

2023/24 Financial Position

Executive lead:	Angela Williams, Acting Director of Operations and Finance
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Approval/Scrutiny route:	Business Executive Team (21/2/24)
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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 January 2024 (M10), which includes the position on COVID-19 expenditure and funding.

Recommendation:				
APPROVE <input type="checkbox"/>	CONSIDER <input checked="" type="checkbox"/>	RECOMMEN D <input type="checkbox"/>	ADOP T <input type="checkbox"/>	ASSURANC E <input type="checkbox"/>

The Board is asked to: <ul style="list-style-type: none"> CONSIDER the financial position of Public Health Wales as of 31 January 2024, which includes the position on COVID-19.
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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 January 2024 (M10). The detail in this report is also included in the Director of Finance commentary submitted to Welsh Government on 13 February 2024 as part of the full financial monitoring return for Month 10. 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)	(£46k)	(£66k)	Breakeven
Capital financial target Public Sector Payment Policy	£2,293k	£900k	Breakeven >95%
Agency Spend as % of Total Pay	2.70%	2.50%	<3.4%

The cumulative reported position for Public Health Wales is a net surplus of £66k.

2. Overview of Financial Performance at Month 10

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
Central Budgets	419	328	361	33	10.03
Quality Nursing & Allied Health Professionals	3,205	2,701	2,702	2	0.06
Policy, International Health and WHO CC	5,158	3,966	3,967	1	0.02
Health & Wellbeing	20,220	15,677	15,677	0	0.00
Improvement Cymru	8,560	6,784	6,784	-0	0.00
Board and Corporate	2,608	2,235	2,231	-4	-0.19
People & Organisational Development	2,752	2,254	2,246	-8	-0.37
Operations and Finance	11,342	9,463	9,444	-19	-0.20
Data, Knowledge and Research	5,911	4,403	4,377	-25	-0.57
Health Protection and Screening Services	90,309	74,212	74,167	-45	-0.06
Directorate Total	150,439	119,024	118,958	-66	-0.06

As the table above summarises, the surplus at Month 10 is a combination of small under and overspends across a number of Directorates. Spending plans continue to be monitored closely to manage the forecast year-end position to break-even. There is slippage reported on the Health Protection Screening Services Directorate spending plans, pay spend linked to investment posts and we are managing a small number of risks and opportunities including a stock write off.

Costs associated with the Public Inquiry are included within the Board and Corporate Directorate. The total spend at Month 10 is £565k, an element of this is covered from within Directorate budgets with £387k having been met by internal cost pressure funding as part of the budget strategy.

2.2 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 August, with a subsequent update on 27 October. The combined effect of these submissions was £4.221m. We have received an invoice from Welsh Government and this funding has been returned in January.

As part of our ongoing review of spending plans to support the wider NHS Wales position, we have identified further non-recurring benefits of £500k to be returned to Welsh Government. The £500k is a result of excess bank interest, a reduction in SLA charges and a technical accounting treatment adjustment. We are awaiting an invoice from Welsh Government to return the funding.

We will continue to review our spending plans and monitor our financial forecast closely during the final quarter of 2023/24 to ensure that Public Health Wales delivers a breakeven position in accordance with its financial strategy and the assumptions within the IMTP.

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 for Welsh Government to conclude the review process.

2.3 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 10 months against this allocation is £9.635m and the revised full year forecast based on current testing policy is £11.981m, which incorporates our plans for winter preparedness.

Covid testing episodes in January averaged 469 per day which was higher than the 400 tests forecast. The reduction in usage of expensive tests has been maintained with Biofire tests accounting for only 6% of January activity. We will continue to invoice Welsh Government each month based on actual spend. The movement against original allocation is detailed in **Appendix B**

The Covid sustainability plan for 2024/25 has been agreed with Welsh Government.

3. Capital

Public Health Wales capital funding for 2023/24 totals £2.752m this is made up of £1.257m of Discretionary capital and £1.495m of Strategic capital. £1.335m 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.

There is a net allocation decrease of £136k from M09 relating the EFAB Decarbonisation, Fire Compliance and the DPIF Cyber Improvement strategic schemes. Scheme allocations were aligned to match actual expenditure.

Table B provides a summary of discretionary and strategic schemes.

Table B – Summary of Capital Schemes

Fund	Service Area	2023/24 Allocation £000s	Year to date spend 2023/24 £000s	Committed at Month 10 £000s	Remaining Spend £000s
Discretionary	Contingency	92	-0	0	92
Discretionary	Digital Services	588	132	415	41
Discretionary	Estates	62	27	33	1
Discretionary	Microbiology	62	45	17	0
Discretionary	Screening	453	342	100	12
Total Discretionary		1,257	546	565	146
Strategic - PHW	Digital Services	853	0	756	11
Strategic - PHW	Estates	447	320	127	0
Strategic - PHW	Screening	35	34	0	0
Total Strategic		1,335	354	883	11
Total Public Health Wales Capital		2,592	900	1,449	157

Fund	Service Area	2023/24 Allocation £000s	Year to date spend 2023/24 £000s	Committed at Month 10 £000s	Remaining Spend £000s
Strategic - Hosted	NHS Executive	160	0	117	43
Total Strategic		160	0	117	43
Total Hosted Capital		160	0	117	43
Grand Total		2,752	900	1,565	200

Significant procurement progress has been made during month 10 in relation to orders being placed for Digital Services schemes. These schemes are expected to continue progressing in line with our plan.

