

# NHSBT Finance Report

## December 2023

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# 2023/24 Update and Opportunities



Blood and Transplant

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

## NHSBT Overall

Following our quarter 3 forecast we continue to remain confident of being able to deliver this year's financial position within our agreed funding envelope. This position has though been achieved by the use of one-off cash reserves to meet additional collection costs and future proofing for blood plans in Blood. At a divisional level, we would make the following remarks;

## Investment Portfolio

As part of the quarter 3 reforecast, it feels reasonable to now crystallise a c£3m underspend (versus £11.5m prioritised plan). For noting, blood pricing in 2024/25 continues to include a recurrent fund for investment portfolio e.g. a repeat of the £11.5m made available in the current year.

**Decision: albeit not urgent, we will need consider at some stage, whether this underspend is to remain ring fenced and form part of a prioritised transformation plan or be repurposed as part of a discrete spend to save investment fund.**

## Plasma for Medicine

We are now seeing the potential for a higher level of plasma for diagnostics sales (£3m profiled across 2023/24 and 2024/25). This will form part of an improved cash reserve going into next year for PfM.

**Decision: Also, not urgent at this stage, but there is the opportunity to review overall cash reserves for NHSBT as part of the wider budget review discussions planned to take place in early February 2024.**

## Tissue and Eye Services

The quarter 3 forecast reaffirms an expected deficit position for the year end of c£0.6m. This continues to be driven by a combination of supply side challenges and also softer demand from hospitals.

**Decision: While this is fundable in the current year through blood cash reserves, there is a risk that this could reoccur in the following year, and hence a decision whether a further contingency is required within a reset plan for 2024/25.**

## Organ Donation and Transplantation

While ODT remains fundable for 2023/24, albeit we've used cash reserves to mitigate a recurrent operating deficit, this is not sustainable beyond the end of this year.

**Decision: although it is likely there will be cash reserves of c£3-4m carried forward into next year, there is an argument that this should be retained as a contingency/reserve versus unforeseen in year pressures / increased activity numbers e.g. part of NHSBTs wider working capital.**



## Blood and Transplant

# Executive Summary: 2023/24 Income and Expenditure

Following the Q3 reforecast, NHSBT is showing a favourable variance of £10m.

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

The net cash position for Blood and Group is showing a small improvement vs Q2. We now forecast a closing cash balance of £11m (£1m above our £10m working capital threshold limit).

For the time being we continue to work on the basis that the unrequired £3m investment portfolio cash for this year will be carried forward into next year and will either be matched against existing projects or will be ring fenced as part of developing a discrete spend to save investment fund.

	Year to Date Actual (£m)			Full Year Forecast (£m)			Cash Fcst (£m)
	Bud.	Act.	Var.	Bud.	Q3 Fcst.	Var.	
Blood Income	243	242	(0)	324	323	(1)	
Blood & Component Stock	(0)	(0)	0	0	1	1	
Blood Supply Expenditure	(136)	(140)	(4)	(181)	(186)	(5)	
Future Proofing Blood Programme	0	(0)	(0)	0	(1)	(1)	
<b>Blood Supply Net I&amp;E</b>	<b>107</b>	<b>102</b>	<b>(4)</b>	<b>142</b>	<b>137</b>	<b>(6)</b>	<b>11</b>
<b>Group Services</b>	<b>(133)</b>	<b>(131)</b>	<b>2</b>	<b>(177)</b>	<b>(179)</b>	<b>(2)</b>	
<b>Change Programme</b>	<b>(7)</b>	<b>(4)</b>	<b>3</b>	<b>(12)</b>	<b>(8)</b>	<b>3</b>	
<b>Organ Donation and Transplantation</b>	<b>5</b>	<b>6</b>	<b>0</b>	<b>7</b>	<b>8</b>	<b>0</b>	<b>5</b>
<b>Tissue and Eye Services</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>6</b>	<b>5</b>	<b>(1)</b>	<b>0</b>
<b>Clinical Services</b>	<b>8</b>	<b>8</b>	<b>1</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>7</b>
<b>Plasma for Medicine</b>	<b>5</b>	<b>13</b>	<b>8</b>	<b>5</b>	<b>19</b>	<b>14</b>	<b>15</b>
<b>NHSBT Total</b>	<b>(12)</b>	<b>(3)</b>	<b>9</b>	<b>(18)</b>	<b>(8)</b>	<b>10</b>	<b>38</b>

**Blood** the forecast for blood has remained in line with Q2. In that we are seeing pressures from a combination of pay costs in support of stabilising stocks and early run rate costs underpinning future proofing blood work (£6.0m in aggregate). These are currently being funded by one off cash reserves.

