

2023/24 Financial Position

Executive lead:	Huw George, Director of Operations and Finance
Author:	Ruth Maddern, Head of Financial Planning

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 March 2024 (M12), which includes the position on COVID-19 expenditure and funding.

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 31 March 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

Summary impact analysis	
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 as of 31 March 2024 (M12). The detail in this report is also included in the Director of Finance commentary submitted to Welsh Government on 2 May 2024 as part of the full financial monitoring return for Month 12. It should be noted that this report is based on the draft accounts for 2023/24 and is subject to audit. 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-end Actual
Revenue financial target Deficit/(Surplus)	£54.3k	(£51k)
Capital financial target	£2,757k	(£22k)
Public Sector Payment Policy	98.74%	96.91%
Agency Spend as % of Total Pay	2.10%	2.2%

The cumulative reported position for Public Health Wales is a net surplus of £51k, which represents 0.03% of total annual budget

2. Overview of Financial Performance at Month 12

Table A outlines the Financial Performance by Directorate.

Table A

Directorate	Annual Budget £000s	Year End Actual £000s	Year End Variance £000s	% Year End Variance
Health & Wellbeing	19,785	19,859	74	0.37%
People & Organisational Development	2,927	2,955	28	0.96%
Quality Nursing & Allied Health Professionals	3,321	3,345	24	0.72%
Policy, International Health and WHO CC	5,346	5,369	23	0.43%
Operations and Finance	10,886	10,909	22	0.21%
NHS Executive Directorate	0	0	0	0.00%
Improvement Cymru	8,509	8,506	-3	-0.04%
Board and Corporate	2,880	2,870	-10	-0.33%
Data, Knowledge and Research Directorate	6,281	6,244	-36	-0.58%
Health Protection and Screening Services	89,880	89,829	-51	-0.06%
Central Budgets	4,734	4,612	-123	-2.59%
Directorate Total	154,549	154,498	-51	-0.03%

As the table above summarises, the surplus at Month 12 is a combination of variances across a number of Directorates, broadly in line with the year-end anticipated position.

The Central Budgets position, where we hold investment funding, is underspent by £123k. This is predominantly due to slippage against investments relating to staff, due to recruitment delays within investment schemes.

Costs associated with the Public Inquiry are included within the Board and Corporate Directorate. The total spend at Month 12 is £800k, an element of this is covered from within Directorate budgets, with £590k having been met by internal cost pressure funding as part of the budget strategy.

2.2 NHS Financial Position

As reported in previous months, following a request from the NHS Wales Chief Executive, we have now received and paid invoices from Welsh Government for non-recurring benefits notified to the Board totalling £4.721m.

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 for the year was £12.219m.

Covid testing episodes in March averaged 418 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 9.3% of March activity. 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 £2.779m this is made up of £1.257m of Discretionary capital and £1.522m of Strategic capital. £1.351m of Strategic capital relates to Public Health Wales.

The remaining £0.171m relates to the NHS Executive, hosted by Public Health Wales. £0.131m NHS Executive funding is for IT infrastructure equipment plus £0.040m for the transfer in of IT equipment relating to the Delivery Unit.

Our discretionary allocation has increased during month 12 by £111k. £100k for the purchase of two Cepheid Gene Expert Analysers within Infection Services and £11k of additional funding for the NHS Executive 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	Variance 2023/24 £000s
Discretionary	Digital Services	616	631	15
Discretionary	Estates	139	139	0
Discretionary	Microbiology	56	56	0
Discretionary	Screening	446	445	-0
Total Discretionary		1,257	1,272	15
Strategic - PHW	Digital Services	769	766	-3
Strategic - PHW	Estates	447	418	-29
Strategic - PHW	Microbiology	100	100	-0
Strategic - PHW	Screening	35	34	-1
Total Strategic		1,351	1,317	-34
Total Public Health Wales Capital		2,608	2,589	-19

Fund	Service Area	2023/24 Allocation £000s	Year to date spend 2023/24 £000s	Variance 2023/24 £000s
Strategic - Hosted	NHS Executive	171	168	-3
Total Strategic		171	168	-3
Total Hosted Capital		171	168	-3
Grand Total		2,779	2,757	-22

The underspend within the Public Health Wales strategic schemes is mainly due to the EFAB Fire Compliance works that were unable to be completed by the end of March due to supply issues. This has been offset with an overspend within Discretionary schemes with discretionary spend brought forward from 24/25 to utilise the slippage. Any remaining spend on the EFAB Fire Compliance work will be funded from discretionary allocation in 24/25.

