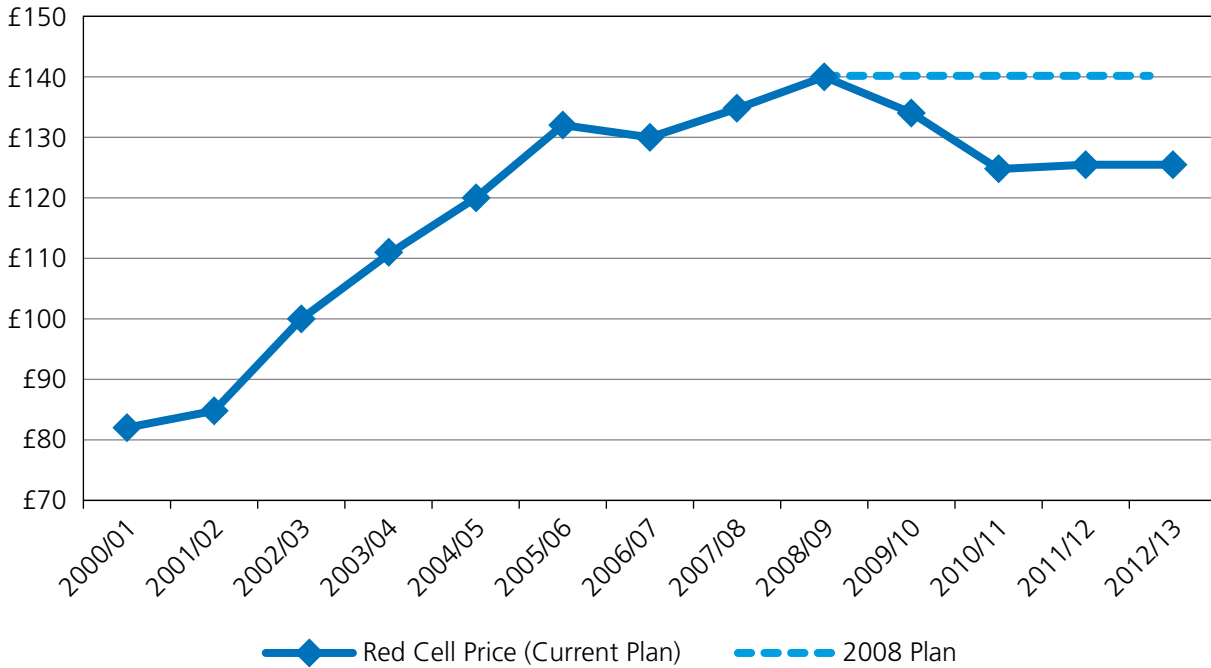
To be a highly cost effective supplier of blood and components to NHS hospitals through continuously improving efficiencies across operational and support functions, underpinned by ongoing benchmarking versus all externally available and appropriate performance data.

Each of these themes is underpinned by a programme of broad action plans. Many of these are rolled forward from the 2009-12 Strategic Plan, reflecting the need to complete the activities identified by the National Blood Service Strategy Review announced in January 2008. As such, activities include the need to embed the consolidation of processing and testing in the South West and to complete (and embed) the consolidations planned for the South East and the North.

The most visible outcome of these activities is the trend in the “headline” price of red cells, which has reduced from a high of c£140/unit in 2008/09 to a price confirmed for 2010/11 of c£124/unit. Our target is to maintain a flat blood price over the period 2011-13 (assuming a 1% per annum growth in demand and does not include the impact of significant and new mandated blood safety initiatives – see Page 5).



