NHS
Blood and Transplant

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Annual Report and Accounts 2010/11

Presented to Parliament pursuant to Paragraph 6(3) of Schedule 15 of the National Health Service Act 2006

Laid before the Scottish Parliament by the Scottish Ministers in pursuance of section 88 of the Scotland Act 1998

Ordered by the House of Commons to be printed 7 July 2011

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ANNUAL REPORT

The accounts for the year ending 31 March 2011 have been prepared as directed by the Secretary of State for Health in accordance with section 232 (Schedule 15, Paragraph 3) of the National Health Service Act 2006, and in a format as instructed by the Department of Health with the approval of Treasury.

The Nature and Purpose of NHSBT

NHS Blood and Transplant (NHSBT) is a Special Health Authority in England and Wales that was established on 1 October 2005. The Authority was formed from the merger of the National Blood Authority (NBA) and UK Transplant (UKT), and included the activities of the Bio Products Laboratory (BPL) that was a constituent part of the NBA. On the 1 January 2011 BPL was transferred out of NHSBT to a new legal entity, Bio Products Laboratory Limited (BPLL). BPLL is a wholly owned subsidiary of Plasma Resources UK Limited (PRUK) that, in turn, is 100% owned and managed by the Department of Health.

The transfer of BPL has been conducted using the principles of merger accounting. As such, although transferred on 1 January 2011, these accounts exclude the activities of BPL for all of the year ending 31 March 2011. Comparatives for 2009/10 have also been restated to exclude BPL in total. For the purposes of these accounts, NHSBT therefore comprises three Operating Divisions:

Blood Components – the supply of blood components (red cells, platelets and plasma to NHS hospitals in England and North Wales. The cost of these activities is recovered in the price of the products and services that are provided, with prices agreed annually through the National Commissioning Group for Blood. Around 7,000 units of blood are collected every day via a network of fixed sites and mobile blood collection teams. The blood is processed in six processing centres (five of which have testing facilities) and distributed via a network of fifteen issue centres to over 300 hospitals. NHSBT is also the operator of the International Blood Group Reference Laboratory.

Organ Donation and Transplantation (ODT). Three people die every day in the UK due to the lack of an organ for transplant. NHSBT is the UK "Organ Donation Organisation" that is working with the UK Health Services and hospitals throughout the UK in order to increase numbers on the Organ Donation Register, and to increase the numbers of deceased organs donated by 50% (from a 2007/08 baseline). The cost of these activities is directly funded by the UK Health Services.

Specialist Services which represents a group of distinct operational units:

Diagnostic Services – highly specialised services that are provided via a national network of laboratories in support of blood transfusion and in the transplantation of organs, stem cells and tissues.

Tissues – activities supporting the donation, processing and supply of tissues to NHS Hospitals via our dedicated facility in Speke.

Stem Cell Services - NHSBT is the largest UK provider of haemopoietic stem cells for the treatment of blood cancers and operates the British Bone Marrow Registry and the UK Cord Blood Bank in support of this service.

Specialist Transfusion Services – a service for collecting stem cells, related immunotherapy products and serum for production of autologous tears. It also provides therapeutic procedures that include plasma and red cell exchange, and phototherapy.

The cost of activities in Specialist Services is generally recovered in the price of the products and services that are provided, with prices agreed annually through the National Commissioning Group for Blood. There is, however, an increasing trend for prices to be set on a commercial basis (e.g. in Tissues) given the private and third sector engagement in these areas.

Strategic Objectives

Our strategic plan for 2011/14 is focused on:

- continuing to modernise blood donation and improve the interfaces with NHS hospitals so that our services are as accessible as possible

- generating the next wave of initiatives to improve the effectiveness of the blood service

- utilising the infrastructure now in place to further accelerate the rate of organ donation across the UK and reduce the number of people in the UK who die every day for the lack of a suitable organ transplant

- building on our unique skills and capabilities in tissues, stem cells and diagnostic services in support of the provision of life changing therapies for NHS patients.

Our plan is based on six strategic objectives and related targets that reflect the operational structure of NHSBT:

1. Blood Components: To deliver a modern, world class blood service that provides a sustainable and dependable supply of blood components that meet all safety, quality, compliance and service standards, as effectively as possible.

Our first concern will always be the safe and dependable supply of blood components to NHS hospitals, as well as providing a safe and high quality service to our donors without whom our service would not exist.

We will continue to develop and improve the quality of service to donors and the experience they undergo when donating whole blood or platelets. We will continuously review donor satisfaction and monitor changes in the profile, values and expectations of our donor base to ensure that we can anticipate their needs and respond accordingly.

We intend to further strengthen the interfaces with our customers, NHS hospitals, to ensure we continue to deliver our life saving products on time and in full without fail. We will develop modern, technology based processes that make NHSBT easy to do business with and ensure that we are seen as a supplier of choice.

In conjunction with this, we will continue to improve processes and systems throughout each stage of the blood supply chain, from the collection of blood to the processing, testing, issue and delivery of blood components to hospitals. We will work with hospitals to improve the service to patients and realise benefits from the end to end supply chain, from donor to patient.

The blood supply chain has many unique characteristics that can only be found in the blood services operated in other countries across the world. Benchmarking our performance against other operators is a major element of our strategy so that we can identify what constitutes "best in class"and can identify the improvements that are needed to deliver it. We will continue to build on our strong collaboration with international blood services in support of this activity.

2. Organ Donation and Transplantation: To maximise the number of organ donors, donated organs and registered supporters of organ donation and enable year on year increases to the number of life-saving transplants.

We are committed to continuing the development of NHSBT as the UK wide Organ Donation Organisation envisaged by the report of the first Organ Donation Taskforce (ODTF). The report called for a 50% increase in deceased organ donation in the UK by 2012/13 (versus a 2007/8 baseline).

We will deliver the recommendations of the task force that relate specifically to NHSBT. We will build on the infrastructure that has now been put in place and will work with our partners to improve performance at each stage of the clinical process from (potential) donation through to transplantation.

We will continue to work with the public to inform them about, and influence their perceptions, of organ donation. We will seek approval and funding for appropriate marketing campaigns that will facilitate this and ultimately lead to increased numbers of registrants on the Organ Donation Register (ODR). We will particularly seek to work with BME communities where there is a proportionately lower probability of receiving a matching organ than in the general population.

When funding permits we will implement the recommendations made by Professor Sir Gordon Duff in his review of the Organ Donation Register (October 2010). The review followed the identification of a problem with the recording of some registrant's organ donation preferences on the register. The review report recommended that a replacement ODR should be commissioned as the current system was not designed to fulfil the function for which it is now used and to take advantage of the advancement in technology since the ODR was originally implemented 16 years ago.

3. Diagnostic Services: To ensure the clinically effective use of blood, organs and stem cells through the provision of high quality diagnostic services.

We will continue to develop a portfolio of clinically relevant and financially viable diagnostic services sourced from our existing national network of laboratories.

We will provide services where these are consistent with the capabilities and objectives of NHSBT in supplying blood components, organs, tissues and stem cells. We will look to provide such services where NHSBT is best placed to meet the needs of NHS hospitals and provide them with value for money. In particular we will work with customers to facilitate demands for consolidation of transfusion laboratories.

4. Stem Cells: To work in partnership with third sector organisations and the UK Health Services in the provision of an efficient and effective source of donor haemopoietic stem cells for the treatment of UK patients.

NHSBT is the largest UK provider of haemopoietic stem cells for the treatment of blood cancers. In this respect NHSBT aims to continually increase the quality and effectiveness of the British Bone Marrow Registry (BBMR) and the UK Cord Blood Bank (CBB) that it operates on behalf of the DH. In particular NHSBT is committed to growing the CBB to 20,000 units of donated cords by 2012/3 and maximising the donation of cords from BME communities and the proportion of rare blood types.

5. Tissues: To develop an "NHS Tissues" organisation, for the overall benefit of the NHS and its patients, that builds on the capability and capacity of the Speke tissue bank, and which is capable of generating a critical mass that would support investment in new products and technologies.

We aim to leverage the capability and capacity of our Speke tissue bank. We will grow our sales and generate a positive financial contribution, through increasing the visibility and recognition of our tissues business with NHS clinicians, and supporting these with high quality sales and marketing plans.

We will develop an appropriate and sustainable new product pipeline, deploying effective evaluation tools, and supporting agreed investments with professional launch and marketing plans.

6. NHSBT Corporate: To be the advocate for the voluntary donation of blood, organs and tissues; to champion a culture of sustainability across all of our activities; to develop organisational capacity, capability and processes in support of our objectives; to identify opportunities for effective collaboration across our Operating Divisions and support them with an effective programme of research and development and an efficient operating infrastructure.

NHSBT is one of the largest and most complex organisations of its type in the world. We will continue to invest in the development of our leadership team and our staff in order to better meet the challenges we face and to deliver the ambitious objectives within our strategic plan.

We will seek to identify and deliver synergies between our operating units and underpin them with an effective programme of research and development and efficient "back office" services.

Management Commentary

Key Performance Headlines 2010/11

In early 2008 we generated a three-year Strategic Plan, which established a series of very challenging objectives and reflected the ambition, and far-reaching implications, of the first Organ Donation Taskforce (ODTF) report and the National Blood Service

Strategy Review, both announced in January 2008. The programme of initiatives and projects generated by the 2008 plan is effectively complete with objectives met and benefits secured.

In this regard 2010/11 was a very important year for the delivery of the final phases of the 2008 strategic plan but also in developing plans for the next three years. Considering each of our operational areas in turn:

Blood Components

The performance in blood collection and management of stocks has continued to be good through the year. In preparation for the expected winter pressures, NHSBT was able to successfully increase its stock holding of red cells (from a norm of ca. 45,000 units) to over 50,000 units from late July to early September 2010. Stocks were then managed down to ca. 40,000 units by the end of December 2010 and despite the severe, adverse weather experienced across the UK in January, stocks were maintained within the 40,000 – 50,000 range for the remainder of the year. One of our key performance indicators is the number of times within the year that any blood group falls below the three day alert level for a consecutive period of three days or more. We are pleased to note that during 2010/11 there were no such instances

One of our strategic targets has been to maintain the proportion of platelets issued to hospitals via component donation (apheresis) at 80%. Through most of the year, the level of product issued from component donation production was around 77-79%, with underlying growth in platelet demand of ca. 4% pa making the 80% target difficult to attain. However, we managed to achieve the target in January 2011 and were able to sustain this through to the end of the year. We now anticipate being able to deliver the 80% target during 2011/12, despite our assumption that platelet demand will increase again by ca 2-3%.

NHSBT has been able to reduce the price of red cells to NHS hospitals from £140/unit in 2008/09 to £125/unit in 2010/11. This is broadly saving NHS hospitals some £30m a year based on demand of 2 million units per annum, before inflation. Key to achieving our cost improvement plans has been the optimisation of processes in Blood Donation and removal of excess capacity (ca 40%) in the blood supply chain through closure of manufacturing and testing facilities across the country. The removal of supply chain over capacity has seen a reduction from 12 manufacturing and 11 testing sites in 2008 to 5 and 5 respectively this year. We are also exploring the viability of transferring testing activity into Manchester from Newcastle and Sheffield, which would result in there being 3 testing sites by the end of 2012.

During the course of this process, we have continued to monitor and manage the satisfaction levels of both our blood donors and our customers (NHS hospitals). Donor satisfaction, measured as the percentage of donors scoring 9 out of 10 or higher for overall service, was at 67% (versus plan of 66% and 65% in the previous year). Importantly, the level of donor complaints has seen significant improvement this year with a reduction to 3,787 per million donations, from 5,412 last year and 6,324 in 2008/09. This reflects a strong focus on managing the service provided to donors and promptly responding to complaints when made. Customer satisfaction measured as the percentage of customers scoring 9 out of 10 or higher for overall service, was at 59.8%, better than our target of 58%, and the 55% recorded last year.

In relation to blood safety, we are able to report that there have been 3 confirmed cases of Transfusion Related Acute Lung Injury (TRALI) in 2010/11. This is consistent with the total number recorded in 2009/10, which in itself was a significant

improvement on the 10 cases recorded in the previous year. A key enabler for minimising the incidence of TRALI is the number of plasma products that are produced from male only donors, which has been at 100% since September 2010. There have been no incidences of Transfusion Transmitted Infection (TTI) from bacterial contamination, which is an improvement on the two recorded cases in 2009/10.

Specialist Services

Activity in Specialist Services has been focused on continuing to improve the financial viability of individual service lines and developing our strategies for Tissues and Diagnostic Services. In addition we completed the planned divestment of routine antenatal screening services by the end of 2010/11.

NHSBT operates a dedicated tissues processing facility at Speke that has been historically under utilised. We therefore introduced product management skills from the private sector in order to develop our commercial management capability, introduced new sales and marketing strategies and implemented better processes for managing the introduction of new products and technologies. As a result, we are now much better placed to meet the demands of NHS hospitals and their patients and are now starting to see an improvement in income levels.

A significant acceleration of activity within Pathology Modernisation has been notable during the year. NHSBT has been in discussion with both our customers and also the private sector suppliers who are entering, or looking to enter, the field. NHSBT's activities are directly related to supporting blood transfusion and organs, tissues and stem cells transplantation. Our services are highly specialised and often relate to patients with an urgent clinical need. NHSBT is therefore working with customers to identify where it is able to deploy its unique capabilities, but support the drive for more effective processes.

Although there has been significant activity of a strategic nature it was disappointing that customer satisfaction (measured as the percentage of customers scoring 9 out of 10 or higher for overall service) was at 54.6%, significantly lower than our target of 63%. Plans are now in place to address what was predominantly a reaction to revised turnaround times following the consolidation of Red Cell Reference services. Early signs are that hospital satisfaction is now improving, but it was a timely reminder that even when significant structural change is underway, service to NHS hospitals and their patients must always come first.

In January 2010 the Minister of State for Public Health asked NHSBT to lead a forum that would address the future of unrelated donor stem cell transplantation in the UK. A report was published in July 2010 with the underlying objective of saving 200 lives each year through increasing the UK inventory of cord blood donations and improving the performance of UK based stem cell registries, such as the British Bone Marrow Registry (BBMR). The report was very well received and NHSBT is now working with the UK Health Services and the Anthony Nolan (a charity) to implement its recommendations. As part of this a project is now underway to connect the BBMR to international registries via the European Marrow Donor Information System (EMDIS). This is expected to go-live in June 2011.

Organ Donation and Transplantation

There are currently 17.8 million people registered on the Organ Donor Register (c29% of the UK population), with just under 1 million names added in the last year. Excellent progress has been made over the last three years with deceased organ donation increasing to 25% above the 2007/08 baseline, in line with the expectations of the Organ Donation Task Force (ODTF) report of 2008. This was up from the 19% recorded for 2009/10, although behind the target for this year of 36%. The number of deceased organ donors in a 12 month period exceeded 1,000 for the first time ever in November 2010, and has remained consistently above this total to the end of 2010/11.

