Public Health England

Protecting and improving the nation's health

Annual Report and Accounts

6 Months ending 30 September 2021

HC 1164

Public Health England

Annual Report and Accounts 2021

For the period 1 April 2021 to 30 September 2021

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About Public Health England

Public Health England existed to protect and improve the nation's health and wellbeing, and reduce health inequalities. It did this through world-leading science, research, knowledge and intelligence, advocacy, partnerships and the delivery of specialist public health services. It was an executive agency of the Department of Health and Social Care, and a distinct delivery organisation with operational autonomy. It provided government, local government, the NHS, Parliament, industry and the public with evidence-based professional, scientific and delivery expertise and support.

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Public Health England supports the Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS

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1 Performance report

Chair's report
Dame Julia Goodfellow

This report covers the final six months of Public Health England, prior to its transfer to the new public health arrangements on 1 October 2021. It represents the continued efforts and commitment of PHE's excellent staff for which I am very grateful in an unprecedently busy and challenging period.

The PHE Advisory Board and its Audit and Risk Committee remained fully operational until 30 September 2021. We continued to meet to support PHE's interim Chief Executive and executive team in delivery of three critical priorities namely the ongoing response to the COVID-19 pandemic, ensuring a smooth as possible transition to the new public health arrangements and continuing to deliver urgent business as usual priorities. I would like to thank the advisory board and ARC committee members for their commitment during this period.

As set out in both the performance and governance reports, PHE ensured that it delivered against these core objectives and importantly supported staff in the transition to the new arrangements. Thus, the important and essential work of PHE continued.

At the time of writing, the new public health arrangements are now in place. I wish the staff of the UK Health Security Agency, the Office for Health Improvement and Disparities, NHS England, and NHS Digital every success in the future.

Dame Julia Goodfellow
Chair, Advisory Board

Interim Chief Executive's review
Michael Brodie

I am immensely proud to have led PHE during the period covered by this report leading up to its closure on 30 September 2021. Taking consideration of the challenging context of this period, this was a phenomenal six months of focus and effort from all PHE teams with excellent work continuing right to the transition of PHE's services to the new public health landscape.

From Ebola to Zika and Novichok, from sugar reduction to smoking cessation and HIV reduction, from screening and immunisation programmes to the considerable shared endeavour of the pandemic, at the heart of all of PHE's activities has been a relentless focus on protecting and improving the health of the nation and it is this inspiring mission that PHE worked tirelessly to deliver since 2013.

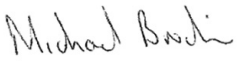
As I reflected in last year's report, the work as set out here again demonstrates that PHE colleagues maintained focus and continued to deliver PHE's three critical priorities, namely the ongoing response to the COVID-19 pandemic, the smooth transition to the new public health arrangements and the continued delivery of urgent business as usual priorities.

Achievements across these three areas included;

- the COVID-19 Health Inequalities Monitoring for England (CHIME) and Wider Impacts of COVID-19 on Health (WICH) tools were established and regularly updated.
- evidence reviews on several topics were published, including gambling health harms, lower carbohydrate diets for adults with type 2 diabetes, the NHS Health Checks programme and the Dame Carol Black Independent Review of Drugs
- monitoring of industry progress against DHSC's Sugar Reduction and Reformulation Programme continued and initial analysis on retailers' and manufacturers' branded for sugar reduction was completed
- moUs were agreed and the first wave of funding sent out for the COVID-19 Mental Health Recovery Action Plan
- the cross-government action plan to support improvements in women's reproductive health and a reduction in inequalities was published

These important functions continue. The UK Health Security Agency (UKHSA) continues to deliver the majority of PHE's health protection functions. The Office for Health Improvement and Disparities (OHID) at DHSC continues to deliver most of PHE's health improvement functions. NHS Digital and NHS England continue with the other areas of work PHE once delivered.

The delivery of all of this is testament to the dedication, expertise, and energy of PHE's people. This work provided a strong foundation for the new public health system and I wish it, and them every continued success.



Michael Brodie
Interim Chief Executive

Our purpose

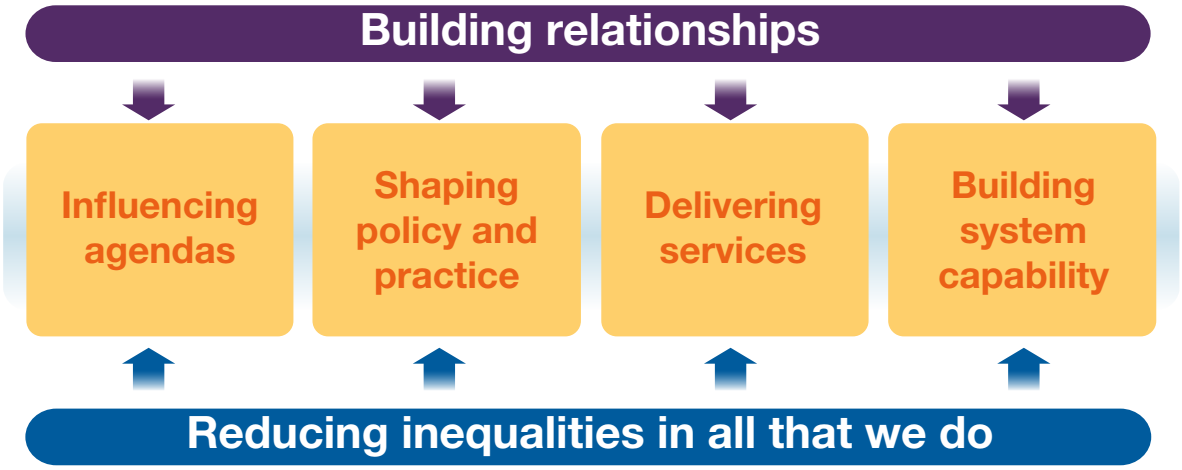
Public Health England worked 24/7 to protect and improve the nation's health and reduce health inequalities.

We were guided by a number of aims:

- **our first duty was to keep people safe.** Threats from environmental hazards and infectious disease remain great at home and from overseas. We worked to prevent risks from materialising and reduced harm when they did. PHE developed the capability to respond to emergencies and incidents round the clock, 365 days a year
- **we worked to prevent poor health.** Our aim was for people to live longer in good health, to rely on the NHS and social care less and later in life, to remain in work for longer and, when unwell, to stay in their own homes for longer
- **we worked to narrow the health gap.** There is still huge disparity in the number of years lived in poor health between the most and least deprived people across the country. Many conditions also take a disproportionate toll on minority communities. Our work aimed to reduce these unjust and avoidable inequalities in health outcomes
- **we supported a strong economy.** Good health is an asset to the UK economy, enabling people to live long and productive working lives; securing the health of the people is a UK investment in our economic future

Our role

We worked as One PHE, making the best possible use of the expertise and commitment of our people to deliver the biggest impact and best value for the taxpayer and our partners. We performed five key roles within the public health system, which are underpinned by a commitment to incorporate the reduction of health inequalities into all areas of our work.



By integrating the reduction of inequalities into everything we do, we stand the best chance of tackling long-standing injustices and improving the health and wellbeing of the nation.

1 Building relationships

We worked with partners locally, nationally and internationally, utilising our collective capabilities to address public health challenges, focusing on people and place as the organising principle. It is only by working in partnership with the full range of actors across the public health system – recognising and building on our different roles, resources, capabilities, areas of expertise and relationships with the public – that we were able to protect and improve people's health and reduce inequalities on the scale that we want to see.

2 Influencing agendas

We produced data, analysis and scientific research that provided authoritative information on the big factors affecting the public's health and used this evidence to influence the priorities of national and local government and the NHS. This included:

- managing a range of national datasets that we use to produce analyses that provide definitive accounts of the health of the nation
- engaging with stakeholders across the system at local, national and global level to highlight the public health challenges that most merit their attention and action
- publishing tools and resources using local health data to present local leaders and people with a detailed picture of the health of their communities
- managing disease registries to monitor and detect changes in health and disease across the population and within local areas
- translating and synthesising academic research in evidence reviews that give decision-makers accessible and authoritative insights on major threats to health

3 Shaping policy and practice

We identified and promoted effective evidence-based solutions to public health problems. Our advice informed real-world policy, practice and the delivery of essential services by our partners. This included:

- giving trusted guidance to government ministers, the Department for Health and Social Care (DHSC), other government departments and arms-length bodies on how best to use the powers and policies at their disposal to improve health outcomes
- supporting local authorities to invest effectively in public health services and create physical, social and economic environments that promote and facilitate good health
- advising the NHS and wider health and care providers on incorporating evidence-based prevention into the services they provide to people at all stages of life
- engaging with industry to encourage changes to the goods and services they provide to the public where this can produce a positive impact on people's health
- conducting evaluations of programmes and interventions to identify examples of best practice and sharing insights across global, national and local networks
- producing economic analyses that set out the cost effectiveness of public health programmes, showing how investment in prevention can offer value for money
- conducting cutting edge scientific research

