

# NHSBT Finance Report

June 2023

Contents	Page
Recommendations	3
Executive Summary	4
Divisional Highlights	5
Risks and Challenges	6
Capital Plan	7
Contribution Statement	8
NHSBT Income and Expenditure Statement	9
Forward look for 2024/25	10-21

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# **Financial Planning 2023/24**

ET decisions based on the outcome of the quarter one forecast and current developments

## 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.**

# Executive Summary: 2023/24 Income and Expenditure

- **NHSBT y-t-d results** are healthy. The underlying forecast means there will be a catch up on spend, resulting in an overall deficit of £2m (incl. use of contingency).
- **The full year forecast** is showing an improvement of £9m as this recognises PfM reserves/contingency (£11m), offsetting the £2m deficit referenced above.
- **Cash position** at the end of March is now better, recognising plasma funds. There is also a further £15m or so of ring fenced funding, set aside for specific activities.
- **Blood** – continued cost increase £4m (pay expenditure). Plans in place to contain/mitigate the current trajectory which on a straight line suggests this could be £7m.
- **Group Services** – the underspends at the end of June will be required to support plans through the remainder of the year. e.g. DEX/Southampton.
- **Organ Donation** – broadly operating to plan (costs for matching are included in the plan). We are carrying forward a small cash reserve to manage risk.
- **Clinical, TES and Plasma** - operating to plan.

	WTE		Year to Date Actual (£m)			Full Year Forecast (£m)			Cash Fcst (£m)
	Bud.	Act.	Bud.	Act.	Var.	Bud.	Fcst.	Var.	
Blood Income	0	0	81	81	0	324	325	1	
Blood & Component Stock	0	0	(0)	0	0	0	0	0	
Blood Supply Expenditure	2,597	2,637	(45)	(47)	(2)	(181)	(185)	(4)	
<b>Blood Supply Net I&amp;E</b>	<b>2,597</b>	<b>2,637</b>	<b>35</b>	<b>34</b>	<b>(1)</b>	<b>142</b>	<b>140</b>	<b>(2)</b>	<b>11</b>
<b>Group Services</b>	<b>1,243</b>	<b>1,211</b>	<b>(46)</b>	<b>(43)</b>	<b>4</b>	<b>(189)</b>	<b>(188)</b>	<b>0</b>	
<b>Organ Donation and Transplantation</b>	<b>500</b>	<b>485</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>4</b>
<b>Tissue and Eye Services</b>	<b>156</b>	<b>151</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>Clinical Services</b>	<b>855</b>	<b>796</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>10</b>	<b>10</b>	<b>(0)</b>	<b>6</b>
<b>Plasma for Medicine</b>	<b>141</b>	<b>144</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>5</b>	<b>16</b>	<b>11</b>	<b>11</b>
<b>NHSBT Total</b>	<b>5,493</b>	<b>5,423</b>	<b>(5)</b>	<b>(2)</b>	<b>4</b>	<b>(18)</b>	<b>(9)</b>	<b>9</b>	<b>32</b>

Year-to-date  
RAG      Trending  
RAG

# 2023/24 Divisional Highlights APM03

**Blood Supply** - In the latest results, Blood continues to report pressures on contingent labour and additional hours, with the higher than plan run rate continuing into quarter 2.

**Trending RAG** – Blood are now forecasting a best case scenario of c£4m spend higher than budget by the end of the year, but we do though need to be aware, that the current trajectory is significantly higher (potentially up to £7m) which if materialises, would create a pressure to our cash reserves.



**Organ Donation and Transplantation** – Y-t-d results and latest forecast are in line with plan. ODT has reported a welcome increase in activity, during this early part of the year. While this is positive news for ODT, if levels were to restore to pre-Covid levels, there would likely be a further call on cash reserves to fund this change (£1m).

**Trending RAG** – while there are underlying risks in 2023/24 e.g. meeting activity costs, this can be more than covered through cash reserves brought forward from previous years.



**Tissues and Eye Services (TES)**- Y-t-d results are broadly aligned with plan.

**Trending RAG** – The quarter 1 forecast has confirmed that TES still expect to finished the year within their approved funding envelope. A small dip in demand for 'sport injury' products has been highlighted, however, this under recovery will be managed through lower consumable spend and vacancies.



**Plasma for Medicine**– the financial position for plasma remains fundable for 2023/24.

**Trending RAG** - The SLA with NHSE to fund fixed collections costs (part year for 2023/24) has been agreed and the funding has been reflected in the Q1 forecast.



