

 <p> <b>GIG</b>        CYMRU  <b>NHS</b>        WALES     </p>	Iechyd Cyhoeddus Cymru Public Health Wales	<b>Name of Meeting</b> Board
		<b>Date of Meeting</b> 28 September 2023
		<b>Agenda item:</b> 3.4

## 2023/24 Financial Position

<b>Executive lead:</b>	Huw George, Deputy Chief Executive and Executive Defector of Finance and Operations
<b>Author:</b>	Angela Fisher, Deputy Director, and Head of Finance Ruth Maddern, Head of Financial Planning

<b>Approval/Scrutiny route:</b>	Business Executive Team 20 September 2023
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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 31 <sup>st</sup> August 2023 (M5), 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 31<sup>st</sup> August 2023, which includes the position on COVID-19.         </li> </ul>				

**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:

<b>Strategic Priority/Well-being Objective</b>	All Strategic Priorities/Well-being Objectives
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**Summary impact analysis**

<b>Equality and Health Impact Assessment</b>	Not Applicable
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<b>Risk and Assurance</b>	All financial risks are reflected in the paper
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<b>Financial implications</b>	Financial information included in the paper
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<b>People implications</b>	Not applicable
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## 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 August 2023 (M05). The content of this report is included in the Director of Finance commentary that has been submitted to Welsh Government on 13 September 2023 as part of the full financial monitoring return for Month 5. The monitoring returns are 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)	147.9K	(9.5K)	Breakeven
Capital financial target Public Sector Payment Policy	£754k	£69k	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 £10k.

## 2. Overview of Financial Performance at Month 5

### 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
People & Organisational Development	2,472	1,000	1,055	55	5.48%
Operations and Finance	11,083	4,546	4,553	7	0.15%
WHO Collaborating Centre	4,949	1,876	1,879	3	0.15%
Data, Knowledge, and Research	5,673	2,054	2,057	2	0.12%
Health & Wellbeing	20,144	7,695	7,695	0	0.00%
Improvement Cymru	7,014	2,546	2,546	0	0.00%
Quality Nursing & Allied Health Professionals	3,212	1,402	1,396	-5	-0.38%
Health Protection and Screening Services	89,935	36,679	36,673	-6	-0.02%
Board and Corporate	2,566	1,223	1,198	-25	-2.07%
Central Budgets (Excl WG Income)	5,758	1,373	1,334	-39	-2.87%
<b>Directorate Total</b>	<b>152,806</b>	<b>60,395</b>	<b>60,386</b>	<b>-10</b>	

As the table above indicates, the surplus at Month 5 is a combination of small under and overspends across a number of Directorates. We have realigned budgets following an extensive and detailed review of our financial position to identify additional non-recurring savings to support the overall NHS Wales Financial position.

Costs associated with the Public Inquiry are shown within the Board and Corporate Directorate. The total spend at Month 5 is £341k, with £296k having been met by internal cost pressure funding as part of the budget strategy.

## **NHS Financial Position**

Following the recent communication received from the NHS Wales Chief Executive regarding the financial pressures across NHS Wales, we have concluded our financial assessment. This has been guided by a number of key principles, which aim to balance our commitment to supporting the wider system and the continued delivery of essential public health services and functions.

Following our financial assessment, we have identified a number of additional non-recurring savings schemes, which will be available directly to help the NHS Wales position. We have identified both corporate and directorate savings through this extensive review of our budgets and spending plans, which will now be held centrally whilst we await Welsh Government response.

Our Board approved IMTP and Budget Strategy for 2023/24, includes non-confirmed Welsh Government funding for our ongoing screening programme recovery, as a result of the Covid-19 pandemic. This is £979k for 2023/24 and £934k for 2024/25 and represents both a significant clinical and financial risk to service users and Public Health Wales. It has been the subject of ongoing discussions with Welsh Government officials over recent months. As this was fully funded by Welsh Government in 2022/23, we continue to plan on the basis that the Welsh Government will continue to fully fund this.

In addition, at the request of the Welsh Government, we have submitted proposals for the phased development of a Lung Cancer Screening Programme in Wales. The proposed part-year costs for phase 1 in 2023/24 are now £109k. We are currently awaiting a funding decision from the Welsh Government in relation to this and will not progress this work until confirmed.

