

 lechyd Cyhoeddus Cymru Public Health Wales	Name of Meeting Board Date of Meeting 18 July 2022 Agenda item: 3.1
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2022/23 Financial Position (month 3)

Executive lead:	Huw George, Deputy Chief Executive and Executive Director of Finance and Operations
Author:	Angela Fisher, Deputy Director and Head of Finance Ruth Maddern, Head of Financial Management & Business Partnering Suzanne David, Senior Finance Business Partner

Approval/Scrutiny route:	Huw George, Deputy Chief Executive and Executive Director of Finance and Operations
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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 at 30th June 2022 (M3), which includes the position on COVID-19.

Recommendation:

APPROVE <input type="checkbox"/>	CONSIDER <input checked="" type="checkbox"/>	RECOMMEND <input type="checkbox"/>	ADOPT <input type="checkbox"/>	ASSURANCE <input type="checkbox"/>
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The Board is asked to:

- **CONSIDER** the financial position of Public Health Wales as at 30th June 2022, which includes the position on COVID-19.

1. Introduction and Context

The purpose of this report is to outline to the Executive Team and the Board the revenue and capital position for Public Health Wales as at 30th June 2022 (M3). The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 13th July 2022 as part of the full financial monitoring return for Month 3. The monitoring returns are included 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)	(£22K)	(£61k)	Breakeven
Capital financial target	£1.648m	£319k	Breakeven
Public Sector Payment Policy	95%	96.35%	>95%

The cumulative reported position for Public Health Wales is a net surplus of £61k.

2. Overview of Financial Performance at Month 3

Financial Performance by Directorate

Table A outlines the Financial Performance by Directorate.

Table A – Overview of Financial Performance by Directorate

Directorate	Income Cumulative Variance £000s	Pay Cumulative Variance £000s	Non-Pay Cumulative Variance £000s	Grand Total £000s
People & Organisational Development	0	18	0	18
Operations and Finance	-1	-17	24	6
Data, Knowledge and Research	1	-0	-0	1
Hosted	0	-0	0	-0
Improvement Cymru	-0	0	-0	-0
Quality Nursing & Allied Health Professionals	-0	0	-3	-3
Board and Corporate	-0	3	-7	-5
WHO Collaborating Centre	-0	5	-13	-8
Health & Wellbeing	-0	-0	-14	-14

Health Protection and Screening Services	-98	-40	115	-23
Central Budgets	1	0	-35	-34
Directorate Total	-97	-31	67	-61
Covid 19	-2,000	-15	2,015	-0
COVID19 Total	-2,000	-15	2,015	-0
Grand Total	-2,097	-46	2,082	-61

As the table above indicates, the surplus at Month 3 is a combination of small underspends across a number of Directorates. Within the Health Protection and Screening services Directorate there is an overspend as a result of non-pay pressures within Screening services which is being offset by underspends primarily against non-pay within the Microbiology Division.

In month, we have received confirmation of funding from Welsh Government for Online Testing STIs of £3.9m and Screening Recovery of £1.1m.

Budget Scrutiny

As per our financial plan and budget strategy 2022/23 we will remove in month pay underspends from Directorate positions for quarter 1. Table B highlights the budgets removed associated with pay underspends for quarter 1 by Directorate.

Table B – Budgets removed associated with pay underspends

Directorate	Total Pay Budgets Removed £000s
Data, Knowledge & Research	128
Health & Wellbeing	44
HPSS	384
Improvement Cymru	306
Ops & Finance	23
P&OD	9
QNAPs	79
WHO CC	10
Board & Corp	10
Grand Total	994

These budgets have been re-directed to fund the agreed non-recurring investments as per the financial plan and budget strategy 2022/23.

As part of the Local Public Health Team Transfer, no pay underspends have been removed from the Local Public Health Teams within the Health and Wellbeing Directorate.

Covid-19

Table C outlines the operational expenditure and funding sources of the Public Health Wales COVID-19 response. Actual costs are shown for April to June 2022 with forecasts for July 2022 through to March 2023.

