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Iechyd Cyhoeddus
Cymru
Public Health
Wales

Name of Meeting
Board

Date of Meeting
29 July 2021

Agenda item:
3.2

2021/22 Financial Position

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Approval/Scrutiny route: Business Executive Team – 19 July

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 30th June 2021, 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:

- **CONSIDER** the financial position of Public Health Wales as at 30th June 2021, 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 2021 (M3). The report is also circulated to the Audit and Corporate Governance Committee. The content of this report is reflected in the Director of Finance commentary that has been submitted to Welsh Government on 13th July 2021 as part of the full financial monitoring return for Month 3.

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)	19k	(29k)	Breakeven
Capital financial target	1.980m	350k	Breakeven
Public Sector Payment Policy	95%	95.62%	>95%

The cumulative reported position for Public Health Wales is a net surplus of £29k.

2. Update on Operational Plan

Since the submission of our annual plan, which was submitted prior to the close of M3, the figure for Welsh Government funding for Covid-19 has changed from £77.335m to £77.057m due to the actual testing costs for M3 being factored into the plan. The movement can be seen in the table below:

COVID Spend	MDS Plan £000s	M3 Plan £000's	Movement £000's
Testing	72,814	72,549	-265
TTP contact tracing operation	2,002	2,002	0
Vaccination Programme	1,458	1,458	0
Online Testing STIs (First 6 Months)	850	850	0
PPE - Shared Services Recharge	263	263	0
Pay underspends due to Covid	-1,827	-1,840	-13
Screening Recovery Net Cost	1,775	1,775	0
	77,335	77,057	-278

3. Overview of Financial Performance at Month 3

3.1 Financial Performance by Directorate

Table A outlines the Financial Performance by Directorate.

Table A – Overview of Financial Performance by Directorate

Directorate	Income Variance £000s	Pay Variance £000s	Non Pay Variance £000s	Grand Total £000s
People & Organisational Development	0	31	-0	30
Central Budgets	20	24	-21	23
Health & Wellbeing	3	-0	-2	1
Population Health	0	0	0	0
ACE's Hub	0	-0	0	-0
Hosted	0	-0	-0	-0
Improvement Cymru	-1	-0	0	-1
Knowledge	0	0	-1	-1
Board and Corporate	-0	2	-5	-4
WHO Collaborating Centre	-0	-2	-5	-6
Operations and Finance	-0	-3	-6	-10
Quality Nursing & Allied Health Professionals	-0	-0	-14	-14
Health Protection and Screening Services	185	191	-424	-48
Directorate Total	208	242	-478	-29
Covid 19 Directorate	0	37	-37	0
COVID 19 Total	0	37	-37	0
Grand Total	208	280	-516	-29

As the table above indicates, the surplus at Month 3 is a combination of small variances across a number of Directorates.

Spending plans including procurement timelines are being finalised by Directorates and forecasts will then be reported on from Month 4.

3.2 Budget Scrutiny

As per our financial plan and budgetary control framework 2021/22 we will remove in month pay underspends from Directorate positions and review non-pay spending plans. Resources will then be redirected resources as required to deal with the ongoing impact of COVID-19. Budgets associated with pay underspends to Month 3 have been removed non-recurrently as follows:

Directorate	Pay Budgets removed M2 £000s	Pay Budgets removed M3 £000s	Total Pay Budgets Removed £000s
Health & Wellbeing	330	173	504
Knowledge	43	38	80
QNAPs	32	18	51
Total Pay Budgets removed	405	229	635

These budgets have been re-directed to fund PHW contribution to the costs associated in delivering the response to Covid-19, along with the first quarter's costs of the Coronavirus Wales Survey.

There remains a clear finance focus on the response, reactivation of essential services and other priorities to ensure underlying financial balance is maintained throughout 2021/22.

3.3 Status of LTA/SLA Agreements

Due to the Covid-19 pandemic, LTA and SLA contractual arrangements were suspended in 2020-21 and replaced with block arrangements (based on 2019-20 out turn plus inflation) to ensure financial stability for all Health Boards, Trusts and WHSSC during the pandemic.

