



Blood and Transplant

# NHSBT Financial Performance Report

October 2024

# Financial Performance – Income and Expenditure APM07/October 24

**Exec Summary:** Over the year, we've seen higher costs across the Blood Supply chain in order to maintain service resilience. This spiked over the summer where an amber alert was called (we continue to remain at amber). While this has created a significant overspend, this report will provide assurance that there are mitigation actions available to remediate the position. The completion of the commissioning round in September, will also ease pressures on treasury and in particular, our cash flow. The report also identifies final changes to the budget, for 2024-25 e.g. pay settlement, National commissioning group (NCG) outcome and Department of Health and Social Care funding, which was reflected in the APM07 accounts (table 1 / slide 7).

**Year-to-date position:** The overall income and expenditure position year to date (APM07) is reporting £9.8m better than plan (table 1 / slide 7). This is principally driven by a combination of improved contributions from Organ Donation and Transplantation (ODT), Plasma and Tissue and Eye Services (TES), along with reprofiled transformation costs (into the following year). While the year-to-date position, and high-level forecast is broadly balanced corporately, there are underlying overspends at a divisional level, that will be discussed below.

**Table 1 – APM07 financial position:**

		Month 7 Financial Performance							
		Period		Year-to-date			Quarter 2 Forecast		
		Budget WTE	Actual WTE	Budget £m	Actual £m	Variance £m	Budget £m	Fcast £m	Variance £m
<b>NHSBT</b>	Income			369.3	370.3	1.0	632.9	633.1	0.2
	Expenditure	5,819	5,761	(376.9)	(368.1)	8.8	(652.2)	(653.0)	(0.8)
	<b>Net I&amp;E</b>	<b>5,819</b>	<b>5,761</b>	<b>(7.6)</b>	<b>2.2</b>	<b>9.8</b>	<b>(19.4)</b>	<b>(19.9)</b>	<b>(0.5)</b>

**Quarter two forecast:** The full year forecast reports an adverse variance of £0.5m (verses £19.4m deficit budget - table 1 / slide 7). The underlying position at a divisional level is as follows:

- **Blood Supply and Marketing (-£11m)** including a combination of recurring / non-recurring pressures; £1.7m Southampton, £3.0m collection and winter resilience overruns, £3.6m additional marketing activity, manufacturing/logistics £2.7m. For noting, expect c£6m of recurring pressures (collection/marketing) to be included in next year's plans.
- **Clinical Services (-£0.6m)** CBC income shortfall crystalised at Q2 (-£2m), partially offset by higher than plan contribution in Pathology.
- **Plasma for Medicine (+£4.3m)** better than plan, driven by lower transformation and also higher than plan Plasma for Diagnostics income.
- **TES (+£1.0m)** higher contribution derived from Serum Eye drop activity.
- **ODT (plan)** donor activity reduced to 1,475, however, we continue to see an underlying increase to transport costs, albeit offset by lower activity.
- **Investment Portfolio & Future Proofing Blood(+£2.6m & £2.3m)** Reprofiled milestones into 2025-26, in principle, this is ringfenced to meet 25/26 plan.

# Financial Performance – Restoring the Financial Position

**Actions for restoring the financial position:** This section addresses the year-to-date forecast overspend in Blood and marketing (-£11m) and confirms the options taken to restore the financial position.

The overspend has built over a number of months in response to the need for improved resilience across the blood supply chain. The Executive Team (ET) agreed to implement several mitigation actions to restore the blood supply and marketing financial position back to the latest NHSBT deficit budget of £19.4m. Table 2 / Slide 8 provides and prioritises specific mitigation opportunities, in order of priority 1) will not impact service provision; 2) likely to impact directorate surpluses; and 3) impact on service development or transformation. Mitigations reported as (1) were agreed on at the October meeting.