In addition, live organ donation levels were slightly below target at 1,023, against a target of 1,095 (but higher that the 956 seen in 2009/10).

The total number of organ transplants carried out in the period April 2010 to March 2011 was 3,725, an improvement on the 2009/10 total of 3,672 and continuing at 13% above the 2007/08 baseline.

During 2010/11, the implementation of the ODTF recommendations for which NHSBT is responsible has continued, and has resulted in:

- 189 “Clinical Leads for Organ Donation” appointed across UK hospitals.
- 170 organ donation committees appointed within donating hospitals.
- 12 Specialist Nurse - Organ Donation Teams operational across the UK.
- Delivery of the first full year of a national Organ Retrieval Service.

However, despite these achievements, there remain around 8,000 people in the UK who are actively awaiting a transplant, and this total continues to rise despite the significant effort being made to increase the number of donors. In addition, to those people on the 'active' waiting list, a further 2,000 people are on the 'suspended' list because they are too ill or unable to receive a transplant at present. Added together, this brings the total number needing an organ transplant in the UK to above 10,000.

Towards the end of 2009/10 it became apparent that there was a problem with the recording of some registrant’s organ preferences on the Organ Donor Register. As a result immediate actions were initiated to:

- Identify the records affected.
- Identify and contact those families directly affected by the error.
- Correct those records capable of automatic correction.
- Contact those registrants whose records could not be corrected to ensure that their preferences were correctly recorded

A review was subsequently conducted by Professor Sir Gordon Duff on behalf of the Secretary of State for Health. The review made a number of recommendations the most notable of which being that, when funding permits, a replacement ODR should be designed and commissioned. In addition, a steering group was established to review all of the processes around the ODR and take forward the implementation of the other recommendations of the Duff review. Actions taken to date include:

- Implementing a programme for checking registrations back to source documents.

- Revising the 'thank you' letter for new registrants in line with the Duff report recommendations and including relevant Q&As.
- Confirming all changes and updates to organ preferences in writing.
- Enabling registrants who do not have the option to select preferences (such as those registering via the Boots advantage card) to do so.
- Amending the matching and de-duplication procedure to increase matching from 60% to 87%.
- Reviewing and updating service level agreements with all partner feeds.
- Commissioning KPMG to conduct a strategic review of the ODR in order to develop the scope, and identify the cost, of a potential replacement.

NHSBT Corporate

Within "NHSBT Corporate" we generate the strategies that are most appropriately driven at this level, rather than within the operating units. This include plans to improve the organisational capacity and capability of NHSBT, plans to drive sustainable practices across our operating units and plans that are focused on improving the efficiency and effectiveness of our group services (Finance, HR, IT etc).

During 2010/11 we continued our programmes designed to support development of our managers and improve our overall leadership capability. The key element of this is our SHINE t• •• • • • • • leadership development strategy. This encompasses all the ways NHSBT is supporting their staff to shine as tomorrow's leaders. The central elements of Shine are four key programmes that support individuals and are based on competencies identified in the NHSBT Leadership Qualities Framework. In order to assist NHSBT staff become better leaders, a Shine toolkit has also been created to help acquire new knowledge and skills and gather information from different sources to help busy managers and staff in their own development and that of their staff.

2010/11 has also seen NHSBT partner with the Carbon Trust with the objective of generating a comprehensive Carbon Management Plan. Much of 2010/11 was spent in preparation and especially in determining the NHSBT carbon emissions baseline. As a result, the Carbon Management Plan is now being launched and is targeting a 25% reduction in carbon emissions over the next 5 years.

During 2010/11, we commissioned a review of our research activities by international experts against international benchmarks and for relevance to NHSBT's mission. The review confirmed that our research programmes are world class in the areas of erythrocyte biology, virology, cellular engineering, clinical studies and platelet genomics, and our translational research is strong in tissues and red cell diagnostics. Following the review we will further improve the connectivity to our operational objectives, develop supporting R&D infrastructure and commit greater resources to organ transplantation.

Approved or Planned Future Developments

The NHSBT Strategic Plan is reviewed and updated on an annual basis, as part of our integrated planning, performance, risk management and assurance framework, and was approved by the DH and the NHSBT Board in March 2011. The plan sets out our strategic objectives, themes and targets and the key initiatives that support their delivery. These are described in the section on strategic objectives above.

In updating the plan we have responded to the current economic situation, the state of public finances and the likely constraints that our customers will be required to work within over the next few years. As such it reflects the outcomes of the Government white paper "Equity and Excellence – liberating the NHS" published in July 2010 and the subsequent review of Arms Length Bodies (ALBs) issued shortly thereafter. At this time we do not know what outcomes will arise from the Commercial Review of NHSBT (announced as part of the ALB review) or the review of Business Shared Services that is being undertaken by DH and our plans wil be modified as appropriate when this is known.

The plan captures our intent to identify and develop opportunities and initiatives that will drive out further efficiencies. This is reflected in our target to maintain the prices of red cells at £125/unit over the next 3 years. The result of this would be that in 2013/14 the price of red cells would be lower in absolute terms than they were in 2005/06, almost 10 years earlier.

The key activities for 2011/12 that are captured in our Strategic Plan include the following:

Blood Components

- Further projects to develop lean thinking within the supply chain, also applying this to Blood Donation and Group Services as appropriate.
- Further optimisation of the process models in blood donation and continued improvements in productivity and efficiency.
- Ongoing review of the configuration of the supply chain and optimisation of our manufacturing, laboratory and office estates footprint (including the proposed rationalisation of testing in the North).
- New logistical processes in support of the movement of people, equipment and consumables to session in order to minimise wastage and reduce infrastructure costs.
- Optimisation of logistics costs through the introduction of modern tools and technology and better planning of movements.
- Responding to the increasing demands from customers for supporting the local consolidation of transfusion services.
- Continued focus on procurement savings in manufacturing consumables through partnership with UK and European blood services, while also leveraging procurement savings through further engagement with new public sector processes and frameworks.

Organ Donation and Transplantation (ODT)

- Deriving the benefits from the deployment and ongoing development of the 12 Regional Specialist Nurse (Organ Donation) Teams and the Clinical Leads for Organ Donation (CLOD) now in place.
- Creating and sustaining regional collaboratives, bringing together clinicians from all parts of the donation and transplantation pathway, with identifiable, accountable Regional Clinical Leads in each Region and supporting this with performance data.
- Driving performance improvement through reporting a balanced scorecard of performance data that measures national, regional and team performance at each stage of the pathway.
- Continued development and optimisation of the commissioning of organ retrieval and supporting processes.

- Review of the current ODR infrastructure, following publication of the Duff report, leading to the development and implementation of a modern, fit for purpose ODR, subject to the availability of funding.
- Developing strategies and processes aimed at increasing the representation of BME communities within the ODR and the donation process.
- Implementation of a research and development programme and working with hospital partners to assess novel methods for improving the quality and number of organs available for transplant.
- Optimising transplant activity from living donors in order to enable further expansion in live donation.

Diagnostic Services

- Greater engagement with customers in order to better understand the changing landscape in pathology services and the appropriate positioning of NHSBT. In particular, to develop plans that can meet the demands of our customers for NHSBT to provide transfusion services and facilitate local consolidation of transfusion laboratories.
- Introduction of product management and enhanced sales and marketing capabilities within the organisation.
- A review of existing IT applications for diagnostic services to better support the integration of end to end processes between hospitals and NHSBT including the introduction of electronic reporting of pathology results.

Stem Cell Services

- Working with the UK Health Services and third sector partners to develop the provision of a UK Stem Cell Registry, a UK Cord Blood Bank of 35,000 units and a database of patient outcomes.
- Increasing the level of contact with donors.
- Further increasing efforts to improve the representation of BME communities in registries and cord banks.
- Developing educational tools and platforms.
- Implementing standardised commissioning frameworks.
- Consolidating resources and expertise for cord blood transplantation into regional centres of excellence with minimum levels of activity.
- Implementing standardised data collection and outcome monitoring.
- Prospective use of high resolution typing and in respect of new cord blood units and selected existing units.
- Implementing predictive search technologies to increase the chance of matching across international registries.

Tissues

- Adopting an education lead approach to marketing and sales with development of high quality supporting materials and resources and presence at national conferences and exhibitions.
- Establishment of a direct sales team initially based on the existing customer services and donor teams and eventually supported by specific field personnel.
- Development of a product development road map with biological products as a theme (natural tissue, enhanced by biological processing and potentially combined with therapeutic additions).

- Introduction of professional new product evaluation tools leading to high quality, targeted launch plans.
- Continued focus on development of the GMP capability at Speke and potentially offering processing services in the creation of new therapeutic products to new business start ups.

NHSBT Corporate

- Maintaining our focus on leadership development and our capacity and capability for managing change.
- Pursuing a programme of effective stakeholder engagement that supports delivery of our corporate strategy and ensures our purpose, opportunities and achievements are clearly understood.
- Development of an overall IT applications strategy in support of the objectives and plans of the individual operating divisions, utilising common standards and fit for purpose platforms.
- Optimisation of our Estate through an ongoing process of options generation and appraisal and supported by extensive analysis of costs and benefits.
- Developing a plan to realise a reduction of 10% in our non-frontline management costs (band 7 and above).
- Developing opportunities for further improvement to supporting group systems and processes based on reducing transactional activity and increasing automation. As part of this working with the DH to identify opportunities to introduce shared service models in the delivery of back office processes
- Rolling out our Carbon Management Plan and delivering the 25% reduction in carbon emissions over 5 years that is being targeted.

Progress in delivery of this Plan will be regularly monitored through our performance management framework, which focuses on key performance measures and targets related to our strategic outcomes. These metrics, along with other "health monitoring" KPI's, and regular milestone reporting, will form the basis against which our progress during 2011/12 will be measured.

Financial Review

NHS Blood and Transplant is a Special Health Authority and is treated as a Non Departmental Body (NDPB) under the Government Financial Reporting Manual (FReM). In accordance with this guidance NHSBT reports on a net expenditure basis with grant-in-aid received from the Department of Health recognised in the general reserve. In 2010/11 this comprised £62.3 million revenue grant-in-aid with capital funding of £7.4 million to purchase and replace fixed assets, of which £2.0 million was returned to the Department during the year.

On the 1 January 2011 the activities of the Bio Products Laboratories (BPL) transferred to a new legal entity, Bio Products Laboratory Limited, which is a wholly owned subsidiary of Plasma Resources UK Limited (PRUK) that is 100% owned and managed by the Department of Health. In accordance with principles of merger accounting all balances, assets and liabilities relating to BPL for the period 1 April 2010 to 31 December 2010 are excluded from the 2010/11 NHSBT accounts. The comparative figures for 2009/10 have also been restated on this basis and the values involved disclosed at note 28.3.

The Department of Health was formally accountable for the operational, financial and legal transfer of BPL from NHSBT. This involved a formal due diligence process, including the generation of a Net Asset Value statement that was audited by Deloitte. The transfer was managed through shared governance and project management arrangements with NHSBT and was concluded through a formal transfer agreement, approved by the NHSBT Board, and which provided NHSBT with guarantees in respect of any legacy issues relating to BPL.

As part of the transfer of BPL, intra-divisional loans made by the NBS division of NHSBT to the BPL division were crystallised on separation. It was agreed that £12.5 million of the outstanding historic loan amounts would be settled by the Department of Health resulting in a balance of £9.0 million (relating to loans made by NBS to BPL before 1st April 2009) being adjusted by each division through the April 2009 opening balance in the general reserve. A further cash loan of £2.0 million made in the current reporting period has been written out through the Comprehensive Statement of Net Expenditure, and is included in miscellaneous expenditure.

In 2010/11, and subject to the treatment of the BPL transfer noted above, NHSBT recorded an operating surplus of £14.3 million in 2010/11 (see note 2 of the accounts). The surplus was primarily generated as a result of underspending which arose from Government spending restrictions that were implemented in April 2010 together with expenditure on planned developments which have been deferred into 2011/12. Government spending restrictions primarily impacted NHSBT in respect of marketing and lower expenditure on professional services. With regard to marketing Cabinet Office approval was received during the year for blood donor marketing campaigns. However, the initial plans for campaigns in organ donation, to increase numbers on the ODR, were only partially approved in the last quarter of the year.

Due to the continued fall in the economic value of property assets throughout 2010/11 the District Valuer was instructed to undertake a review of land and building assets in March 2011. This resulted in a downward adjustment to the value of property assets of £11.8 million, of which £2.8 million is reflected as impairment in the Comprehensive Statement of Net Expenditure. The impact of this negative movement on valuation has been offset by the surplus in year.

The working capital position is considered satisfactory with a fall in current liabilities from £45.3 million (2009/10) to £19.3 million (2010/11), partly offset by a fall in current assets from £58.2 million (2009/10) to £48.4 million (2010/11). Overall there has been a small increase in total assets from £193.8 million (200910) to £194.8 million (2010/11).

Principles of Remedy

NHSBT is committed to providing quality responses to our customers' queries and concerns in line with 'Listening, Responding Improving', the Department of Health guidelines and supporting the Ombudsman's 'Principles of Remedy'. We actively seek feedback from our customers: hospitals and blood, tissue and organ donors, so that we can take steps to put things right when expectations and needs are not met, and we can understand where we need to improve. Complaints procedures and our contact details are provided through leaflets and on our websites.

During 2010/11, we received 1374 contacts from hospital customers, with feedback from 16,900 blood donors, (43% complainant, and 12% complimentary). We have met overall targets for acknowledgement complaints (99% in 3 days) and we continue to focus on improving the overall timeliness of our responses (88% of 135

final complaint responses were completed within 20 days for organ donors, with 96% for blood donors/ members of the public and over 95% for hospitals). Changes to the process to manage hospital complaints include a prompt phone discussion between the Customer Service Team and the hospital to fully understand the impact of any service failures and ensure that any immediate corrective action was effective.

Our responses aim to address specific concerns and wherever possible are provided by front line managers who are closest to the issues. We want to apologise where service standards are not achieved, make the relevant improvement, or provide an acceptable explanation where this is not possible. All feedback is analysed and reported to management teams monthly to identify trends and remedial actions. Work to develop a more detailed understanding of errors and incidents continues, so that we can improve our learning from these experiences. We are seeking direct contact to resolve complaints and 56% of blood donor complaint issues were responded to by telephone during 2010/11. Outcomes with potential solutions were noted for 91% of resolved blood donor complaints.

