



Department
of Health &
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To: Directors of Finance, Transfusion Laboratory Managers and Consultant Haematologists with responsibility for Transfusion in Trusts served by NHS Blood and Transplant

cc: Chairs of Programmes of Care, relevant Clinical Reference Groups

Dear Colleague

PRICES FOR BLOOD, BLOOD COMPONENTS AND SPECIALIST SERVICES FROM NHS BLOOD AND TRANSPLANT (NHSBT) FOR 2022/23

The National Commissioning Group for Blood (NCG) has completed its consideration of NHSBT's pricing and service proposals for the financial year 2022/23. This letter summarises the resulting adjustments to NHSBT's prices from 1 April 2022. It should be shared with financial accountants and planning teams supporting hospital directorates which use NHSBT's services as well as hospital transfusion teams.

The **headlines for 2022/23** are:

- Red blood cell demand is expected to be 1.2% higher (1.388m units) than 2021/22.
- A price uplift of 6% for Blood and Blood Components.
- The billing framework for Blood will continue to be on a fixed capacity plus variable cost basis for 2022/23 (with added value services continuing to be charged on cost per item basis).
- There is a potential for an in-year rebate if Covid capacity and costs can be reduced in 2022/23.
- An average uplift for Specialist Services of 3.7%.

1. Red blood cell pricing

2021/22

Forecast demand for red blood cells and platelets is broadly in line with the 2021/22 plan. The billing framework for the current year is based on fixed capacity plus variable cost. The framework does not have a risk share built into it and hence there will be no rebate available in year.

2022/23

NHSBT continues to be confronted by the challenges presented by the pandemic, and specifically in the impact it is having on the variability of supply and demand for its products and services. Although there are increasing signs of improvement and stability, NHSBT's plans continue to reflect the capacity and resources required to manage the impact of Covid-19. The prices approved for 2022/23 will therefore result in the NHS's overall expenditure on blood increasing by 6.0%.

This includes the continued impact of Covid-19 within blood collection, for which NHSBT is seeing additional cost pressures (overtime and temporary labour) and demands to retain and increase collection capacity. If NHSBT is able to reduce the capacity and costs that were added over the last two years, there would be an opportunity to pass this back to customers by way of rebate, later in the year. The increase in expenditure also reflects a sharp increase in inflationary pressures, especially regarding energy, fuel, couriers and clinical waste disposal. In addition, it also includes the loss of Non-clinical Issue plasma sales income which is now part of the Plasma for Medicines Programme.

The price increase also includes transformation spend of £15m which NHSBT has to fund through pricing year on year. The projects are considered essential, with £6m targeted at addressing NHSBT's IT technical debt. The remainder includes funding anti-HBc testing (which is subject to Ministerial clearance), transformational estate works and inputting into the Infected Blood Inquiry.

Table 1: Movement in blood component income

Category	Blood £m's
Opening position (closing NCG position 2021/22)	288.3
Net Product and Service Demand Volume Impact	-0.1
2022/23 Inflation, Increments & Capital Charges	8.6
2022/23 Cost Reduction Programme	-6.1
2022/23 Cost Pressures	11.4
Reversal of 2021/22 Non-recurring Covid-19 cost pressures	-8.6
2022/23 Covid-19 cost pressures	9.1
Transformation	3.0
Total Impact	17.3
2022/23 Revised Position	305.6
Percentage increase / (decrease)	6.0%

The billing framework for 2022/23 will continue to be based on fixed capacity plus variable cost. Contract values will be based on 2021/22 hospital activity flexed versus the 2022/23 forecast. Billing will be monthly in advance with charges in arrears for the variable element, per item, based on actual activity. Added value services will also be charged in arrears on a cost per item basis. The cost elements are summarised in **Appendix 1**. The current intention is that NHSBT will revert to a cost per item billing mechanism in 2023/24.

2. Demand trends for blood

For 2021/22, demand for red cells is forecast to be 1.372m units, which is on par with the NCG plan. This is broadly in line with pre-pandemic demand levels. The variability of in year in demand, however, continues to be much higher than in previous years.

