

2023/24 Financial Position

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| Executive lead: | Angela Williams, Acting Director of Operations and Finance |
| Author: | Ruth Maddern, Head of Financial Planning |

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|---------------------------------|--------------------------------|
| Approval/Scrutiny route: | Business Executive Team |
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| Purpose |
| The purpose of this report is to outline to the Executive Team and the Board the revenue and capital position as of 29 February 2024 (M11), which includes the position on COVID-19 expenditure and funding. |

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|-------------------------------------|---|---------------------------------------|-----------------------------------|---------------------------------------|
| Recommendation: | | | | |
| APPROVE <input type="checkbox"/> | CONSIDER <input checked="" type="checkbox"/> | RECOMMEND <input type="checkbox"/> | ADOPT <input type="checkbox"/> | ASSURANCE <input type="checkbox"/> |

The Board is asked to:

- **CONSIDER** the financial position of Public Health Wales as of 29 February 2024, which includes the position on COVID-19.

Link to Public Health Wales [Strategic Plan](#)

Public Health Wales has an agreed strategic plan, which has identified seven strategic priorities and well-being objectives.

This report contributes to the following:

| | |
|--|--|
| Strategic Priority/Well-being Objective | All Strategic Priorities/Well-being Objectives |
| Strategic Priority/Well-being Objective | All Strategic Priorities/Well-being Objectives |
| Strategic Priority/Well-being Objective | All Strategic Priorities/Well-being Objectives |

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|--------------------------------|
| Summary impact analysis |
|--------------------------------|

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|--|---|
| Equality and Health Impact Assessment | Not Applicable |
| Risk and Assurance | All financial risks are reflected in the paper |
| Health and Care Standards | This report supports and/or takes into account the Health and Care Standards for NHS Wales Quality Themes |
| | Governance, Leadership and Accountability |
| | Theme 7 - Staff and Resources |
| | Choose an item. |
| Financial implications | Financial information included in the paper |
| People implications | Not applicable |

1. Introduction and Context

The purpose of this report is to provide an update to the Executive Team and the Board on the revenue and capital position for Public Health Wales 29 February 2024 (M11). The detail in this report is also included in the Director of Finance commentary submitted to Welsh Government on 13 March 2024 as part of the full financial monitoring return for Month 11. The monitoring return is attached at **Appendix A**

The following table highlights the performance against the key revenue and capital financial targets.

| Target | Current Month | Year to Date | Year-end Forecast |
|--|---------------|--------------|-------------------|
| Revenue financial target Deficit/(Surplus) | (£39.2k) | (£105k) | Breakeven |
| Capital financial target | £2,446k | £1,287k | Breakeven |
| Public Sector Payment Policy | 96.37% | 96.73% | >95% |
| Agency Spend as % of Total Pay | 5.40% | 2.20% | <3.4% |

The cumulative reported position for Public Health Wales is a net surplus of £105k.

2. Overview of Financial Performance at Month 11

Table A outlines the Financial Performance by Directorate.

Table A

| Directorate | Annual Budget £000s | YTD Budget £000s | YTD Actual £000s | YTD Variance £000s |
|---|------------------------|---------------------|---------------------|-----------------------|
| Central Budgets | -230 | 156 | 166 | 10 |
| Board and Corporate | 2,641 | 2,457 | 2,459 | 2 |
| Quality Nursing & Allied Health Professionals | 3,273 | 2,985 | 2,986 | 1 |
| NHS Executive Directorate | -83 | -3,133 | -3,133 | 0 |
| Improvement Cymru | 8,560 | 7,554 | 7,554 | 0 |
| Policy, International Health and WHO CC | 5,215 | 4,506 | 4,505 | -1 |
| Health & Wellbeing | 19,910 | 17,159 | 17,158 | -1 |
| Operations and Finance | 11,096 | 10,043 | 10,037 | -6 |
| People & Organisational Development | 2,752 | 2,507 | 2,501 | -6 |
| Data, Knowledge, and Research Directorate | 5,938 | 4,947 | 4,912 | -35 |
| Health Protection and Screening Services | 90,271 | 82,129 | 82,059 | -70 |
| Directorate Total | 149,343 | 131,310 | 131,205 | -105 |

As the table above summarises, the surplus at Month 11 is a combination of small under and overspends across a number of Directorates. Spending plans continue to be monitored closely to manage the forecast year-end position to break-even. There is slippage reported on the Health Protection Screening Services Directorate spending plans and we are managing a

small number of risks and opportunities within the Central Budgets Directorate.

Costs associated with the Public Inquiry are included within the Board and Corporate Directorate. The total spend at Month 11 is £617k, an element of this is covered from within Directorate budgets with £420k having been met by internal cost pressure funding as part of the budget strategy.