Table C – Covid-19 actual spend and financial forecast at month 3

PHW - COVID-19 Summary	Actual Apr-22 to Jun-22 £000	Forecast Jul-22 - Mar-23 £000	TOTAL 2022/23 £000
Additional Costs			
Test Trace Protect			
COVID-19 Laboratory Testing	4,504	18,936	23,440
Genomics Sequencing	222	1,264	1,486
TAT & Resilience - Non COVID-19 Rapid Testing	183	6,598	6,781
TAT & Resilience - Platform Maintenance	123	369	492
TTP Contact Tracing	272	528	800
TOTAL TTP	5,304	27,695	32,999
Other			
Vaccination Programme	218	1,272	1,490
PPE	18	70	88
Total Gross Additional Cost	5,540	29,037	34,577
Funding			
Assumed Welsh Government Funding			
COVID-19 Laboratory Testing Non Pay	-4,504	-18,936	-23,440
Genomics Sequencing	-222	-1,264	-1,486
TAT & Resilience - Non Pay	-306	-6,967	-7,273
TTP Contact Tracing	-272	-528	-800
Vaccination programme	-218	-1,272	-1,490
PPE	-18	-70	-88
Total Funding	-5,540	-29,037	-34,577

Since the submission of our month 1 return, the figure for Welsh Government funding for Covid-19 has changed from £48.314m to £34.577m reflecting revised forecast costs for 2022/23. The movement can be seen in the table below:

COVID Spend	Month 1 Plan £000s	Month 3 Forecast £000's	Movement £000's
Testing			
COVID-19	30,381	23,440	-6,941
Non COVID Rapid Testing & Maintenance	7,509	7,273	-236
Genomics Sequencing for COVID-19	8,502	1,486	-7,016
Testing TOTAL	46,392	32,199	-14,193
TTP contact tracing operation	342	800	+458
Vaccination Programme	1,490	1,490	0
PPE	90	88	-2
	48,314	34,577	-13,737

Covid Testing - £6.941m lower than forecast in month 1. The forecast method has been refined to include volume by testing platform and the forecast testing numbers have been updated. Month 3 spend was £0.560m lower than anticipated with significant movements as follows:

- Actual testing episodes in June totalled 35,462 tests at an average of 1,182 per day which was lower than the forecast 1,500 tests per day, accounting for a movement of £0.224m in-month.
- PHW received confirmation that a batch of Perkin Elmer test kits received from UKHSA were surplus stock from Plymouth Lighthouse Lab and provided free of charge. The value of the free of charge goods was £0.274m and also contributed to the in-month movement.

Non-Covid Rapid Testing - £0.236m lower than forecast in month 1. The roll-out of rapid testing has been delayed due to the verification and validation process and ongoing discussions with Health Boards around clinical pathways.

Genomics Sequencing - £7.016m lower than forecast in month 1. A total of 2,040 samples were genome sequenced in June compared to 1,850 in May and 5,132 in April. Forecasts have been amended to recognise the significant reduction in samples sequenced in recent months and profiled in line with Covid testing.

TTP Contact Tracing - £0.458m higher than forecast in month 1. Welsh Government policy colleagues have confirmed in a meeting on 9th June total funding of £800k will be available to continue Contact Tracing activity in 2022/23.

Capital

Public Health Wales capital funding for 2022/23 totals £6.590m, £1.158m of Discretionary capital and £5.432m of Strategic Capital. £3.119m of Strategic capital relates to Public Health Wales with the remaining £2.313m relating to our Hosted Organisation, namely The NHS Collaborative.

The amount of Strategic capital relating to the NHS Collaborative has reduced in month from £4.204m to £2.313m, a reduction of £1.891m following discussions with Welsh Government to reduce the allocation in line with current available capital. Details of the schemes in Table D.

Table D – Summary of Capital schemes

Fund	Service Area	Details	2022/23 Allocation £000s	Year To Date spend 21/22	Committed via Purchase Order £000s
Discretionary	Contingency	Contingency	98	0	0
Discretionary	Estates	Additional work to No 18 cathedral Road roof	10	10	0
Discretionary	Estates	North Wales Estates - Clwydian House refurbishment	350	25	328
Discretionary	IT	Air gapped back ups	212	0	212
Discretionary	IT	Clinical System Printers	22	0	0
Discretionary	IT	IT equipment for investment posts	50	0	0
Discretionary	Microbiology	Benchmark autoclave	10	0	0
Discretionary	Microbiology	Replace anaerobic workstation	100	0	0
Discretionary	Screening	Breast Screening Select	300	0	0
Discretionary	Screening	DESW - replacement doors	7	0	0
Discretionary	Screening	Magden Park - floor strengthening	0	0	0
Discretionary Total			1,158	35	540
Strategic - PHW	Microbiology	Maldi-Tof MS	44	8	0
Strategic - PHW	Screening	Screening Equipment Replacement (BTW Imaging Equip)	3,075	55	2,481
Strategic - PHW Total			3,119	63	2,481
Total Public Health Wales Capital			4,277	99	3,022

