

NHSBT Finance Report

April 2024

Contents	Page
2024/25 Update and Opportunities	2
2023/24 Income and Expenditure: Outturn	3
2024/25 Income and Expenditure: April Results	4
2024/25 Income and Expenditure Statement	5
2024/25 Capital Plan	6

2024/25 Update and Opportunities

APM01 / April 2024 Accounts - Considerations Based on the Latest Results



Blood and Transplant

2023-24 Interim Outturn

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.

Organ Donation and Transplantation (ODT)

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 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).

2023/24 Provisional Income and Expenditure: Outturn

	WTE		Q3 Forecast Outturn (£m)			Provisional Full Year Outturn (£m)			Underlying Cash (£m)
	Bud.	Act.	Bud.	Act.	Var.	Bud.	Act.	Var.	
Blood Income	0	0	324	323	(1)	324	323	(0)	
Blood & Component Stock	0	0	0	1	1	0	0	0	
Blood Supply Expenditure	2,597	2,626	(181)	(186)	(5)	(181)	(187)	(6)	
Future Proofing Blood Programme	0	23	0	(1)	(1)	0	(1)	(1)	
Blood Supply Net I&E	2,597	2,649	142	137	(6)	142	135	(7)	10
Group Services	1,251	1,256	(177)	(179)	(2)	(177)	(181)	(3)	
Investment Portfolio	0	70	(12)	(8)	3	(12)	(6)	5	
Organ Donation and Transplantation	500	488	7	8	0	7	10	3	7
Tissue and Eye Services	156	157	6	5	(1)	6	6	0	0
Clinical Services	856	871	10	10	0	10	11	0	7
Plasma for Medicine	149	192	5	19	14	5	21	16	16
NHSBT Total	5,510	5,683	(18)	(8)	10	(18)	(4)	14	39

NHSBT 2023/24 Outturn versus Q3 Forecast.

The accounts for 2023/24 have now closed, with a reported deficit of £4m, £14m better than plan - mainly driven by increased Plasma for Medicine funding / lower spend in ODT, partially offset by increased pay and resourcing expenditure in Blood Supply.

The year end position reports a -£4m deficit, which is an improvement versus the Q3 forecast (-£8m deficit). This is driven by a number of key factors which were highlighted at the March Board. These include;

+£1.9m Capitalisation review, which improved our revenue position and cash balance. This improvement will form part of an invest to save reserve for 2024-25.

+£1.5m Further reductions on our Blood and Group Investment Portfolio. This increased the invest to save reserve for 2024/25.

+£1.9m Future Proofing Blood Funding. £3.6m funding received and utilised against early donor centre run rate and set up costs in 2023-24. There is a residual requirement for a further c£1.9m which will be met from our cash reserves in 2024-25.

+£2.0m improvement in ODT, reflecting £1m additional AfC DHSC funding and lower marketing expenditure. This improvement to our cash reserves will be required to meet the finalised £5.9m operating deficit in 2024/25.

+£1.6m additional Plasma for Diagnostic sales.

-£5.0m building impairment driven by finalisation of the quinquennial revaluation. This is 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.

In summary, although we are describing an improved position across NHSBT, it is important to note that following commitments going into 2024/25;

- Plasma for Medicine +£16m, of which £7.5m will be utilised in 2024/25
- Investment Portfolio (including spend to save) +£6.4m
- ODT +£3m to partially meet 2024/25 operating deficit (cash reserves)
- Future Proofing Blood +£1.9m
- The above improvements (c£27m) in total, are partially balanced off by the higher than expected spend in Blood Supply £8m
- £14m variance + £5m noncash impairment = underlying £19m in year cash improvement .

Reporting Timeline

January 24 Board - The quarter 3 forecast in the above table were presented as part of our financials and our provisional year end outturn compares against those.

March 24 Board – We noted several expected improvements which would underpin the then forecast of a £8m deficit (+£10m vs budget).

April 24 ET – The provisional accounts were presented and discussed. At this point in time, we were at breakeven e.g. a variance of +£18m.

May 24 ET – An updated version of the accounts was presented, which now reported a deficit position of -£4m / driven by quinquennial revaluation; Estates revaluation Barnsley and Speke (while this 'worsens' the position it's a noncash movement through the I&E).

June 24 Board – The accounts remain provisional at this stage, as they continue to be subject to audit.