4 Delivering services

We delivered a number of public health services and interventions, from responding to emergencies at local, national and global level to direct-to-the-public campaigns which reach millions. This included:

- preparing and delivering responses to threats to the public's health at national, regional and local level ranging from infectious diseases to chemical hazards to terrorism
- managing an extensive surveillance system to monitor and investigate instances of dangerous infectious diseases
- providing specialist microbiology services from our network of laboratories to help identify and address infectious diseases and threats to food, water and environmental safety
- managing and contributing to international responses to major outbreaks of infectious diseases
- supporting and assuring the commissioning and delivery of screening and immunisation services, such as cancer screening programmes and annual flu vaccinations
- communicating directly with the public, providing information, advice and tools that encourage and empower people to make positive changes and live healthy lives

5 Building system capability

We built capability, fostered research and innovation and supported health and care professionals with the training, guidance and standards they needed to deliver effective interventions to improve the public's health. This included:

- collaborating with partners including Health Education England, professional and representative public health organisations, The National Institute for Health and Care Excellence (NICE) and the NHS to ensure that health and care professionals have the training, guidance and standards they need to deliver effective preventative interventions
- working with partners in the voluntary and community sector to develop their capacity and strengthen the place of community at the centre of the public health system
- working with the Foreign, Commonwealth and Development Office (FCDO), DHSC and international partners to strengthen public health systems in low and middle-income countries, supporting progress towards the UN Sustainable Development Goals
- collaborating with the National Institute for Health Research (NIHR) and academic partners to direct funding and expertise towards high quality research in areas where it is most needed
- working with partners in the public, private and research sectors (such as NHSX) to harness new technologies and scientific advances for the benefit of public health

UK Health Security Agency

On Tuesday 18 August 2020, the then-Secretary of State for Health and Social Care, Matt Hancock, announced plans to establish a new national institution for health protection

UKHSA was launched on 1st October 2021 as the nation's expert health security agency to prepare for, prevent, and respond to external hazards that could impact our health. UKHSA brings together expertise and capabilities from Public Health England, NHS Test and Trace and the Joint Biosecurity Centre, to provide health security for the nation by protecting from infectious diseases, chemical, biological, radiological, nuclear and environmental hazards.

Ian Peters was appointed Chair of the new executive agency of the Department of Health and Social Care (DHSC), with Jenny Harries appointed as Chief Executive. UKHSA works internationally and UK-wide while primarily delivering health security in England, working closely with counterparts in Scotland, Wales and Northern Ireland to ensure that together the best health outcomes for all UK citizens are delivered.

The UKHSA will fulfil its role by delivering services, providing world-class science and public health expertise, and building capability for health security, in support of three goals:

- goal 1: Reduce harm from health security hazards and achieve more equitable outcomes
- goal 2: Prepare for future health security hazards, so that our health, society, public services and economy are less impacted
- goal 3: Strengthen health security capability, to improve the effectiveness of our local and national response

As well as transferring the health protection work to the new organisation, new homes have been found for PHE's other functions including health improvement. More information on the accounting officer responsibilities and governance associated with this change programme, how the change was managed, and the role and responsibilities of the new organisation can be found in the focus section on the PHE transition programme and the Governance statement.

Our priorities

In spite of a significant diversion of resources to manage the COVID-19 response, PHE continued to push forward work on its strategic priorities, where necessary adjusting the pace of delivery.

As well as our work on combatting COVID-19 and managing the impact of the changes arising from the public health transformation programme, PHE's 10 priorities for April-September 2021 were as follows:

HEALTHIER	**1**	**Smoke-free society** Take steps towards creating a smoke-free society by 2030
	2	**Healthier diets, healthier weight** Help make the healthy choice the easy choice to improve diets and reduce rates of childhood obesity
	3	**Creating cleaner air** Develop and share advice on how best to reduce air pollution levels and people's exposure to polluted air
	4	**Better mental health** Promote good mental health and contribute to the prevention of mental illness
FAIRER	**5**	**Best start in life** Work to improve the health of babies, children and their families to enable a happy healthy childhood and provide the foundations of good health into adult life
SAFER	**6**	**Effective responses to major incidents** Enhance our ability to respond to major incidents by strengthening our health protection system
	7	**Reduced risk from antimicrobial resistance** Work to help contain, control and mitigate the risk of antimicrobial resistance
STRONGER	**8**	**Predictive prevention** Utilise technology to develop targeted advice and interventions and support personalised public health and care at scale
	9	**Enhanced data and surveillance capabilities** Improve our data capability and strengthen our approach to disease surveillance using new tools and techniques
	10	**New national science campus** Transition to a new national science campus with state-of-the-art facilities as part of the Science Hub, Harlow programme

Our organisation

Centre for Radiation, Chemical and Environmental Hazards (CRCE)

The Centre for Radiation, Chemical and Environmental Hazards (CRCE) was part of the PHE Health Protection and Medical Directorate and the focal point for independent advice on health risks from exposure to:

- radiation
- environmental levels of chemicals
- environmental change
- extreme weather events such as flooding

CRCE also commissioned the National Poisons Information Service (NPIS).

Communications Directorate

Responsible for building and maintaining PHE's reputation as a provider of trustworthy, evidence-based public health advice, information and leadership.
The directorate ensured that PHE's messages and information were targeted:

- at the right audience
- at the right time
- using the right channel

Its main activities included:

- communicating information that helps citizens make healthier choices
- explaining PHE's position on policy, evidence or science
- promoting public health interventions that protect or improve health
- enhancing PHE's reputation through high-quality engagement activities and presentation of PHE's work
- informing the public of risks to health
- updating staff about PHE's work and news

Communications Directorate provided communications support to PHE staff, stakeholders and the media 24 hours a day, 7 days a week.

Corporate Affairs Directorate

The Corporate Affairs Directorate oversaw the organisational governance and management of PHE's high-level business. It was also specifically responsible for:

- providing legal advice and support
- public and parliamentary accountability
- the health and safety advisory support function

- enterprise risk management awareness and scrutiny
- organisational assurance and business continuity
- programme and project management (PPM) support
- environmental management and sustainability
- fraud prevention, corruption, bribery and theft
- conflicts of interest
- security

The Director of Corporate Affairs was also responsible for the secure running, maintenance and development of the PHE site at Porton, and was also PHE's Data Protection Officer following the introduction of the General Data Protection Regulations in 2018.

Deputy Chief Executive's team

The Deputy Chief Executive and Chief Operating Officer Directorate supported directorates across PHE with their work in implementing the annual business plan and remit letter. It did this through leading on key external partnerships, running specific cross-PHE projects and working with Strategy Directorate on performance reporting and delivery.

Finance and Commercial Directorate

Finance and Commercial Directorate were responsible for PHE's commercial functions, financial strategy, planning and management including:

- strategic and operational financial support
- ICT infrastructure
- digital platform delivery
- property and facilities management
- financial systems and services
- procurement and commercial portfolio management

Global Public Health

The Global Public Health division's global work aims to protect health in England and support health development internationally by working with international agencies and partner countries to strengthen health systems and health security globally. International engagement helps ensure skills, knowledge and capacity to address global public health hazards and threats are built and maintained through active support to prevent disease and risks to health at source, learning from others and improving our capability whilst contributing to international collaboration for health and sustainable development.

The Global Public Health division:

- works with partners across government to develop a global health strategy and delivery plan aligned with UK global commitments
- leads specific projects and programmes, building public health capacity (particularly in low and middle-income countries), as well as improving our capacity to operate internationally

- organises strategic international secondments, staff exchanges and high-level visits
- supports technical partnerships and collaborations, including WHO Collaborating Centres and Reference Laboratories, which build the global evidence base for policy and action
- supports overseas deployments in public health emergencies
- provided advice, support and oversight for international activities across PHE, ensuring we met our duty-of-care requirements to staff travelling or working overseas
- identifies opportunities for international collaboration, sharing expertise between international partners
- develops links with partners across the UK to support international public health work
- shares advice, guidance and processes for staff travelling overseas
- reported on PHE's international activity and ensured PHE acted in unity in support of the UK's international health priorities

Health Improvement Directorate

The directorate was responsible for delivering PHE's national expert functions including:

- alcohol, tobacco and drugs
- diet and obesity
- health equity
- mental health
- physical activity
- screening.

Its work is evidence-based and supports the practice of public health and improvements in the public's health. It advises the government, local authorities and the NHS.

The directorate is also responsible for the organisation's information governance function.