Complaints are used in conjunction with customer satisfaction surveys and performance indicators to highlight areas for improvement. On the basis of this feedback, frontline hospital liaison staff have been provided with training in customer service skills including “Moments of Truth” Workshops to identify the key opportunities to improve service. Developments for hospitals this year include the full rollout of an online blood ordering system and the promotion of an electronic version of our dispatch note.

Time Taken continues to be the major concern for blood donors and we have consistently reviewed our approach to appointment slot management to increase flexibility to accommodate appointments and donors who wish to ‘drop in’. Our efforts to improve the blood donor experience and queue management have contributed to increased overall donor satisfaction, with lower complaint levels and an improvement in the score for waiting times.

We use the guidance from ‘Managing Public Money’ to address requests for reimbursement and aim to provide fair and proportionate compensation where appropriate. During 2010/11, two blood donor complaints were referred to the Ombudsman and were subsequently assessed as meeting the relevant requirements. We will continue to review our implementation of ‘Listening, Responding Improving’, for resolving issues of concern across NHSBT, in line with the Ombudsman’s principles.

Environmental, Social and Community Matters

In 2010/11 NHSBT continued to drive the sustainability agenda forward, building on the sound preparatory work of the previous year and culminating in making a commitment, through a Carbon Management Plan (CMP), to reduce its emissions by 25% over the next five years. The Carbon Reduction Commitment Energy Efficiency Scheme had a turbulent second half year where its very future was in doubt. NHSBT however, continued with its preparations to ensure it will meet the first compliance milestones. The Sustainable Development (SD) governance arrangements have been strengthened this year to provide a more structured approach, driven by Executive Directors. NHSBT also successfully completed the Carbon Trust’s Collaborative Carbon Management Programme.

A Sustainable Development Steering Committee (SDSC) was established to give direction to the Sustainable Development Group (SDG) and also to provide a direct

link to the Executive Team. As a consequence the SDG was reconstituted to cover a broader cross section of the organisation and its terms of reference altered to reflect its new focus and reporting arrangements. Formal links were also established with influential groups including Estates Development Group and Estates and Logistics Senior Management Team. The former has adopted the CMP register tool to evaluate future projects for cost/carbon effectiveness.

The future of Sustainable Development within NHSBT has now been encapsulated in a formal Carbon Management Plan (CMP) which was endorsed by the Executive Team. This was the resulting output from a ten month programme with the Carbon Trust which completed at the end of February. The work to produce the plan initially concentrated on understanding the organisations baseline consumption; considerable effort was put into this resulting in an accurate footprint and the ability to forecast consumption and measure and monitor performance. The data is captured in a baseline tool that will be updated annually. This will also be used as an input to discussions and business cases for significant change initiatives, especially those concerned with rationalisation of the estate.

The CMP contains a list of (evaluated) projects that contribute approximately 80% towards the overall emissions reduction target; further projects will be appended as we move into years two and three and when there is greater clarity on funding. In addition there is a commitment within the plan to govern its execution and to have effective communications across the organisation.

The first two significant projects to emerge from the CMP concern non clinical waste and management travel.

> *Waste - Following* on from work to understand the numerous issues surrounding local waste contracts a proposal was developed to move to a 'total' waste management solution. This has since been sanctioned by the SDSC and the procurement process is imminent. This should alleviate the problems associated with data collection and monitoring and also give assurance to stakeholders that all NHSBT waste including session waste is following the reduce, reuse, and recycle protocol as far as is practicable.
>
> *Travel* - The baseline exercise highlighted a number of issues with the existing lease car policy and arrangements for the grey fleet. A high level group was established to look at alternative systems that would have the effect of reducing CO_2, mileage and costs. New arrangements are expected to come into force in the autumn of 2011.

Our Sustainable Development plan has been communicated through the various internal media including Connect briefings and magazine, intranet and screensavers. The launch of the CMP will see a further focus on communication at the start of 2011/12.

The Procurement function has made significant progress against its targets on the Sustainable Procurement Task Force's Flexible Framework. A specification guide that includes impact assessments for sustainability has been produced for critical equipment purchases. In addition a whole life costing model has been introduced for all purchases that consume utilities. These changes have been included in the Procurement Procedures Manual and training rolled out to all relevant staff.

The Carbon Reduction Commitment Energy Efficiency Scheme (CRC) has undergone some significant changes within the year, the most notable being that it will no longer be a cap and trade scheme; this has been replaced with a straight

carbon tax which will have a bigger financial impact for NHSBT. The delivery of the CMP is therefore key to keeping the NHSBT carbon tax liability under control. BPL was removed from NHSBT registration following their transfer but, when accounting for carbon allowances, they will still need to be included in NHSBT's submission pro rata.

A report on our plans for sustainable development, and associated risks, was provided to the Governance and Audit Committee in September 2010. This will be a regular annual update.

Emergency Preparedness

NHSBT maintains emergency preparedness and ensures that its systems are fit for purpose by continuing to work under three headlines: resilience, response and recovery. The emergency preparedness key is to ensure NHSBT's business continuity arrangements relating to the supply of the key products and services of the blood supply chain are certified against the British Standard for business continuity (BS25999), prior to the London Olympic and Paralympic Games taking place in August 2012. Certification will serve as validation to establish the BCM processes we have are fit for purpose and provide a strategic and operational framework that will:

- proactively improve our resilience against disruption of our ability to achieve our key objectives
- ensure a rehearsed method of restoring our ability to supply our key services to an agreed level within an agreed time after a disruption
- deliver a proven capability to manage a business disruption and protect the organisation's reputation and brand.

Our response and recovery arrangements have been brought into line with the broader civil contingencies community through the adoption of a Gold, Silver, Bronze command structure which employs an on call rota system for the management of business continuity and major incidents. A Gold Director will determine the strategy, whilst a National Critical Incident Manager (Silver) will deliver the tactical plan to realise the strategic objectives at a national level supported by Critical Incident Managers (Bronze) who undertake local management across the country as part of our command and control arrangements.

The Emergency Preparedness Committee continues to oversee emergency planning activity and to identify business continuity as a separate but associated work stream. The remit of the committee is the governance of emergency preparedness, structures, plans and maintenance. The committee meets quarterly and has a responsibility to produce an annual report for the attention of the Executive Team and the Governance and Audit Committee.

Action taken to maintain or develop the provision of information to, and consultation with, employees

There has been a considerable amount of work done to develop mechanisms that enhance our ability to communicate, consult and provide information to all NHSBT employees. Our annual communications audit and staff survey help track our progress in improving communication effectiveness. Communication channels continue to be improved with a range of face to face, print and online channels in existence to generate a two way dialogue with staff and ensure information is shared

in a timely and appropriate way for what is a varied audience both in terms of preferred channels of communication, but also working hours, geography and access to technology.

Following last years comprehensive review of the NHSBT recognition agreement and the subsequent agreement of the new Partnership Framework, setting out the consultative framework through which a partnership approach to joint working is being achieved. The functional NHSBT Staff Partnership sub-committees have been established and are working effectively. In 2010/11 a review of consultation arrangements at a regional and local level have been undertaken and new Regional Partnership Forums established including Centre Partnership Committees and Regional Blood Donation Partnership Committees. These groups replace a range of previous meetings and provide a framework that reflects the spirit and principles of the Partnership Agreement. In 2011/12 a review of Health and Safety consultation arrangements will be undertaken.

Disabled Employees Statement

NHSBT is committed to providing opportunities for disabled people who wish to work for the organisation. We recognise that in order to become an employer of choice, we need to take pro-active steps to fully embed disability equality in everything we do. This is covered in our Single Equality Scheme.

NHSBT have taken a number of proactive measures to mainstream disability equality. Below is an update on the disability equality initiatives:

- Reasonable adjustment in the workplace

The Disability Steering Group (DSG), in partnership with the Health and Safety Department, developed a reasonable adjustment register, guidance and flowchart to support managers.

- Advising managers and staff on disability impact assessments

The DSG have impact assessed the Absence Management Policy. The policy has been revised to differentiate between absence related to sickness and absence related to disability. In addition, a disability related absence will be dealt with by a managed plan in conjunction with Occupational Health.

- Promoting disability equality in recruitment

The recruitment forms have been revised to make it more user friendly, particularly for people with dyslexia and other visual impairments.

As part of the recruitment pack for applicants, a statement has been added to the specification and supplementary information to state reasonable adjustments will always be considered throughout the recruitment process.

- Working with Remploy to promote disability work placements.

NHSBT have worked with Remploy to promote work placements. This work is still ongoing with Remploy and the Employers Forum for Disability.

Equal Opportunities Statement

NHSBT is committed to promoting equality & diversity, providing an inclusive and supportive environment for all staff. The key agreed organisational aims are to:

1. Have a workforce that embraces equality and diversity. We will recruit, develop and retain a workforce that is able to deliver high quality services that are fair, accessible, appropriate and responsive to the diverse needs of different groups and individuals.

2. Be a better place in which to work; ensuring that the NHSBT is seen as an employer of choice, achieving equality of opportunity and fair outcomes in the workplace.

3. Have a service that uses its leverage to make a difference – to ensure that the NHSBT exploits its influences and resources as an NHS employer to make a difference to the life opportunities and the health of the population, especially those who are excluded or disadvantaged.

NHSBT Single Equality Scheme (2008-2011) sets out commitment to promoting equality and diversity. Since 2008, NHSBT have done the following:

- Promoted job share and part time working in management positions
- Ensured that equality and diversity issues were included within our procurement policy and procedures
- Developed a Recruitment and Resourcing Equality and Diversity Action plan in order to progress equality and diversity issues in our recruitment processes and procedures
- Carried out Equality Impact Assessments (EIA) on policies and procedures
- Reviewed the Equality and Diversity Impact Assessment Framework and developed an EIA report for members of the Equality and Diversity Working Group, which is chaired by an Executive Director.
- Developed mechanisms to support staff through the grievance procedure.
- Produced diversity monitoring reports on workforce diversity i.e. grievances and disciplinary, workforce profile and pay information.
- Developed an exit questionnaire and new starter's questionnaire in order to monitor any diversity issues.
- Developed a revised Disability Equality Action Plan
- Made revisions to the full day Equality and Diversity Awareness course, including more information relating to disability. In addition, we have also changed the course to a half day course to take account of flexible working arrangements and diverse shift patterns in NHSBT
- Ensured that information on our website relating to static centres and disability access was published on www.blood.co.uk
- Promoted family friendly policies and processes to our workforce.
- Encouraged our disability workforce to access a range of development and leadership programmes.
- Developed disability awareness guidance for managers and staff to address disability issues in the workplace.

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Sickness Absence Data

During the period April 2010 to March 2011 the total number of whole time equivalent days lost to sickness absence was 61,603 days. This equates to an average of 12 days per whole time equivalent; and a sickness absence rate of 5.34%.

Board Members

Board Members serving during the period 1 April 2010 to 31 March 2011:

Chairman
Mr Bill Fullagar

Non Executive Directors
Mr Andrew Blakeman
Ms Della Burnside
Dr Christine Costello
Mr John Forsythe
Mr David Greggains
Mr George Jenkins
Mr Shaun Williams

Executive Directors
Ms Lynda Hamlyn - Chief Executive
Mr Rob Bradburn - Finance Director
Ms Sally Johnson - Director of Organ Donation and Transplantation
Mr Alan McDermott – Director of Blood Donation
Dr Clive Ronaldson - Director of Patient Services
Mrs Lorna Williamson - Medical and Research Director

Details of the remuneration of senior managers of the Authority can be found in the Remuneration Report at pages 21 to 24.

Better Payment Practice Code

As a public sector Organisation NHSBT is required to pay all trade creditors in accordance with the Better Payment Practice Code. The target is to pay all valid invoices by the due date or within 30 days of receipt of the goods or a valid invoice, whichever is the later. NHSBT's performance against this code is shown below;

	Number	£000
Total Non-NHS trade invoices paid in the year	97,993	184,493
Total Non-NHS trade invoices paid within target	90,304	174,433
Percentage of NHS trade invoices paid within target	92.2%	94.5%
Total NHS trade invoices in the year	11,910	9,727
Total NHS trade invoices paid within target	11,217	8,712
Percentage of NHS trade invoices paid within target	94.2%	89.6%

Public sector Organisations are also bound by the Late Payment of Commercial Debts (Interest) Act 1988. This provides a statutory right for suppliers to claim interest on late payments of commercial debt. During 2010/11 NHSBT made a payment of £40.00 arising from claims made under this legislation.

Prompt Payment Code

The Government has encouraged all public sector Organisations to speed up the payments process and make payment of invoices wherever possible within 10 days. NHSBT is effectively a trading organisation that is mostly funded from sales of products and services (at cost) to our customer (NHS hospitals). Our customers are not subject to the same guidance and NHSBT is therefore limited in its ability to meet such guidance. However, during 2010/11 NHSBT paid 33.6% (26.3% in 2009/10) of the total number of invoices, representing 29.8% (24.0% in 2009/10) by value, within a 10 day period.

External Audit

The Comptroller and Auditor General (C&AG) is appointed by statute to audit NHSBT and report to Parliament on the truth and fairness of the annual financial statements and regularity of income and expenditure. The National Audit Office (NAO), the organisation that undertakes the services on behalf of the C&AG appointed Deloitte LLP as its strategic partner firm for the audit. This meant that Deloitte completed the detailed audit of the accounts on NAO's behalf but with the NAO providing an oversight. The cost of audit work performed is £120k (£120k 2009-10). There were no payments to the NAO for non-audit work during the year.

As Accounting Officer:

- so far as I am aware, there is no relevant audit information of which the NHSBT's auditors are unaware; and

- I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the NHSBT's auditors are aware of that information.

The Audit certificate can be found on pages 32 to 33.

Lynda Hamlyn Date: 9 June 2011
Chief Executive

REMUNERATION REPORT

Remuneration Committee Membership

During 2010-11 membership of the Remuneration Committee comprised David Greggains (Chair), Della Burnside and Bill Fullagar, with Lynda Hamlyn and David Evans as 'standing attendees'.

Remuneration Policy

Remuneration of the Chief Executive, Managing Directors and Group Directors is in line with the decisions of the Remuneration Committee and all relevant DH guidance. Increase in pay is in line with nationally agreed pay awards, provided individual business plan targets, as identified within annual appraisals, are met. Remuneration for Non-Executive Board Members is set by the Secretary of State for Health through the NHS Appointments Commission.

Methods to Assess Performance Conditions

All senior managers are appraised regularly and their performance is assessed against personal and corporate objectives. The element of remuneration based on performance for relevant senior staff is as defined by the NHS National Very Senior Managers Pay Framework, and associated guidance issued by the Department of Health.

Senior Management Contract Information

Contract details for those in senior positions with responsibility for directing or controlling major activities of the Organisation are shown below. The NHS start date is the date of commencement of continuous NHS service for pension purposes.

