

# NHSBT Finance Report

## February 2024

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

# 2023/24 Update and Opportunities



Blood and Transplant

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

## 2023-24 NHSBT Overall

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 and resilience costs in Blood. As we are approaching the end of our financial year, we would like to highlight the following remarks;

### Capital

Year-to-date we have spent c£9.6m on capital, with a further £4.4m of orders raised to be delivered before the end of the year. We are confident we will be able to fully meet our capital plan, whereby all purchases will be delivered with payments made by the end of March. A further £2.7m has been identified through our capitalisation review, which will be adjusted to capital, and subsequently improve our forecasted revenue position.

**Confirmed decision at ET : The £2.7m improvement to our revenue position will form an invest to save cash reserve next year, to support our productivity programme which is to be agreed (see also connected decision around the investment portfolio).**

### Organ Donation and Transplantation

In February, ODT welcomed additional funding of £1m to support the agenda for change pay deal pressure, subsequently improving our 2023-24 position and closing cash reserves. This will either provide us with working capital or will be critical in supporting the overall operational position subject to final funding agreements. Subject to finalising funding for 2024-25 (operating costs / other initiatives including donation after circulatory death hearts/ abdominal normothermic regional perfusion / Clinical leads in utilisation), it is likely we will be required to underwrite ODT costs, at risk in the early part of next year. We would expect this to be c£1.5m per calendar month.

**To Note: although it is likely there will be cash reserves of c£7m carried forward into next year, it is important to recognised that this cash will be called upon , if we do not get fully funded.**

### Future Proofing Blood

DHSC funding for £3.6m will be fully utilised in 2023-24. c£2.1m on investments (this is slightly lower than we previously forecasted due to additional capitalisation of project costs) , with the balance being used to meet in year recurrent run rates. The requirement for a further investment will now be c£1.6m and will be met from our general cash reserves in 2024-25.

**To Note: This approach has been advised to DHSC.**

### Plasma for Medicine

We continue to see 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.

**To Note: The cash reserves carried forward into 2024-25 are based on several factors including the need to meet the key milestone of shipping plasma from July 2024.**

### Investment Portfolio

Our latest Blood and Group Investment Portfolio now forecasting a spend of £6.0m (£5.5m lower than budget). Of which, £0.8m was capitalised (as part of the capitalisation review) and a further £3.0m remains committed and ring fenced as part of the 2024-25 budget.

**Confirmed decision at ET : for the remaining balance (c£1.7m) will form part of the invest to save reserve, combined with the £2.7m capital decision above, creating a £4.5m invest to save reserve for 2024-25.**

# Executive Summary: 2023/24 Income and Expenditure



## Blood and Transplant

The latest forecast for NHSBT is reporting an improvement versus the quarter 3 position reported below. There are several key factors which drives this;

**+£2.7m** The finalised of our capitalisation review, which has subsequently improved our revenue position and cash balance. This improved cash position will form part of a invest to save reserve going into 2024-25.

**+£1.7m** Further reductions on our Blood and Group Investment Portfolio. This will increase our invest to save reserve up to £4.5m going into 2024/25.

**+£1.6m** £3.6m funding for Future Proofing Blood, will be fully utilised in 2023-24. c£2.1m on investments / balance being used to meet in year recurrent run rates. The requirement for a further investment of c£1.6m will be met from our cash reserves in 2024-25.

**+£2.0m** latest ODT forecast reporting an improvement vs Q3 of £2m, reflecting £1m AfC DHSC funding and lower marketing expenditure. This improvement will either provide a working capital into 2024/25, or will be critical in supporting the overall operational position (including DCD Hearts, ANRP and CLUs) subject to final funding agreements.

Although we are describing an improved position across Blood and ODT, it is important to note that this will create ring fenced cash reserves, of which all are committed to support 2024-25 and our productivity plans

**Blood Supply** the latest forecast for Blood is now reporting c£7.0m overspends, reflecting pressures driven by higher pay costs and resource in support of stabilising stocks. 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£6m (£5.5m lower than the resource allocated to our prioritised plan). 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 latest forecast is showing an improvement vs Q3 of £2m, reflecting additional DHSC funding and lower marketing expenditure.

**TES** Following a good sales period for bone and tendons, TES are now reporting a full year £0.3m contribution shortfall, an improvement of £0.3m versus Q3.

**Clinical Services (excluding Medical and Stats)** latest forecast is reporting £0.7m ahead of plan (an improvement of c£0.7m versus Q3 forecast). This improvement is primarily driven by strong BBMR and Stem cell activity over the last couple of months.

