

2023/24 Financial Position

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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 31 st October 2023 (M7), 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: <ul style="list-style-type: none"> CONSIDER the financial position of Public Health Wales as of 31st October 2023, 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 31 October 2023 (M07). The detail in this report is also included in the Director of Finance commentary submitted to Welsh Government on 13 November 2023 as part of the full financial monitoring return for Month 7. 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)	4k	(120k)	Breakeven
Capital financial target	£1,140k	£328k	Breakeven
Public Sector Payment Policy	96.55%	96.72%	>95%
Agency Spend as % of Total Pay	0.9%	2.20%	<3.4%

The cumulative reported position for Public Health Wales is a net surplus of £120k.

1.1 Integrated Medium Term Plan (IMTP) Financial Accountability Conditions

An update on our IMTP accountability conditions (outlined in Welsh Government IMTP letter dated 2 October) is included below:

- a) **Robust savings plan;** all saving schemes are rated green and we delivering our required targets as set out in our IMTP (detail within the monthly monitoring returns to Welsh Government).
- b) **Effective management of volume and inflationary growth pressures;** continued break-even forecast throughout the year and the additional non-recurrent savings contribution to the overall NHS position. Details provided below in section 2.1 NHS Financial Position.
- c) **Mitigation of residual costs legacy of COVID;** details are provided below in section 2.2 COVID-19.
- d) **Allocative value and the population health resource agenda.** Our Value Based Health and Care Policy Assurance Assessment submission in October provided details of our value approach. A detailed update on our mid-year progress is included in the joint executive mid-year review papers (agenda items one and two).

2. Overview of Financial Performance at Month 7

Financial Performance by Directorate

Table A outlines the Financial Performance by Directorate.

Table A

Directorate	Annual Budget £000s	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	% YTD Variance
			10,97		
Health & Wellbeing	20,237	10,937	5	39	0.35%
Central Budgets	5,623	3,008	3,025	17	0.56%
WHO Collaborating Centre	4,985	2,663	2,665	2	0.07%
NHS Executive	-46	-2,421	-2,421	0	0.00%
Improvement Cymru	8,555	4,509	4,509	-0	0.00%
Data, Knowledge, and Research	5,669	2,941	2,940	-1	-0.03%
People & Organisational Development	2,647	1,532	1,528	-4	-0.29%
Operations and Finance	11,274	6,450	6,438	-12	-0.19%
Quality Nursing & Allied Health Professionals	3,236	1,920	1,896	-24	-1.25%
Board and Corporate	2,595	1,643	1,608	-35	-2.11%
Health Protection and Screening Services			51,44		
	89,788	51,541	0	-101	-0.20%
Directorate Total	154,563	84,722	84,602	-120	

As the table above indicates, the surplus at Month 7 is a combination of small under and overspends across a number of Directorates.

Costs associated with the Public Inquiry are included within the Board and Corporate Directorate. The total spend at Month 7 is £443k, an element of this is covered from within Directorate budgets with £324k having been met by internal cost pressure funding as part of the budget strategy.

2.1 NHS Financial Position

Following a request from the NHS Wales Chief Executive, the Trust submitted its proposition for potential savings on 11th August, with a subsequent update on 27th October. The combined effect of these submissions was £4.221m. The return of this non-recurrent funding was agreed with Welsh Government on 9 November. The breakdown of the £4.221m is provided in **Appendix B**.

We will continue to review our financial forecast. Spending plans have been received and reviewed. These will now be monitored on a monthly basis to ensure that Public Health Wales delivers a breakeven position in accordance with its financial strategy and the assumptions within the IMTP.

Our Board approved IMTP and Budget Strategy for 2023/24, includes non-confirmed Welsh Government funding for our ongoing screening programme recovery. This is

£979k for 2023/24 and £934k for 2024/25. Funding for 2023/24 was agreed on 9th November.

In addition, our recurrent allocations in relation to 2022/23 and 2023/24 pay awards are still outstanding. We are in correspondence with Welsh Government in respect of these allocations.

2.2 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 7 months against this allocation is £6.839m and the revised full year forecast based on current testing policy is £12.739m, which incorporates our plans for winter preparedness.

The forecast includes reductions in forecast Covid-19 testing, non-Covid rapid testing, genomics sequencing for Covid-19 and surveillance activity based on current policy and disease assumptions. In addition, funding for fixed term posts, where we have been unable to backfill, is only required for band uplift costs. We will continue to invoice Welsh Government each month based on actual spend. The movement against allocation is detailed in **Appendix C**

Work has also been undertaken to develop an ongoing sustainability plan and a first draft was shared with Welsh Government colleagues on 13 November. If Government policy requires ongoing COVID testing, then a funding mechanism will need to be agreed with Government colleagues. A follow-up meeting is scheduled with Welsh Government in early 2024.