2024/25 Income and Expenditure: April Results

	WTE		April Year-to-Date (£m)			Underlying Cash (£m)
	Bud.	Act.	Bud.	Act.	Var.	
Blood Income	0	0	31	31	(0)	
Blood & Component Stock	0	0	0	(0)	(1)	
Blood Supply Expenditure	2,588	2,656	(16)	(16)	(0)	
Future Proofing Blood Programme	155	21	(0)	(0)	0	
Blood Supply Net I&E	2,743	2,677	15	14	(1)	13
Group Services	1,388	1,328	(16)	(15)	1	
Change Programme	0	58	(1)	(0)	1	
Organ Donation and Transplantation	492	492	1	1	0	1
Tissue and Eye Services	155	158	0	1	0	0
Clinical Services	911	878	1	1	0	5
Plasma for Medicine	106	118	0	1	1	8
NHSBT Total	5,795	5,709	0	3	2	27

Blood Supply In the April results, we are seeing an early pressure against plan for couriers and consumables. £0.5m has been recognised in an early forecast, which in effect is the reported overspend at M01. In order to mitigate the risk of this becoming a run rate trend this year, there is planning underway to get this back on track. Also, looking at the accounts Blood Supply are over established by c70wte (which is the equivalent to the vacancy factor). As we see turnover through the year, we would expect the WTEs to move close to budget. With very little flexibility within the blood and group plan, Blood will need to be monitored throughout quarter one.

Future Proofing Blood Expect WTEs to ramp up versus plans.

Investment Portfolio WTE budgets set to nil, as non-recurrent / fixed term.

Organ Donation while presenting the 2024-25 budget at the March board, we pointed out that we were yet to receive funding confirmation from DHSC. DHSC have now advised on the funding being available for 2024/25, which improves the ODT deficit to £5.9m, an uplift of £5.4m. The ODT budgets were updated in the M01 accounts (the funding will continue to support 1,560 deceased donors).

Tissues and Eye Services Having signed an agreement with NHSE which will improve the pathway for Corneas by increasing retrievals, there is a reasonable expectation that we will see an improvement to the level of contribution for this service (possibly up to £1.0m depending on activity). This does not currently form part of the year-to-date position, but we'll aim to include in the quarter one forecasts.

Clinical Services (excluding Medical and Stats) the latest position for Clinical Services is reporting broadly in line with budget. A number new of posts were included in the 2024/25 budget, with are currently being recruited to.

Plasma for Medicines At M01 we are already seeing the potential for a higher level of plasma being forecasted for diagnostic sales, +£2m versus plan. This will form part of an improved cash reserve going into 2025-26 (closing balance of c£10m). While it is acknowledged that these cash reserves are reported at a directorate level, we cannot discount there being unforeseen material pressures across NHSBT during the year, which might require a corporate view to be considered.