Overall, CS change programme is driving the improved contribution versus budget (£1.0m underspends), as a strong performance in Pathology and management vacancies more than offsets a CBC income shortfall in CAGT.

**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

	Year to Date Actual (£m)			Full Year Forecast (£m)			Cash Fcst (£m)
	Bud.	Act.	Var.	Bud.	Q3 Fcst.	Var.	
Blood Income	297	296	(1)	324	323	(1)	
Blood & Component Stock	0	(0)	(0)	0	1	1	
Blood Supply Expenditure	(166)	(172)	(5)	(181)	(186)	(5)	
Future Proofing Blood Programme	0	(1)	(1)	0	(1)	(1)	
<b>Blood Supply Net I&amp;E</b>	<b>130</b>	<b>124</b>	<b>(7)</b>	<b>142</b>	<b>137</b>	<b>(6)</b>	<b>11</b>
<b>Group Services</b>	<b>(162)</b>	<b>(159)</b>	<b>3</b>	<b>(177)</b>	<b>(179)</b>	<b>(2)</b>	
<b>Change Programme</b>	<b>(10)</b>	<b>(5)</b>	<b>5</b>	<b>(12)</b>	<b>(8)</b>	<b>3</b>	
<b>Organ Donation and Transplantation</b>	<b>7</b>	<b>10</b>	<b>3</b>	<b>7</b>	<b>8</b>	<b>0</b>	<b>5</b>
<b>Tissue and Eye Services</b>	<b>5</b>	<b>5</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>19</b>	<b>14</b>	<b>5</b>	<b>19</b>	<b>14</b>	<b>15</b>
<b>NHSBT Total</b>	<b>(17)</b>	<b>2</b>	<b>19</b>	<b>(18)</b>	<b>(8)</b>	<b>10</b>	<b>38</b>

\*Medical and Stats results are reported in Group Services

## 2023/24 Divisional Highlights APM11

	Year-to-date RAG	Trending RAG
<p><b>Blood Supply</b> forecast reflects increasing cost base driven by a combination of pay costs in support of stabilising stocks in the current year (£7.0m in aggregate).  <b>Trending RAG</b> - These pressures are currently being mitigated through one off cash reserves</p>		
<p><b>Organ Donation and Transplantation</b>  <b>Trending RAG</b> – In February, ODT welcomed additional funding of £1m to support the agenda for change pay deal pressure, subsequently improving our 2023-24 position and closing cash reserves. This will either provide us with working capital or will be critical in supporting the overall operational position subject to final funding agreements. Subject to finalising funding for 2024-25 (operating cost/DCD/ANRP/CLUs), it is likely we will be required to underwrite ODT costs, at risk in the early part of next year. We would expect this to be c£1.5m per calendar month.</p>		
<p><b>Tissues and Eye Services (TES)</b>  <b>Trending RAG</b> Following a good sales period for bone and tendons, TES are now reporting a full year £0.3m contribution shortfall, an improvement of £0.3m versus Q3.</p>		
<p><b>Plasma for Medicine</b>– the financial position for plasma remains fundable for 2023/24.  <b>Trending RAG</b> – 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.</p>		
<p><b>Clinical Services</b>  <b>Trending RAG</b> – latest forecast is reporting £0.7m ahead of plan (an improvement of c£0.7m versus Q3 forecast). This improvement is primarily driven by strong BBMR and Stem cell activity over the last couple of months.            Overall, CS change programme is driving the improved contribution versus budget (£1.0m underspends), as a strong performance in Pathology and management vacancies more than offsets a CBC income shortfall in CAGT</p>		
<p><b>Group Services</b>  <b>Trending RAG</b> –The underlying forecast for Group Services reports an underlying improvement against budget of c£1.8m. This is predominately driven by lower utility rates in Estates. All other directorates are reporting broadly in line with plan.</p>		



