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|  <p> GIG CYMRU NHS WALES </p> | Iechyd Cyhoeddus Cymru Public Health Wales | Name of Meeting Business Executive Team Meeting |
| | | Date of Meeting 17 October 2023 |
| | | Agenda item: 3.1 |

2023/24 Financial Position

| | |
|------------------------|---|
| Executive lead: | Huw George, Deputy Chief Executive and Executive Defector of Finance and Operations |
| Author: | Angela Fisher, Deputy Director, and Head of Finance Ruth Maddern, Head of Financial Planning |

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| Approval/Scrutiny route: | Huw George, Deputy Chief Executive and Executive Defector of Finance and Operations Business Executive Team (17 October 2023) Board (via email) |
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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 30 th September 2023 (M6), which includes the position on COVID-19 expenditure and funding. |

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|--|---|---|---------------------------------------|---------------------------------------|---------------------------------------|
| Recommendation: | | | | | |
| <table style="width: 100%; text-align: center;"> <tr> <td>APPROVE <input type="checkbox"/></td> <td>CONSIDER <input checked="" type="checkbox"/></td> <td>RECOMMEND <input type="checkbox"/></td> <td>ADOPT <input type="checkbox"/></td> <td>ASSURANCE <input type="checkbox"/></td> </tr> </table> | APPROVE <input type="checkbox"/> | CONSIDER <input checked="" type="checkbox"/> | RECOMMEND <input type="checkbox"/> | ADOPT <input type="checkbox"/> | ASSURANCE <input type="checkbox"/> |
| 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:

- CONSIDER** the financial position of Public Health Wales as of 30th September 2023, which includes the position on COVID-19.

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 |
|--|--|

| 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 |
| 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 30 September 2023 (M06). The content of this report is included in the Director of Finance commentary that has been submitted to Welsh Government on 12 October 2023 as part of the full financial monitoring return for Month 6. 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) | (114.5K) | (124k) | Breakeven |
| Capital financial target Public Sector Payment Policy | £1,009k | £132k | Breakeven >95% |
| Agency Spend as % of Total Pay | 1.8% | 2.40% | <3.4% |

The cumulative reported position for Public Health Wales is a net surplus of £124k.

2. Overview of Financial Performance at Month 6

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 |
|---|------------------------|---------------------|---------------------|-----------------------|----------------|
| Health & Wellbeing | 20,175 | 9,317 | 9,321 | 4 | 0.04% |
| WHO Collaborating Centre | 4,949 | 2,291 | 2,293 | 3 | 0.11% |
| Operations and Finance | 11,230 | 5,485 | 5,487 | 2 | 0.03% |
| Board and Corporate | 2,581 | 1,436 | 1,437 | 0 | 0.03% |
| Data, Knowledge and Research | 5,673 | 2,499 | 2,500 | 0 | 0.00% |
| NHS Executive | 0 | -2,143 | -2,143 | 0 | 0.00% |
| Improvement Cymru | 8,550 | 3,873 | 3,873 | -0 | 0.00% |
| Quality Nursing & Allied Health Professionals | 3,212 | 1,659 | 1,656 | -3 | -0.20% |
| People & Organisational Development | 2,575 | 1,283 | 1,276 | -7 | -0.57% |
| Health Protection and Screening Services | 89,976 | 44,154 | 44,096 | -58 | -0.13% |
| Central Budgets (Excl. WG Income) | 5,401 | 1,797 | 1,733 | -65 | -3.59% |
| Directorate Total | 154,323 | 71,653 | 71,529 | -124 | |

As the table above indicates, the surplus at Month 6 is a combination of small under and overspends across a number of Directorates. The underspend within Central Budgets is due to additional bank interest in excess of budget.

Costs associated with the Public Inquiry are shown within the Board and Corporate Directorate. The total spend at Month 6 is £417k, with £310k having been met by internal cost pressure funding as part of the budget strategy.

NHS Financial Position

Following the communication received from the NHS Wales Chief Executive regarding the financial pressures across NHS Wales, the Trust submitted its proposition for potential savings on 11th August. From our extensive financial review, we identified total non-recurring savings of £3.453m, which are available directly to help the NHS Wales position. The £3.453m is held centrally while we await a response from Welsh Government.