**Group Services** while the group forecast reports c-£2.0m overspend, this reflects the NHSE request to use £3.5m of our cash to meet our additional pay cost (versus receiving new funding this year). Therefore, the underlying position shows a small upside versus plan, predominately driven by lower utility rates.

**Investment Portfolio** The latest forecast for the investment portfolio is c£8.0m (£3.0m 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** the quarter 3 forecast reports ODT in line with plan. It is important to note that DHSC have confirmed additional in year funding for ANRP and CLUs, which are reflected within this position.

**TES** the latest forecast reports a shortfall against plan. This recognises that lower sales in tendon and cardio products, producing a full year income shortfall of c£1.1m, which partially offset by expenditure underspend of £0.5m.

**Clinical Services** operationally, CS latest forecast is £0.7m behind plan driven by income shortfalls in CMT ACT and CBC (£2.7m in aggregate). While this is partially offset by better than plan activity in Pathology (£1.6m) and training underspends (£0.3m), the balance is being met by one off cash reserves.

**Plasma** Forecast reflects the agreed Supply Agreement with NHSE. For the time being £15m 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 £38m underlying cash reserve, there is also a further c£13m set aside for set aside for specific activities (blood £9m, ODT £3m & CS £1m).

# 2023/24 Divisional Highlights APM09



## 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 pressures are currently being mitigated through one off cash reserves

Year-to-date RAG	Trending RAG

**Organ Donation and Transplantation**  
**Trending RAG** – ODT are reporting in line with plan both in the year-to-date results and the forecast. We have welcomed the confirmation from DHSC that we will be receiving additional funding for ANRP and CLUs this year, which is reflected the position. Based on the latest forecast, ODT will be carrying c£4m into 2024/25 which in turn will help partially support our growing deficit

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**Tissues and Eye Services (TES)**  
**Trending RAG** – the latest forecast reports a shortfall against plan. This recognises that lower sales in tendon and cardio products, producing a full year income shortfall of c£1.1m, which partially offset by expenditure underspend of £0.5m. This reduced contribution is being met by Blood cash reserves.

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**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.

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**Clinical Services**  
**Trending RAG** – operationally, CS latest forecast is £0.7m behind plan driven by income shortfalls in CMT ACT and CBC (£2.7m in aggregate). While this is partially offset by better than plan activity in Pathology (£1.6m), we are now reporting an operating deficit of £0.7m, which is currently being met by cash reserves.

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**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 Q4 to bring the favourable position back in line with plan (DDTS, Estates development Group and Transformation).

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**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).