**Table 2 – Actions to restore the financial position**

	(Pressure) / Mitigation £m
Blood Supply / Marketing (Q2 forecast)	(£11m-£13m)
Corporate Contingency (1)	£0m - £1.8m
Demand Reduction Reserve Rebate (1)	£0m - £4.0m
*FPB / Winter contingency (1)	£0m - £4.9m
<b>Remaining Funding Gap</b>	<b>(£0m-£13m)</b>
In year upsides (other divisions) (2)	£0m - £4.0m
Suggested in year savings (commission) (2)	£0m - £0.5m
Transformation (3)	£0m - £7.0m
Red cell and Platelet resilience (3)	£0m - £2.0m

**In summary,** the quarter 2 position for Blood Supply forecasts an overspend across a range of £11m - £13m. To mitigate this, those items referenced as option 1, will be deployed. In the event that we were to see higher than forecast spend or were the mitigating options to not be crystallised for some reason, the above table itemises options 2/3, which could also be deployed in the latter part of the year to ensure we exit 2024/25 with a breakeven

# Financial Performance – Cash and Capital



## Blood and Transplant

**Cash Flow Profiling** The cash balance at the end of October was £66m. Based on the quarter 2 forecast, the cash projection for the end of March 25 is £36m (table 3 – this is in line with our expected spend profiling). As the NCG outcome for Blood and Specialist Services is now finalised, activity from October will be billed at 2024-25 prices. The profile for the remainder of the year recognises higher cash inflow as we expect to see true ups relating to the first half of the year settled. The dip at month 12 is in response to higher payments e.g. capital charges pay-over / March’s pension and national insurance contributions and back loaded capital spend.

**Table 3 - Cash Flow Profiling**

£m	Actual	Forecast				
	M07	M08	M09	M10	M11	M12
<b>Opening Balance</b>	<b>70</b>	<b>66</b>	<b>60</b>	<b>64</b>	<b>69</b>	<b>70</b>
Total Receipts	53	55	62	62	63	75
Total Payments	57	62	57	57	62	109
<b>Closing balance</b>	<b>66</b>	<b>60</b>	<b>64</b>	<b>69</b>	<b>70</b>	<b>36</b>

**Capital** expenditure year-to-date is £5.7m. At APM07 the latest plan (and best-case scenario table 4/ slide 9) continues to forecast fully expending against the £21m allocation provided by the DHSC. The table below, does though model a number of scenarios versus the risk of project slippage. We would look to confirm final draw down as part of the quarter 3 reforecast, which the most likely case suggestion a spend which is closer to £15m-£17m.

**Table 4 – Capital Forecast**

£m	Best Case (£m)	Most Likely (£m)	Worst Case (£m)
Capital Forecast	£21m	£15m - £17m	£12m - £14m

# Financial Performance – 2024-25 Budget

**2024-25 Budget:** Although late in the financial year to be making changes to the budget, there are a number of extenuating circumstances:

- i) Completion of the NCG Commissioning process for Blood and Specialist Services (end of September 2024);
- ii) The finalisation of the pay settlement /AfC 5.5% (end of July 2024);
- iii) Confirmation of additional funding from DHSC (beginning of October 2024);

Reflecting these items, against the approved budget deficit £19.6m, would improve the overall position to £19.4m (+£0.2m – table 5). These changes are reflected in October accounts, and we are now seeking retrospective approval through the November Board.

**Table 5 - Progression of the 2024-25 Budget**

2024-25 NHSBT Financial Envelope Progression				
£m	Approved Budget	Adjusted Budget	*Quarter 2 Forecast	Forecast Variance
Blood Supply and Group Services	(4.4)	(4.4)	(9.7)	(5.3)
Organ Donation and Transplantation	(5.9)	(5.0)	(5.0)	0.0
Plasma for Medicine	(7.5)	(7.6)	(3.3)	4.3
Clinical Service	(1.7)	(2.3)	(2.9)	(0.6)
Tissue and Eye Services	0.0	0.0	1.0	1.0
<b>NHS Blood and Transplant Total</b>	<b>(19.6)</b>	<b>(19.4)</b>	<b>(19.9)</b>	<b>(0.5)</b>

**In Summary**, the actions in the report, are as follows:

- i) Board to note that the next steps on restoring the financial position for 2024/25 have been agreed by the ET and will be reflected in quarter 3 forecast (all options classed as 1 in table 2 /slide 3 ).
- ii) Board to agree that the final budget changes for 2024/25 have been actions in the APM07 accounts.
- iii) All other aspects of the report are for noting.