Differential demand at blood group / type level continues to generate supply planning challenges. Currently, O negative red cell demand is around 13.5% of total demand, against 7% of the UK general population having O negative blood.

Pressures on O negative stock is further compounded by the fact that it is used as a substitute for R₀ units, if such orders cannot be fulfilled. The demand for R₀ in 2021/22 increased by 14% versus 2020/21 and is expected to increase by 7% in 2022/23. Currently, NHSBT is able to meet just over 50% of R₀ demand with R₀ blood and continues to develop and implement its plans to further increase the donation of R₀ blood.

3. Plasma for Medicines

In February 2021, the MHRA lifted the ban on the use of UK plasma to manufacture immunoglobulins. NHSBT has been instructed to transition its infrastructure and supply chain from collecting convalescent plasma to collecting both recovered and sourced plasma for the Plasma for Medicines Programme. Volumes will continue to be ramped up during 2022/23, with supply to a fractionator planned for October 2023.

4. Specialist Services pricing

The impact of Covid-19 on NHSBT's specialist services in 2021/22 has had less impact than in blood, with most services returning to pre-Covid demand and activity levels. The overall price increase for specialist services is 3.7%, driven by a combination of inflationary pressures, and additional management costs to support the new operating model structure. The uplifts at a service level are summarised in **Appendix 2**.

Table 2: Movement in specialist services income

Category	SpS £m's	TES £m's	Total £m's
Opening position (closing NCG position 2021/22)	61.0	14.3	75.3
<i>Product and Service Demand Volume Impact</i>	3.1	2.8	5.9
Revised Baseline	64.1	17.1	81.2
2022/23 Inflation, Increments & Capital Charges	2.1	0.3	2.4
2022/23 Cost Reduction Programme	-0.2	-0.5	-0.7
2022/23 Cost Pressures	0.4	1.0	1.4
Total Impact	2.2	0.8	3.0
2022/23 Revised Position	66.3	17.9	84.2
Percentage increase / (decrease)	3.4%	4.7%	3.7%

5. Transport arrangements

A review of NHSBT's logistics identified that there were opportunities to improve the scheduling of deliveries across the service, which has been relatively unchanged for a considerable period of time. In collaboration with NHSBT transport, hospital services and hospital customers, NHSBT has been able to establish and implement new routine delivery schedules in seven centres. This has resulted in increased routine utilisation, both benefitting NHSBT and hospital customers. Feedback from hospitals has been positive overall. The Logistics Review Utilisation will complete its review of the remaining NHSBT centres by March 2022. The price for these services has not been increased for 5 years. Due to the pressures, particularly fuel, NHSBT

has increased the prices for 2022/23 by just over 2%. The uplifted prices will be £53.26 for ad-hoc and emergency deliveries, regardless of distance from the supplying blood centre, and £11.23 for Click and Collect.

6. Impact statements

NHSBT has produced a set of statements capturing the impact of pricing changes. These will be issued electronically, with updated price lists to all trusts.

7. Late payment of invoices

Whilst the prompt return of invoices to NHSBT has improved, there remains some delays in paying NHSBT. This income is essential for maintaining the blood supply chain in England. NHS colleagues are respectfully requested to ensure that invoices are paid promptly.

If you have any queries regarding the information contained within this letter, please do not hesitate to contact:

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Yours faithfully



WILLIAM VINEALL
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NHS Policy & Performance Group