The remaining spend to be committed at month 10 on Public Health Wales Discretionary and Strategic capital is £0.157m and mainly relates to Digital services schemes agreed from the discretionary allocation and the Radiology Informatics System (RISP) Infrastructure. Updates on the remaining spending plans in these areas is outlined below in **Table C**:

Table C – Remaining spend profile

Discretionary Capital Scheme	£	Status Update	Delivery Estimate
Replacement of Clinical system printers & scanners	6	Procurement to be actioned via Mini Comp	Mar-24
Server room Air Con replacements	35	Going back out to market due to lack of response from first procurement exercise	Mar-24
Surface Hub	30	Procurement to be actioned via Mini Comp	Mar-24

Strategic Capital Scheme	£	Status Update	Delivery Estimate
Radiology Informatics System (RISP) Infrastructure	97	The under spend has been finalised with an additional £11k of expenditure due. The budget will be reduced by £86k to align with total expenditure in February 24	Mar-24

In addition to these spending plans there is a small contingency of £62k that is held for unplanned breakdowns/replacements and also for checks on any over £5k revenue expenditure.

There is a high degree of confidence that full delivery of the capital plan will be achieved for 23/24.

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 £1.194m. On the DESW camera replacement programme, we have received confirmation that funding has been approved for 2024/25.

NHS Executive capital spend on IT infrastructure will include laptops, new and replacement, a PSBA link and upgrade to the communications system which are due to be delivered and installed February 2024.

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 January 2024.

Table D – Balance Sheet as of 31 January 2024

	Opening Balance 1/4/2023 £000s	Movement £000s	Closing Balance 31/01/24 £000s
Non-Current Assets			
Property, plant and equipment	33,762	-3,236	30,526
Intangible assets	869	-291	578
Trade and other receivables	3,347	-3,347	0
Non-Current Assets sub total	37,978	-6,873	31,105
Current Assets			
Inventories	2,164	-0	2,164
Trade and other receivables	20,850	20,606	41,456
Cash and cash equivalents	15,569	10,057	25,626
Current Assets sub total	38,583	30,663	69,246
TOTAL ASSETS	76,561	23,789	100,350
Current Liabilities			
Trade and other payables	-30,783	-23,502	-54,285

Borrowings	-2,200	0	-2,200
Provisions	-2,399	-3,554	-5,953
Current Liabilities sub total	-35,382	-27,057	-62,439
NET ASSETS LESS CURRENT LIABILITIES	41,179	-3,267	37,912
Non-Current Liabilities			
Trade and other payables	0	0	0
Borrowings	-6,274	335	-5,939
Provisions	-5,165	3,291	-1,874
Non-Current Liabilities sub total	-11,439	3,626	-7,813
TOTAL ASSETS EMPLOYED	29,740	359	30,099
FINANCED BY: Taxpayers' Equity			
PDC	24,965	-0	24,965
Retained earnings	3,915	66	3,981
Revaluation reserve	860	293	1,153
TOTAL TAXPAYERS' EQUITY	29,740	359	30,099

4.1 Non-current Assets

Property, plant and equipment and intangible assets have reduced in total by £3.5m since year end due to the net effect of year to date depreciation 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 £20.606m overall.

In relation to the Trust, the receivables balance includes the Trust's February core income invoice (billed in advance) totalling £11.158m, 2022-23 and 2023-24 accrued pay award funding of £4.981m, additional WG income of £1.275m and £3.347m as referenced above the timing of the settlement of clinical negligence have now become current.

Cash and cash equivalents has increased by £10.057m since the beginning of the year. The Trust has drawn down core income and capital funding but due to timing of expenditure commitments this has not yet been spent.

4.3 Current Liabilities

Current trade and other payables has increased by £23.502m 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 February but raised in advance and £7.1m remaining of the core income billed for December but not yet required.

Payables in relation to the NHS Executive include non-NHS accrued expenditure of £4.360m for invoices not yet billed.

Payables in relation to the NHS Executive totals £5.9m. This reflects the anticipated repayment of funds to Welsh Government.

Current provisions have increased by £3.554m 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 £0.263m 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 10:

- Reported surplus financial position of £66k.
- 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 10. Attached

Appendix B:

PHW - COVID-19 Summary	Original Allocation £000	Movement £000	Forecast @ Month 10 £000
COVID-19 Laboratory Testing	5,000	2,737	7,737
Non COVID-19 Rapid Testing & Platform Maintenance	2,700	-1,251	1,449
Covid Related Pathogen Genomics	3,000	-2,283	717
Health Protection Team Covid-19	400	-231	169
Integrated Surveillance	4,280	-3,790	490
Vaccination Programme	1,490	-280	1,210
PPE	60	-60	0
Tarian Development	0	105	105
Winter Communications Campaign	0	104	104
TOTAL	16,930	-4,949	11,981