Lynda Hamlyn, Chief Executive, NHS start date 1 April 1986, appointed 14 January 2008. Full time permanent post with three months' notice of termination by the employee, and six months' notice period by NHSBT.

Leonie Austin, Director of Communications, NHS start date 1 April 2010, appointed 1 April 2010. Full term permanent post with three months' notice of termination by the employee, and six months notice of termination by NHSBT.

Rob Bradburn, Finance Director, NHS start date 8 April 2008, appointed 8 April 2008. Permanent full-time post with three months' notice of termination by the employee, and six months' notice period by NHSBT.

Douglas Dryburgh, Group Director of Estates and Logistics, NHS start date 29 August 2006, appointed 29 August 2006. Permanent full-time post with three months' notice of termination by the employee, and six months' notice period by NHSBT.

David Evans, Group Director of Human Resources, current NHS continuous service start date 30 July 1998, appointed 5 June 2006. Permanent full-time post with three months' notice of termination by the employee, and six months' notice period by NHSBT.

Sally Johnson, Director of Organ Donation and Transplantation, NHS start date 1 August 2007, appointed, 1 September 2008. Permanent full-time post three months' notice of termination by the employee, and six months' notice period by NHSBT.

Alan McDermott, Director of Blood Donation, NHS start date 14 August 2006, appointed 14 August 2006. Permanent full-time post with three months' notice of termination by the employee, and six months' notice period by NHSBT.

Michael Potter, Acting Director of Business Transformation Services, NHS start date 9 November 2009, appointed 1 September 2010. Permanent full-time post with three month's notice of termination by the employee, and three months' notice by NHSBT.

Clive Ronaldson, Director of Patient Services, NHS start date 1 March 1993, appointed 1 July 2008. Permanent full-time post with three months' notice of termination by the employee, and six months' notice period by NHSBT.

Lorna Williamson, Medical and Research Director. Appointed 1 October 2007. Contract of employment with the University of Cambridge until 30th June 2009. Contract with NHSBT from 1st July 2009. Permanent full-time post with three months notice by the employee, and six months notice period by NHSBT.

The remuneration and pension benefits of the most senior officials of the Authority are shown on pages 23 and these tables are subject to audit.

Salary and Pension Entitlement of Senior Managers

a. Remuneration	Year to 31 March 2011			Year to 31 March 2010 (restated)		
Name and title	Salary in £5k bands £000	Other remuner. in £5k bands £000	Benefits in kind (rounded to the nearest £00) £00	Salary in £5k bands £000	Other remuner. in £5k bands £000	Benefits in kind (rounded to the nearest £00) £00
Mr B Fullagar (Chairman)	60-65	-	4	60-65	-	-
Mr A Blakeman (NED)	5-10	-	-	5-10	-	-
Ms D Burnside (NED)	5-10	-	-	5-10	-	-
Dr C. Costello (NED)	5-10	-	-	5-10	-	-
Mr J Forsythe (NED)	5-10	-	-	5-10	-	-
Mr D Greggains (NED)	5-10	-	-	5-10	-	-
Mr G Jenkins (NED)	10-15	-	-	10-15	-	-
Mr S Wiliams (NED)	5-10	-	-	0-5	-	-
Ms L Hamlyn (Chief Executive)	180-185	5-10	7	175-180	10-15	7
Ms L Austin (Director of Communications) Commenced 1 April 2010.	105-110	-	-	-	-	-
Mr R Bradburn (Finance Director)	130-135	5-10	15	125-130	5-10	-
Mr D Dryburgh (Group Director of Estates and Logistics)	105-110	0-5	36	100-105	5-10	51
Mr D Evans (Group Director of Human Resources)	115-120	0-5	33	115-120	5-10	46
Ms S Johnson - (Director of Organ Donation and Transplantation)	120-125	0-5	-	115-120	0-5	-
Mr A McDermott (Director of Blood Donation)	120-125	5-10	77	115-120	5-10	93
Mr M Potter (Acting Director of Business Transformation Services) Commenced 1 September 2010.	55-60	-	8	-	-	-
Dr C Ronaldson (Director of Patient Services)	130-135	5-10	26	120-124	5-10	43
Dr L Williamson (Medical and Research Director) Commenced 01/07/2009	205-210	-	3	155-160	-	-

NED = Non-Executive Director

Other remuneration relates to performance related pay earned in 2009/10 and paid in 2010/11. Figures for 2009/10 are restated to show salary and bonus payments earned in 2008/09 and paid in 2009/10.

Benefits in kind were in relation to the provision of cars and are stated in round £100's not £1000's.

b. Pension benefits	Real increase in pension at age 60 (bands of £2,500)	Real increase in lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2011 (bands of £5,000)	Lump sum at age 60 related to Accrued pension at 31 March 2009 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2011	Cash Equivalent Transfer Value at 31 March 2010	Real increase in Cash Equivalent Transfer Value
Name and title	£000	£000	£000	£000	£000	£000	£000
Ms L Hamlyn (Chief Executive)	0-2.5	2.5-5	75-80	230-235	1,640	1,683	(60)
Ms L Austin (Director of Communications) Commenced 1 April 2010.	0-2.5	5-7.5	0-2.5	-	19	-	19
Mr R Bradburn (Finance Director)	0-2.5	-	5-10	-	69	53	14
Mr D Dryburgh (Group Director of Estates and Logistics)	0-2.5	2.5-5	5-10	20-25	99	87	10
Mr D Evans (Group Director of Human Resources)	0-2.5	2.5-5	30-35	100-105	573	603	(46)
Ms S Johnson (Director of Organ Donation and Transplantation)	2.5-5	7.5-10	35-40	110-115	655	653	(15)
Mr A McDermott (Director of Blood Donation)	0-2.5	5-7.5	5-10	20-25	161	127	31
Mr M Potter (Acting Director of Business Transformation Services) Commenced 1 September 2010	0-2.5	-	0-5	-	16	-	16
Dr C Ronaldson (Director of Patient Services)	0-2.5	2.5-5	40-45	120-125	-	-	-
Dr L Williamson (Medical and Research Director)	2.5-5	10-12.5	70-75	210-215	1,549	1,538	(27)

Notes to the Remuneration Report

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefit accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figure, and from 2004/05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETV are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of period

Reporting of Other Compensation Schemes

The table below discloses the number and value by cost band of compensation packages made in 2010/11. No special payments relating to exit packages have been made in 2010/11 (one special payment (£49k) in 2009/10).

	2010/11			2009/10		
Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band (total cost £000s)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band (total cost £000s)
<£20,001	38	5	43 (£491k)	62	2	64 (£921k)
£20,001 - £40,000	14	1	15 (£402k)	40	2	42 (£1,251k)
£40,001 - £100,000	12	4	16 (£1,173k)	54	2	56 (£3,421k)
£100,001 - £150,000	5		5 (£595k)	8	2	10 (£1,236)
£150,001 - £200,000	2		2 (£383k)	3		3 (£505k)
£200,001 - £300,000	3		3 (£772k)			
Total number of exit packages by type (total cost £000s)	74 (£3,457k)	10 (£359k)	84 (£3,816k)	167 (£6,893k)	8 (£441k)	175 (£7,334k)

Lynda Hamlyn
Chief Executive

Date: 9 June 2011

ANNUAL ACCOUNTS

Statement of the Chief Executives Responsibilities As the Accounting Officer of the Special Health Authority

Under the National Health Service Act 2006 and with the approval of HM Treasury the Secretary of State has directed NHS Blood and Transplant to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis, and must give a true and fair view of the state of affairs of NHS Blood and Transplant and of its income and expenditure, total recognised gains and losses and cash flow for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply appropriate accounting policies on a consistent basis;

- make judgments and estimates on a reasonable basis;

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and

- prepare the financial statements on a going concern basis.

The NHS Chief Executive has appointed the NHS Blood and Transplant Chief Executive as the Accounting Officer for NHS Blood and Transplant.

The responsibilities of an Accounting Officer, including responsibility for the propriety, and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of NHS Blood and Transplant, are set out in Managing Public Money issued by HM Treasury.

Statement on Internal Control

Scope of responsibility

1. The Board of NHS Blood and Transplant (NHSBT) is accountable for internal control. As Accounting Officer, I have responsibility, together with the Board, for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, as set out in the Accounting Officers' Memorandum, issued by the Department of Health (DH).

2. On 1 January 2011 BPL was transferred into a new legal entity, Bio Products Laboratory Limited, a 100% owned subsidiary of Plasma Resources UK Limited (PRUK) itself 100% owned and managed by the DH. Although under merger accounting the results of BPL are excluded from NHSBT's accounts for 2010/11 I formally retained Accounting Officer accountability for BPL until its transfer on 1 January 2011.

3. NHSBT is a relatively complex group of distinct operating units, each with significantly different supply chains and processes. As part of our corporate strategic planning process we identify strategic objectives and targets, covering safety and sufficiency of supply, service effectiveness and efficiency for each of our operating units. Accountability for delivery, along with delivery of all aspects of governance, internal control and risk management is assigned to the appropriate NHSBT Director and is underpinned by an integrated performance and risk management process. Performance against objectives and targets is reviewed by the Executive Team on (at least) a monthly basis and results in the issue of a comprehensive monthly performance report to the Board.

4. NHSBT's activities are highly regulated. The regulation of activities within the Blood Components supply chain, is covered by Blood Safety and Quality Regulations (BSQR) and regulated by the MHRA. Regulation of activities with ODT, Tissues, Stems Cell and Histocompatability & Immunogenetics is covered by the Human Tissue Act 2004 and regulated by the Human Tissue Authority. As a key element of our risk management framework NHSBT operates a comprehensive quality management system and auditing process that is designed to ensure compliance with regulation.

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5. We have increased cross-sector working and have developed shared posts with other partners in the wider health and social care community, to plan and deliver services. We work closely with our colleagues in the UK Health Departments to implement the recommendations of the Organ Donation Taskforce and develop NHSBT as the UK's Organ Donation Organisation.

6. As Chief Executive of NHSBT, I have responsibility to ensure that a wide range of communication and consultation mechanisms exist with key stakeholders i.e. Trusts, Clinicians, Patients, Donors, Staff and DH. NHSBT representation on various official groups and professional bodies, and regular meetings with DH, were utilised as appropriate to increase shared understanding of our risks and mitigation activity, and to provide assurance regarding delivery of our objectives.

The purpose of the system of internal control

7. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all and any risk of failure to achieve policies, aims and

objectives. It can therefore provide reasonable, but not absolute assurance of effectiveness. The system of internal control is designed to:

- identify and prioritise the risks to the achievement of the organisations policies, aims and objectives; and

- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

8. The system of internal control was in place within NHSBT for the period ended 31st March 2011 and up to the date of approval of the Annual Report and Accounts.

Capacity to handle risk

9. The NHSBT approach to risk is documented in our Risk Management policy, which identifies the roles and responsibilities of staff, with regard to risk, at all levels. The NHSBT approach to governance, including risk management, is featured in the Welcome Pack provided to all new staff during induction. During 2010/11 all Directorate Senior Management Teams (SMTs) were provided training in our risk management process as part of their individual senior management team meetings. All Directorates SMTs have identified a 'Risk Leads' who attends the Risk Management Committee.

10. The NHSBT planning, performance and risk management framework maps a path from strategic objectives, via strategic risks, through to the constituent mitigating activities. This framework is designed to demonstrate that risks were controlled appropriately in order for objectives to be achieved. Strategic objectives and targets are agreed with the Board as part of the annual planning cycle and involves discussion and update of the key risks facing NHSBT.

11. The Directors and I discuss both performance and risk at our Executive Team meetings. Subsequent to this, assurance is provided to the Board on the achievement of corporate objectives and targets and mitigation of corporate risk via a monthly integrated performance report. This provides a dynamic focus for the Board and Executive Team on both performance and associated risks. Directors are accountable for demonstrating:

- that key controls are in place to assist in securing and delivering objectives;
- that the controls systems, upon which we were placing reliance, are effective;
- any gaps in controls systems or assurances are addressed within an agreed corrective action plan.

12. The Board's Governance and Audit Committee reviews all aspects of corporate, operational and clinical governance and is supported by a programme of internal audit that is updated on an annual cycle. A key focus in 2010/11 has been on clinical governance and also in seeking assurance that our quality management processes at the "front line" are sound and effective. In 2011/12 there will be increased focus on integrating our assurance arrangements within a better articulated framework, especially with regard to the currently separate activities that take place within our quality management and our clinical auditing arrangements.

13. Responsibility for our governance systems is delegated to the Finance Director who has lead responsibility in providing the link between the Governance and Audit Committee (GAC) and the Board.

14. The Medical Director has delegated responsibility for all aspects of clinical governance across NHSBT. NHSBT provides very few clinical services directly to patients (specialised apheresis based therapies only) but has extensive direct contact with donors of blood and stem cells, the products of donation (including those derived from tissue and organ donation) and also with families of deceased donors and donor recipients. The Medical Director reports regularly to the Executive Team, GAC and Board on all matters of clinical governance and risk and drives processes designed to improve the clinical effectiveness of NHSBT's products and services.

15. During 2010/11 the Finance Director commenced an annual review process with each of the Directors and their "Risk Leads" in order to assess the effectiveness of the risk management process within each Directorate. This will lead to consideration of a new system for managing risk in 2011/12 in order to better encourage the capture of operational risk at the "front line" and to ensure, once captured; it is assessed at the appropriate organisation level within NHSBT before escalation as necessary.

The risk and control framework

16. Our planning, performance and risk management framework is the key element of the NHSBT risk strategy. Strategic objectives and targets are agreed by the Board on annual basis and take into account the key risks that they have identified. During the 2010/11 planning cycle these were defined as being:

- Sufficiency of the blood supply (short term supply/demand crises e.g. flu and also the impact of demographic trends on both our donor base and demand from hospitals)
- Impact of blood safety mandates issued by the Department of Health (both in terms of the potential cost impact and the effect on deterring donors from donating)
- The existence of multiple targets for organ donation and transplantation and the reputational impact of being perceived to fail despite meeting the original ODTF targets
- Funding crisis. Public sector budget constraints and hospital budget pressures coinciding directly with significant cost pressures in blood and organs (e.g. mandated safety initiatives for blood)
- Business continuity (loss for whatever reason of a key facility or core IT system)
- Scale of transformation (distraction from managing day to day operational risk and/or inability to embed changes)

17. NHSBT is a provider of critical, life saving products and services to hospitals. As such our appetite for risk is essentially low as we cannot provide unsafe products or fail to deliver products/services when they are needed. Our strategy incorporates a balanced set of objectives and targets that cover safety, sufficiency, quality of service and cost but we plan for the highest levels of mitigation before any steps are taken which could impact the safety and sufficiency of supply. We are committed to delivering our strategy, and its associated benefits, and we have endeavoured to maintain the right balance between delivery of the strategic activities and the risks associated with such delivery. It is the view of the Board and myself that the risks of not pursuing the changes outlined in the strategy far outweigh the risks associated with managing the delivery of such changes.

