

## 2023/24 Financial Position

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<b>Approval/Scrutiny route:</b>	<b>Business Executive Team</b>
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<b>Purpose</b>
The purpose of this report is to outline to the Executive Team and the Board the revenue and capital position as of 30 November 2023 (M8), which includes the position on COVID-19 expenditure and funding.

<b>Recommendation:</b>				
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"> <li>• <b>CONSIDER</b> the financial position of Public Health Wales as of 30 November 2023, which includes the position on COVID-19.</li> </ul>
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<b>Link to Public Health Wales <a href="#">Strategic Plan</a></b>	
Public Health Wales has an agreed strategic plan, which has identified seven strategic priorities and well-being objectives.	
This report contributes to the following:	
<b>Strategic Priority/Well-being Objective</b>	All Strategic Priorities/Well-being Objectives
<b>Strategic Priority/Well-being Objective</b>	All Strategic Priorities/Well-being Objectives

<b>Strategic Priority/Well-being Objective</b>	All Strategic Priorities/Well-being Objectives
<b>Summary impact analysis</b>	
<b>Equality and Health Impact Assessment</b>	Not Applicable
<b>Risk and Assurance</b>	All financial risks are reflected in the paper
<b>Health and Care Standards</b>	This report supports and/or takes into account the <a href="#">Health and Care Standards for NHS Wales</a> Quality Themes
	Governance, Leadership and Accountability
	Theme 7 - Staff and Resources
	Choose an item.
<b>Financial implications</b>	Financial information included in the paper
<b>People implications</b>	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 30 November 2023 (M08). The detail in this report is also included in the Director of Finance commentary submitted to Welsh Government on 13 December 2023 as part of the full financial monitoring return for Month 8. 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)	108k	(12k)	Breakeven
Capital financial target	£1,659k	£377k	Breakeven
Public Sector Payment Policy	96.56%	96.70%	>95%
Agency Spend as % of Total Pay	1.5%	2.1%	<3.4%

The cumulative reported position for Public Health Wales is a net surplus of £12k.

## 2. Overview of Financial Performance at Month 8

### 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
Health & Wellbeing	20,245	12,522	12,538	16	0.13%
People & Organisational Development	2,661	1,761	1,770	8	0.47%
Policy, International Health and WHO CC	4,986	3,079	3,086	7	0.24%
Operations and Finance	11,252	7,450	7,451	1	0.02%
Improvement Cymru	8,556	5,110	5,110	0	0.00%
NHS Executive	-46	-2,622	-2,622	0	0.00%
Health Protection and Screening Services	89,712	58,920	58,916	-4	-0.01%
Central Budgets	5,723	3,749	3,744	-5	-0.14%
Quality Nursing & Allied Health Professionals	3,162	2,172	2,161	-11	-0.49%
Board and Corporate	2,547	1,802	1,791	-11	-0.62%
Data, Knowledge and Research	5,855	3,539	3,524	-14	-0.41%
<b>Directorate Total</b>	<b>154,653</b>	<b>97,481</b>	<b>97,468</b>	<b>-12</b>	<b>0.00%</b>

As the table above indicates, the surplus at Month 8 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 8 is £466k, an element of this is covered from within Directorate budgets with £326k having been met by internal cost pressure funding as part of the budget strategy.

## **2.1 NHS Financial Position**

As reported last month, following a request from the NHS Wales Chief Executive, the Trust submitted its proposition for potential savings on 11<sup>th</sup> August, with a subsequent update on 27<sup>th</sup> October. The combined effect of these submissions was £4.221m. We have now received

We will continue to review our financial forecast. Spending plans will 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.

As part of our Board approved IMTP and Budget Strategy for 2023/24, we were anticipating funding for our ongoing screening programme recovery. The funding of £979k for 2023/24 has now been confirmed by Welsh Government and we are in the process of raising an invoice for this. In respect of the on-going recovery of the programmes into 2024/25 we were originally anticipating funding of £935k, however current projections are that the programmes will be recovered earlier than anticipated. Therefore, funding requirements will be reviewed as part of the IMTP and budget strategy for 2024/25.

In addition, the NHS wide 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 and further information has been provided in order to conclude the review process in January 2024.

## **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 8 months against this allocation is £7.618m and the revised full year forecast based on current testing policy is £12.476m, which incorporates our plans for winter preparedness.

Actual expenditure in Month 8 was lower than forecast due to activity of 339 Covid tests per day on average compared to the 400 forecast. In addition changes to platform mix have achieved a reduction in the usage of expensive Biofire tests to 8% which was lower than the forecast 20%. We will continue to invoice Welsh Government each month based on actual spend. The movement against original allocation is detailed in **Appendix B**

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 £2.488m this is made up of £1.233m of Discretionary capital and £1.255m of Strategic capital. £1.095m 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.

In addition, during Month 8, we have received approval of strategic funding for the Cyber Firewall replacement scheme. This will be reflected as an increase in our strategic allocation in Month 9 and will release £0.400m back to our Discretionary fund.