Health Protection and Medical Directorate

The directorate is responsible for providing expert advice and support to ensure the:

- prevention and control of infectious diseases and environmental hazards
- effective planning and responses to public health emergencies throughout England

It also jointly led PHE's work with the Nursing, Maternity and Early Years (NME) Directorate on:

- clinical governance and quality improvement
- professional revalidation

Marketing/Behavioural Programmes Directorate

The directorate designs and delivers evidence-based social marketing programmes that help people make healthy lifestyle changes. Its work involves:

- using behavioural science, creativity, data and the optimisation of digital technology
- partnering with stakeholders in the commercial and voluntary sectors who can support our main marketing programmes
- offering tools to help people start or sustain a behaviour change journey
- support the NHS by helping people access the right services at the right time

It also supports delivery of a shared service for other parts of the health system including with the Department of Health and Social Care (DHSC).

National Infection Service (NIS)

NIS is responsible for protecting the population's health from infection.
It aims to reduce the burden from infectious diseases on the NHS and social care, as well as tackle inequalities by:

- ensuring we have robust surveillance and intelligence systems in place
- detecting, investigating and controlling outbreaks of disease in a timely manner
- developing, implementing and evaluating interventions to prevent and control infectious diseases
- providing the best advice to central government, local government and other partners to inform public health policy and action
- providing advice to the public to prevent and manage communicable diseases.
- The service is also focusing on the use of sequencing to diagnose and manage infectious diseases.

Nursing, Maternity and Early Years Directorate

The Directorate is responsible for:

- providing leadership in nursing midwifery and AHP nationally and globally
- providing joint corporate leadership in quality, clinical governance
- providing leadership safeguarding of children and vulnerable adults
- leading PHE's strategies and programmes for maternity and the early years of life and optimising the impact of health & care professionals in protecting health, preventing avoidable illness and promoting wellbeing.
- engaging with police, fire and ambulance services to support embedding public health within these sectors

People Directorate

The directorate is responsible for enabling our people to do their best work. We do this by providing a range of expert operational, advice and support services for individuals and teams in the following areas:

- talent
- capability
- capacity
- leadership
- pay
- performance
- staff relations
- culture
- behaviours

Staff worked with colleagues across PHE, local government and the health system to create the leadership and ways of working that enabled us to deliver on our public health ambitions.

Places and Regions Directorate

The Places and Regions Directorate works with regional and local partners to deliver a wide range of PHE, DHSC and central Government public health objectives. The seven regions operate both collectively and individually:

- North East and Yorkshire & Humber
- North-West,
- Midlands (East & West)
- East of England
- South West
- South East
- London

Regions will operate to maximise capacity and capability of limited resource and bring greater return by working together to solve issues of common concern. Through a network of local sites, Regions also operate ‘individually’ to respond to the locally defined needs of their local public health system.

To maximise its impact on public health and as a focal point to protect and improve health in England, PHE regions cooperated with other stakeholders at sub-national levels of government, such as other Government Departments [DWP, DCMS, MHCLG]. PHE regions also cooperate with the NHSE, HEE, NHSI, Local Government, and LGA. PHE regions also engage with other regional organisations such as the ‘Emergency Services’, the Academic and Research sector and Third Sector.

Regions, as the local presence of PHE represent the governmental public health infrastructure at a sub-national level, are a critical link in the chain that extends from multinational health organisations to PHE and ultimately to communities and individuals.

Key Attributes of PHE Regions and sites:

- 'critical link' in the chain for the national public health service in England
- regional scope for the influence public health
- regional presence of PHE
- system Leadership and influence
- regional basis for scientific programs and health protection
- category 1 Responder: specialist workforce
- regional focus for the major public health problems affecting their area
- linkages and networks with range of sub-national partners (NHSE, HEE, Academic etc)

Science Hub Programme

To remain a world leader in public health, PHE was pursuing a new campus and headquarters in Harlow, Essex. Harlow will be a centre of excellence and the largest for applied public health science in Europe. A combination of the former GlaxoSmithKline site at the New Frontiers Science Park site and new buildings will form the campus.

The new campus will have modern and flexible facilities with the very latest technology to encourage collaboration and innovation right across public health.

Final approval is now linked to the UK Health Security Agency (UKHSA)

Strategy Directorate

PHE's Strategy Directorate worked across government and the healthcare system to provide strategic, analytical and policy support to protect and improve everyone's health. Specifically, it:

- helped PHE focus on activities that had the most positive impact on protecting and improving the public's health
- developed and implemented PHE's corporate strategic plan and annual business plan
- built and managed strategic relationships with our partners
- responded to emerging policy changes
- used insights from health economics to help achieve our aims
- implemented corporate performance monitoring, performance management and accountability functions
- provided strategic expertise to support the transition to the UK Health Security Agency (UKHSA)

Public access: Freedom of Information requests, public enquiries and complaints

From 1 April 2021 to 30 September 2021 there were 1,220 statutory access requests received by PHE. Most of these were handled under the Freedom of Information Act; others being handled under the Environmental Information Regulations and General Data Protection Regulation (GDPR). (2020/2021: 3,171).

Between 1 April and 30 September 2021, PHE received 8,195 enquiries from the public and stakeholders. Of these, 5,809 enquiries were COVID-19 related. (2020/21: 23,662)
We are committed to providing a high-quality service to everyone we deal with. Where complaints arise, we want to resolve them promptly and constructively. From 1 April 2021 to 30 September 2021 a total of 1,480 complaints were handled. (2020/21: 2,646).

Parliamentary questions

We responded to 189 parliamentary questions on a wide range of subjects between 1 April and 30 September 2021. (2020/21: 710). PHE also contributed to 164 Department of Health and Social Care and other government department parliamentary questions between 1 April and 30 September 2021. (2020/21: 733).

Topics that generated the most questions between 1 April to 30 September 2021 were COVID-19, Diet, Obesity and Physical Activity, Immunisations, Chemicals, Radiation and Environmental Hazards (CRCE) and UK National Screening Committee.

Budgets

With PHE ceasing operations on 30/9/21, the focus of forward planning was on the creation of UKHSA and financial planning for the new organisation. This transition work is described in more detail in the Transition section below.

PHE's national and local presence

PHE had 7 regions around England to support implementation where people live and work. Regional Directors were co-located in the NHS regions too. We were a nationwide organisation offering a range of specialist public health services to support the work of local government, the NHS and the whole public health system in every part of the country.

PHE staff worked from 49 locations

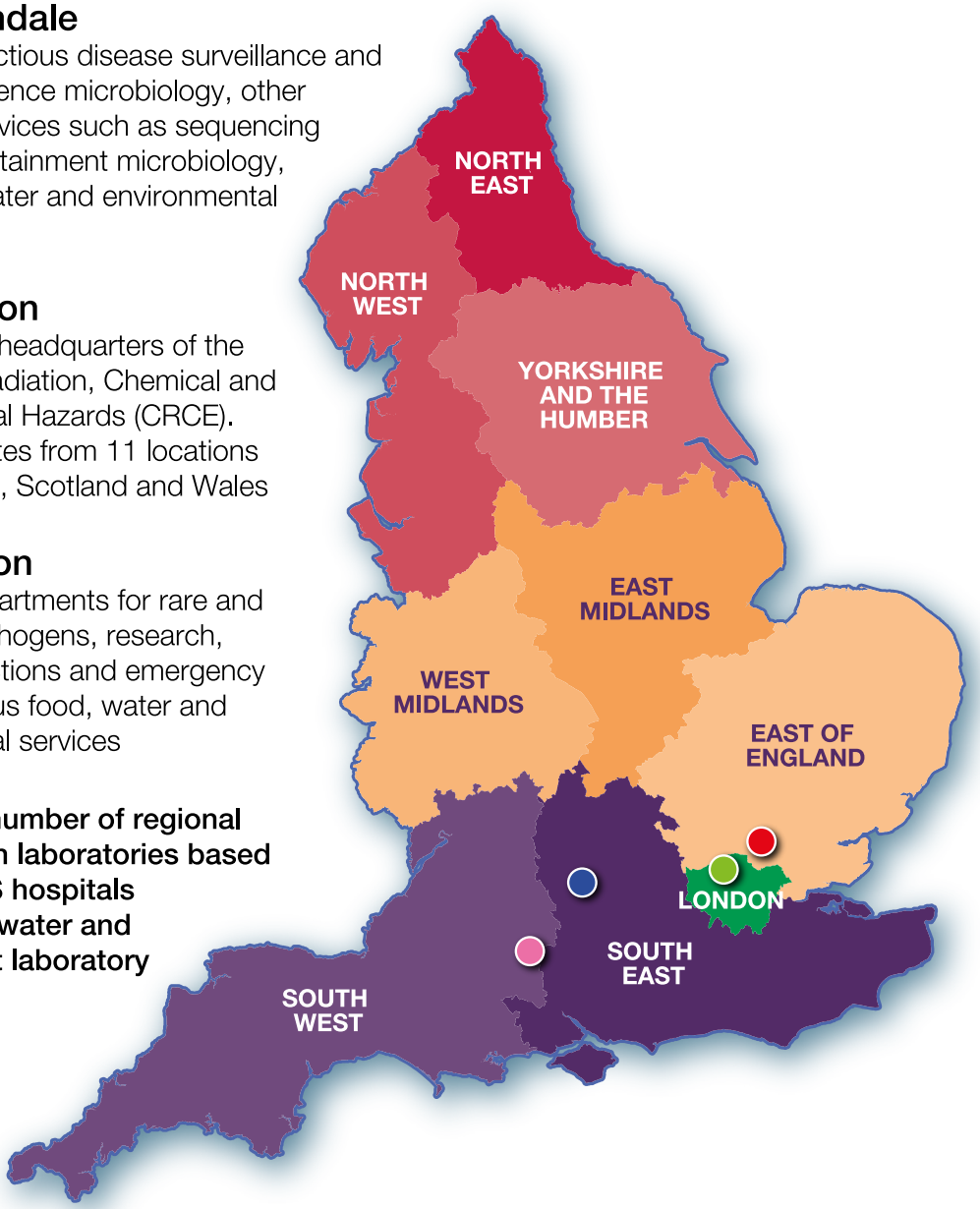
Science Hub, Harlow
(subject to final agreement)
The proposed future national campus for public health science.