We are also currently awaiting funding decisions from the Welsh Government in relation to two additional business cases. These are in relation to Newborn Physical Examination and the Sexual Health Case Management System. Work will be unable to commence on these without confirmation of funding.

## **Covid-19**

Welsh Government have 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 5 months against this allocation is £4.771m and the revised full year forecast based on current testing policy is £14.771m.

The forecast for month five has been adjusted to reflect the proposals submitted to Welsh Government to support the wider NHS Wales financial position. Savings previously identified against this funding were £1.431m and a further £1m has been identified from non-Covid rapid testing. Additional expenditure of £0.180m has been included for Tarian Development and £0.092m for a winter pressures

campaign. This provides a net saving against the original allocation of £2.159m based on the current testing policy.

## **Capital**

Public Health Wales capital funding for 2023/24 totals £1.809m, £1.233m of Discretionary capital and £0.576m of Strategic capital.

The strategic capital allocation of £0.576m, is £0.525m decarbonisation and fire compliance (Estates Funding Advisory Board) schemes, and £50k for residual costs associated with the Breast Test Wales replacement programme. **Table B** provides a summary of discretionary and strategic schemes, with a more detailed breakdown in **Appendix B**.

**Table B – Summary of Capital Schemes**

Fund	Service Area	2023/24 Allocation £000s	Year to date spend 2023/24 £000s
Discretionary	Contingency	378	0
Discretionary	Digital Services	479	1
Discretionary	Estates	220	12
Discretionary	Microbiology	39	16
Discretionary	Screening	118	21
<b>Total Discretionary</b>		<b>1,233</b>	<b>51</b>
Strategic – PHW	Estates	526	0
Strategic – PHW	Screening	50	19
<b>Total Strategic</b>		<b>576</b>	<b>19</b>
<b>Total Public Health Wales Capital</b>		<b>1,809</b>	<b>69</b>

Total capital expenditure at month five is £69k, which equates to approximately 4% of the overall capital allocation. Total capital committed via Purchase orders at month five is £367k, which combined with actual spend equates to approximately 24% of overall capital allocation. There remains a clear finance focus to ensure a breakeven position is maintained throughout 2023/24.

A capital discretionary allocation of £210k relating to our hosted organisation, the NHS Executive, has been agreed and in final stages of approval with Welsh Government. This will be separately identified, reported on, and managed by NHS Executive.

Public Health Wales have submitted a bid of £625k against the Cyber Resilience funding for 2023/24 for firewall replacements and network refresh. We are awaiting the outcome of the bid and will need to work through the implications should total funding required not be received.

Two further business cases are in the process of being finalised and submitted to Welsh Government for additional strategic capital funding: All Wales Sexual Health Case Management and Surveillance Reporting System £840k and DESW camera replacement programme £1.195m.

## 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 C** provides a summary as of 31<sup>st</sup> August 2023.

**Table C – Balance Sheet as of 31<sup>st</sup> August 2023**

	Opening Balance 1/4/2023 £000s	Movement £000s	Closing Balance 31/08/23 £000s
<b>Non-Current Assets</b>			
Property, plant, and equipment	33,762	69	33,831
Intangible assets	869	0	869
Trade and other receivables	3,347	-3,347	0
<b>Non-Current Assets sub total</b>	<b>37,978</b>	<b>-3,278</b>	<b>34,700</b>
<b>Current Assets</b>			
Inventories	2,164	0	2,164
Trade and other receivables	20,850	27,853	48,703
Cash and cash equivalents	15,569	-3,286	12,283
<b>Current Assets sub total</b>	<b>38,583</b>	<b>24,567</b>	<b>63,150</b>
<b>TOTAL ASSETS</b>	<b>76,561</b>	<b>21,289</b>	<b>97,850</b>
<b>Current Liabilities</b>			
Trade and other payables	-30,783	-20,881	-51,664
Borrowings	-2,200	0	-2,200
Provisions	-2,399	-3,635	-6,034
<b>Current Liabilities sub total</b>	<b>-35,382</b>	<b>-24,516</b>	<b>-59,898</b>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>	<b>41,179</b>	<b>-3,227</b>	<b>37,952</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	0	0	0
Borrowings	-6,274	0	-6,274
Provisions	-5,165	3,237	-1,928
<b>Non-Current Liabilities sub total</b>	<b>-11,439</b>	<b>3,237</b>	<b>-8,202</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>29,740</b>	<b>10</b>	<b>29,750</b>
<b>FINANCED BY: Taxpayers' Equity</b>			
PDC	24,965	0	24,965
Retained earnings	3,915	10	3,925
Revaluation reserve	860	0	860
<b>TOTAL TAXPAYERS' EQUITY</b>	<b>29,740</b>	<b>10</b>	<b>29,750</b>

### **Non-current Assets**

Trade and other receivables have reduced 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.