Red Cell Prices (£/Unit)

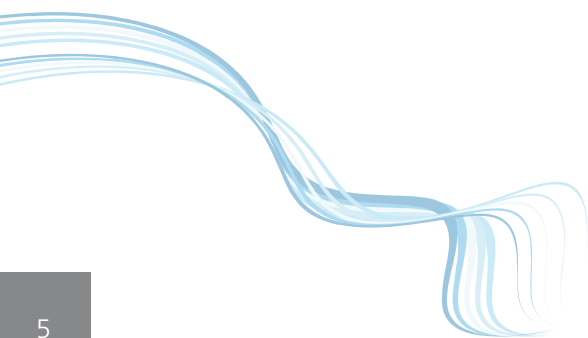


At present, our Plan assumes the part-year (2010/11) implementation of prion filtration for children under 16 and adult haemoglobinopathy patients, plus bacterial screening of platelets.

The Plan does not include the operational and financial impact of the potential initiatives regarding the importation of Fresh Frozen Plasma (FFP) and universal prion filtration. These would have a significant financial impact on our customers at a time when they may well be under the most severe financial pressures in a long time (if ever). As such, we are committed to identifying and developing compensating efficiency savings and will start to reflect these in our plans as we go forward.

The key activities for 2010/11 that are captured in our Plan include:

- Plans to sustainably issue 80% of platelets produced via component donation in line with our mandated direction from DH.
- Implementation of the bacterial screening of platelets and the prion filtration of red cells for children under 16 and adult haemoglobinopathy patients (as mentioned above). We will also continue to develop the impact analysis of further blood safety initiatives in conjunction with SaBTO.
- Completion of the existing rationalisation projects in processing and testing, securing and embedding the related benefits. In addition, the completion of tactical consolidations in the related office based estate and release of existing leased facilities.



Section Two: Strategic Objectives and Themes for 2010-13

- Development of plans for further improvement of efficiencies in the blood supply chain, via lean manufacturing methodologies, underpinned by active benchmarking of operational performance and productivity versus other (mostly European) blood services.
- Increased focus on customer service and development of our customer service proposition. In particular this includes the current activity with regard to piloting, and intent to roll out, an Online Blood Ordering System (OBOS). This modernises one element of the interface between NHSBT and NHS hospitals and is a precursor to developing a broader and more automated customer portal.
- Development of a supply chain model and underlying processes that would allow us to integrate and optimise the management of blood stocks between ourselves and NHS hospitals.
- A need to develop a coherent blood donor strategy, which seeks to ensure ongoing sufficiency of the blood supply, and the related need to modernise and improve the experience that our donors have when they come to donate blood. This modernisation programme will include the development, and pilot, of a “Direct to Session” model; strategic systems, information and process improvement; coupled with organisational development within Blood Donation (capacity, skills, and expertise).

The following table captures the key strategic targets that drive the actions within our Plan, along with a longer term aspirational target.

Strategic Targets – Blood & Components	2009/10	2010/11	2011/12	2012/13	Long Term
Percentage of product request met <i>(replace with an OTIF measure post OBOS implementation)</i>	> 99.9%	> 99.9%	> 99.9%	> 99.9%	> 99.9%
Percentage of hospitals scoring \geq 9/10 for satisfaction with overall service	55%	58%	60%	>60%	> 60%
Number of occasions where red cell stocks (for any blood group) are below the three day alert level for three or more consecutive days	0	0	0	0	0
Number of occasions when the opening stock of platelets is below average daily demand for two or more consecutive days	0	0	0	0	0
Percentage of blood donors scoring \geq 9/10 for satisfaction with overall service (current actual at c64%; therefore future targets re-profiled to reflect this)	68%	66%	67%	68%	> 68%
Number of TRALI cases (probable/likely)	10	\leq 3	\leq 2	\leq 2	\leq 2
Number of confirmed TTIs from bacterial contamination (incidents)	2	\leq 2	\leq 1	\leq 1	\leq 1
Number of “critical” regulatory non-compliances	0	0	0	0	0
Unit price of red cells <i>(10/11/12 price outcome reflects a ‘ceiling’ and assumes no further material safety intervention, and a current demand projection of 1% growth pa)</i>	£133.19	£124.21	£125	£125	£125

SPECIALIST SERVICES

Strategic Objective: Based on a thorough understanding of the needs of our customers and the broader market, to develop a portfolio of high quality, financially viable specialist services and products that are consistent with the objectives of NHSBT, complementary to existing activities and build on our unique skills and capabilities.