PHE Colindale
included infectious disease surveillance and control, reference microbiology, other specialist services such as sequencing and high containment microbiology, plus food, water and environmental services

PHE Chilton
included the headquarters of the Centre for Radiation, Chemical and Environmental Hazards (CRCE). CRCE operates from 11 locations over England, Scotland and Wales

PHE Porton
included departments for rare and imported pathogens, research, culture collections and emergency response, plus food, water and environmental services

PHE had a number of regional public health laboratories based in large NHS hospitals and a food, water and environment laboratory in York



PHE science campuses

PHE Chilton

Science Hub, Harlow

PHE Colindale

PHE Porton

Focus area: PHE transition and closure programme

Introduction

The PHE Transition Programme was established in Autumn 2020 to support the effective and efficient transfer of Public Health England (PHE) functions to the new public health system arrangements during 2021.

As a programme, it recognised the challenges facing PHE staff in relation to delivering business as usual activity, managing the impact of the COVID-19 pandemic, and going through an organisational change of this scale. As such, the programme committed to delivering a programme that ensured the safe and supported transfer of staff to their receiver organisations as its primary goal.

The PHE Transition Programme

The aims of the PHE Transition Programme (also known as the PHE Sender Programme) were:

- ensuring that the planning, preparation and delivery of the transfer and transition had minimal impact or disruption on:
- our continued response and support to the pandemic
- our work on delivering essential and urgent public health services in year
- our continuing delivery of excellent corporate services
- ensuring the transfer of PHE's functions and responsibilities during 2021/2022 in 'good order' to the identified and agreed 'receivers' in the future public health system
- ensuring PHE's people were properly supported and included in this work and felt safe and secure as part of the transfer and transition arrangements, so we retained vital talent and expertise

Delivery challenges

Four key delivery challenges across the life of the programme were identified:

1. Delivering the 1 April 2021 wider programme milestone 'The destinations for PHE functions and services will be known'.
2. Confirming the PHE Accounting Officer arrangements for the transition period April to October 2021 and agreeing ways of working from 1 May 2021.
3. Delivering the 1 October 2021 wider programme milestone including consultation from summer on 'All PHE functions, posts, people and assets will transfer to their agreed destinations as agreed in April 2021'.

Delivery arrangements and Partnership working

The Transition team worked closely with colleagues from within the business to ensure that no functions, sub-functions, teams, or people were overlooked in the planning and preparation for transition.

Integral to this approach were the 12 Directorate Sender Transition Leads – PHE colleagues working at a senior level who understood their teams and the work being delivered including building the high-level plans for their functions and directorates. Building close working arrangements with the Public Health reform programme, DHSC sponsor branch, colleagues in NHS Test and Trace, and the delivery teams in receivers were also instrumental in this phase of the programme.

Notable as part of the delivery arrangements was the close partnership working with PHE staffside colleagues, and national trade union officers, alongside the work with PHE engagement agents and staff networks.

Functions mapping and supporting the people timetable

Comprehensive mapping of the 49 PHE primary functions was undertaken, and these were aligned to the confirmed receiver organisations. This comprehensive piece of work was finalised in time to support the staff briefings which took place by the target date of 1 April 2021.

This mapping enabled receiver organisations to plan and design their structures well in advance of the 1 October 2021 transition. Further work was then undertaken to map the associated c450 sub-functions and c6,500 posts to ensure that the people activities including the launch of collective and individual consultation in summer 2021 could start on time

Doing things right and doing the right things

Governance

A robust governance structure was implemented to ensure the PHE Transition Programme had sufficient oversight through its reporting mechanisms and decision-making routes.

A Sender Change and Transition Group (SCTG) was established with membership representation from across the business. The responsibility of this group was to provide support and specialist advice to the PHE Sender Transition and Closure sub-programme team.

The SCTG reported into the Resourcing and Prioritisation Group (RPG) which acted as the PHE Transition Programme Board. Progress reports were taken to this group who provided oversight and managed organisational level risks and dependencies.

The RPG was a formal sub-group of the PHE Management Committee, and as such, there was a formal report on the programme into Management Committee.

The programme reported directly into the Department of Health and Social Care (DHSC) led Public Health Reform Transition Programme, in line with a three lines of defence model, and via PHE's Quarterly Accountability Review processes (QAR) into the DHSC sponsor branch and Director General.

In addition, the PHE Audit and Risk Committee (ARC) provided assurance to the PHE Advisory Board and external partners in accordance with the Framework Agreement.

Internal Audits

A Government Internal Audit Agency (GIAA) audit was undertaken during February and March 2021 to provide assurance over the planning and preparation being put in place by the programme to support the transition of PHE functions and assets. More information on the audits can be found on page 74 as part of the Internal Audit report in the Governance statement.

Sender transition checklist

A comprehensive checklist was co-developed to enable the directorates to prepare for transition. The checklist went through a process of iteration and sign off from within PHE and across the wider programme, including DHSC to ensure it met the needs of stakeholders, whilst also being fully compliant with IPA / GIAA requirements.

'Receiver' bundles

The programme was aware of the potential risks of an uncoordinated and unmanaged approach to requesting and sharing data and information across organisations, not just from a data security perspective, but also from a quality assurance perspective. As such, to ensure the safe and effective transfer of functions, posts and people, it developed a 'receiver bundles' approach to sharing due diligence. This approach ensured that receivers got access to different types of data and information in tranches to align with the requirements and stages of the programme, such as for preparation for staff consultation.

Safe and supported transfer of people

Workshops

Since December 2020, the programme delivered 15 problem identification workshops across 12 directorates in PHE. Some of the larger directorates, such as Places and Regions, Health Improvement and National Infections Service (NIS) requested more than one workshop.

These workshops provided 350 senior leaders/managers with the opportunity to raise concerns regarding the transition and identify potential solutions, which the team were able to feed into the programme planning and delivery.

Communication and Engagement

The Sender Programme comms team worked closely with communications and engagement colleagues from within PHE, the receiver organisations and the Reform Programme to ensure that staff across the business were kept informed in a planned and managed way. On 31 March 2021, PHE colleagues were informed of the proposed destinations for the range of PHE's functions via a cross-organisation cascade.

Responding to feedback

The programme held an internal 'lessons identified' workshop to explore how the programme was performing and identified ways of working what we should keep doing, stop doing or start doing. Several of these aligned with the recommendations in the GIAA audit and were put in place.

A restructure of the Transition Programme took place to support the next phase of work. Within this revised structure, there was a clear flow of information to and from the PHE Transition Programme into the business and via the Integrated Programme Office (IPO) into the receiver organisations. Each receiver had an identified single point of contact within the

sender team; this ensured that relationships could be strengthened and maximised efficient communication between different parts of the programme.

Closure of the Transition Programme

Governance position at closure

The final meeting of the Transition Programme Board was held on the 7 September 2021 where the programme board was officially closed. Quarter 2 (September) accountability of the programme, its deliverables and the approach to closure and contingency planning were therefore presented to, and approved at, the DHSC QAR meeting held on the 23 September 2021.

The end of programme position regarding audit and risks was presented to an Extraordinary Meeting of the PHE Audit and Risk Committee on the 27 September 2021, and final programme reports were submitted to the PHE Management Committee and Advisory Board during September 2021.

GIAA Internal Audit – Transition and Closure Programme Risk Management

During the six months ending 30 September 2021, fieldwork and reporting has been completed by GIAA on the planning and preparation arrangements in place for risk management in respect of the PHE Transition Programme. The conclusion was 'moderate assurance' with 'some improvements required to improve the adequacy and effectiveness of the framework of governance, risk management and control.' There are three recommendations in the report (one low priority and two medium priority) which have been taken forward as part of the final transition and closedown activity. All actions were completed by the 30 September 2021.

Finances at closure

Ledgers for PHE sender finances closed 8 October 2021. The overall cost of PHE transition is recorded as £6.9m, against a budget of £10.4m.

