

## 2025/26 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 our Budget Strategy and Principles for Public Health Wales for 2025/26 and the revenue and capital position as at 30 April 2025 (M1), which includes the position on COVID-19.

<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>NOTE</b> update on Budget Strategy and Principles for 2025/26</li> <li><b>CONSIDER</b> the financial position of Public Health Wales as of 30 April 2025.</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 Board on our Budget Strategy and Financial Plan 2025/26 to 2027/2028 and outline the revenue and capital position for Public Health Wales on 30 April 2025. The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 14 May 2025 as part of the full financial monitoring return for Month 1. The monitoring returns are included at **Appendix A**.

## 2. Budget Strategy and Principles 2025/26

This serves as an update to the Budget Strategy and Financial Pan 2025/26 – 2027/28 paper that was approved by Board on 26 March 2025.

### 2.1 Anticipated Income

There were a number of anticipated allocations included in our financial planning assumptions. These are summarised in the **Table 1** below.

**Table 1**

	2025/26 £m	2026/27 £m	2027/28 £m	Recurrent £m
<b>Expected Core Allocations not confirmed</b>				
Pay Award Uplift 2024/25	6.754	6.754	6.754	6.754
Future Years Inflationary Uplift	-	1.122	2.282	2.282
Health Working Wales	0.100	0.100	0.100	0.100
<b>Total Core Allocations</b>	<b>6.854</b>	<b>7.976</b>	<b>9.136</b>	<b>9.136</b>
<b>Expected Non-Core Allocations not confirmed</b>				
Genomics Allocation	0.132	-	-	-
Whole School Approach to Mental Health	0.745	-	-	-
ACES	0.900	-	-	-
<b>Total Non-Core Allocations</b>	<b>0.885</b>	-	-	-
<b>Total Allocations not confirmed</b>	<b>8.631</b>	<b>7.976</b>	<b>9.136</b>	<b>9.136</b>

The status of these allocations are as follows:

1. The 2024/25 pay award uplifts are expected to be fully funded. Confirmation of our allocation from Welsh Government is anticipated in May 2025. We are also anticipating the increase in National Insurance to be fully funded by Welsh Government.
2. Future Years Inflationary Uplift will be picked up as part of Welsh Government financial planning and allocation process for 2026/27.
3. Healthy Working Wales, we have been informed by Welsh Government that the allocation has been approved and are awaiting the formal allocation letter.

4. Genomics Allocation, we have received confirmation of £406k funding for 2025/26 with the expectation that this value will then be added to our recurrent core allocation from 2026/27.
5. Whole School Approach to Mental Health 2025/26 allocation of £0.781m has been received. This is a slightly higher allocation than anticipated.
6. ACE Hub Wales, we have received notification of indicative funding of up to £900k for 2025/26 but we are yet to receive a formal allocation letter.

## **2.2 Efficiency Savings and Utilisation of Savings**

### **2.2.1 Savings**

Welsh Government set a requirement for all NHS Wales organisations to deliver a minimum 2% efficiency savings against total expenditure baseline for 2025/26. We will deliver this through 1% cash releasing savings and 1% efficiency and productivity (non-cash releasing savings). This equates to £1.308m of cash releasing savings and £1.308m of efficiency and productivity savings across Public Health Wales Directorates.

In order to deliver this target, directorates developed plans to deliver savings against their total directorate baseline expenditure budgets. The savings target has been met for 2025/26 from a range of cash releasing schemes. A summary of the recurrent cash releasing savings delivered by each Directorate is set out in **Table 2** below. All cash releasing savings schemes are RAG rated green with high delivery confidence.

**Table 2**

Directorate	Value and Sustainability Board Category	Total £000's
Board & Corp	Workforce	21
<b>Board &amp; Corp Total</b>		<b>21</b>
Health & Wellbeing	Workforce	86
<b>Health &amp; Wellbeing Total</b>		<b>86</b>
Health Protection & Screening Services	Income	20
	Procurement and Non-Pay	585
	Workforce	306
<b>Health Protection &amp; Screening Services Total</b>		<b>911</b>
Research, Data & Digital	Procurement and Non-Pay	23
	Workforce	56
<b>Research, Data &amp; Digital Total</b>		<b>79</b>
Nursing, Quality & Integrated Governance	Workforce	36
<b>Nursing, Quality &amp; Integrated Governance Total</b>		<b>36</b>
Operations and Finance	Income	46
	Procurement and Non-Pay	53
<b>Operations and Finance Total</b>		<b>100</b>
People & OD	Procurement and Non-Pay	28

<b>People &amp; OD Total</b>		<b>28</b>
<b>Policy, International Health &amp; WHO Collaborating Centre</b>		
	Procurement and Non-Pay	15
	Workforce	33
<b>Policy, International Health &amp; WHO Collaborating Centre Total</b>		<b>48</b>
<b>Grand Total</b>		<b>1,308</b>

Productivity and Efficiency schemes are non-cash releasing. These schemes focus on improving outcomes and processes. We will continue to develop methodologies to quantify and measure the impact and benefits from these schemes. In addition, we will share opportunities where schemes can be scaled across the organisation. We will review, monitor and report on these schemes throughout 2025/26.

