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Iechyd Cyhoeddus
Cymru
Public Health
Wales

Name of Meeting
Board

Date of Meeting
31 March 2022

Agenda item:
PHW 5.3

2021/22 Financial Position

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Approval/Scrutiny route: Huw George, Deputy Chief Executive and Executive Director of Finance and Operations
Business Executive Team – 21 March 2022

Purpose

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 2022, which includes the position on COVID-19.

Recommendation:

APPROVE	CONSIDER	RECOMMEND	ADOPT	ASSURANCE
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Board is asked to *note* the following:

- A surplus financial position of £84k reported at month 11;
- Forecasting work to ensure plans are on track to deliver a year-end breakeven position in line with IMTP;
- Status of the Capital Programme, strategic and discretionary, for 2021/22, and
- Balance Sheet, or Statement of Financial Position at 28th February 2022.

1. Introduction and Context

The purpose of this report is to outline to the Board the revenue and capital position for Public Health Wales as at 28th February 2022 (M11). The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 11th March 2022 as part of the full financial monitoring return for Month 11. 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)	£15k	(£84k)	Breakeven
Capital financial target	£9.32M	£2.788K	Breakeven
Public Sector Payment Policy	97%	96.51%	>95%

The cumulative reported position for Public Health Wales is a net surplus of £84k.

2. Update on Operational Plan

Since we fixed our 2021/22 financial plan at Month 3, the Welsh Government funding for Covid-19 has changed from £77.057m to £69.999m due to the actual costs for M4 to M11 being factored in and the forecast updated. The movement can be seen in the table below:

COVID Spend	M3 Plan £000's	M11 Forecast £000's	Movement £000's
Testing	71,499	63,127	-8,372
TTP contact tracing operation	2,000	1,551	-449
Vaccination Programme	1,458	1,399	-59
Online Testing STIs (First 6 Months)	850	2,822	+1,972
PPE - Shared Services Recharge	156	0	-156
Screening Recovery Net Cost	1,094	1,100	+6
	77,057	69,999	-7,058

Welsh Government funding required for testing activity has reduced by £8.372m since the original plan. This reflects the actual testing activity to 28th February 2022 and estimated for March. Testing costs include antigen testing and genomics sequencing for COVID-19 and has been influenced by changes to testing policy advice and fluctuations in infection rates. Furthermore, additional internal funding of £2.157m has been re-directed to COVID-19 since the original plan was submitted.

Contact Tracing plans have been refined and spend to date reflected with the forecast. Total funding required from Welsh Government has reduced from £2m to £1.551m.

The change to the forecast for Online STI Testing increased following confirmation of full funding being made available from Welsh Government for 2021/22.

3. Overview of Financial Performance at Month 11

3.1 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
Central Budgets	-280	290	275	285
Operations and Finance	-2	-45	73	26
People & Organisational Development	0	35	-24	11
Hosted	-0	0	-0	0
Covid 19	0	-106	106	0
Population Health	0	-2	2	0
ACE's Hub	-0	-0	0	-0
WHO Collaborating Centre	7	-10	2	-1
Board and Corporate	1	-16	14	-1
Health & Wellbeing	-3	-0	0	-2
Quality Nursing & Allied Health Professionals	-4	-60	62	-3
Knowledge	0	-26	11	-15
Health Protection and Screening Services	186	-158	-412	-384
Directorate Total	-95	-98	110	-84
Improvement Cymru	-0	-22	22	-0
COVID19 Total	-0	-22	22	-0
Grand Total	-95	-120	131	-84

As the table above indicates, the surplus at Month 11 is a combination of small variances across a number of Directorates and an underspend of £384k for Health Protection and Screening services and an overspend within Central budgets of £285k.

Health Protection and Screening services is reporting an under spend position due to lower than anticipated non-pay spend and vacancies across the Divisions. This is in line with the year-end forecast under spend.

As part of the forecast year-end position the overspend shown in Central Budgets at M11 is in respect of loss on expired stock of £242k which has been approved by WG.

3.2 Budget Scrutiny

As per our financial plan and budgetary control framework 2021/22 we continue to remove in month pay underspends from Directorate positions and review non-pay spending plans. Resources are redirected, as required, to deal with the ongoing impact of COVID-19. Budgets associated with pay and non-pay underspends to Month 11 have been removed non-recurrently as follows:

Directorate	Total Pay & Non-Pay Budgets Removed £000s
Health & Wellbeing	1,982
HPSS	574
Improvement Cymru	1,206
Knowledge	192
Ops & Finance	153
QNAPs	88
Grand Total	4,195

An element of these budgets have been re-directed to fund PHW contribution to the costs associated in delivering the response to Covid-19, along with the costs of the Coronavirus Wales Survey and Directorate non-recurring investments as follows:

Area	Non-Recurring Investments £000s
COVID – Internal Funding	2,565
Coronavirus Survey	134
Directorate Non-Recurring Investments	1,496
Grand Total	4,195

There remains a clear finance focus to ensure underlying financial balance is maintained throughout 2021/22.