**Clinical Services** – the y-t-d results are reporting ahead of budget, primarily driven by a high number of vacancies.

**Trending RAG** – the impact of the bacterial infection at CBC has now been baked into the forecast resulting in an income shortfall of £1.5m. Although the Clinical Services forecast remains broadly in line with plan, this is as a result of business units offsetting the CBC loss.



**Group Services**

**Trending RAG** – Pressures are beginning to crystalise for Southampton roof repairs as planning work continues. The budget contingency has now been release to meet the costs related to the roof remediation driving a break even position for Group Services.



**The position described above is dependant on the confirmation of the following funding streams from DHSC;**

2022/23 Pay Inflation – DHSC have confirmed that NHSBT can overspend to meet these increased costs (£11.9m) / funding and expenditure accounted for in 2022/23 position.

2023/24 Pay Inflation ODT and Stem Cells– DHSC advised of pressure related 2023/24 pay deal for programme funded areas (£1.1m). Confirmation not received on whether this will be funded.

2023/24 Pension costs – DHSC advised of incremental increase required for pension costs, this is yet to be confirmed (£1.8m).

# 2023/24 Risks and Challenges

As an addendum to the management accounts, we have also itemised below key risks. In doing so, this is being presented as best, most likely, worst case. The top half of the table summarises by line item the risks, with the bottom half of the table describing potential mitigations.

## Developing Financial Risks

	<b>Best Case</b>	<b>Likely Case</b>	<b>Worst Case</b>
Blood Supply Capacity; based on current run rate	(£4.0m)	(£4.0m)	(£7.0m) It is worth pointing out, that the 'likely' case is a mid point only.
Blood Supply Capacity; Future Proofing Blood	(£0.0m)	(£4.0m)	(£8.0m) Remains subject to detailed plans being developed e.g. Brixton DC business case.
Estates; Southampton Roof Repair	(£1.0m)	(£1.5m)	(£5.0m) Planning underway (including Rev/Cap), hence wide range on estimates
Increased activity in ODT	(£0.0m)	(£0.0m)	(£1.0m) Budget based on significantly lower donor plan, if activity were to restore to pre-covid levels presumption would be that we would meet pressure from cash reserves.
Pension Uplift	(£0.0m)	(£0.0m)	(£1.8m) DHSC advised of incremental increase required for pension costs (versus £11.2m received in 2022/23) - this is yet to be confirmed
<b>Total Risk</b>	<b>(£5.0m)</b>	<b>(£9.5m)</b>	<b>(£22.8m)</b>

## Contingencies / Cash Reserves

Contingencies built into 2023/24 budget	£1.5m	£1.5m	£1.5m Contingency included in the approved 2023/24 pricing and funding envelope
Blood Cash Reserve	£2.5m	£8.0m	£9.0m Cash reserves carried forward from 2022/23 (including £6m DHSC/NHSE working capital cash)
NHSBT working capital / transformation (blend TBC)	£0.0m	£0.0m	£11.3m To retain the funding envelope approved at the March board.
ODT cash reserves	£0.0m	£0.0m	£1.0m Cash carried forward from 2022/23 underspends.
DHSC funding uplift for 2023/24 AfC pay deal	£1.0m	£0.0m	£0.0m Pay pressure included in ODT planned deficit -£4.1m. If we were to receive funding to match the pay deal, this will reduce to -£3.1m and subsequently increase closing cash reserves
<b>Total Contingency</b>	<b>£5.0m</b>	<b>(£9.5m)</b>	<b>(£22.8m)</b>

While the above presents a position whereby we are able to mitigate identified risks (this does not include any additional savings/efficiencies driven by the Lord Markham review), to do so, would create a significant pressure and challenge to our financial position both in 2023/24 and also 2024/25. Were we to see some/all these risks to crystallise, this would require a detailed discussion with ET, on how we would need to respond.

- **Best Case** – minimal use of cash reserves, entering 2024/25 with a stable cash balance, to invest into the future proofing of Blood.
- **Likely Case** – a significant ask on cash reserves, finishing the year with a £10-11m cash balance (working capital threshold £10m).
- **Worse Case** – cash reserves fully utilised, with a call on working capital to fund the position. Would create significant challenge on both 2023/24 and 2024/25 as working capital would need to be restored.