On the 19th March 2021 the Directors of Finance agreed to extend these block arrangements for the first quarter of 2021-22. A Task and Finish group has reviewed the position and principles for the remainder of 2021-22 with a report due back in August to the Directors of Finance for agreement.

4. 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 2021 with forecasts for July 2021 through to March 2022.

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

PHW - COVID-19 Summary	Actual Apr-21 to Jun 21 £000s	Forecast Jul 21 to Mar 22 £000s	TOTAL Forecast 2021/22 £000s
Test Trace Protect			
COVID-19 Antigen Testing	10,918	40,964	51,882
Turn Around Times and Resilience - Pay	1,208	4,405	5,613

Turn Around Times & Resilience - Rapid Testing	0	7,141	7,141
Test - Antibody	0	0	0
IP5 Laboratory	388	715	1,103
Genomics Sequencing for COVID-19	240	6,152	6,392
Testing Courier Costs	0	120	120
Results	6	182	188
Case Management	446	1,557	2,003
Communications	18	27	45
Surveillance	29	36	65
Total TTP	13,253	61,299	74,552
Vaccination Programme	189	1,269	1,458
PPE	18	246	264
STI Business Case	94	756	850
Screening Recovery Net		1,775	1,775
Total Gross Additional Cost	13,554	65,345	78,899
Funding			
PHW - Delay to recruitment of vacant posts	-354	-1,488	-1,842
Assumed WG Funding			
Test Trace Protect - Non-Pay	-10,651	-47,753	-58,404
TAT & Resilience	-1,410	-4,464	-5,874
Microbiology Lab IP5	-173	-657	-830
Genomics Sequencing	-240	-6,151	-6,391
Online Testing for STIs	-94	-756	-850
Mass Vaccination programme	-189	-1,269	-1,458
TTP Contact Tracing	-443	-1,557	-2,000
PPE	0	-156	-156
Screening Recovery (Awaiting Approval)		-1,094	-1,094
Total Funding	-13,554	-65,345	-78,899

£78.899m is the total planned expenditure on the Covid-19 response, including screening recovery. Public Health Wales contribution towards the costs is £1.842m, made up of £1.161m of pay slippage due to delays in recruitment to established posts, as well as £0.681m of core screening programmes underspend which is to be re-directed to support the Screening Recovery Programme. The balance of £77.057m is the planned funding requirement from Welsh Government.

Estimates for COVID-19 Antigen Testing are based on flattened averages of 3,500 tests per day during April to August and then 5,000 tests per day during September to March. These assumptions have considered the average numbers of tests undertaken to date and the likelihood of change against a range of factors including streaming of patients and potential outbreaks. This position continues to be closely monitored.

Screening Programmes Recovery

The estimated costs based on current plans to recover the programmes are currently forecast to be in the region of £1.7m for 2021/22 with recurrent impacts to be determined. An assessment of screening budgets has been completed, and £0.681m has been identified to cover the additional recovery costs in 2021/22. There is a shortfall of £1.094m, which has been included as anticipated funding from Welsh Government.

5. Capital

Public Health Wales capital funding for 2021/22 totals £7.918m, summary of the schemes detailed in Table D.

Table D – Summary of Capital schemes

Funding	Division	Capital Scheme	Total	YTD Spend 2021/22 £000s		
Discretionary	IT	Replacement of virtual infrastructure (storage & servers) at Magden Park, DESW Treforest, 18 Cathedral Road, BTW Llandudno and BTW Swansea	333,000	3,159		
		Environmental monitoring sensors	15,000			
		Uninterruptible power supplies (UPSes).	37,500			
		DESW SQL Database licensing	5,040			
	IT Total				390,540	
	Microbiology	Replace Anaerobic workstation	50,000			
		Replacement centrifuge	7,000			
		Purchase of SeqStudio Genetic Analyzer for core clinical service provision	68,782			
	Microbiology Total				125,782	-5,512
	Screening	Replacement of 16 Automated Auditory Brainstem Response (AABR) within NBH	72,000			
Conversion of film store to multi-functional space for both office and clinic space.		15,000				
Replace 2 stereo biopsy chairs within South East Wales division of BTW		16,317				

