

# Annual Accounts 2024-25

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Audit and Corporate Governance Committee

8 May 2025



GIG  
CYMRU  
NHS  
WALES

Iechyd Cyhoeddus  
Cymru  
Public Health  
Wales

# Annual Accounts 2024-25

## Outline of Presentation

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- Status of Accounts & Audit
- Performance of Key Targets
- Key items to note
- 2023-24 audit findings addressed
- Next steps and key dates
- Any questions?

# Annual Accounts 2024-25

## Status of Accounts & Audit

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### ❑ Early Audit Work

- Planning work commenced January 2025. Some early testing undertaken.
- Pre-planning meetings have taken place since January

### ❑ Current status

- Draft accounts submitted to Welsh Government and Audit Wales 2 May 2025 per timetable
- Notes and working papers shared with Audit Wales via Inflo Collaborate

### ❑ Final Audit Work

- Final audit commenced Tuesday 6 May 2025
- Due to finish around Mid-June 2025 (with Audit Committee and Board scheduled w/c 23 June 2025)
- Deadline for submission of audited and approved accounts 30 June 2024 (last year's deadline 31 July 2024)

# Annual Accounts 2024-25

## Performance of Key Targets

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### □ Statutory Financial Duties

- Reported a surplus of £195k
- See note 36 segmental breakdown
- Financial duty to breakeven over the 3 years 2022-23 to 2024-25 has been met
- The 2024-25 to 2026-27 IMTP was approved by the Minister for Health and Social Services on 9 August 2024. PHW has met its statutory duty to have an approved financial plan

### □ Administrative Duties

- The requirement to achieve the External Financing Target has been suspended for 2024-25 as requested by Welsh Government
- Public Sector Payment Policy – achieved 98.1% against a target of 95.0%

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## Key Items to Note - Revenue

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- ❑ **Income** has increased by £28.811m (12%)
- ❑ Total Patient Care and Operating Revenue (total of notes 3 and 4), shows a year-on-year increase of £28.811m. This increase is largely due to the following changes in income:
  - Pay award funding of approximately £6.487m including the 5.5% pay award for Agenda for Change, Medical and Dental and Executive Senior Pay. Notional funding for the increase in employer pension costs which increased from 6.3% to 9.4% was approximately £4.223m.
  - NHS Executive (hosted) increased its funding by £23.745m (82%) because new programmes transferred in on 1 April 2024 (Welsh Value in Health and Six Goals from Health Boards) and 1 September 2024 (Tec Cymru from a Health Board).
  - Reduction in Covid-19 funding of £9.400m.

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## Key Items to Note – Revenue (Cont.)

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- Note 3 Welsh Government includes £8.300m which would have been classified in Note 4 under Other but due to requirements of the Manual of Accounts has been reclassified this year.
- Provision of pathology/microbiology services have increased by £2.210m (10%) due to inflationary increases and more testing across all the Laboratories.
- Capital Quarter 2 5th floor was sub-let in the year and the £0.209m income relates to service provision such as lighting and cleaning. This is not rental income but is in relation to the Right of Use Asset. However, due to the limitations of the accounts pack this heading cannot be changed.

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## Key Items to Note – Operating Expenditure

- ❑ **Operating expenditure** has increased year on year by £28.618m (12%). Significant year on year changes are due to the following reasons:
  - Staff cost increase of £23.110m due to pay awards and increase in staff (about 170) following the transfers into the NHS Executive.
  - NHS Executive increased expenditure with Local Health Boards, Trusts and Special Health Authorities, in total £8.013m and NWJCC/WHSSC and EASC by £0.634m.
  - Decrease in Establishment costs of £1.850m mainly due to reduction in advertising and staff recruitment costs of £1.200m.

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## Key Items to Note – Operating Expenditure (Cont.)

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- A small increase in general supplies and services of £0.382m.
- Premises have increased by £0.634m across various sub-headings. E.g. Microsoft Licences £0.370.
- Due to better allocation across various expenditure headings other operating expenses have decreased by £1.256m.

