

NHSBT Finance Report

June 2024

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2024/25 Update and Opportunities

APM03 / June 2024 Accounts - considerations based on the latest results and forecast



Blood and Transplant

2024/25 Overall Q1 forecast

The full year outturn is forecasting a deficit of **£20.2m**, **£0.6m** downside versus deficit budget of **£19.6m**.

- Blood Supply and ODT are facing cost pressures over and above their funded position
- Plasma, Clinical Services, TES and Group all close or better than plan

2023-24 Interim Outturn

As planned, the audit of the 2023-24 accounts remains underway. At the June Board, we presented the provisional position for the year. Our previous report (June Board) reported a deficit of c£4m, which is £14m better than plan (we started the year with a deficit budget of £18m). This improvement was mainly driven by increased Plasma for Medicine funding / lower spend in ODT, albeit partially offset by increased pay and resourcing expenditure in Blood Supply and the full estate revaluation. We do, however, now need to advise of two further adjustments. The first of these relates to a technical adjustment (this is a non-cash movement) whereby, we would restate our fixed asset base for 2022-23 (Speke and Barnsley). This would likely see an improvement to the £4m deficit. The second of these, relates to plasma income of £0.8m which will now be recognised in 2024-25 / slightly worsening the position.

To Note: the £4m outturn deficit remains preliminary and will require a further adjustment to reflect the above discussion.

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

We have received confirmation that the national commissioning process has been completed, with a pricing proposal of +12% for Blood (versus 15% at Feb NCG), and +5.5% for Specialist Services (versus 7.4% at Feb NCG) being accepted for 2024-25. This revised funding envelope will be reflected within the budgets, which will require updates to i) revise down the income budget ii) re-align inflation assumptions with the wider NHS iii) removal of the future proofing blood contingency. In general terms, the lower funding position will be directly reduced by lower expenditure, and therefore will not change the latest deficit position of £19.6m

To Note: The budgets will be updated for July's reporting.

Working capital

Given the recent confirmation of the commissioning process for 2024-25, we continue to pay particular attention to our treasury management. Specifically, to ensure that we maintain cash at the desired level, until we have caught up on our billing.

To Note: We are actively managing overall treasury to mitigate risk to our bank balance and are confident of being able to meet pay and non-pay commitments for July.

Spending Review 2024 (SR24)

DHSC have issued a commission requesting sight of our new priorities, with a deadline of mid-June (we've previously prioritised the Organ Assessment and Recovery Centres (ARCs) and Touchless Supply Chain (TSC) for the SR, so these have been worked up and submitted). These returns will now be subject to DHSC prioritisation and pending this process Director Generals and ALB's will then be invited to make bids. The expectation is for the SR round to be across 5 years, with bids required by the Autumn, although both are subject to confirmation.

To Note: work continues to develop these new priorities as we wait for a firm requirement for the submission of a formal bid from DHSC.

2024/25 Risk and required action

Areas of risk to our financial position based on the latest insights



Blood and Transplant

Area of risk

Blood Supply Chain overspend (including DEX) £2.8m – given the recent push to bolster and support blood stocks back to a healthy level, we are reporting higher than plan expenditure year-to-date.

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;

- **£1.8m Full year pressure** Southampton re-provisioning expenditure. This is expected to be non-recurring (year to date -£0.6m).
- **£3.5m Full year pressure** Increased run rate expenditure reported in both collection pay, & national operations non pay (risk that this may need to be built into 2025-26 pricing, year to date -£0.8m)
- **£0.5m Full year pressure** higher marketing activity to support blood stock
- + **£2.1m Full year improvement** Future Proofing Blood – delays on platelet smoothing and stabilise + (expected to be non-recurring improvement)
- + **£0.9m Full year improvement** Logistics and Blood income – predominately driven by higher click and collect activity.

Future options for risk mitigation

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;

- Identify and sign up to in year savings and efficiency plans
- 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

Area of risk

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.

Future options for risk mitigation

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.

