

Board Meeting in Public

Thursday, 06 June 2024

Title of Report	Financial Report	Agenda No.	3.3
Nature of Report (tick one)	<input checked="" type="checkbox"/> Official	<input type="checkbox"/> Official Sensitive	
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Lead Executive	Carl Vincent – Chief Financial Officer		
Non-Executive Director Sponsor (if applicable)	Click or tap here to enter text.		
Presented for (tick all that applies)	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Assurance	<input type="checkbox"/> Information <input type="checkbox"/> Update	
Purpose of the report and key issues			
The purpose of this paper is to describe the emerging financial position for 2024-25, highlighting any consideration for the ET and Board.			
Previously Considered by			
Included in the ET papers for the 21/05/2024 meeting.			
Recommendation	<p>The Board is asked to note the following considerations.</p> <p><u>2023-24 Interim Outturn</u> The accounts for 2023-24 have now closed, and the preparation of our year end statutory accounts continues, meaning that our figures remain provisional and subject to audit / ARGC review. At the April performance ET, the reported interim position was an £18m surplus against plan – mainly driven by increased Plasma for Medicine funding / lower spend in ODT (e.g. breakeven versus an approved deficit budget of -£18m). This position was however subject to the finalisation of the quinquennial revaluation and the requirement to fully revalue our asset base. The impact of this worsened our previously reported break-even position, to a deficit of £4.4m (reducing the previously report position of £18m surplus versus plan, down to £13.6m), primarily due to the lower valuation for Barnsley and Speke. Although this is a significant “negative” movement to our income & expenditure position, the revaluation itself does not impact on the cash described in the April report. Our underlying brought forward cash position remains aligned with prior year forecast at c£39m, which is a combination of working capital and ring-fenced commitments.</p> <p><u>Organ Donation and Transplantation (ODT)</u> The 2024-25 budget presented for approval at the March board, was noted as being subject to funding confirmation from Department of Health and Social Care (DHSC). We have now been advised by DHSC on our funding envelope for 2024/25. This has</p>		

resulted in a higher funding level than that in the prior year, which improves the ODT deficit to £5.9m, an uplift of £5.4m. The ODT budgets were updated in the M01 accounts.

To Approve: That the overall NHSBT budget position now reports a £19.6m deficit (versus £25m approved at the March Board).

2024-25 National Commissioning Group (NCG) Blood & Specialist Services

Although the NCG process concluded in February 2024, the process is still yet to be finalised – we continue to bill at 2023/24 pricing pro tem. There have been follow up discussions with DHSC/NHSE, which are expected to result in a further change to our budgets for 2024/25, albeit not a change to the bottom line (per the £19.6m deficit described above). Specifically, there has been a request i) to adjust the pay assumption (to be aligned with system/Trust assumptions) across all directorates, and ii) revise downward the gross domestic product (GDP) deflator for Blood (0.8% versus 2.0%, to reflect the latest system view on inflation). Once this process has been completed the changes will be finalised in the budget. We would expect to have completed this by quarter 1, although the timing is now more uncertain given the election.

To Note: We would expect to see a finalised NCG process shortly, and that there will be a follow-up request for approval, once the process has been finalised.

Invest to Save Investment Reserve

A ring-fenced reserve of £3.4m was brought forward from 2023-24 (this is a combination of £1.5m transformation underspend and £1.9m higher capitalisation). It is expected that this reserve will grow during 2024-25, based on further capitalisation of items currently budgeted a revenue. Although the value of this is uncertain, a similar amount to the previous year is not unreasonable c£2.0m.

To Note: That there is ongoing work to harmonise governance for transformation/productivity through a single pipeline/prioritisation process (with the £3.4m reserve expected to migrate as well).

Future Proofing Blood and Contingency

Within our latest budget we have a £6.4m contingency. Per the above NCG discussions, we would expect to release £1.7m of GDP contingency. It is recommended that the balance of £4.7m be ringfenced against Southampton risks, FPB and further clinician pay deals. In doing so, it is important to note that there are no further budgeted contingencies.

Note: Were there to be any unforeseen cost pressures in-year, mitigation would be from either i) cash reserves/working capital; ii) any TF underspends or iii) a further in-year Cost improvement programmes (CiPs).

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]

- Collaborate with partners
- Invest in people and culture
- Drive innovation
- Modernise our operations
- Grow and diversify our donor base.