4. Forecast position

Spending plans continue to be monitored closely and discussed in detail with Executive Directors to ensure that Public Health Wales delivers a breakeven position in accordance with its financial strategy and the assumptions within the IMTP.

Directorate	Year-End Forecast @ MTh 11 £000s
Board & Corporate	5
Health & Wellbeing	-87
Improvement Cymru	128
Knowledge	-25
Ops & Finance	32
People & OD	0
Health Protection & Screening Services	-412
QNAPs	16
WHO CC	0
Population Health	0
Covid-19 Response	0
Central Budgets	343
Total PHW Position	0

Central Budgets are being used to manage the additional investments that have been agreed, along with a small number of financial risks and opportunities to ensure a breakeven forecast position.

5. 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 2021 to February 2022 with forecasts for March 2022.

Table C – Covid-19 actual spend and financial forecast at month 11

PHW - COVID-19 Summary	Actual Apr-21 to Feb-22 £000	Forecast Mar-22 £000	TOTAL 2021/22 £000
Expenditure			
Test Trace Protect			
COVID-19 Antigen Testing	49,145	4,895	54,040
Turn Around Times and Resilience - Pay	4,462	431	4,893
Turn Around Times and Resilience - Rapid Testing	0	808	808
IP5 Laboratory	1,475	187	1,662
Genomics Sequencing for COVID-19	5,038	762	5,800
Testing Courier Costs	268	30	298
Results	219	0	219
Case Management	1,467	101	1,568
Communications	32	0	32
Surveillance	83	3	86
TOTAL TTP	62,189	7,217	69,406
Other			
Vaccination Programme	1,226	173	1,399
PPE	60	3	63
STI Business Case	2,573	249	2,822
Screening Recovery (Gross)	1,441	259	1,700
Total Gross Additional Cost	67,489	7,901	75,390
Funding			
PHW Funding			
Delay to recruitment of vacant posts	-4,165	-626	-4,791
Screening budget re-directed for Recovery	-529	-71	-600
Assumed WG Funding			
Test Trace Protect - Non-Pay	-45,658	-5,114	-50,772
Genomics Sequencing	-5,038	-762	-5,800
Microbiology Lab IP5	-716	-114	-830
TAT & Resilience	-5,221	-504	-5,725
Online Testing for STIs	-2,573	-249	-2,822
Mass Vaccination programme	-1,226	-173	-1,399
TTP Contact Tracing	-1,451	-100	-1,551
PPE	0	0	0
Screening Recovery	-912	-188	-1,100
Total Funding	-67,489	-7,901	-75,390

£75.390m is the total planned expenditure on the Covid-19 response, including screening recovery. Public Health Wales contribution towards the costs is £5.391m. The balance of £69.999m is the planned funding requirement from Welsh Government.

Testing

Actual antigen testing episodes in February were lower than anticipated at an average of 3,654 per day resulting in costs for February being lower than forecast. In addition, there has been a lower than anticipated use of serology testing stock. It is recognised that the situation is fluid and activity will be dependent on infection rates and changes to testing policy. However the forecast for Antigen testing costs for March has not been amended this month in order to provide some flexibility to deal with a serology testing contract issue and stock adjustment which is now in the process of being finalised.

In addition, plans to introduce rapid molecular testing across sites with hot lab functions has been delayed due to the increase in COVID-19 pressures and the ongoing validation process. Whilst the original plan included activity from July 2021 the current assumption is that this will begin in March 2022.

6. Capital

Public Health Wales capital funding for 2021/22 totals £10.165m, summary of the capital allocation by division is detailed in Table D, with a summary of the individual schemes provided in **Appendix B**.

Table D – Summary of Capital schemes by Division

Fund	Division	2021/22 Allocation £000s	YTD Spend 2021/22 £000s	Committed via Purchase Order £000s	Purchase Orders yet to be raised @ 28.02.22 £000s	Comments
Discretionary	Contingency	45	0	0	40	
Discretionary	Estates	368	63	26	280	Requisitions have now been raised
Discretionary	IT	956	584	281	91	Requisitions have now been raised
Discretionary	Microbiology	164	157	0	7	
Discretionary	Screening	46	6	41	0	
Discretionary	Total	1,580	809	347	418	
Strategic	Estates	278	267	5	9	
Strategic	Health Protection	221	222	0	0	
Strategic	Laboratory Information Network Cymru (LINC)	1,331	890	0	321	NHS Collaborative Scheme - Mainly staff spend with majority of invoices now received.
Strategic	Microbiology	1,757	471	166	1,132	The evaluation following the resubmission of tender has taken place and due to be concluded Mid-March
Strategic	Radiology Information System Programme (RISP)	229	93	0	21	NHS Collaborative Scheme – no further expenditure is expected.
Strategic	Screening	4,769	36	4,951	8	
Strategic	Total	8,585	1,979	5,122	1,490	
Total Schemes		10,165	2,788	5,469	1,908	

Public Health Wales discretionary allocation of £1.580m remains the same as previous years.