Area of risk

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.

Future options for risk mitigation

NHSBT will work with NHS England to rephase the shipment schedule and adjust other dependencies.

2024/25 Income and Expenditure: June Results

The full year outturn is forecasting a deficit of **£20.2m**, **£0.6m** downside versus deficit budget of **£19.6m**.

- Blood Supply and ODT are facing cost pressures over and above their funded position
- Plasma, Clinical Services, TES and Group all close or better than plan

	WTE		June Year-to-Date (£m)			Full Year Forecast (£m)			Underlying Cash (£m)
	Bud.	Act.	Bud.	Act.	Var.	Bud.	Q1 Fcst.	Var.	
Blood Income	0	0	93	94	1	373	374	1	
Blood & Component Stock	0	0	0	(1)	(1)	0	(0)	(0)	
Blood Supply Expenditure	2,589	2,646	(48)	(49)	(1)	(194)	(200)	(5)	
Future Proofing Blood Programme	155	25	(0)	(0)	0	(6)	(3)	2	
Blood Supply Net I&E	2,744	2,671	45	44	(1)	173	171	(3)	7
Group Services	1,394	1,349	(48)	(46)	2	(200)	(200)	(0)	
Change Programme	0	64	(4)	(2)	2	(16)	(16)	(0)	
Organ Donation and Transplantation	492	490	2	3	1	5	5	(1)	0
Tissue and Eye Services	155	153	1	2	0	6	6	0	0
Clinical Services	912	872	3	3	1	11	12	1	6
Plasma for Medicine	106	124	(2)	0	2	(0)	2	2	10
NHSBT Total	5,802	5,723	(3)	4	7	(20)	(20)	(1)	23

**Medical and Stats results are reported in Group Services

Blood Supply ● During Q1, we have reported higher than plan run rates across both pay and non-pay expenditure. A key driver of this is increased courier costs, partly relating to re-provisioning Southampton stock, combined higher collection and national ops run rates, in support of stabilising blood stocks. Based on our latest forecast and 'best-case' scenario, we anticipate a full year funding gap of £2.3m (£5.4m expenditure partially offset by improved income of £0.9m and delays in future proofing blood). It is also worth noting, that this is best case and does not include seasonal impacts that may occur if we were to have an adverse winter / increased sickness.

Future Proofing Blood ● Anticipating a £2.1m underspend full year effect, driven by delays in platelet smooth and stabilise +. This underspend is partially mitigating overspends in Blood Supply baseline.

Investment Portfolio ● Latest plans continue to report to plan (£15.7m) for Blood and Group.

Organ Donation ● ODT are reporting emerging pressures against the NORS transport contract, predominately driven by higher use of flights. The latest forecast is estimating 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 used up their remaining £1.0m working capital reserve to mitigate this gap, leaving no contingency for the remainder of the year.

Clinical Services (excl. Medical and Stats) ● the latest position for Clinical Services is reporting ahead of budget, with a number new of posts included in the 2024/25 budget build, which are currently being recruited to (June WTEs are 40 wte under established vs plan).

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 (£0.3m reported in the Q1 forecast).

Plasma for Medicines ● At M03 we continue to report plasma income +£2m ahead of plan. However, we will now commence shipments under the PSA later than planned. Production of plasma has continued to schedule, so the issue is one of timing of cash flows rather than loss of income.

Cash ● in addition to our £23m underlying cash reserve, there is also a further c£14m set aside for set aside for specific activities (spend to save £3m blood £7m, ODT £3m & CS £1m).