# Capital Plan 2023/24 - Overview

## Recommendation

- The “late start” in terms of having an agreed allocation means that it is important that we accelerate plans / business cases to ensure capital allocation is fully spent

## To note

- DHSC have confirmed a capital (CDEL) allocation of £20.5m (vs £21m requested) – we are confident that we can work within the marginally lower amount
- There is a risk to the capital plan if projects are not progressed – as part of Q2 reforecast we will be advising the Department on a “final” spend for the year
- For awareness the new spend controls could potentially impact on lead times to completion (e.g. estates projects)

## For information

- The procurement type is a mixture of business cases, tenders, waivers, frameworks and contracts/quotes:
  - c£7m of the plan is already in progress and relates mainly to brought forward commitments / business critical items

## Latest position – by programme

- Blood Tech Modernisation (BTM) is a multi year project which commenced in 2021/22 and will complete in 2027. The spend as at June 2023 is £9m cumulatively (vs £18m total CDEL cost) with £5.8m due to be spent in 2023/24
- YTD spend on the total 23/24 plan as at Q1 is £1.1m – relates to brought forward liabilities / committed spend (mainly BTM)
- Contingency (Nb release at Q2?) of c£2m (8%) at this early stage due to uncertainties / unforeseen projects e.g. Southampton

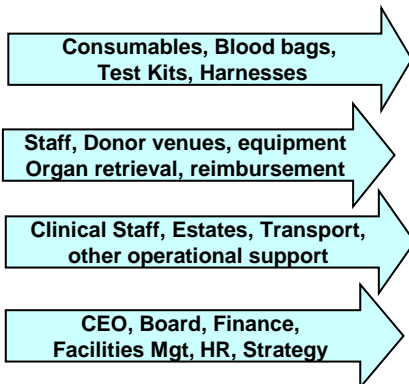
## Breakdown of Capital Plan

£m	2023/24 Plan	2023/24 Q1 Forecast	2023/24 Movement
	£m	£m	£m
BAU capital requirement	5.7	5.7	-
Estates	4.6	4.6	-
ICT Projects	4.5	2.7	-1.8
ICT Project - Blood Tech Modernisation (BTM)	5.8	5.8	-
Contingency	-0.1	1.7	1.8
<b>Total</b>	<b>20.5</b>	<b>20.5</b>	<b>-</b>

# Contribution Statement 2023/24

Post allocation of costs via the ABC model

	Blood Components inc. R&D	Plasma	Pathology and CAGT	TES	ODT	NHSBT
<b>Annual Budget 2023/24 £m</b>						
<b>Total Income/Funding</b>	<b>345.2</b>	<b>22.7</b>	<b>89.6</b>	<b>21.0</b>	<b>90.7</b>	<b>569.1</b>
<b>Expenditure</b>						
Variable Costs	(39.9)	(3.0)	(17.6)	(3.7)	(4.3)	(68.5)
<b>Variable Contribution</b>	<b>305.3</b>	<b>19.7</b>	<b>72.0</b>	<b>17.3</b>	<b>86.4</b>	<b>500.7</b>
Direct Costs	(138.1)	(8.3)	(45.7)	(11.8)	(73.5)	(277.4)
<b>Direct Contribution</b>	<b>167.2</b>	<b>11.4</b>	<b>26.3</b>	<b>5.5</b>	<b>12.9</b>	<b>223.3</b>
Direct Support Costs	(116.8)	(3.1)	(18.4)	(3.5)	(11.0)	(152.7)
<b>Total Allocated Costs</b>	<b>(294.8)</b>	<b>(14.3)</b>	<b>(81.6)</b>	<b>(19.0)</b>	<b>(88.8)</b>	<b>(498.6)</b>
<b>Total Unallocated Costs</b>	<b>(32.6)</b>	<b>(2.2)</b>	<b>(8.9)</b>	<b>(2.0)</b>	<b>(9.9)</b>	<b>(55.5)</b>
<b>Operating Net Surplus / (Deficit)</b>	<b>17.8</b>	<b>6.2</b>	<b>(0.9)</b>	<b>0.0</b>	<b>(8.0)</b>	<b>14.2</b>
Transformation	(17.2)	(6.3)	(3.3)	-	(6.3)	(33.0)
<b>Net Surplus / (Deficit) Inc Transformation</b>	<b>0.6</b>	<b>(0.1)</b>	<b>(4.1)</b>	<b>0.0</b>	<b>(14.4)</b>	<b>(18.0)</b>



- **Underlying surplus / deficit positions by business area report no significant change from last year after excluding the one-off budget deficit (-£18m);**
  - ODT - £10.3m deficit (excludes £4.1m cash funded deficit included in the -£14.4m budget above)
  - Pathology and CAGT - £2.3m deficit (2.6%) v £1.9m previous year (£2.3m excludes £1.8m cash funded deficit included in the -£4.1m above)
  - Plasma and TES breakeven
  - Blood - £12.6m surplus (funding the above cross-subsidies)
- **Costing methodology and cost allocation's remain consistent/unchanged from last year's final model**
- **Model updates for this year are broadly around the updated 2023/24 budget and changes within**
- **Further work is ongoing to understand movements within Pathology and CAGT at a service level to ensure budget transfers are aligned (H&I / IBGRL)**
- **Further segmental breakdown to be included in the following month's report (RCI/H&I/CMT/CBC/SC/TAS)**
- **No material changes expected to the above overall positions, however a review and refresh of key data inputs will be carried out for next financial year**