# Appendices

# 2024/25 NHSBT Financial Position for M07



## Blood and Transplant

### Month 7 Financial Performance

		Period		Year-to-date			Quarter 2 Forecast		
		Budget WTE	Actual WTE	Budget £m	Actual £m	Variance £m	Budget £m	Fcast £m	Variance £m
<b>Blood Supply</b>	Income			212.1	213.4	1.3	359.5	360.3	0.8
	Cost of Sales			0.8	1.2	0.5	0.0	0.6	0.6
	Expenditure	2,595	2,627	(114.7)	(117.8)	(3.0)	(195.2)	(203.8)	(8.6)
	Future Proofing Blood	155	24	(2.2)	(1.3)	0.9	(5.5)	(3.2)	2.3
	<b>Net I&amp;E</b>	<b>2,750</b>	<b>2,652</b>	<b>96.0</b>	<b>95.5</b>	<b>(0.4)</b>	<b>158.8</b>	<b>153.9</b>	<b>(4.9)</b>
<b>Plasma for Medicine</b>	Income			10.6	10.5	(0.1)	20.6	22.0	1.4
	Expenditure	106	107	(8.6)	(8.7)	(0.1)	(14.8)	(15.1)	(0.3)
	Change Programme	0	36	(2.7)	(1.8)	0.9	(6.0)	(2.7)	3.3
	<b>Net I&amp;E</b>	<b>106</b>	<b>143</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>0.7</b>	<b>(0.2)</b>	<b>4.2</b>	<b>4.3</b>
<b>Organ Donation and Transplantation</b>	Funding			62.0	62.2	0.1	106.3	106.5	0.2
	Expenditure	492	492	(51.3)	(49.7)	1.6	(89.3)	(89.4)	(0.1)
	<b>Net I&amp;E</b>	<b>492</b>	<b>492</b>	<b>10.7</b>	<b>12.5</b>	<b>1.8</b>	<b>17.0</b>	<b>17.1</b>	<b>0.0</b>
<b>Clinical Services</b>	Operations Income			55.8	54.4	(1.5)	96.5	94.0	(2.5)
	Expenditure	874	827	(47.4)	(45.2)	2.2	(81.2)	(79.5)	1.8
	Change Programme	0	27	(1.6)	(1.3)	0.3	(3.3)	(3.1)	0.2
	<b>Net I&amp;E</b>	<b>874</b>	<b>853</b>	<b>6.9</b>	<b>7.9</b>	<b>1.0</b>	<b>12.0</b>	<b>11.5</b>	<b>(0.6)</b>
<b>Tissue and Eye Services</b>	Operations Income			12.4	13.3	0.9	21.8	23.0	1.2
	Expenditure	156	154	(9.2)	(8.9)	0.3	(15.7)	(15.8)	(0.1)
	<b>Net I&amp;E</b>	<b>156</b>	<b>154</b>	<b>3.1</b>	<b>4.4</b>	<b>1.2</b>	<b>6.1</b>	<b>7.1</b>	<b>1.0</b>
<b>Group Services</b>	Income			16.4	16.7	0.3	28.1	27.3	(0.8)
	Expenditure	1,441	1,394	(130.8)	(129.6)	1.2	(225.6)	(227.8)	(2.2)
	Blood and Group Investment	0	73	(9.2)	(5.1)	4.1	(15.7)	(13.1)	2.6
	<b>Net I&amp;E</b>	<b>1,441</b>	<b>1,467</b>	<b>(123.6)</b>	<b>(118.0)</b>	<b>5.6</b>	<b>(213.1)</b>	<b>(213.6)</b>	<b>(0.4)</b>
<b>NHSBT</b>	Income			369.3	370.3	1.0	632.9	633.1	0.2
	Expenditure	5,819	5,761	(376.9)	(368.1)	8.8	(652.2)	(653.0)	(0.8)
	<b>Net I&amp;E</b>	<b>5,819</b>	<b>5,761</b>	<b>(7.6)</b>	<b>2.2</b>	<b>9.8</b>	<b>(19.4)</b>	<b>(19.9)</b>	<b>(0.5)</b>

NHSBT year to date position is £9.8m favourable to plan.