# Contribution Statement 2023/24



Blood and Transplant

Post allocation of costs via ABC model

December 2023 M09 - Year to date Actual £m	Blood & Components inc. R&D	Plasma	Pathology & CAGT	TES	ODT	NHSBT
<b>Income/Funding</b>						
Prices	241.9	0.4	55.0	14.0	0.0	311.3
Central Funding from DHAs	0.0	0.0	0.0	0.0	10.8	10.8
Grant in Aid (DHSC Funding)	5.8	12.6	5.0	0.7	55.4	79.5
Other	6.1	11.2	4.7	0.0	3.2	25.2
<b>Total Income/Funding</b>	<b>253.8</b>	<b>24.2</b>	<b>64.7</b>	<b>14.7</b>	<b>69.4</b>	<b>426.8</b>
<b>Expenditure</b>						
Variable Costs	(29.9)	(1.5)	(12.6)	(2.5)	(2.9)	(49.3)
<b>Variable Contribution</b>	<b>223.9</b>	<b>22.7</b>	<b>52.1</b>	<b>12.3</b>	<b>66.5</b>	<b>377.5</b>
Direct Costs	(109.1)	(6.0)	(33.8)	(8.6)	(56.2)	(213.7)
<b>Direct Contribution</b>	<b>114.9</b>	<b>16.7</b>	<b>18.2</b>	<b>3.7</b>	<b>10.3</b>	<b>163.8</b>
Direct Support Costs	(84.1)	(2.2)	(13.1)	(2.5)	(7.9)	(110.0)
<b>Total Allocated Costs</b>	<b>(223.1)</b>	<b>(9.7)</b>	<b>(59.6)</b>	<b>(13.6)</b>	<b>(67.0)</b>	<b>(373.0)</b>
<b>Total Unallocated Costs</b>	<b>(24.8)</b>	<b>(1.4)</b>	<b>(6.6)</b>	<b>(1.5)</b>	<b>(7.9)</b>	<b>(42.2)</b>
<b>Operating Net Surplus / (Deficit)</b>	<b>5.9</b>	<b>13.1</b>	<b>(1.5)</b>	<b>(0.3)</b>	<b>(5.5)</b>	<b>11.6</b>
Transformation / Reserves / FPB	(4.5)	(3.3)	(1.2)	-	(5.1)	(14.0)
<b>Net Surplus / (Deficit) Inc Transformation</b>	<b>1.5</b>	<b>9.8</b>	<b>(2.7)</b>	<b>(0.3)</b>	<b>(10.6)</b>	<b>(2.5)</b>
<b>Budget</b>	<b>1.9</b>	<b>1.6</b>	<b>(3.3)</b>	<b>(0.4)</b>	<b>(11.3)</b>	<b>(11.5)</b>
<b>Variance</b>	<b>(0.4)</b>	<b>8.1</b>	<b>0.6</b>	<b>0.0</b>	<b>0.7</b>	<b>9.0</b>
<b>RAG</b>	<b>R</b>	<b>G</b>	<b>G</b>	<b>G</b>	<b>G</b>	<b>G</b>

# Capital Plan 2023/24 - Overview



## Blood and Transplant

### Exec Summary

- Latest forecast is £15m with all projects RAG status “Green” (vs £20.5m allocation), with updates expected based on risks below;
- YTD Spend is £4.2m - £10.8m remaining spend over next 10 weeks or so – cap leads to provide assurance on their business areas;
- Latest forecast excludes capitalisation policy – work ongoing with financial accounting colleagues to assess impact if any (possibly c£3m?)
- Risks within the plan incl. Blood Tech Modernisation (remaining spend £3.1m – require assurance), and cap. policy as above;
- DHSC will need best guestimate on 2023/24 drawdown – currently £18m (£15m f/cast + £3m cap. policy) – subject to risks above.
- **Key points** to note are as follows:
  - i) Latest forecast £15m for 2023/24 vs £20.5m allocation (subject to review of capitalisation policy and Blood Tech Modernisation);
  - ii) Capitalisation policy 2023/24 – not included in latest forecast - work ongoing with our Financial Accounting colleagues, and the impact of their review needs to be captured in guestimate for final 2023/24 drawdown to DHSC.

### Breakdown of Capital Plan

£m	2023/24		
	Latest Forecast	YTD Spend - at APM09	Remaining Spend
	£m	£m	£m
Blood Supply	2.2	0.1	2.0
Clinical Services	2.4	0.5	2.0
ICT Projects	3.5	0.1	3.4
ICT Project - Blood Tech Modernisation (BTM)	5.8	2.7	3.1
Estates	0.7	0.5	0.2
Tissue and Eye Services	0.4	0.3	0.1
<b>Total</b>	<b>15.0</b>	<b>4.2</b>	<b>10.8</b>