PHW currently has four Maldi-Tofs all of which are in need of replacement during 2021/22. PHW also requires a further two additional instruments. The need for additional instruments is to support the increasing requirement for reliable, verified and a standardised approach to species identification, cost effective rapid identification of blood culture isolates from large regional laboratories and to ensure resilience for the bacteriology service into the future.

Following a supplier challenge on the procurement process, the tender was re-issued. The evaluation, following the resubmission of the tender, has taken place and is due to be concluded mid-March. We are working on the basis that the procurement will be complete by the 31st of March.

Also, the full requirement of mammography sets can be delivered this financial year as part of the Digital Mammography Replacement Programme and so our allocation has increased accordingly.

7. 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 28th February 2022.

Table E – Balance Sheet as at 28th February 2022

	Opening Balance 1/4/2021 £000s	Movement £000s	Closing Balance 28/02/22 £000s
Non-Current Assets			
Property, plant and equipment	20,930	(470)	20,460
Intangible assets	2,350	(369)	1,981
Trade and other receivables	240	4	244
Non-Current Assets sub total	23,520	(836)	22,684
Current Assets			
Inventories	8,835	(5,399)	3,436
Trade and other receivables	20,776	14,777	35,553
Cash and cash equivalents	7,743	15,155	22,898
Current Assets sub total	37,354	24,533	61,887
TOTAL ASSETS	60,874	23,697	84,571
Current Liabilities			
Trade and other payables	(30,608)	(20,349)	(50,957)
Provisions	(1,920)	(2,864)	(4,784)
Current Liabilities sub total	(32,528)	(23,212)	(55,740)

NET ASSETS LESS CURRENT LIABILITIES	28,346	485	28,831
Non-Current Liabilities			
Trade and other payables	(1,575)	(139)	(1,714)
Provisions	(2,126)	64	(2,062)
Non-Current Liabilities sub total	(3,701)	(75)	(3,776)
TOTAL ASSETS EMPLOYED	24,645	410	25,055
FINANCED BY: Taxpayers' Equity			
PDC	23,386	(0)	23,386
Retained earnings	686	84	770
Revaluation reserve	573	326	899
TOTAL TAXPAYERS' EQUITY	24,645	410	25,055

Non-current Assets

Property, plant and equipment and Intangible assets have decreased by £0.836m. Year to date depreciation exceeds year to date capital expenditure resulting in a decrease in non-current assets. The Trust is expecting to spend a further £7.337m on capital assets during March.

Current Assets

Stock has reduced by £5.399m due to usage of Covid testing consumables.

Trade and other receivables has increased by £14.777m. This is predominantly due to accrued Welsh Government income for the NHS Wales Health Collaborative to fund Implementation Groups, Cancer Delivery Plan, End of Life Care programmes and Laboratory Information Network Cymru £4.409m, income due from other Welsh NHS organisations for Microbiology SLA's £1.386m, and Welsh Government income due for Covid-19 programmes including Genomics, Resilience, IP5, STI, TTP and TAT £2.397m. Welsh Risk Pool receivables has increased by £2.652m since the beginning of the year due to three new clinical negligence cases in year.

Cash and cash equivalents has increased by £15.155m. The cash balance is relative to the deferred income (held within the payables balance) which is planned to be spent before the end of the year. In addition, Our March core income was received in February £9.750m.

Current liabilities

Current trade and other payables has increased by £20.349m due mainly to deferred Welsh Government income. Core income for March that was raised in February has been deferred £9.750m and a further £8.188m of Welsh Government core income already received has been deferred. The increase also includes Screening accruals with Welsh NHS organisations for LTA's, staff recharges and DESW retinal review £1.529m.

Current provisions has increased by £2.864m due to three new clinical negligence cases this year. The Trust is only liable for £25k of the increase in provision (the first £25k of payments on each case) with the remainder being reimbursed by the Welsh Risk Pool.

Conclusion

The Board is asked to note the following:

- A surplus financial position of £84k reported at month 11;
- Forecasting work to ensure plans are on track to deliver a year-end breakeven position in line with IMTP;
- Status of the Capital Programme, strategic and discretionary, for 2021/22, and
- Balance Sheet, or Statement of Financial Position at 28th February 2022.

