

 GIG CYMRU NHS WALES	Iechyd Cyhoeddus Cymru Public Health Wales	Name of Meeting Board Date of Meeting 30 March 2023 Agenda item: 3.3
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2022/23 Financial Position

Executive lead:	Huw George, Deputy Chief Executive and Executive Defector of Finance and Operations
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Approval/Scrutiny route:	Huw George, Deputy Chief Executive and Executive Defector 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 28th February 2023 (M11), 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 28th February 2023, 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 28th February 2023 (M11). The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 13th March 2023 as part of the full financial monitoring return for Month 11. The monitoring returns are included at **Appendix A**

Table A highlights the performance against the key revenue and capital financial targets.

Table A – Performance against Key Financial Targets

Target	Current Month	Year to Date	Year-end Forecast
Revenue financial target Deficit/(Surplus)	£162k	(£132k)	(£150k)
Capital financial target	£5.206m	£4.216m	Breakeven
Public Sector Payment Policy	95.66%	96.17%	>95%

The cumulative reported position for Public Health Wales is a net surplus of £132k and a forecast of £150k which represents less than 0.1% of total annual budget.

2. Overview of Financial Performance at Month 11

Financial Performance by Directorate

Table B outlines the Financial Performance by Directorate.

Table B – Overview of Financial Performance by Directorate

Directorate	Income Cumulative Variance £000s	Pay Cumulative Variance £000s	Non Pay Cumulative Variance £000s	Grand Total £000s
Central Budgets Directorate	47	29	305	381
Board and Corporate	0	1	20	21
Data, Knowledge and Research Directorate	1	12	-13	0
WHO Collaborating Centre	0	4	33	37
Hosted Directorate	0	0	0	0
Operations and Finance Directorate	0	-12	-30	-42
People & Organisational Development	0	-37	26	-11
Quality Nursing & Allied Health Professionals	-1	28	22	49
Health & Wellbeing Directorate	1	-113	32	-80
Improvement Cymru	0	0	0	0
Health Protection and Screening Services	-1,301	-1,386	2,200	-487
Directorate Total	-1,253	-1,474	2,595	-132
Covid 19 Directorate	0	0	0	0
COVID19 Total	0	0	0	0
Grand Total	-1,253	-1,474	2,595	-132

The surplus at Month 11 is a combination of variances across a number of Directorates associated with movement against spending plans.

The main underspend is in Health Protection and Screening Services (HPSS). There is a significant underspend in the Infection Division as a result of both uncommitted funding received for the National Health Protection Service and pay slippage, above forecast, in the Health Protection Division. These are both offsetting a large overspend in Screening Division associated with delays in implementation of a new contract arrangement for Cervical Screening.

In months 10 and 11, we reduced our COVID claim to Welsh Government by contributing £528k. The Welsh Government funded Turn-Around Time pay budgets are underspent and we have offset these. Without this adjustment, the HPSS Directorate underspend would have been £528k higher than reported and the total underspend is £1.015m.

The establishment of the NHS Executive has required an interim arrangement for Improvement Cymru during 23-24 and the development of a Memorandum of Understanding. This set out the interim arrangements, including the requirement for ring-fenced budgets within Improvement Cymru and the return of underspends to Welsh Government. In preparation for the transition, we have agreed with Welsh Government that 2022-23 forecast year end underspend for Improvement Cymru of £260k will be returned to Welsh Government.

Work with Directorates continues to ensure the month 12 spending plans deliver as anticipated. Directorates receive detailed monthly financial reports, which are presented and discussed at Directorate Leadership Team meetings.

Financial Flexibility contribution from PHW

As reported in previous months, we have now received and paid invoices from Welsh Government for non-recurring benefits notified to Board totalling £2.487m.

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 2022 to February 2023 with forecasts for March.

Table C – COVID-19 actual expenditure and forecast at month 11

PHW - COVID-19 Summary	Actual Apr-22 to Feb-23 £000	Forecast Mar-23 £000	TOTAL 2022/23 £000
Additional Costs			
Test Trace Protect			
COVID-19 Laboratory Testing	11,434	896	12,330
Genomics Sequencing for COVID-19	764	61	825
TAT & Resilience - Non COVID-19 Rapid Testing	456	47	503
TAT & Resilience - Platform Maintenance	418	42	460
TTP Contact Tracing	592	18	610
TOTAL TTP	13,664	1,064	14,728
Other			
Vaccination Programme	1,042	288	1,330
PPE	49	4	53
Covid Recovery App – Long Covid	300	0	300
Total Gross Additional Cost	15,055	1,356	16,411
Funding			
Assumed Welsh Government Funding			
COVID-19 Laboratory Testing Non Pay	-11,434	-896	-12,330
Genomics Sequencing for COVID-19	-764	-61	-825
TAT & Resilience - Non Pay	-874	-89	-963
TTP Contact Tracing	-592	-18	-610
Vaccination Programme	-1,042	-288	-1,330
PPE	-49	-4	-53
Covid Recovery App – Long Covid	300	0	300
Total Funding	-15,055	-1,356	-16,411

Since the submission of our month 1 return, the figure for Welsh Government funding for Covid-19 has changed from £48.314m to £16.411m reflecting revised forecast costs for 2022/23 from the change in Welsh Government Policy. The movement can be seen in **Table D**.