Capital Plan 2024/25 - Overview

Exec Summary

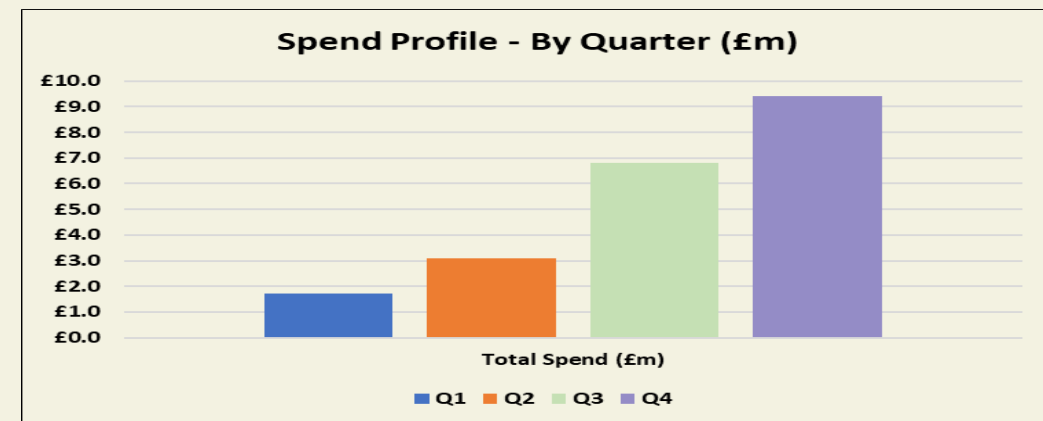
- Year-to-date spend for month 4 is c£1.7m – with the majority of the spend relates to Blood Tech Modernisation (BTM) – c£1.1m;
- The reforecast at Quarter 1 indicates that there are c£20m of projects, ranked as must do's. These are now in the plan (versus £21m allocation).
- A caveat to the above, relates to whether identified donor centres can also be capitalised (currently revenue via the transformation fund)
- In the event that the above fit-out costs, estimated £3m are capitalisable, the overall capital plan will require a further review and reprioritisation.

To Note : Reprioritisation – a reforecast at Quarter 1 has ranked c£20m of projects as “Must Do” projects, which allows us to work within the £21m envelope. In line revenue reporting, this capital will be subject to a quarterly reforecast.

Breakdown of Capital Plan 2024/25

£m	2024/25			
	Latest Plan	Green	Amber	Red
	£m	£m	£m	£m
BAU capital requirement	6.4	5.5	0.9	-
Estates	9.1	6.7	2.1	0.3
ICT Projects	1.8	0.7	1.1	-
ICT Project - Blood Tech Modernisation (BTM)	5.4	5.4	-	-
Sub Total	22.7	18.3	4.1	0.3
Timing of projects	-1.7	-	-1.7	-
Total	21.0	18.3	2.4	0.3