We will continue to review our financial forecast and our ability to consider further opportunities to support the wider NHS. Spending plans have been received and reviewed with the majority of Directorates forecasting breakeven positions. Future months will involve monitoring of agreed projected outturns. Spending plans will continue to be discussed in detail with Executive Directors to ensure that Public Health Wales delivers a breakeven position in accordance with its financial strategy and the assumptions within the IMTP.

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. In addition, our 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.

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 6 months against this allocation is £5.613m and the revised full year forecast based on current testing policy is £14.771m.

Forecasts for month 6 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 £2.019m, £1.233m of Discretionary capital and £0.786m of Strategic capital. £0.576m of Strategic capital relates to Public Health Wales and the remaining £0.210m relates to our Hosted Organisation, the NHS Executive.

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. The £0.210m is for IT infrastructure equipment for the NHS Executive. **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 £000s |
|--|------------------|-----------------------------|-----------------------------|
| Discretionary | Contingency | 113 | -0 |
| Discretionary | Digital Services | 879 | 1 |
| Discretionary | Estates | 85 | 12 |
| Discretionary | Microbiology | 39 | 16 |
| Discretionary | Screening | 118 | 83 |
| Total Discretionary | | 1,233 | 112 |
| Strategic - PHW | Estates | 526 | 1 |
| Strategic - PHW | Screening | 50 | 19 |
| Total Strategic | | 576 | 20 |
| Total Public Health Wales Capital | | 1,809 | 132 |

| Fund | Service Area | 2023/24 Allocation £000s | Year to date spend £000s |
|-----------------------------|---------------|-----------------------------|-----------------------------|
| Strategic - Hosted | NHS Executive | 210 | 0 |
| Total Strategic | | 210 | 0 |
| Total Hosted Capital | | 210 | 0 |
| Grand Total | | 2,019 | 132 |

Total capital expenditure at month 6 on Public Health Wales Discretionary and Strategic capital is £132k. Total capital committed via Purchase orders at month 6 is £487k, which combined with actual spend equates to approximately 34% of overall capital allocation. This is in line with our profiled spending plan, which factored in the potential requirement to cover the Cyber Resilience firewall replacements of £0.400m.

Public Health Wales have submitted a bid of £625k against the Cyber Resilience funding for 2023/24 for firewall replacements £0.400m and network refresh £0.225m. Following a meeting with Welsh Government Capital colleagues, we agreed to proceed with the Digital Firewalls as our highest cyber security priority, from our discretionary capital, while we await the Welsh Government outcome on

the allocation of the strategic capital. There remains a clear finance focus to ensure a breakeven position is maintained throughout 2023/24.

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 and DESW camera replacement programme £1.195m. On 11 October we received a number of questions from Welsh Government in relation to the DESW camera replacement business case, we are now preparing our response.

The NHS Executive are in the process of finalising their £0.210m capital spending plan. Spend on IT infrastructure will include laptops, new and replacement, a PSBA link and upgrade to the communications system.

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 30th September 2023.

Table C – Balance Sheet as of 30th September 2023

| | Opening Balance 1/4/2023 £000s | Movement £000s | Closing Balance 30/09/23 £000s |
|--|---|-------------------|---|
| Non-Current Assets | | | |
| Property, plant and equipment | 33,762 | 132 | 33,894 |
| Intangible assets | 869 | -0 | 869 |
| Trade and other receivables | 3,347 | -3,347 | 0 |
| Non-Current Assets sub total | 37,978 | -3,215 | 34,763 |
| Current Assets | | | |
| Inventories | 2,164 | -0 | 2,164 |
| Trade and other receivables | 20,850 | 25,370 | 46,220 |
| Cash and cash equivalents | 15,569 | 2,782 | 18,351 |
| Current Assets sub total | 38,583 | 28,152 | 66,735 |
| TOTAL ASSETS | 76,561 | 24,937 | 101,498 |
| Current Liabilities | | | |
| Trade and other payables | -30,783 | -24,437 | -55,220 |
| Borrowings | -2,200 | 0 | -2,200 |
| Provisions | -2,399 | -3,613 | -6,012 |
| Current Liabilities sub total | -35,382 | -28,051 | -63,433 |
| NET ASSETS LESS CURRENT LIABILITIES | 41,179 | -3,113 | 38,066 |
| Non-Current Liabilities | | | |
| Trade and other payables | 0 | 0 | 0 |
| Borrowings | -6,274 | 0 | -6,274 |
| Provisions | -5,165 | 3,237 | -1,928 |

| | | | |
|--|----------------|--------------|---------------|
| Non-Current Liabilities sub total | -11,439 | 3,237 | -8,202 |
| TOTAL ASSETS EMPLOYED | 29,740 | 124 | 29,864 |
| FINANCED BY: Taxpayers' Equity | | | |
| PDC | 24,965 | -0 | 24,965 |
| Retained earnings | 3,915 | 124 | 4,039 |
| Revaluation reserve | 860 | 0 | 860 |
| TOTAL TAXPAYERS' EQUITY | 29,740 | 124 | 29,864 |