Fund	Service Area	Details	2022/23 Allocation £000s	Year To Date spend 21/22	Committed via Purchase Order £000s
Strategic - Hosted	Collaborative	Digital - LINC	2,054	206	0
Strategic - Hosted	Collaborative	Digital - RISP	259	14	0
Strategic - Hosted Total			2,313	220	0
Total Hosted Capital			2,313	220	0

Public Health Wales discretionary allocation of £1.158m has reduced from the £1.580m in previous years. Welsh Government have applied a 24% reduction in discretionary allocations across the NHS in Wales during 2022/23.

Total capital spend at month 3 is £320k, which equates to approx. 5% of the overall capital allocation. Total capital committed via Purchase orders at month 3 is £3.022m, which combined with actual spend equates to approx. 51% of overall capital allocation. There remains a clear finance focus to ensure a breakeven position is maintained throughout 2022/23.

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 E provides a summary as at 30th June 2022.

Table E – Balance Sheet as at 30th June 2022

	Opening Balance 1/4/2022 £000s	Movement £000s	Closing Balance 31/05/22 £000s
Non-Current Assets			
Property, plant and equipment	26,530	320	26,850
Intangible assets	3,403	(0)	3,403
Trade and other receivables	327	(234)	93
Non-Current Assets sub total	30,260	85	30,345
Current Assets			
Inventories	2,995	(1,487)	1,508
Trade and other receivables	20,355	16,263	36,618
Cash and cash equivalents	16,791	1,374	18,165
Current Assets sub total	40,141	16,150	56,292
TOTAL ASSETS	70,401	16,235	86,637
Current Liabilities			
Trade and other payables	(30,548)	(15,530)	(46,078)
Provisions	(4,498)	(708)	(5,206)
Current Liabilities sub total	(35,046)	(16,238)	(51,284)
NET ASSETS LESS CURRENT LIABILITIES	35,355	(3)	35,352
Non-Current Liabilities			
Trade and other payables	(1,437)	(259)	(1,696)
Provisions	(2,316)	238	(2,078)
Non-Current Liabilities sub total	(3,753)	(21)	(3,774)
TOTAL ASSETS EMPLOYED	31,602	(24)	31,578
FINANCED BY: Taxpayers' Equity			

PDC	29,230	(0)	29,230
Retained earnings	1,481	(24)	1,457
Revaluation reserve	891	0	891
TOTAL TAXPAYERS' EQUITY	31,602	(24)	31,578

Non-Current Assets

Property, plant and equipment has increased by £0.320m due to in year capital purchases in line with approved plans.

Current Assets

Inventory has reduced by £1.487m due to usage of Covid testing consumables. Stock replacement has increased in frequency reducing the need to hold larger volumes of stock.

Trade and other receivables has increased by £16.263m. This is predominantly due to the core income invoice to Welsh Government for June raised in advance (£11.070m) as well as a Welsh Government accrual for additional income due (£2.345m).

Cash and cash equivalents has increased by £1.374m due to core income received in advance of expenditure incurred.

Current liabilities

Current trade and other payables has increased by £15.530m due mainly to deferred Welsh Government income. Core income for July that was raised in June has been deferred (£11.070m). An additional £5.160m of Welsh Government income received to date has been deferred.

Current provisions has increased by £0.708m mainly due to the movement of a clinical negligence case from non-current to current liabilities (£0.466m).

Conclusion

The Board is asked to note the following:

- A surplus financial position of £61k reported at month 3;

- Status of the Capital Programme, strategic and discretionary, with a clear finance focus to ensure a breakeven position for 2022/23.
- Balance Sheet, or Statement of Financial Position at month 3