

## 2024/25 Financial Position

<b>Executive lead:</b>	Huw George, Deputy Chief Executive and Executive Director of Finance and Operations			
<b>Author:</b>	Angela Williams, Deputy Director, and Head of Finance Ruth Maddern, Head of Financial Planning			
<b>Approval/Scrutiny route:</b>	Business Executive Team			
<b>Purpose</b>				
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 2024/25 and the revenue and capital position as at 31 May 2024 (M2), which includes the position on COVID-19.				
<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>NOTE</b> update on Budget Strategy and Principles for 2024/25</li> <li><b>CONSIDER</b> the financial position of Public Health Wales as of 31 May 2024.</li> </ul>				
<b>Link to Public Health Wales <a href="#">Strategic Plan</a></b>				
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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<b>Summary impact analysis</b>	
<b>Equality and Health Impact Assessment</b>	Not Applicable
<b>Risk and Assurance</b>	All financial risks are reflected in the paper
<b>Health and Care Standards</b>	This report supports and/or takes into account the <a href="#">Health and Care Standards for NHS Wales</a> Quality Themes
	Governance, Leadership and Accountability
	Theme 7 - Staff and Resources
	Choose an item.
<b>Financial implications</b>	Financial information included in the paper
<b>People implications</b>	Not applicable

## 1. Introduction and Context

The purpose of this report is to provide an update the Board on our Financial Plan and Budgetary Control Framework for 2024/25 and outline the revenue and capital position at 31 May 2024. The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 13 June 2024 as part of the full financial monitoring return for Month 2. The monitoring returns are included at **Appendix B**

## 2. Budget Strategy and Principles 2024/25

This serves as an update to the "Financial Plan and Budgetary Control Framework 2024/25 – 2026/27" paper that was approved by Board on 28 March 2024

### 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**

	2024/25 £m	2025/26 £m	2026/27 £m	Recurrent £m
<b>Expected Core Allocations not confirmed</b>				
Pay Award Uplift 2022/23 & 2023/24	6.098	6.098	6.098	6.098
Funding to support IGRA testing of Ukrainian arrivals in Wales	0.064	0.064	0.064	0.064
Genomics PENGU Funding	0.080	0.080	0.080	0.080
Improvement Cymru transfer to the NHS Executive	-6.797	-6.797	-6.797	-6.797
Future Years Inflationary Uplift	-	1.343	2.510	2.510
<b>Total Core Allocations</b>	<b>-0.555</b>	<b>0.788</b>	<b>1.955</b>	<b>1.955</b>
<b>Expected Non-Core Allocations not confirmed</b>				
Breastfeeding Action Plan	0.140	-	-	-
Whole School Approach to Mental Health	0.745	-	-	-
<b>Total Non-Core Allocations</b>	<b>0.885</b>	-	-	-
<b>Total Allocations not confirmed</b>	<b>0.330</b>	<b>0.788</b>	<b>1.955</b>	<b>1.955</b>

The status of these allocations are as follows:

1. All Pay awards are expected to be fully funded. We are awaiting confirmation from Welsh Government as to the value of our allocation.
2. Funding to support IGRA testing of Ukrainian arrivals in Wales allocation has been agreed with a recurrent allocation of £65k. Welsh Government have confirmed that this allocation will be included within our core baseline from 2025/26.

3. Improvement Cymru transferred from Public Health Wales to the NHS Executive on 1 April 2024. The allocation to transfer is £6.797m, subject to recurrent pay award funding confirmation. The allocation transfer is with Welsh Government for action.
4. Whole School Approach to Mental Health 2024/25 allocation of £0.770m has been received. This is a slightly higher allocation than anticipated.
5. Genomics PENGU Funding and Breastfeeding Action Plan are invoice-funded services and we will continue to invoice Welsh Government as we have in previous years.

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

### **Savings**

Welsh Government set a requirement for all NHS Wales organisations to deliver a minimum 2% efficiency savings against total expenditure baseline in 2024/25. This totalled £2.852m for Public Health Wales.