Two strategic themes have been identified in support of the strategic objective in Specialist Services (SpS):

Strategy Development

To review the products, services, opportunities and capabilities within SpS and produce a coherent set of strategic plans at operating business level.

Operational Efficiency and Effectiveness

To deliver the highest standards of safety/ compliance and customer service across the full range of SpS activities and develop world class, clinically effective services and delivery models.

The themes have been deliberately simplified in order to reflect the critical need to articulate (for the first time) the specific product and customer strategies of the individual operating units that constitute the Specialist Services Group, whilst at the same time, maintaining and making tactical improvements to the existing services.

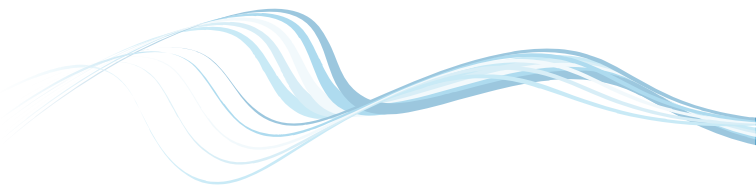
As a result, the underlying broad action plans in 2010/11 are again an amalgam of completing existing activities identified in the previous Plan and driving new plans, based on a thorough strategic re-assessment of the markets that are served by Specialist Services. These include:

- Completion of existing rationalisation projects, securing and embedding the related benefits from RCI/SCI consolidations and the divestment of the routine ante natal screening service.
- Recruitment of product management resource in support of Diagnostic Services, Tissues and Stem Cell Therapies in order to introduce greater market orientation and skills within SpS and hence underpin the strategic plans with a sound assessment of the commercial opportunities and risks.
- Leading the UK wide Strategic Stem Cell review (regarding BBMR and Cord Blood) on behalf of the DH.
- Development and launch of new (tactical) products within Tissues in order to increase revenue and support the financial viability of SpS.
- Review the supporting systems and processes within SpS to identify improvements in end-to-end processes in support of greater customer service (e.g. Hematos development, delivery of Diagnostic Service reports via EDI, improved links to billing processes).

Section Two: Strategic Objectives and Themes for 2010-13

The following table captures the key strategic targets that drive the actions within our Plan, along with a longer term aspirational targets.

Strategic Targets – Specialist Services	2009/10	2010/11	2011/12	2012/13	Long Term
Volume Growth Target (excluding STS)	5%	5%	5%	5%	5%
Specialist Services Funding Gap <i>(09/10 target recalculated in-year as £13.75m)</i>	£15.85m	£9.44m	c£7m- £8m	c£3m	£0m
Number of 'critical' regulatory non-compliances	0	0	0	0	0
Specialist Service SLA compliance <i>(new composite measure of performance against SLA baseline in RCI 95%, H&I 80%, SCI 100%, Tissues 98.5%)</i>	New	100%	100%	100%	100%
Percentage of hospitals scoring \geq 9/10 for satisfaction with overall Diagnostic Service	60%	63%	66%	66%	>66%



ORGAN DONATION AND TRANSPLANTATION

Strategic Objective: To increase the number of people on the organ donor register to 25m, and facilitate a 73% increase in deceased organ donation, in the 5-year period 2008 - 2013, by developing NHSBT as a UK wide Organ Donation Organisation and by implementing related activities as envisaged by the Organ Donation Taskforce.

Seven strategic themes have been identified in support of the strategic objective in Organ Donation and Transplantation:

Develop NHSBT as the UK Organ Donor Organisation

Continue to develop NHSBT as the UK Organ Donor Organisation through ongoing development of ODT supporting infrastructure, processes, governance, quality, systems and culture.