# Capital Plan 2023/24 - Overview



## Blood and Transplant

### Exec Summary

- Latest forecast continues to be at £14m with all projects RAG status “Green” (vs £20.5m allocation);
- YTD Spend is £9.6m - £4.4m remaining spend over next 4/5 weeks or so – weekly reports to cap leads/Exec Dir’s to manage plan to YE;
- Latest forecast excludes capitalisation policy – work being finalised with financial accounting colleagues to assess impact (possibly £3m);
- Risks still included within the plan i.e. non-delivery of equipment / works not completed but this is minimised and cap. policy as above;
- DHSC cash drawdown – £12m invoices raised - risk to final drawdown as above with final amount required to ensure paid in year;
- **Key points** to note are as follows:
  - i) Latest forecast £14m for 2023/24 vs £20.5m allocation (subject to review of capitalisation policy and risk described above);
  - ii) Capitalisation policy 2023/24 – not included in latest forecast - work is being finalised with our Financial Accounting colleagues, and the impact of their review will need 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	1.7	0.5
Clinical Services	2.5	0.8	1.7
ICT Projects	3.5	2.5	1.0
ICT Project - Blood Tech Modernisation (BTM)	4.8	3.8	1.0
Estates	0.7	0.5	0.2
Tissue and Eye Services	0.3	0.3	-
<b>Total</b>	<b>14.0</b>	<b>9.6</b>	<b>4.4</b>