To deliver the efficiency savings all Directorates were required to find a recurring saving of 2% of their budget. All Directorate savings have now been finalised and set out in **Table 2** below.

**Table 2**

Directorate	2% Savings £000s	Recurring Savings £000s	Non-recurring Savings £000s	Total Savings Schemes £000s
Board and Corporate	44	44		44
Data, Knowledge and Research	107	107		107
Health and Wellbeing	162	79	83	162
HPSS	2,127	2,127		2,127
Operations and Finance	230	230		230
People & OD	49	49		49
Policy and International Health, WHO CC	73	73		73
Quality, Nursing and Allied Health Professions (QNAHPs)	61	61		61
<b>Total</b>	<b>2,852</b>	<b>2,769</b>	<b>83</b>	<b>2,852</b>

The 2% savings target will be delivered in 2024/25 with further work required within the Health and Wellbeing Directorate to deliver their non-recurring savings on a recurrent basis.

In addition to the delivery of £2.852m of directorate savings Public Health Wales has also identified £0.815m of non-recurrent corporate savings

schemes for 2024/25 consisting of additional interest income and creditor write-backs.

### **Utilisation of Efficiency Savings**

As previously stated in the Financial Plan and Budgetary Control Framework 2024-27, the directorate and corporate savings delivery will provide funding to fully cover the £1.172m cost pressure shortfall and allow the opportunity to reallocate resources into three key areas identified as part of our strategic investment approach:

- Strategic Prevention Programme
- Strategic Priority Enablement
- Business efficiency and improvement

**Table 3** sets out the funding available for reallocation

**Table 3**

Item	2024/25 £m
2% Efficiency Savings	2.852
Non-Recurring Corporate Savings	0.815
Shortfall in cost Pressures	-1.172
<b>Funding available for reallocation</b>	<b>2.495</b>

The agreed recurrent and non-recurrent reallocation of funding by Directorate for 2024/25 is set out in **Appendix A** and summarised in **Tables 4 and 5** below.

**Table 4 – Agreed Investments 2024/25**

Directorate	2024/25 £	2025/26 £	2026/27 £	Recurrent £
Board & Corp	42,491	56,654	56,654	56,654
Data, Knowledge & Research	412,782	279,054	208,077	157,379
Health & Wellbeing	544,000	773,000	773,000	0
HPSS	107,650	173,098	173,098	173,098
Operations & Finance	167,852	35,704	35,704	35,704
Ops & Finance/P&OD	128,230	154,307	0	0
Ops & Finance/Policy and International Health & WHO CC	200,000	100,000	100,000	100,000
P&OD	150,000	50,000	50,000	50,000
Policy and International Health, WHO CC	469,324	612,431	612,431	612,431
Quality, Nursing and Allied Health Professions (QNAPs)	89,206	88,709	32,055	44,810
<b>Grand Total</b>	<b>2,311,534</b>	<b>2,322,958</b>	<b>2,041,020</b>	<b>1,230,077</b>

## Table 5 - Non-Recurring Investments 2024/25

Directorate	2024/25 £
Data, Knowledge & Research	46,179
Health & Wellbeing	60,000
HPSS	3,500
Operations & Finance	20,000
P&OD	31,000
Policy and International Health, WHO CC	27,778
<b>Grand Total</b>	<b>188,457</b>

The allocation for each scheme is based on the plans submitted and funding will be allocated on this basis. Directorates are responsible for managing slippage in relation to each scheme and ensuring that any investment funding allocated is fully utilised on that scheme and within the relevant financial year.

Directorates will be required on a monthly basis to report actual expenditure and any forecast slippage against each scheme, demonstrating how any slippage is then reinvested in delivering the original scheme purpose. Through the monitoring process, if the level of slippage identified is such that the purpose, aims and objectives of the scheme can no longer be delivered, the investment funding will be returned centrally to be repurposed at the earliest opportunity.

### **3. 2024/25 Revenue and Capital financial performance at 31st May 2024 (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)	(24.8K)	(69.7K)	Breakeven
Capital financial target	£483K	£4.2K	Breakeven
Public Sector Payment Policy	97.61%	95.12%	>95%
Agency Spend as % of Total Pay	1.8%	1.6%	<2.1%

The cumulative reported position for Public Health Wales is a net surplus of £70k.

