

2023/24 Financial Position

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Approval/Scrutiny route:	Business Executive Team (17 January 2024)
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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 December 2023 (M9), 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:

- CONSIDER** the financial position of Public Health Wales as of 31 December 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
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 December 2023 (M09). The detail in this report is also included in the Director of Finance commentary submitted to Welsh Government on 12 January 2024 as part of the full financial monitoring return for Month 9. 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)	(£7k)	(£20k)	Breakeven
Capital financial target Public Sector Payment Policy	£2,166k	£696k	Breakeven >95%
Agency Spend as % of Total Pay	1.0%	2.0%	<3.4%

The cumulative reported position for Public Health Wales is a net surplus of £20k.

2. Overview of Financial Performance at Month 9

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	697	-97	-65	31	-32.38%
Health & Wellbeing	20,324	13,938	13,952	14	0.10%
Policy, International Health and WHO CC	5,153	3,519	3,524	5	0.14%
NHS Executive	-46	-2,768	-2,768	0	0.00%
Improvement Cymru	8,560	5,982	5,982	-0	0.00%
People & Organisational Development	2,715	2,045	2,044	-1	-0.03%
Quality Nursing & Allied Health Professionals	3,191	2,425	2,424	-1	-0.03%
Board and Corporate	2,573	2,014	2,007	-6	-0.32%
Data, Knowledge and Research	5,790	3,898	3,883	-15	-0.39%
Health Protection and Screening Services	90,338	66,200	66,178	-23	-0.03%
Operations and Finance	11,292	8,450	8,425	-25	-0.29%
Directorate Total	150,587	105,604	105,585	-20	-0.02%

As the table above summarises, the surplus at Month 9 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 9 is £512k, an element of this is covered from within Directorate budgets with £352k 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 now 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 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.

As part of our Board approved IMTP and Budget Strategy for 2023/24, we were anticipating funding for our ongoing screening programme recovery. The funding of £979k for 2023/24 has now been confirmed by Welsh Government and the invoice raised in January. In respect of the on-going recovery of the programmes into 2024/25, we were originally anticipating funding of £935k, however current projections are that the programmes will be recovered earlier than anticipated. Therefore, funding requirements will be reviewed as part of the IMTP and budget strategy for 2024/25.

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 in January 2024.

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 9 months against this allocation is £8.542m and the revised full year forecast based on current testing policy is £11.981m, which incorporates our plans for winter preparedness.

Actual expenditure in Month 9 was lower than forecast partly due to timing of expenditure within the surveillance, vaccination and communications work-streams and partly due to testing. Covid testing episodes in December averaged 412 per day which was higher than the 400 tests forecast however, changes to platform mix have achieved a further reduction in the usage of expensive Biofire tests to 5% which is lower than the forecast 20% reducing testing costs. Forecasts for the final quarter have been updated to reflect the changes to platform mix and a reduction in forecast non-pay spend for the vaccination programme which has led to a further reduction in the full-year forecast. We will continue to invoice Welsh Government each month based on actual spend. The movement against original allocation is detailed in **Appendix B**

A first draft of the Covid sustainability plan has been shared with Welsh Government colleagues. If Government policy requires ongoing COVID testing, then a funding mechanism will need to be agreed with Government colleagues. A meeting to discuss further is scheduled for 17 January 2024.

3. Capital

Public Health Wales capital funding for 2023/24 totals £2.888m this is made up of £1.233m of Discretionary capital and £1.655m of Strategic capital. £1.495m 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.

Table B provides a summary of discretionary and strategic schemes, with a more detailed breakdown in **Appendix C**.

Table B – Summary of Capital Schemes

Fund	Service Area	2023/24 Allocation £000s	Year to date spend 2023/24 £000s	Committed at Month 9 £000s	Remaining Spend £000s
Discretionary	Contingency	64	0	0	65
Discretionary	Digital Services	592	4	0	588
Discretionary	Estates	71	12	48	10
Discretionary	Microbiology	62	45	0	17
Discretionary	Screening	444	304	91	50
Total Discretionary		1,233	364	139	730
Strategic - PHW	Radiology Informatics System (RISP)	534	0	0	534
Strategic - PHW	Infrastructure DPIF - PHW - Cyber (Firewall replacement)	400	0	0	400
Strategic - PHW	Decarbonisation and fire compliance	526	297	165	64

Strategic - PHW	(Estates Funding Advisory Board) schemes Residual costs associated with the Breast Test Wales replacement programme	35	34	0	1
Total Strategic		1,495	332	165	998
Total Public Health Wales Capital		2,728	696	304	1,728

Fund	Service Area	2023/24 Allocation £000s	Year to date spend 2023/24 £000s	Committed at Month 9 £000s	Remaining Spend £000s
Strategic - Hosted	NHS Executive	160	0	15	145
Total Strategic		160	0	15	145
Total Hosted Capital		160	0	15	145
Grand Total		2,888	696	319	1,873

Remaining spend to be committed at month 9 on Public Health Wales Discretionary and Strategic capital is £1.728m.