**Table B** provides a summary of discretionary and strategic schemes, with a more detailed breakdown in **Appendix C**.

**Table B – Summary of Capital Schemes**

Fund	Service Area	2023/24 Allocation £000s	Year to date spend 2023/24 £000s	Committed at Month 8	Remaining Spend
Discretionary	Contingency	93	0	0	93
Discretionary	Digital Services	882	4	0	878
Discretionary	Estates	84	12	48	24
Discretionary	Microbiology	47	34	1	12
Discretionary	Screening	127	106	0	21
<b>Total Discretionary</b>		<b>1,233</b>	<b>156</b>	<b>49</b>	<b>1,028</b>
Strategic - PHW	Decarbonisation and fire compliance (Estates Funding Advisory Board) schemes	526	192	270	64
Strategic - PHW	Residual costs associated with the Breast Test Wales replacement programme	35	28	6	1
Strategic - PHW	Radiology Informatics System (RISP) Infrastructure	534	0	0	534
<b>Total Strategic</b>		<b>1,095</b>	<b>220</b>	<b>276</b>	<b>599</b>
<b>Total Public Health Wales Capital</b>		<b>2,328</b>	<b>376</b>	<b>325</b>	<b>1,627</b>

Fund	Service Area	2023/24 Allocation £000s	Year to date spend 2023/24 £000s	Committed at Month 8	Remaining Spend
Strategic - Hosted	NHS Executive	160	0	0	160
<b>Total Strategic</b>		<b>160</b>	<b>0</b>	<b>0</b>	<b>160</b>
<b>Total Hosted Capital</b>		<b>160</b>	<b>0</b>	<b>0</b>	<b>160</b>
<b>Grand Total</b>		<b>2,488</b>	<b>376</b>	<b>325</b>	<b>1,787</b>

Remaining spend to be committed at month 8 on Public Health Wales Discretionary and Strategic capital is £1.627m.

There is nil spend reported against the NHS Executive capital allocation.

Most of the remaining PHW capital spend relates to Digital services schemes agreed from the discretionary allocation, Radiology Informatics System (RISP) Infrastructure within strategic capital and Decarbonisation and Fire Compliance schemes within strategic capital. Updates on the remaining spending plans in these areas is outlined below in **Table C**:

**Table C – Digital Services spend profile**

Capital Scheme	£	Status Update	Delivery Estimate
<b>Digital Services</b>			
IT equipment for new posts	61	Procurement process completed, requisitions being raised, 4-week delivery lead time	Jan-24
Desktop PC Replacement Programme	119	Procurement process completed, requisitions being raised, 4-week delivery lead time	Jan-24
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	Jan-24
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	Feb-24
<b>Total</b>	<b>877</b>		

Capital Scheme	£	Status Update	Delivery Estimate
Radiology Informatics System (RISP) Infrastructure	534	Digital services are also supporting Screening services on the capital purchases associated with the infrastructure required to support the deployment of the new all Wales Radiology Informatics System	
Decarbonisation and fire compliance schemes	64	All Vehicles have now been delivered and have been issued to WAAASP Screening Services. Quotes are now being collated for the PHW/WAASP livery on all vehicles to utilise the remaining allocation.	

In addition to these spending plans there is a small contingency of £93k that is held for unplanned breakdowns/replacements and also for checks on over £5k revenue expenditure that should have come through as capital.

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, which is now likely to fall into 2024/25, 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 understand that advice has now gone to the Minister. We are awaiting a decision from this.

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 30 November 2023.

**Table D – Balance Sheet as of 30 November 2023**

	Opening Balance 1/4/2023 £000s	Movement £000s	Closing Balance 30/11/23 £000s
<b>Non-Current Assets</b>			
Property, plant and equipment	33,762	-2,982	30,780
Intangible assets	869	-235	634
Trade and other receivables	3,347	-3,347	0

	Opening Balance 1/4/2023 £000s	Movement £000s	Closing Balance 30/11/23 £000s
<b>Non-Current Assets sub total</b>	<b>37,978</b>	<b>-6,563</b>	<b>31,415</b>
<b>Current Assets</b>			
Inventories	2,164	-0	2,164
Trade and other receivables	20,850	28,163	49,013
Cash and cash equivalents	15,569	2,996	18,565
<b>Current Assets sub total</b>	<b>38,583</b>	<b>31,159</b>	<b>69,742</b>
<b>TOTAL ASSETS</b>	<b>76,561</b>	<b>24,596</b>	<b>101,157</b>
<b>Current Liabilities</b>			
Trade and other payables	-30,783	-24,333	-55,116
Borrowings	-2,200	0	-2,200
Provisions	-2,399	-3,522	-5,921
<b>Current Liabilities sub total</b>	<b>-35,382</b>	<b>-27,855</b>	<b>-63,237</b>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>	<b>41,179</b>	<b>-3,259</b>	<b>37,920</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	0	0	0
Borrowings	-6,274	335	-5,939
Provisions	-5,165	3,237	-1,928
<b>Non-Current Liabilities sub total</b>	<b>-11,439</b>	<b>3,572</b>	<b>-7,867</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>29,740</b>	<b>313</b>	<b>30,053</b>
<b>FINANCED BY: Taxpayers' Equity</b>			
PDC	24,965	-0	24,965
Retained earnings	3,915	20	3,935
Revaluation reserve	860	293	1,153
<b>TOTAL TAXPAYERS' EQUITY</b>	<b>29,740</b>	<b>313</b>	<b>30,053</b>

#### 4.1 Non-current Assets

Property, plant and equipment and intangible assets have reduced in total by £3.2m since year end due to the net effect of year to date dilapidation charges offset by capital additions.