2.2 NHS Financial Position

In summary, following a request from the NHS Wales Chief Executive to support the wider NHS financial position, the Trust submitted its proposition for potential savings and cost reductions on 11 August, with a subsequent update on 27 October. The combined effect of these submissions was £4.221m, and this funding was returned to Welsh Government in January. In addition to this, further non-recurring benefits of £500k were identified because of excess bank interest, a reduction in SLA charges and a technical accounting treatment adjustment. This funding has also now been returned in February to Welsh Government.

2.3 Covid-19

Welsh Government confirmed non-recurrent funding for 2023/24 of up to £16.93m to support the continuing health protection response to communicable diseases including Covid-19 in a Covid Stable Scenario. The total spend in the first 11 months against this allocation is £10.554m and the revised full year forecast based on current testing policy is £11.881m.

Covid testing episodes in February averaged 440 per day which was higher than the 400 tests forecast. The reduction in usage of expensive tests has been maintained with Biofire tests accounting for only 7.6% of February activity. We will continue to invoice Welsh Government each month based on actual spend. The movement against original allocation is detailed in **Appendix B**

The Covid sustainability plan for 2024/25 has been agreed with Welsh Government.

3. Capital

Public Health Wales capital funding for 2023/24 totals £2.668m this is made up of £1.257m of Discretionary capital and £1.411m of Strategic capital. £1.251m of Strategic capital relates to Public Health Wales and the remaining £0.160m relates to the NHS Executive, hosted by Public Health

Wales. The £0.160m NHS Executive funding is for IT infrastructure equipment.

There is a net allocation decrease of £84k from M10 relating the RISP Infrastructure Scheme, the allocation has been realigned to match actual expenditure.

Table B provides a summary of discretionary and strategic schemes.

Table B – Summary of Capital Schemes

| Fund | Service Area | 2023/24 Allocation £000s | Year to date spend 2023/24 £000s | Committed at Month 11 £000s | Remaining Spend £000s |
|--|------------------|-----------------------------|--|--------------------------------|--------------------------|
| Discretionary | Contingency | 94 | -0 | 0 | 94 |
| Discretionary | Digital Services | 591 | 271 | 290 | 30 |
| Discretionary | Estates | 72 | 27 | 44 | 1 |
| Discretionary | Microbiology | 56 | 51 | 5 | 0 |
| Discretionary | Screening | 444 | 410 | 27 | 8 |
| Total Discretionary | | 1,257 | 758 | 365 | 133 |
| Strategic - PHW | Digital Services | 769 | 32 | 734 | 0 |
| Strategic - PHW | Estates | 447 | 361 | 89 | 0 |
| Strategic - PHW | Screening | 35 | 34 | 0 | 0 |
| Total Strategic | | 1,251 | 427 | 823 | 0 |
| Total Public Health Wales Capital | | 2,508 | 1,185 | 1,188 | 133 |

| Fund | Service Area | 2023/24 Allocation £000s | Year to date spend 2023/24 £000s | Committed at Month 11 £000s | Remaining Spend £000s |
|-----------------------------|---------------|-----------------------------|--|--------------------------------|--------------------------|
| Strategic - Hosted | NHS Executive | 160 | 102 | 0 | 58 |
| Total Strategic | | 160 | 102 | 0 | 58 |
| Total Hosted Capital | | 160 | 102 | 0 | 58 |
| Grand Total | | 2,668 | 1,287 | 1,188 | 192 |

The remaining spend to be committed at month 11 on Public Health Wales Discretionary and Strategic capital is £0.133m and mainly relates to Digital services and Screening Division schemes agreed from the discretionary allocation. Updates on the remaining spending plans in these areas is outlined below in **Table C**:

Table C – Remaining spend profile

| Discretionary Capital Scheme | £ | Status Update | Delivery Estimate |
|---|----|---|-------------------|
| Collaboration space floor 3 Surface Hub | 30 | Requisition raised – on track for March delivery | Mar-24 |
| Screening Division various schemes | 8 | Staff costs relating to software development of BTW Cohort and GP Referral will be transferred to Capital in M12. | Mar-24 |
| Media Room system | 12 | Order raised – on track for March delivery | Mar-24 |
| IT Equipment | 53 | To be purchased via direct award – on track for March delivery | Mar-24 |

There is a small contingency of £29k for any additional costs associated with the remaining schemes and checks on any over £5k revenue expenditure.

NHS Executive capital spend on IT infrastructure includes laptops, new and replacement, and a replacement Polycom system. The PBSA link and replacement of wireless access solution will not be complete by the end of March and so an under spend of £30k is expected for the NHS Executive.

4. Balance Sheet

The Balance Sheet, or Statement of Financial Position, reports the assets, liabilities, and reserves of the organisation at a specific point in time. **Table D** provides a summary as of 29 February 2024.

