

 GIG CYMRU NHS WALES	Iechyd Cyhoeddus Cymru Public Health Wales	Name of Meeting Board Date of Meeting 29 September 2022 Agenda item: 4.1d
--	---	--

2022/23 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 Management & Business Partnering Suzanne David, Senior Finance Business Partner

Approval/Scrutiny route:	Huw George, Deputy Chief Executive and Executive Defector of Finance and Operations Business Executive Team – 20 September 2022
---------------------------------	--

Purpose
The purpose of this report is to outline to the Executive Team and the Board the revenue and capital position as at 31 st August 2022 (M5), 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"/>
The Board is asked to: <ul style="list-style-type: none"> CONSIDER the financial position of Public Health Wales as at 31st August 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 31st August 2022 (M5). The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 13th September 2022 as part of the full financial monitoring return for Month 5. 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)	(£48K)	(£122k)	Breakeven
Capital financial target	£2.725m	£1.060m	Breakeven
Public Sector Payment Policy	96.50%	96.33%	>95%

The cumulative reported position for Public Health Wales is a net surplus of £122k.

2. Overview of Financial Performance at Month 5

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
Improvement Cymru	-0	0	-0	-0
Hosted Directorate	-0	-0	-0	-0
Health Protection and Screening Services	-218	-273	490	-1
Board and Corporate	-0	1	-6	-5
Quality Nursing & Allied Health Professionals	0	-0	-6	-5
Data, Knowledge and Research Directorate	1	-0	-10	-9
WHO Collaborating Centre	-0	0	-12	-12
Operations and Finance Directorate	-1	-33	21	-13

People & Organisational Development	0	17	-33	-16
Health & Wellbeing Directorate	0	0	-20	-20
Central Budgets Directorate	-25	10	-27	-42
Directorate Total	-243	-277	398	-122
Covid 19 Directorate	0	-9	9	0
COVID19 Total	0	-9	9	0
Grand Total	-243	-286	407	-122

As the table above indicates, the surplus at Month 5 is a combination of small underspends across a number of Directorates. The Month 5 central budget position includes £43k of bank interest income over and above our forecast for bank interest. The overall forecast outturn remains breakeven for 2022-23.

Budget Scrutiny

As per our financial plan and budget strategy 2022/23 we have removed pay underspends from Directorate positions for quarter 1.

The level of pay underspend in the first quarter was sufficient to fund the non-recurring investment bids as per the financial plan and budget strategy 2022/23.

However, the level of pay underspends were not diminishing. As part of the Quarter 1 financial reviews, revised spending plans were requested to ensure that all Directorate budgets were appropriately utilised as per the IMTP. A report was submitted to the Executive team on 1st September. At the meeting, it was agreed that all Directorates had a robust plan and they would all now be held accountable for a breakeven position.

In month 6, budgets will be re-profiled in line with revised spending plans.

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 August 2022 with forecasts for September 2022 through to March 2023.

Table C – COVID-19 actual spend and financial forecast at month 5

PHW - COVID-19 Summary	Actual	Forecast	TOTAL
	Apr-22 to Aug-22	Sep-22 - Mar-23	2022/23
	£000	£000	£000

Additional Costs			
Test Trace Protect			
COVID-19 Laboratory Testing	6,574	14,201	20,775
Genomics Sequencing	478	966	1,444
TAT & Resilience - Non COVID-19 Rapid Testing	231	1,813	2,044
TAT & Resilience - Platform Maintenance	203	288	491
TTP Contact Tracing	390	410	800
TOTAL TTP	7,876	17,678	25,554
Other			
Vaccination Programme	349	1,141	1,490
PPE	26	36	62
Total Gross Additional Cost	8,251	18,855	27,106
Funding			
Assumed Welsh Government Funding			
COVID-19 Laboratory Testing Non Pay	-6,574	-14,201	-20,775
Genomics Sequencing	-478	-966	-1,444
TAT & Resilience - Non Pay	-434	-2,101	-2,535
TTP Contact Tracing	-390	-410	-800
Vaccination programme	-349	-1,141	-1,490
PPE	-26	-36	-62
Total Funding	-8,251	-18,855	-27,106

Since the submission of our month 1 return, the figure for Welsh Government funding for Covid-19 has changed from £48.314m to £27.106m reflecting revised forecast costs for 2022/23. The movement can be seen in the table below:

COVID-19 Spend	Month 1 Plan £000s	Month 5 Forecast £000's	Movement £000's
Testing			
COVID-19	30,381	20,775	-9,606
Non COVID Rapid Testing & Maintenance	7,509	2,534	-4,975
Genomics Sequencing for COVID-19	8,502	1,444	-7,058
Testing TOTAL	46,392	24,753	-21,639
TTP contact tracing operation	342	800	+458
Vaccination Programme	1,490	1,490	0
PPE	90	63	-27
	48,314	27,106	-21,208

COVID-19 Testing - £9.606m lower than forecast in month 1. The forecast method has been refined to include volume by testing platform as unit costs vary significantly between platforms.

The full year forecast of £20.775m is based on the forecast testing numbers of 1,500 per day in September, rising to 1,600 in October and November and 2,000 per day from December through to March 2023 as advised by operational colleagues. However, testing numbers to date have been consistently lower than forecast, with 842 average per day for August.

Non-COVID Rapid Testing - £4.975m lower than forecast in month 1. Full roll out has been delayed until October 2022 due to the ongoing verification and validation processes and discussions with Health Boards around clinical pathways. The full-year forecast has also been updated to reflect the latest test prices and forecast volumes. This has resulted in a significant reduction to the full-year forecast from £5.556m in period 4 to £2.534m this month.