3. Capital

Public Health Wales capital funding for 2023/24 totals £1.954m; £1.233m of Discretionary capital and £0.721m of Strategic capital. £0.561m of Strategic capital relates to Public Health Wales and the remaining £0.160m relates to our Hosted Organisation, the NHS Executive.

The strategic capital allocation of £0.561m, is £0.526m decarbonisation and fire compliance (Estates Funding Advisory Board) schemes, and £35k for residual costs associated with the Breast Test Wales replacement programme.

A reduction in funding to the Breast Test Wales replacement programme of £0.015m and the NHS Executive of £0.060m from the previous month is to match spending plans for 2023/24. **Table B** provides a summary of discretionary and strategic schemes, with a more detailed breakdown in **Appendix D**.

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

Table B – Summary of Capital Schemes

Fund	Service Area	2023/24 Allocation £000s	Year to date spend 2023/24 £000s
Discretionary	Contingency	132	0
Discretionary	Digital Services	879	1
Discretionary	Estates	69	12
Discretionary	Microbiology	37	21
Discretionary	Screening	116	87
Total Discretionary		1,233	121
Strategic - PHW	Estates	526	189
Strategic - PHW	Screening	35	19
Total Strategic		561	207
Total Public Health Wales Capital		1,794	328

Fund	Service Area	2023/24 Allocation £000s	Year to date spend 2023/24 £000s
Strategic	Hosted NHS Executive	160	0
Total Hosted Capital		160	0
Grand Total		1,954	328

Total capital expenditure at month 7 on Public Health Wales Discretionary and Strategic capital is £328k. Total capital committed via Purchase orders at month 7 is £302k, which combined with actual spend equates to approximately 35% of overall capital allocation.

Most of the remaining spend relates to Digital services allocation. The profile of planned spend is outlined in **Table C**

Table C – Digital Services spend profile

Digital Services Capital Scheme	£	Status Update	Delivery Estimate
IT equipment for new posts	61	Procurement process completed, requisitions being raised, 4-week delivery lead time	Dec-23
Desktop PC Replacement Programme	119	Procurement process completed, requisitions being raised, 4-week delivery lead time	Dec-23
Tarian improvement	60	Procurement to be actioned via Mini Comp	Jan-24
Replacement of Clinical system printers & scanners	6	Procurement to be actioned via Mini Comp	Feb-24
Laptop PC Replacement Programme	161	Procurement process completed, requisitions being raised, 4-week delivery lead time	Dec-23
UPS replacement	35	Procurement to be actioned via Mini Comp	Mar-24

Server room Air Con replacements	35	Individual projects	Mar-24
Firewalls	400	Procurement to be actioned via Mini Comp	Jan-24

There remains a clear focus to ensure a breakeven position is maintained throughout 2023/24.

Two further business cases have been 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. On 11 October we received a number of questions from Welsh Government in relation to the DESW camera replacement business case, our response was submitted on 30 October, and we are awaiting the outcome from Welsh Government.

The NHS Executive are in the process of finalising their £0.160m capital spending plan. Spend on IT infrastructure will include laptops, new and replacement, a PSBA link and upgrade to the communications system.

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 October 2023.

Table D – Balance Sheet as of 31 October 2023

	Opening Balance 1/4/2023 £000s	Movement £000s	Closing Balance 31/10/23 £000s
Non-Current Assets			
Property, plant, and equipment	33,762	-147	33,615
Intangible assets	869	0	869
Trade and other receivables	3,347	-3,347	0
Non-Current Assets sub total	37,978	-3,494	34,484
Current Assets			
Inventories	2,164	164	2,328
Trade and other receivables	20,850	28,575	49,425
Cash and cash equivalents	15,569	-305	15,264
Current Assets sub total	38,583	28,434	67,017
TOTAL ASSETS	76,561	24,940	101,501
Current Liabilities			
Trade and other payables	-30,783	-25,118	-55,901
Borrowings	-2,200	0	-2,200

Provisions	-2,399	-3,274	-5,673
Current Liabilities sub total	-35,382	-28,393	-63,775
NET ASSETS LESS CURRENT LIABILITIES	41,179	-3,452	37,727
Non-Current Liabilities			
Borrowings	-6,274	335	-5,939
Provisions	-5,165	3,237	-1,928
Non-Current Liabilities sub total	-11,439	3,572	-7,867
TOTAL ASSETS EMPLOYED	29,740	120	29,860
FINANCED BY: Taxpayers' Equity			
PDC	24,965	0	24,965
Retained earnings	3,915	120	4,035
Revaluation reserve	860	0	860
TOTAL TAXPAYERS' EQUITY	29,740	120	29,860

4.1 Non-current Assets

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 £28.575m overall.

In relation to the Trust (excluding hosted), the receivables balance includes the Trust's November core income invoice (billed in advance) totalling £11.158m, 2022-23 and 2023-24 accrued pay award funding of £3.424m, additional WG income of £2.945m and Covid funding of £1.225m.

