

2024/25 Financial Position

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Approval/Scrutiny route:	Business Executive Team			
Purpose				
The purpose of this report is to outline to the Executive Team and the Board the revenue and capital position as of 31 July 2024 (M4), which includes the position on COVID-19.				
Recommendation:				
APPROVE <input type="checkbox"/>	CONSIDER <input checked="" type="checkbox"/>	RECOMMEND <input type="checkbox"/>	ADOPT <input type="checkbox"/>	ASSURANCE <input type="checkbox"/>
CONSIDER the financial position of Public Health Wales as of 31 July 2024.				
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 July 2024 (M04). The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 13 August 2024 as part of the full financial monitoring return for Month 4. The monitoring returns are included at **Appendix B**

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)	(£66k)	(123k)	Breakeven
Capital financial target	£154k	£149k	Breakeven
Public Sector Payment Policy	96.09%	97.83%	>95%
Agency Spend as % of Total Pay	1.5%	1.5%	<2.1%

The cumulative reported position for Public Health Wales is a net surplus of £123k.

Overview of Financial Performance at Month 4

Financial Performance by Directorate

Table A outlines the financial performance by Directorate.

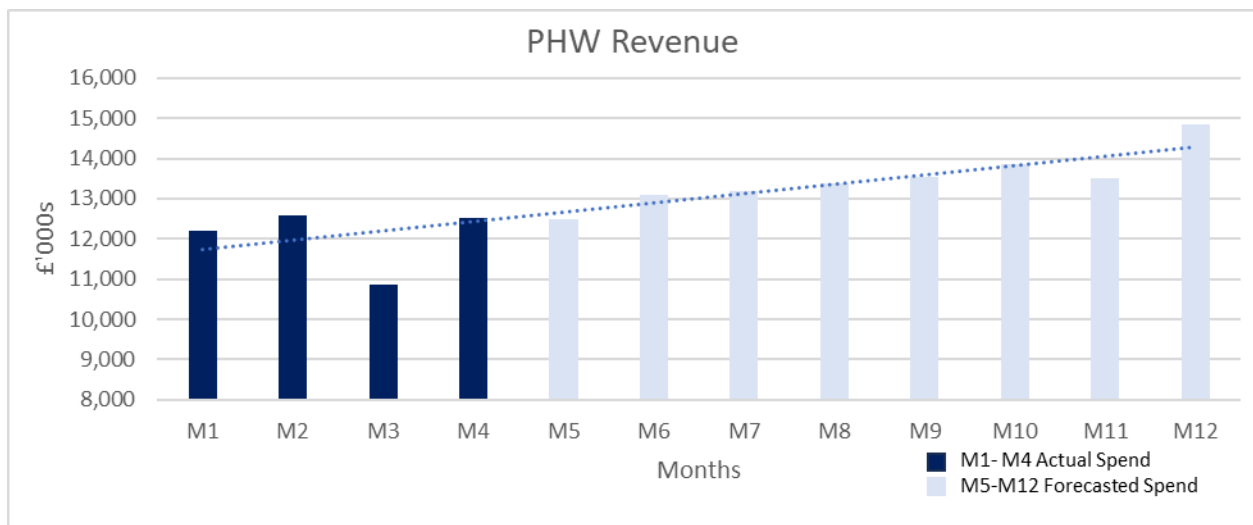
Table A

Directorate	Annual Budget £000s	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	% YTD Variance
Board and Corporate	2,310	821	801	-19	-2.35%
Central Budgets Directorate	1,824	-211	-225	-14	6.46%
Covid 19 Directorate	6,899	2,539	2,539	0	0.00%
Data, Knowledge, and Research Di	6,204	1,609	1,608	-1	-0.08%
Health & Wellbeing Directorate	21,045	6,288	6,235	-53	-0.84%
Health Protection and Screening	93,058	29,901	29,896	-5	-0.02%
NHS Executive Directorate	0	-45	-45	0	-0.05%
Operations and Finance Director	11,996	3,698	3,711	13	0.35%
People & Organisational Develop	3,267	885	857	-28	-3.16%
Policy and International Health	5,776	1,512	1,510	-2	-0.13%
Quality Nursing & Allied Health	3,737	1,129	1,115	-14	-1.28%
Directorate Total	156,116	48,126	48,002	-123	

As the table above indicates, the surplus at Month 4 is a combination of small underspends across a number of Directorates.