# 2023/24 Income and Expenditure detail

Income	Plan WTE (Ave YTD)	Actual WTE at period end	Year to date			Full year			M03 Forecast	Forecast Variance
			Budget	Actual	Variance	2022/23 Actual	Initial Budget	Latest Budget		
			£k	£k	£k	£k	£k	£k		
DHSC Programme Funding: Organ Donation and Transplantation			17,672	17,672	0	70,438	70,690	70,690	71,271	581
DHSC Programme Funding: Organ Donation and Transplantation: Opt Out			0	0	0	2,041	0	0	0	0
DHSC Programme Funding: Clinical Services			1,040	1,040	0	4,162	4,162	4,162	4,157	(5)
DHSC Programme Funding: Plasma for Medicines			3,529	1,835	(1,694)	6,807	14,117	14,117	22,138	8,021
DHSC Programme Funding: Corporate			3,275	3,275	0	41,110	16,740	16,740	16,740	0
DHSC Programme Funding: Tissue and Eye Services			125	125	0	500	500	500	500	0
Blood and Components Income			79,561	79,890	328	306,488	319,054	319,132	319,632	500
Blood Supply Other Income			1,052	1,216	164	4,354	4,374	4,374	5,074	700
Plasma for Medicines Income			2,125	2,945	820	10,454	8,500	8,500	10,000	1,500
Clinical Services Income			18,944	19,663	719	73,844	82,358	82,958	82,515	(443)
Clinical Services Income: Medical			868	792	(75)	1,617	3,500	3,500	3,212	(288)
Clinical Services Income: Research and Development			574	277	(298)	2,245	2,298	2,298	2,298	0
Tissue and Eye Services Income			4,623	4,734	111	16,293	19,870	20,007	19,495	(512)
Organ Donation and Transplantation: Devolved Administrations and Other Income			3,427	3,541	114	14,380	13,706	13,706	13,567	(140)
Organ Donation and Transplantation: NHSE Income			980	1,051	71	3,450	3,920	3,920	3,590	(330)
Group Services Other Income			1,131	1,209	79	2,866	1,005	4,527	4,645	118
<b>Total Income</b>			<b>138,927</b>	<b>139,266</b>	<b>339</b>	<b>561,048</b>	<b>564,794</b>	<b>569,131</b>	<b>578,833</b>	<b>9,702</b>
<b>Expenditure</b>										
Blood and Components Stock Movement	0	0	(321)	62	382	1,078	0	0	324	324
OTDT Tissue and Eye Services Stock Movement	0	0	0	1	1	(342)	0	0	0	0
Plasma for Medicines Stock Movement	0	0	0	0	0	965	0	0	0	0
Plasma for Medicines	141	118	(2,503)	(1,886)	617	(8,812)	(11,214)	(11,318)	(10,500)	818
Plasma for Medicines Change Programme	0	26	(1,115)	(858)	257	(3,637)	(6,270)	(6,270)	(5,770)	500
Donor Experience and Communications	193	187	(6,976)	(6,233)	744	(25,280)	(24,814)	(25,029)	(25,184)	(155)
Blood Supply	2,597	2,637	(45,161)	(47,026)	(1,865)	(175,323)	(178,649)	(181,115)	(185,045)	(3,930)
Clinical Services	855	788	(18,149)	(18,021)	128	(64,867)	(72,712)	(73,685)	(73,749)	(63)
Clinical Services Change Programme	0	8	(368)	(224)	144	(1,871)	(3,252)	(3,252)	(3,117)	135
Clinical Services: Medical	206	192	(5,046)	(4,222)	823	(16,684)	(19,900)	(20,162)	(19,531)	631
Clinical Services: Research and Development	45	38	(1,550)	(1,266)	284	(5,828)	(6,159)	(6,206)	(6,206)	0
OTDT: Organ Donation and Transplantation	483	467	(19,400)	(19,434)	(34)	(71,035)	(73,680)	(74,623)	(73,979)	644
OTDT: Organ Donation and Transplantation Change Programme	18	18	(1,634)	(1,720)	(86)	(6,603)	(6,312)	(6,328)	(7,020)	(692)
OTDT: Tissue and Eye Services	156	151	(3,556)	(3,414)	143	(12,817)	(14,361)	(14,499)	(14,029)	470
Estates and Facilities	79	77	(14,382)	(13,634)	748	(49,875)	(58,757)	(58,837)	(59,137)	(301)
Digital, Data and Technology Services	299	285	(10,970)	(10,673)	297	(40,947)	(43,531)	(43,898)	(43,948)	(50)
People	150	131	(2,782)	(2,569)	213	(11,818)	(11,258)	(11,434)	(11,575)	(141)
Quality	130	136	(2,281)	(2,370)	(88)	(8,386)	(8,807)	(9,442)	(9,615)	(173)
Finance	120	91	(1,986)	(1,819)	167	(7,319)	(8,188)	(8,087)	(7,956)	130
Strategy and Transformation	14	13	(281)	(253)	28	(1,047)	(1,104)	(1,123)	(1,123)	0
Chief Executive and Board	7	6	(257)	(200)	58	(752)	(1,294)	(1,078)	(1,166)	(88)
Blood and Group Change Programme	0	55	(1,675)	(1,393)	282	(7,929)	(12,000)	(11,500)	(11,501)	(1)
Miscellaneous and Capital Charges	0	0	(3,897)	(3,531)	366	(26,672)	(19,226)	(19,226)	(18,426)	800
<b>Total Expenditure</b>	<b>5,493</b>	<b>5,423</b>	<b>(144,289)</b>	<b>(140,681)</b>	<b>3,608</b>	<b>(545,801)</b>	<b>(581,487)</b>	<b>(587,113)</b>	<b>(588,254)</b>	<b>(1,141)</b>
<b>Surplus/(Deficit)</b>			<b>(5,362)</b>	<b>(1,416)</b>	<b>3,947</b>	<b>15,247</b>	<b>(16,693)</b>	<b>(17,982)</b>	<b>(9,421)</b>	<b>8,561</b>