### **2.2.2 Utilisation of Efficiency Savings**

The cash releasing savings delivery provides the opportunity to reallocate resources to support delivery of our strategic plan. **Table 3** sets out how the cash releasing savings have been allocated.

**Table 3**

<b>Theme</b>	<b>Investment Title</b>	<b>Total £000's</b>
Digital and data, modelling and AI	Strengthen Cloud	198
	Strengthen Delivery	263
	Manage The Change	213
	Breast Screening Support	100
<b>Digital and data, modelling and AI Total</b>		<b>774</b>
Strategic Change and Delivery	Effective design and delivery of key change programmes	197
<b>Strategic Change and Delivery Total</b>		<b>197</b>
Strengthening core areas/BAU	Health inequalities cross-organisational programme	100
	Head of Nursing & Midwifery Quality, Workforce & Development	85
	Information Governance	59
	Apprenticeships	100
<b>Strengthening core areas/BAU Total</b>		<b>344</b>
<b>Total Investments</b>		<b>1,315</b>

Most of the resource will be directed towards our digital agenda to support delivery of our plan, with £0.774m investment for digital and data modelling and artificial intelligence. In addition, £0.197m will be invested in effective design and delivery of key change programmes and £0.344m across several core services to support delivery.

The allocation for each scheme is based on the plans submitted and funding will be allocated on this basis. 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 will be required monthly to report actual expenditure and any forecast slippage against each scheme, demonstrating how any slippage is then 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 can no longer be delivered, the investment funding will be returned centrally to be repurposed at the earliest opportunity.

In addition to the investments outlined above for 2025/26, there are Year 2 of investments agreed as part of the IMTP for 2024/25. Year 2 investments per Directorate are set out in **Table 4** with a more detailed breakdown provided in **Appendix B**.

**Table 4**

Directorate	2025/26 £	2026/27 £	Recurrent £
Board & Corp	57	57	57
Health & Wellbeing	721	773	0
Health Protection and Screening Services	337	173	173
Nursing, Quality, and Integrated Governance	89	32	45
Ops & Finance	521	246	246
People & OD	154	50	50
Policy and International Health	712	712	712
Research, Data & Digital	279	208	157
<b>Total</b>	<b>2,871</b>	<b>2,871</b>	<b>2,871</b>

### **3. 2024/25 Revenue and Capital financial performance on 30 April 2025 (Month 1)**

The **Table 5** below highlights the performance against the key revenue and capital financial targets.

**Table 5**

Target	Current Month	Year to Date	Year-end Forecast
Revenue financial target Deficit/(Surplus)	(7.2K)	(7.2K)	Breakeven
Capital financial target	£13K	£13K	Breakeven
Public Sector Payment Policy	97.36%	97.36%	>95%
Agency Spend as % of Total Pay	1.2%	1.2%	=<1.7%

The cumulative reported position on 30 April 2025 (Month 1) for Public Health Wales is a net surplus of £7k.

### **3.1 Overview of Financial Performance at Month 1**

#### **Financial Performance by Directorate**

**Table 6** outlines the financial performance by Directorate.

**Table 6**

Directorate	Annual Budget £000s	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s
Board and Corporate	2,318	213	206	-7
Central Budgets	4,327	333	329	-4
Covid 19	6,560	364	364	0
Operations and Finance	7,934	640	639	-1
Health Protection and Screening Services	97,955	8,202	8,176	-26
Health & Wellbeing	21,807	1,595	1,609	14
People & Organisational Development	3,096	264	285	21
Policy and International Health	5,925	344	331	-14
Research, Data and Digital	11,407	792	805	13
Nursing, Quality & Integrated Governance	3,836	322	318	-4
<b>Directorate Total</b>	<b>165,164</b>	<b>13,069</b>	<b>13,062</b>	<b>-7</b>

As the table above indicates, the surplus at Month 1 is a combination of small variances across Directorates.