Table D – Balance Sheet as of 29 February 2024

| | Opening Balance 1/4/2023 £000s | Movement £000s | Closing Balance 31/01/24 £000s |
|-------------------------------------|--------------------------------------|-------------------|--------------------------------------|
| Non-Current Assets | | | |
| Property, plant, and equipment | 33,762 | -1,794 | 31,968 |
| Intangible assets | 869 | -308 | 561 |
| Trade and other receivables | 3,347 | -3,347 | 0 |
| Non-Current Assets sub total | 37,978 | -5,449 | 32,529 |
| Current Assets | | | |
| Inventories | 2,164 | -254 | 1,910 |
| Trade and other receivables | 20,850 | 17,954 | 38,804 |
| Cash and cash equivalents | 15,569 | 5,711 | 21,280 |
| Current Assets sub total | 38,583 | 23,411 | 61,994 |
| TOTAL ASSETS | 76,561 | 17,962 | 94,523 |
| Current Liabilities | | | |
| Trade and other payables | -30,783 | -15,487 | -46,270 |
| Borrowings | -2,200 | -386 | -2,586 |
| Provisions | -2,399 | -3,612 | -6,011 |

| | | | |
|--|----------------|----------------|----------------|
| Current Liabilities sub total | -35,382 | -19,485 | -54,867 |
| NET ASSETS LESS CURRENT LIABILITIES | 41,179 | -1,523 | 39,656 |
| Non-Current Liabilities | | | |
| Trade and other payables | 0 | 0 | 0 |
| Borrowings | -6,274 | -1,102 | -7,376 |
| Provisions | -5,165 | 3,291 | -1,874 |
| Non-Current Liabilities sub total | -11,439 | 2,189 | -9,250 |
| TOTAL ASSETS EMPLOYED | 29,740 | 666 | 30,406 |
| FINANCED BY: Taxpayers' Equity | | | |
| PDC | 24,965 | -0 | 24,965 |
| Retained earnings | 3,915 | 360 | 4,275 |
| Revaluation reserve | 860 | 306 | 1,166 |
| TOTAL TAXPAYERS' EQUITY | 29,740 | 666 | 30,406 |

4.1 Non-current Assets

Property, plant and equipment and intangible assets have reduced in total by £2.1m since year end due to the net effect of year-to-date depreciation charges offset by capital additions.

Trade and other receivables have reduced to nil due to the timing of the settlement of clinical negligence claims all now becoming current. All settlements with reimbursement due from the Welsh Risk Pool will be finalised within 12 months of financial year end. The corresponding increase is within Current Assets.

4.2 Current Assets

Trade and other receivables have increased by £17.954m overall.

In relation to the Trust, the receivables balance includes the Trust's March core income invoice (billed in advance) totalling £11.158m, 2022-23 and 2023-24 accrued pay award funding of £5.5m, and £0.644m of additional Welsh Government income and £3.347m as referenced above the timing of the settlement of clinical negligence have now become current.

In relation to the NHS Executive there is a reduction in Welsh Government receivables of £3.2m and this reflects the increase in underspend (and funding required) year on year.

Cash and cash equivalents have increased by £5.711m since the beginning of the year. The Trust has drawn down core income and capital funding but due to timing of expenditure commitments this has not yet been spent.

4.3 Current Liabilities

Current trade and other payables have increased by £15.487m overall and this is due mainly to deferred Welsh Government income.

In relation to the Trust, the payables balance includes £11.158m of income due in March but raised in advance and £7.2m remaining of the core income billed for January but not yet required. Offsetting this is the reduction in non-NHS accruals of £2.4m, reflecting the timing of receipt of goods and services at this point in the year.

Current provisions have increased by £3.612m which is predominantly due to the change in timing of the settlement of clinical negligence claims as mentioned above, under the Non-current Assets heading. Overall, provisions have increased by £0.321m since the beginning of the financial year and this is due to the movement in clinical negligence provisions and dilapidations provisions.

The amount of borrowings categorised under both current and non-current headings has increased by £1.488m since the start of the financial year, this is due to recognising the right of use of leased assets and corresponding liability.

5. Conclusion

The Board is asked to note the following at Month 11:

- Reported surplus financial position of £105k.
- Status of the Capital Programme, strategic and discretionary, for 2023/24, and
- Balance Sheet or Statement of Financial Position.

Appendices

Appendix A:

Full financial monitoring return for Month 11. Attached

Appendix B:

| PHW - COVID-19 Summary | Original Allocation £000 | Movement £000 | Forecast @ Month 11 £000 |
|---|-------------------------------------|--------------------------|---|
| COVID-19 Laboratory Testing | 5,000 | 2,752 | 7,752 |
| Non COVID-19 Rapid Testing & Platform Maintenance | 2,700 | -1,253 | 1,447 |
| Covid Related Pathogen Genomics | 3,000 | -2,308 | 692 |
| Health Protection Team Covid-19 | 400 | -218 | 182 |
| Integrated Surveillance | 4,280 | -3,920 | 360 |
| Vaccination Programme | 1,490 | -253 | 1,237 |
| PPE | 60 | -60 | 0 |
| Tarian Development | 0 | 105 | 105 |
| Winter Communications Campaign | 0 | 106 | 106 |
| TOTAL | 16,930 | -5,049 | 11,881 |