## **Overview of Financial Performance at Month 2**

### **Financial Performance by Directorate**

**Table 7** outlines the financial performance by Directorate.

**Table 7**

Directorate	Annual Budget £000s	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s
Board and Corporate	2,214	406	404	-2
Central Budgets Directorate	6,088	499	490	-9
Covid 19 Directorate	6,560	1,265	1,265	0
Data, Knowledge and Research Directorate	5,755	692	682	-10
Health & Wellbeing Directorate	20,415	3,174	3,156	-18
Health Protection and Screening Services	93,180	15,116	15,115	-1
Improvement Cymru	0	0	-0	-0
NHS Executive Directorate	0	-847	-847	0
Operations and Finance Directorate	11,802	1,972	1,962	-9
People & Organisational Development	2,541	402	392	-10
Policy, International Health and WHO CC	5,027	712	712	0
Quality Nursing & Allied Health Professionals	3,589	557	545	-11
<b>Directorate Total</b>	<b>157,172</b>	<b>23,947</b>	<b>23,877</b>	<b>-70</b>

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

Costs associated with the Public Inquiry are included within the Board and Corporate Directorate. The total spend at Month 2 is £64k.

Last year we introduced a revised Budgetary Control Framework that enabled Directorates to manage in-year slippage on plans. This recognises that plans change, that business does not take place in equal 12ths and that, in-year, unplanned urgent needs arise. In this instance, budget is re-profiled in line with revised plans to recognise that the expenditure will take place later in the year.

**Table 8** shows the amounts of budget each Directorate has re-profiled to later in this financial year as a result of pay slippage, which will require additional plans to spend.

**Table 8 – Re-profiled budgets by Directorate**

Directorate	Unplanned Pay Underspends £k
Health Protection & Screening Services	301
Policy, International Health and WHOCC	71
Health and Wellbeing	-
QNAHPS	40
People and OD	-
Operations and Finance	10
<b>Total</b>	<b>422</b>

**Covid-19**

**Table 9** outlines the operational expenditure and funding sources of the Public Health Wales Covid-19 response. Actual costs are shown for April and May 2024 with forecast costs for the remainder of the year.

**Table 9 – COVID-19 financial forecast at Month 2**

PHW - COVID-19 Summary	Actual	Forecast	TOTAL
	Apr-24 to May-24	Jun-24 to Mar-25	2024/25
	£000	£000	£000
<b>Additional Costs</b>			
COVID-19 Laboratory Testing	1,265	5,295	6,560
National Surge Team	0	0	0
<b>Total Gross Additional Cost</b>	<b>1,265</b>	<b>5,295</b>	<b>6,560</b>
<b>Assumed Welsh Government Funding</b>			
COVID-19 Laboratory Testing	-1,265	-5,295	-6,560
National Surge Team	0	0	0
<b>Total Funding</b>	<b>-1,265</b>	<b>-5,295</b>	<b>-6,560</b>

Welsh Government have confirmed non-recurrent funding for 2024/25 of £6.560m to support COVID-19 testing. Spend in month 2 was £0.676m with actual testing episodes in May totalling 11,188 at an average of 361 per day. This compares to an average of 368 per day in April. The full year forecast spend remains at £6.560m. Testing activity for April and May 2024 is 23% higher than the same period last year. Further analysis is being carried to understand the reasons for this up-turn in activity.

Funding of £0.550m for the National Surge Team hosted by Cardiff Council was also included in the non-recurrent funding allocation for 2024/25. Agreement was reached with Welsh Government on 13th May that this funding will now be awarded directly to Cardiff Council and removed from the Public Health Wales allocation. This has been reflected in the month 2 figures.



## **Capital**

Following a 24% reduction in discretionary capital in 2022/23, our allocation increased by 12% in 2023/24 and has further increased by 12% in 2024/25 to return our allocation to its original value of £1.580m.