		Integrated audio visual technology at BTW Wrexham meeting room	15,000	
	Screening Total		118,317	
	Estates	Replacement windows at DESW Carmarthen	37,500	
	Estates Total		37,500	
		Yet to be allocated – see below	407,861	
		Covid Recovery – see below	500,000	
Discretionary Total			1,580,000	-2,353
Strategic	Health Protection	Capital Element of Health Protection Business Case	221,000	79,800
	Microbiology	Genomics – Expand support to the NHS response to the pandemic	490,000	90,104
	Estates	Estate – Infrastructure, Fire Safety and Decarbonisation	437,000	
	Collaborative	Laboratory Information Network Cymru (LINC)	1,163,000	182,429
	Collaborative Screening	Radiology Information System Programme (RISP) Imaging Equipment in Breast Test Wales	185,000 3,842,000	
Strategic Total			6,338,000	352,333
Total Capital			7,918,000	349,980

Public Health Wales discretionary allocation of £1.580m remains the same as previous years. A capital paper setting out the allocation of the discretionary capital to specific capital schemes has been submitted to the Board in July.

Capital Replacement Programme

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.

The business case to request this funding was submitted to Welsh Government in June 2021 with a funding requirement of £840k. The business case is currently being scrutinised by Welsh Government.

6. 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 2021.

Table E – Balance Sheet as at 30th June 2021

	Opening Balance 1/4/2021 £000s	Movement £000s	Closing Balance 31/05/21 £000s
Non-Current Assets			
Property, plant and equipment	20,930	349	21,279
Intangible assets	2,350	1	2,351
Trade and other receivables	240	0	240
Non-Current Assets sub total	23,520	350	23,870
Current Assets			
Inventories	8,835	(2,913)	5,922
Trade and other receivables	20,776	6,305	27,081
Cash and cash equivalents	7,743	10,326	18,069
Current Assets sub total	37,354	13,718	51,072
TOTAL ASSETS	60,874	14,068	74,942
Current Liabilities			
Trade and other payables	(30,608)	(11,014)	(41,622)
Provisions	(1,920)	(2,504)	(4,424)
Current Liabilities sub total	(32,528)	(13,518)	(46,046)
NET ASSETS LESS CURRENT LIABILITIES	28,346	550	28,896
Non-Current Liabilities			
Trade and other payables	(1,575)	(278)	(1,853)
Provisions	(2,126)	(243)	(2,369)
Non-Current Liabilities sub total	(3,701)	(521)	(4,222)
TOTAL ASSETS EMPLOYED	24,645	29	24,674
FINANCED BY: Taxpayers' Equity			
PDC	23,386	(0)	23,386
Retained earnings	686	29	715
Revaluation reserve	573	1	574
TOTAL TAXPAYERS' EQUITY	24,645	29	24,674

Non-current Assets

Property, plant and equipment has increased by £0.350m relating to expenditure on the 2021/22 capital programme.

Current Assets

Stock has reduced by £2.913m mainly due to usage of Covid-19 testing consumables at IP5 laboratory.

Trade and other receivables have increased by £6.305m. The increase is predominantly due to £8.440m of income due from Welsh Government, which includes £2.385m for NHS Wales Health Collaborative core income,

£1.750m for NHS Wales Health Collaborative Implementation Group quarter one funding and £2.873m for Covid related funding and income including mass vaccination programme, resilience and TAT.

Cash and cash equivalents have increased by £10.326m due mainly to July core income being received earlier than anticipated from Welsh Government. Welsh Government monthly core income has increased in 2021/22 financial year to £9.750m and the July invoice also included the April to June increase retrospectively.

Current liabilities

Current trade and other payables have increased by £11.014m. The predominant reason for the increase is due to the Welsh Government £9.750m core income invoice for July being received earlier than anticipated and then needing to be treated as deferred income

Current provisions have increased by £2.504m due to an ongoing clinical negligence which has developed into a provision due to the financial loss becoming probable. 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 £29k reported at month 3;
- Status of the Capital Programme, strategic and discretionary, for 2021/22, and
- Balance Sheet, or Statement of Financial Position at 30 June 2021.