Costs associated with the Public Inquiry are included within the Board and Corporate Directorate. The total spend at Month 4 is £220k.

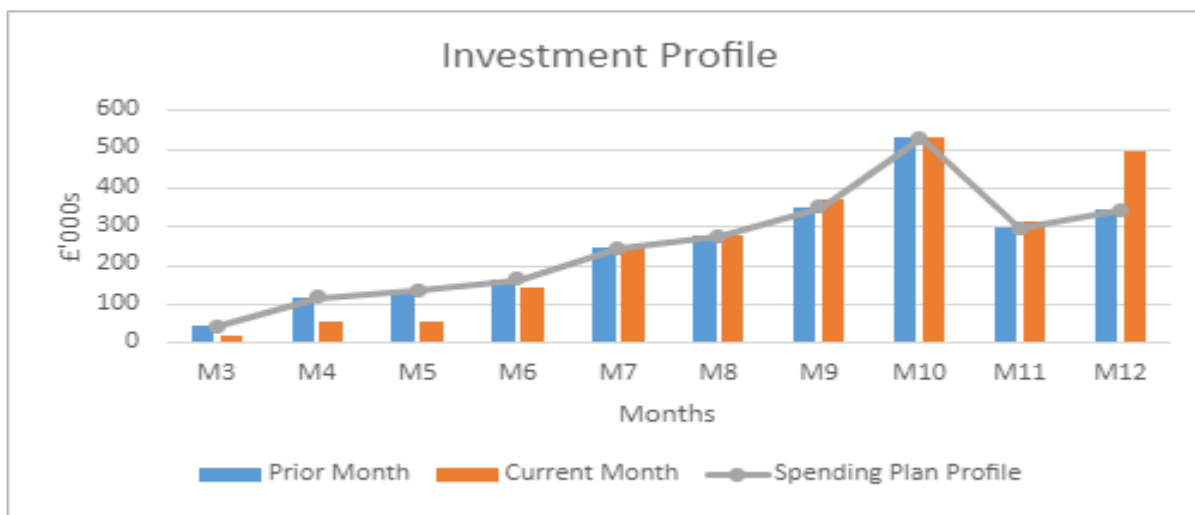
Budgets were initially profiled in twelfths. Updated spending plans were received by Directorates in Month 4 and the budgets re-profiled. The following graph illustrates actual year to date spend and forecasted spend for the remainder of the financial year. This illustrates the actual run rate to month 4 and the forecast run rate based on the break-even spending plans received. This highlights the increase in spending required in future months.



Investments

As reported previously, the allocation of each investment scheme has been based on plans submitted and funding allocated. Directorates are responsible for managing slippage in relation to each scheme and ensuring that any investment funding allocated is fully utilised on that scheme and within the relevant financial year.

Directorates are required on a monthly basis to report actual expenditure against each scheme, demonstrating how any slippage is to be reinvested in delivering the original scheme purpose. Through the monitoring process, if the level of slippage identified is such that the purpose, aims and objectives of the scheme are undeliverable, the investment funding will be returned centrally to be repurposed at the earliest opportunity. **Appendix A** shows actual spend against plan at Month 4 by Investment Scheme and summarised in the following graph.



As the graph illustrates, the original spending plan profile as per the plan at Month 3 (Prior Month) and the revised profile at Month 4 (Current Month) The profile of expenditure has changed from Month 3 to Month 4, with £196k of profiled spend originally planned in Month 3 to Month 6 now moving to Months 9, 11 and the majority to Month 12. £118k of the £150k increase in Month 12 is due to the revised spending plans in relation to the Diabetes investment.

The Project Board have considered and evaluated the options to use the slippage and have agreed how this will be spent, which includes funding for £50k in Data, Knowledge, and Research for a Digital Project to take forward a digital offering for Diabetes. In addition, funding for Health Boards to deliver specific improvement activity for the Tackling Diabetes Together Programme. The spending profile will be amended to reflect the improvement activity.

Outstanding Allocations

Core allocations in relation to Pay awards for financial years 2022/23 and 2023/24 have been confirmed with Welsh Government during Month 4, with a total recurring core allocation of £5.841m.

