

CENTRAL BLOOD LABORATORIES AUTHORITY

A Meeting of the Central Blood Laboratories Authority
Finance Sub-Committee was held on Wednesday 18th April 1990
at 10.30 am in the Crest.

PRESENT:

Sir Vernon Seccombe (In the Chair)
Mr R Braithwaite

IN ATTENDANCE:

Mrs S M Chapman
Mr M P Duerden
Mr B J Savery

1. Apologies for Absence

There were no apologies for absence.

2. Minutes of the Last Meeting

The minutes of the last meeting were accepted as a correct record.

3. Matters Arising

All matters arising were covered by the agenda.

4. Computer Update

The first networked system for micros had been installed in the Finance and Administration Department and a second one was being installed for Production in Building 27. This enabled faster management information to be produced. Both the hardware and the software had been purchased. Prior to networking stand alone micros had been used. The installation of a further network for R & D would be evaluated later in the year.

Another priority for the Computer and Production Departments was a production data base, a basic form of which would be implemented during the financial year.

A fourth generation language was being used to construct the data base which enabled the production of sophisticated programmes using Cuebic.

There was a Computer Steering Committee where decisions were made as to the programme for the next two years for computerisation.

The company that had provided the software, Interactive, had recently amalgamated with another company. This however did not affect the CBLA as continuity of our contacts at Interactive continued.

5. Year End Accounts

The Accounts were circulated to the Committee and the contents noted.

The accounts presented were the internal March Accounts and these could be subject to year end adjustments and auditors comments.

Income Statement - At year end a loss of £1.4 m was made against a budgeted loss of £1.2 m but no account was taken of the build up of intermediate and finished product stocks. If these were taken into account a small surplus of £800,000 would be shown.

For the first time in BPL's history inventory was on the shelf for all products. The RTC's had been offered this during the last quarter but there had been no increased uptake.

The large savings on plasma usage had been due to increased yields plus using a higher proportion of FFP as opposed to pheresed plasma which was more expensive.

Expenditure was 99% of budget. Highlighted variances were discussed and it was noted that overall there had been savings on staff costs due to recruitment problems, caused by uncompetitive salaries.

It was noted that £420,000 had been saved on staff costs whilst the budgeted production had substantially been achieved.

The adverse variance on Alcohol and Solvents had been previously highlighted due to non performance of the ethanol recovery plant. An executive decision had been made not to progress with further modifications to the existing ethanol plant.

HIV Litigation - expenses showed a large adverse variance as this had not been budgeted for and the DoH were not providing additional monies to cover this item.

All variances would be discussed with the relevant manager and reasons noted for ensuing years.

The adverse variance of purchases of plasma for the MoD should be netted off against the favourable variance on plasma purchases from the NBTS.

Packing/Printing Materials - the overrun had been caused by the total redesigning of all BPL printed matter and packaging to incorporate the name change to coincide with the new exchange and telephone number on the 6th May.

CBLA/ 2701

Stocktaking - The adverse variance was due to the disposal of obsolete stock and revaluation of inventory at new standard costs.

Maintenance - This area had been flagged up before as a probable overrun due to the difficulty of budgeting in this area for the first full year's operation. Savings had been made on gas due to the negotiation of a new contract with the gas board. Electricity costs had been higher than anticipated but again were an unknown cost last year. A new contract had been negotiated from the 1st April.

VAT overrun - This again had been a difficult area to budget due to estimating the non-reclaimable element of VAT.

Balance Sheet - A £36.4 m inventory was held at the year end which included a finished product inventory equivalent to six months stock. It was recognised that the main thrust for the next financial year should be focused on sales and marketing. The DoH have said that for the next financial year CBLA would not be a part of the capital charging system as they were being treated as a 'fringe organisation'.

Cash Flow - There had been no problems in this area which had been operated within the set limits.

There had been a capital underrun of £600,000 made up of savings on Phase I of £350,000 which had been returned to the DoH and £250,000 which the DoH were allowing CBLA to carry forward.

Sir Vernon said that Regional Health Authorities were normally allowed to carry forward $\frac{1}{2}\%$ of combined revenue and capital.

Staff - Again the figures were similar to those of last year which were 132 starters and 125 leavers and this year there were 117 starters and 113 leavers making a net gain of 4 staff for the year. The very high cost of recruiting was primarily due to the uncompetitive salaries which we were allowed to pay.

A structural review was being undertaken following the job evaluation exercise which should enable the CBLA to highlight the underlying concern over salary levels and eventually present a new grading structure to the DoH.

Both Sir Vernon Seccombe and Mr Braithwaite thought that Crest Extra was an excellent document which had been circulated to all staff showing in basic language the results and activities of the CBLA during 1989.

6. Cross Accounting

This was discussed at the last Authority Meeting where the CBLA concerns were expressed as to the confusion at Regional and District levels.

At present CBLA were attempting to negotiate with the NBTS a national contract for RTC's which would take up 70% of sales. The main problem was that the NBTS had no authority to enforce the national contract and to date only two regions had agreed to follow this route.

The CBLA needed to take a view on what the other regions should be charged for products if they did not sign the agreement.

The remaining 30% of sales would be handled by our sales force which were controlled by an external company called Innovex.

7. Update on Recruitment and Retention

These problems had already been covered under item 5.

The sickness level had now stabilised at 4½% and was carefully monitored with problem areas being highlighted.

8. 1990/91 Budget

The approved budget for 1990/91 had been issued following confirmation of DoH funding for the year.

The document was presented to the Committee and the contents noted.

CBLA had been granted £300,000 less than the submitted budget and this had led to reductions mainly in the production budget.

CBLA was again budgeting for a small loss.

In future the Flash Report would show a breakdown of sales to show the variances on the National Contract and sales brought in by the sales force.

9. Any Other Business

There was no other necessary business.

10. Date of Next Meeting - 31st October 1990 at 10.30 am