18. Stakeholders have been informed and consulted as appropriate on the development of the Strategic Plan and the management of any significant risks

arsing from its delivery. Public awareness of the NHSBT Strategic Plan was raised through its presentation at open Board meetings.

19. NHSBT's Strategic Plan also contains objectives that bring with them significant organisational change and associated risks that impact directly on our staff. We seek at all times to ensure effective consultation with staff and their representative bodies. We have also proactively communicated and consulted with other stakeholders such as the DH, other NHS bodies, individual Members of Parliament and the Chair of the Health Select Committee where appropriate.

20. As a supplier of critical life saving products and services, our extensive quality management systems is an important cornerstone of our risk management framework. Responsibility for compliance with regulation is with the Director of the relevant operating unit. Organisationally this is underpinned by a Head of Quality Management for NHBST who has a reporting line directly to me and who is accountable for the quality management process and reporting. In addition to monthly reporting of higher level quality KPIs (to the Executive Team and the Board) during 2010/11 a detailed management quality review was implemented by the Head of Quality. This is conducted on a quarterly basis and reported to both the Executive Team and the GAC, with an annual report to the Board. In addition NHSBT sites are subject to frequent audits by the MHRA, HTA and other accreditation bodies. Our strategic objectives include actions to continuously improve the results from such reviews and to have zero outstanding corrective actions in response to any recommendations that arise.

21. The NHSBT Risk Management Policy and Guidelines describe the process for managing risks within the organisation, including risk identification, assessment and how to record controls to risks and the agreement of clear accountabilities. The process for identification of risk 'appetite' and subsequent escalation and de-escalation is also clearly documented. The NHSBT corporate Risk Register identifies the key corporate risks NHSBT has identified throughout 2010/11.

22. In 2009/10 the Authority committed to developing a formal Information Governance strategy, backed by appropriate resources, and the development of a formal information governance assurance and compliance programme. During 2010/11 we have delivered on that promise and a formal Information Governance Strategy was finalised in December 2010 including key themes around incident management, compliance and assurance. Information Governance resources have been consolidated within the Business Transformation Services Directorate to provide sufficient, dedicated resources to implement the strategy. During 2010/11 NHSBT assessed and analysed its information risks relating to confidentiality, integrity and availability of its information assets. All risks were recorded within the organisational risk management system.

23. As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Review of effectiveness

24. As Accounting Officer, I had responsibility, together with the Board, for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control was informed in a number of ways. Price Waterhouse

Coopers (PwC), who provide our internal audit service, provided an opinion on the overall arrangements for gaining assurance through the planning, performance and risk management framework and on the controls reviewed as part of the internal audit work. Senior Managers within the organisation, who had responsibility for the development and maintenance of the system of internal control, provided me with assurance. The planning, performance and risk management framework itself provided me with evidence that the effectiveness of controls that managed the risks to the organisation achieving its principal objectives had been reviewed.

25. During 2010/11, the programme of internal audit work conducted by PwC resulted in the issue of 15 reports with a "moderate assurance" opinion and two with a "limited assurance" opinion (excluding BPL) on the areas reviewed. A further 4 reports were issued relating to BPL. Taken together PwC have provided an overall opinion that significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives and that controls are generally being applied consistently. The reports also identify weaknesses in the design and/or inconsistent application of controls that put the achievement of particular objectives at risk. These have been reported as result of specific individual internal audit reviews and are monitored via the GAC to ensure that recommendations are followed up by management and completed.

26. One of the two PwC audit reports issued with a limited assurance opinion related to clinical governance. The opinion did not arise due to any specific failings in governance but due to the lack of an overall, well articulated integrated governance framework that was able to demonstrate how the various assurance streams across NHSBT connected. This reflects both the recent priority that has been placed on the detailed low level assurance processes (at the expense of the overall framework) and the traditional difficulty in applying NHS Trust orientated models to the unique nature of NHSBT. Taken together with recommendations made in a report on risk management (with a moderate assurance opinion provided) NHSBT will focus in early 2011/12 on better articulating its overall governance strategy, its matrix of accountabilities and the assurance framework.

27. The management quality review that was implemented during 2010/11 provided me with strong operational and clinical assurance that NHSBT continues to provide safe products and services and meet its regulatory requirements. As a result there were no "critical" external inspection issues raised during the year and no external non-compliances were overdue. In addition we set an objective to reduce the number of "major" non conformances by 50% (to less than or equal to nine). This was met with only four major MHRA non-compliances during a routine inspection, and one during a non-routine inspection, raised throughout the year. In addition NHSBT applied to be registered with the Care Quality Commission under the Health and Social Care Act 2008 and was accepted without qualification.

28. Towards the end of 2009/10 there was a problem with the recording of some registrant's organ donation preferences on the Organ Donation Register. The issue was traced to the accuracy of registrations, where only a donation of eyes, hearts, lungs or liver was selected, for registrants applying via the DVLA driving licence application form. The issue arose from a programming change that was made to the ODR during 1999. The issue was fully investigated and found to impact around 800,000 records on the ODR (<5%) with around 62% of those being capable of automatic correction. The incident was subject to a review conducted by Professor Sir Gordon Duff on behalf of the Secretary of State for Health. The review made a number of recommendations the most notable of which being that, when funding permits, a replacement ODR should be designed and commissioned. In addition, a steering group was established to review all of the processes around the ODR and to

implement the other recommendations made in the review. The actions taken to date are noted in the section on Organ Donation and Transplantation in the management commentary.

29. In addition to the ODR issue noted above thirteen data loss incidents were recorded. These were all minor and involved the mis-handling of paper records. NHSBT has encrypted all of its electronic data but the nature of our activities (collection of blood on a daily basis in numerous remote locations), involves significant paper records and risk of loss. We continue to work on identifying cost effective methods of introducing more electronic based processes to enhance existing manual controls and further mitigate the risk of data loss.

30. During the final quarter of 2010/11 the Finance Director met with all Directors to review the effectiveness of the risk management process both within their individual areas and across NHSBT. The findings of this review have been shared with the Executive Team and Risk Management Committee.

31. My review this period was also informed by comments made by the external auditors in their management letters and other reports on aspects of the system of internal control.

32. The GAC held meetings, with Internal Auditors present, at least quarterly and reported on these to the Board. We worked closely with our Internal Auditors to develop an effective internal audit plan which would covered the areas of activity considered to be of highest risk and/or where additional assurance was sought.

33. The above processes assisted NHSBT to maximise its understanding and utilisation of all available information about the quality and effectiveness of our systems/operations in order to help us improve services and to satisfy the increasing need for assurance regarding the effectiveness of our systems of internal control.

34. In conclusion, at a time of great change and transformation for NHSBT, and the need to continue to deliver against the core elements of our services, the organisation has been able to manage itself with no significant gaps in its arrangements.

Signed: Lynda Hamlyn Date: 9 June 2011

Chief Executive and Accounting Officer

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH PARLIAMENT

I certify that I have audited the financial statements of NHS Blood and Transplant for the year ended 31 March 2011 under the National Health Service Act 2006. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accounting Officer of the Special Health Authority, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Health Services Act 2006. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to NHS Blood and Transplant's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by NHS Blood and Transplant; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the NHS Blood and Transplant's affairs as at 31 March 2011 and of its net expenditure for the year then ended; and

- the financial statements have been properly prepared in accordance with the National Health Service Act 2006 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Health Service Act 2006; and

- the information given in the Management Commentary section of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or

- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or

- I have not received all of the information and explanations I require for my audit; or

- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Date: 17 June 2011

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

	Notes	31 March 2011 £000	As restated 31 March 2010 (see note 28) £000
Gross Income			
Income from activities	2	**309,754**	320,515
Other operating income	2	**62,315**	55,714
		372,069	376,229
Expenditure			
Staff costs	3.1	**(202,221)**	(200,892)
Depreciation	8 and 9	**(10,478)**	(11,183)
Other administrative expenses	3.2	**(218,606)**	(241,459)
		(431,305)	(453,534)
Net Operating Expenditure before interest		**(59,236)**	(77,305)
Finance Costs	4	**(503)**	(353)
Net Operating Expenditure after interest	2	**(59,739)**	(77,658)
Other Comprehensive Net Expenditure			
Net (loss)/gain on revaluation of Property, Plant and Equipment	20	**(6,919)**	309
Total Comprehensive Net Expenditure		**(66,658)**	(77,349)

All income and expenditure is derived from continuing operations

Notes 1 to 29 form part of these accounts.

Statement of Financial Position as at 31 March 2011

	Notes	31 March 2011	As restated 31 March 2010 (see note 28)	As restated at 1 April 2009 (see note 28)
		£000	£000	£000
Non Current Assets				
Intangible Assets	8	**4,442**	4,221	3,639
Property, Plant & Equipment	9	**166,632**	180,843	186,460
Trade and other receivables	13	**215**	393	474
Total non-current assets		**171,289**	185,457	190,573
Current assets				
Inventories	12	**21,708**	22,567	24,343
Trade and other receivables	13	**26,549**	32,770	16,535
Cash and cash equivalents	14	**157**	2,824	128
Total current assets		**48,414**	58,161	41,006
Current Liabilities				
Trade and other payables	15	**18,034**	40,151	28,483
Borrowings	16 and 18	**80**	79	72
Provisions for liabilities and charges	17	**1,219**	5,024	2,266
Total current liabilities		**19,333**	45,254	30,821
Non-current assets plus net current assets		**200,370**	198,364	200,758
Non-current liabilities				
Borrowings	16 and 18	**4,805**	3,774	3,853
Provisions for liabilities and charges	17	**784**	787	481
Total non-current liabilities		**5,589**	4,561	4,334
Total Assets Employed:		**194,781**	193,803	196,424
Taxpayers' Equity				
General Fund	20.1	**150,625**	142,245	148,337
Revaluation Reserve	20.2	**44,156**	51,558	48,087
Total Taxpayers' Equity:		**194,781**	193,803	196,424

Notes 1 to 29 form part of these accounts.

The financial statements on pages 34 to 63 were approved by the Governance and Audit Committee in accordance with powers within the NHSBT Standing Orders on 9th June 2011, and are signed by the Accounting Officer, Lynda Hamlyn.

Lynda Hamlyn
Accounting Officer

Date: 9 June 2011

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2010 (as restated : see note 28)

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 1 April 2009	148,337	48,087	**196,424**
Changes in taxpayers' equity for 2009/10			
Net expenditure for the financial period	(77,658)	-	**(77,658)**
Net gain on revaluation of Property, Plant and Equipment	-	309	**309**
Transfers between reserves	(3,162)	3,162	**-**
Total recognised income and expense for 2009/10	(80,820)	3,471	**(77,349)**
Net Parliamentary funding	74,728	-	**74,728**
Balance at 31 March 2010	**142,245**	**51,558**	**193,803**

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 1 April 2010	142,245	51,558	**193,803**
Changes in taxpayers' equity for 2010/11			
Net expenditure for the financial period	(59,739)	-	**(59,739)**
Net (loss) on revaluation of Property, Plant and Equipment	-	(6,919)	**(6,919)**
Transfers between reserves	483	(483)	**-**
Total recognised income and expense for 2010/11	(59,256)	(7,402)	**(66,658)**
Net Parliamentary funding	67,636	-	**67,636**
Balance at 31 March 2011	**150,625**	**44,156**	**194,781**

Statement of Cash Flows for the year ended 31 March 2011

	Notes	**31 March 2011**	As restated 31 March 2010 (see note 28)
		£000	£000
Cash flows from operating activities			
Net operating costs		**(59,236)**	(77,305)
Other cashflow adjustments	19.3	**11,241**	15,079
Movement in Working Capital	19.1	**(14,932)**	(3,086)
Provisions utilised		**(1,504)**	(512)
Net cash (outflow) from operating activities		**(64,431)**	(65,824)
Cash flows from investing activities			
Purchase of plant, property and equipment		**(4,760)**	(5,446)
Purchase of intangible assets		**(557)**	(886)
Proceeds from disposal of non current assets		**13**	538
Net cash (outflow) from investing activities		**(5,304)**	(5,794)
Cash flows from financing activities			
Net Parliamentary funding		**67,636**	74,728
Capital element paid in respect of finance leases		**(83)**	(72)
Interest paid in respect of finance leases		**(485)**	(342)
Net financing		**67,068**	74,314
Net (decrease)/increase in cash and cash equivalents		**(2,667)**	2,696
Cash and cash equivalents at 31 March 2010		**2,824**	128
Cash and cash equivalents at 31 March 2011		**157**	2,824

Notes to the Accounts

1. Accounting Policies

The financial statements have been prepared in accordance with the 2010/11 Government Financial Reporting Manual (FreM) issued by HM Treasury. The accounting policies contained in the FreM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. The Treasury FreM notes that IFRS 3 *Business Combinations* excludes from its scope business combinations where entities are under common control. NHS bodies are required to apply merger accounting where at transfer of functions between NHS bodies or between NHS bodies and other public sector entities takes place. NHSBT has therefore accounted for the transfer of BPL to a new legal entity, Bio Products Laboratory Limited, which is a wholly owned subsidiary of Plasma Resources UK Limited that is 100% owned and managed by the Department of Health by re-stating brought forward balances and 2010-11 transactions as if the transfer of functions had always been the case. NHSBT has therefore adjusted 1 April 2010 opening balances to reflect this requirement, and has excluded transactions for 2010-11 in its results as if it had carried out those functions for the whole year. Details of the adjustments made are set out in note 28.

In accordance with HM Treasury instructions, a notional cost of capital charge is no longer made to the Comprehensive Net Expenditure statement. Details of the adjustments made to 2009-10 comparative figures are set out in note 28.

The particular policies adopted by NHSBT are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

IFRSs, amendments and interpretations in issue but not yet effective, or adopted

IAS8, accounting policies, changes in accounting estimates and errors, require disclosures in respect of new IFRSs, amendments and interpretations that are, or will be applicable after the reporting period. The following standard issued by the International Accounting Standards Board is effective after this reporting period and has not been adopted early by the entity:

IFRS 9 Financial Instruments	A new standard intended to replace IAS39. The effective date is for accounting periods beginning on, or after 1 January 2013.
IFRS 7 Financial Instruments Disclosure	Strengthening of the current standard requiring further disclosures on transfer transactions involving financial assets. The effective date is for accounting periods beginning on, or after 1 January 2011.
IAS 1 Presentation of Financial Statements	Minor amendments enabling items of other comprehensive income to be shown in the notes as opposed to the SOCE. The effective date is for accounting periods beginning on, or after 1 January 2011.

