

NHSBT Finance Report

October 2023

Contents	Page
2023/24 Update and Opportunities	2
Executive Summary	3
Divisional Highlights	4
Contribution Statement	5
Capital Plan	6
Blood Supply	7-8

2023/24 Update and Opportunities

Updates and considerations based on October's results and current developments

Blood and Group financial position

As reported in previous months, we continue to see pressure on our blood position driven by a combination of contingent labour and overtime supporting stabilising stocks and the early run rate costs underpinning future proofing blood work. The overrun versus our funding envelope will be met as a one off from cash reserves. Having remediated the position with the use of cash, we are able to show a fully funded position for the year, which is aligned with latest forecast. All cash reserves and contingencies have now been fully utilised. This leaves no headroom were we to see for example higher costs due to winter pressures, over and above those already factored into the position.

To note; looking at this through the year-to-date lens, we continue to report a favourable position, however, we have significant group service spend backend loaded as commitments within the overall position (DDTS, Estates and Transformation).

Investment Portfolio

The latest forecast for the investment portfolio is c£9.5m (£2.0m lower than the resource allocated to our prioritised investment portfolio). As in previous years, being able to provide the necessary resources remains a key enabler to the delivery of the programme as a whole.

Decision: Subject to further discussions we are working on the basis that the £2m referred to above will be carried forward into next year and matched to those planned projects in the current year, which have not progressed as expected.



Blood and Transplant

Executive Summary: 2023/24 Income and Expenditure

Following the Q2 reforecast, NHSBT is showing a favourable variance of £4m.

However, this somewhat masks an unfavourable underlying position in Blood and Group, which is currently being fully funded through cash reserves.

The net cash position for Blood and Group is nil / is at the £10m working capital threshold limit. (-£9m Blood and Group + £3.5m NHSE bridge / to meet in year pay rise + £5.5m one off cash contingency).

For the time being and subject to further discussions, we are working on the basis that the £2m investment portfolio cash not required this year will be carried forward into next year and matched to those planned projects in the current year.

Blood are continuing to see cost base increases from a combination of pay costs in support of stabilising stocks in the current year and now also early run rate costs underpinning future proofing blood work (£6.0m in aggregate). These costs are currently being mitigated through cash reserves; however, leaves no headroom were we to see for example higher costs due to winter pressures, over and above those already factored into the position.

Group Services while the group forecast reports c-£3.0m overspend, this reflects the NHSE request to use £3.5m of our bridge funding to meet our additional pay cost (versus receiving new funding this year). Therefore, the underlying position is broadly in line with plan.

Investment Portfolio The latest forecast for the investment portfolio is c£9.5m (£2.0m lower than the resource allocated to our prioritised investment portfolio). As in previous years, being able to provide the necessary resources remains a key enabler to the delivery of the programme as a whole.

Organ Donation have included £1m in their cost base to mitigate risk versus increased activity in the second half of the year. As a result, c£3m of cash reserves will be carried into next year. Another upside (subject to confirmation) might be £1m funding for AfC pay rise 2023/24.

TES the latest forecast reports a shortfall against plan (£0.4m). This recognises that lower sales in tendon and cardio products (reported through the first half of the year) will unlikely recover, producing a full year income shortfall of c£0.7m, partially offset by expenditure underspend of £0.3m

Clinical Services within the latest forecast (M07) Clinical Services are now reporting broadly in line with plan. We have seen a further income reduction (£0.6m) for CBC, which now brings the shortfall to £2.6m. For now, this is being offset by lower transformation and other business units.

Plasma Forecast reflects the agreed Supply Agreement with NHSE. £13m of cash reserves will remain ring-fenced, with the expectation that £7-8m will be required in 2024/25 to complete 250k litre stockpile

Cash in addition to our £33m underlying cash reserve, there is also a further c£11m set aside for set aside for specific activities (blood £7m, ODT £3m & CS £1m).

	Year to Date Actual (£m)			Full Year Forecast (£m)			Cash Fcst (£m)
	Bud.	Act.	Var.	Bud.	Q2 Fcst.	Var.	
Blood Income	189	189	(0)	324	324	0	
Blood & Component Stock	(0)	0	0	0	0	0	
Blood Supply Expenditure	(106)	(109)	(3)	(181)	(187)	(6)	
Future Proofing Blood	0	0	0	0	(1)	(1)	
Blood Supply Net I&E	83	79	(3)	142	137	(6)	10
Group Services	(104)	(101)	3	(177)	(181)	(3)	
Change Programme	(5)	(3)	2	(12)	(9)	2	
Organ Donation and Transplantation	4	4	0	7	6	(1)	3
Tissue and Eye Services	3	3	0	6	6	0	0
Clinical Services	5	6	1	10	11	1	6
Plasma for Medicine	5	10	5	5	16	11	13
NHSBT Total	(9)	(1)	8	(18)	(14)	4	33