Costs associated with the Public Inquiry are included within the Board and Corporate Directorate. The total spend at Month 1 is £21k.

Through the Management of in year Variances, Directorates are enabled to manage in-year slippage on plans. This recognises that plans change, that business does not take place in equal 12ths and that, in-year, unplanned urgent needs arise. In this instance, budget is re-profiled in line with revised plans to recognise that the expenditure will take place later in the year.

### **3.2 Covid-19**

**Table 7** outlines the operational expenditure and funding sources of the Public Health Wales Covid-19 response. Actual costs are shown for April 2025 with forecast costs for the remainder of the year.

**Table 7 – COVID-19 financial forecast at Month 1**

PHW - COVID-19 Summary	Actual Apr-25 £000	Forecast May-25 to Mar- 26 £000	TOTAL 2025/26 £000
<b>Additional Costs</b>			
COVID-19 Laboratory Testing	364	6,196	6,560
<b>Total Gross Additional Cost</b>	<b>364</b>	<b>6,196</b>	<b>6,560</b>
<b>Welsh Government Non-Core Funding</b>			
COVID-19 Laboratory Testing	-364	-6,196	-6,560
<b>Total Funding</b>	<b>-364</b>	<b>-6,196</b>	<b>-6,560</b>

Welsh Government have confirmed non-recurrent funding for 2025/26 of £6.560m to support COVID-19 testing. We will continue to invoice Welsh Government based on actual spend up to the funding level agreed of £6.560m. Spend in month 1 was £0.364m with actual testing episodes in April totalling 8,344 tests. This is an average of 278 tests per day. This compares to an average of 380 per day in March. The full year forecast spend remains at £6.560m. Testing activity for April is 16% lower than profile of the sustainability plan (which is based on 2023/24 outturn).

However, 137,000 tests were provided in 2024/25 at a cost of £7.812m. This level of activity would create an overspend of c£1.5m in 2025/26 (against available testing budget of £6.560m and after adjusting for one off discount received in 2024/25).

Actions will be taken to help maintain expenditure within the existing financial envelope. We will continue to monitor and provide regular updates to Welsh Government colleagues.

### **3.3 Capital**

The Public Health Wales discretionary allocation has increased by £120k from £1.580m to £1.700m for 2025/26. The main purpose of our discretionary allocation is to fund our replacement programme.

Requests have been invited from across Public Health Wales to access the discretionary capital funding. The requests are based on need and have been reviewed and allocated indicative funding by the Capital Planning Group, subject to final Board approval on 29 May 2025. A detailed update, by capital scheme, will be provided from month 2. There remains a clear finance focus to ensure a breakeven position is maintained throughout 2025/26.

Public Health Wales has received a strategic allocation of £0.523m in 2025/26 for Year 1 of the DESW Van Replacement Programme with the requirement to submit annual business cases for years 2 and 3

requirements of the replacement programme. We are working closely with the service to monitor the scheme progress.

In addition, Public Health Wales has received a strategic allocation of £0.204m for 2025/26 from the Targeted Estates Fund (TEF) for several Estates improvement schemes. The £0.204m is 70% WG contribution, Public Health Wales will contribute the remaining 30% from Discretionary allocation.

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

### **3.4 Balance Sheet**

There is no requirement to report the balance sheet as part of our monthly monitoring return to Welsh Government for Month 1 (April). To provide assurance to the Board on our cash position, the balance at close of Month 1 (April) was £7.919m compared to the year-end cash balance of £10.722m. This balance will be sufficient to cover forecast costs until core income is received for Month 2 (May). The movement is primarily due to timing of year end payments relating to both payables and receivables.

### **4. Conclusion**

The Board is asked to note the following:

- Update on budget strategy and principles for 2025/26, focussing on anticipated income, savings and utilisation of savings;
- Month 1 reported surplus financial position of £7k;
- Investments agreed for 2025/26;
- Status of the Capital Programme, strategic and discretionary, for 2025/26, and
- No requirement to report Balance Sheet at Month 1, update on closing cash position at Month 1 provided for assurance.

## **Appendices**

### **Appendix A:**

The following Tables from our Month 1 Monitoring Return to Welsh Government are attached:

A – Movement

C1 & C2 – Savings Schemes and,

C3 – Savings Tracker

### **Appendix B**

Year 2 of Agreed Investments in 2024/25.

