



**GIG**  
CYMRU  
**NHS**  
WALES

Iechyd Cyhoeddus  
Cymru  
Public Health  
Wales

**Name of Meeting**  
**Board**  
**Date of Meeting**

**Agenda item:**

## 2023/24 Financial Position

**Executive lead:** Huw George, Deputy Chief Executive and Executive Director of Finance and Operations

**Author:** Angela Fisher, Deputy Director and Head of Finance  
Ruth Maddern, Head of Financial Management & Business Partnering

**Approval/Scrutiny route:**

### Purpose

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 2023/24 and the revenue and capital position as at 31<sup>st</sup> May 2023 (M2), 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"/>
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The Board is asked to:

- **NOTE** update on Budget Strategy and Principles for 2023/24
- **CONSIDER** the financial position of Public Health Wales as at 31<sup>st</sup> May 2023, which includes the position on COVID-19.

## 1. Introduction and Context

The purpose of this report is to provide an update to the Executive Team and the Board on the Budget Strategy and Principles for 2023/24 and outline the revenue and capital position for Public Health Wales 31 May 2023 (M02). The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 13 June 2023 as part of the full financial monitoring return for Month 2. The monitoring returns are included at **Appendix A**

## 2. Budget Strategy and Principles 2023/24

This serves as an update to the Financial Plan and Budgetary Control Framework 2023/24 – 2025/26 paper that was submitted to Board on the 30 March 2023

### 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**

<b>Commitments</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>Recurrent £m</b>
<b><u>Expected Core Allocations</u></b>				
1. Bowel Screening Optimisation	3.363	6.192	6.192	6.192
2. Lung Cancer Screening Business case	1.067	1.067	1.067	1.067
3. New-born Infant Physical Examination Cymru (NIPEC)	0.921	0.921	0.921	0.921
<b><u>Expected Non-Core Allocations</u></b>				
4. CAMHS – in reach support for schools	0.650	0.654	-	-
5. Healthy Working Wales	0.741	0.741	0.741	0.741
6. Screening Recovery	0.979	0.934	-	-
<b>Total</b>	<b>7.721</b>	<b>10.509</b>	<b>8.921</b>	<b>8.921</b>

1. Bowel Screening Optimisation allocation has been received, with an allocation for 2023/24 and 2024/25 of £3.363m and £5.411m respectively, as per our revised plan. The service are liaising with Welsh Government to confirm the allocation for 2025/26 and that the allocation is recurrent.

2. Lung Cancer Screening business case has been returned with a request for further information. No cost commitments will be made until a decision on funding is received.
3. New-born Infant Physical Examination Cymru business case remains under consideration by Welsh Government. No cost commitments will be made until a decision on funding is received.
4. CAMHS in-reach allocation has been received at a higher value than anticipated. Funding will be received via quarterly invoice during the 2023/24.
5. Healthy Working Wales is also an invoice funded service and we will continue to invoice Welsh Government as we have in previous years but at the revised anticipated allocation of £0.500m.
6. Screening recovery funding of £0.979m remains outstanding, despite numerous requests and escalation.

In addition to the anticipated allocations referenced above, we have three new anticipated allocations in relation to the 2022/23 and 2023/24 pay awards. The agreed 2022/23 1.5% consolidated pay award allocation, which is anticipated to be c. £1.3m. The anticipated allocation for the agreed 2022/23 one-off in year recovery payment and the 2023/24 agreed 5% pay award, which will be determined on the completion of Welsh Government pay modelling.

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

### **Savings**

Welsh Government set a requirement for all NHS Wales organisations to deliver 2.5% efficiency savings in 2023/24. This totalled £3.174m for Public Health Wales.

To deliver the efficiency savings all Directorates were required to find a recurring saving of 1% of their budget. (Improvement Cymru, in accordance with the draft Memorandum of Understanding to cover the transition period to the NHS Executive has been excluded from both Public Health Wales' savings and investments)

In addition, Public Health Wales planned spend reductions in a number of areas for 2023/24 which were derived from 2022/23. These included the full year benefit of 2022/23 savings, realising the effects of slippage in investments and managing down the recurrent impact of 2022/23 cost pressures.