Lessons Learnt

A separate handover document has been prepared describing the experience of leading and delivering the PHE Transition Programme and includes observations and reflections, which are intended to inform future exercises of this kind. This report was included in the closure bundle of documentation prepared for DHSC.

Closure team set up and purpose

The PHE Closure Team, hosted within UKHSA, operated from 1 October 2021 up to 31 March 2022, with a review point in December 2021, and managed PHE-related closure activities on behalf of DHSC. The primary responsibilities of the PHE Closure Team were to complete activities (which were agreed with the DHSC PHE Sponsorship Team) and, where new/unforeseen issues arose, to agree mainstreaming of them within relevant organisations. The PHE Closure Team met regularly with DHSC officials during this time to review progress and manage risks and issues, until the formal closure of the team on 31 March 2022.

Programme achievements

Performance analysis

The performance analysis sets out PHE's performance over the first 6 months of 2021-22 up until PHE's closure. We report on the progress we have made against objectives as set out in PHE's Remit Letter for 2021-22. These in turn, support DHSC's priority outcome to "improve, protect and level up the nation's health, including reducing health disparities" which DHSC reports against. Ongoing PHE deliverables for 2021-22 were transitioned to UK Health Security Agency, the Office for Health Improvement and Disparities, NHSE/I, and NHS Digital upon PHE's closure.

The pace and scale of organisational change, at the same time of responding to COVID-19 impacted delivery of some priorities. At the end of Q2, PHE's strategic risks were transferred to the new public health system arrangements. More detail on how PHE managed its risks, including assurance and governance are set out in the governance section of the report on pages 55 to 75.

Action: Reducing Health Inequalities

Status: Complete

Performance summary
To monitor the direct and indirect effect of the pandemic on the populations' health, behaviours, and inequality, PHE:

- created the COVID-19 Health Inequalities for England tool, and regularly updated this to include new indicators for vaccination coverage, and metrics of non-COVID deaths as well as COVID deaths
- developed the Wider Impacts of COVID on Health tool
- produced and continually maintained the weekly national excess mortality reports throughout the year
- published the Health Profile for England 2021

PHE was also involved in the restoration of screening programmes,

The Lung cancer campaign was completed across TV, radio, digital and social channels to encourage people with key signs of cancer to access NHS services.

PHE supported the Cabinet Office's work on race disparity through implementation of the COVID-19 disparities project.

Action: Obesity, Health Weight and Nutrition

Status: On track

(Transferred to OHID from 1 October 2021)

Performance summary
Public Health Profiles developed by PHE became a rich source of indicators across a range of health and wellbeing themes. This includes the Diabetes Profile which provides information on the distribution and determinants of diabetes, measures of patient treatment and care and diabetes-related complications.

PHE contributed to the publication of the lower carbohydrate diets for adults with type 2 diabetes.

In partnership with the Local Government Association, Association for Directors of Public Health (ADPH) and local authorities, PHE co-developed and published guidance - Must Know on weight management services - to support local areas in implementing a whole systems approach to obesity and promoting a healthier weight.

PHE continued monitoring industry progress against DHSC's Sugar Reduction and Reformulation Programme and conducted initial analysis on retailers' and manufacturers' branded products for sugar reduction.

PHE undertook two evidence reviews on effective weight management in pregnancy, and one on nutrition and maternal health

PHE delivered the Better Health Campaign including 10 minutes shake up childhood physical partnership campaign with Sports England and Disney, and an adult obesity campaign

Action: Mental Health

Status: On track

(transferred to OHID from 1 October 2021)

Performance summary
To support the Government's COVID-19 Mental Health Recovery Action Plan PHE contributed to the Better Health: Every Mind Matters resources and personalised Mind Plan – a targeted action plan with NHS endorsed advice and tips to improve mood and wellbeing of the general public. PHE continued to target adults and young people at most risk of mental health problems, with resources updated to address prevailing needs

Monthly publication of COVID-19 mental health and wellbeing surveillance report

Led the development of a Near Real Time Suicide Surveillance system for England, informed by a pilot

PHE's contribution to the Government's COVID-19 Mental Health Recovery Action Plan was significant and lent the required support to tackle root causes of poor mental health in the years to come. This included developing a process for grants allocation, and supporting DHSC in the development of a Mental Health impact assessment

Action: Tackling Health Harms

Status: On track

(transferred to OHID from 1 October 2021)

Performance summary
As part of tackling health harms and focus on prevention, treatment, and recovery, PHE supported the publication of the following reports:

- Dame Carol Black's Independent Review of Drugs
- Alcohol consumption and harm during the COVID-19 pandemic in England

In support of Ministry of Housing Communities and Local Government's COVID-19 and 'Everyone In' initiative, PHE managed the distribution of an extra £52m of funds to 43 areas to house rough sleepers in safe accommodation and support them with recovery.

Supported DHSC with the Tobacco Control Plan

Supported the development of the DHSC Addiction Strategy, with analysis and expert advice. Supported establishment of a new cross government combatting drugs unit, as recommended by the review

Action Sexual and Reproductive Health

Status: Complete

Performance summary
The 'Women's Reproductive Health action plan' was delivered.

PHE continued to provide support to the health and social care system around COVID-19 pandemic recovery work following the impact of the pandemic on core Reproductive Health services such as provision of Long-Acting Reversible Contraception in primary care.

In support of the cross-government plan to drive improvements in the area of reproductive health, PHE published an action plan to support improvements in women's reproductive health and reduce inequalities.

To further contribute to a reduction in sexual health inequalities, PHE published a variation in outcomes toolkit for local sexual and reproductive health commissioners

Action: Early years

Status: On track

(transferred to OHID and NHSEI from 1 October 2021)

Performance summary
PHE published:

- the latest edition of Delivering Better Oral Health an evidence-based toolkit to support dental teams in improving their patients' oral and general health.
- the National Dental Epidemiology Programme 2021 to 2022 national protocol.

Nine regional training sessions were held on the modernisation of the Healthy Child Programme.

Early Language Identification Measure and Intervention was cascaded by local areas and implemented.

Supported the Andrea Leadsom Early Year Review for Maternity and early years

In addition, PHE supported DHSC in the evaluation of the Ages and Stages Questionnaire digitalisation programme, an interactive resource designed to highlight a 0-6 child's strengths and development needs, and revised the local authority data collection guidance published in September 2021.

Action: Public Health Reforms

Status: Complete

Performance summary
Collective staff consultation was completed.

The People Tracker, enabling the safe transfer of people to receiver organisations, was completed.

PHE transferred functions, services, and assets to receiver organisations.

Action: Evidence Reviews

Status: Complete

Performance summary
In support of NHS Health Checks, PHE:

- published the review report and 5 technical annexes

- engaged with local areas through governance meetings and national webinars and shared local case study examples to encourage restarting their service.

The final expert reference group meeting for the Review on Sleep and Health was held on 5 July 2021 and the summary report was produced.
The evidence review on Gambling Related Harm was published.
Worked collaboratively with DHSC, NHS X and NHSE/I to develop a spending review bid to meet the additional resource pressures arising from the review recommendations.

The material below is for PHE's closing annual report. This covers the first 6 months of 2021-22 before PHE's closure. It covers work in support of the UKHSA's Remit Letter for 2021-22. Ongoing PHE deliverables for 2021-22 were transitioned to the UKHSA for completion upon PHE's closure.

Key action: Continuing the response to COVID-19

Status: Complete

Performance summary
PHE supported UKHSA's contribution towards the COVID-19 response

Continued to manage major COVID vaccine announcements. Blogs published include childhood vaccination, encouraging pregnant women to have the COVID-19 vaccine and preparing for worst-case scenario winter.

PHE produced the supporting clinical materials and public facing materials required to implement the COVID-19 vaccine programme.

PHE provided focused advice and support to the NHS and Local authorities in tackling vaccine hesitancy across all regions – including training, helping partners analyse local data and targeting activities to those at greatest need.

Worked closely with Local Authorities and other partners to build Health Protection capacity, enabling them to respond effectively to localised outbreaks.

PHE helped manage the impact of COVID-19 in Adult Social Care settings. Key achievements included:

- created a live Adult Social Care COVID-19 spring forward plan outlining the key deliverables, outcomes and timeline for each workstream
- shared and highlighted research with Adult Social Care implications through production of a care home Digest
- provided weekly reviews of vaccine coverage in Adult Social Care settings, as well as weekly outbreak reports
- significant contribution to the SAGE Care home interventions papers, which provide a risk-based approach to modifying interventions to reflect the level of outbreaks and vaccination within care homes.

- significant focus on working with Local Authorities and the NHS to minimise outbreaks in care homes

Provided enhanced surveillance of variants of concern and interest, including in-depth analysis. Developed a variant of concern, variants under investigation list and surveillance outputs. Produced a paper on increased risk posed by Delta relative to Alpha, accepted by Lancet Infectious Diseases.