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.

#### 4.2 Current Assets

Trade and other receivables has increased by £28.163m overall.

In relation to the Trust (excluding hosted), the receivables balance includes the Trust's December core income invoice (billed in advance) totalling



£11.158m, 2022-23 and 2023-24 accrued pay award funding of £3.944m, additional WG income of £3.549m and Covid funding of £0.779m

Trade and other receivables in relation to the NHS Executive includes £2.2m for October and November core income and £4.9m of accrued income for a number of programmes including; National Clinical Network Funding, Single Cancer Pathway, Voluntary Hospice Funding, National Endoscopy Programme and Save a Life Cymru. Q2 Core income billed but not yet paid totals £2.7m Any further information required should be addressed directly to the NHS Executive.

Cash and cash equivalents has increased by £2.996m since the beginning of the year and this reflects core income received but not yet required due to the expenditure profile.

### **4.3 Current Liabilities**

Current trade and other payables has increased by £24.333m 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 December but raised in advance and £7.3m remaining of the core income billed for November but not yet required.

Payables in relation to the NHS Executive include non-NHS accrued expenditure of £4.604m for invoices not yet billed.

Current provisions have increased by £3.522m 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 £0.284m 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 8:

- Reported surplus financial position of £12k.
- 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 8. Attached

### **Appendix B:**

<b>PHW - COVID-19 Summary</b>	<b>Original Allocation £000</b>	<b>Movement Following Review £000</b>	<b>Forecast @ Month 8 £000</b>
COVID-19 Laboratory Testing	5,000	3,068	8,068
Non COVID-19 Rapid Testing & Platform Maintenance	2,700	-1,403	1,297
Covid Related Pathogen Genomics	3,000	-2,224	776
Health Protection Team Covid-19	400	-216	184
Integrated Surveillance	4,280	-3,813	467
Vaccination Programme	1,490	-90	1,400
PPE	60	-60	0
Tarian Development	0	180	180
Winter Communications Campaign	0	104	104
<b>TOTAL</b>	<b>16,930</b>	<b>-4,454</b>	<b>12,476</b>

### **Appendix C: Table of Capital Schemes**

<b>Fund</b>	<b>Service Area</b>	<b>Details</b>	<b>2023/24 Allocation £000s</b>	<b>Year To Date spend £000s</b>	<b>Committed via PO £000s</b>
Discretionary	Estates	Clwydian House refurbishment	8	0	0
Discretionary	Estates	Redesign floor 3 and 6 CQ2	35	0	33
Discretionary	Estates	Refurbish DESW North Wales	15	0	0
Discretionary	Estates	Radon Extraction System - BTW Wrexham	12	12	0
Discretionary	Estates	Replace new boiler/water heater - BTW Cardiff	15	0	15
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	6	0
Discretionary	Screening	Replace Radiation Detector	17	14	0
Discretionary	Screening	Redecoration/Building Maintenance (BTW Cardiff)	7	7	0
Discretionary	Screening	Tablets for Screening User Experience	17	0	0
Discretionary	Screening	Improvement works to DESW OptiMize Software	11	11	0
Discretionary	Microbiology	Air conditioning units	8	8	1
Discretionary	Microbiology	Upright Microscope with digital camera	13	0	0
Discretionary	Microbiology	Eddy Jet 2 spiral platter	16	16	0
Discretionary	Microbiology	PCR650 Clean Air Workstation/cabinet	10	10	0
Discretionary	Digital Services	Clinical printers - b/f from 22/23	1	1	0
Discretionary	Digital Services	IT equipment for new posts	64	3	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
Strategic - PHW	Digital Services	Cyber (Firewall replacement)	400	0	0
Discretionary	Contingency	Contingency	93	-0	0
<b>Total Discretionary PHW</b>			<b>1,233</b>	<b>157</b>	<b>49</b>
Strategic - PHW	Estates	Fire Compliance Works (EFAB) - work to fire doors	186	14	165
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	28	6
Strategic - PHW	Digital Services	DPIF - RISP Infrastructure	534	0	0

<b>Total Strategic - PHW</b>	<b>1,095</b>	<b>221</b>	<b>276</b>
<b>Total Public Health Wales Capital</b>	<b>2,328</b>	<b>377</b>	<b>325</b>

<b>Fund</b>	<b>Service Area</b>	<b>Details</b>	<b>2023/24 Allocation £000s</b>	<b>Year To Date spend £000s</b>	<b>Committed via PO £000s</b>
Strategic - Hosted	NHS Executive	ICT Equipment	160	0	0
<b>Total Strategic - Hosted</b>			<b>160</b>	<b>0</b>	<b>0</b>
<b>Total Hosted Capital</b>			<b>160</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>			<b>2,488</b>	<b>377</b>	<b>325</b>