Genomics Sequencing for COVID-19 - £7.058m lower than forecast in month 1. The original plan was predicated on maximum capacity of the service. Forecasts have since been updated to recognise the significant reduction in samples sequenced in recent months and profiled in line with COVID-19 testing. A total of 1,640 COVID-19 positive samples were genome sequenced in August.

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 £6.540m, £1.158m of Discretionary capital and £5.382m of Strategic Capital. £3.069m of Strategic capital relates to Public Health Wales with the remaining £2.313m relating to our Hosted Organisation, namely The NHS Collaborative.

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 22/23	Committed via Purchase Order £000s
Discretionary	Contingency	Contingency	380	0	0

Discretionary	Estates	Additional work to No 18 cathedral Road roof	10	10	0
Discretionary	Estates	North Wales Estates - Clwydian House refurbishment	350	304	106
Discretionary	Estates	IP5 - Electrical Work	10	0	10
Discretionary	IT	Air gapped back ups	212	212	0
Discretionary	IT	Clinical System Printers	22	9	0
Discretionary	IT	IT equipment for investment posts	50	0	0
Discretionary	Microbiology	Benchmark autoclave	12	0	12
Discretionary	Microbiology	Replace anaerobic workstation	100	0	0
Discretionary	Microbiology	Air Con Unit - Mycology Lab	6	6	0
Discretionary	Screening	DESW - replacement doors	7	0	0
Discretionary Total			1,158	541	129
Strategic - PHW	Microbiology	Maldi-Tof MS	44	8	0
Strategic - PHW	Screening	Screening Equipment Replacement (BTW Imaging Equip)	3,025	70	2,474
Strategic - PHW Total			3,069	78	2,474
Total Public Health Wales Capital			4,227	619	2,602

Fund	Service Area	Details	2022/23 Allocation £000s	Year To Date spend 22/23	Committed via Purchase Order £000s
Strategic - Hosted	Collaborative	Digital - LINC	2,054	410	0
Strategic - Hosted	Collaborative	Digital - RISP	259	31	0
Strategic - Hosted Total			2,313	441	0
Total Hosted Capital			2,313	441	0

Total capital spend at month 5 is £1.060m, which equates to approx. 16% of the overall capital allocation. Total capital committed via Purchase orders at month 5 is £2.602m, which combined with actual spend equates to approx. 56% of overall capital allocation. There remains a clear finance focus to ensure a breakeven position is maintained throughout 2022/23.

BTW Imaging Equipment funding for 22/23 has been reduced by £50k and re-allocated to 23/24 to reflect actual pay costs expected. Following the approval of the Beast Screening Select scheme to be included within the strategic BTW Imaging Equipment spending plan, £300k can now be utilised to cover other PHW capital priorities through discretionary funding.

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 31st August 2022.

Table E – Balance Sheet as at 31st August 2022

	Opening Balance 1/4/2022 £000s	Movement £000s	Closing Balance 31/08/22 £000s
Non-Current Assets			
Property, plant and equipment	26,530	1,061	27,591
Intangible assets	3,403	(0)	3,403
Trade and other receivables	327	2,941	3,268
Non-Current Assets sub total	30,260	4,001	34,261
Current Assets			
Inventories	2,995	(1,821)	1,174
Trade and other receivables	20,355	15,565	35,920
Cash and cash equivalents	16,791	3,025	19,816
Current Assets sub total	40,141	16,769	56,910
TOTAL ASSETS	70,401	20,770	91,172
Current Liabilities			
Trade and other payables	(30,548)	(19,549)	(50,097)
Provisions	(4,498)	2,031	(2,467)
Current Liabilities sub total	(35,046)	(17,518)	(52,564)
NET ASSETS LESS CURRENT LIABILITIES	35,355	3,252	38,608
Non-Current Liabilities			
Trade and other payables	(1,437)	(259)	(1,696)
Provisions	(2,316)	(2,871)	(5,187)
Non-Current Liabilities sub total	(3,753)	(3,130)	(6,883)
TOTAL ASSETS EMPLOYED	31,602	122	31,724
FINANCED BY: Taxpayers' Equity			
PDC	29,230	(0)	29,230
Retained earnings	1,481	122	1,603
Revaluation reserve	891	0	891
TOTAL TAXPAYERS' EQUITY	31,602	122	31,724

Non current Assets

Property, plant and equipment has increased by £1.061m due to in year capital purchases in line with approved plans.

Trade and other receivables has increased by £2.941m due mainly to a clinical negligence case moving from current to non-current. This represents the Welsh Risk Pool debtor for the case.

Current Assets

Inventory has reduced by £1.821m due to usage of COVID-19 testing consumables. Stock replacement has increased in frequency reducing the need to hold larger volumes of stock.

Trade and other receivables has increased by £15.565m. This is predominantly due to £11.070m core income invoice to Welsh Government for September raised in advance as well as an invoice of £1.180m for COVID-19 testing funding. Income accruals have been entered for capital charges funding £1.227m and additional Welsh Government income of £1.728m.

Cash and cash equivalents has increased by £3.025m due to core income received in advance of expenditure incurred.

Current liabilities

Current trade and other payables has increased by £19.549m due mainly to £16.429m of deferred Welsh Government income. £11.070m of which relates to deferred of Core income for September was raised in August. In addition, accruals are included for £2.928m depreciation charges as well as £1.757m in relation to Screening Division LTA's with other NHS Wales organisations.

Current provisions has decreased by £2.031m mainly due to the movement of a clinical negligence case from current to non-current liabilities. The corresponding increase showing in non-current liabilities.

Conclusion

The Board is asked to **note** the following:

- A surplus financial position of £122k reported at month 5;
- 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 5.