Key movements are:

- i) Delayed expenditure in Blood and Group Investment Portfolio (+£4.1m)
- ii) Lower Plasma transformation spend (+£0.9m)
- iii) Lower activity related expenditure in ODT (+£1.8m)
- iv) Ahead of plan income for Serum Eye drops in Ocular (+£1.2m)
- v) Underspends emerging in Group Services, particularly DDTS and Estates (+£3.0m)
- vi) However, Blood Supply and DEX are reporting in year pressures of (c-£4.6m) as resourcing has increased to support Blood stock resilience.

NHSBT Q2 full year forecast is £0.5m adverse to plan driven by:

- i) Run rate trajectory continues to accelerate in Blood Supply (-£8.6m) as a response to the amber alert and ministerial steers. Increased capacity built into to support blood stock resilience over winter.
- ii) Lower transformation spend in Plasma for Medicine and Blood and Group £6m
- iii) Income shortfall in CBC (-£2.0m) - reported in clinical services. Although being partly subsidised through higher Pathology contribution. Unless a corresponding upside is identified through the remainder of the year, cash reserves will be required to meet a funding gap of £0.6m.
- iv) There has been increased Donor Expenditure (DEX) marketing costs reported in Group Services, in response to the amber alert. This has though, resulted in a very positive impact to recruitment of new donors, driving a stepped increase to our donor base. Work continues over the winter to encourage donors to visit our city donor centres.

# 2024/25 Achievement of a breakeven position



	Pressures Best / worst case £m	Mitigation £m	Net Best / worst case £m	Comment
Blood Supply (Q2 Forecast)	(£8m-£10m)	£1m	(£7m-£9m)	Forecast overspend driven by response to amber alert, impact of Southampton, and the need to increase blood stock resilience. This includes a £0.6m contingency reported in Blood Supply, and a further £1m corporate winter contingency. Small mitigation as Blood Supply income is expected to be ahead of plan
DEX Marketing (Q2 Forecast)	(£4m)	£0m	(£4m)	Ministerial approval provided for non-recurrent media campaign expenditure planned this year in response to the amber alert £2m. A further £2m of costs included to add resilience in the form of an increase of c800 appointments a week to our capacity.
Donor Base	TBC	TBC	TBC	<i>No plans in place for 2024-25</i>
<b>Unmitigated Funding Gap</b>	<b>(£12m-£14m)</b>	<b>£1m</b>	<b>(£11m – £13m)</b>	
Corporate Contingency (1)		£1.8m	£0m - £1.8m	Utilise the contingency built into budget (earmarked for potential Group Service post e.g. CNO/Quality)
Demand Reduction Reserve Rebate (1)		£4.0m	£0m - £4.0m	Withhold rebate to address increase service costs to meet demand (subject to NHSBT achieving agreed volumes for the year 1.353m)
*FPB / Winter contingency (1)		£4.9m	£0m - £4.9m	Requested funding from DHSC (not yet clear whether these will be funded)
<b>Remaining Funding Gap</b>	<b>(£12m-£14m)</b>	<b>£12m</b>	<b>(£0m-£13m)</b>	
In year upsides (other divisions) (2)		£4.0m	£0m - £4.0m	Crystallise forecast upsides versus budget across other divisions Plasma PFD income £1m and TES income £1m, Group Service underspends £2m
Suggested in year savings (commission) (2)		£0.5m	£0m - £0.5m	Of the £2.5m CIP identified through the APM05 commission, £2m, is now crystallised in the group service forecast. The balance would involve ET decision to stop planned activity over the remainder of the year.
Transformation (3)		£7m	£0m - £7.0m	Could take the form of a delay/re-phasing of specific elements of the programme – generating non-recurrent cash (Blood and Group £4m and Plasma £3m)
Red cell and Platelet resilience (3)		£2.0m	£0m - £2.0m	Ring fenced underspends/delayed expenditure required to support service development over future years
ODT(3)	(£2.6m)	£2.6m	£0.0m	Risk over the ODT transport pressure has been non-recurrently been offset by lower activity forecasts. ODT is now likely to again finish the year with a small likely cash reserve, which will be held as working capital going into 2025-26.