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## Key Items to Note – Statement of Financial Position

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- Property, Plant & Equipment has decreased by £1.810m. The amount of depreciation charges for assets has exceeded our capital expenditure on assets by £1.906m and the balance across indexation and disposals.
- Right of Use Assets has reduced by £1.179m, of which £0.560m is due to reclassification of Capital Quarter 2 fifth floor sublease to Other Financial Assets. The balance is due to depreciation charges.
- Trade and other receivables has increased by £0.225m. The main movement is for Non-current receivables for Welsh Risk Pool Reimbursement (£0.942m) in relation to clinical negligence. This is mainly offset by reduction in Welsh Government receivable (£1.208m) and a decrease in Health Boards (£1.668m) with the balance across various headings.
- Cash and cash equivalents has reduced by £3.183m due to NHS Executive invoicing in arrears during 2024-25. This figure relates mainly to the Month 12 income due from Welsh Government.

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## Key Items to Note – Statement of Financial Position (Cont.)

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- Borrowings have decreased by £1.702m reflecting net repayment of lease liability.
- Overall provisions have decreased by £0.924m due predominantly to a reduction in the value of clinical negligence cases.
- Trade and other payables have decreased by £1.689m due to a reduction in Non-NHS trade payables – revenue of £3.838m and Non NHS accruals of £0.414m due to better payment performance as can be seen in note 12. This is offset by an increase in £2.766m in total for Health Boards, Trust and Special Health Authorities due to an increased activity by NHS Executive. The balance reflects movements across a range of headings.

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## Key Items to Note - Transfers

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### Transfers In

On 1 April 2024, the programmes for Six Goals and Wales Value in Health followed by TEC Cymru on 1 September 2024 were transferred into NHS Executive.

In addition, Improvement Cymru was transferred from Public Health Wales to NHS Executive on 1 April 2024.

This resulted in an increase of income and expenditure of approximately £23.745m and an increase of about 170 staff.

# Annual Accounts 2023-24

## 2023-24 Audit Findings Addressed

2023-24 audit issues raised	2024-25 corrective action
<p><b>Matter arising 1 - Note 13 – PPE</b> During our audit we identified 27 assets (GBV £889k and NBV £127k), which the Trust could not verify as existing at the year end. We recommend that the Trust should revisit the verification exercise to investigate which assets can be verified and for those that can't be verified these assets should be removed from the asset register.</p>	<p>A verification exercise has been carried out to identify and confirm previously unverified assets. We are continuing to enhance our ongoing asset verification processes. Capital training sessions for asset managers have been provided to asset managers.</p>
<p><b>Matter arising 2 – Corporate IT change control policies and procedures have not been formally agreed or documented</b> We recommend that the Trust review their arrangements and procedures with regards to change control management, and formally document an agreed approach, so that any changes which might impact on the material financial systems follow proper processes and authorisations.</p>	<p>A change control process has been drafted and implemented.</p>
<p><b>Matter arising 3 - Regular Prolease user access reviews do not take Place</b> - The Trust should undertake monthly or quarterly user reviews of Prolease. The Trust admins (for Prolease) should also review the audit log for what actions any MRI users have taken and to continue to regularly review MRI staff access.</p>	<p>A process has been agreed with the All Wales Capital TAG group whereby the user reports are shared on a quarterly basis for each NHS organisation to review their users and any discrepancies are to be followed up with an administrator.</p>
<p><b>Matter arising 4 – Network access reviews are not documented</b> The Trust should ensure a record is kept of these network user account reviews.</p>	<p>Monthly leavers listed obtained from ESR is being actioned by Service Desk team. Privileged user groups are reported on weekly, these are reviewed by the Cyber Security Team for any changes and recorded via service point. S</p>

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## Next steps and key dates

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- ❑ External Audit work commenced 6 May 2025
- ❑ Draft Performance Report Overview, Accountability Report (including the Annual Governance Statement), and Draft Remuneration Report will be submitted to Welsh Government and Audit Wales by Friday 9 May 2025
- ❑ Audit and Corporate Governance Committee 23 June 2025
- ❑ Board Meeting 26 June 2025
- ❑ Final Annual Report and Accounts to be submitted by Audit Wales to Welsh Government by 30 June 2025, as a single unified PDF document

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**Any questions?**

Please feel free to submit questions following the meeting to [ian.kent@wales.nhs.uk](mailto:ian.kent@wales.nhs.uk)