**Medical and Stats results are reported in Group Services

2024/25 Income and Expenditure Statement



Blood and Transplant

Apr			Blood and Group	WTE		Year to Date			Full Year		
Budget	Actual	Variance		Budget	Actual	Budget	Actual	Variance	Prev. Yr Actual	Initial Budget	Latest Budget
1,758	1,767	8	DHSC Programme Funding: Corporate		1,758	1,767	8	16,511	21,100	21,100	
30,477	30,478	0	Blood and Components Income		30,477	30,478	0	317,905	367,168	367,168	
492	450	(42)	Blood Supply Other Income		492	450	(42)	4,870	5,950	5,950	
589	441	(148)	Group Services Income		589	441	(148)	7,118	7,075	7,075	
33,317	33,136	(181)	Blood and Group Income		33,317	33,136	(181)	346,405	401,292	401,292	
246	(421)	(667)	Blood Supply Cost of Sales	0	0	0	0	383	0	0	
(15,701)	(16,170)	(469)	Blood Supply	2,588	2,656	(15,701)	(16,170)	(469)	(182,856)	(194,462)	(194,462)
(139)	(126)	13	Future Proofing Blood Programme	155	21	(139)	(126)	13	(884)	(5,533)	(5,533)
(18,364)	(17,214)	1,150	Group Services	1,388	1,328	(18,364)	(17,214)	1,150	(208,787)	(227,757)	(227,757)
(1,308)	(461)	847	Blood and Group Change Programme	0	58	(1,308)	(461)	847	(6,395)	(15,700)	(15,700)
(35,266)	(34,393)	873	Blood and Group Expenditure	4,131	4,064	(35,266)	(34,393)	873	(398,538)	(443,452)	(443,452)
(1,949)	(1,257)	692	Blood and Group Total	4,131	4,064	(1,949)	(1,257)	692	(52,133)	(42,160)	(42,160)
Plasma for Medicine											
0	0	0	DHSC Programme Funding: Plasma for Medicines		0	0	0	16,138	0	0	
1,500	1,937	437	Plasma for Medicines Income		1,500	1,937	437	19,795	20,619	20,619	
1,500	1,937	437	Plasma Funding		1,500	1,937	437	35,933	20,619	20,619	
0	0	0	Plasma for Medicines Stock Movement		0	0	0	(457)	0	0	
(1,190)	(785)	405	Plasma for Medicines	106	118	(1,190)	(785)	405	(9,668)	(14,709)	(14,709)
(172)	(172)	(0)	Plasma for Medicines Change Programme	0	17	(172)	(172)	(0)	(4,752)	(6,000)	(6,000)
(1,362)	(957)	405	Plasma Expenditure		(1,362)	(957)	405	(14,877)	(20,709)	(20,709)	
138	980	841	Plasma for Medicine Total	106	118	138	980	841	21,056	(90)	(90)
Clinical Services											
347	347	0	DHSC Programme Funding: Clinical Services		347	347	0	4,162	4,161	4,161	
7,397	7,297	(100)	Clinical Services Income		7,397	7,297	(100)	81,031	92,276	92,276	
7,743	7,643	(100)	Clinical Services Income		7,743	7,643	(100)	85,193	96,437	96,437	
(6,565)	(6,181)	384	Clinical Services	911	849	(6,565)	(6,181)	384	(72,337)	(82,070)	(82,070)
(186)	(165)	21	Clinical Services Change Programme	0	29	(186)	(165)	21	(2,022)	(3,250)	(3,250)
(6,751)	(6,346)	405	Clinical Services Expenditure		(6,751)	(6,346)	405	(74,359)	(85,320)	(85,320)	
992	1,297	305	Clinical Services Total	911	878	992	1,297	305	10,835	11,117	11,117
Organ Donation & Transplantation											
7,818	7,786	(32)	Programme Funding (DHSC and Devolved Nations)		7,818	7,786	(32)	91,101	82,014	93,822	
39	37	(3)	NHSE Funding		39	37	(3)	885	3,195	473	
7,858	7,823	(35)	ODT Income		7,858	7,823	(35)	91,986	85,209	94,295	
(6,693)	(6,391)	302	Organ Donation and Transplantation Operations	490	481	(6,693)	(6,391)	302	(75,427)	(81,850)	(82,108)
(418)	(406)	12	Organ Donation and Transplantation Change Programme	2	11	(418)	(406)	12	(6,599)	(3,360)	(6,751)
(7,111)	(6,797)	314	ODT Expenditure		(7,111)	(6,797)	314	(82,026)	(85,211)	(88,860)	
747	1,026	279	ODT Total	492	492	747	1,026	279	9,960	(1)	5,436
Tissues and Eye Services											
1,652	1,656	4	Tissue and Eye Services Income		1,652	1,656	4	19,382	21,253	21,253	
42	42	0	DHSC Programme Funding: Tissue and Eye Services		42	42	0	500	500	500	
1,694	1,698	4	TES Income		1,694	1,698	4	19,882	21,753	21,753	
(1,264)	(1,100)	164	Tissue and Eye Services Operations	155	158	(1,264)	(1,100)	164	(13,983)	(15,633)	(15,633)
(1,264)	(1,100)	164	TES Expenditure		(1,264)	(1,100)	164	(13,983)	(15,633)	(15,633)	
430	598	168	TES Total	155	158	430	598	168	5,899	6,120	6,120
NHSBT Summary											
52,112	52,237	125	Income		52,112	52,237	125	579,399	625,310	634,396	
(51,754)	(49,593)	2,161	Expenditure	5,795	5,709	(51,754)	(49,593)	2,161	(583,782)	(650,325)	(653,974)
358	2,644	2,286	NHSBT Surplus/(Deficit)	5,795	5,709	358	2,644	2,286	(4,383)	(25,014)	(19,578)

Please note:

- The 2023-24 position presented in this report is provisional upon the completion of our external audit.
- While presenting the 2024-25 budget at the March board, we pointed out several trailing edges, which we would update once confirmation was received, in particular this included the DHSC funding envelope for ODT (recurrent deficit of £11.3m presented). DHSC have now advised on the funding being available for 2024/25, which improves the ODT deficit to £5.9m, an uplift of £5.4m. The ODT budgets were updated in the M01 accounts, and the overall NHSBT budget position now reports a £19.6m deficit (versus £25m approved).

Capital Plan 2024/25 - Overview

Exec Summary

- DHSC confirmed the CDEL allocation for 2024/25 of £21m, (versus £26m bid submitted which included £5m for the capitalisation review);
- In the event the forecasted spend is likely to exceed the £21m we would then look to re-prioritise in-year (we'll provide an update at Q1);
- Although we've had early confirmation, there is more work to be done to evenly phase spend through the year i.e. not backload spend into Q4;
- Governance – increased capitalisation, may require further approvals eg > £1m Colindale: DH / May 2024; > £5m DH Inv. Branch (25-26/TBC);
- YTD Spend is c£0.8m – this is mainly brought forward accruals and creditors – Q1 spend forecast to be c£2.5m / full reforecast July report;

Key points to note are as follows:

- i) **Over-programming** – risk of not being able to fully fund all of the required projects will be reassessed as part of the Q1 reforecast;
- ii) **Capitalisation** – this is a key enabler to the “invest to save” fund, and will be closely monitored through the financial year.

Breakdown of Capital Plan 2024/25

£m	Forecast	YTD Spend – at APM01	Remaining Spend
	£m	£m	£m
BAU Equipment	5.8	0.1	5.7
Estates	7.6	0.1	7.5
ICT Projects	1.9	0.2	1.7
ICT Project - Blood Tech Modernisation (BTM)	6.3	0.4	5.9
Capitalisation Review	5.0	-	5.0
Timing of projects / Contingency	-5.6	-	-5.6
Total	21.0	0.8	20.2