**Table 2** summarises our savings delivery

**Table 2**

Savings Type	2023/24 £m	2024/25 £m	2025/26 £m	Recurrent £m
Directorates 1% Efficiency Savings	-1.126	-1.126	-1.126	-1.126
Corporate Savings	-0.979	-0.723	-0.654	-0.318
Disinvestments & Cost Reductions	-1.069	-1.069	-1.069	-1.069
<b>Total Plans 2.5%</b>	<b>-3.174</b>	<b>-2.918</b>	<b>-2.849</b>	<b>-2.513</b>
<b>Total Target 2.5%</b>	<b>-3.174</b>	<b>-3.174</b>	<b>-3.174</b>	<b>-3.174</b>

All Directorate savings have now been finalised and set out in **Table 3** below.

**Table 3**

Directorate	1% Savings	Recurring Savings	Non-Recurring Savings	Total of Savings Schemes
Board and Corporate	22,400	22,400		22,400
Data, Knowledge & Research	54,000		54,000	54,000
HPSS	784,800	784,800		784,800
Health and Wellbeing	74,800		74,800	74,800
Ops & Finance	105,600	64,350	41,250	105,600
People & OD	21,600	21,600		21,600
QNAHPS	27,200	27,200		27,200
WHO CC	36,000		36,000	36,000
<b>Total</b>	<b>1,126,400</b>	<b>920,350</b>	<b>206,050</b>	<b>1,126,400</b>

The 2.5% savings target will be delivered in 2023/24 but further work is required to identify delivery on a recurrent basis.

### **Utilisation of Efficiency Savings**

As previously stated in the Financial Plan and Budgetary Control Framework 2023-26, **Table 4** summarises how the efficiency savings will be utilised.

**Table 4**

Item	2023/24 £m
2.5% Efficiency Savings	-3,174
Shortfall in funding Inflationary Pressures	370
Unavoidable Cost Pressures	792
Avoidable Cost Pressures	2,078
<b>Planned Variance</b>	<b>66</b>

The planned variance of £66k, will be covered from anticipated in year avoidable cost pressure slippage.

The agreed Recurrent and Non-Recurrent Avoidable Cost Pressures by Directorate for 2023/24 are set out in **Appendix B** and summarised in **Table 5** below.

**Table 5**

Directorate	Recurring £	Non-Recurring £	Total £
Health and Wellbeing	127,824	100,000	227,824
Health Protection and Screening Services	138,850		138,850
Health Protections and Screening Services and Data, Knowledge and Research		519,416	519,416
Improvement Cymru	131,766		131,766
Data, Knowledge and Research		52,944	52,944
Operations and Finance	397,800		397,800
People and Organisational Development	140,497	150,000	290,497
Quality Nursing and Allied Health Professionals	123,850	34,616	157,466
WHO Collaborating Centre	144,030		144,030
All - Non-Pay at £500 per WTE	17,700		17,700
<b>Grand Total</b>	<b>1,222,317</b>	<b>856,976</b>	<b>2,078,293</b>

### **3. 2023/24 Revenue and Capital financial performance at 31st May 2023 (Month 2)**

The **Table 6** below highlights the performance against the key revenue and capital financial targets.

**Table 6**

Target	Current Month	Year to Date	Year-end Forecast
Revenue financial target Deficit/(Surplus)	(£1.7K)	(£52k)	Breakeven
Capital financial target	£302k	£8k	Breakeven
Public Sector Payment Policy	96.27%	96.72%	>95%

The cumulative reported position for Public Health Wales is a net surplus of £52k.

## Overview of Financial Performance at Month 2

### Financial Performance by Directorate

**Table 7** outlines the Financial Performance by Directorate.

**Table 7**

Directorate	Income Cumulative Variance £000s	Pay Cumulative Variance £000s	Non-Pay Cumulative Variance £000s	Grand Total £000s
Health Protection and Screening Services	-69	-114	183	0
Health & Wellbeing	-0	-9	9	0
NHS Executive	0	0	0	-0
Improvement Cymru	-0	-0	-0	-0
Quality Nursing & Allied Health Professionals	-0	5	-7	-3
People & Organisational Development	0	-4	-0	-4
WHO Collaborating Centre	-0	2	-8	-5
Data, Knowledge and Research	0	-46	38	-7
Board and Corporate	0	-9	0	-9
Operations and Finance	0	-46	37	-10
Central Budgets	-2	10	-22	-14
<b>Directorate Total</b>	<b>-71</b>	<b>-210</b>	<b>229</b>	<b>-52</b>
Covid 19 Directorate	0	-0	0	-0
<b>COVID19 Total</b>	<b>0</b>	<b>-0</b>	<b>0</b>	<b>-0</b>
<b>Grand Total</b>	<b>-71</b>	<b>-210</b>	<b>229</b>	<b>-52</b>

As the table above indicates, the surplus at Month 2 is a combination of small underspends across a number of Directorates.

