

Board Meeting in Public Tuesday, 26 September 2023

Title of Report	Financial Report	Agenda No.	3.2
Nature of Report (tick one)	<input checked="" type="checkbox"/> Official	<input type="checkbox"/> Official Sensitive	
Author(s)	Hannah Wigley, Senior Corporate Financial Planning Manager Mark Taylor, Assistant Finance Director		
Lead Executive	Carl Vincent, Chief Financial Officer		
Non-Executive Director Sponsor (if applicable)			
Presented for (tick all that applies)	<input type="checkbox"/> Approval <input type="checkbox"/> Assurance	<input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Update	
Purpose of the report and key issues			
<p>This report provides a financial update for 2023/24.</p> <p><u>2023/24 Overview</u></p> <p>The underlying year to date position is currently broadly in line with budget, with underspends in Group Services offsetting Blood Donation pressures.</p> <p>Forecast suggest that the underspends in Group Services will reduce in line with budget as a catch up in spend is expected in DEX, Estates and DDTS, resulting in an overall deficit in Blood and Group, which will be broadly funded by our contingency.</p> <p>There is a risk however, that the latest forecast at Q2 will show further cost pressures in Blood Supply combined with lower blood demand, which would exceed our agreed budget envelope for the year.</p> <p>In response to this, we will undertake a forensic review of our cost base, with the aim of bringing back to the ET proposed mitigations to ensure we continue to work within our agreed funding envelope. This implies the need for a further +£2m saving in year (to match the expected cost over runs in Blood Supply) and will be discussed as part of the quarter two reforecast.</p>			
Previously Considered by			
Included for information in the ET papers for the 19/09/2023 meeting.			
Recommendation	<p><u>Updates and Considerations based on August's update.</u></p> <p><u>Blood Supply Risk</u> In the latest results, mitigations put in place to try and contain pay overspends in Blood Supply have not yet met the planned reduction target. Hence there is</p>		

Blood and Transplant

the risk that the latest forecast at Q2 will show increased cost pressures (c£5-6m). When this is combined with lower Blood demand and without further mitigations/cost containment, we would exceed our agreed budget envelope for the year.

Decision: To note that in reporting M05 position, there is now a real and foreseeable risk that an increase to our costs will result in the need to use our cash reserves / working capital. This needs to be avoided if at all possible. We will undertake a forensic review of our cost base, with the aim of bringing back to the ET proposed mitigations to ensure we continue to work within our agreed funding envelope. This implies the need for a further +£2m saving in year (to match the expected cost over runs in Blood Supply) and will be discussed as part of the quarter two reforecast.

NHS England Funding

We agreed with the Board a budget deficit of £18m for 2023/24, which would be funded through our cash reserves. Predominately recognising cash support provided by NHS England (NHSE) to mitigate the blood price in the current year. The deficit position will now increase to £21.5m reflecting in year discussions with NHSE, whereby we have been requested to further utilise our cash reserves to meet additional pay inflation costs (versus receiving additional funding in year).

Action: To note that the change in funding does not affect our funding envelope for 2023/24, however, it does impact on our ability to use ring fenced reserves to mitigate a price rise in 2024/25 (was £6m and now £2.5m).

Capital

Following a review of our plan for 2023/24, we have identified a number of projects which appear to be at risk of delivery this year c£6m (predominately Estates and DDTs). This will result in a drawdown of £15m (versus the £21m allocation for the year). While this doesn't adversely impact on our financial position itself, we do need to work through the implications for 2024/25. Specifically, whether all of the delayed projects need to be rolled forward into next year and have priority status. Were this to be the case, we would then be over programmed next year, and we would need to reprioritise.

Action: To note that we are unlikely to fully utilise this year's allocation, and that this creates a risk against plans for 2024/25 (DHSC seeking assurance).

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

The costs passed onto the NHS through our prices is a fundamental outcome of NHSBT's strategies and plans.

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

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| <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 | |