IAS 27 Consolidated and Separate Financial Statements	Amendments to IAS 21, IAS 28, and IAS 31 clarifying whether the consequential amendments to these standards require retrospective or prospective application. The effective date is for accounting periods beginning on, or after 1 July 2010.

1.1 Accounting Conventions

This account is prepared under the historical cost convention, modified to account for the revaluation of intangible assets, property, plant and equipment at their value to the business by reference to current costs. This is in accordance with directions issued by the Secretary of State for Health and approved by Treasury.

In the application of NHSBT's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.2 Income

Operating income is income which relates directly to the operating activities of NHSBT. It principally comprises fees and charges for services provided on a full-cost basis to the NHS and external customers.

Income is accounted for applying the accruals convention. The main sources of funding for NHSBT are income from sales to the NHS and a Parliamentary grant from the Department of Health. Where revenue is received for a specific activity which is to be delivered in the following financial year, that revenue is deferred.

The Parliamentary Grant is from Request for Resources 1 (RfR1) within an approved cash limit, and is credited to the general reserve. Parliamentary funding is recognised in the financial period in which it is received.

The products and services provided to the NHS are primarily blood, components and services such as tissue typing, together with the provision of transplant services by the Organ Donation operating division.

1.3 Taxation

NHSBT is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

1.4 Capital Charges

The treatment of intangible assets, property, plant and equipment in the account is in accordance with the principal capital charges objective, to ensure that such charges are fully reflected in the cost of capital. The interest rate applied to capital charges

during 2010/11 was 3.5% (2009/10 3.5%) on all assets less liabilities, except for donated assets and cash balances held with the Government Banking Service, where the charge is nil. NHSBT makes a cash payment in respect of capital charges to the Department of Health.

1.5 Property, Plant & Equipment

(a) Capitalisation

Property, Plant & Equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes
- it is expected to be used for more than one year;
- individually to have a cost equal to or greater than £5,000; or
- collectively have a cost of at least £5,000 and an individual cost of more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial setting-up cost of a new building, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

(b) Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets as measured subsequently at fair value.

Land and buildings used for the NHSBT's services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the Statement of Financial Position date. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

All land and buildings are revalued using professional valuations in accordance with IAS 16 every five years. An interim valuation will also be carried out at least every three years or sooner if fluctuations in values are thought to be potentially significant. An interim valuation of NHSBT land and buildings was carried out in March 2011 and the next full valuation is planned for 2013-14.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Equipment assets are indexed annually in accordance with the appropriate categories within the publicised Health Service Cost Index. The carrying value of existing assets at that date will be written off over their remaining useful lives. New fixtures and equipment are carried at depreciated historic cost, as this is not considered to be materially different from fair value.

Increases arising on revaluation are taken to the Revaluation Reserve except when it reverses a revaluation decrease for the same asset previously recognised in the Statement of Comprehensive Net Expenditure, in which case it is credited to the I Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there. A revaluation decrease is charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the Statement of Comprehensive Net Expenditure.

1.6 Intangible Assets

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately form the rest of NHSBT's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow, or service potential to be provided to, NHSBT; where the cost of the asset can be measured reliably.

Expenditure on research activities is not capitalised and is recognised as an expense in the period in which it is incurred.

Intangible assets are capitalised when they have a cost of at least £5,000. Intangible assets acquired separately are initially recognised at fair value. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- an asset is created that can be identified
- the technical feasibility of completing the intangible asset so that it will be available for use.
- the intention to complete the intangible asset and use it.
- the ability to use the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is charged to the Statement of Comprehensive Net Expenditure in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent asset basis), and indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposite effects of development costs and technological advances, and is amortised.

1.7 Depreciation, amortisation and impairments

Depreciation is charged on each individual intangible asset, property plant and equipment, to write off the costs or valuation, less any residual value, as follows:

i) Intangible assets are amortised, on a straight line basis, over the estimated lives of the assets.

ii) Purchased computer software licences are amortised over the shorter of the term of the licence and their useful economic lives.

iii) Land and assets in the course of construction are not depreciated.

iv) Buildings are depreciated evenly on their revalued amount over the assessed remaining life of the asset as advised by the Valuation Officer. Assets held under finance leases are depreciated over their estimated useful lives or, where shorter, the lease term.

v) Equipment asset are depreciated evenly over the expected useful life:

- Short term equipment assets one to five years
- Medium term equipment assets six to ten years
- Long term equipment assets eleven to twenty years

vi) Freehold Land and properties under construction, and assets held for sale are not depreciated.

vii) Intangible assets are amortised over a minimum of 3 years and a maximum of eight years.

The estimated useful lives of intangible assets, and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

At each Statement of Financial Position date, NHSBT checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the Statement of Compressive Net Expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to the Statement of Comprehensive Net Expenditure to the extent to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.8 Donated Assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. They are valued, depreciated and

impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to offset the expenditure. On sale of donated assets, the net book value is transferred from the donated asset reserve to retained earnings.

1.9 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a complete sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising from the disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Net Expenditure. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings. For donated assets, a transfer is made to or from the donated asset reserve to the profit/loss on disposal account so that no profit or loss is recognised in Statement of Comprehensive Net Expenditure. The remaining surplus or deficit in the donated asset reserve is then transferred to retained earnings.

Property, plant and equipment that are to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.10 Inventories

Inventories are valued as follows:

i) Raw materials, work in progress and finished goods of plasma based products are valued on a weighted average cost basis.

ii) Blood products are valued at the lower of cost on a full recovery cost basis, or net realisable value, which represents the expected future selling price.

1.11 Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.12 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to

special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings including losses which would have been made good through insurance cover had NHSBT not been bearing its own risk (with insurance premiums then being included as normal revenue expenditure).

1.13 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the Statement of Comprehensive Net Expenditure to the extent that employees are permitted to carry forward leave into the following period.

Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions
The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

a) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.

In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6%, with manual staff paying 5%.

Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of changes to the NHS Pension Scheme taking effect from 1 April 2008, his Valuation report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay, from 1 April 2008, following the introduction of employee contributions on a tiered scale from

5% up to 8.5% of their pensionable pay depending on total earnings. On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

1.14 Research and Development

Research and development expenditure is charged to against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Net Expenditure on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.15 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

NHSBT as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating NHSBT's net operating cost.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Where a lease is for land and buildings, the land and building components are separated. Leased land and buildings assessed as to whether they are operating or finance leases in accordance with IAS 17.

1.16 Foreign Exchange

NHSBT's functional currency and presentational currency is sterling. Resulting exchange gains and losses are taken to the Statement of Comprehensive Net Expenditure. All other transactions, which are denominated in a foreign currency, are translated into sterling at the exchange rate ruling on the date of each transaction.

1.17 Provisions

Provisions are recognised when NHSBT has a present legal or constructive obligation as a result of a past event, and it is probably that NHSBT will be required

to settle the obligation. NHSBT provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation, taking into account the risks and uncertainties. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

When some or all of the economic benefits required to settle a provision are expected from a third party, the receivable amount is recognised as an asset if it is virtually certain that re-imbursements will be received and the amount of the receivable can be measured reliably.

Clinical Negligence Costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which NHSBT pays an annual contribution to the NHSLA, which in return settles all clinical negligence claims. The contribution is charged to expenditure.

From 1 April 2000, the NHSLA took over the full financial responsibility for all ELS cases unsettled at that date and from 1 April 2002 all CNST cases. Provisions for these are included in the accounts of the NHSLA. Although the NHSLA is administratively responsible for all cases from 1 April 2000, the legal liability remains with NHSBT. The value of provisions of NHSBT carried by the NHSLA is disclosed in Note 17.

Non-clinical Risk Pooling

NHSBT participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which NHSBT pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to the Statement of Comprehensive Net as and when they become due.

1.18 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of NHSBT, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of NHSBT. A contingent asset is disclosed where an inflow of economic benefits is probable.

1.19 Financial Instruments

Financial assets

Financial assets are recognised on the Statement of Financial Position when NHSBT becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred. Financial assets are initially recognised at fair value.

Financial assets at fair value through income and expenditure

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through income and expenditure. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that does not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the Statement of Comprehensive Net Expenditure on de-recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

At the Statement of Financial Position date, NHSBT assesses whether any financial assets, other than those held at 'fair value through the Statement of Comprehensive Net Expenditure' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the asset is reduced directly, or through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was

recognised, the previously recognised impairment loss is reversed through the Statement of Comprehensive Net Expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when NHSBT becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been discharged, that is, the liability has been paid or has expired. Financial liabilities are initially recognised at fair value.

Financial liabilities are classified as either financial liabilities 'at fair value through the Statement of Comprehensive Net Expenditure' or other financial liabilities.

Financial liabilities at fair value through the Statement of Comprehensive Net Expenditure

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through the Statement of Comprehensive Net Expenditure. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.20 Subsidiaries

For 2010/11, in accordance with the directed accounting policy from the Secretary of State, NHSBT does not consolidate the NHSBT Charitable Funds for which it is the Corporate Trustee, into its financial statements.

2. Segmental Reporting and Reconciliation of net operating expenditure to grant in aid

For the year 1 April 2010 to 31 March 2011	Total	Blood Components	Specialist Services	Organ Donation & Transplant	Group Services
Revenue	**£000**	**£000**	**£000**	**£000**	**£000**
Blood Product Income	304,282	304,282	-	-	-
Income from Scottish Parliament	2,680	-	-	2,680	-
Income from National Assembly for Wales	2,065	-	-	2,065	-
Income from Northern Ireland Assembly	727	-	-	727	-
Other income	62,315	4,479	44,634	1,182	12,020
Gross Income (per Statement of Comprehensive Expenditure)	**372,069**	**308,761**	**44,634**	**6,654**	**12,020**
Revenue Grant In Aid	62,247	-	3,921	55,207	3,119
Total Revenue	**434,316**	**308,761**	**48,555**	**61,861**	**15,139**
Expenditure					
Staff Costs and Other Administrative Expenses	(402,061)	(198,672)	(37,775)	(52,965)	(112,649)
Depreciation and Cost of Capital	(17,431)	(2,842)	(1,377)	(296)	(12,916)
Finance Costs	(504)	-	-	-	(504)
Total Expenditure	**(419,996)**	**(201,514)**	**(39,152)**	**(53,261)**	**(126,069)**
Operating surplus for the financial period	**14,320**	**107,247**	**9,403**	**8,600**	**(110,930)**
Add : Notional cost of capital included in expenditure above	6,953				
Less : Revenue grant in aid	(62,247)				
Less : Capital charges paid to the Department of Health	(18,765)				
Net Expenditure (per Statement of Comprehensive Expenditure)	**(59,739)**				

For the year 1 April 2009 to 31 March 2010 (restated)	Total	Blood Components	Specialist Services	Organ Donation & Transplant	Group Services
Revenue	**£000**	**£000**	**£000**	**£000**	**£000**
Blood Product Income	316,531	316,531	-	-	-
Income from Scottish Parliament	2,675	-	-	2,675	-
Income from National Assembly for Wales	593	-	-	593	-
Income from Northern Ireland Assembly	716	-	-	716	-
Other income	55,714	3,872	38,716	942	12,184
Gross Income (per Statement of Comprehensive Expenditure)	**376,229**	**320,403**	**38,716**	**4,926**	**12,184**
Revenue Grant In Aid	68,359	9,900	3,939	51,387	3,133
Total Revenue	**444,588**	**330,303**	**42,655**	**56,313**	**15,317**
Expenditure					
Staff Costs and Other Administrative Expenses	(421,821)	(215,585)	(40,975)	(52,103)	(113,158)
Depreciation and Cost of Capital	(18,276)	(3,432)	(1,563)	(283)	(12,998)
Finance Costs	(353)	-	-	-	(353)
Total Expenditure	**(440,450)**	**(219,017)**	**(42,538)**	**(52,386)**	**(126,509)**
Operating surplus for the financial period	**4,138**	**111,286**	**117**	**3,927**	**(111,192)**
Add : Notional cost of capital included in expenditure above	7,093				
Less : Revenue grant in aid	(68,359)				
Less : Capital charges paid to the Department of Health	(20,530)				
Net Expenditure (per Statement of Comprehensive Expenditure)	**(77,658)**				

2. Segmental Reporting and Reconciliation of net operating expenditure to grant in aid ctd

NHSBT comprises two Operating Divisions and Group Services:

Group Services includes Research & Development activity, and other overhead departments including Finance, Human Resources, IT Services and Estates & Logistics. The Group Services costs are to support the Blood Component, Specialist Services and the Organ Donation & Transplant segments. These costs are reported separately to the Board, and therefore have not been allocated across the above mentioned segments

Patient Services is a division that comprises two segments, namely **Blood Components** and **Specialist Services,** and provides blood, blood components and specialist services. Specialist services includes diagnostic services, tissues, the NHS Cord Blood Bank (CBB) and the British Bone Marrow Registry (BBMR). The Division primarily seeks to recover its costs through the pricing of blood components and services to NHS hospitals, which are set annually via a national commissioning process. Grant in aid is provided by DoH to support the activities of the CBB and the BBMR.

Organ Donation and Tranplant (ODT) is primarily funded through grant in aid from the Department of Health, along with contributions form the Devolved Health Administrations. The purpose of the Division is to identify and refer increasing numbers of potential organs donors and to increase the number of actual donors so that an increase in the number of transplants is enabled.

In accordance with the HM Treasury Financial Reporting Manual, the statement of comprehensive net expenditure now excludes a charge for notional cost of capital. For the segmental reporting note the notional cost of capital has been charged to the segments, and then added back as part of the reconciliation to the statement of comprehensive net expenditure.

3.1 Staff Costs and related numbers

	Total	**31 March 2011 Permanently Employed Staff**	**Other**	As restated 31 March 2010 Total
	£000	**£000**	**£000**	£000
Salaries and wages	**171,275**	**152,533**	**18,742**	170,613
Social security costs	**11,415**	**11,078**	**337**	11,146
Employer contributions to NHS Pensions Agency	**19,531**	**18,955**	**576**	19,133
	202,221	**182,566**	**19,655**	200,892

The average number of employees during the year was:

	Total Number	**Permanently Employed Staff Number**	**Other Number**
Year ended 31 March 2011	**5,421**	**4,988**	**433**
Year ended 31 March 2010 (as restated)	5,552	5,007	545

Expenditure on staff benefits

The amount spent on staff benefits during the year is estimated at £888,000 (31 March 2010 £845,000).

Early retirements and redundancies

During 2010/11 there were 84 early retirements and/or redundancies from NHSBT. £3,816,000 has been charged to the revenue account in 2010/11 in respect of these redundancies and early retirements (31 March 2010: 174 early retirements and/or redundancies, and a charge to the revenue account of £7,285,000). These amounts are included within other staff related costs in note 3.2.