Anticipated non-core allocations for Screening Recovery of £0.979m and Healthy Working Wales of £0.500m are built into our financial plan but we are yet to receive confirmation of funding from Welsh Government.

In line with the quarterly financial reviews, full year financial plans are required by the end of Quarter 1.

### Covid-19

**Table 8** outlines the operational expenditure and funding sources of the Public Health Wales Covid-19 response. Actual costs are shown for April and May 2023 with forecast costs for the remainder of the year.

**Table 8 – COVID-19 financial forecast at Month 2**

PHW - COVID-19 Summary	Actual Apr-23 to May-23 £000	Forecast Jun-23 to Mar-24 £000	TOTAL 2023/24 £000
<b>Additional Costs</b>			
COVID-19 Laboratory Testing	1,354	7,021	8,375
Non COVID-19 Rapid Testing & Platform Maintenance	185	2,711	2,896
Covid Related Pathogen Genomics	141	905	1,046
Health Protection Team Covid-19	21	379	400
Integrated Surveillance	53	2,670	2,723
Vaccination Programme	149	1,341	1,490
<b>Total Gross Additional Cost</b>	<b>1,903</b>	<b>15,027</b>	<b>16,930</b>
<b>Assumed Welsh Government Funding</b>			
COVID-19 Laboratory Testing	-1,354	-7,021	-8,375
Non COVID-19 Rapid Testing & Platform Maintenance	-185	-2,711	-2,896
Covid Related Pathogen Genomics	-141	-905	-1,046
Health Protection Team Covid-19	-21	-379	-400
Integrated Surveillance	-53	-2,670	-2,723
Vaccination Programme	-149	-1,341	-1,490
<b>Total Funding</b>	<b>-1,903</b>	<b>-15,027</b>	<b>-16,930</b>

Welsh Government have confirmed non-recurrent funding for 2023/24 of £16.93m to support the continuing health protection response to communicable diseases including Covid-19 in a Covid Stable Scenario. Initial plans have been developed and will continue to be closely monitored. Total spend in months 1 and 2 against this allocation is £1.903m.

### **Capital**

Following a 24% reduction in discretionary capital in 2022/23, our allocation has increased by 12% for 2023/24 from £1.202m to £1.391m.

Public Health Wales were successful in bidding £340k for decarbonisation schemes and £185k for fire compliance works from the reinstated Estates Funding Advisory Board. Any successful bids required a 30% contribution from discretionary allocations, therefore Public Health Wales have committed £158k of discretionary allocation to the successful EFAB schemes with the £158k now removed from our discretionary allocation and applied to the strategic schemes. Therefore, our Month 2 discretionary capital allocation total is £1.233m.

From the statements of need received, there is currently an over-commitment against the total allocation available. A separate report,

**Appendix C**, with a proposed plan on the allocation of Public Health Wales' discretionary capital funding for 2023/24 was approved by the Executive on 19 June 2023. The

The strategic capital allocation is £0.575m, which is £0.525m for the above-mentioned decarbonisation and fire compliance (EFAB) schemes, and £50k for some residual costs associated with the Breast Test Wales replacement programme.

## **Balance Sheet**

There is no requirement to report the balance sheet as part of our monthly monitoring return to Welsh Government for Month 2 (May). To provide assurance to the Board on our cash position, the balance at close of Month 2 (May) was £14.863m and this will be sufficient to cover forecast costs until core income is received for Month 3 (June).

## **Conclusion**

The Board is asked to note the following:

- Update on budget strategy and principles for 2023/24, focussing on anticipated income, savings and utilisation of savings;
- Month 2 reported surplus financial position of £52k;
- Status of the Capital Programme, strategic and discretionary, for 2023/24, and
- No requirement to report Balance Sheet at Month 2, updated on closing cash position at Month 2 provided for assurance.