Provided variant horizon scanning three times a week to feed into the Variant horizon scanning meetings.

PHE expanded test/sequencing capacity, and ramped up integrated test/sequencing operations at the end of Q2

Developed a new reporting tool – the COVID health Inequalities monitoring for England tool (CHIME). This was developed to bring together data related to COVID-19 including mortality rates, hospital admissions and confirmed cases and vaccine uptake. This enabled users to access intelligence more easily. Inequality breakdowns were provided, showing how they changed during the course of the pandemic

Key action: Protecting the public from new and existing threats to health

Status: On track

(transferred to UKHSA from 1 October 2021)

Performance summary
PHE supported the expansion of school-based immunisation programmes to secondary school groups

Developed and delivered a campaign to support the flu vaccination programme to reach recommended uptake in all groups

Supported emergency planning and preparedness for mass gatherings including the 2022 Commonwealth Games.

Published wider impact of COVID on health tool which included updated STI data

Published the Tuberculosis Action Plan

Supported cross-government Clean Air Strategy, including publication of the Committee on the Medical Effects of Air Pollution advice note
Supported DHSC to respond to the outcomes of the Ella Kissi Debrah Inquest, including review of the NHS Children and Young People's bundle on asthma and first draft review

Drafted the All-Vaccines Strategy, and continued to support expansion and evaluation of the COVID-19 vaccination programme

Supported the UK National AMR action plan 2019-2025 through continued Trusted Research Environment data discussions with NHSEI and Anti-microbial Resistance Leads on the Steering Group

Commissioned research on the Science Hub Business Case, with the interim report delivered. Value for money review report completed.

Key action: Strengthening global health security

Status: Complete

Performance summary
Launched the Global Health Network. Published the International Health Regulations

Lead establishment and delivery of the New Variant Assessment Platform, including engagement of all phase 1 countries, and scoping phase 2

Published Hazards Information Profiles

Submitted the final implementation plan to support low- and middle-income countries to develop their disease and endemic response.

Delivered MOU commitments for the technical and scientific cooperation within European Centre as outlined in the UK-EU Trade and Cooperation Agreement

Financial review

Accounts direction

The financial statements contained within this annual report and accounts relate to the six months ending 30 September 2021. They have been prepared in accordance with the Accounts Direction given by HM Treasury under section 7(2) of the Government Resources and Accounts Act 2000.

Accounts preparation and overview

The accounts set out on page 102 onwards consist of primary statements that provide summary information and accompanying notes. They comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity. The accounts were compiled according to the standards set out in the Government Financial Reporting Manual (FReM) issued by HM Treasury, which is adapted from International Financial Reporting Standards (IFRS), to give a true and fair view of the state of the financial affairs of PHE.

During the six months ending 30 September 2021, our financial performance was reported in three operating segments:

- distribution of public health grants to local authorities in England made on behalf of DHSC
- activities carried out on behalf of DHSC in the oversight and reporting of vaccines and countermeasures response (VCR)
- operating expenditure – the costs of running PHE and its programmes of activity

Our funding regime – budget analysis

Funding for revenue and capital expenditure was received through the parliamentary supply process as grant-in-aid (GIA) and allocated within the main DHSC estimate. We also received significant additional income from services provided to customers, grant awarding bodies and the devolved administrations.

Financial performance against budget

In the period ending 30/9/21, we achieved our financial targets by managing resources in line with the budgets set and voted through the parliamentary supply process. Our out-turn for the six months to 30 September 2021was an underspend of £2.9m on a total operating budget of £3,501.7m (2020/21: underspend of £3.7m on an operating budget of £4,468.7m). The proportionately higher budget for the six months resulted from increased funding for vaccines as a result of the pandemic.

PHE undertook a wide range of operational activities. Variations within each category of activity are expected and financial performance within each category was reported to PHE's management throughout the year. PHE does not see a variance on its public health grant or VCR functions, therefore the underspend can be expressed as being 0.49% of the operating activities budget of £391.5m (2020/21 0.52% of the operating activities budget of £711m).

Financial control was achieved across the organisation through budgetary allocations, which are flexed during the year as required and depending on public health priorities. Financial performance was monitored through high level reports to the DHSC, the PHE Advisory

Board and the PHE Management Committee, and by detailed reports to directorate senior management teams and individual budget holders.

Our financial out-turn was supported by external operational income of £76.2m (2020/21: £130.3m) earned from trading activities, royalties and research funding.

VCR sales of £29.2m (2020/21: £63.5m) were made to other government agencies in the year, with most being to the devolved administrations. These sales are a transfer of stock and statutory services related to preparedness for pandemics and are regarded as non- trading income within our management reporting. The sales are made largely at cost and are fully in line with operational guidelines.

We were operating in a challenging economic climate but consider that we were well placed to continue to manage resources and deliverables in line with anticipated future funding settlements. Expenditure is reviewed continually as part of the efficient management of the organisation.

Our operating expenditure continued to be largely funded by GIA from the DHSC until PHE closed. A commercial strategy supported the organisation in continuing to deliver income at sustainable levels, recognising that at least some of this was driven by market demand.

Overall results against budgets

Net expenditure for period ending 30/9/21 totalled £3,498.8m (2020/21: £4,464.9m). The following table provides a summary of our financial performance for the year showing a high-level breakdown of income and expenditure against budget for the year.

Net Expenditure (£m)	6 months ending 30/9/21			2020/21		
	Budget	Actual	Variance	Budget	Actual	Variance
External Income:						
Operating activities	96.8	90.4	(6.4)	186.6	154.7	(31.9)
VCR	29.2	29.2	0.0	63.5	63.5	0.0
Less internal recharges	(14.2)	(14.2)	0.0	(24.5)	(24.5)	0.0
Total external income	**111.8**	**105.4**	**(6.4)**	**225.6**	**193.8**	**(31.9)**
Absorption gain /(loss)						
Loss on transfer by absorption	(1,602.4)	(1,602.4)	(0.0)	(0.4)	(0.4)	0.0
Donated COVID vaccine	1,152.7	1,152.7	0.0	594.0	594.0	0.0
Total absorption gain/ (loss)	**(449.7)**	**(449.7)**	**0.0**	**593.6**	**593.6**	**0.0**
Pay	233.7	218.2	15.5	413.7	403.7	10.0
Non-Pay	239.7	245.9	(6.2)	476.7	419.2	57.5
Local Authority Grants	1,554.2	1,554.2	0.0	3,065.7	3,076.9	(11.2)
VCR	1,150.4	1,150.4	0.0	1,356.3	1,377.0	(20.7)
Less internal recharges	(14.2)	(14.2)	0.0	(24.5)	(24.5)	0.0
Total Expenditure	**3,163.8**	**3,154.5**	**8.3**	**5,287.9**	**5,252.3**	**35.6**
Net Expenditure (after absorption loss)	**3,501.7**	**3,498.8**	**2.9**	**4,468.7**	**4,464.9**	**3.7**

1. The financial performance information above forms the basis of the Statement of Comprehensive Net Expenditure.
2. This table includes internal recharges (charges between PHE operating units) which enables the gross income and expenditure figures to be reported, as well as the net. The totals for PHE's income and expenditure are then shown and these correspond to the income and expenditure figures reported in the accounts.
3. This table is not a replica of the Statement of Comprehensive Net Expenditure reported in the accounts. The headings used in this table reflect budgetary classifications used within PHE.
4. This table presents PHE's figures in £ millions. The financial statements and notes in the main accounts report in £ thousands. therefore, some minor rounding differences may appear when any one grouping of figures is compared.
5. In the table above, the budget showing on the "loss on transfer by absorption line" is a notional budget only.
6. The loss on transfer by absorption results from the accounting requirement that when functions transfer between two public sector bodies, entities must account for their transactions in the period in which those transactions took place and this is explained further in Note 1.12 to the accounts.

Expenditure

The pandemic had a significant effect on spending levels and in addition this report is for a 6 month period, so a meaningful comparison of spend to the previous financial year is not practical on all lines of expenditure.

Income against budget

An important part of PHE's work was the provision of products and services to national and local government, the NHS, industry, universities and research bodies throughout the UK and worldwide.

Any income generated from these products and services supports public health work, offsets the cost to the taxpayer, and serves to maximise our impact on the wider public health system, while supporting the life sciences and UK economic growth.

In the six months to 30 September, we generated total external income of £105.4m (2020/21: £193.8m). This is broken down in the following table:

External income (£m)	6 months ending 30/9/21			2020/21		
	Budget	Actual	Variance	Budget	Actual	Variance
NHS laboratory contracts	24.3	22.1	(2.2)	51.0	40.0	(11.0)
Research grants	13.2	10.0	(3.2)	20.0	14.5	(5.5)
Commercial services	16.2	19.1	2.9	27.7	25.9	(1.8)
Products, royalties and dividend	27.8	21.2	(6.6)	52.4	38.7	(13.7)
Other	1.1	3.8	2.7	3.7	4.4	0.7
Operating activities	**82.6**	**76.2**	**(6.4)**	**154.8**	**123.5**	**(31.3)**
VCR	29.2	29.2	0	70.3	70.3	0
Total external income	**111.8**	**105.4**	**(6.4)**	**225.1**	**193.8**	**(31.3)**

This note is presented using internal management report classifications, not the statutory reporting classifications used for note 5.