3.2 Other Administrative Expenses

	Notes	£000	31 March 2011 £000	As restated 31 March 2010 (see note 28) £000
Other staff related costs			**14,747**	24,273
Consumable supplies			**68,776**	76,442
Maintenance of buildings, plant and equipment			**16,705**	16,684
Rent and rates			**11,506**	11,943
Transport costs			**10,061**	10,159
External contractors			**14,916**	16,206
Purchase and lease of equipment and furniture			**3,914**	4,845
Utilities and telecommunications			**7,842**	10,176
Media advertising			**2,597**	9,048
ODT Scheme Payments			**29,241**	25,879
Professional Fees *			**7,821**	10,478
Capital Charges paid over as cash to Department of Health			**18,765**	20,530
Capital Non-cash : Impairments	10	**2,838**		50
Loss on disposal	7	**247**		281
			3,085	331
Auditor's remuneration: Audit Fees **			**120**	100
Miscellaneous			**8,510**	4,365
			218,606	241,459

* Professional Fees include legal and programme management costs

** No payment was made to the auditors for non audit work.

4. Finance costs

	31 March 2011 £000	31 March 2010 £000
Interest expense under finance leases	**485**	342
Other finance costs - unwinding of discount	**18**	11
Total finance costs	**503**	353

5. Operating leases

NHSBT as lessee

	31 March 2011 £000	As restated 31 March 2010 £000
Payments recognised as an expense		
Minimum lease payments	**9,533**	9,934
Total future minimum lease payments Payable:		
Not later than one year	**5,108**	5,308
Later than one year and not later than five years	**5,933**	7,155
Later than five years	**191**	224
Total	**11,232**	12,687

6. The Late Payment of Commercial Debts (Interest) Act 1998

Interest of £41 was paid in relation to claims made under the Late Payment of CommercialDebts (Interest) Act 1998. No compensation payments were made under this legislation(31 March 2010: £634 interest and £Nil compensation).

7. Other gains and losses

	31 March 2011	31 March 2010
	£000	£000
(Loss) on disposal of intangible assets	**-**	(6)
(Loss) on disposal of plant and equipment	**(247)**	(275)
Total	**(247)**	(281)

8. Intangible non-current assets

8.1 Intangible non-current assets 2010/11

	Total	**Software Purchased**	**Development Expenditure**
	£000	**£000**	**£000**
Cost or Valuation			
At 1 April 2010	12,605	9,738	2,867
Additions - purchased	**557**	**557**	**-**
Reclassification	**-**	**2,867**	**(2,867)**
At 31 March 2011	**13,162**	**13,162**	**-**
Amortisation			
At 1 April 2010	8,384	8,384	-
Provided during the year	**336**	**336**	
At 31 March 2011	**8,720**	**8,720**	**-**
Net book value at 1 April 2010	4,221	1,354	2,867
Net book value at 31 March 2011	**4,442**	**4,442**	**-**
Net book value at 31 March 2011 comprises:			
Purchased	4,442	4,442	-
Asset Financing	**4,442**	**4,442**	**-**

8.2 Intangible non-current assets 2009/10 (as restated : see note 28)

	Total	**Software Purchased**	**Development Expenditure**
	£000	**£000**	**£000**
Cost or Valuation			
At 1 April 2009	11,779	9,086	2,693
Additions - purchased	**886**	**712**	**174**
Disposals	**(60)**	**(60)**	
At 31 March 2010	**12,605**	**9,738**	**2,867**
Amortisation			
At 1 April 2009	8,140	8,140	-
Provided during the year	**298**	**298**	**-**
Disposals	**(54)**	**(54)**	**-**
At 31 March 2010	**8,384**	**8,384**	**-**
Net book value at 1 April 2009	3,639	946	2,693
Net book value at 31 March 2010	**4,221**	**1,354**	**2,867**
Net book value at 31 March 2010 comprises:			
Purchased	4,221	1,354	2,867
Asset Financing	**4,221**	**1,354**	**2,867**

9. Property, plant and equipment

9.1 Property, plant and equipment 2010/11

	Total	Land	Buildings	Assets under constr. + poa	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or valuation:								
At 1 April 2010 (as restated)	264,136	23,105	162,559	1,172	55,184	4,907	17,198	11
Additions - purchased *	**5,948**	**1,115**	**77**	**876**	**2,447**	**245**	**1,188**	**-**
Reclassification **	**-**	**55**	**802**	**(1,066)**	**-**	**-**	**209**	**-**
Indexation	**2,838**	**-**	**-**	**-**	**2,777**	**61**	**-**	**-**
Impairments	**(2,838)**	**(300)**	**(2,538)**	**-**	**-**	**-**	**-**	**-**
Other in year revaluations ***	**(7,800)**	**(410)**	**(7,390)**	**-**	**-**	**-**	**-**	**-**
Disposals	**(7,150)**	**-**	**-**	**-**	**(6,604)**	**(546)**	**-**	**-**
At 31 March 2011	**255,134**	**23,565**	**153,510**	**982**	**53,804**	**4,667**	**18,595**	**11**
Depreciation:								
At 1 April 2010 (as restated)	83,293		28,405		38,194	2,855	13,832	7
Provided during the year	**10,142**		**4,573**		**4,158**	**407**	**1,003**	**1**
Indexation	**1,957**		**-**		**1,922**	**35**	**-**	**-**
Disposals	**(6,890)**		**-**		**(6,344)**	**(546)**	**-**	**-**
Accumulated depreciation at 31 March 2011	**88,502**		**32,978**		**37,930**	**2,751**	**14,835**	**8**
Net book value at 1 April 2010	180,843	23,105	134,154	1,172	16,990	2,052	3,366	4
Net book value at 31 March 2011	**166,632**	**23,565**	**120,532**	**982**	**15,874**	**1,916**	**3,760**	**3**
Net book value at 31 March 2011 comprises:								
Purchased at 31 March 2011	**166,632**	**23,565**	**120,532**	**982**	**15,874**	**1,916**	**3,760**	**3**
Asset Financing:	**166,632**	**23,565**	**120,532**	**982**	**15,874**	**1,916**	**3,760**	**3**
Owned	**154,958**	**22,450**	**109,973**	**982**	**15,874**	**1,916**	**3,760**	**3**
Held on Finance Lease	**11,674**	**1,115**	**10,559**	**-**	**-**	**-**	**-**	**-**
	166,632	**23,565**	**120,532**	**982**	**15,874**	**1,916**	**3,760**	**3**

* Land additions relate to a lease that has been reclassified as a finance lease in accordance with changes to IAS17. The asset, and corresponding finance lease liability, have been recognised as at 31st March 2011 because the necessary information for a retrospective adjustment is unavailable.

** These figures relate to the reclassification of Assets Under Construction upon completion.

*** The reduction in value of land and buildings primarily relates to a downward interim revaluation of property assets undertaken during March 2011 by DVS Property Specialists. DVS Property Specialists is an Executive Office of HM Revenue & Customs which provides professional property advice to the public sector. The in year revaluation of land includes an amount of £1,140,000 relating to the value of land held on a 1,000 year lease at a nominal rent.

9.2 Property, plant and equipment 2009/10 (as restated : see note 28)

	Total	Land	Buildings	Assets under constr. + poa	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or valuation:								
At 1 April 2009	264,423	23,105	161,759	583	57,680	4,641	16,644	11
Additions - purchased	**5,284**	**-**	**479**	**960**	**3,173**	**118**	**554**	**-**
Reclassification	**0**	**-**	**371**	**(371)**	**-**	**-**	**-**	**-**
Indexation	**883**	**-**	**-**	**-**	**735**	**148**	**-**	**-**
Impairments	**(50)**	**-**	**(50)**	**-**	**-**	**-**	**-**	**-**
Other in year revaluations	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**(6,404)**	**-**	**-**	**-**	**(6,404)**	**-**	**-**	**-**
At 31 March 2010	**264,136**	**23,105**	**162,559**	**1,172**	**55,184**	**4,907**	**17,198**	**11**
Depreciation:								
At 1 April 2009	77,963		23,690		39,005	2,406	12,856	6
Provided during the year	**10,885**		**4,715**		**4,821**	**372**	**976**	**1**
Indexation	**574**		**-**		**497**	**77**	**-**	**-**
Other in year revaluations	**0**		**-**		**-**	**-**	**-**	**-**
Disposals	**(6,129)**		**-**		**(6,129)**	**-**	**-**	**-**
Accumulated depreciation at 31 March 2010	**83,293**		**28,405**		**38,194**	**2,855**	**13,832**	**7**
Net book value at 1 April 2009	186,460	23,105	138,069	583	18,675	2,235	3,788	5
Net book value at 31 March 2010	**180,843**	**23,105**	**134,154**	**1,172**	**16,990**	**2,052**	**3,366**	**4**
Net book value at 31 March 2010 comprises:								
Purchased at 31 March 2010	**180,843**	**23,105**	**134,154**	**1,172**	**16,990**	**2,052**	**3,366**	**4**
Asset Financing:	**180,843**	**23,105**	**134,154**	**1,172**	**16,990**	**2,052**	**3,366**	**4**
Owned	**167,121**	**23,105**	**120,432**	**1,172**	**16,990**	**2,052**	**3,366**	**4**
Held on Finance Lease	**13,722**	**-**	**13,722**	**-**	**-**	**-**	**-**	**-**
	180,843	**23,105**	**134,154**	**1,172**	**16,990**	**2,052**	**3,366**	**4**

9.3 Net Book Value of Land and Buildings

The net book value of land, buildings and dwellings as at 31 March 2011 comprises:

	31 March 2011	As restated at 31 March 2010
	£000	£000
Freehold	**128,170**	142,371
Long leasehold	**15,927**	14,888
	144,097	157,259

The comparative figures have been restated to reflect the correct classification as freehold of a building previously disclosed as being long leasehold.

10. Impairments

Impairments charged in the year to the Operating Cost Statement

	31 March 2011		31 March 2010	
	Property, £000	**Intangible £000**	Property, plant £000	Intangible £000
Impairments arose from:				
Interim revaluation exercise	**2,838**	**-**	50	-
Total	**2,838**	**-**	50	-

11. Non-current assets held for sale

There were no non-current assets held for sale (2009/10: Nil).

12. Inventories

	31 March 2011	As restated at 31 March 2010 (see note 28)	As restated at 31 March 2009 (see note 28)
	£000	£000	£000
Raw materials and consumables	**6,192**	7,100	6,489
Work in progress	**5,124**	5,073	5,409
Finished processed goods	**10,392**	10,394	12,445
	21,708	22,567	24,343

13. Trade and other receivables

	31 March 2011	As restated at 31 March 2010 (see note 28)	As restated at 31 March 2009 (see note 28)
	£000	£000	£000
Current			
NHS Receivables - Revenue	**16,211**	23,696	7,358
Non NHS Trade Receivables - Revenue	**4,719**	4,338	3,848
Non NHS Trade Receivables - Capital	**-**	-	538
Provision for impairment of Receivables	**(28)**	(57)	(125)
Prepayments and accrued income	**5,647**	4,793	4,916
Subtotal	**26,549**	32,770	16,535
Non Current			
Other prepayments and accrued income	**215**	393	474
Subtotal	**215**	393	474
Total trade and other receivables	**26,764**	33,163	17,009

Provision for irrecoverable debts

Amounts falling due within one year	2010-2011 **£000**	2009-2010 (restated) £000	2008-2009 (restated) £000
Non - NHS trade receivables			
At 1 April	**57**	125	111
Provided in year	**16**	28	44
Written off during year	**(29)**	(74)	(15)
Recovered during year	**(16)**	(22)	(15)
At 31 March	**28**	57	125
Aging of debts provided against			
Upto 12 months	**12**	-	7
Over 12 months	**16**	57	118
	28	57	125
Receivables past due but not impaired			
Upto 3 months	**6,460**	6,195	2,398
Between 4 and 12 months	**268**	622	743
Over 12 months	**3**	15	62
	6,731	6,832	3,203

None of the bad debt provision, nor any of the bad debts written off in the year, arise from transactions with related parties (as defined in note 24).

14. Cash and Cash equivalents

	2010-2011 **£000**	2009-2010 (restated : see note 28) £000	2008-2009 (restated : see note 28) £000
Balance at 1 April	**2,824**	128	79
Net change in the year	**(2,667)**	2,696	49
Balance at 31 March	**157**	2,824	128
Comprising:			
Held with Goverment Banking Services accounts	**154**	2,820	122
Commercial banks and cash in hand	**3**	4	6
Cash and cash equivalents as in Statement of cash flows	**157**	2,824	128

15. Trade and other payables

	31 March 2011	As restated at 31 March 2010	As restated at 31 March 2009
	£000	£000	£000
Current			
NHS Payables - revenue	**1,950**	10,215	1,652
Non-NHS trade Payables - revenue	**777**	7,387	8,913
Non-NHS trade Payables - capital	**104**	31	193
Tax and Social Security Costs	**10**	6,185	422
Accruals and deferred income	**15,193**	16,333	17,303
Total trade and other payables	**18,034**	40,151	28,483

16. Borrowings

Borrowings relate to land and buildings acquired under separate finance leases, full details of which are disclosed in note 18.

17. Provisions for liabilities and charges

At 31 March 2010 (restated : see note 28)	**Product Liability**	**Employee Benefits**	**Tax and NI Liabilities**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2009	1,503	507	-	737	2,747
Provisions - Arising in the year	**68**	**423**	**3,500**	**1,148**	**5,139**
Utilised during the year	**(90)**	**(107)**	**-**	**(315)**	**(512)**
Reversed unused	**(1,421)**	**-**	**-**	**(153)**	**(1,574)**
Unwinding of discount	**-**	**11**	**-**	**-**	**11**
Balance at 31 March 2010	**60**	**834**	**3,500**	**1,417**	**5,811**
Expected timing of cash flows:					
Within 1 year	**60**	**47**	**3,500**	**1,417**	**5,024**
Between 1 year and 5 years	**-**	**180**	**-**	**-**	**180**
Thereafter	**-**	**607**	**-**	**-**	**607**

At 31 March 2011	**Product Liability**	**Employee Benefits**	**Tax and NI Liabilities**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2010	60	834	3,500	1,417	5,811
Provisions - Arising in the year	**6**	**30**		**358**	**394**
Utilised during the year	**(6)**	**(49)**	**(933)**	**(516)**	**(1,504)**
Reversed unused			**(2,305)**	**(411)**	**(2,716)**
Unwinding of discount		**18**			**18**
Balance at 31 March 2011	**60**	**833**	**262**	**848**	**2,003**
Expected timing of cash flows:					
Within 1 year	**60**	**49**	**262**	**848**	**1,219**
Between 1 year and 5 years	**-**	**185**	**-**	**-**	**185**
Thereafter	**-**	**599**	**-**	**-**	**599**

Product liability provisions relate to legal actions brought against the authority through the use of Authority products by individuals, mainly Hepatitis C cases. A provision is held where a reliable estimate can be made. Where a reliable estimate cannot be made a contingent liability is disclosed at note 23.