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# Forward Look for 2024/25

# Forward Look 2024/25 - Overview

- **Approach** - at this time of year we start to formally develop an indicative Income and Expenditure position for NHSBT. This is designed to capture known material changes at a directorate level and can be used to inform early pricing/funding discussions with stakeholders. We will continue to iterate the position throughout the year as part of the wider planning cycle.
- **Key assumptions are as follows** -
  - Pay award assumption at 5%;
  - Non-pay inflation / GDP deflator of c2% set in line with latest treasury guidance. However, a detailed review of high value contracts will be developed to identify a more precise financial impact;
  - Employers Superannuation increase 6.3% continues to be excluded (and will be met through DHSC funding);
  - Latest capital charges estimate £0.9m currently held centrally and will be allocated during budget build;
  - Blood and Group transformation budget capped to £11.8m, funded directly through the price of blood;
  - NHSBT does not make a surplus on the sale of its products and services and operates a cost recovery model.
- **Summary** – 1<sup>st</sup> cut of our indicative plans are suggesting that the funding envelope will need to increase by a minimum of **£57m /10%** in order to maintain current operational capability. At this stage, we have not included the following:
  - Cash** – as a mitigation to any budgetary rises;
  - Price** – no rises have been included at this stage;
  - Productivity** – as a corporate target (beyond that discussed with Lord Markham);
  - Service growth** – using scale as a means of mitigating price rises next year (e.g. Clinical/ Specialist Services);

# 2024/25 Indicative Budget – NHSBT Summary



## Blood and Transplant

Table below, provides a high-level summary of the evolving budget position for 2024-25: to inform sustainability. The numbers below are broadly those signalled at the June Board e.g. underlying deficits for Blood / ODT. The “gap” referenced below, does not include any improvements to funding levels at this stage or further efficiencies....

Desc.	Blood & Group Services (£m's)	ODT (£m's)	TES (£m's)	Clinical Services (£m's)	Plasma for Medicine (£m's)	NHSBT (£m's)
Budget 2023/24 I&E	(£12)	(£4)	-	(£2)	-	(£18)
<b>Opening position 2024/25</b>	<b>(£16)</b>	<b>(£2)</b>	-	-	<b>£2</b>	<b>(£16)</b>
Inflation	(£13)	(£3)	(£1)	(£5)	(£1)	(£26)
Cost Pressures	(£17)	(£2)	-	-	(£1)	(£33)
Savings/Efficiency	£2	-	-	-	-	£2
<b>Closing position 2024/25</b>	<b>(£44)</b>	<b>(£7)</b>	<b>(£1)</b>	<b>(£5)</b>	-	<b>(£57)</b>
Funding gap %	14%	8%	5%	5%	-	10%

### Note:

- i) Budget for 2023/24 – agreed at the June 2023 meeting of the NHSBT Board;
- ii) Opening Position – adjusted to reflect non-recurrent funding eg NHSE (Pay award 2023/24) / Transformation – ODT / Clinical Services;
- iii) Indicative I&E – predominantly driven by Blood and ODT – overall funding gap 10% , before mitigation through price / efficiencies.