APPENDIX B: Summary of Capital Schemes

Fund	Details	2021/22 Allocation £000s	YTD Spend 2021/22 £000s	Committed via POs £000s	Purchase Orders yet to be raised @ 28.02.22 £000s	Comments
Discretionary	Yet to be allocated	45	0	0	40	
Discretionary	IT - DESW SQL Database licensing	7	0	0	7	PO raised and order now complete
Discretionary	IT - Uninterruptible power supplies (UPSes).	30	0	30	0	
Discretionary	IT - Replacement of virtual infrastructure (storage & servers) at Magden Park, DESW Treforest, 18 Cathedral Road, BTW Llandudno and BTW Swansea	336	212	124	0	
Discretionary	IT - Electronic HP Care pack	1	1	0	0	
Discretionary	IT - Desktop PC x 100	65	65	0	0	
Discretionary	IT - 8 x Surface Hubs (1 for Screening)	86	0	86	0	
Discretionary	IT - 168 x Latitude 5420 PCs from quote 109310632/3	146	146	0	0	
Discretionary	IT - 42 x Latitude 5520 PCs from quote 109310632/3	34	34	0	0	
Discretionary	IT - 200 x OptiPlex 5090 SFF XCTO PCs from quote 109411372	126	126	0	0	
Discretionary	IT - Tarian Hardware Resilience	56	0	17	39	Requisitions have now been raised
Discretionary	IT - Syslog server	69	0	23	46	Requisitions have now been raised
Discretionary	Estates - Conversion of film store to multi-functional space for both office and clinic space.	15	15	0	0	
Discretionary	Estates - Magden Park Air con	40	31	4	5	
Discretionary	Estates - North Wales fit out	153	14	9	130	Requisitions have now been raised
Discretionary	Estates - Fit out of Mountain Ash - Rhos House	160	2	13	144	Requisitions have now been raised
Discretionary	Screening - Replace 2 stereo biopsy chairs within South East Wales division of BTW	20	0	20	0	
Discretionary	Screening - BTW Ultrasound probe	6	6	0	0	
Discretionary	Screening - PACS Workstation	21	0	21	0	
Discretionary	Microbiology - SeqStudio Genetic Analyser	69	69	0	0	
Discretionary	Microbiology - Replacement centrifuge	9	9	0	0	
Discretionary	Microbiology - Upright Freezer	7	7	0	0	
Discretionary	Microbiology - Water Pump	5	5	0	0	
Discretionary	Microbiology - Server Software Licence	67	67	0	0	
Discretionary	Microbiology - Stairs to flammable storage at IP5	7	0	0	7	
Discretionary Total		1,580	809	347	418	
Strategic	Microbiology - Genomics - expand support to the NHS response to the pandemic	471	471	0	0	
Strategic	Laboratory Information Network Cymru (LINC) - LINC	1,331	890	0	321	NHS Collaborative Scheme - Mainly staff spend with majority of invoices now received

Strategic	Estates - National Programmes - Decarbonisation - LED Lights	20	19	0	0	
Strategic	Estates - National Programmes - Decarbonisation - Electric Vehicles	132	125	3	9	
Strategic	Estates - National Programmes - Infrastructure - No 18 Cathedral Roof	110	110	2	0	
Strategic	Estates - National Programmes - Fire Safety - Fire Doors	16	12	0	0	
Strategic	Screening - Imaging Equipment in Breast Test Wales	4,769	36	4,720	8	
Strategic	Screening Equipment Replacement - Replacement of 16 Automated Auditory Brainstem Response (AABR) within NBH	0	0	144	0	
Strategic	Screening Equipment Replacement - AAA - probes x 3		0	26	0	
Strategic	Screening Equipment Replacement - AAA - Ultrasound machines x 3		0	61	0	
Strategic	Microbiology - Maldi-Tof replacement	1,132	0	0	1,132	The evaluation following the resubmission of tender has taken place and due to be concluded Mid-March
Strategic	Microbiology - Additional genomics equipment	97	0	97	0	
Strategic	Microbiology - Cepheid - blood borne virus	57	0	69	0	
Strategic	Radiology Information System Programme (RISP)	125	93	0	21	NHS Collaborative Scheme - Potentially small element of slippage
Strategic	Radiology Information System Programme (RISP) - Trance 2	104	0	0	0	NHS Collaborative Scheme – no further expenditure is expected.
Strategic	Health Protection - Health Protection Wales IT Equipment	221	222	0	0	
Strategic Total		8,585	1,979	5,122	1,490	
Total Schemes		10,165	2,788	5,469	1,908	