Table D – Movement in Welsh Government Funding for COVID-19

COVID-19 Spend	Month 1 Plan £000	Month 11 Forecast £000	Movement £000
Testing			
COVID-19 Laboratory Testing	30,381	12,330	-18,051
Non COVID Rapid Testing & Maintenance	7,509	963	-6,546
Genomics Sequencing for COVID-19	8,502	825	-7,677
Testing TOTAL	46,392	14,118	-32,274
TTP Contact Tracing	342	610	+268
Vaccination Programme	1,490	1,330	-160
PPE	90	53	-37
Covid Recovery App – Long Covid	0	300	+300
	48,314	16,411	-31,903

COVID-19 Testing - £18.051m lower than forecast in month 1. Activity has remained low in February at an average of 484 tests per day. As a result the forecast for March has been reduced from 700 to 500 tests per day.

Non-COVID Rapid Testing - £6.546m lower than forecast in month 1. Despite assurances in previous months roll out has only partially commenced during February for the CPO and Norovirus tests. The MRSA test is still awaiting interface sign-off from DHCW, and the C.difficile test is still awaiting clearance due to some outstanding clinical decisions. Full roll out is not expected this year and a detailed plan for next year is required.

Genomics Sequencing for COVID-19 - £7.677m 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 testing, and therefore in samples sequenced in 2022/23. Genomics Sequencing costs are profiled in line with COVID-19 testing numbers and positivity rates.

TTP Contact Tracing - £0.268m higher than forecast in month 1. Welsh Government policy colleagues confirmed in June 2022 total funding of £800k would be available to continue Contact Tracing activity in 2022/23. As the service prepares to cease by 31st March 2023 forecasts have been revised showing a reduced funding requirement of £610k.

Vaccination Programme – £0.160m lower than forecast in month 1. Spending plans have been reviewed and reflected in the month 11 forecast resulting in a reduced funding requirement of £1.330m.

Capital

Public Health Wales capital funding for 2022/23 totals £5.679m, £1.142m of Discretionary capital and £4.537m of Strategic Capital. £3.104m of Strategic capital relates to Public Health Wales and the remaining £1.433m relating to our Hosted Organisation, The NHS Wales Health Collaborative. We are anticipating that the £1.433m will transfer to DHCW to reflect the transfer of the LINC and RISP programmes on 1st January 2023. A number of asset transfer forms are in the process of being authorised in line with the accounting principles to complete the transfer.

Details of the schemes are shown in **Table E**.

Table E – Summary of Capital schemes

Fund	Service Area	Details	2022/23 Allocation £000s	Year To Date spend 22/23 £000s	Committed via Purchase Order £000s
Discretionary	Contingency	Contingency	33	0	0
Discretionary	Estates	Additional work to No 18 cathedral Road roof	10	10	0
Discretionary	Estates	North Wales Estates - Clwydian House refurbishment	364	333	69
Discretionary	Estates	IP5 - Electrical Work	10	10	0
Discretionary	Estates	Intruder Alarm Kimberly House	7	0	0
Discretionary	IT	Air gapped back ups	212	212	0
Discretionary	IT	Clinical System Printers	12	8	4
Discretionary	IT	IT equipment for investment posts	50	50	0
Discretionary	IT	Mitel call recording	17	0	17
Discretionary	IT	UPS purchases not possible in 21/22	18	0	18
Discretionary	IT	Laptops x 60, Docks and Monitors x 100	95	95	0
Discretionary	Microbiology	Benchmark autoclave	12	0	12
Discretionary	Microbiology	Replace anaerobic workstation	95	0	95
Discretionary	Microbiology	Air Con Unit - Mycology Lab	6	6	0
Discretionary	Microbiology	Extra Heavy duty powered stair climber	5	5	0
Discretionary	Microbiology	eMag Machine	78	0	78
Discretionary	Screening	Work to Counselling room - BTW Cardiff	6	0	6
Discretionary	Screening	BTW Specimen cabinet	79	0	79
Discretionary	Screening	BSW - CO2 insufflator	13	13	0
Discretionary	Screening	DESW - replacement doors	7	7	0
Discretionary	Screening	AAA Dimex Licence x 3	9	0	0

