

## 2024/25 Financial Position

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<b>Approval/Scrutiny route:</b>	<b>Business Executive Team</b>
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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 at 30 June 2024 (M3), which includes the position on COVID-19.

<b>Recommendation:</b>				
APPROVE <input type="checkbox"/>	CONSIDER <input checked="" type="checkbox"/>	RECOMMEN D <input type="checkbox"/>	ADOP T <input type="checkbox"/>	ASSURANC E <input type="checkbox"/>

**CONSIDER** the financial position of Public Health Wales as of 30 June 2024.

<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
<b>Strategic Priority/Well-being Objective</b>	All Strategic Priorities/Well-being Objectives
<b>Strategic Priority/Well-being Objective</b>	All Strategic Priorities/Well-being Objectives

<b>Summary impact analysis</b>
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<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 to the Executive Team and the Board on the revenue and capital position for Public Health Wales 30 June 2024 (M03). The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 11 July 2024 as part of the full financial monitoring return for Month 3. The monitoring returns are included at **Appendix B**

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)	12.8k	(57k)	Breakeven
Capital financial target	£4.2k	£4.2k	Breakeven
Public Sector Payment Policy	98.19%	97.96%	>95%
Agency Spend as % of Total Pay	1.1%	1.4%	<2.1%

The cumulative reported position for Public Health Wales is a net surplus of £57k.

## Overview of Financial Performance at Month 2

### 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
Board and Corporate	2,286	616	615	-1
Central Budgets Directorate	3,255	-135	-159	-24
Covid 19 Directorate	6,560	1,756	1,756	0
Data, Knowledge and Research Directorate	6,204	1,143	1,143	-0
Health & Wellbeing Directorate	21,045	4,735	4,737	2
Health Protection and Screening Services	93,572	22,251	22,220	-31
NHS Executive Directorate	0	-1,423	-1,423	-0
Operations and Finance Directorate	12,165	2,764	2,766	2
People & Organisational Development	2,997	588	587	-1
Policy, International Health and WHO CC	5,726	1,110	1,110	0
Quality Nursing & Allied Health Professionals	3,662	817	812	-6
<b>Directorate Total</b>	<b>157,472</b>	<b>34,221</b>	<b>34,164</b>	<b>-57</b>

As the table above indicates, the surplus at Month 3 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 £104k.

As referenced last month, in accordance with the revised Budgetary Control Framework, which reflects an increasing devolvement of responsibility to Directorates, and as such, in year variances will stay with Directorates as long as robust financial plans are developed for the spend. 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 B** 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. This is an increase of £334k on the month 2 position of £422k.

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

Directorate	Unplanned Pay Underspends £k M1-3
Health Protection & Screening Services	415
Policy, International Health and WHOCC	100
Health and Wellbeing	44
QNAHPS	65
Data, Knowledge & Research	45
Operations and Finance	87
<b>Total</b>	<b>756</b>

## Investments

As reported last month, the allocation of each investment scheme has been based on plans submitted and funding allocated during month 3. 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 are required on a monthly basis to report actual expenditure against each scheme, demonstrating how any slippage is to be 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. **Appendix A** shows actual spend against plan at Month 3 by Investment Scheme and summarised in **Table C** below.

**Table C Actual Expenditure against Investment Scheme**

Directorate	Scheme Name	Month 3 Forecast £	Month 3 Actual £	Movement £	Explanation of movement against plan
Health & Wellbeing	Diabetes Programme of Prevention	86,571	9104	77,467	Recruitment delayed on 6. Project board reviewing options to utilise slippage
Policy & International Health, WHO CC	Climate Change	2701	2,720	-19	Actual spend as per plan
Policy & International Health, WHO CC	HIA Implementation	5,418	3,929	1,489	£1k for a bank worker where the costs didn't come through payroll in M03
<b>Totals</b>		<b>94,690</b>	<b>15,753</b>	<b>78,937</b>	

## Outstanding Allocations

Anticipated core allocations in relation to Pay awards for financial years 2022/23 and 2023/24 remain outstanding. We are awaiting confirmation from Welsh Government as to the value of our allocation.

Improvement Cymru transferred from Public Health Wales to the NHS Executive on 1 April 2024. The allocation transfer remains with Welsh Government for action.