NHS Executive capital spend on IT infrastructure includes laptops, new and replacement, a replacement Polycom system, other IT equipment and the transfer of IT equipment from Swansea Bay University Health Board relating to the Delivery Unit. There is a small underspend within the NHS Executive scheme due to spend on other IT equipment being less than anticipated.

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 31 March 2024.

Table D – Balance Sheet as of 31 March 2024

	Opening Balance 1/4/2023 £000s	Movement £000s	Closing Balance 31/03/24 £000s
Non-Current Assets			
Property, plant and equipment	33,762	-1,598	32,164
Intangible assets	869	19	888
Trade and other receivables	3,347	-3,307	40
Non-Current Assets sub total	37,978	-4,886	33,092
Current Assets			
Inventories	2,164	-997	1,167
Trade and other receivables	20,850	2,423	23,273
Cash and cash equivalents	15,569	-1,664	13,905
Current Assets sub total	38,583	-238	38,345
TOTAL ASSETS	76,561	-5,124	71,437
Current Liabilities			
Trade and other payables	-30,783	1,199	-29,584
Borrowings	-2,200	62	-2,138
Provisions	-2,399	-1,641	-4,040
Current Liabilities sub total	-35,382	-380	-35,762
NET ASSETS LESS CURRENT LIABILITIES	41,179	-5,504	35,675
Non-Current Liabilities			
Trade and other payables	0	0	0
Borrowings	-6,274	274	-6,000
Provisions	-5,165	2,954	-2,211
Non-Current Liabilities sub total	-11,439	3,228	-8,211
TOTAL ASSETS EMPLOYED	29,740	-2,276	27,464
FINANCED BY: Taxpayers' Equity			
PDC	24,965	-2,888	22,077
Retained earnings	3,915	306	4,221
Revaluation reserve	860	306	1,166
TOTAL TAXPAYERS' EQUITY	29,740	-2,276	27,464

4.1 Non-Current and Current Assets

Property, plant and equipment has decreased by £1.598. This is the net effect of depreciation charges offset by capital additions.

Inventory has reduced by £0.997m. This is due to a reduction in the amount of stock being held relating to COVID and the write-off of expired laboratory consumables.

Trade receivables have decreased overall by £0.884m. The reduction in non-current assets has a corresponding increase in current assets, this reflects the change to the estimated settlement dates of clinical negligence cases. The reimbursed from the Welsh Risk Pool will all now be finalised within 12 months of the financial year end. The overall reduction relates to a decrease of £2.212m in income due from the Welsh Government offset by an increase of £1.336m in income due from Welsh Health Boards.

4.2 Current and Non-Current Liabilities

Trade payables has decreased overall by £1.199m. This reduction is a combination of a decrease of £2.770m due for taxation and £1.559m due for pension contributions. These are offset by an increase of £1.275m payable to Welsh Health Boards, £0,682 payable to Local Authorities and £1.299m payable to non-NHS suppliers.

There has been movement of provisions between current and non-current due to the estimated settlement date of clinical negligence cases changing. Overall, provisions have decreased by £1.313m. This is due mainly to new clinical negligence and changes to existing cases, decreasing the provision by £1.593m. The dilapidations provision has increased by £0.249m due to a new leases and lease renewals. Small movements in other provisions total a £0.031m increase.

5. Conclusion

The Board is asked to note the following at Month 12:

- The draft surplus revenue position of £51k reported for 2023/24.
- The draft slippage against the Public Health Wales Capital Programme, Strategic and Discretionary, of £22k for 2023/24, and
- Balance Sheet or Statement of Financial Position at Month 12.

Appendices

Appendix A:

Full financial monitoring return for Month 12. Attached

Appendix B:

PHW - COVID-19 Summary	Original Allocation £000	Movement £000	Actual Spend to Month 12 £000
COVID-19 Laboratory Testing	5,000	3,253	8,253
Non COVID-19 Rapid Testing & Platform Maintenance	2,700	-1,252	1,448
Covid Related Pathogen Genomics	3,000	-2,375	625
Health Protection Team Covid-19	400	-247	153
Integrated Surveillance	4,280	-3,898	382
Vaccination Programme	1,490	-351	1,139
PPE	60	-60	0
Tarian Development	0	102	102
Winter Communications Campaign	0	117	117
TOTAL	16,930	-4,711	12,219