Included within the 'Other' category are provisions relating to legal claims for personal injury, legal claims from donors, and supplier claims.

£2,668,000 (31 March 2010: £8,000) is included in the provisions of the NHS Litigation Authority at 31 March 2011 in respect of clinical negligence liabilities. There is a £Nil provision in respect of the existing liabilities scheme (31 March 2010: £Nil).

18. Finance leases

Finance lease obligations (ie as lessee)

	Minimum lease payments		
	31 March 2011	As restated at 31 March 2010 (see note 28)	As restated at 31 March 2009 (see note 28)
	£000	£000	£000
Not later than one year	**540**	423	416
Later than one year and not later than five years	**2,158**	1,692	1,692
Later than five years	**10,539**	5,922	6,345
	13,237	8,037	8,453
Less future finance charges	**8,352**	4,184	4,528
Present value of future lease obligations	**4,885**	3,853	3,925

	Present value of minimum lease payments		
	31 March 2011	As restated at 31 March 2010 (see note 28)	As restated at 31 March 2009 (see note 28)
	£000	£000	£000
Not later than one year	**80**	79	72
Later than one year and not later than five years	**413**	398	363
Later than five years	**4,392**	3,376	3,490
Present value of future lease obligations	**4,885**	3,853	3,925
Analysed as :			
Current borrowings	**80**	79	72
Non-current borrowings	**4,805**	3,774	3,853
	4,885	3,853	3,925

Finance leases relate to a building acquired in Speke in 2004/05, depreciated over the primary lease term of 25 years; and to a lease for land in Newcastle which has been reclassified as a finance lease in accordance with changes to IAS 17. The latter will be depreciated over the remaining primary lease term of 100 years, and has been recorded as a fixed assets addition in note 9.1.

19.1 Movements in working capital

	31 March 2011	As restated at 31 March 2010
	£000	£000
Increase/(decrease) in receivables within 1 year	**(6,221)**	16,235
Increase/(decrease) in receivables after 1 year	**(178)**	(81)
Increase/(decrease) in inventories	**(859)**	(1,776)
(Increase)/decrease in payables within 1 year	**22,117**	(11,668)
Subtotal	**14,859**	2,710
Less Movement in receivables relating to items not passing through the I&E statement	**-**	(538)
Less Movement in payables relating to items not passing through the I&E statement	**(73)**	162
Subtotal	**(73)**	(376)
Total	**14,932**	3,086

19.2 Analysis of changes in net debt

	As at 1 April 2010 (restated)	**Cash flows**	**As at 31 March 2011**
	£000	**£000**	**£000**
Government Banking Services cash at bank	2,820	(2,666)	**154**
Commercial cash at bank and in hand	4	(1)	**3**
Total	2,824	(2,667)	**157**

19.3 Other cashflow adjustments

	31 March 2011	As restated at 31 March 2010
	£000	£000
Depreciation	**10,142**	10,885
Amortisation	**336**	298
Impairments and reversals	**2,838**	50
Loss on disposal	**247**	281
Provisions - Arising in Year	**394**	5,139
Provisions - Reversed unused	**(2,716)**	(1,574)
Total	**11,241**	15,079

20. Movements on reserves

20.1 General Fund

	2010-2011	2009-2010
	£000	£000
Balance at 1 April as restated (see note 28)	**142,245**	148,337
Net operating expenditure for the financial period	**(59,739)**	(77,658)
Revenue Grant in Aid	**62,247**	68,359
Capital Grant in Aid	**5,389**	6,369
Transfer Negative balance from Revaluation Reserve	**-**	(3,866)
Transfer from Revaluation reserve: realised elements of the revaluation reserve	**483**	704
Balance at 31 March	**150,625**	142,245

20.2 Revaluation Reserve

	2010-2011	2009-2010
	£000	£000
Balance at 1 April as restated (see note 28)	**51,558**	48,087
Indexation of fixed assets	**881**	309
Revaluation of fixed assets	**(7,800)**	-
Transfer Negative balance to General reserve	**-**	3,866
Transfer to General Fund: realised revaluation	**(483)**	(704)
Balance at 31 March	**44,156**	51,558

21. Contingencies at 31 March 2011

A contingent liability of £274,000 (31 March 2010: £259,000) relates to potential costs associated with donor claims, personal injury claims, and non Hepatitis C product liability claims. The related provisions are included under 'Product liability' and 'Other' in Note 19.

A contingent liability of £1,375,,000 (31 March 2010: £1,175,000) relates to Hepatitis C cases brought under an action for product liability.

A contingent liability of £Nil (31 March 2010: £3,300,000) relates to potential employee related Tax and NI liabilities. The related provisions are included under 'Tax and NI Liabilities' in Note 19.

Due to the nature of the contingent liabilities it is difficult to predict with any degree of accuracy the final amounts due and when they will crystallise.

22. Capital commitments

At 31 March 2011 the value of contracted capital commitments was £245,000 (31 March 2010 : £576,000).

23 Losses and special payments

23.1 Losses Statement

	31 March 2011		31 March 2010	
	No. Cases	£000	No. Cases	£000
Cash Losses	2	1		
Book keeping Losses	25	3		
Losses of pay, allowances and superannuation benefits	17	13	36	9
Losses of Accountable Stores	145	221	117	108
Fruitless Payments	1	161		
Claims waived or abandoned	10	28	15	72
	200	427	168	189

23.2 Special Payments

	31 March 2011		31 March 2010	
	No. Cases	£000	No. Cases	£000
Special Severance Payments			7	230
Compensation Payments	187	705	184	433
Ex Gratia Payments	35	3	31	3
	222	708	222	666

There were no individual payments that exceeded £250,000 (Period ended 31 March 2010 no cases).

24. Related parties

The Authority is a body corporate established by order of the Secretary of State for Health.

The Department of Health is regarded as a controlling related party. During the year the Authority has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department, i.e. the majority of NHS trusts. During the period these transactions were valued at £414 million of income (31 March 2010: £427 million), including capital funding and grant in aid, and £58 million of expenditure (31 March 2010: £55 million), which represented trading with 220 separate organisations.

The following named member of the Board has registered interests in related parties as stated below:

Name and Title	Registered Interest(s)
Mr G Jenkins (Non Executive Director)	South London Healthcare NHS Trust (Chairman)

NHSBT Transactions with Members Registered Interests

	Income £000's	Expenditure £000's
South London Healthcare NHS Trust	2,843	53

During the period none of the members of the key management staff or other related parties has undertaken any material transactions with NHS Blood and Transplant.

25. Events after the reporting period

In accordance with the requirements of IAS 10 events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There were no material post balance sheet events.

26. Financial Instruments

Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the way that NHSBT is financed, NHSBT is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NHSBT has no power to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing NHSBT in undertaking its activities. NHSBT is therefore exposed to little credit, liquidity or market risk.

Liquidity risk

The majority of NHSBT's operating costs arise in Blood and Specialist Services. These are mainly recovered through prices under annual service agreements with NHS Trusts and Primary Care Trusts, which are financed from resources voted annually by Parliament, and provide an ongoing and predictable level of income. Likewise Organ Donation and Transplantation is financed through grant in aid from resources voted annually by Parliament.

Capital expenditure costs are financed from resources voted annually by Parliament. Liquidity risk is low.

Credit Risk

NHSBT makes a relatively small amount of sales to customers and is not therefore exposed to significant credit risk.

Interest-rate risk

All the NHSBT's financial assets and financial liabilities, including the finance lease, carry nil or fixed rates of interest. It is not therefore exposed to interest-rate risk.

Foreign currency risk

NHSBT has a relatively small amount of foreign currency income or expenditure, converted at the spot rate at the time of the transaction. NHSBT is not therefore exposed to significant foreign currency risk.

Fair values

Fair values are not significantly different from book values and therefore no additional disclosure is required.

27. Intra-government balances

	Receivables Amounts falling due within one year £000	**Receivables Amounts falling due after more than one year £000**	**Payables Amounts falling due within one year £000**
Balances with other central government bodies	2,930	-	140
Balances with local authorities	-	-	28
Balances with NHS Trusts and organisations	16,211	-	1,950
Total Intra-Government Balances	19,141	-	2,118
Balances with bodies external to government	7,408	215	15,916
At 31 March 2011	26,549	215	18,034
Balances with other central government bodies	3,040	-	6,350
Balances with local authorities	-	-	26
Balances with NHS Trusts and organisations	23,696	-	10,182
Total Intra-Government Balances	26,736	-	16,558
Balances with bodies external to government	6,034	393	23,560
At 31 March 2010 (restated)	32,770	393	40,118

28 Adjustments to Prior Year Balances

28.1 Demerger of the Bio Products Laboratory (BPL)

On 27th July 2010 the Secretary of State for Health announced that a decision had been made to transfer BPL out of NHSBT into a limited company owned by the Department of Health.

The transfer of the net assets of BPL to BPL Ltd took place on 1st January 2011.

In accordance with the principles of merger accounting BPL has been excluded from these financial statements, and the following adjustments made to the comparative figures :

Adjustments

a) Remove BPL figures from the 31st March 2010 Financial Statements, reinstate balances between NHSBT and BPL and reworking of other consolidation adjustments

Net assets totalling £129,442,000 were removed from Taxpayers Equity as at 31st March 2010 (£169,450,000 at 31st March 2009).

Net expenditure for the year ended 31st March 2010 was reduced by £18,071,000.

Current assets and current liabilities were each increased by £11,890,000 as at 31st March 2010 (decreased by £523,000 at 31st March 2009).

As part of the demerger an intra-divisional loan balance as at 1st April 2009 of £9.0 million by the NBS division to the BPL division was removed from both divisions' sets of books.

28.2 Notional Cost of Capital Charge

In accordance with HM Treasury instructions, the accounts no longer include a notional cost of capital charge, and the following adjustment has been made to the comparative figures :

b) Remove Notional Cost of Capital Charge

Net operating expenditure after interest for 2009/10 reduced by £7,093,000. There is no impact on the opening general reserve as the add back of the notional cost of capital within the general reseve is also removed.

A reconciliation between the original and restated figures in the Statement of Comprehensive Net Expenditure and the Statement of Financial Position is set out in note 28.3

28.3 Restatement of Accounts to exclude all balances, assets and liabilities relating to BPL and the Notional Cost of Capital Charge

Reconciliation of Equity at 1st April 2009

	31st March 2009 (£000) including BPL	Demerger adjustments (a)	Notional Cost of Capital Charge (b)	1st April 2009 (£000) excluding BPL
Non Current Assets				
Intangible Assets	3,856	(217)		3,639
Property, Plant & Equipment	305,261	(118,801)		186,460
Trade and other receivables	474			474
Current assets				
Inventories	71,814	(47,471)		24,343
Trade and other receivables	35,317	(18,782)		16,535
Cash and cash equivalents	136	(8)		128
Current Liabilities				
Trade and other payables	42,294	(13,811)		28,483
Borrowings	72			72
Provisions for liabilities and charges	4,284	(2,018)		2,266
Non-current assets plus net current assets	370,208	(169,450)		200,758
Non-current liabilities				
Borrowings	3,853			3,853
Provisions for liabilities and charges	481			481
Total Assets Employed:	365,874	(169,450)		196,424
Taxpayers' Equity				
General Fund	259,337	(111,000)		148,337
Revaluation Reserve	106,437	(58,350)		48,087
Donated Asset Reserve	100	(100)		
Total Taxpayers' Equity:	365,874	(169,450)		196,424

28.3 (continued) Restatement of Accounts to exclude all balances, assets and liabilities relating to BPL and the Notional Cost of Capital Charge

Reconciliation of Equity at 1st April 2010

	31st March 2010 (£000) including BPL	Demerger adjustments (a)	Notional Cost of Capital Charge (b)	1st April 2010 (£000) excluding BPL
Non Current Assets				
Intangible Assets	4,432	(211)		4,221
Property, Plant & Equipment	261,264	(80,421)		180,843
Trade and other receivables	393			393
Current assets				
Inventories	88,593	(66,026)		22,567
Trade and other receivables	37,310	(4,540)		32,770
Cash and cash equivalents	2,835	(11)		2,824
Current Liabilities				
Trade and other payables	59,385	(19,234)		40,151
Borrowings	79			79
Provisions for liabilities and charges	6,912	(1,888)		5,024
Non-current assets plus net current assets	328,451	(130,087)		198,364
Non-current liabilities				
Borrowings	3,774			3,774
Provisions for liabilities and charges	1,432	(645)		787
Total Assets Employed:	323,245	(129,442)		193,803
Taxpayers' Equity				
General Fund	249,937	(107,692)		142,245
Revaluation Reserve	73,228	(21,670)		51,558
Donated Asset Reserve	80	(80)		
Total Taxpayers' Equity:	323,245	(129,442)		193,803

Reconciliation of Comprehensive Net Expenditure for 2009/10

	Year ended 31st March 2010 (£000) including BPL	Demerger adjustments (a)	Notional Cost of Capital Charge (b)	Year ended 31st March 2010 (£000) excluding BPL
Income from activities	434,763	(114,248)		320,515
Other operating income	57,894	(2,180)		55,714
Staff costs	(223,744)	22,852		(200,892)
Depreciation	(19,435)	8,252		(11,183)
Other administrative expenses	(339,942)	98,483		(241,459)
Finance Costs	(353)	-		(353)
Cost of Capital	(12,005)	4,912	7,093	-
Net Operating Expenditure after interest for 2009/10	(102,822)	18,071	7,093	(77,658)
Net gain on revaluation of Property, Plant and equipment	309	-	-	309
Total Comprehensive Net Expenditure for 2009/10	(102,513)	18,071	7,093	(77,349)

29 Assets, liabilities, income and expenditure excluded from NHSBT Accounts following the transfer of Bio Products Laboratories at 31 December 2010

As a consequence of the transfer of Bio Products Laboratories as at 31 December 2010 to Bio Products Laboratory Limited, a wholly owned subsidiary of Plasma Resources UK Limited, which is 100% owned by the Department of Health, the following assets. liabilities, income and expenditure are excluded from the NHSBT 2010-11 accounts.

	£000
Non current assets	83,389
Current assets	78,275
Non current liabilities	(2,401)
Current liabilities	(11,135)
Revenue	87,780
Grant in aid	4,100
Net Operating Expenditure	(6,166)

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