## Covid-19

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

**Table D – COVID-19 financial forecast at Month 3**

PHW - COVID-19 Summary	Actual Apr-24 to Jun-24 £000	Forecast Jul-24 to Mar-25 £000	TOTAL 2024/25 £000
<b>Additional Costs</b> COVID-19 Laboratory Testing	1,756	4,804	6,560
<b>Assumed Welsh Government Funding</b> COVID-19 Laboratory Testing	-1,756	-4,804	-6,560
	<b>0</b>	<b>0</b>	<b>0</b>

Welsh Government have confirmed non-recurrent funding for 2024/25 of £6.560m to support COVID-19 testing. Spend in month 3 was £0.491m with actual testing

episodes in June totalling 10,699 at an average of 357 per day. This compares to an average of 361 per day in May.

Testing activity for quarter 1 2024/25 is 32% higher than the same period last year. Approximately 17% of the increase in activity is a result of a greater need to provide multiple testing for certain patients, which was not built into the sustainability plan. Further work is being undertaken to identify mitigating actions to minimise additional expenditure. There is a risk that expenditure will exceed available funding by up to £2.6m if Q1 activity levels continue at last year’s seasonal trajectory.

The full year forecast spend currently remains at £6.560m until mitigating actions have been agreed.

## **Capital**

Public Health Wales capital funding for 2024/25 totals £2.774m, £1.580m of Discretionary capital and £1.194m of Strategic capital.

The Strategic capital allocation of £1.194m is for DESW Camera Replacement. The procurement process commenced December 2023 and will complete in July 2024 with the delivery of the new cameras scheduled for August 2024. We are working closely with the service to monitor the scheme progress.

Additional Strategic funding of £0.157k has been approved by Welsh Government during month 3 and is expected to be added to our strategic capital allocation in month 4. The funding is for environmental and security improvements to the Breast Test Wales facility in Swansea.

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

**Table E:**

Service Area	2024/25 Allocation £000s	Year to date spend £000s	Committed via PO £000s	Delivery Estimate Q2	Delivery Estimate Q3	Delivery Estimate Q4
Discretionary						
Contingency	200	2	0	0	0	198
Digital Services	425	0	0	142	133	150
Estates	237	0	1	97	140	0
Infection Services	366	0	0	38	0	329
Screening Division	352	0	0	133	129	90
<b>Total Discretionary</b>	<b>1,580</b>	<b>2</b>	<b>1</b>	<b>410</b>	<b>402</b>	<b>767</b>
Strategic						
Screening Division	1,194	0	0	1,194	0	0
<b>Total Strategic</b>	<b>1,194</b>	<b>0</b>	<b>0</b>	<b>1,194</b>	<b>0</b>	<b>0</b>
<b>Total Public Health Wales Capital</b>	<b>2,774</b>	<b>2</b>	<b>1</b>	<b>1,604</b>	<b>402</b>	<b>767</b>

Service Area	2024/25 Allocation £000s	Year to date spend £000s	Committed via PO £000s	Delivery Estimate Q2	Delivery Estimate Q3	Delivery Estimate Q4
<b>Total Discretionary</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>
<b>Total Hosted Discretionary</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>
Strategic						
Slippage on ICT Equip for NHSE	29	2	0	0	0	27
<b>Total Strategic</b>	<b>29</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>
<b>Total Hosted Capital</b>	<b>129</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>127</b>
<b>Grand Total</b>	<b>2,903</b>	<b>4</b>	<b>1</b>	<b>1,604</b>	<b>402</b>	<b>894</b>

There remains a clear finance focus to ensure a breakeven position is maintained throughout 2024/25.

Public Health Wales have submitted a bid of £700k for Strategic funding to replace network switches and backup infrastructure. We are awaiting the outcome of the bid and will need to work through the implications should total funding required not be received.