Requests were invited from across Public Health Wales to access the discretionary capital funding. The requests were reviewed and allocated indicative funding by the Capital Planning Group, prior to Board approval on 30 May 2024. Capital scheme leads have progressed background work and started the procurement plans whilst Board approval was pending. A detailed update, by capital scheme, will be provided from month 3. There remains a clear finance focus to ensure a breakeven position is maintained throughout 2024/25.

Public Health Wales has received a strategic allocation of £1.194m for 2024/25 for DESW Camera Replacement. The procurement process commenced December 2023 and will complete in June 2024 with the delivery of the new cameras scheduled for August 2024. We are working closely with the service to monitor the scheme progress.

There may be potential to access slippage funding later in the financial year if strategic schemes across Wales slip.

## **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 £10.261m compared to the year-end cash balance of £13.905m. This balance will be sufficient to cover forecast costs until core income is received for Month 3 (June). The movement since year-end reflects that the NHS Executive has not yet started drawing down their core income from Welsh Government totalling £3.174m year to date. The NHSE allocations are due to be confirmed soon at which point billing for income will commence. In addition to this, there has been a small movement following the payment of year-end payables.

## **Conclusion**

The Board is asked to note the following:

- Update on budget strategy and principles for 2024/25, focussing on anticipated income, savings and utilisation of savings;
- Month 2 reported surplus financial position of £70k;
- Investments agreed for 2024/25;
- Re-profiled budgets by Directorate
- Status of the Capital Programme, strategic and discretionary, for 2024/25, and
- No requirement to report Balance Sheet at Month 2, updated on closing cash position at Month 2 provided for assurance.

## Appendices

### **Appendix A**

Agreed Investments 2024/25 & Non-Recurring Investments 2024/25.  
Attached.

### **2024/25 Investments – Phase 1**

Directorate	Scheme Name	Cost Item	Start Date	2024/25 £	2025/26 £	2026/27 £	Recurrent £
<b>Board &amp; Corporate</b>	Governance Hub	Band 7	Jul-24	42,491	56,654	56,654	56,654
<b>Board &amp; Corporate Total</b>				<b>42,491</b>	<b>56,654</b>	<b>56,654</b>	<b>56,654</b>
<b>Data, Knowledge &amp; Research</b>	Digital Route Map, NDR, Cloud and Automation	B5 Project Support	Sep-24	20,827	35,704	35,704	35,704
		B7 Cloud Engineer	Sep-24	33,048	56,654	23,606	0
		B7 Digital Clinical Safety	Sep-24	33,048	56,654	56,654	56,654
		B8a Programme Manager Cloud	Sep-24	37,929	65,021	27,092	0
		B8a Programme Manager Health Protection	Sep-24	37,929	65,021	65,021	65,021
		Health Protection Alpha project funding	Apr-24	250,000			
<b>Data, Knowledge &amp; Research Total</b>				<b>412,782</b>	<b>279,054</b>	<b>208,077</b>	<b>157,379</b>
<b>Health &amp; Wellbeing</b>	Diabetes Programme of Prevention	Various	Apr-24	544,000	773,000	773,000	0
<b>Health &amp; Wellbeing Total</b>				<b>544,000</b>	<b>773,000</b>	<b>773,000</b>	<b>0</b>
<b>Health Protection &amp; Screening Services</b>	Business continuity and EPRR arrangements	Band 4	Sep-24	19,519	33,461	33,461	33,461
		Band 6	Sep-24	26,127	44,789	44,789	44,789
	Screening Research Unit with Cardiff University	Band 7 (becomes 50% funded from 2025/26)	Oct-24	28,327	28,327	28,327	28,327
		Band 8A	Oct-24	32,511	65,021	65,021	65,021
		Dedicated Analytical support	Sep-24	1,167	1,500	1,500	1,500
<b>Health Protection &amp; Screening Services Total</b>				<b>107,650</b>	<b>173,098</b>	<b>173,098</b>	<b>173,098</b>
<b>Operations &amp; Finance</b>	Conference facilitation	Band 5	Oct-24	17,852	35,704	35,704	35,704
	Web Transformation	TBC	Apr-24	150,000	0	0	0
<b>Operations &amp; Finance Total</b>				<b>167,852</b>	<b>35,704</b>	<b>35,704</b>	<b>35,704</b>
<b>Operations &amp; Finance/People &amp; OD</b>	Business Improvement & Automation	Band 8C	Jul-24	78,230	104,307	0	0
		TBC	Apr-24	50,000	50,000	0	0
<b>Operations &amp; Finance/People &amp; OD Total</b>				<b>128,230</b>	<b>154,307</b>	<b>0</b>	<b>0</b>
<b>Operations &amp; Finance/Policy &amp; International Health, WHO CC</b>	Climate Change	Various	Apr-24	200,000	100,000	100,000	100,000

