

Board Meeting in Public

Tuesday, 30 July 2024

Title of Report	Financial Report	Agenda No.	3.4
Nature of Report	<input checked="" type="checkbox"/> Official	<input type="checkbox"/> Official Sensitive	
Author(s)	Mark Taylor – Assistant Finance Director Hannah Wigley – Senior Corporate Financial Planning Manager		
Lead Executive	Carl Vincent – Chief Financial Officer		
Non-Executive Director Sponsor	N/A		
Presented for (tick all that applies)	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Information	
	<input checked="" type="checkbox"/> Assurance	<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 risks and considerations, based on the quarter 1 forecast.</p> <p>Blood Supply Chain overspend (including DEX) £2.8m – given the recent push to bolster and support blood stocks back to a healthy level, we have seen higher than plan expenditure in our year-to-date results. Acknowledging this in our quarter 1 forecast, we are now estimating a £2.8m full year gap versus the blood supply chain funded position driven by;</p> <p>-£1.8m Southampton re-provisioning expenditure. This is expected to be non-recurring.</p> <p>-£3.5m Increased run rate expenditure reported in both collection pay, and national operations non pay (risk that this may need to be incorporated into 2025-26 pricing)</p> <p>-£0.5m Donor Experience – higher marketing activity to support blood stock</p> <p>+£2.1m Future Proofing Blood – delays on platelet smoothing and stabilise + (expected to be non-recurring improvement)</p> <p>+£0.9m Logistics and Blood income – predominately driven by higher click and collect activity.</p> <p>Overall, the higher than planned outturn described above would reduce our working capital down to c£7m. While we are aware of these early run rate pressures, and acknowledge the associated risks, decisions will be required as we progress through the year to return to balance e.g. reassessing our business plan priorities. The following options will need to be considered and actioned in due course;</p> <ul style="list-style-type: none"> Identify and sign up to in year savings and efficiency plans 		

Blood and Transplant

- Delay and repurpose investment portfolio monies to fund operational pressures
- To consider whether other divisional cash reserves could be repurposed to mitigate the Blood position as a one off.
- Repurpose our group service contingency - £1.8m
- A combination of the above
- Identify and sign up to in year savings and efficiency plans
- Delay and repurpose investment portfolio monies to fund operational pressures
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- Repurpose our group service contingency - £1.8m
- A combination of the above

Organ Donation and Transplantation - ODT are reporting emerging pressures against the NORs transport contract, predominately driven by higher use of flights. The latest forecast estimates a full year impact of £2.6m. While this is partially offset by lower activity levels and reduced matching and offering expenditure, ODT are forecasting a c£1.0m gap against their funding envelope.

Within the latest position, ODT have had to utilise their remaining £1.0m cash reserve to mitigate this gap, which results in no contingency for the remainder of the year / going into 2025-26. The position remains fluid due to the nature of the service, and while we might see improvement to the position, there is a risk that mitigating actions, such as in year improvement plans will need to be implemented, to stay within the agreed funding envelope.

Plasma for Medicine – Although the division are currently forecasting ahead of plan, there are developing delivery risks that require consideration. i) digital challenge in producing the electronic/regulatory documentation to trigger the dispatch process ii) Fractionator licencing process remains on-going with slippage needing to be addressed. The impact would most likely be a delay to, rather than the loss of, income from PfM. NHSBT will work with NHS England to rephase the shipment schedule and adjust other dependencies.

Risk(s) identified (Link to Board Assurance Framework Risks)

Principal Risk 05 Finance – for NHSBT is unable to maintain long term financial sustainability caused by insufficient funding or unexpected cost increases resulting in NHSBT being unable to meet expectations or obligations.

Through the year to date results and an early look of the forecast, we are reporting higher than plan pressures in Blood Supply. The paper describes future options for risk mitigation in order to deliver the financial year within our funding envelope. Any unmitigated pressures that crystallise in 2024-25, would subsequently cause pressure to the next years pricing and funding.

The recommendations outlined in the paper aim to mitigate the emerging risks described, which will continue to be monitored through the reporting and forecasting processes.

Strategic Objective(s) this paper relates to: [Click on all that applies]

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| <input checked="" type="checkbox"/> Collaborate with partners | <input checked="" type="checkbox"/> Invest in people and culture | <input checked="" type="checkbox"/> Drive innovation |
| <input checked="" type="checkbox"/> Modernise our operations | <input checked="" type="checkbox"/> Grow and diversify our donor base. | |