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

## **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 F** provides a summary as of 29 February 2024.

**Table F – Balance Sheet as of 30 June 2024**

	Opening Balance 1/4/2024 £000s	Movement £000s	Closing Balance 30/06/24 £000s
<b>Non-Current Assets</b>			
Property, plant and equipment	32,164	5	32,169
Intangible assets	888	-0	888
Trade and other receivables	40	-40	0
<b>Non-Current Assets sub total</b>	<b>33,092</b>	<b>-35</b>	<b>33,057</b>
<b>Current Assets</b>			
Inventories	1,167	0	1,167
Trade and other receivables	23,273	21,488	44,761
Cash and cash equivalents	13,905	-3,747	10,158
<b>Current Assets sub total</b>	<b>38,345</b>	<b>17,742</b>	<b>56,087</b>
<b>TOTAL ASSETS</b>	<b>71,437</b>	<b>17,707</b>	<b>89,144</b>
<b>Current Liabilities</b>			
Trade and other payables	-29,584	-15,863	-45,447

Borrowings	-2,138	19	-2,119
Provisions	-4,040	-164	-4,204
<b>Current Liabilities sub total</b>	<b>-35,762</b>	<b>-16,008</b>	<b>-51,770</b>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>	<b>35,675</b>	<b>1,698</b>	<b>37,373</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	0	0	0
Borrowings	-6,000	53	-5,947
Provisions	-2,211	-1,695	-3,906
<b>Non-Current Liabilities sub total</b>	<b>-8,211</b>	<b>-1,642</b>	<b>-9,853</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>27,464</b>	<b>57</b>	<b>27,521</b>
<b>FINANCED BY: Taxpayers' Equity</b>			
PDC	22,077	-0	22,077
Retained earnings	4,221	57	4,278
Revaluation reserve	1,166	-0	1,166
<b>TOTAL TAXPAYERS' EQUITY</b>	<b>27,464</b>	<b>57</b>	<b>27,521</b>

### Current Assets

Trade and other receivables has increased by £21.488m. This balance includes the Trust's July core income invoice, which is raised in advance, totalling £11.975m, income accruals of £10.875m for the NHS Executive and an increase of £1.964 for clinical negligence claims following two new claims.

Cash and cash equivalents has decreased by £3.747m, this is mainly due to NHS Executive core income of £3.061 not yet being drawn down from Welsh Government.

### Current liabilities

Current trade and other payables has increased by £15.863m this is due to deferred Welsh Government income of £11.975m for July, which has been raised in advance. There are also amounts due to be paid over for Tax and NI £2.495m and pensions of £1.976m which were nil as at 31st March 2024.

### Non-Current Liabilities

The overall provision for clinical negligence has increased by £1.964m since the beginning of the financial year due to two new claims. The non-current provision has increased by £1.695 due to the timing of these settlements.

### Conclusion

The Board is asked to note the following:

- Month 3 reported surplus financial position of £57k;
- Re-profiled budgets by Directorate;
- Investments status for Month 3 and

- Status of the Capital Programme, strategic and discretionary, for 2024/25, and

## Appendices

### Appendix A

Comparison of 2024/25 Investment spending plan against actual spend at Month 3.

Directorate	Scheme Name	Cost Item	Month 3 Forecast £	Month 3 Actual £	Movement £	Explanation of plan movements
Health & Wellbeing	Diabetes Programme of Prevention	Behavioural Science Specialist	13,914	0	13,914	Not started - awaiting spending plan
Health & Wellbeing	Diabetes Programme of Prevention	Senior Practice Nurse	6,315	2,105	4,210	Started June , budget from M01
Health & Wellbeing	Diabetes Programme of Prevention	Clinical Advisor	6,999	6,999	0	
Health & Wellbeing	Diabetes Programme of Prevention	Senior Workplace Health Advisor	13,914	0	13,914	Not started - awaiting spending plan
Health & Wellbeing	Diabetes Programme of Prevention	Communications & Engagement Mgr.	13,914	0	13,914	Not started - awaiting spending plan
Health & Wellbeing	Diabetes Programme of Prevention	Programme Director	22,590	0	22,590	Not started - awaiting spending plan
Health & Wellbeing	Diabetes Programme of Prevention	Programme Management Support	8,925	0	8,925	Not started - awaiting spending plan
Policy & International Health, WHO CC	Climate Change	Consultant	997	1,016	-19	
Policy & International Health, WHO CC	Climate Change	Agency	1,704	1,704	0	
Policy & International Health, WHO CC	HIA Implementation	Agency	5,418	3,929	1,489	£1k for a bank worker where the costs didn't come through payroll in M03
			<b>94,690</b>	<b>15,753</b>	<b>78,937</b>	

### Appendix B:

Full financial monitoring return for Month 3. Attached.