2023/24 Divisional Highlights APM07



Blood and Transplant

Blood Supply forecast reflects increasing cost base driven by a combination of pay costs in support of stabilising stocks in the current year and early run rate costs underpinning future proofing blood (£6.0m in aggregate).
Trending RAG - These costs are currently being mitigated through cash reserves; however, it is also important to point out this leaves no headroom for risks not yet factored into the forecast, which could easily worsen this position.

Year-to-date RAG	Trending RAG

Organ Donation and Transplantation
 Y-t-d results continue to be in line with plan. ODT has reported a small increase in activity, over the last couple of months, and 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.
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)
Trending RAG – the latest forecast reports a shortfall against plan (£0.4m). This recognises that the lower sales in tendon and cardio products (reported through the first half of the year) will unlikely recover, producing a full year income shortfall of c£0.7m, partially offset by expenditure underspend of £0.3m .

--	--

Plasma for Medicine– the financial position for plasma remains fundable for 2023/24.
Trending RAG – The latest forecast recognises the now signed Plasma supply agreement, which will initially support a stock build of 250,000 litres. This will be treated as ring-fenced cash reserve in the current year, with the expectation that c£7-8m will be required in the early part of 2023/24 to complete the stock build.

--	--

Clinical Services – the y-t-d results are reporting ahead of budget, primarily driven by a high number of vacancies and better than plan activity.
Trending RAG – within the latest forecast (M07) Clinical Services are reporting broadly in line with plan. We have seen a further income reduction (£0.6m) for CBC, which now brings the shortfall to £2.6m. For now, this is being offset by lower transformation and other business units.

--	--

Group Services Year-to-date Group Services are showing a significant underspend, largely driven by reprofiled DDTS and Estates costs.
Trending RAG –While the forecast is broadly in line with budget, we have a significant amount of committed spend in the second half of the year to bring the favourable position back in line with plan (DDTS, Estates and Transformation).

--	--

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

Capital Plan 2023/24 & Planning for 2024/25 - Overview



Blood and Transplant

Exec Summary

- Current forecast continues to remain at £20.5m with a full reforecast expected at Q3. There is a high level of assurance of spend of c£15m (“Green projects and including some contingency for unforeseen projects), albeit there are movements within the plan. The YTD spend is at £2.9m.
- We are working with the Financial Accounting colleagues on their review of the likely impact of the capitalisation policy, and the need to consider whether we apply this retrospectively.
- **Key points** to note are as follows:
 - i) Forecast remains at £20.5m for 2023/24 (subject to review of capitalisation policy) – high level of assurance on £15m;
 - ii) Capitalisation policy 2023/24 – work ongoing with our Financial Accounting colleagues, and the impact of their review is likely to be captured in our estimates for Quarter 3;
 - iii) Planning 2024/25 – consideration on the capitalisation policy is also required for 2024/25 planning – this is currently excluded.

Breakdown of Capital Plan

£m	2023/24			
	Latest Plan	Green	Amber	Red
	£m	£m	£m	£m
BAU capital requirement	5.0	4.7	0.3	-
Estates	1.3	1.3	-	-
ICT Projects	2.5	2.5	-	-
ICT Project - Blood Tech Modernisation (BTM)	5.8	5.8	-	-
Sub Total	14.6	14.3	0.3	-
Contingency /Capitalisation Review	5.9	0.7	-	5.2
Total	20.5	15.0	0.3	5.2

Blood Supply cost base: 2023/24



Blood and Transplant

- Blood are forecasting an overspend of c£5m/3% by the end of the year.
- This pressure is predominately driven by increased pay costs in support of stabilising stock levels.
- This higher than plan run rate will continue into 2024/25, with c£4m being built into the indicative position next year.

