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WALES

Iechyd Cyhoeddus  
Cymru  
Public Health  
Wales

**Name of Meeting**  
**Board**

**Date of Meeting**  
27 July 2023

**Agenda item:**  
4.4

## 2023/24 Financial Position

**Executive lead:** Huw George, Deputy Chief Executive and Executive Director of Finance and Operations

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**Approval/Scrutiny route:** Huw George, Deputy Chief Executive and Executive Director of Finance and Operations

### Purpose

The purpose of this report is to outline to the Executive Team and the Board the revenue and capital position as at 30<sup>th</sup> June 2023 (M3), which includes the position on COVID-19.

### Recommendation:

APPROVE

CONSIDER

RECOMMEND

ADOPT

ASSURANCE

The Board is asked to:

- **CONSIDER** the financial position of Public Health Wales as at 30<sup>th</sup> June 2023, which includes the position on COVID-19.

## 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 30 June 2023 (M03). The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 13 June 2023 as part of the full financial monitoring return for Month 3. The monitoring returns are included 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)	(£10.8K)	(£63k)	Breakeven
Capital financial target	£452k	£13k	Breakeven
Public Sector Payment Policy	97.27%	96.91%	>95%

The cumulative reported position for Public Health Wales is a net surplus of £63k.

## 2. Overview of Financial Performance at Month 3

### Financial Performance by Directorate

**Table A** outlines the Financial Performance by Directorate.

**Table A**

Directorate	Income Cumulative Variance £000s	Pay Cumulative Variance £000s	Non-Pay Cumulative Variance £000s	Grand Total £000s
Quality Nursing & Allied Health Professionals	-0	1	10	11
WHO Collaborating Centre	-0	9	-7	2
NHS Executive	-0	0	0	0
Data, Knowledge and Research	-0	-29	30	0
Board and Corporate	0	-0	0	0
Health Protection and Screening Services	-246	-90	337	0
Health & Wellbeing	-0	-10	10	-0
Operations and Finance	-2	-30	32	-0
People & Organisational Development	-0	0	-0	-0
Improvement Cymru	-0	-0	0	-0
Central Budgets	-70	26	-33	-76
<b>Directorate Total</b>	<b>-318</b>	<b>-124</b>	<b>379</b>	<b>-63</b>
Covid 19	0	-0	0	0
<b>COVID19 Total</b>	<b>0</b>	<b>-0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>	<b>-318</b>	<b>-124</b>	<b>379</b>	<b>-63</b>

As the table above indicates, the surplus at Month 3 is a small underspend within the Central Budgets linked to additional interest received following the increase in interest rates, partially offset by small overspends within Quality Nursing & Allied Health Professionals and WHO Collaborating Centre Directorates.

The executive and Leadership teams have agreed a new process for the Management of In Year Variances, which reflects an increasing devolvement of responsibility to Directorates, and as such, in year variances will stay with Directorates as long as robust financial plans are developed for the spend. This aligns to our previous agreement that full year financial plans are required for the Quarter one finance reviews, which are taking place in July/August. On this basis, we have left month 3 underspends with Directorates but phased them later in the year.

Costs associated with the Public Inquiry are shown within the Board and Corporate Directorate. Total spend at Month 3 is £148k, with £123k having been met by internal Cost Pressure funding.

Anticipated non-core allocations for Screening Recovery of £0.979m and Healthy Working Wales of £0.500m are built into our financial plan but we are yet to receive confirmation of funding from Welsh Government. These have been subject to regular correspondence and discussion at our JET meeting. If confirmation is not received in the forthcoming weeks then remedial action will be planned.

## **Covid-19**

**Table B** outlines the operational expenditure and funding sources of the Public Health Wales Covid-19 response. Actual costs are shown for April to June 2023 with forecast costs for the remainder of the year.