## Appendix C:

Detailed discretionary and strategic capital schemes.

Service Area	Details	2024/25 Allocation £000s	Year to date spend 2024/25 £000s	Committed via PO £000s	Delivery Estimate Q2	Delivery Estimate Q3	Delivery Estimate Q4
Discretionary							
Contingency	Contingency - Yet to be allocated	200	2	0			198
Estates	Fire Compliance Works (b/f from 24/25 EFAB)	53	0	0	53		
Estates	IT Equipment to support DESW Mid Wales Admin Office	5	0	0	5		
Estates	Relocation of Help Me Quit Hub/Enquiry Room	10	0	1	10		
Estates	Refurbish estate in North Wales - Llys Castan	22	0	0	22		
Estates	Purchase of Computer Aided Facilities Management System (CAFM)	70	0	0		70	
Estates	Desk Booking System	70	0	0		70	
Digital Services	Phone System Security	18	0	0		18	
Digital Services	Endpoint Central Server Replacement & Resilience	20	0	0		20	
Digital Services	Replacement of Wi-Fi infrastructure	60	0	0		60	
Digital Services	Replacement PCs - Batch 1	142	0	0	142		
Digital Services	Server Room Works	35	0	0		35	
Digital Services	Development of Cloud Services	150	0	0			150
Digital Services	6 x New laptops to replace desktop PC - H&W	6	0	0	6		
Infection Services	8 x Class II Safety Cabinets	90	0	0			90
Infection Services	Quant Studio 5 thermal cycler	30	0	0	30		
Infection Services	Refurbishment of Molecular Laboratory	58	0	0			58
Infection Services	TDSI for CL3	7	0	0			7
Infection Services	Anaerobic workstation - UKARU Cardiff	52	0	0			52
Infection Services	Microscope with Camera	8	0	0	8		
Infection Services	Anaerobic workstation Glan Clwyd	50	0	0			50
Infection Services	Installation of CCTV system into Microbiology dept UHW	28	0	0			28
Infection Services	New Cold Room	43	0	0			43
Screening Division	Chronos decontamination cabinets x 6	130	0	0	130		

Screening Division	OptiMize Software Development work	105	0	0		105	
Screening Division	Development of Electronic Test Requesting (ETR)	42	0	0			42
Screening Division	Development of new Cervical Screening Wales Audit of Cervical Cancers (CSWACC) database.	24	0	0			24
Screening Division	Removal of canopy on all mobile units	24	0	0		24	
Screening Division	IT equipment for a hot desk arrangement	4	0	0	4		
Screening Division	Development for new online training solution for CSW sample takers	24	0	0			24
<b>Total Discretionary PHW</b>		<b>1,580</b>	<b>2</b>	<b>1</b>	<b>410</b>	<b>402</b>	<b>767</b>
Strategic							
Screening Division	Replacement of Camera for the Diabetic Eye Screening Wales Service	1,194	0	0	1,194		
<b>Total Strategic PHW</b>		<b>1,194</b>	<b>0</b>	<b>0</b>	<b>1,194</b>	<b>0</b>	<b>0</b>
<b>Total Public Health Wales Capital</b>		<b>2,774</b>	<b>2</b>	<b>1</b>	<b>1,604</b>	<b>402</b>	<b>767</b>

Service Area	Details	2024/25 Allocation £000s	Year to date spend 2024/25 £000s	Committed via PO £000s	Delivery Estimate Q2	Delivery Estimate Q3	Delivery Estimate Q4
NHS Executive	NHS Executive	100	0	0			100
<b>Total Discretionary Hosted</b>		<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>
NHS Executive	Slippage on ICT Equip for NHS Executive	29	2	0			27
<b>Total Strategic Hosted</b>		<b>29</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>
<b>Total Hosted Capital</b>		<b>129</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>127</b>
<b>Grand Total</b>		<b>2,903</b>	<b>4</b>	<b>1</b>	<b>1,604</b>	<b>402</b>	<b>894</b>