In the event that we had a remaining funding gap of up to £13m, we would then need to consider actioning the section above.

Mitigation recommendations are prioritised based on 1) unlikely to impact service provision, 2) impacts on directorate I&E surpluses 3) impact on delivery of transformation or service development.

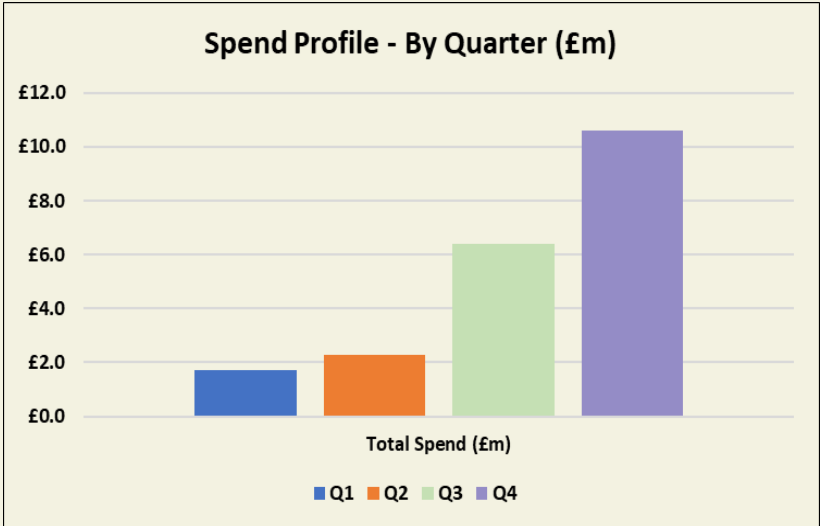


# Capital Plan 2024/25 – Overview at APM07 – YTD Spend £5.7m



## Blood and Transplant

£m	Best Case (£m)	Most Likely Case (£m)	Worst Case (£m)
Range	£20m - £21m	£15m - £17m	£12m - £14m
Notes	<ul style="list-style-type: none"> <li>➤ All projects currently RAG'd as green will be delivered in year.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Risk of slippages mainly within Estates projects i.e capacity / timing etc - Colindale, Southampton DC, Newcastle projects</li> </ul>	<ul style="list-style-type: none"> <li>➤ Assumes worst case re. risk of slippages within all categories e.g. Estates / BTM/ equipment projects - capacity / timing / receipt of goods / services etc.</li> </ul>



**Summary**

- Year-to-date spend for month 7 is c£5.7m – £15.3m remaining for next 5 months to spend full allocation (equates to c£3.0m spend p/ month);
- Most Likely Case range across the whole plan is still c£15m - £17m – takes into consideration the risk of slippages mainly within Estates projects;
- Profile of Spend: as in previous years activity tends to increase over Quarter 3 and Quarter 4, recognising the length of planning/capacity;
- DHSC SR 2024/25 – awaiting further clarification on “uncommitted” CDEL spend – current plan shows c£7m as “uncommitted”.

# 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	The updated 2024-25 budget reflecting ODT's agreed funding position was approved at the June Board. No further updates from the National Commissioning Group (other than that described above at the April ET).
July 2024 Board	The first formal reforecast for 2024-25 was presented and described a shortfall of £3.0m in Blood.
August 2024 ET	In addition to the financial performance report, a mid-month paper was submitted, which summarised an increased level of risk to the position. The APM04 report describes a c£13m funding gap, with a commensurate impact on cash flow.
September 2024 ET	The ET discuss and reviewed options for maintaining a breakeven financial position for 2024-25 (versus the approved budget / June Board). These will be discussed again as part of Q2 forecast, with a view to confirming an agreed approach.
October 2024 ET	The ET agreed to implement option (1) of the mitigating levers to restore the 2024-25 financial position.