Increase Identification and Referral of Potential Organ Donors

Remove the obstacles to organ donation and effectively performance manage the identification and referral of potential donors.

Maximise Conversion of Potential Organ Donors into Actual Donors

Maximise the conversion of potential donors into actual donors by developing and implementing a robust, sustainable donor co-ordination service.

Commission a Sustainable National Organ Retrieval Service

Commission a flexible, robust and sustainable organ retrieval service that delivers viable organs to transplant units.

Actively Promote Organ Donation

Implement methods to publicly recognise the act of donation and actively promote donation to the public.

Commission Live Organ Donation

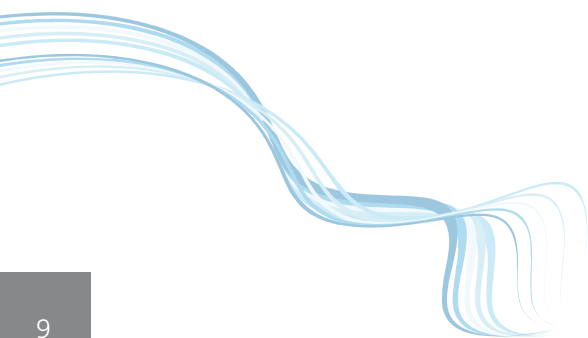
Commission a robust and sustainable Live Organ Donor service.

Sustainable Cornea Donation

Develop and implement a robust, sustainable cornea donation service.

There are currently more than 17 million people – 27% of the UK population – on the NHS Organ Donor Register, with just under 1 million names added in the last year. There has been a steady increase in the number of transplants in this country over the past seven years, with 2008/09 seeing more than 3,500 transplants undertaken for the first time – a c9% increase on the previous year.

Nevertheless, UK donor rates are significantly below those of our European counterparts, such as France and Spain. Currently, almost 8,000 people in this country need an organ transplant, and this figure rises by about 8% a year. Put simply, this translates into more than 1,000 people (three each day) who die every year waiting for a transplant.



Section Two: Strategic Objectives and Themes for 2010-13

The Organ Donation Taskforce (ODTF) was established by the UK Health Departments in 2006 to identify barriers to organ donation, explore current issues with a bearing on donation rates and recommend action to be taken to increase organ donation within current legal frameworks. The Taskforce report – “Organs for Transplants” - makes 14 recommendations, all of which were accepted in full by the UK Health Ministers.

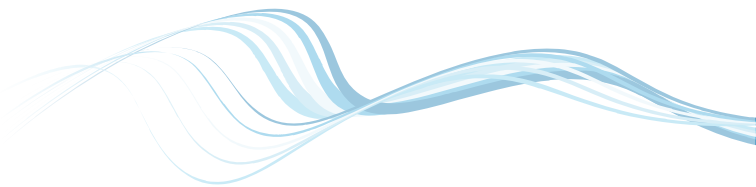
Our underlying broad action plans continue to be focused on delivery of those ODTF recommendations that NHSBT are responsible for and include:

- Deriving the benefits from the deployment and ongoing development of the 12 Regional Donor Transplant Co-ordinator Teams and the 194 Clinical Leads for Organ Donation (CLOD) now in place, and completing the roll out of the CLOD Professional Development Programme.
- Continued development of the commissioning of organ retrieval and supporting processes, with 2010/11 seeing the development of options for donor management and a review of capacity in the South West.

- Sustaining and further developing the public awareness campaign that was launched in November 2009.
- Development of a performance improvement culture and framework underpinned by the development of supporting processes and reporting systems.
- In addition, and commensurate with development of NHSBT as the UK Organ Donor Organisation, we will also strengthen our governance, quality and IT systems infrastructure with particular focus on the Organ Donor Register and organ allocation schemes. We will also develop our response to the European Directive on Organ Donation and ensure compliance with the European Working Time Directive.

