

Board Meeting in Public

Tuesday, 25 July 2023

Title of Report	Financial Report	Agenda No.	3.2												
Nature of Report	<input checked="" type="checkbox"/> Official	<input type="checkbox"/> Official Sensitive													
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Non-Executive Director Sponsor (if applicable)															
Presented for (tick all that applies)	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Information													
	<input type="checkbox"/> Assurance	<input checked="" type="checkbox"/> Update													
Purpose of the report and key issues															
<p>This report firstly describes the financial position for 2023/24 and then goes on to update on the development of our financial plans for 2024/25, at a divisional level, while also aggregating this into an overall corporate position and direction.</p> <p>2023/24</p> <p>Following the finalisation of our forecast position for Q1, the conclusion confirms it continues to be a fundable plan for the year. We do have risks though, specifically Blood (pay costs) / Southampton (remediation/roof), however, these are currently met by our contingencies.</p> <p>Clinical, TES, Plasma and ODT are all on track to finish the year within the approved budget.</p> <p>Cash at the end of March has now improved to c£32m, recognising the SLA agreed with NHSE to meet plasma costs towards the end of the year. Notional split; Blood £11m, ODT £4m, CS £6m and Plasma £11m.</p> <p>The 2023/24 capital allocation has also been confirmed at £20.5m (versus £21m). Planning should now be accelerated to ensure we spend our full allowance.</p> <p>2024/25</p> <p>Work has commenced developing the outlook for 2024/25 and associated funding strategies. The table below shows a first iteration of the gaps before funding level and efficiencies are identified.</p> <table border="1" data-bbox="440 1724 898 1936"> <thead> <tr> <th>Division</th> <th>Funding Gap (£m)</th> <th>Funding Gap (%)</th> </tr> </thead> <tbody> <tr> <td>Blood</td> <td>-44</td> <td>14%</td> </tr> <tr> <td>ODT</td> <td>-7</td> <td>8%</td> </tr> <tr> <td>Clinical</td> <td>-5</td> <td>5%</td> </tr> </tbody> </table>				Division	Funding Gap (£m)	Funding Gap (%)	Blood	-44	14%	ODT	-7	8%	Clinical	-5	5%
Division	Funding Gap (£m)	Funding Gap (%)													
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TES	-1	5%
NHSBT	-57	10%

This suggests that the funding envelope will need to increase by a minimum of **£57m /10%** in order to maintain current operational capability.

This will be used to develop and inform early pricing/funding discussion with stakeholder, to ensure we continue into 2024/25, in a financially sustainable position.

Previously Considered by

This is a follow on from the Board paper presented at the June meeting, which sets out the need for a funding strategy corporately and made the case for the reinstatement of a corporately owned productivity programme.

Recommendation

Update on ET considerations and decisions.

Repurposing Funding

Following the quarter 1 (Q1) reforecast and evolving Blood Supply risks, there is limited headroom, to repurpose funding i.e. transformation/estates (versus our approved funding envelope).

However, we do continue to be forecasting an underlying cash balance of c£30m, so there is therefore scope for a future ET discussion around if any of this could be released / repurposed.

Decision: In reporting Q1, it is important to note that we have now exhausted our remaining contingency of £4.5m. We do though, continue to retain a healthy cash balance which suggests there is some flexibility for further in year non recurrent spend e.g. £1-2m. We will track carefully and respond to pressures and opportunities.

Spend Control Reform

Updated notification received from DHSC/Cabinet Office, with significant impacts on threshold and duration limits. This will result in more cases to go for approval and subsequently higher lead times.

Decision: Directors to familiarise their teams with the new controls, and in doing so build increased approval lead times into planning.

DHSC Capital Allocation

Confirmed allocation now received at £20.5m (versus requested £21m).

Decision: Directorate capital leads and the finance team to accelerate plans to ensure our full capital allocation will be spent by March 2024, noting that the new spend control delegations now make specific reference to capital spend.

To note for 2024/25

the financial risk to sustainability and service provision
 need to model financial scenarios to mitigate service risk
 potential for continued complexity of funding arrangement
 opportunity to re-develop productivity programme(s)
 early engagement required with Commissioners
 pricing / funding: early proposal, developed for September.

Risk(s) identified (Link to Board Assurance Framework Risks)

Blood and Transplant

Strategic Objective(s) this paper relates to: [Click on all that applies]

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Collaborate with partners | <input checked="" type="checkbox"/> Invest in people and culture | <input checked="" type="checkbox"/> Drive innovation |
| <input checked="" type="checkbox"/> Modernise our operations | <input checked="" type="checkbox"/> Grow and diversify our donor base | |