Improvement Cymru transferred from Public Health Wales to the NHS Executive on 1 April 2024. The allocation transfer remains with Welsh Government for action.

Covid-19

As part of our Financial Plan for 2024/25, Welsh Government confirmed a total of £10.939m of funding for COVID-19, which includes non-recurrent funding of £7.010m to support COVID-19 testing plus £3.929m of recurrent COVID sustainability funding.

COVID-19 testing Expenditure in month 4 was £0.703m with actual testing episodes in July totalling 12,165, which was an average of 392 per day. This compares to an average of 357 per day in June.

COVID-19 forecast continues to be reviewed due to the higher than anticipated testing numbers Month 1 to Month 4. The cumulative position to Month 4 was £0.641m over the COVID-19 testing funding allocation. This is a 42% increase compared to the same period in 2023-24.

The increase in testing is due to a change in clinical pathway which can result in a single request requiring multiple tests (approx. 17% of all activity), Pertussis outbreak, Mycoplasma events, general reduction in immunity and increased epidemiology.

A review of the COVID-19 sustainability funding element at Month 4 identified slippage of £0.389m, which, as per the conditions set by Welsh Government, has been offset against the Month 4 COVID-19 testing overspend to Month 4 of £0.641m. The reported net position on COVID-19 as at Month 4 is therefore an overspend of £0.252m. We are exploring internally and with Welsh Government colleagues, options to address this net overspend and mitigate continued overspending.

Capital

Public Health Wales capital funding for 2024/25 totals £2.969m, which includes £1.580m of Discretionary capital and £1.389m of Strategic capital.

The Strategic capital allocation of £1.194m is for DESW Camera Replacement. The procurement process commenced December 2023 and concluded in July 2024 with the delivery of the new cameras scheduled during August 2024. Following the outcome of the procurement process we are forecasting an underspend of c£450k against the £1.194m strategic allocation. The main reason for the underspend is the result of a new supplier entering the market with more competitive pricing for the cameras and their specification of camera being lighter and therefore not needing camera trollies. The treatment of this underspend is being discussed with Welsh Government colleagues.

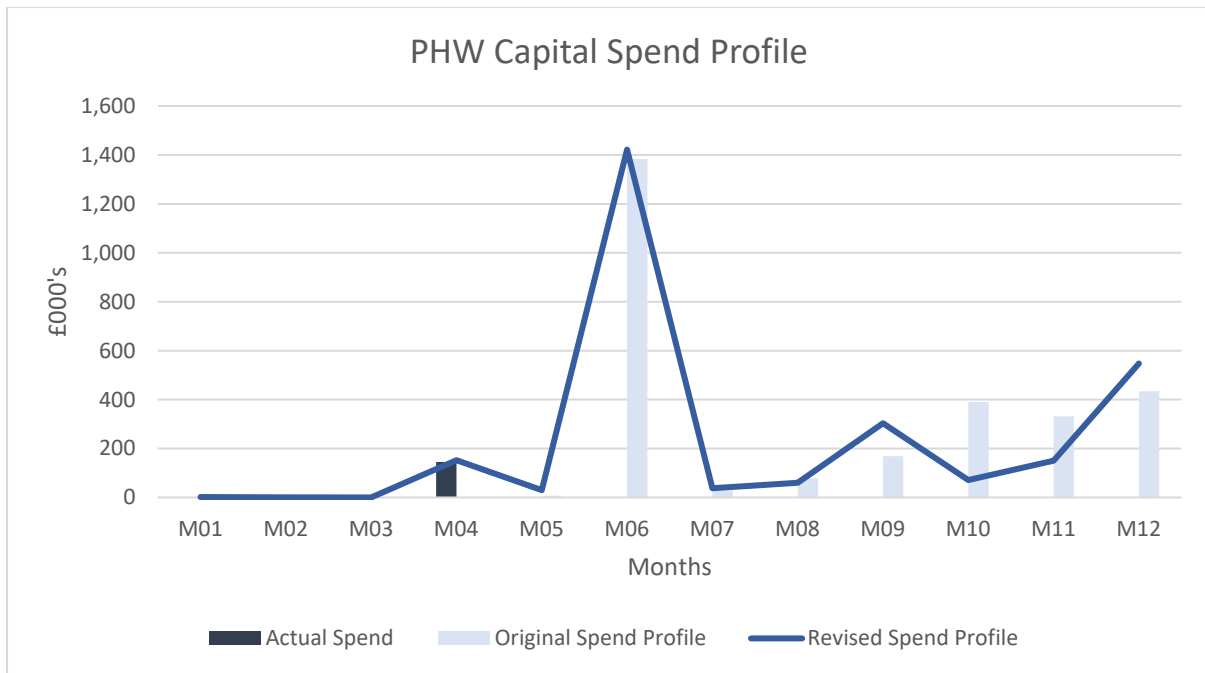
Additional Strategic funding of £0.157m for environmental and security improvements to the Breast Test Wales facility in Swansea and £0.038m relating to RISP Infrastructure has been added to our capital allocation in July.