This table presents PHE's figures in £ millions. The financial statements and notes in the main accounts report in £ thousands, therefore, some minor rounding differences may appear when any one grouping of figures is compared.

Local government public health grant

We provided a public health grant of £1,554.2m for the six-month period (2020/21: £3,076.9m) to local authorities (except those in Greater Manchester which were funded directly from business rates retention) to support upper tier and unitary local authorities to fulfil their duties to improve the public's health. PHE's Chief Executive was the Accounting Officer for the grant. Local authorities are required to discharge several mandated services but are otherwise free to set their own priorities, working with local partners, through their health and wellbeing boards. As set out elsewhere in this annual report, PHE supported local authorities by providing evidence and knowledge on local health needs and by acting nationally where it is best to do so.

Relationships with suppliers

We were committed to the Better Payment Practice Code, the policy being to pay suppliers within 30 days of receipt of a valid invoice. We established the following internal targets:

- 75% to be paid within 10 days of receipt of a valid invoice
- 95% to be paid within 30 days of receipt of a valid invoice

Our systems recorded the invoice date rather than the date of receipt, so payment would have been slightly faster than the statistics recorded below.

In period ending 30/9/21, 93.4% and 84.2% of supplier bills (by value and volume respectively) were paid within 10 days (2020/21: 89.8% and 86.1%) and 97.8% and 94.6% within 30 days (2020/21: 96.2% and 95.2%). Interest payments of £0.3k were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998 (2020/21: £0.3k).

Payment Period in Days	0 to 5	6 to 10	11 to 30	Over 30	Total
Value of invoices (£000s)	1,324,365	29,097	63,634	32.254	1,449,350
Percentage	91.4%	2.0%	4.4%	2.2%	100.0%
Number of invoices	32,598	3,764	4,491	2,345	43,198
Percentage	75.5%	8.7%	10.4%	5.4%	100.0%

Full monthly statistics on our prompt payment data can be found at: https://www.gov.uk/government/publications/phe-prompt-payment-data-2020-to-2021

Exposure to liquidity and credit risk

Since our net revenue resource requirements were mainly financed by government GIA, the organisation was not exposed to significant liquidity risks. In addition, most of our partners and customers were other public sector bodies, which means there was no deemed credit risk. However, we had procedures in place to regularly review credit levels. For those organisations that were not public sector bodies, we had policies and procedures in place to ensure credit risk was kept to a minimum.

Pensions costs for current staff

The treatment of pensions liabilities and relevant scheme details are set out in the Remuneration and staff report.

Efficiency measures and delivering value for money

We participated fully in the government's governance controls and transparency rules. Expenditure and procurement controls are embedded throughout our business-as-usual processes and complement operational management.

Hosted services

In the six months ending 30 September 2021 we continued to provide a range of support services to Porton Biopharma Ltd. These services formed part of an overall charge from PHE for corporate overheads. The income and expenditure transactions for Porton Biopharma Ltd processed by us did not form part of our accounts.

Porton Biopharma Ltd

Porton Biopharma Ltd (PBL) was formed on 1 April 2015, as a spin-out company undertaking our former pharmaceutical development and production processes. PBL is a company limited by shares, with 100% of the shares being owned by the Secretary of State for Health and Social Care. In turn, the Ministers have directed that the operational relationship with PBL should be through PHE and now UKHSA. The company is based at Porton Down, within the facility owned by PHE formerly.

The funding contribution from the pharmaceutical manufacturing activity previously earned under PHE is now replaced by an annual dividend from PBL. The dividend is paid from profits generated by PBL. No dividend was declared in the period ending 30/9/21 (2020/21: £nil).

Going concern basis

PHE came into operation on 1 April 2013. Based on normal business planning and control procedures, the Advisory Board and Management Committee have reasonable expectation that the functions of PHE have adequate resources to continue in operational existence for the foreseeable future, combined with the continuing financial support of government, which include our funding being included in the Departmental Estimate for 2021/22. For this reason, PHE adopts the going concern basis for preparing the financial statements. As part of the creation of UKHSA, all of PHE's functions have been mapped to their relevant receiver organisation and functions have transferred as appropriate during 2021/22. UKHSA is bringing together the health protection work of PHE, the NHS Test and Trace service and the Joint Biosecurity Centre's intelligence and analytical capability. Non health-protection functions from PHE transferred to other government bodies.

Audit services and costs

The Comptroller and Auditor General is head of the National Audit Office (NAO) and is appointed as the external auditor of PHE under section 7 of the Government Resources and Accounts Act 2000. The auditor's remuneration for 6 months ending 30/9/21 was £293k (2020/21: £270k). This is a notional fee. The internal audit function has been provided by DHSC internal auditors (Health Group Internal Audit Service) under a non-statutory engagement to provide an independent review of the systems and financial activities and transactions supporting these annual accounts.

Sustainable development and environmental management

This report describes PHE's FREM reporting requirements for sustainable development during the 6 months ending 30 September.

Preliminary analysis indicates that PHE's total reportable carbon emissions for Q1 and Q2 of 2021/22, were 4807 tCO2e inclusive of the site at Harlow. In line with the Greening Government Commitment requirements, the reporting is for the PHE- owned estate of 86,042m2 and on an establishment of 7,329 full-time equivalent posts.

As approved by DEFRA, the carbon data for the Harlow site is shown separately.

The carbon emissions data in this report comprise Scope 1, 2 and 3 carbon emissions from our reportable and non-reportable sites, including emissions related to water usage and waste. Non-reportable sites are those offices, and or laboratories, that are reported separately by the premise's landlord. PHE also generated some of its energy at its larger sites from photovoltaic renewable sources.

PHE's reportable business travel emissions for this period were 65 tCO2e.

PHE engaged its workforce through newsletters and mandatory e-learning training programme on sustainable development, which 1,399 members of staff completed. This bespoke training provided staff with a good understanding of sustainable development in PHE and encouraged them to act in a sustainable manner by considering their impact on the environment.

In the last 6 months of PHE, environmental policies were reviewed and re-issued; this included the Sustainable Development Management Plan which was the main strategy document for sustainable development for the organisation. This strategy document continued to identify the direct connection to the UN Sustainable Development Goals (SDG's), with each section highlighting how PHE's work in a specific area aligns to one or more of the SDG's. It also highlighted PHE's work to an operational Net Zero Carbon estate, outlining what the organisation did to meet its commitments.