Income	2022/23 Actual £k	2023/24 Budget £k	Indicative 2024/25 Budget £k	Budget to Budget Movement £k
DHSC Programme Funding: ODT	70	71	67	(4)
DHSC Programme Funding: ODT: Opt Out	2	0	0	0
DHSC Programme Funding: Clinical Services	4	4	4	0
DHSC Programme Funding: Plasma for Medicines	7	14	(0)	(14)
DHSC Programme Funding: Corporate	41	17	17	0
DHSC Programme Funding: TES	1	1	1	0
Blood and Components Income	306	319	319	0
Blood Supply Other Income	4	4	4	0
Plasma for Medicines Income	10	9	24	16
Clinical Services Income	74	83	83	0
Clinical Services Income: Medical	2	3	3	0
Clinical Services Income: R&D	2	2	2	0
Tissue and Eye Services Income	16	20	20	0
ODT: Devolved Administrations & Other Income	14	14	14	0
ODT: NHSE Income	3	4	3	(1)
Group Services Other Income	3	5	1	(4)
<b>Total Income</b>	<b>561</b>	<b>569</b>	<b>562</b>	<b>(7)</b>
<b>Expenditure</b>				
Blood and Components Stock Movement	1	0	0	0
OTDT Tissue and Eye Services Stock Movement	(0)	0	0	0
Plasma for Medicines Stock Movement	1	0	0	0
Plasma for Medicines	(9)	(11)	(17)	(6)
Plasma for Medicines Change Programme	(4)	(6)	(2)	4
Donor Experience and Communications	(25)	(25)	(27)	(2)
Blood Supply	(175)	(181)	(203)	(23)
Clinical Services	(65)	(74)	(77)	(4)
Clinical Services Change Programme	(2)	(3)	(3)	0
Clinical Services: Medical	(17)	(20)	(21)	(1)
Clinical Services: Research and Development	(6)	(6)	(6)	(0)
OTDT: Organ Donation and Transplantation	(71)	(75)	(78)	(4)
OTDT: ODT Change Programme	(7)	(6)	(1)	6
OTDT: Tissue and Eye Services	(13)	(14)	(15)	(1)
Estates and Facilities	(50)	(59)	(59)	(0)
Digital, Data and Technology Services	(41)	(44)	(46)	(2)
People	(12)	(11)	(12)	(1)
Quality	(8)	(9)	(10)	(1)
Finance	(7)	(8)	(9)	(1)
Strategy and Transformation	(1)	(1)	(1)	(0)
Chief Executive and Board	(1)	(1)	(1)	(0)
Blood and Group Change Programme	(8)	(12)	(12)	0
Miscellaneous and Capital Charges	(27)	(19)	(19)	0
<b>Total Expenditure</b>	<b>(546)</b>	<b>(587)</b>	<b>(620)</b>	<b>(33)</b>
<b>Surplus/(Deficit)</b>	<b>15</b>	<b>(18)</b>	<b>(58)</b>	<b>(40)</b>

### Detailed I&E 2024/25

**NHSBT** - overall funding gap £58m vs B2B movement £40m.

**Blood** – NCG commissioning price led.

**ODT** – combination of Sustainable Funding Group / SR21 round for 2024/25.

**TES** – balanced position / subject to pricing and NHSE SLA

**Clinical Services** – dependant on price / growth assumptions

**Plasma** – per NHSE SLA, expect this to be balanced I&E.

# Forward Look 2024/25 – By Division: Blood & Group Services

- Per the June 2023 Board discussion, we are expecting a significant gap to emerge between cost and funding eg there is already an underlying deficit position for the current year.
- Driven by a combination of factors, but predominantly the need to use cash in 2023/24 to bridge the lower than required price rise in that year and also the ongoing work to deliver on the Ministerial commitment: “Future Proofing of Blood”.
- Latest analysis continues to suggest that an unmitigated price rise of between 14%-16% is likely (£44m-£50m).

Desc.	Budget 2023/24 I&E	Opening position 2024/25	Inflation	Cost Pressures	Savings / Efficiencies	Closing position 2024/25	Funding gap %
Blood & Group Services (£m's)	(£12)	<b>(£16)</b>	(£13)	(£17)	2	(£44)	14

- At a detailed level:
  - **Inflation** – Pay (5% + catch-up for 2023/24 pay award) /Non-Pay (2% + specific adjustment for contract values);
  - **Cost Pressures** – shortfall vs 2023/24 pricing (£12m); Future Proofing Blood (£15m / with a further £8m impact in the following year – average price rise over 5 year horizon would be 6% pa);Other minor/misc. (£3m)
  - **Cost Reduction** - previously identified as part of Lord Markham commissions. Plans still to be developed in DX & DDTS (£2m).