Most of the remaining PHW capital spend relates to Digital services schemes agreed from the discretionary allocation, Radiology Informatics System (RISP) Infrastructure and Firewall replacement within strategic capital and Decarbonisation and Fire Compliance schemes within strategic capital. Updates on the remaining spending plans in these areas is outlined below in **Table C**:

Table C – Digital Services spend profile

Capital Scheme	£	Status Update	Delivery Estimate
Digital Services			
IT equipment for new posts	61	Framework order signed, requisition is awaiting approval. 4-week delivery lead time	Feb-24
Desktop PC Replacement Programme	119	Framework order signed, requisition is awaiting approval. 4-week delivery lead time	Feb-24
Tarian improvement	60	Mini Comp complete, requisition to be raised	Jan-24
Replacement of Clinical system printers & scanners	6	Procurement to be actioned via Mini Comp	Feb-24
Laptop PC Replacement Programme	161	Framework order signed, requisition is awaiting approval. 4-week delivery lead time	Feb-24
UPS replacement	35	Specification is out via Mini Comp, closes 22 nd Jan 24	Mar-24
Server room Air Con replacements	35	Individual projects	Mar-24

Data Back-up Storage	110	Procurement to start January 24 with a 6-7 lead time	Mar-24
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Capital Scheme	£	Status Update	Delivery Estimate
Radiology Informatics System (RISP) Infrastructure	534	Procurement has been actioned via Mini Comp and set to close 23 rd of January 2024.	Mar-24
Decarbonisation and fire compliance schemes	57	All Vehicles have now been delivered and have been issued to WAAASP Screening Services. A £57k under spend has been confirmed with PHW contribution amounting to £17k to be released back to discretionary and £40k Welsh Government contribution to be returned.	Complete
Firewalls	400	Procurement has been actioned via Mini Comp and set to close on the 24 th of January 2024.	Mar-24

In addition to these spending plans there is a small contingency of £64k that is held for unplanned breakdowns/replacements and also for checks on any over £5k revenue expenditure.

There remains a clear 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, which is now likely to fall into 2024/25, and DESW camera replacement programme £1.195m. On the DESW camera replacement programme, we have been informed that advice has been sent to the minister and we are hopeful of a positive outcome and await a formal response.

The NHS Executive are in the process of finalising their £0.160m capital-spending plan. Spend on IT infrastructure will include laptops, new and replacement, a PSBA link and upgrade to the communications system.

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 December 2023.

Table D – Balance Sheet as of 31 December 2023

	Opening Balance 1/4/2023 £000s	Movement £000s	Closing Balance 31/12/23 £000s
Non-Current Assets			
Property, plant and equipment	33,762	-3,051	30,711
Intangible assets	869	-263	606
Trade and other receivables	3,347	-3,347	0
Non-Current Assets sub total	37,978	-6,661	31,317
Current Assets			
Inventories	2,164	-0	2,164
Trade and other receivables	20,850	20,367	41,217
Cash and cash equivalents	15,569	11,609	27,178
Current Assets sub total	38,583	31,976	70,559
TOTAL ASSETS	76,561	25,315	101,876
Current Liabilities			
Trade and other payables	-30,783	-25,175	-55,958
Borrowings	-2,200	0	-2,200
Provisions	-2,399	-3,392	-5,791
Current Liabilities sub total	-35,382	-28,566	-63,948
NET ASSETS LESS CURRENT LIABILITIES	41,179	-3,252	37,927
Non-Current Liabilities			
Trade and other payables	0	0	0
Borrowings	-6,274	335	-5,939
Provisions	-5,165	3,237	-1,928
Non-Current Liabilities sub total	-11,439	3,572	-7,867
TOTAL ASSETS EMPLOYED	29,740	321	30,061
FINANCED BY: Taxpayers' Equity			
PDC	24,965	-0	24,965
Retained earnings	3,915	28	3,943
Revaluation reserve	860	293	1,153
TOTAL TAXPAYERS' EQUITY	29,740	321	30,061

4.1 Non-current Assets

Property, plant and equipment and intangible assets have reduced in total by £3.3m since year end due to the net effect of year to date dilapidation 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 £20.367m overall.