# 2023/24 Income and Expenditure Statement



Transplant

Dec			Blood and Group	WTE		Year to Date			Full Year			Variance
Budget	Actual	Variance		Budget	Actual	Budget	Actual	Variance	Prev. Yr Actual	Budget	Q3 Forecast	
1,496	1,229	(267)	DHSC Programme Funding: Corporate			12,252	10,965	(1,287)	41,110	16,740	15,069	(1,671)
26,459	26,308	(151)	Blood and Components Income			239,378	238,608	(771)	306,488	319,132	318,132	(1,000)
344	400	56	Blood Supply Other Income			3,363	3,681	318	4,354	4,494	4,944	450
854	543	(311)	Group Services Income			7,742	4,416	(3,326)	6,727	10,325	5,583	(4,742)
<b>29,154</b>	<b>28,480</b>	<b>(674)</b>	<b>Blood and Group Income</b>			<b>262,735</b>	<b>257,670</b>	<b>(5,065)</b>	<b>358,679</b>	<b>350,691</b>	<b>343,728</b>	<b>(6,963)</b>
(120)	(590)	(470)	Blood Supply Cost of Sales	0	0	(158)	(157)	2	1,078	0	623	623
(14,879)	(15,062)	(184)	Blood Supply	2,597	2,599	(136,029)	(139,749)	(3,720)	(175,323)	(181,235)	(186,100)	(4,865)
0	(118)	(118)	Future Proofing Blood Programme	0	21	0	(259)	(259)	0	0	(1,038)	(1,038)
(17,021)	(16,142)	879	Group Services	1,250	1,222	(153,029)	(146,612)	6,417	(194,607)	(204,464)	(199,559)	4,905
(1,158)	(574)	584	Blood and Group Change Programme	0	63	(7,425)	(4,475)	2,950	(7,929)	(11,500)	(8,499)	3,001
<b>(33,178)</b>	<b>(32,487)</b>	<b>691</b>	<b>Blood and Group Expenditure</b>	<b>3,847</b>	<b>3,906</b>	<b>(296,641)</b>	<b>(291,251)</b>	<b>5,390</b>	<b>(376,781)</b>	<b>(397,200)</b>	<b>(394,573)</b>	<b>2,627</b>
<b>(4,024)</b>	<b>(4,007)</b>	<b>17</b>	<b>Blood and Group Total</b>	<b>3,847</b>	<b>3,906</b>	<b>(33,907)</b>	<b>(33,582)</b>	<b>325</b>	<b>(18,101)</b>	<b>(46,508)</b>	<b>(50,845)</b>	<b>(4,336)</b>
<b>Plasma for Medicine</b>												
1,176	1,176	0	DHSC Programme Funding: Plasma for Medicines			10,588	12,609	2,021	6,807	14,117	21,138	7,021
708	1,980	1,272	Plasma for Medicines Income			6,375	11,575	5,200	10,454	8,500	14,750	6,250
<b>1,885</b>	<b>3,156</b>	<b>1,272</b>	<b>Plasma Funding</b>			<b>16,963</b>	<b>24,184</b>	<b>7,221</b>	<b>17,261</b>	<b>22,617</b>	<b>35,888</b>	<b>13,271</b>
0	0	0	Plasma for Medicines Stock Movement			0	0	0	965	0	(1,000)	(1,000)
(1,043)	(766)	277	Plasma for Medicines	146	166	(8,188)	(7,473)	715	(8,812)	(11,318)	(10,549)	770
(477)	(308)	169	Plasma for Medicines Change Programme	0	27	(3,399)	(3,290)	109	(3,637)	(6,270)	(5,413)	857
<b>(1,520)</b>	<b>(1,074)</b>	<b>446</b>	<b>Plasma Expenditure</b>			<b>(11,587)</b>	<b>(10,763)</b>	<b>824</b>	<b>(11,484)</b>	<b>(17,588)</b>	<b>(16,962)</b>	<b>626</b>
<b>364</b>	<b>2,082</b>	<b>1,718</b>	<b>Plasma for Medicine Total</b>	<b>146</b>	<b>166</b>	<b>5,376</b>	<b>13,421</b>	<b>8,046</b>	<b>5,777</b>	<b>5,029</b>	<b>18,926</b>	<b>13,897</b>
<b>Clinical Services</b>												
347	347	0	DHSC Programme Funding: Clinical Services			3,121	3,121	0	4,162	4,162	4,162	(0)
7,000	6,267	(734)	Clinical Services Income			61,675	59,970	(1,705)	73,844	82,958	81,517	(1,441)