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 £25.370m overall.

In relation to the Trust (excluding hosted), the receivables balance includes the Trust's October core income invoice (billed in advance) totalling £11.158m and 2022-23 and 2023-24 accrued pay award funding of £2.707m.

Trade and other receivables in relation to the NHS Executive include accrued income of £12.9m 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. Any further information required should be addressed directly to the NHS Executive.

Cash and cash equivalents has increased by £2.782m since the beginning of the year. This reflects that although core income is drawn down equally across the year, actual expenditure is not incurred equally.

Current Liabilities

Current trade and other payables has increased by £24.437m 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 core income due in October but raised in advance and £6.346m remaining of the core income billed for September but not yet required. In addition, there are accrued YTD capital depreciation charges of £3.431m.

Payables in relation to the NHS Executive include non-NHS accrued expenditure of £4.022m for invoices not yet billed.

Current provisions have increased by £3.613m 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

£0.376m 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 6:

- Reported surplus financial position of £124k;
- In reply to Welsh Government request to the financial pressures across NHS Wales £3.453m is held centrally pending a response;
- 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 6. Attached

Appendix B:

Table of Capital Schemes

| Fund | Service Area | Details | 2023/24 Allocation £000s | Year To Date spend £000s | Committed via PO £000s |
|---------------|--------------|---------------------------------------|-----------------------------|-----------------------------|---------------------------|
| Discretionary | Estates | Clwydian House refurbishment | 8 | 0 | 0 |
| Discretionary | Estates | Redesign floor 3 and 6 CQ2 | 50 | 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 | 66 | 65 | 0 |
| Discretionary | Screening | Replacement Lab Temperature Monitoring | 5 | 0 | 5 |
| Discretionary | Screening | Replace Radiation Detector | 17 | 14 | 0 |
| Discretionary | Screening | Redecoration/Building Maintenance (BTW Cardiff) | 7 | 0 | 6 |
| Discretionary | Screening | Tablets for Screening User Experience | 17 | 0 | 0 |
| Discretionary | Microbiology | Air conditioning units | 10 | 0 | 8 |
| Discretionary | Microbiology | Upright Microscope | 13 | 0 | 0 |
| Discretionary | Microbiology | Eddy Jet 2 spiral platter | 16 | 16 | 0 |
| Discretionary | Digital Services | Clinical printers b/f 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 AirCon replacements | 35 | 0 | 0 |
| Discretionary | Digital Services | Firewalls | 400 | 0 | 0 |
| Discretionary | Contingency | Contingency | 113 | -0 | 0 |
| Total Discretionary PHW | | | 1,233 | 112 | 19 |
| Strategic - PHW | Estates | Fire Compliance Works - work to fire doors | 186 | 1 | 178 |
| Strategic - PHW | Estates | Decarbonisation Scheme - replacement of AAA vehicles to EVs | 340 | 0 | 283 |
| Strategic - PHW | Screening | Screening Equipment Replacement (BTW Imaging Equip) | 50 | 19 | 6 |
| Total Strategic - PHW | | | 576 | 20 | 467 |

| | | | | | |
|--|--|--|--------------|------------|------------|
| Total Public Health Wales Capital | | | 1,809 | 132 | 487 |
|--|--|--|--------------|------------|------------|

| Fund | Service Area | Details | 2023/24 Allocation £000s | Year To Date spend £000s | Committed via PO £000s |
|-----------------------------|---------------------|----------------|-------------------------------------|-------------------------------------|-----------------------------------|
| Strategic - Hosted | NHS Executive | ICT Equipment | 210 | 0 | 0 |
| Total Hosted Capital | | | 210 | 0 | 0 |
| Grand Total | | | 2,019 | 132 | 487 |