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Iechyd Cyhoeddus
Cymru
Public Health
Wales

Name of Meeting
Board
Date of Meeting

Agenda item:

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: **TBC**

Purpose

The purpose of this report is to outline to the Executive Team and the Board the revenue and capital position as at 31st July 2023 (M4), which includes the position on COVID-19 expenditure and funding.

Recommendation:

APPROVE

CONSIDER

RECOMMEND

ADOPT

ASSURANCE

The Board is asked to:

- **CONSIDER** the financial position of Public Health Wales as at 31st July 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 31 July 2023 (M04). The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 11 August 2023 as part of the full financial monitoring return for Month 4. 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)	(£95k)	(£157k)	Breakeven
Capital financial target	£603k	£32k	Breakeven
Public Sector Payment Policy	96.87%	96.90%	>95%

The cumulative reported position for Public Health Wales is a net surplus of £157k.

2. Overview of Financial Performance at Month 4

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
People & Organisational Development	-0	1	16	17
Quality Nursing & Allied Health Professionals	-0	1	3	4
WHO Collaborating Centre	-0	7	-4	2
NHS Executive	0	-0	-0	0
Health & Wellbeing	-0	-13	13	-0
Board and Corporate	0	-0	-0	-0
Improvement Cymru	-0	0	0	-0
Health Protection and Screening Services	-308	-77	385	-0
Data, Knowledge and Research	-0	-0	-0	-1
Operations and Finance	-2	-67	36	-33
Central Budgets	-135	42	-53	-146
Directorate Total	-445	-106	394	-157
Covid 19	0	-0	0	0
COVID19 Total	0	-0	0	0
Grand Total	-445	-106	394	-157

As the table above indicates, the surplus at Month 4 is predominantly due to the underspend within Central Budgets. This is due to additional interest received following the increase in interest rates.

Costs associated with the Public Inquiry are shown within the Board and Corporate Directorate. Total spend at Month 4 is £219k, with £182k having been met by internal Cost Pressure funding as part of the budget strategy.

Following the recent communication received from the NHS Wales Chief Executive regarding the financial pressures across NHS Wales, the Trust submitted its proposition for additional potential savings on 11 August 2023. The reported M4 position does not take into account these additional potential savings being delivered and we have not amended our forecast.

Anticipated non-core allocation for Screening Recovery of £0.979m is built into our financial plan but we are yet to receive confirmation of funding from Welsh Government. This has been subject to regular correspondence and was discussed 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 July 2023 with forecast costs for the remainder of the year.

Table B – COVID-19 financial forecast at Month 4

PHW - COVID-19 Summary	Actual Apr-23 to Jul-23 £000	Forecast Aug-23 to Mar-24 £000	TOTAL 2023/24 £000
Additional Costs			
COVID-19 Laboratory Testing	2,645	6,001	8,646
Non COVID-19 Rapid Testing & Platform Maintenance	359	2,370	2,729
Covid Related Pathogen Genomics	237	756	993
Health Protection Team Covid-19	53	362	415
Integrated Surveillance	80	1,146	1,226
Vaccination Programme	396	1,094	1,490
Total Gross Additional Cost	3,770	11,729	15,499
Assumed Welsh Government Funding			
COVID-19 Laboratory Testing	-2,645	-6,001	-8,646
Non COVID-19 Rapid Testing & Platform Maintenance	-359	-2,370	-2,729
Covid Related Pathogen Genomics	-237	-756	-993
Health Protection Team Covid-19	-53	-362	-415
Integrated Surveillance	-80	-1,146	-1,226
Vaccination Programme	-396	-1,094	-1,490
Total Funding	-3,770	-11,729	-15,499

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 the first 4 months against this allocation is £3.770m. Plans have been updated and the current full year forecast is £15.499m.

Work is continuing to model this forecast based on both activity and price variables and there is a potential that total spend could fall below the current forecast.