## Appendix B – Details of Avoidable Cost Pressures

R/NR	Directorate	Avoidable Cost Pressure	WTE	2022/23 £
NR	H&WB	Investing in skills for system leadership across specialist public health		100,000
NR	<b>H&amp;WB Total</b>			<b>100,000</b>
NR	HPSS & Knowledge	Breast Screening & DESW discoveries, alpha, beta, deployment	3.00	519,416
NR	<b>HPSS &amp; Knowledge Total</b>		<b>3.00</b>	<b>519,416</b>
NR	Knowledge	Automation of processes	2.00	52,944
NR	<b>Knowledge Total</b>		<b>2.00</b>	<b>52,944</b>
NR	POD	Ideal culture and leadership and management development		150,000
NR	<b>POD Total</b>			<b>150,000</b>
NR	QNHAPs	Records Management phase 2	1.00	34,616
NR	<b>QNHAPs Total</b>		<b>1.00</b>	<b>34,616</b>
<b>NR Total</b>			<b>6.00</b>	<b>856,976</b>
R	All	Non-pay per WTE		17,700
R	<b>All Total</b>			<b>17,700</b>
R	H&WB	Additional support for Building a Healthier Wales - already in post	0.50	14,951
R	H&WB	Additional support for Building a Healthier Wales	0.70	34,752
R	H&WB	Additional support for Building a Healthier Wales - add to 0.60 wte vacancy	0.40	14,118
R	H&WB	Progressing work on HCPH	2.00	62,416
R	H&WB	Progressing work on HCPH - top up from Band 6 to Band 8a only	0.00	1,587
R	<b>H&amp;WB Total</b>		<b>3.60</b>	<b>127,824</b>
R	HPSS	Building strategic leadership capacity for screening services	1.00	57,141
R	HPSS	Improving capacity and support for PHW's statutory EPRR function and business continuity	2.00	50,825
R	HPSS	Support for the Office of Medical Director Band 7	1.00	30,884
R	<b>HPSS Total</b>		<b>4.00</b>	<b>138,850</b>
R	IC	Additional resources into the I&I Hub	4.00	111,766
R	IC	Additional resources into the I&I Hub - simply do		20,000
R	<b>IC Total</b>		<b>4.00</b>	<b>131,766</b>
R	Ops & Finance	Additional resources to deliver expert web content capacity	1.00	45,243
R	Ops & Finance	Cyber security and digital development	5.00	199,807
R	Ops & Finance	Cyber security and digital development - top up 8a to 8b		4,975
R	Ops & Finance	strengthening the programme management profession and our PMO capacity	2.00	82,487
R	Ops & Finance	support the delivery of the new priority tackling the public health effects of climate change	2.00	65,289

R	<b>Ops &amp; Finance</b>			
R	<b>Total</b>		<b>10.00</b>	<b>397,800</b>
R	<b>POD</b>	Funding to support the two staff networks recently established		4,000
R	<b>POD</b>	Ideal culture and leadership and management development		100,000
R	<b>POD</b>	Setting up a scheme to offer funded career experience opportunities for those within underrepresented groups and undergraduates/non-under graduates and the talent pipeline.	1.00	36,497
R	<b>POD Total</b>		<b>1.00</b>	<b>140,497</b>
R	<b>QNHAPs</b>	Appointment of Head of Risk Management	1.00	44,884
R	<b>QNHAPs</b>	Records Management phase 2	2.00	77,966
R	<b>QNHAPs Total</b>		<b>3.00</b>	<b>122,850</b>
R	<b>WHOCC</b>	Creating leadership resource for climate change	0.80	40,131
R	<b>WHOCC</b>	Optimising the delivery of our behavioural science function	1.50	71,899
R	<b>WHOCC</b>	Time to Talk Public Health : Delivering a Sustainable Panel Survey		32,000
R	<b>WHOCC Total</b>		<b>2.30</b>	<b>144,030</b>
<b>R Total</b>			<b>27.90</b>	<b>1,221,317</b>
<b>Grand Total</b>			<b>33.90</b>	<b>2,078,293</b>