Table C provides a summary of discretionary and strategic schemes, with a more detailed breakdown in **Appendix C**, with the graph illustrating the profile of planned spend.

Table C:

Service Area	2024/25 Allocation £000s	Year to date spend 2024/25 £000s	Committed via PO £000s	Delivery Estimate Q2	Delivery Estimate Q3	Delivery Estimate Q4
Discretionary						
Contingency	198	2	0			196
Digital Services	431	0	0	148	98	185
Estates	231	15	45	5	49	162
Infection Services	369	0	40	40	0	329
Screening Division	352	130	104	3	129	90
	1,580	147	190	196	275	962
Strategic						
Screening Division	1,194	0	627	1,194		
Estates	157	0	0			157
Digital Services	38	0	0			38
Total Strategic	1,389	0	627	1,194	0	195
Total Public Health Wales Capital	2,969	147	817	1,390	275	1,157

Service Area	2024/25 Allocation £000s	Year to date spend 2024/25 £000s	Committed via PO £000s	Delivery Estimate Q2	Delivery Estimate Q3	Delivery Estimate Q4
Total Discretionary	100	0	0			100
Total Hosted Discretionary	100	0	0	0	0	100
Strategic						
Slippage on ICT Equip for NHSE	29	2				27
Total Strategic	29	2	0	0	0	27
Total Hosted Capital	129	2	0	0	0	127
Grand Total	3,098	149	817	1,390	275	1,284



The graph illustrates the actual spend to Month 4 and the original forecast spend profile Month 4 to Month 12. The revised spend profile at Month 4 reflects a movement from the original forecast due to changes with the procurement timelines on estates schemes and the addition of two new strategic funded schemes planned to complete later in the year.

There remains a clear finance focus to ensure a breakeven position is maintained throughout 2024/25.

Public Health Wales have submitted a bid of £700k for Strategic funding to replace network switches and backup infrastructure. We are awaiting the outcome of the bid and will need to work through the implications should total funding required not be received.

There may be potential to access slippage funding later in the financial year if strategic schemes across Wales slip.

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 July 2024.

Table D – Balance Sheet as of 31 July 2024

	Opening Balance 1/4/2024 £000s	Movement £000s	Closing Balance 31/03/25 £000s
Non-Current Assets			
Property, plant, and equipment	32,164	-166	31,998
Intangible assets	888	-0	888
Trade and other receivables	40	-40	0
Non-Current Assets sub total	33,092	-206	32,886
Current Assets			
Inventories	1,167	0	1,167
Trade and other receivables	23,273	22,190	45,463
Cash and cash equivalents	13,905	-3,393	10,512
Current Assets sub total	38,345	18,797	57,142
TOTAL ASSETS	71,437	18,591	90,028
Current Liabilities			
Trade and other payables	-29,584	-16,620	-46,204
Borrowings	-2,138	95	-2,043
Provisions	-4,040	270	-3,770
Current Liabilities sub total	-35,762	-16,255	-52,017
NET ASSETS LESS CURRENT LIABILITIES	35,675	2,336	38,011
Non-Current Liabilities			
Trade and other payables	0	0	0
Borrowings	-6,000	267	-5,733
Provisions	-2,211	-2,480	-4,691
Non-Current Liabilities sub total	-8,211	-2,213	-10,424
TOTAL ASSETS EMPLOYED	27,464	123	27,587
FINANCED BY: Taxpayers' Equity			
PDC	22,077	-0	22,077
Retained earnings	4,221	123	4,344
Revaluation reserve	1,166	-0	1,166
TOTAL TAXPAYERS' EQUITY	27,464	123	27,587

Current Assets

Trade and other receivables have increased by £22.190m. This balance includes the Trust's August core income invoice (billed in advance) totalling £11.975m, income accruals of £10.941m for the NHS Executive and an increase of £2.188m for clinical negligence claims (two new claims).