Year-to-date results (October 2023)

	Budget wte	Actual wte	Variance wte	Budget £m	Actual £m	Variance £m
Income				(2.6)	(2.8)	0.2
Senior Managers and Admin & Clerical	453	442	12	13.8	12.9	0.9
Collection Staff	1,000	1,023	(24)	18.4	18.9	(0.5)
Nursing staff	279	301	(21)	9.2	9.8	(0.6)
Scientific staff	660	632	29	14.4	13.9	0.5
Ancillary staff	233	223	10	4.6	4.4	0.2
Overtime, Enhancements and Additional Hours	0	0	0	6.8	8.4	(1.6)
Contigent Labour	0	0	0	0.2	1.7	(1.5)
Vacancy Factor	(28)	0	(28)	(0.4)	0.0	(0.4)
Pay Total	2,597	2,621	(24)	67.0	70.0	(3.0)
Non-Pay				39.0	39.4	(0.4)
Blood Supply Total	2,597	2,621	(24)	103.4	106.6	(3.2)

Q2 Full Year Outturn

	Budget £m	Actual £m	Variance £m
	(4.5)	(4.9)	0.4
	114.6	119.3	(4.7)
	66.7	67.5	(0.8)
	176.7	181.8	(5.1)

Higher than plan run rate to continue into the second half of the year.

Income; ahead of plan driven by unbudgeted secondment income.

Pay; high use of additional hours and contingent labour to support stabilising stock levels.

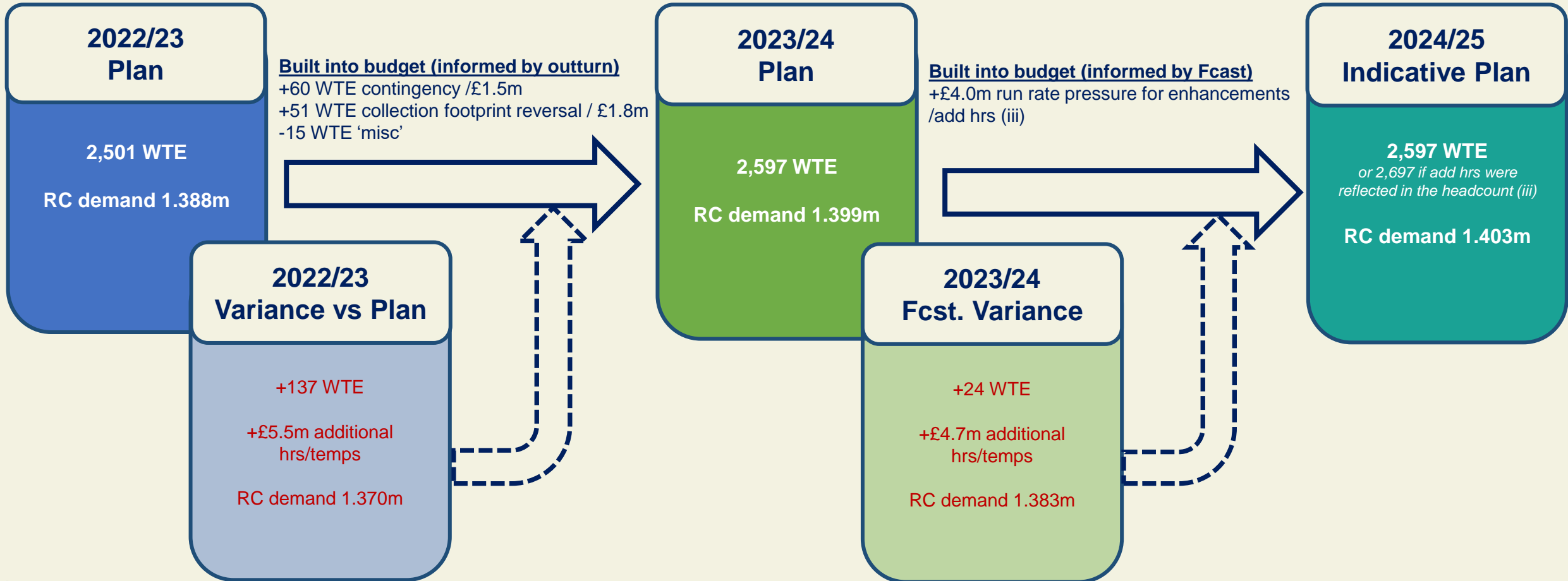
Non-Pay; pressure predominately driven by increased transport costs as a response to the Southampton roof. £0.7m pressure is reflected in the full year forecast.

Blood Supply underlying cost base progression – Pay



Blood and Transplant

*excludes impact from inflation and Future Proofing Blood



Notes

- i) Unfunded pressures reported over the last two years against plan driven by higher use of additional hours and temps in support of stabilising stock. These pressures have been built into the 2024/25 indicative plan / NCG pricing proposals
- ii) +60 WTE / £1.5m contingency was built into the 2023/24 budgets post directorate review. Plans imply this will continue to form part of the budget envelope in 2024/25.
- iii) Additional hours / enhancements do not attract WTE, however, this would approx. equate to an additional 100 WTE in 2024/25