# 2023/24 Income and Expenditure Statement



## Blood and Transplant

Feb			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	3,304	1,808	DHSC Programme Funding: Corporate			15,244	15,639	395	41,110	16,740	15,069	(1,671)
26,480	26,310	(170)	Blood and Components Income			292,603	291,455	(1,148)	306,488	319,132	318,132	(1,000)
377	403	26	Blood Supply Other Income			4,134	4,593	459	4,354	4,494	4,944	450
861	756	(105)	Group Services Income			9,467	6,080	(3,387)	6,727	10,325	5,583	(4,742)
<b>29,214</b>	<b>30,774</b>	<b>1,559</b>	<b>Blood and Group Income</b>			<b>321,448</b>	<b>317,767</b>	<b>(3,681)</b>	<b>358,679</b>	<b>350,691</b>	<b>343,728</b>	<b>(6,963)</b>
114	(589)	(703)	Blood Supply Cost of Sales	0	0	10	(379)	(389)	1,078	0	623	623
(14,989)	(16,258)	(1,269)	Blood Supply	2,597	2,627	(166,250)	(171,532)	(5,281)	(175,323)	(181,235)	(186,100)	(4,865)
0	(86)	(86)	Future Proofing Blood Programme	0	23	0	(536)	(536)	0	0	(1,038)	(1,038)
(16,939)	(17,139)	(199)	Group Services	1,251	1,254	(187,028)	(180,613)	6,415	(194,607)	(204,464)	(199,559)	4,905
(1,358)	153	1,511	Blood and Group Change Programme	0	68	(10,142)	(5,113)	5,029	(7,929)	(11,500)	(8,499)	3,001
<b>(33,172)</b>	<b>(33,919)</b>	<b>(747)</b>	<b>Blood and Group Expenditure</b>	<b>3,848</b>	<b>3,972</b>	<b>(363,410)</b>	<b>(358,173)</b>	<b>5,237</b>	<b>(376,781)</b>	<b>(397,200)</b>	<b>(394,573)</b>	<b>2,627</b>
<b>(3,958)</b>	<b>(3,145)</b>	<b>813</b>	<b>Blood and Group Total</b>	<b>3,848</b>	<b>3,972</b>	<b>(41,962)</b>	<b>(40,406)</b>	<b>1,556</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			12,940	14,962	2,021	6,807	14,117	21,138	7,021
708	3,771	3,063	Plasma for Medicines Income			7,792	17,318	9,526	10,454	8,500	14,750	6,250
<b>1,885</b>	<b>4,948</b>	<b>3,063</b>	<b>Plasma Funding</b>			<b>20,732</b>	<b>32,279</b>	<b>11,547</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)
(1,037)	(905)	132	Plasma for Medicines	148	184	(10,273)	(9,296)	977	(8,812)	(11,318)	(10,549)	770
(920)	(354)	566	Plasma for Medicines Change Programme	0	43	(5,242)	(4,223)	1,019	(3,637)	(6,270)	(5,413)	857
<b>(1,957)</b>	<b>(1,260)</b>	<b>697</b>	<b>Plasma Expenditure</b>			<b>(15,515)</b>	<b>(13,518)</b>	<b>1,997</b>	<b>(11,484)</b>	<b>(17,588)</b>	<b>(16,962)</b>	<b>626</b>
<b>(72)</b>	<b>3,688</b>	<b>3,760</b>	<b>Plasma for Medicine Total</b>	<b>148</b>	<b>184</b>	<b>5,217</b>	<b>18,761</b>	<b>13,544</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			3,815	3,815	0	4,162	4,162	4,162	(0)
6,497	6,662	166	Clinical Services Income			75,446	73,831	(1,615)	73,844	82,958	81,517	(1,441)
<b>6,843</b>	<b>7,009</b>	<b>166</b>	<b>Clinical Services Income</b>			<b>79,261</b>	<b>77,646</b>	<b>(1,615)</b>	<b>78,006</b>	<b>87,120</b>	<b>85,679</b>	<b>(1,441)</b>
(6,184)	(6,407)	(223)	Clinical Services	856	833	(67,651)	(66,393)	1,258	(64,867)	(73,743)	(73,002)	741
(394)	(301)	94	Clinical Services Change Programme	0	25	(2,857)	(1,887)	969	(1,871)	(3,252)	(2,201)	1,051
<b>(6,578)</b>	<b>(6,707)</b>	<b>(129)</b>	<b>Clinical Services Expenditure</b>			<b>(70,508)</b>	<b>(68,280)</b>	<b>2,228</b>	<b>(66,739)</b>	<b>(76,995)</b>	<b>(75,203)</b>	<b>1,792</b>
<b>265</b>	<b>302</b>	<b>36</b>	<b>Clinical Services Total</b>	<b>856</b>	<b>857</b>	<b>8,753</b>	<b>9,366</b>	<b>612</b>	<b>11,267</b>	<b>10,125</b>	<b>10,476</b>	<b>351</b>
<b>Organ Donation &amp; Transplantation</b>												
7,033	7,856	823	Programme Funding (DHSC and Devolved Nations)			77,363	81,576	4,213	84,818	84,396	87,387	2,990
327	335	8	NHSE Funding			3,594	3,231	(362)	3,450	3,920	3,521	(399)
<b>7,360</b>	<b>8,191</b>	<b>831</b>	<b>ODT Income</b>			<b>80,957</b>	<b>84,807</b>	<b>3,850</b>	<b>90,309</b>	<b>88,317</b>	<b>90,908</b>	<b>2,591</b>
(6,143)	(6,057)	86	Organ Donation and Transplantation Operations	483	476	(68,573)	(68,841)	(268)	(71,035)	(74,623)	(75,657)	(1,033)
(507)	(297)	210	Organ Donation and Transplantation Change Programme	18	12	(5,840)	(6,098)	(258)	(6,603)	(6,328)	(7,430)	(1,101)
<b>(6,651)</b>	<b>(6,354)</b>	<b>297</b>	<b>ODT Expenditure</b>			<b>(74,414)</b>	<b>(74,939)</b>	<b>(525)</b>	<b>(77,638)</b>	<b>(80,952)</b>	<b>(83,086)</b>	<b>(2,134)</b>
<b>709</b>	<b>1,837</b>	<b>1,128</b>	<b>ODT Total</b>	<b>500</b>	<b>488</b>	<b>6,543</b>	<b>9,869</b>	<b>3,325</b>	<b>12,670</b>	<b>7,365</b>	<b>7,821</b>	<b>456</b>
<b>Tissues and Eye Services</b>												
1,646	1,748	102	Tissue and Eye Services Income			18,231	17,742	(489)	16,293	20,007	18,901	(1,106)
42	42	0	DHSC Programme Funding: Tissue and Eye Services			458	458	0	500	500	500	0
<b>1,688</b>	<b>1,790</b>	<b>102</b>	<b>TES Income</b>			<b>18,690</b>	<b>18,200</b>	<b>(489)</b>	<b>16,793</b>	<b>20,507</b>	<b>19,401</b>	<b>(1,106)</b>
(1,214)	(1,285)	(71)	Tissue and Eye Services Operations	156	153	(13,294)	(12,866)	428	(13,159)	(14,499)	(13,955)	543
<b>(1,214)</b>	<b>(1,285)</b>	<b>(71)</b>	<b>TES Expenditure</b>			<b>(13,294)</b>	<b>(12,866)</b>	<b>428</b>	<b>(13,159)</b>	<b>(14,499)</b>	<b>(13,955)</b>	<b>543</b>
<b>473</b>	<b>505</b>	<b>31</b>	<b>TES Total</b>	<b>156</b>	<b>153</b>	<b>5,396</b>	<b>5,334</b>	<b>(61)</b>	<b>3,634</b>	<b>6,008</b>	<b>5,445</b>	<b>(563)</b>
<b>NHSBT Summary</b>												
46,990	52,711	5,721	Income			521,088	530,700	9,612	561,048	569,251	575,603	6,352
(49,572)	(49,525)	47	Expenditure	5,509	5,655	(537,140)	(527,776)	9,364	(545,801)	(587,233)	(583,780)	3,454
<b>(2,582)</b>	<b>3,186</b>	<b>5,768</b>	<b>NHSBT Surplus/(Deficit)</b>	<b>5,509</b>	<b>5,655</b>	<b>(16,053)</b>	<b>2,924</b>	<b>18,976</b>	<b>15,247</b>	<b>(17,982)</b>	<b>(8,177)</b>	<b>9,805</b>