<b>7,347</b>	<b>6,614</b>	<b>(734)</b>	<b>Clinical Services Income</b>			<b>64,796</b>	<b>63,091</b>	<b>(1,705)</b>	<b>78,006</b>	<b>87,120</b>	<b>85,679</b>	<b>(1,441)</b>
(6,029)	(5,873)	156	Clinical Services	856	808	(55,224)	(53,839)	1,386	(64,867)	(73,743)	(73,002)	741
(394)	(164)	231	Clinical Services Change Programme	0	23	(2,068)	(1,165)	903	(1,871)	(3,252)	(2,201)	1,051
<b>(6,424)</b>	<b>(6,037)</b>	<b>386</b>	<b>Clinical Services Expenditure</b>			<b>(57,292)</b>	<b>(55,004)</b>	<b>2,288</b>	<b>(66,739)</b>	<b>(76,995)</b>	<b>(75,203)</b>	<b>1,792</b>
<b>924</b>	<b>577</b>	<b>(347)</b>	<b>Clinical Services Total</b>	<b>856</b>	<b>831</b>	<b>7,504</b>	<b>8,087</b>	<b>583</b>	<b>11,267</b>	<b>10,125</b>	<b>10,476</b>	<b>351</b>
<b>Organ Donation &amp; Transplantation</b>												
7,033	7,328	295	Programme Funding (DHSC and Devolved Nations)			63,297	64,823	1,526	84,818	84,396	87,387	2,990
327	197	(130)	NHSE Funding			2,940	2,632	(309)	3,450	3,920	3,521	(399)
<b>7,360</b>	<b>7,524</b>	<b>165</b>	<b>ODT Income</b>			<b>66,238</b>	<b>67,455</b>	<b>1,217</b>	<b>90,309</b>	<b>88,317</b>	<b>90,908</b>	<b>2,591</b>
(6,065)	(6,181)	(116)	Organ Donation and Transplantation Operations	483	470	(56,249)	(56,783)	(534)	(71,035)	(74,623)	(75,657)	(1,033)
(516)	(682)	(166)	Organ Donation and Transplantation Change Programme	18	13	(4,812)	(5,114)	(303)	(6,603)	(6,328)	(7,430)	(1,101)
<b>(6,581)</b>	<b>(6,863)</b>	<b>(282)</b>	<b>ODT Expenditure</b>			<b>(61,060)</b>	<b>(61,897)</b>	<b>(837)</b>	<b>(77,638)</b>	<b>(80,952)</b>	<b>(83,086)</b>	<b>(2,134)</b>
<b>779</b>	<b>662</b>	<b>(117)</b>	<b>ODT Total</b>	<b>500</b>	<b>483</b>	<b>5,177</b>	<b>5,558</b>	<b>381</b>	<b>12,670</b>	<b>7,365</b>	<b>7,821</b>	<b>456</b>
<b>Tissues and Eye Services</b>												
1,629	1,419	(211)	Tissue and Eye Services Income			14,802	14,022	(779)	16,293	20,007	18,901	(1,106)
42	42	0	DHSC Programme Funding: Tissue and Eye Services			375	375	0	500	500	500	0
<b>1,671</b>	<b>1,460</b>	<b>(211)</b>	<b>TES Income</b>			<b>15,177</b>	<b>14,398</b>	<b>(779)</b>	<b>16,793</b>	<b>20,507</b>	<b>19,401</b>	<b>(1,106)</b>
(1,188)	(1,127)	61	Tissue and Eye Services Operations	156	149	(10,840)	(10,383)	457	(13,159)	(14,499)	(13,955)	543
<b>(1,188)</b>	<b>(1,127)</b>	<b>61</b>	<b>TES Expenditure</b>			<b>(10,840)</b>	<b>(10,383)</b>	<b>457</b>	<b>(13,159)</b>	<b>(14,499)</b>	<b>(13,955)</b>	<b>543</b>
<b>483</b>	<b>333</b>	<b>(150)</b>	<b>TES Total</b>	<b>156</b>	<b>149</b>	<b>4,336</b>	<b>4,015</b>	<b>(322)</b>	<b>3,634</b>	<b>6,008</b>	<b>5,445</b>	<b>(563)</b>
<b>NHSBT Summary</b>												
47,417	47,235	(181)	Income			425,908	426,797	889	561,048	569,251	575,603	6,352
(48,891)	(47,588)	1,303	Expenditure	5,505	5,534	(437,421)	(429,298)	8,123	(545,801)	(587,233)	(583,780)	3,454
<b>(1,474)</b>	<b>(353)</b>	<b>1,121</b>	<b>NHSBT Surplus/(Deficit)</b>	<b>5,505</b>	<b>5,534</b>	<b>(11,513)</b>	<b>(2,501)</b>	<b>9,012</b>	<b>15,247</b>	<b>(17,982)</b>	<b>(8,177)</b>	<b>9,805</b>