Appendix 1 - Development of Fixed Capacity and Variable Costs by functional area

	NCG Plan					NCG Plan / Budget						
	2021/22								2022/23			
	Fixed Costs	Variable Costs	Total	Inflation	Net Pressures /Savings	Reversal of 2021/22 Covid-19	Covid-19	T Fund	Fixed Costs	Variable Costs	Total	
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Blood and Group Costs												
Blood Collection	99.3	+ 8.3	= 107.6	3.3	1.3	-7.9	8.7		104.7	+ 8.3	= 113.0	
Manufacturing and Testing	22.5	+ 27.5	= 50.0	1.5	0.3	-0.5	0.2		24.0	+ 27.4	= 51.4	
Distribution	38.8	+ -	= 38.8	1.2					40.0	+ -	= 40.0	
IT	23.5	+ -	= 23.5	0.7	1.2	-0.2	0.2		25.4	+ -	= 25.4	
Group and Corporate	58.2	+ -	= 58.2	1.8	2.5				62.4	+ -	= 62.4	
Transformation	17.0	+ -	= 17.0					-2.0	15.0	+ -	= 15.0	
Total Blood and Group Costs (ABC view)	259.2	+ 35.8	= 295.0	8.6	5.3	-8.6	9.1	-2.0	271.6	+ 35.7	= 307.3	4.8%
Less: Cash funded costs and ABC adjustments	-6.7	+ -	= -6.7					5.0	-1.7	+ -	= -1.7	
Total Costs to recover in Prices	252.5	+ 35.8	= 288.3	8.6	5.3	-8.6	9.1	3.0	269.9	+ 35.7	= 305.6	
				3.0%	1.8%	-3.0%	3.1%	1.0%	6.9%	-0.3%	6.0%	

* Fixed costs of £259.2m will be recovered through the Blood Component Fixed Cost Charges per Contract amounts, with the balance of £10.4m recovered through charges for Added Value Services.

Appendix 2 - Specialist Services and Summary of Prices by Division 2022/23

NCG Pricing Proposal	H&I	Reference	Reagents	IBGRL	Pathology	SCI CMT (exc ACT/CBC)	TAS	SCDT	CAGT	Clinical Services	TES	Specialist Services
Opening NCG Position 2021/22	13.9	16.7	1.9	2.4	34.9	11.0	11.3	3.8	26.1	61.0	14.3	75.3
Growth / Decline Post NCG	-0.3	0.3	-0.1	-0.1	-0.1	0.4	0.7	1.1	2.1	2.0	1.0	3.0
Impact of COVID-19 on SpS (1.5%) - Return	-0.2	-0.2	0.0	0.0	-0.4	-0.2	0.0	0.0	-0.2	-0.6	0.0	-0.6
Baseline plus Post NCG Movement	13.4	16.8	1.8	2.3	34.3	11.2	12.0	4.9	28.1	62.4	15.3	77.7
Planned Growth - 2022/23	0.0	0.3	0.1	0.1	0.5	0.6	0.6	0.0	1.2	1.7	1.8	3.5
Revised Baseline Income (£m)	13.4	17.1	1.9	2.4	34.8	11.8	12.6	4.9	29.3	64.1	17.1	81.2
Contribution Delivered from Growth	0.0	-0.2	-0.0	-0.1	-0.3	-0.2	-0.3	0.0	-0.5	-0.8	0.0	-0.8
Cost Reduction Programme	-0.0	-0.0	-0.0	-0.0	-0.1	-0.0	-0.0	-0.0	-0.1	-0.2	-0.5	-0.7
Net Cost Pressures	0.4	0.4	0.0	0.0	0.8	0.3	-0.0	-0.1	0.1	1.0	1.0	2.0
Non-Recurrent Funding	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.2	0.0	0.2
Inflation Funding Increase	0.5	0.5	0.1	0.1	1.2	0.4	0.4	0.1	0.9	2.1	0.3	2.4
Total Price Increase / Impact	0.8	0.6	0.1	0.1	1.6	0.6	0.0	-0.0	0.6	2.2	0.8	3.0
Total Income - 2022/23	14.2	17.8	2.0	2.5	36.4	12.4	12.6	4.9	29.9	66.3	17.9	84.2
Percentage Price Increase / (Decrease)	5.9%	3.7%	3.7%	3.9%	4.6%	5.0%	0.0%	-0.1%	2.0%	3.4%	4.7%	3.7%