Trade and other receivables in relation to the NHS Executive include an additional £7m of accrued income for a number of programmes including National Clinical Network Funding, Nosocomial funding, Mental Health Patient Safety, Single Cancer Pathway and Save a Life Cymru. Core income billed but not yet paid totals £2.7m Any further information required should be addressed directly to the NHS Executive.

4.3 Current Liabilities

Current trade and other payables have increased by £25.118m overall and this is due mainly to deferred Welsh Government income.

In relation to the Trust (excluding hosted), the payables balance includes £11.158m of income due in November but raised in advance and £7.106m remaining of the core income billed for October but not yet required. In addition, there are accrued costs for Health and Well Being Programmes totalling £2.8m.

Payables in relation to the NHS Executive include non-NHS accrued expenditure of £3.936m for invoices not yet billed.

Current provisions have increased by £3.237m 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 decreased by £0.037m since the beginning of the financial year and this is due to the movement in clinical negligence provisions.

5. Conclusion

The Board is asked to note the following at Month 7:

- Reported surplus financial position of £120k.
- In reply to Welsh Government request to the financial pressures across NHS Wales £4.221m is held centrally pending a response.
- 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 7. Attached

Appendix B:

Public Health Wales - 23/24 additional savings to support the NHS financial position.

	Welsh Government Submission £m
Slippage on 23/24 Investment Fund	199
Assessment of Inflationary uplift at Q1	488
Non-pay cost pressure funding set aside not needed for 23/24	221
Bank Interest in excess of budget	577
Assessment of potential VAT recovery Q1	196
Ring-fenced - Improvement Cymru Slippage	249
Health Protection and Screening Services managed slippage	1,098
Directorate savings on plans	606
Rent and Rates rebate	327
Pay - recovery payment surplus funding	260
Total	4,222

Appendix C:

PHW - COVID-19 Summary	Original Allocation £000	Movement Following Review £000	Forecast @ Month 7 £000
COVID-19 Laboratory Testing	5,000	3,293	8,293
Non COVID-19 Rapid Testing & Platform Maintenance	2,700	-1,441	1,259
Covid Related Pathogen Genomics	3,000	-2,200	800
Health Protection Team Covid-19	400	-208	192
Integrated Surveillance	4,280	-3,754	526
Vaccination Programme	1,490	-105	1,385
PPE	60	-60	0
Tarian Development	0	180	180
Winter Communications Campaign	0	104	104
TOTAL	16,930	-4,191	12,739

Appendix D: Table of Capital Schemes

Fund	Service Area	Details	2023/24 Allocation £000s	Year To Date spend £000s	Committed via PO £000s
Discretionary	Estates	Clwydian House refurbishment	8	0	0
Discretionary	Estates	Redesign floor 3 and 6 CQ2	35	0	0
Discretionary	Estates	Refurbish DESW North Wales	15	0	0
Discretionary	Estates	Radon Extraction System - BTW Wrexham	12	12	0
Discretionary	Screening	DPW Medical CSW hardware upgrade - b/f from 22/23	5	5	0
Discretionary	Screening	Replace Logic E9 Ultrasound Machine	65	65	0
Discretionary	Screening	Replacement Lab Temperature Monitoring System	5	0	5
Discretionary	Screening	Replace Radiation Detector	17	14	0
Discretionary	Screening	Redecoration/Building Maintenance (BTW Cardiff)	7	4	3
Discretionary	Screening	Tablets for Screening User Experience	17	0	0
Discretionary	Microbiology	Air conditioning units	8	4	4
Discretionary	Microbiology	Upright Microscope with digital camera	13	0	0
Discretionary	Microbiology	Eddy Jet 2 spiral platter	16	16	0
Discretionary	Digital Services	Clinical printers - b/f from 22/23	1	1	0
Discretionary	Digital Services	IT equipment for new posts	61	0	0
Discretionary	Digital Services	Desktop PC Replacement Programme	119	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	161	0	0
Discretionary	Digital Services	UPS replacement	35	0	0
Discretionary	Digital Services	Server room Air Con replacements	35	0	0
Discretionary	Digital Services	Firewalls	400	0	0
Discretionary	Contingency	Contingency	132	-0	0
Total Discretionary PHW			1,233	121	12
Strategic - PHW	Estates	Fire Compliance Works (EFAB) - work to fire doors	186	11	169
Strategic - PHW	Estates	Decarbonisation Scheme (EFAB) - replacement of AAA vehicles to EVs	340	178	105
Strategic - PHW	Screening	Screening Equipment Replacement (BTW Imaging Equip)	35	19	16
Total Strategic - PHW			561	207	290
Total Public Health Wales Capital			1,794	328	302
Fund	Service Area	Details	2023/24 Allocation £000s	Year To Date spend £000s	Committed via PO £000s
Strategic - Hosted	NHS Executive	ICT Equipment	160	0	0
Total Strategic - Hosted			160	0	0
Grand Total			1,954	328	302