The following table captures the key aspirational targets that drive the actions within our Plan.

Aspirational Targets	2009/10	2010/11	2011/12	2012/13	Long Term
Number of Deceased Organ Donors	974	1,104	1,249	1,400	TBD 10/11
Cumulative percentage increase in deceased organ donation (from a 2007/08 baseline of 809 donors)	20%	36%	54%	73%	TBD 10/11
Number of people registered on the Organ Donor Register (ODR)	17.5m	20.0m	22.0m	25.0m	TBD 10/11
Number of Living Organ Donors	1,044	1,100	1,155	1,213	TBD 10/11
Number of Organ Transplants	3,868	4,308	4,857	5,439	TBD 10/11



FRACTIONATED PRODUCTS/BPL

Strategic Objective: BPLs mission is to provide a secure and financially viable source of high quality plasma proteins to NHS patients. To fulfil this mission BPL will attain the scale, efficiency and international capability that enables it to be sustainably cash generative, allowing it to self fund its investment needs and maintain its product portfolio.

Seven strategic themes have been identified in support of the strategic objective for BPL.

Continue to meet NHS demand for IVIG

Continue to meet a minimum of 45% of NHS demand for IVIG (max 65%).

Continuous Debottlenecking of Capacity

Continuous debottlenecking of capacity and preventative maintenance to maximise sales and contract fractionation opportunities.

Sales, Product, Licensing and Business Development

To grow sales, develop the product and licensing strategy and other business development opportunities.

Optimise Operational Efficiency and Effectiveness

To optimise operational efficiency and effectiveness.

Optimise Workforce Efficiency and Effectiveness

To optimise workforce efficiency and effectiveness.

Cash Management

To operate predictable, dependable and resilient cash management.

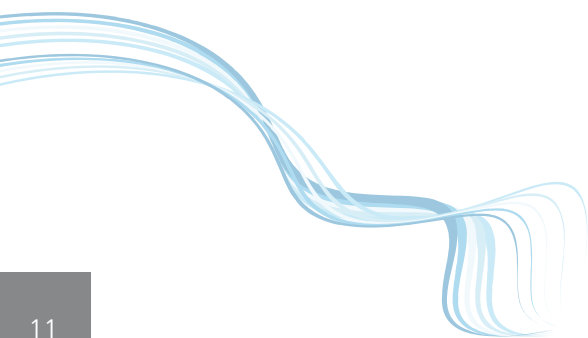
Regulatory Compliance

To maintain/improve regulatory compliance consistent with business objectives.

There has been significant progress at BPL over the past two years. Manufacturing capacity has doubled; total sales are up by 30%, with export sales up by 90%, compared to 2008/09. As a result, during 2009/10, BPL has grown its working capital in support of this significant increase in activity and, although BPL is generating (small) trading profits, it has continued to consume cash.

During this period BPL has also suffered from an inability to predict cash flow on a sufficiently reliable basis. As such the need to improve operational planning capability has been identified and is a key part of the Plan (introduction of sales and operational planning) going forward.

However, it is also clear that BPL is not sufficiently profitable at gross margin level. As a result, the increased throughput/sales does not pull through enough profit for BPL to be cash generative on a robust and sustainable basis. This is exacerbated by much less favourable conditions in the plasma proteins market where excess supply is becoming visible and price declines are impacting margins.



Section Two: Strategic Objectives and Themes for 2010-13

Hence a critical element of the Plan is to re-appraise the strategic options and investment opportunities that will deliver sustainable financial performance.

Despite the current deterioration in market conditions, the strategic objective of BPL continues to focus on developing into a business that is capable of generating a sustainable profit, cash surpluses and self-funding its development needs over the long term.

In broad terms BPL is aiming to become a business with the following shape:

- Able to sustain the processing of 1,000,000 litres of plasma per annum.
- With a robust sales income of at least £165m per annum.