Spend Profile by Quarter



Additional Slides

2024/25 Income and Expenditure Statement



Blood and Transplant

Jun			Blood and Group	WTE		Year to Date			Full Year			Q1		
Budget	Actual	Variance		Budget	Actual	Budget	Actual	Variance	Prev. Yr Actual	Initial Budget	Latest Budget	Forecast	Variance	
1,758	1,755	(4)	DHSC Programme Funding: Corporate			5,275	5,078	(197)	16,511	21,100	21,100	21,100	0	
29,469	30,390	921	Blood and Components Income			91,202	92,132	930	317,905	367,168	367,168	367,447	279	
470	560	90	Blood Supply Other Income			1,454	1,642	188	4,870	5,950	5,950	6,572	622	
585	572	(13)	Group Services Income			1,763	1,446	(316)	7,118	7,075	7,075	6,131	(944)	
32,282	33,277	995	Blood and Group Income			99,693	100,298	604	346,405	401,292	401,292	401,250	(43)	
(183)	787	970	Blood and Components Stock Movement	0	0	419	(782)	(1,200)	383	0	0	(129)	(129)	
(15,591)	(15,954)	(363)	Blood Supply	2,589	2,646	(47,504)	(48,865)	(1,361)	(182,856)	(194,433)	(194,433)	(199,801)	(5,368)	
(139)	(160)	(21)	Future Proofing Blood Programme	155	25	(460)	(444)	16	(884)	(5,533)	(5,533)	(3,440)	2,093	
(18,544)	(18,841)	(297)	Group Services	1,394	1,349	(55,308)	(52,890)	2,419	(208,787)	(227,749)	(227,749)	(227,124)	624	
(1,308)	(509)	799	Blood and Group Change Programme	0	64	(3,925)	(1,736)	2,189	(6,395)	(15,700)	(15,700)	(15,700)	(0)	
(35,765)	(34,678)	1,088	Blood and Group Expenditure	4,138	4,084	(106,779)	(104,716)	2,063	(398,538)	(443,415)	(443,415)	(446,195)	(2,780)	
(3,483)	(1,401)	2,082	Blood and Group Total	4,138	4,084	(7,085)	(4,418)	2,667	(52,133)	(42,123)	(42,123)	(44,945)	(2,823)	
Plasma for Medicine														
0	0	0	DHSC Programme Funding: Plasma for Medicines			0	0	0	16,138	0	0	0	0	
500	1,009	509	Plasma for Medicines Income			2,500	4,271	1,771	19,795	20,619	20,619	20,900	281	
500	1,009	509	Plasma Funding			2,500	4,271	1,771	35,933	20,619	20,619	20,900	281	
0	0	0	Plasma for Medicines Stock Movement			0	0	0	(457)	0	0	0	0	
(1,167)	(1,136)	31	Plasma for Medicines	106	124	(3,571)	(3,330)	242	(9,668)	(14,709)	(14,709)	(14,662)	47	
(177)	(242)	(65)	Plasma for Medicines Change Programme	0	18	(770)	(588)	182	(4,752)	(6,000)	(6,000)	(4,500)	1,500	
(1,344)	(1,378)	(34)	Plasma Expenditure			(4,341)	(3,918)	423	(14,877)	(20,709)	(20,709)	(19,162)	1,547	
(844)	(369)	475	Plasma for Medicine Total	106	124	(1,841)	353	2,194	21,056	(90)	(90)	1,738	1,828	
Clinical Services														
347	347	0	DHSC Programme Funding: Clinical Services			1,040	1,040	0	4,162	4,161	4,161	4,162	0	
7,007	6,835	(172)	Clinical Services Income			21,850	21,443	(408)	81,031	92,276	92,276	91,982	(294)	
7,354	7,182	(172)	Clinical Services Income			22,891	22,483	(408)	85,193	96,437	96,437	96,144	(293)	
(6,523)	(6,290)	233	Clinical Services	912	846	(19,650)	(18,777)	873	(72,337)	(82,108)	(82,108)	(80,885)	1,223	
(254)	(102)	152	Clinical Services Change Programme	0	26	(626)	(362)	264	(2,022)	(3,250)	(3,250)	(3,250)	0	
(6,777)	(6,392)	385	Clinical Services Expenditure			(20,276)	(19,139)	1,137	(74,359)	(85,358)	(85,358)	(84,135)	1,223	
577	790	213	Clinical Services Total	912	872	2,614	3,344	730	10,835	11,080	11,080	12,009	930	
Organ Donation & Transplantation														
7,818	7,804	(14)	Programme Funding (DHSC and Devolved Nations)			23,455	23,451	(4)	91,101	82,014	93,822	93,900	78	
39	37	(2)	NHSE Funding			118	118	(1)	885	3,195	473	497	23	
7,858	7,841	(16)	ODT Income			23,573	23,568	(5)	91,986	85,209	94,295	94,396	101	
(6,657)	(6,726)	(69)	Organ Donation and Transplantation Operations	490	482	(20,033)	(19,470)	563	(75,427)	(81,850)	(82,108)	(83,129)	(1,021)	
(428)	(232)	196	Organ Donation and Transplantation Change Programme	2	8	(1,266)	(1,068)	198	(6,599)	(3,360)	(6,751)	(6,724)	28	
(7,086)	(6,958)	127	ODT Expenditure			(21,299)	(20,538)	761	(82,026)	(85,211)	(88,860)	(89,853)	(994)	
772	883	111	ODT Total	492	490	2,275	3,031	756	9,960	(1)	5,436	4,543	(892)	
Tissues and Eye Services														
1,603	1,596	(7)	Tissue and Eye Services Income			4,907	5,172	265	19,382	21,253	21,253	21,500	247	
42	42	0	DHSC Programme Funding: Tissue and Eye Services			125	125	0	500	500	500	500	0	
1,645	1,638	(7)	TES Income			5,032	5,297	265	19,882	21,753	21,753	22,000	247	
(1,236)	(1,320)	(84)	Tissue and Eye Services Operations	155	153	(3,793)	(3,634)	159	(13,983)	(15,633)	(15,633)	(15,537)	96	
(1,236)	(1,320)	(84)	TES Expenditure			(3,793)	(3,634)	159	(13,983)	(15,633)	(15,633)	(15,537)	96	
409	318	(91)	TES Total	155	153	1,239	1,663	424	5,899	6,120	6,120	6,464	344	
NHSBT Summary														
49,638	50,947	1,308	Income			153,689	155,917	2,228	579,399	625,310	634,396	634,690	294	
(52,207)	(50,725)	1,482	Expenditure	5,802	5,723	(156,488)	(151,945)	4,544	(583,782)	(650,325)	(653,974)	(654,881)	(907)	
(2,569)	221	2,790	NHSBT Surplus/(Deficit)	5,802	5,723	(2,799)	3,972	6,771	(4,383)	(25,014)	(19,578)	(20,191)	(613)	