Cash and cash equivalents has decreased by £3.393m, this is mainly due to NHS Executive core income of £6.8m not yet being drawn down from Welsh Government, which is now impacting on Public Health Wales cash balance. NHS Executive confirmed they are waiting for Welsh Government

to confirm the invoicing for Quarter 1, and we are anticipating this being resolved in Month 5.

Current liabilities

Current trade and other payables have increased by £16.620m this is due to deferred Welsh Government income of £11.975m for August which has been raised in advance. There are also amounts due to be paid for Tax and NI £2.584m and pensions of £1.985m which were nil as of 31st March 2024.

Non-Current Liabilities

The overall provision for clinical negligence has increased by £2.188m since the beginning of the financial year due to two new claims. The non-current provision has increased by £2.130 due to the timing of these settlements.

Conclusion

The Board is asked to note the following:

- Month 4 reported surplus financial position of £123k;
- Directorate spending plans and the profile of spend;
- Investments status for Month 4 and
- Status of the Capital Programme, strategic and discretionary, for 2024/25, and

Appendices

Appendix A - 2024/25 Investment spending plan against Month 4 actual spend

Directorate	Scheme Name	Cost Item	Forecast Spend M3 & M4	Actual Spend M3 & M4	Movement	Explanation of plan movements
Board & Corporate	Governance Hub	Band 7	4,721	0	4,721	Agency start date moved from July to August
Health & Wellbeing	Diabetes Programme of Prevention	Behavioural Science Specialist	11,131	0	11,131	Diabetes Programme awaiting a revised spending plan
Health & Wellbeing	Diabetes Programme of Prevention	Clinical Advisor	5,600	9,332	-3,732	Diabetes Programme awaiting a revised spending plan
Health & Wellbeing	Diabetes Programme of Prevention	Communications & Engagement Mgr.	11,131	0	11,131	Diabetes Programme awaiting a revised spending plan
Health & Wellbeing	Diabetes Programme of Prevention	Programme Director	18,072	13,340	4,732	Diabetes Programme awaiting a revised spending plan
Health & Wellbeing	Diabetes Programme of Prevention	Programme Management Support	7,141	0	7,141	Diabetes Programme awaiting a revised spending plan
Health & Wellbeing	Diabetes Programme of Prevention	Senior Practice Nurse	5,051	4,208	843	Diabetes Programme awaiting a revised spending plan
Health & Wellbeing	Diabetes Programme of Prevention	Senior Workplace Health Advisor	11,131	0	11,131	Diabetes Programme awaiting a revised spending plan
Operations & Finance	Web Transformation	TBC	16,667	22,891	-6,224	Spend re-profiled to match actual spend
Operations & Finance/People & OD	Business Improvement & Automation	Band 8C	8,692	0	8,692	Recent update from POD this will be an 8a - temp profile until confirmed plans
Operations & Finance/Policy & International Health	Climate Change	Agency	3,407	3,408	-1	On track
Operations & Finance/Policy &	Climate Change	Band 4	986	986	0	On track

International Health						
Operations & Finance/Policy & International Health	Climate Change	Consultant	4,312	4,331	-19	On track
Operations & Finance/Policy & International Health	Climate Change	Travel & Subsistence	100	0	100	On track
Policy & International Health	Behavioural Change	Band 6	3,732	0	3,732	Budget rephased following revised spending plans
Policy & International Health	Behavioural Change	Band 7	4,721	0	4,721	Budget rephased following revised spending plans
Policy & International Health	Behavioural Change	Band 8A	10,837	0	10,837	Budget rephased following revised spending plans
Policy & International Health	HIA Implementation	Agency	5,418	6,384	-966	Increased spend being covered using Band 8a monies in line with revised spending plans
Policy & International Health	HIA Implementation	Band 6	3,732	0	3,732	Budget rephased following revised spending plans
Policy & International Health	HIA Implementation	Band 7	2,833	2,688	145	On track
Policy & International Health	Influencing Legislative Context	Band 7	4,721	0	4,721	Budget rephased following revised spending plans
Policy & International Health	Influencing Legislative Context	Band 8A	5,418	0	5,418	Budget rephased following revised spending plans
Policy & International Health	Influencing Legislative Context	Band 8B	6,289	0	6,289	Budget rephased following revised spending plans
Policy & International Health	Support for Health Inequality Narrative and Workstream development	Band 6	2,198	0	2,198	Budget rephased following revised spending plans
Quality, Nursing & Allied Health Professionals (QNAPs)	DBS Checks	Audit of PHW posts to review DBS requirements	2,042	0	2,042	Budget moved from M4 to M12 until confirmed spending plan received
Totals			160,083	67,568	92,515	