- Gross profit margins of c30%.
- A trading profit margin of c10%.

The detailed plans necessary to deliver this objective continue to be re-worked, especially with regard to assessment of the options to improve the gross margin quality.

The following table captures the key strategic targets that drive the actions within our Plan, along with a longer term aspirational target. 2009/10 and 2010/11 have been restated to reflect the latest forecast as at March 2010. Figures for 2011/12 and 2012/13 are notional at this stage pending re-evaluation of the strategic options.

Strategic Targets – BPL	2009/10	2010/11	2011/12	2012/13	Long Term
Min/max NHS demand met (IVIG) <i>(09/10 forecast actual 55%)</i>	45%/65%	45%/65%	45%/65%	45%/65%	45%/65%
Effective capacity	750kl	810kl	850kl	900kl	1,000kl
Total Sales	£117m	£125m	£154m	£159m	£165m
Gross Margin %	21%	21%	23%	24%	30%
Trading Profit margin (net income before capital charges)	1%	2%	6%	6%	10%
Grant in Aid	£3.3m	£4.1m	Nil	Nil	Nil
Number of “critical” regulatory non-compliances	0	0	0	0	0

NHSBT CORPORATE

Strategic Objective: To be an effective champion and advocate for the needs of donors and customers across NHSBT, developing organisational capacity, capability and processes in support of our ambitious objectives, identifying opportunities for effective collaboration across our Operating Divisions and supporting them with highly efficient and effective Group Services.

The Plan identifies four strategic themes in support of the above objective:

Structures and Governance

To ensure NHSBT corporate and accountability structures enable effective and efficient delivery of its strategy and management of risk.

Capacity, Capability and Leadership

To improve NHSBTs capacity and capability to deliver strategic change through the deployment of appropriate resource, leadership and skill, supported by effective engagement with our workforce, their representatives and key stakeholders.

Group Systems and Processes

To ensure our Operating Divisions (Blood Components, Specialist Services, ODT and BPL) are supported by highly effective and efficient group systems and processes.

Sustainable Development

NHSBT will be a strong advocate for sustainable development, will promote it effectively across the organisation and workforce and will, as a minimum, meet all targets set by our stakeholders.

The supporting broad action plans cover a number of activities including:

- Identifying and developing synergistic opportunities between the Operating Divisions of NHSBT (e.g. marketing, tissues/organs etc) and improved alignment of R&D funding and programmes with our strategies.
- Ongoing development of performance management and integrated governance structures, adherence to regulation, risk management capability and business continuity management.
- Implementation of the Agenda for Change Unsocial Hours agreement, a review of working practices and continued focus on organisational development and people management.
- Continuous improvement to supporting group systems and processes based on reducing transactional activity and increasing automation. This includes an explicit commitment to an ongoing assessment of the opportunity to partner with NHS Shared Business Services in accounting and payroll.
- Development of our Estates strategy, underpinned by a comprehensive set of options appraisals and supported by extensive analysis of costs and benefits.
- Development of options with regard to a Transport Management System and the opportunity to drive savings from the £20m per annum that we incur in logistics cost.
- Implementation of a detailed sustainable development action plan.

Section Two: Strategic Objectives and Themes for 2010-13

The following table captures the key strategic targets that drive the actions within our Plan, along with a longer term aspirational target.

Strategic Targets – Corporate	2009/10	2010/11	2011/12	2012/13	Long Term
Corporate Service costs as a percentage of total costs <i>(IT, HR, Finance & Procurement, as per VFM definitions, excludes BPL Group Services and Estates & Logistics)</i>	7.5%	7.2%	6.9%	6.7%	6.5%
Estate costs as a percentage of total costs <i>(As per VFM definitions, excludes BPL, Transport and Warehousing)</i>	8.5%	8.1%	8.0%	7.5%	6.5%
NHSBT CO ₂ emissions (tonnes) <i>(metric to be developed during 2010/11)</i>	New	TBD	TBD	TBD	TBD

SECTION THREE: FINANCIAL OVERVIEW

NHSBT Financial Summary - Revenue Account

Overall, during the period of this Strategic Plan, NHSBT will deliver an income and expenditure surplus. This reflects that in Blood, Specialist Services and ODT we plan for a break-even income and expenditure position, but the continued improvement in the financial performance at BPL leads to a net income surplus overall for NHSBT.