2024/25 Balance Sheet – June 2024



Blood and Transplant

	Jun-23 £k	Mar-24 £k	Jun-24 £k	Forecast £k
Fixed Assets b/f	195,813	202,326	189,052	189,052
ROU Asset (Operating & Finance Leases) B/F	73,678	73,730	64,088	64,088
Revaluation	6,514	(22,860)	0	0
Additions	1,154	15,312	2,120	21,000
NBV Disposals	0	(74)	(0)	0
ROU Additions and Disposals	0	(3,950)	0	0
ROU Depreciation & Interest	(1,345)	(5,692)	(1,782)	(5,692)
Depreciation (& Impairments)	(3,638)	(5,652)	(4,278)	(14,073)
Fixed Assets	272,177	272,177	249,200	254,375
Current Assets				
Stocks	18,118	20,127	18,438	18,178
Trade Debtors	30,139	51,684	28,481	24,548
Income Accruals	31,830	3,053	56,611	3,053
Prepayments	11,715	13,143	14,996	9,359
Other Debtors	2,900	3,760	3,109	3,760
Bank and Cash	50,528	24,441	24,778	37,617
	145,230	116,208	146,413	96,516
Less:-				
Current Liabilities				
Trade Creditors	13,628	4,450	12,929	5,780
Accruals	39,656	32,474	35,479	31,726
DH Cash Limit Drawn in Advance	(21,213)	0	0	0
DH Capital Charges payable	5,473	0	5,697	0
Others	43,391	11,594	22,280	11,103
	80,934	48,518	76,385	48,609
Net Current Assets	64,295	67,690	70,028	47,906
Finance Lease Creditor	7,950	7,868	7,868	7,868
ROU Liabilities	17,786	23,308	21,654	18,204
Provisions	1,300	1,371	1,571	1,371
Total Net Assets	309,435	288,283	288,136	274,840
Represented by:-				
Department of Health Funding				
General reserve b/f	211,208	211,208	212,135	212,135
Capital Cash Received	0	15,500	0	21,000
Capital Charges payable as Cash	(5,473)	(21,893)	(5,697)	(23,218)
Notional Interest Credit	1,953	7,499	1,578	8,966
Transfer Between Reserves	0	4,203	0	0
YTD I&E Surplus / (Deficit)	(1,416)	(4,383)	3,972	(20,190)
General Reserve	206,272	212,135	211,988	198,691
Revaluation & Donated Asset Reserve	103,163	76,148	76,148	76,148
	309,435	288,283	288,136	274,840

Income Accruals – currently at £57m. Although we expect to see higher income accruals at the beginning of the year, as Department of Health set up new purchase order for the next financial year, our current balance is higher than usual (£46m versus £32m reported in June-23). This is partly driven by a genuine income uplift in the 2024-25 budgets, but also driven by the need to accrue the difference between what has been billed (2023-24 pricing) and the interim 2024-25 prices.