**Table B – COVID-19 financial forecast at Month 3**

PHW - COVID-19 Summary	Actual Apr-23 to Jun-23 £000	Forecast Jul-23 to Mar-24 £000	TOTAL 2023/24 £000
<b>Additional Costs</b>			
COVID-19 Laboratory Testing	2,069	6,528	8,597
Non COVID-19 Rapid Testing & Platform Maintenance	280	2,460	2,740
Covid Related Pathogen Genomics	193	828	1,021
Health Protection Team Covid-19	24	376	400
Integrated Surveillance	67	1,184	1,251
Vaccination Programme	232	1,258	1,490
<b>Total Gross Additional Cost</b>	<b>2,865</b>	<b>12,634</b>	<b>15,499</b>
<b>Assumed Welsh Government Funding</b>			
COVID-19 Laboratory Testing	-2,069	-6,528	-8,597
Non COVID-19 Rapid Testing & Platform Maintenance	-280	-2,460	-2,740
Covid Related Pathogen Genomics	-193	-828	-1,021
Health Protection Team Covid-19	-24	-376	-400
Integrated Surveillance	-67	-1,184	-1,251
Vaccination Programme	-232	-1,258	-1,490
<b>Total Funding</b>	<b>-2,865</b>	<b>-12,634</b>	<b>-15,499</b>

Welsh Government have 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. Total spend in quarter 1 against this allocation is £2.865m. Plans have been updated and the current full year forecast is £15.499m. Work is ongoing to model the expected testing costs and activity will continue to be closely monitored.

Work is continuing to model this forecast based on both activity and price variables and there is a potential that the forecast activity could fall below the current forecast. Discussions are ongoing with WG Health Protection colleagues to explore opportunities to use this funding for discovery work for the Tarian replacement and a winter pressures campaign.

### **Capital**

Public Health Wales capital funding for 2023/24 totals £1.809m, £1.233m of Discretionary capital and £0.576m of Strategic capital.

The discretionary capital plan for 2023/24 was approved by the Executive in June 2023. The strategic capital allocation of £0.576m, is £0.525m decarbonisation and fire compliance (Estates Funding Advisory Board) schemes, and £50k for residual costs associated with the Breast Test Wales

replacement programme. Details of discretionary and strategic schemes can be found in **Table C**.

**Table C – Summary of Capital Schemes**

Fund	Service Area	Details	2023/24 Allocation £000s	Year To Date spend 23/24 £000s	Committed via PO £000s
Discretionary	Estates	Clwydian House refurbishment	8	0	0
Discretionary	Estates	Redesign floor 3 and 6 CQ2	185	0	0
Discretionary	Estates	Refurbish DESW North Wales	15	0	0
Discretionary	Estates	Radon Extraction System - BTW Wrexham	11	0	11
Discretionary	Screening	DPW Medical CSW hardware upgrade - b/f from 22/23	5	0	5
Discretionary	Screening	Replace Logic E9 Ultrasound Machine	66	0	0
Discretionary	Screening	Replacement Lab Temperature Monitoring System	9	0	0
Discretionary	Screening	Replace Radiation Detector	17	0	0
Discretionary	Screening	Redecoration/Building Maintenance (BTW Cardiff)	7	0	0
Discretionary	Screening	Tablets for Screening User Experience	17	0	0
Discretionary	Microbiology	New Cold Room	43	0	0
Discretionary	Microbiology	Air conditioning units	10	0	8
Discretionary	Microbiology	Upright Microscope with digital camera	13	0	0
Discretionary	Microbiology	Eddy Jet 2 spiral platter	16	0	0
Discretionary	Digital Services	Clinical printers - b/f from 22/23	1	1	0
Discretionary	Digital Services	IT equipment for new posts	35	0	0
Discretionary	Digital Services	Desktop PC Replacement Programme	156	0	0
Discretionary	Digital Services	Tarian improvement	60	0	0
Discretionary	Digital Services	Replacement of Clinical system printers & scanners	6	0	0
Discretionary	Digital Services	Laptop PC Replacement Programme	151	0	0
Discretionary	Digital Services	UPS replacement	35	0	0
Discretionary	Digital Services	Server room Air Con replacements	35	0	0
Discretionary	Contingency	Contingency	331	-0	0
<b>Discretionary Total</b>			<b>1,233</b>	<b>1</b>	<b>24</b>
Strategic - PHW	Estates	Fire Compliance Works (EFAB) - work to fire doors	186	0	0
Strategic - PHW	Estates	Decarbonisation Scheme (EFAB) - replacement of AAA vehicles	340	0	0
Strategic - PHW	Screening	Screening Equipment Replacement (BTW Imaging Equipment)	50	12	0
<b>Strategic - PHW Total</b>			<b>576</b>	<b>12</b>	<b>0</b>
<b>Total Public Health Wales Capital</b>			<b>1,809</b>	<b>13</b>	<b>24</b>

Total capital spend at month 3 is £13k, which equates to approx. 0.7% of the overall capital allocation. Total capital committed via Purchase orders at month 3 is £24k, which combined with actual spend equates to approx. 2% of overall capital allocation. There remains a clear finance focus to ensure a breakeven position is maintained throughout 2023/24.