Discretionary	Screening	BTW Ultrasound Probe	6	0	0
Discretionary Total			1,142	748	378
Strategic - PHW	Microbiology	Maldi-Tof MS Screening Equipment	38	8	0
Strategic - PHW	Screening	Replacement (BTW Imaging Equip)	2,657	1,912	725
Strategic - PHW	Improvement Cymru	Discovery Phase of the Maternity and Neonatal Safety Support Programme - IT equipment	26	26	0
Strategic - PHW	Screening	DP medical - CSW investment hardware replacement	204	0	204
Strategic - PHW	Microbiology	Replacement of 6 x safety cabinet	179	0	163
Strategic - PHW Total			3,104	1,946	1,092
Total Public Health Wales Capital			4,246	2,694	1,470

Fund	Service Area	Details	2022/23 Allocation £000s	Year To Date spend 22/23	Committed via Purchase Order £000s
Strategic - Hosted	Collaborative	Digital - LINC	1,356	1,356	0
Strategic - Hosted	Collaborative	Digital - RISP	77	77	0
Strategic - Hosted Total			1,433	1,433	0
Total Hosted Capital			1,433	1,433	0

The total capital spend at month 11 on Public Health Wales Discretionary and Strategic capital is 65% and 63% respectively, which equates to approximately 63% of the overall Public Health Wales capital allocation. Total capital committed via Purchase orders at month 11 is £1.470m, which combined with actual spend equates to approximately 98% of overall capital allocation.

There remains a clear focus to ensure a breakeven capital position is delivered in 2022/23.

The hosted capital has been revised to reflect the expenditure incurred to 31st December 2022, when the LINC and RISP programmes transferred to DHCW. A number of asset transfer forms are in the process of being authorised in line with the accounting principles to complete the transfer.

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 at 28th February 2023.

Table F – Balance Sheet as at 28th February 2023

	Opening Balance 1/4/2022 £000s	Movement £000s	Closing Balance 28/02/23 £000s
Non-Current Assets			
Property, plant and equipment	26,530	(2,751)	23,779
Intangible assets	3,403	1,087	4,490
Trade and other receivables	327	2,978	3,305
Non-Current Assets sub total	30,260	1,314	31,574
Current Assets			
Inventories	2,995	(1,276)	1,719
Trade and other receivables	20,355	7,115	27,470
Cash and cash equivalents	16,791	13,827	30,619
Current Assets sub total	40,141	19,667	59,808
TOTAL ASSETS	70,401	20,980	91,382
Current Liabilities			
Trade and other payables	(30,548)	(20,225)	(50,773)
Provisions	(4,498)	2,164	(2,334)
Current Liabilities sub total	(35,046)	(18,061)	(53,107)
NET ASSETS LESS CURRENT LIABILITIES	35,355	2,919	38,274
Non-Current Liabilities			
Trade and other payables	(1,437)	(88)	(1,525)
Provisions	(2,316)	(2,917)	(5,233)
Non-Current Liabilities sub total	(3,753)	(3,005)	(6,758)
TOTAL ASSETS EMPLOYED	31,602	(86)	31,516
FINANCED BY: Taxpayers' Equity			
PDC	29,230	(0)	29,230
Retained earnings	1,481	169	1,650
Revaluation reserve	891	(255)	636
TOTAL TAXPAYERS' EQUITY	31,602	(86)	31,516

Non-current Assets

Property, plant and equipment and intangible assets have decreased by £1.664m in total. There have been £4.126m of additions year to date but this has been offset by year to date depreciation of £4.455m and downward

revaluations of £1.335m for property following the quinquennial valuation exercise.

Trade and other receivables has increased by £2.978m due mainly to a clinical negligence case moving from current to non-current. This balance represents the non-current Welsh Risk Pool debtor.

Current Assets

Inventory has reduced by £1.276m. This is partly due to usage of Covid testing consumables. In addition, £0.632m of the variance is due to the timing of invoices received from Velindre NHS Trust for stock ordered via Welsh Health Supplies.

Trade and other receivables has increased by £7.115m. Included in this balance are invoices for December and January Covid testing costs totalling £2.624m. Additional Welsh Government income of £2.754m has been accrued in month and £2.888m of funding for depreciation charges and revaluation losses has been accrued.

Cash and cash equivalents has increased by £13.827m due to core income received in advance of expenditure incurred.

Current liabilities

Current trade and other payables has increased by £20.225m due mainly to deferred Welsh Government income. A total of £17.3m of core income has been deferred which includes £10.537m of income due in March but raised in advance, as well as £0.360m of deferred pay award funding. In addition, there is £3.8m of statutory tax and pension payments due for M11.

Current provisions has decreased by £2.164m mainly due to the movement of a clinical negligence case from current to non-current liabilities. The corresponding increase showing in non-current liabilities. The non-current provision balance also includes provision for three new clinical negligence cases in year.

Conclusion

The Board is asked to note the following:

- The surplus financial position of £132k reported at month 11, with a year-end forecast of £150k surplus for 2022/23.

- Status of the Public Health Wales Capital Programme, strategic and discretionary, with a clear finance focus to ensure a capital breakeven position for 2022/23.
- Balance Sheet, or Statement of Financial Position at month 11.