Welsh Government have now agreed that the this funding can be used 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	Year To	Committed via PO £000s
			Allocation £000s	Date spend 23/24 £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	12	11	1
Discretionary	Screening	DPW Medical CSW hardware upgrade - b/f from 22/23	5	5	0
Discretionary	Screening	Replace Logic E9 Ultrasound Machine	66	0	65
Discretionary	Screening	Replacement Lab Temperature Monitoring System	5	0	5
Discretionary	Screening	Replace Radiation Detector	17	0	17
Discretionary	Screening	Redecoration/Building Maintenance (BTW Cardiff)	7	0	0
Discretionary	Screening	Tablets for Screening User Experience	17	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	17
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	378	-0	0
Discretionary Total			1,233	17	112
Strategic - PHW	Estates	Fire Compliance Works (EFAB) - work to fire doors	186	0	0
Strategic - PHW	Estates	Decarbonisation Scheme (EFAB) - replacement of AAA vehicles to EVs	340	0	283
Strategic - PHW	Screening	Screening Equipment Replacement (BTW Imaging Equip)	50	16	0
Strategic - PHW Total			576	16	283
Total Public Health Wales Capital			1,809	32	396

Total capital spend at month 4 is £32k, which equates to approximately 2% of the overall capital allocation. Total capital committed via Purchase orders at month 4 is £396k, which combined with actual spend equates to approximately 24% 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 £1.195m.

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 31st July 2023.

Table D – Balance Sheet as at 31st July 2023

	Opening Balance 1/4/2023 £000s	Movement £000s	Closing Balance 31/07/23 £000s
Non-Current Assets			
Property, plant and equipment	33,762	33	33,795
Intangible assets	869	(0)	869
Trade and other receivables	3,347	(3,347)	0
Non-Current Assets sub total	37,978	(3,315)	34,663
Current Assets			
Inventories	2,164	(292)	1,872
Trade and other receivables	20,850	24,095	44,945
Cash and cash equivalents	15,569	(1,513)	14,056
Current Assets sub total	38,583	22,290	60,873
TOTAL ASSETS	76,561	18,976	95,537
Current Liabilities			
Trade and other payables	(30,783)	(18,388)	(49,171)
Borrowings	(2,200)	0	(2,200)
Provisions	(2,399)	(3,667)	(6,066)
Current Liabilities sub total	(35,382)	(22,056)	(57,438)
NET ASSETS LESS CURRENT LIABILITIES	41,179	(3,080)	38,099
Non-Current Liabilities			
Trade and other payables	0	0	0
Borrowings	(6,274)	0	(6,274)
Provisions	(5,165)	3,237	(1,928)
Non-Current Liabilities sub total	(11,439)	3,237	(8,202)
TOTAL ASSETS EMPLOYED	29,740	157	29,897
FINANCED BY: Taxpayers' Equity			
PDC	24,965	(0)	24,965
Retained earnings	3,915	157	4,072
Revaluation reserve	860	0	860
TOTAL TAXPAYERS' EQUITY	29,740	157	29,897

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 £24.095m. This balance includes the Trust's August core income invoice (billed in advance) totalling £11.158m and 2022-23 recovery payment funding of £2.221m.

Trade other receivables in relation to the NHS Executive include month 1-4 income accruals of £11.448m for core income and a number of programmes including; Clinical Network Funding, Single Cancer Pathway, All Wales Mental Health Network and the National Endoscopy Programme. This is a significant balance and we have urged the NHS Executive to resolve quickly

Current Liabilities

Current trade and other payables has increased by £18.338m due mainly to deferred Welsh Government income. This includes £11.158m of income due in August but raised in advance and £5.711m remaining of the core income billed for July but not yet required. In addition, £1.782m of depreciation funding billed in advance is being deferred.

Current provisions have increased by £3.667m 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 £0.430m since the beginning of the financial year and this is due to two new clinical negligence provisions and one personal injury provision.

Conclusion

The Board is asked to note the following:

- Month 4 reported surplus financial position of £157k;
- Status of the Capital Programme, strategic and discretionary, for 2023/24, and
- Balance Sheet or Statement of Financial Position at Month 4