This balance sheet movement impacts our cash reserve. While we are currently managing this through working capital, we are also paying particular attention to our treasury management, to ensure that we maintain cash levels at the desired level.

Cash Forecast Notional Split £m	Comment
Blood Supply £17.2m	£6.9m NHSBT working capital £3.6m future proofing blood and investment portfolio reserve to support 24/25 £6.7m R&D and Transfusion deferred income
Clinical Services £6.8m	£5.9m General Reserve - committed to invest & support strategy (5-year plan) £0.9m MOD deferred income ring fenced and committed
Organ Donation & Transplantation £3.1m	£0.1m General Reserve - provides working capital & will be critical in supporting the overall operational position in 25-26 £3.0m Ring fenced NHSE funding to support Donor Characterisation transformation
Plasma for Medicine £10.2m	£10.2m 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).
Tissue and Eye Services £0.3m	£0.3m general reserve

2024/25 Annual Budget: Contribution Report



Blood and Transplant

Annual Budget 2024/25 £m	Blood Component s inc. R&D	Plasma	Pathology and CAGT	TES	ODT	NHSBT
Total Income/Funding	392.6	21.6	99.7	22.5	98.0	634.4
Expenditure						
Variable Costs	(41.8)	(6.5)	(18.7)	(3.9)	(3.9)	(74.9)
Variable Contribution	350.8	15.1	81.0	18.6	94.1	559.5
Direct Costs	(157.7)	(12.1)	(50.9)	(12.7)	(83.3)	(316.8)
Direct Contribution	193.0	2.9	30.1	5.9	10.8	242.7
Direct Support Costs	(126.8)	(1.7)	(20.3)	(3.6)	(10.2)	(162.6)
Total Allocated Costs	(326.4)	(20.4)	(89.9)	(20.2)	(97.5)	(554.3)
Total Unallocated Costs	(40.2)	(2.8)	(10.7)	(2.2)	(12.1)	(68.0)
Operating Net Surplus / (Deficit)	26.0	(1.6)	(0.8)	0.0	(11.5)	12.1
Transformation	(15.7)	(6.0)	(3.3)	-	(6.8)	(31.7)
Net Surplus / (Deficit) Inc Transformation	10.3	(7.6)	(4.1)	0.0	(18.3)	(19.6)

Notes:

1) Report is draft pending review of cost allocations through Quarter 2.

2024-25 previous reporting timeline / headlines



Blood and Transplant

Meeting	Headline
March 2024 Board	The 2024-25 budget of £25m was approved, subject to ODT and Stem cell funding confirmation from the Department of Health and Social Care (DHSC).
April 2024 ET	<p>Funding envelope confirmed by Department of Health and Social Care (DHSC). The ODT budget was updated reflecting a £5.4m improvement, bringing the overall budget deficit down to £19.6m (from £25m approved at March Board).</p> <p>We also advised that the National Commissioning Group (NCG) process for 2024-25 was still to be finalised, and as a result continued to bill at 2023-24 pricing. Discussions are ongoing with DHSC and NHS England (NHSE), which expect that this will result in further changes to our budget, although, we wouldn't expect there to be an adverse impact on the current deficit position of £19.6m</p>
June 2024 Board	<p>The updated 2024-25 budget reflecting ODT's agreed funding position was approved at the June Board.</p> <p>No further updates from the National Commissioning Group (other than that described above at the April ET).</p>
July 2024 Board	The first formal reforecast for 2024-25 will be presented