**The above excludes a further £6m provided by NHSE, potentially usable to partially mitigate.**

# Forward Look 2024-29 - Blood and Group Services (5 year view):



## Blood and Transplant

- **5 year funding view** – extrapolates the latest Indicative I&E position for 2024/25, over a further 4 years;
- **Future Proofing of Blood** – stepped increase in costs are phased across two years (2024-26) / £22m;
- **Efficiency / Productivity** – at this stage there is only a modest £2m factored into planning assumptions;
- **Cash Reserves** – are estimated to be c£19m in 2023/24 and have not been used to mitigate price rises;
- **Transformation** – currently being funded through Blood prices at £12m pa (£60m over the 5 years);
- **Deficits** – include a cross-subsidisation for ODT of c£11m pa to reflect gap in funding for service overheads;
- **DHSC funding** – for noting, NHSBT continues to receive c£13m for superannuation, not currently in prices;
- **Pricing** – implies that there would need to be an average uplift of c6% across the life of the plan!

£m	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1-5
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2024-29
Income	321.3	317.8	361.9	384.9	400.3	415.6	1,880.5
Expenditure	-333.4	-361.9	-384.9	-400.3	-415.6	-431.0	-1,993.7
Surplus/(Deficit)	-12.1	-44.1	-23.0	-15.3	-15.3	-15.3	-113.2
Overall Price/Income Uplift - per year*		14%	6.3%	4.0%	3.8%	3.7%	31.5%

\* Required for breakeven position

# Forward Look 2024/25 – By Division: Organ Donation and Transplantation Blood and Transplant

- There has over a period of time been an underlying gap between funding and planned expenditure, which has been bridged annually by cash reserves (this was again the case in preparing the 2023/24 budget);
- Year on year increases to inflation and operational costs are now likely to mean that the remaining cash residue will not be sufficient to “bridge” funding gaps in future years;
- On the assumption that there will no change to SR21 funding levels (year 3), the outline assumption is an unmitigated funding gap c£7m / 8%.

Desc.	Budget 2023/24 I&E	Opening position 2024/25	Inflation	Cost Pressures	Savings / Efficiencies	Closing position 2024/25	Funding gap %
ODT (£m's)	(£4)	(£2)	(£3)	(£2)	-	(£7)	8

- In presenting the above financials the following assumptions have been made:
- **Cash Reserves** – are fully expended during the current year / not available to materially bridge the position;
- **Savings / Efficiencies** – limited to (£0.5m pa);
- **DCD Hearts / HHV8** – non-recurrent funding in 2023/24 will again be made available / otherwise costs to be removed;
- **Activity** – planned volumes at 1,560 in 2024/25 (vs 1,521 in 2023/24) , with a stepped increase back to 1,646 from 2025/26.

**There is a risk that without a stepped increases to funding, the service would need to be re-sized (< transplants).**



# Forward Look 2024-29 – Organ Donation and Transplantation (5 year view)

## Blood and Transplant

- **5 year funding view** – highlights the growing deficit over the years (vs assumed flat funding);
- **Activity** – stepped increase across years 1 & 2 and then constant for the remainder, driving higher costs;
- **Efficiency / Productivity** – at this stage there is only c£0.5m pa factored into planning assumptions;
- **Cash Reserves** – are estimated to be c£4-5m in 2023/24 and have not been used to mitigate price rises;
- **Transformation** – part of the deficit in 2023/24 (£1m); but limited funds available for future developments;
- **Deficits** – include a cross-subsidisation from Blood c£11m pa to reflect gap in funding for service overheads;
- **DHSC/DA funding** – continues to remain broadly flat (c£80m pa) / assumes all pressures are unfunded
- **Sustainability** – implies that there would need to be an average uplift of >c5% pa across the life of the plan!

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1-5
£m	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2024-29
Income	83	83	83	83	83	83	417
Expenditure	-87	-90	-94	-97	-101	-105	-487
Surplus/(Deficit)	-4	-7	-10	-14	-18	-22	-70
Funding Uplift Required		-8%	-4%	-4%	-5%	-5%	-25.8%

# Forward Look 2024/25 – By Division: Tissue and Eye Services

- Part of the wider OTDT directorate, but split out to recognise the distinct funding of the service e.g. fees/charges vs GIA, for ODT;
- The service increased prices in 2023/24 by c11% to deliver a breakeven position for the current year (having made deficits previously);
- Early forecasts are that they will achieve this and therefore their opening position in 2024/25 (before inflation) will be in balance;
- In overall terms and before any mitigations, a price rise of 5% (£1m) would be required to deliver a sustainable breakeven position for the service. This does not include any additional efficiencies to mitigate cost uplifts;

Desc.	Budget 2023/24 I&E	Opening position 2024/25	Inflation	Cost Pressures	Savings / Efficiencies	Closing position 2024/25	Funding gap %
TES (£m's)	-	-	(£1)	-	-	(£1)	5

- Looking into next year/beyond, there are however ongoing discussions with NHSE over a reconfigured supply-chain for the supply of Corneas. Working assumption, is that this change in activity would be fully funded next year (not yet included in our working assumptions).