Directorate	Scheme Name	Cost Type	2025/26 £	2026/27 £	Recurrent £
Policy and International Health	HIA Implementation	Pay	65,021	65,021	65,021
Policy and International Health	HIA Implementation	Pay	33,992	33,992	33,992
Policy and International Health	HIA Implementation	Pay	44,789	44,789	44,789
Policy and International Health	HIA Implementation	Non-Pay	30,000	30,000	30,000
Policy and International Health	Behavioural Change	Pay	130,042	130,042	130,042
Policy and International Health	Behavioural Change	Pay	56,654	56,654	56,654
Policy and International Health	Behavioural Change	Pay	44,789	44,789	44,789
Policy and International Health	Behavioural Change	Non-Pay	5,000	5,000	5,000
Policy and International Health	Influencing Legislative Context	Pay	75,469	75,469	75,469
Policy and International Health	Influencing Legislative Context	Pay	65,021	65,021	65,021
Policy and International Health	Influencing Legislative Context	Pay	56,654	56,654	56,654
Policy and International Health	Influencing Legislative Context	Non-Pay	5,000	5,000	5,000
Policy and International Health	Climate Change		100,000	100,000	100,000
<b>Policy and International Health Total</b>			<b>712,431</b>	<b>712,431</b>	<b>712,431</b>
Health & Wellbeing	Diabetes Programme of Prevention		721,323	773,000	0
<b>Health &amp; Wellbeing Total</b>			<b>721,323</b>	<b>773,000</b>	<b>0</b>
People & OD	Business Improvement & Automation	Pay	104,307	0	0
People & OD	Business Improvement & Automation	Pay	50,000	0	0
People & OD	Culture and Leadership Hub	TBC		50,000	50,000
<b>People &amp; OD Total</b>			<b>154,307</b>	<b>50,000</b>	<b>50,000</b>
Ops & Finance	Conference facilitation	Pay	35,704	35,704	35,704
Ops & Finance	Web Transformation	Non-Pay	325,789	50,000	50,000
Ops & Finance	Programme Manager and Procurement Support posts	Pay	160,000	160,000	160,000
<b>Ops &amp; Finance Total</b>			<b>521,493</b>	<b>245,704</b>	<b>245,704</b>
Research, Data & Digital	Digital Route Map, NDR, Cloud and Automation	Pay	56,654	56,654	56,654
Research, Data & Digital	Digital Route Map, NDR, Cloud and Automation	Pay	65,021	27,092	0
Research, Data & Digital	Digital Route Map, NDR, Cloud and Automation	Pay	56,654	23,606	0
Research, Data & Digital	Digital Route Map, NDR, Cloud and Automation	Pay	65,021	65,021	65,021
Research, Data & Digital	Digital Route Map, NDR, Cloud and Automation	Pay	35,704	35,704	35,704
<b>Research, Data &amp; Digital Total</b>			<b>279,054</b>	<b>208,077</b>	<b>157,379</b>
Board & Corp	Governance Hub	Pay	56,654	56,654	56,654
<b>Board &amp; Corp Total</b>			<b>56,654</b>	<b>56,654</b>	<b>56,654</b>
Nursing, Quality, and Integrated Governance	DBS Checks	Non-Pay	1,875	1,875	14,630
Nursing, Quality, and Integrated Governance	Audit and Quality Management System	Non-Pay	24,000	24,000	24,000
Nursing, Quality, and Integrated Governance	Clinical Supervision and Preceptorship.	Pay	6,180	6,180	6,180
Nursing, Quality, and Integrated Governance	Diabetes Engagement Officer	Pay	56,654	0	0
<b>Nursing, Quality, and Integrated Governance Total</b>			<b>88,709</b>	<b>32,055</b>	<b>44,810</b>
Health Protection and Screening Services	Business continuity and EPRR arrangements	Pay	44,789	44,789	44,789
Health Protection and Screening Services	Business continuity and EPRR arrangements	Pay	31,461	31,461	31,461
Health Protection and Screening Services	Business continuity and EPRR arrangements	Non-Pay	2,000	2,000	2,000
Health Protection and Screening Services	Screening Research Unit with Cardiff University	Pay	65,021	65,021	65,021
Health Protection and Screening Services	Screening Research Unit with Cardiff University	Pay	28,327	28,327	28,327
Health Protection and Screening Services	Screening Research Unit with Cardiff University	Non-pay	1,500	1,500	1,500
Health Protection and Screening Services	Lung Screening Programme		164,000		
<b>Health Protection and Screening Services Total</b>			<b>337,098</b>	<b>173,098</b>	<b>173,098</b>
<b>Grand Total</b>			<b>2,871,069</b>	<b>2,251,019</b>	<b>1,440,076</b>