The plan also delivers a break-even position on cash, although this is subject to the working

capital position at BPL, which has a high level of commercial risk and an inherently long cash cycle (from payment of plasma to receipt of cash from customers). The timing of transactions alone can impact cash performance at BPL (and hence NHSBT) by +/- £5m making it problematical to live within a small GIA cash limit.

Please note, the financial position outlined below is subject to final confirmation from the DH of our revenue and capital grant in aid funding for 2010/11.

NHSBT Revenue Statement

Key expenditure movements	2010/11 £ million	2011/12 £ million	2012/13 £ million	Change £ million
Opening Expenditure Position (2009/10 plan)	577.1	576.4	603.0	577.1
Estimated cost pressures and developments	28.2	37.5	16.7	82.4
Estimated one time costs/Transition costs	(7.7)	(1.3)	(1.1)	(10.2)
Estimated cost reduction programme	(21.2)	(9.6)	(9.3)	(40.1)
Net expenditure (reduction)/increase	(0.7)	26.6	6.2	32.1
Estimated Total Expenditure [A]	576.4	603.0	609.2	609.2
Funded By				
Income from product and service sales	504.4	530.0	534.6	534.6
Grant in Aid funding	68.5	68.5	68.5	68.5
Income from Devolved Administrations	5.5	7.2	9.7	9.7
Estimated Total Income [B]	578.4	605.7	612.8	612.8
Net Income & Expenditure Surplus [B-A]	2.0	2.7	3.6	3.6

Revenue Investment Plans

The financial plan outlines growth in revenue expenditure totalling £32.1 million over the 2010-13 period. This includes additional costs in support of our strategic activities with the following areas of material investment:

a) Organ Donation - £13.7 million investment over the 2010-13 period.

This is predominantly attributable to phased revenue expenditure to continue the programme of work to deliver those recommendations of the ODTF that we have been asked by the UK Health Departments to take forward.

The table below summarises this over the 2010-13 period.

b) Fractionated Products/BPL – a £28.0 million (21.5%) increase in costs over the 2009/10 baseline during the next three-year cycle.

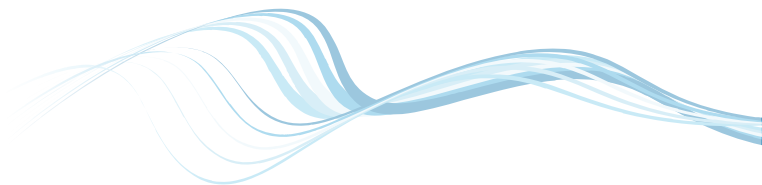
This directly reflects the planned sales growth at BPL and the related growth in the cost of sales. The value of sales planned in excess of these costs will result in a (small) financial surplus. Over time this is planned to eliminate the grant in aid funding requirement and was originally intended to apply from 2010/11. Given the deterioration in the plasma proteins market, growth is now lower than originally planned and hence GIA will be required in 2010/11. Although zero grant in aid is assumed in 2011/12 this will be re-assessed during 2010/11.

c) Blood Components and Specialist Services – net cost reduction of £9.6 million.

The impact of cost reduction plans over the 2010-13 period (£39.1 million) plus an overall reduction in the level of non-recurring costs in baseline (£13.8 million) offsets the impact of forecast cost pressures and developments (£43.3 million).