In relation to the Trust, the receivables balance includes the Trust's January core income invoice (billed in advance) totalling £11.158m, 2022/23 and 2023/24 accrued pay award funding of £4.462m, additional Welsh Government income of £3.280m and Covid funding of £0.924m.

Cash and cash equivalents has increased by £11.609m since the beginning of the year. A significant amount of cash, £5.0m, was received from Welsh Government in December for NHS Executive National Clinical Networks. In addition, the Trust has drawn down core income but due to timing of expenditure commitments, £7.8m of this has not yet been spent.

4.3 Current Liabilities

Current trade and other payables has increased by £25.175m 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 January but raised in advance and £7.8m 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.

Current provisions have increased by £3.392m 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 £0.154m 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 9:

- Reported surplus financial position of £20k.
- 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 9. Attached

Appendix B:

PHW - COVID-19 Summary	Original Allocation £000	Movement £000	Forecast @ Month 9 £000
COVID-19 Laboratory Testing	5,000	2,673	7,673
Non COVID-19 Rapid Testing & Platform Maintenance	2,700	-1,256	1,444
Covid Related Pathogen Genomics	3,000	-2,269	731
Health Protection Team Covid-19	400	-235	165
Integrated Surveillance	4,280	-3,787	493
Vaccination Programme	1,490	-299	1,191
PPE	60	-60	0
Tarian Development	0	180	180
Winter Communications Campaign	0	104	104
TOTAL	16,930	-4,949	11,981

Appendix C: Table of Capital Schemes

Fund	Service Area	Details	2023/24 Allocation £000s	Year To Date spend £000s	Committed via PO £000s
Discretionary	Contingency	Contingency	64	-0	0
Discretionary	Estates	Redesign floor 3 and 6 CQ2	35	0	33
Discretionary	Estates	Automation of doors at St David's Park	9	0	0
Discretionary	Estates	Radon Extraction System - BTW Wrexham	12	12	0
Discretionary	Estates	Replace new boiler/water heater 18 Cathedral Road	15	0	15
Discretionary	Screening	DPW Medical CSW hardware upgrade - b/f from 22/23	5	5	0
Discretionary	Screening	Replace Logic E9 Ultrasound Machine	65	65	0
Discretionary	Screening	Replacement Lab Temperature Monitoring System	5	6	0
Discretionary	Screening	Replace Radiation Detector	17	14	0
Discretionary	Screening	Redecoration/Building Maintenance (BTW Cardiff)	7	7	0

Discretionary	Screening	Tablets for Screening User Experience Improvement works	17	0	0
Discretionary	Screening	to DESW OptiMize software	11	11	0
Discretionary	Screening	Develop software solution for BSW Cohorting and DESW GP referrals	318	197	91
Discretionary	Microbiology	Air conditioning units	26	8	0
Discretionary	Microbiology	Upright Microscope with digital camera	10	10	0
Discretionary	Microbiology	Eddy Jet 2 spiral platter	16	16	0
Discretionary	Microbiology	PCR650 Clean Air Workstation/cabinet	10	10	0
Discretionary	Digital Services	Clinical printers - b/f from 22/23	1	1	0
Discretionary	Digital Services	Desktop PC Replacement Programme	117	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	143	0	0
Discretionary	Digital Services	UPS replacement	35	0	0
Discretionary	Digital Services	Server room Air Con replacements	35	0	0
Discretionary	Digital Services	IT equipment for new posts & ad hoc IT equipment (monitors)	85	3	0
Discretionary	Digital Services	Back up Data Storage	110	0	0
Total Discretionary PHW			1,233	364	139
Strategic - PHW	Estates	Fire Compliance Works (EFAB) - work to fire doors	186	14	165
Strategic - PHW	Estates	Decarbonisation Scheme (EFAB) - replacement of AAA vehicles to Evs	340	283	0
Strategic - PHW	Screening	Screening Equipment Replacement (BTW Imaging Equip)	35	34	0

Strategic - PHW	Digital Services	DPIF - RISP Infrastructure	534	0	0
Strategic - PHW	Digital Services	DPIF - PHW - Cyber (Firewall replacement)	400	0	0
Total Strategic - PHW			1,495	332	165
Total Public Health Wales Capital			2,728	696	304

Fund	Service Area	Details	2023/24 Allocation £000s	Year To Date spend £000s	Committed via PO £000s
Strategic - Hosted	NHS Executive	ICT Equipment	160	0	15
Total Strategic - Hosted			160	0	15
Total Hosted Capital			160	0	15
Grand Total			2,888	696	319