A capital discretionary allocation of £210k relating to our Hosted Organisation, namely The NHS Executive has been agreed and in final stages of approval with Welsh Government. This will be separately identified, reported on and managed by NHSE.

Public Health Wales have submitted a bid of £625k against the Cyber Resilience funding for 2023/24 for firewall replacements and network refresh. We are awaiting the outcome of the bid and will need to work through the implications should total funding required not be received.

Two further business cases are in the process of being finalised and submitted to Welsh Government for additional strategic capital funding: All Wales Sexual Health Case Management and Surveillance Reporting System £840k and DESW camera replacement programme £2.092m..

## **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 at 30<sup>th</sup> June 2023.

**Table D – Balance Sheet as at 30<sup>th</sup> June 2023**

	Opening Balance 1/4/2023 £000s	Movement £000s	Closing Balance 30/06/23 £000s
<b>Non-Current Assets</b>			
Property, plant and equipment	33,762	13	33,775
Intangible assets	869	(0)	869
Trade and other receivables	3,347	(3,347)	0
<b>Non-Current Assets sub total</b>	<b>37,978</b>	<b>(3,334)</b>	<b>34,644</b>
<b>Current Assets</b>			
Inventories	2,164	50	2,214
Trade and other receivables	20,850	20,339	41,189
Cash and cash equivalents	15,569	107	15,676
<b>Current Assets sub total</b>	<b>38,583</b>	<b>20,495</b>	<b>59,078</b>
<b>TOTAL ASSETS</b>	<b>76,561</b>	<b>17,161</b>	<b>93,722</b>
<b>Current Liabilities</b>			
Trade and other payables	(30,783)	(16,727)	(47,510)
Borrowings	(2,200)	0	(2,200)
Provisions	(2,399)	(3,609)	(6,008)
<b>Current Liabilities sub total</b>	<b>(35,382)</b>	<b>(20,336)</b>	<b>(55,718)</b>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>	<b>41,179</b>	<b>(3,175)</b>	<b>38,004</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	0	0	0
Borrowings	(6,274)	0	(6,274)
Provisions	(5,165)	3,237	(1,928)
<b>Non-Current Liabilities sub total</b>	<b>(11,439)</b>	<b>3,237</b>	<b>(8,202)</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>29,740</b>	<b>63</b>	<b>29,803</b>
<b>FINANCED BY: Taxpayers' Equity</b>			
PDC	24,965	(0)	24,965
Retained earnings	3,915	63	3,978
Revaluation reserve	860	0	860
<b>TOTAL TAXPAYERS' EQUITY</b>	<b>29,740</b>	<b>63</b>	<b>29,803</b>

## **Non-current Assets**

Trade and other receivables has reduced down 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.

## **Current Assets**

Trade and other receivables has increased by £20.339m. This balance includes the Trust's July core income invoice (billed in advance) totalling £11.158m.

Trade other receivables in relation to the NHS Executive include quarter 1 income accruals of £9.135m for core income and a number of programmes including; Clinical Network Funding, Single Cancer Pathway, Voluntary Hospice Funding and the National Endoscopy Programme.

## **Current Liabilities**

Current trade and other payables has increased by £16.727m due mainly to deferred Welsh Government income. This includes £11.158m of income due in July but raised in advance and £4.893m remaining of the core income billed for June but not yet required.

Current provisions have increased by £3.609m which is predominantly due to the change in timing of the settlement of clinical negligence claims as mentioned above under Non-current Assets. Overall, provisions have increased by £0.371m since the beginning of the financial year and this is due to two new clinical negligence provisions.

## **Conclusion**

The Board is asked to:

- **CONSIDER** the financial position of Public Health Wales as at 30<sup>th</sup> June 2023, which includes the position on COVID-19.
- **NOTE:**
  - Month 3 reported surplus financial position of £63k;
  - Status of the Capital Programme, strategic and discretionary, for 2023/24, and
  - Balance Sheet or Statement of Financial Position at Month 3