Organ Donation Investment

Planned Initiatives	2010/11	2011/12	2012/13
Implement Clinical Leads for Organ Donation (Donor Champions) and Donation Committees (ODTF 4)	£4.0m	£3.8m	£3.9m
Implement financial reimbursement to all hospitals for the additional costs incurred when facilitating a potential or actual donor (ODTF 8)	£3.0m	£3.4m	£3.9m
Implementation of a centrally employed Donor Transplant Co-ordinator network (ODTF 9)	£15.1m	£17.5m	£18.1m
Introduction of an electronic (web-based) organ offering system (ODTF 9)	£0.3m	£0.3m	£0.3m
Implement nationally commissioned Organ Retrieval Teams (ODTF 10)	£21.2m	£23.9m	£24.8m
Promote organ donation (ODTF 13)	£3.6m	£3.7m	£3.8m
Establish a UK wide Organ Donor Organisation (ODTF 1&2)	£2.1m	£1.0m	£1.4m
TOTAL INVESTMENT	£49.3m	£53.6m	£56.3m
Re-diverted baseline expenditure	-£5.3m	-£5.3m	-£5.3m
TOTAL NET INVESTMENT	£44.0m	£48.3m	£51.0m



Capital Investment Plans

During 2010-13, we are planning to deliver a capital investment programme totalling £49.0 million.

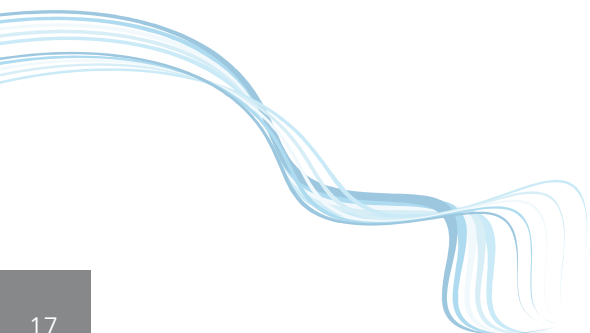
These plans are largely centred on BPLs ongoing capital investment plan, estate, IT and system development, plus rolling equipment replacement and renewal programmes.

Summary of Capital Investment Plans

Plan Initiative	2010/11	2011/12	2012/13
Fractionated Products (BPL) Capital Programme	£6.5m	£8.0m	£9.0m
Estates Investment Programme	£2.7m	£1.6m	£1.1m
IT and system development projects	£2.2m	£3.1m	£2.1m
Minor Capital Programme – asset replacement programme	£3.6m	£3.8m	£5.3m
TOTAL	£15.0m	£16.5m	£17.5m

The appropriate level of capital charges on our fixed asset base, in the form of interest and depreciation, are included within the Income and Expenditure account.

We will be working closely with our DH partners to progress and deliver this capital programme in a timely manner, with plans being progressed in conjunction with the DH Business Support Unit and Capital Investment Branch where necessary.



Performance and Assurance

We adopt an integrated approach to planning, performance, governance and assurance. This means that each strategic objective has been subjected to risk evaluation and assessment and that supporting activities and work plans (and their respective controls) have been developed to mitigate the risks of failing to achieve these objectives. Such risks are captured within our Strategic Risk Register and this forms a key aspect of our Assurance Framework.

Progress against delivery of this plan will be reported each month to the NHSBT Executive Management Team and NHSBT Board, using our Performance Management Framework to generate an exception report. This consolidates information from within the Performance Scorecard with other “health monitoring” KPIs, progress against key milestones, key performance trends and risks.

Risks to delivery of our work plan, which arise in-year, are captured within our Programme Governance arrangements and as part of each Functional Management Team’s ongoing review of performance and management of risk. Risks are escalated, as appropriate, for resolution via the monthly performance review process.

The performance report will form the basis for NHSBTs formal accountability review arrangements with the UK Health Departments. This work is subject to scrutiny by the Governance and Audit Committee (GAC) and our Internal Auditors.