Appendix B: Full financial monitoring return for Month 4. Attached.

Appendix C: Detailed discretionary and strategic capital schemes.

Service Area	Details	2024/25 Allocation £000s	Year to date spend 2024/25 £000s	Committed via PO £000s	Delivery Estimate Q2	Delivery Estimate Q3	Delivery Estimate Q4
Discretionary							
Contingency	Contingency - Yet to be allocated	198	2				196
Estates	Fire Compliance Works (b/f from 24/25 EFAB)	53	13	40	0	40	0
Estates	IT Equipment to support DESW Mid Wales Admin Office	5	0		5		
Estates	Relocation of Help Me Quit Hub/Enquiry Room	10	1	4	0	9	
Estates	Refurbish estate in North Wales - Llys Castan	22	0				22
Estates	Purchase of Computer Aided Facilities Management System (CAFMS)	70	0				70
Estates	Desk Booking System	70	0				70
Digital Services	Phone System Security	18	0			18	
Digital Services	Endpoint Central Server Replacement & Resilience	20	0			20	
Digital Services	Replacement of Wi-Fi infrastructure	60	0			60	
Digital Services	Replacement PCs - Batch 1	142	0		142		
Digital Services	Server Room Works	35	0				35
Digital Services	Development of Cloud Services	150	0				150
Digital Services	6 x new laptops to replace desktop PC - H&W	6	0		6		
Infection Services	8 x Class II Safety Cabinets	90	0				90
Infection Services	Quant Studio 5 thermal cyclor	32	0	32	32		
Infection Services	Refurbishment of Molecular Laboratory	58	0				58
Infection Services	TDSI for CL3	7	0				7
Infection Services	Anaerobic workstation - UKARU Cardiff	52	0				52
Infection Services	Microscope with Camera	8	0	8	8		
Infection Services	Anaerobic workstation Glan Clwyd	50	0				50

Infection Services	Installation of CCTV system into Microbiology dept. UHW	28	0				28
Infection Services	New Cold Room	43	0				43
Screening Division	Chronos decontamination cabinets x 6	130	130				
Screening Division	OptiMize Software Development work	105	0	105		105	
Screening Division	Development of Electronic Test Requesting (ETR)	42	0				42
Screening Division	Development of new Cervical Screening Wales Audit of Cervical Cancers (CSWACC) database.	24	0				24
Screening Division	Removal of canopy on all mobile units	24	0			24	
Screening Division	IT equipment for a hot desk arrangement	4	0		3		0
Screening Division	Development for new online training solution for CSW sample takers	24	0				24
Total Discretionary PHW		1,580	147	190	196	275	962
Strategic							
Screening Division	Replacement of Camera for the Diabetic Eye Screening Wales Service	1,194	0	627	1,194		
Estates	Backlog Maintenance 24-25 - Improvement works to BTW Swansea	157	0				157
Digital Services	DPIF - RISP (local infrastructure)	38	0				38
Total Strategic PHW		1,389	0	627	1,194	0	195
Total Public Health Wales Capital		2,969	147	817	1,390	275	1,157

Service Area	Details	2024/25 Allocation £000s	Year to date spend 2024/25 £000s	Committed via PO £000s	Delivery Estimate Q2	Delivery Estimate Q3	Delivery Estimate Q4
NHS Executive	NHS Executive	100	0	0			100
Total Discretionary Hosted		100	0	0	0	0	100
NHS Executive	Slippage on ICT Equip for NHS Executive	29	2	0			27
Total Strategic Hosted		29	2	0	0	0	27
Total Hosted Capital		129	2	0	0	0	127
Total Capital		3,098	149	817	1,390	275	1,284