<b>Operations &amp; Finance/Policy &amp; International Health, WHO CC Total</b>				<b>200,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>People &amp; OD</b>	Culture and Leadership Hub - Reserve Funding Pending Further Detail	TBC	Apr-24	150,000	50,000	50,000	50,000
<b>People &amp; OD Total</b>				<b>150,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Policy &amp; International Health, WHO CC</b>	Behavioural Change	Band 6	Jul-24	33,592	44,789	44,789	44,789
		Band 7	Jul-24	42,491	56,654	56,654	56,654
		Band 8A	Jul-24	97,532	130,042	130,042	130,042
		Non-Pay	Apr-24	5,000	5,000	5,000	5,000
	HIA Implementation	Band 6	Jul-24	33,592	44,789	44,789	44,789
		Band 7	Jul-24	25,494	33,992	33,992	33,992
		Band 8A	Jul-24	48,766	65,021	65,021	65,021
		Non-Pay	Apr-24	30,000	30,000	30,000	30,000
	Influencing Legislative Context	Band 7	Jul-24	42,491	56,654	56,654	56,654
		Band 8A	Jul-24	48,766	65,021	65,021	65,021
		Band 8B	Jul-24	56,602	75,469	75,469	75,469
		TBC	Apr-24	5,000	5,000	5,000	5,000
<b>Policy &amp; International Health, WHO CC Total</b>				<b>469,324</b>	<b>612,431</b>	<b>612,431</b>	<b>612,431</b>
<b>Quality, Nursing &amp; Allied Health Professionals (QNAPs)</b>	Audit and Quality Management System	Software/licenses	Oct-24	12,000	24,000	24,000	24,000
	Clinical Supervision and Preceptorship.	180 hrs of Band 7	Apr-24	6,180	6,180	6,180	6,180
	DBS Checks	Band 5	Nov-24	14,877	0	0	0
		Audit of PHW posts to review DBS requirements	Apr-24	18,380	1,875	1,875	14,630
	Diabetes Engagement Officer	Band 7	Aug-24	37,769	56,654	0	0
<b>Quality, Nursing &amp; Allied Health Professionals (QNAPs) Total</b>				<b>89,206</b>	<b>88,709</b>	<b>32,055</b>	<b>44,810</b>
<b>Grand Total</b>				<b>2,311,534</b>	<b>2,322,958</b>	<b>2,041,020</b>	<b>1,230,077</b>

## **2024/25 Non-Recurring Investments**

<b>Directorate</b>	<b>Scheme</b>	<b>Non-Recurring Investment £</b>
Data, Knowledge & Research	Newborn Screening Project Manager B7 FTC for 6/12	28,327
Data, Knowledge & Research	WCISU Registration Officer B5 – FTC for 6/12	17,852
Health & Wellbeing	Facilitated Coaching	30,000
Health & Wellbeing	Primary Care Prevention - Clinical Risk Factors - CVD	30,000
Health Protection & Screening Services	Screening Engagement Events	3,500
People & OD	Additional POD Business Partnering for HPSS	31,000
Policy & International Health, WHO CC	Support for Health Inequality Narrative and work stream development	27,778
Operations & Finance	Implementation of Screening Re-Brand	20,000
<b>Total</b>		<b>188,457</b>

### **Appendix B:**

Full financial monitoring return for Month 2. Attached.