# 2023/24 Balance Sheet – Q3 Forecast

	March 2023 Actual £k	March 2024 Forecast £k
Fixed Assets b/f	197,129	202,327
ROU Asset ( <i>Operating &amp; Finance Leases</i> ) B/F	79,040	73,678
Revaluation	2,251	1,791
Additions	10,758	20,500
NBV Disposals	(73)	0
ROU Depreciation & Interest	(5,362)	(7,252)
Depreciation (& Impairments)	(7,738)	(12,781)
<b>Fixed Assets</b>	<b>276,005</b>	<b>278,264</b>
<u>Current Assets</u>		
Stocks	18,331	17,954
Trade Debtors	46,999	24,354
Income Accruals	14,968	3,068
Prepayments	9,359	9,359
Other Debtors	4,498	4,498
Bank and Cash	50,685	51,103
	<b>144,839</b>	<b>110,336</b>
Less:-		
<u>Current Liabilities</u>		
Trade Creditors	5,780	5,780
Accruals	43,350	31,550
DH Cash Limit Drawn in Advance	0	0
DH Capital Charges payable	0	0
Others	26,355	11,040
	<b>75,486</b>	<b>48,371</b>
Net Current Assets	69,354	61,965
Finance Lease Creditor	8,251	8,251
ROU Liabilities	21,437	15,785
Provisions	1,299	1,299
<b>Total Net Assets</b>	<b>314,373</b>	<b>314,895</b>
Represented by:-		
<u>Department of Health Funding</u>		
General reserve b/f	194,778	211,208
Capital Cash Received	10,500	20,500
Capital Charges payable as Cash	(20,874)	(21,893)
Notional Interest Credit	7,808	8,300
Transfer Between Reserves	3,750	0
YTD I&E Surplus / (Deficit)	15,247	(8,176)
General Reserve	211,208	209,940
Revaluation & Donated Asset Reserve	103,163	104,955
<b>Total DHSC Funding</b>	<b>314,372</b>	<b>314,894</b>

Fixed Assets (Non-current)	£m
Property, plant and equipment	191
Right of use assets	74
Intangible assets	11
<b>Total</b>	<b>276</b>

Property, plant and equipment consists of; Land £16m, Buildings £144m, Plant & Machinery £19m, Information Technology £11m

Right of use assets (*right of NHSBT to use the asset over the life of a lease*); Land £10m, Buildings £60m, Transport equipment £3m

Intangible assets (*asset with no physical substance*); Software purchased £3m, Assets under construction £8m

## Movements

**Trade Debtors** – reduction in debtors driven by an £18m DHSC payment restore our working capital. The £18m funding was reflected in the 2022/23 accounts with receipt of cash in early April 23.

**Income Accrual** – reduction driven by £12m funding accrued in the 2022/23 yearend accounts to meet additional agenda for change pay costs. This income will be receipted in March 24

**Bank and Cash** – based on Q3 forecast the expected closing cash balance for March 24 will be c£51m; see notional split below;

**Accruals** – reduction driven by £12m pay costs, which were accrued in the 2022-23 yearend accounts, reflecting last years agreed pay settlement. These payroll costs were paid out in June 2023

Cash Forecast Notional Split £m	Comment
<b>Blood Supply £20.5m</b>	£10.0m NHSBT working capital £4.6m Future proofing blood and investment portfolio reserve to support 24/25 £4.5m R&D and Transfusion deferred income (committed for 2024-25) £1.4m General reserve
<b>Clinical Services £7.5m</b>	£6.8m General Reserve - committed to invest & support strategy (5 year plan) £0.8m MOD deferred income ring fenced and committed
<b>Organ Donation &amp; Transplantation £8.2m</b>	£4.8m General Reserve - provides working capital & will be critical in supporting the overall operational position in 24-25 £3.4m Ring fenced NHSE funding to support Donor Characterisation transformation
<b>Plasma for Medicine £14.9m</b>	£14.9m General Reserve - cash committed to support the key milestone of shipping plasma from July 2024, and also tied into key service investments (5-year plan).

\*To note, based on recent developments i.e. invest to save £4.5m and improvements to the ODT forecast £2m, it is likely that our final cash flow will improve from the Q3 position. Albeit this improvement will be committed / ring fenced to support 2024-25