### **Current Assets**

Trade and other receivables have increased by £27.853m overall.

In relation to the Trust (excluding hosted), the receivables balance includes the Trust's September core income invoice (billed in advance) totalling £11.158m and 2022-23 and 2023-24 pay award funding of £2.225m.

Trade and other receivables in relation to the NHS Executive include income billed and accrued of £14.4m for a number of programmes including National Clinical Network Funding, Single Cancer Pathway, Save a Life Cymru and Voluntary Hospice funding. Accruals for core income and 2022-23 and 2023-24 pay award funding are also included in this total. Of the £14.4m total, £4.7m has been invoiced to Welsh Government.

Cash and cash equivalents have reduced by £3.286m since the beginning of the year. This is linked to the increase in receivables since last month and the £4.7m of Q1 invoices that have been raised to Welsh Government from the NHS Executive.

### **Current Liabilities**

Current trade and other payables have increased by £20.881m due mainly to deferred Welsh Government income. This includes £11.158m of income due in September but raised in advance and £6.234m remaining of the core income billed for August but not yet required. In addition, there are £2.860 of accrued year to date capital depreciation charges.

Current provisions have increased by £3.635m 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 £0.397m since the beginning of the financial year and this is due to two new clinical negligence provisions.

### **Conclusion**

The Board is asked to note the following at Month 5:

- Reported surplus financial position of £10k;
- Our financial assessment in response to Welsh Government request to the financial pressures across NHS Wales;
- 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 5. Attached

### Appendix B:

#### Table of Capital Schemes

Fund	Service Area	Details	2023/24 Allocation £000s	Year To Date spend 2023/24 £000s	Committed via PO £000s
Discretionary	Estates	Clwydian House refurbishment	8	0	0
Discretionary	Estates	Redesign floor 3 and 6 CQ2	185	0	0
Discretionary	Estates	Refurbish DESW North Wales	15	0	0
Discretionary	Estates	Radon Extraction System - BTW Wrexham	12	12	0
Discretionary	Screening	DPW Medical CSW hardware upgrade - b/f from 22/23	5	5	0
Discretionary	Screening	Replace Logic E9 Ultrasound Machine	66	0	65
Discretionary	Screening	Replacement Lab Temperature Monitoring System	5	0	5



Discretionary	Screening	Replace Radiation Detector	17	17	0
Discretionary	Screening	Redecoration/Building Maintenance (BTW Cardiff)	7	0	0
Discretionary	Screening	Tablets for Screening User Experience	17	0	0
Discretionary	Microbiology	Air conditioning units	10	0	8
Discretionary	Microbiology	Upright Microscope with digital camera	13	0	0
Discretionary	Microbiology	Eddy Jet 2 spiral platter	16	16	0
Discretionary	Digital Services	Clinical printers - b/f from 22/23	1	1	0
Discretionary	Digital Services	IT equipment for new posts	35	0	0
Discretionary	Digital Services	Desktop PC Replacement Programme	156	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	151	0	0
Discretionary	Digital Services	UPS replacement	35	0	0
Discretionary	Digital Services	Server room Air Con replacements	35	0	0
Discretionary	Contingency	Contingency	378	0	0
<b>Discretionary Total</b>			<b>1,233</b>	<b>51</b>	<b>78</b>
Strategic - PHW	Estates	Fire Compliance Works (EFAB) - fire doors	186	0	0
Strategic - PHW	Estates	Decarbonisation Scheme (EFAB) - replacement of AAA vehicles to EVs	340	0	283
Strategic - PHW	Screening	BTW Imaging Equipment Replacement	50	19	6
<b>Strategic - PHW Total</b>			<b>576</b>	<b>19</b>	<b>289</b>
<b>Total Public Health Wales Capital</b>			<b>1,809</b>	<b>69</b>	<b>367</b>