**The ability to deliver a sustainable position for 2024/25, implies the need to increase prices. Operating within a commercial environment means that uplifts need to be carefully applied to ensure demand is not affected**

# Forward Look 2024/25 – By Division: Clinical Services

- This aggregates a number of smaller business units, each with discrete income and expenditure positions (which fall under the headings of Pathology and Cell and Apheresis Gene Therapies / CAGT);

Desc.	Budget 2023/24 I&E	Opening position 2024/25	Inflation	Cost Pressures	Savings / Efficiencies	Closing position 2024/25	Funding gap %
Clinical Services (£m's)	(£2)	-	(£5)	-	-	(£5)	5

- Broadly, these are in the main funded by fees/charges and the price increases achieved through last year's NCG commissioning process, resulted in a balanced income and expenditure position for 2023/24;
- At this early stage, there would need to be a price rise of 5% (£5m) for next year. Funding for these services is mainly through the NCG Commissioning process and would need to be agreed with hospitals;
- In prior years we have seen increases to activity across many of these services, which have resulted in an ability to mitigate price rises, either partially or in full;
- Pricing includes a transformation fund of c£2m, which is deployed against strategic priorities. The directorate has also built up a small cash pot of c£7m, which can also be used for these purposes;
- Latest ABC reporting suggests that Clinical Services is more or less at breakeven (+/- £2m or so), which is a healthy position;

**Key to developing the funding envelope for 2024/25, will be to ensure that strategic requirements/commitments are being met.**

# Forward Look 2024/25 – By Division: Plasma for Medicine

- In comparison to the other divisions, planning for 2024/25 is at a relatively advanced stage, with the funding envelope to be agreed with NHSE;
- Collection costs for both recovered (whole blood donations) and source (plasma clinics x 3) are currently being fully funded during 2023/24 by a combination of DH c/fwd cash and also non-clinical issues (Plasma for Diagnostics);
- The service is in a breakeven position for 2023/24 and will receive c£1m pcm as “bridge” funding during the second part of the year. NHSE, will then go on to fully fund the service (est £24m pa incl. transformation costs of £2m);
- The table below, demonstrates that the service will continue to breakeven during 2024/25.

Desc.	Budget 2023/24 I&E	Opening position 2024/25	Inflation	Cost Pressures	Savings / Efficiencies	Closing position 2024/25	Funding gap %
Plasma for Medicine (£m's)	-	£2	-£1	-£1	-	-	-

- It is important to note that the service is dependant on the appointed fractionator being able to receive UK plasma (expected to be from mid 2024 onwards);

**If the required “regulatory” approvals are not achieved, there is a risk to the service as a “going concern”.**

# Forward Look 2024/25 – Cash / Next Steps

## Cash:

- In broad terms, NHSBT sets its budget to recover the full costs of service provision and therefore does not make a margin / profit year on year. Having said this, we have over time accrued “cash reserves” through a combination of factors e.g. underspends / over-recover of fixed costs and so on.
- We’ve tended to treat these as divisional funding pots, recognising the varying funding arrangements which are in place. With divisions, having a direct say on how this deployed/spent over the year(s). In 2023/24, our cash flow forecast corporately suggests an underlying closing position of c£32m. Subject to planning through 2024/25, we’d expect to retain a similar level of flexibility through to March 2025 (e.g c£32m), broadly composed of – Blood (£11m); Plasma (£11m); Clinical Services (£6m) and ODT (£4m) – subject to any in year decisions on cash in 2023/24.

## Next Steps:

As we said at the outset, this is an evolving process, which will continue to be iterated. Engagements with the Board are planned out through the remainder of the financial year to provide assurance on progress and specifically our ability to provide a sustainable funding position going into 2024/25.

- **Key** points to consider:
  - Ability to mitigate the funding gap(s) in both Blood and ODT;
  - Development of efficiency / productivity service options;
  - Corporate position on the use of cash to support price;
  - Does the level of TF funding continue to meet needs;
  - PFM remains at risk as a going concern (for the time being).