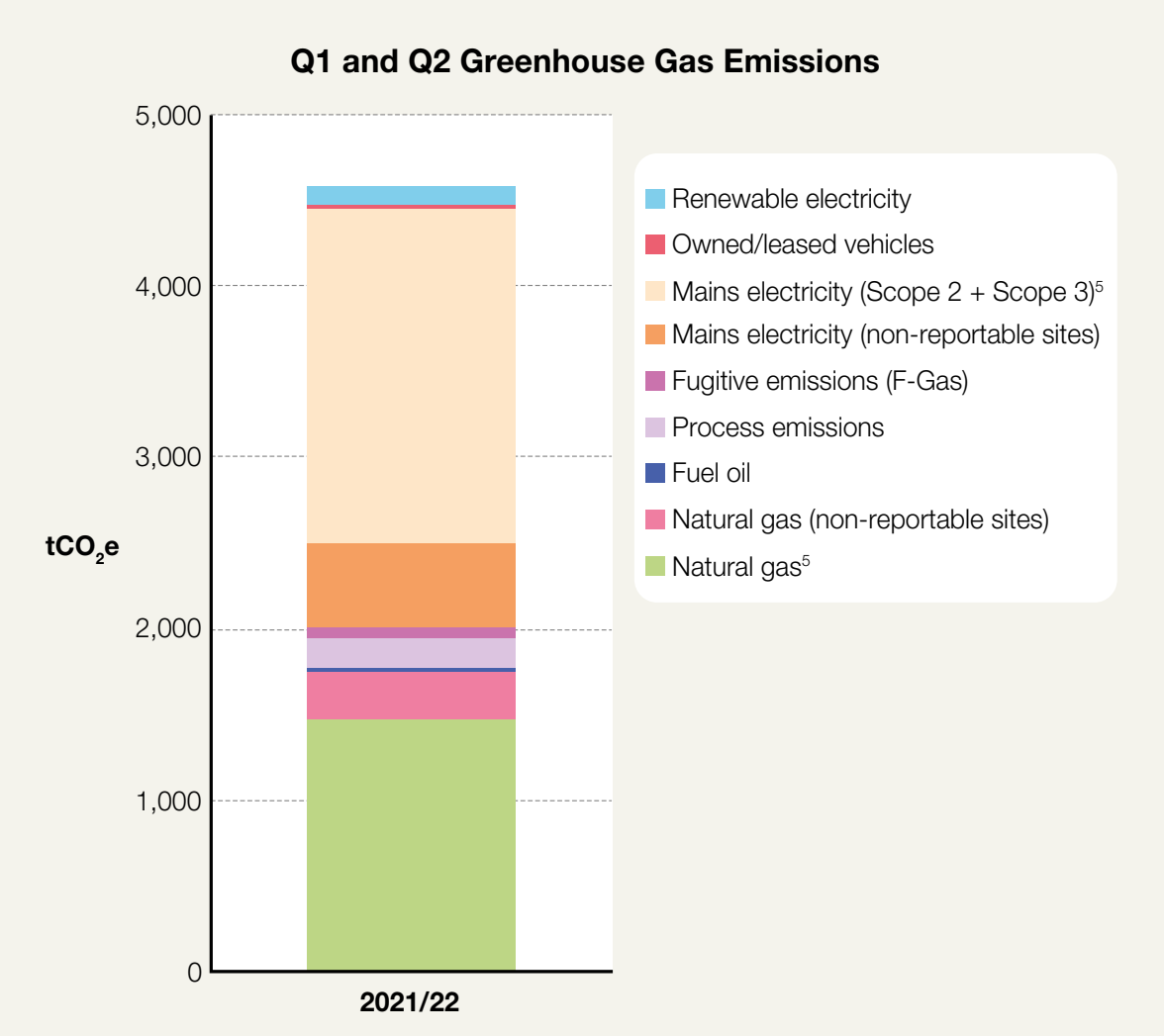
Greenhouse gas emissions

The major impact on the environment from PHE's activities continued to come from electricity and gas consumption at the main sites at Colindale, Porton and Chilton.

GREENHOUSE GAS EMISSIONS		2019/20	2020/21	6 months ending 30 September 2021
SCOPE 1 + 2				
Non-financial indicators (tCO_2)	Natural gas[5]	4,364	4.405	1,467
	Natural gas (non-reportable sites)	837	832	296
	Fuel oil	589	206	18
	Process emissions	320	270	170
	Fugitive emissions (F-Gas)	162	89	67
	Mains electricity (non-reportable sites)	1,579	1,358	494
	Mains electricity (reportable sites, offices)	139	66	0
	Mains electricity (Scope 2 + Scope 3)[5]	4,501	3,847	1,942
	Owned/leased vehicles	52	11	12
	Renewable electricity	202	191	127
Related energy consumption (kWh)	Natural gas	23,736,161	23,956,484	8,008,878
	Natural gas (non-reportable sites)	4,554,395	4,524,616	1,520,218
	Fuel oil	2,292,722	800,882	90,243
	Process emissions[2]	1,736,413	1,466,576	925,420
	Mains electricity (non-reportable sites)	5,694,025	5,607,956	2,139,581
	Mains electricity (reportable sites, offices)	501,915	272,809	0
	Mains electricity (Scope 2 + Scope 3)	16,231,516	15,880,639	8,743,515
	Renewable electricity[4]	727,769	821,107	548,818
Related consumption ($kgCO_2$)	Fugitive emissions (F-Gas)[3]	161,948	89,354	66,720
Related Scope 1 travel (km)	Owned/leased vehicles	292,500	65,341	68,461
Financial indicators (£)	Natural gas	637,643	668,185	234,256
	Fuel oil[1]	170,083	46,377	37,416
	Owned/lease vehicles (fuel/i-expenses)	21,141	4,110	786
	Fugitive emissions (F-Gas)[3]	24,294	1,403	2,538
	Mains electricity (reportable)	2,238,679	2,601,726	1,356,570
	Renewable electricity[4]	67,555	79,910	55,036
Total Emissions Scope 1 + 2 (tCO_2)[6]		**10,126**	**8,894**	**3,675**
Total gross emissions from non-reportable sites Scope 1 + 2 (tCO_2)		**2,416**	**2,190**	**791**
Renewable Energy tCO_2		**202**	**191**	**127**

1. Fuel oil only calculated for reportable sites
2. Process emissions from the Porton incinerator
3. F-Gas costs from PHE's major owned sites are absorbed as part of the service contract.
4. Renewable energy from Porton, Chilton and Colindale PV
5. Harlow data is reported separately
6. Renewable energy has been netted in this figure

PHE's Scope 1 and 2 emissions



Scope 1 and 2 emissions for Science Hub, are detailed below.

Science Hub GREENHOUSE GAS EMISSIONS		2019/20	2020/21	6 months ending 30 September 2021
Non-financial indicators (tCO_2)	Natural gas	4	0	4
	Mains electricity	913	405	110
Related energy consumption (kWh)	Natural gas	19,778	0	0
	Mains electricity	2,970,770	1,670,815	476,599
Financial indicators (£)	Natural gas	2,012	0	0
	Mains electricity	423,658	336,832	124,180
Total Gross Emissions		**917**	**721**	**110**

Water consumption

The reportable usage of water for the estate was 36,459 m3, with a further estimated 5,901 m3 being used by non-reportable sites, though this is estimated in many places due to the lack of metering.

Water consumption at owned larger mixed-use sites at Colindale, Porton and Chilton, continued to be an ongoing challenge because their laboratories required large quantities of water for their operation.

Water		2019/20	2020/21	6 months ending 30 September 2021
SCOPE 3 (Water)				
Non-financial indicators (m3)	Water from office estate (reportable)*	0	0	0
	Water from whole estate (reportable) [excluding office estate] **	113,377	112,360	36,469
	Total for reportable estate (m3)	113,377	112,360	**36,469**
	Water from office estate (non-reportable) *	10,414	4,264	3,121
	Water from whole estate (non-reportable) [excluding office estate]	8,786	6,501	2,780
	Total for non-reportable estate (m3)	19,200	10,765	**5,901**
Financial indicators (£)	Water supply costs**	240,454	325,240	**142,989**

* Estimated usage
** Cost from our owned estate only

PHE's non-reportable estate was a mixture of office and laboratory facilities, which made it difficult to differentiate their water usage into any meaningful datasets. PHE continued to have projects in place to improve water infrastructure, whether that be fixing leaks from old pipework or putting in place new water pipework.

The financial cost shown in the table above relates to the water that was directly supplied to those sites which were within the reporting boundary.

Water that was consumed at offices and laboratories embedded in tenanted, non-reportable, accommodation was estimated using a recognised benchmarking algorithm.

The water supply to PHE's major sites was monitored and measured, and therefore the pattern of daily usage was known to PHE's facilities teams.

Below is the data collated for the PHE Harlow site.

WATER (Harlow)		2019/20	2020/21	6 months ending 30 September 2021
Non-Financial Indicators (m3)	Water usage	3,360	91,286	6,891
Financial Indicators (£)	Water supply costs	7,072	83,817	6,568

Note: water supply costs have been estimated.

The main use of water at this site was for the construction works being undertaken.

Waste

PHE's total waste figure for the first two quarters of 2021/22 was 331 tonnes. Non-hazardous waste sent to landfill, from across our owned estate was 8 tonnes; and approximately 4 tonnes of ICT waste were also produced.

Due to the nature of the work carried out across PHE's estate, a significant quantity of hazardous waste was produced, and controls were in place to manage this. The majority of this waste was sent for incineration, in compliance with government guidelines.

Initiatives were introduced to reduce waste at all locations, covering both offices and laboratories, though the pandemic meant that waste increased. Contractors working at PHE sites were constantly reminded about their obligation to reduce their waste wherever possible, in line with PHE's waste policy and the associated management arrangements.

Waste	2019/20	2020/21	6 months ending 30 September 2021
SCOPE 3 (Waste)			
Non-financial indicators (tonnes)			
Waste recycled externally (non-ICT equipment)	240	185	117
Waste reused externally (non-ICT equipment)	39	5	5
Waste recycled externally (ICT equipment)	8	10	3
Waste reused externally (ICT equipment)	4	5	1
Waste composted or sent to anaerobic digestion	32	23	10
Waste incinerated with energy recovery	220	252	109
Waste incinerated without energy recovery (clinical waste)	77	48	79
Totals			
Total waste not sent to landfill	639	528	318
Total waste sent to landfill deemed non-hazardous	27	18	8
Total waste sent to landfill deemed hazardous (including clinical waste)	13	6	5
Total waste	**680**	**552**	**331**
Financial indicators (£)			
Waste recycled externally (non-ICT equipment)	68,371	50,500	32,801
Waste reused externally (non-ICT equipment)	1100	0	0
Waste recycled externally (ICT equipment)	0	2,277	0
Waste reused externally (ICT equipment)	0	0	9,014
Waste composted or sent to anaerobic digestion	8,154	13,893	5,016
Waste incinerated with energy recovery	179,195	309,804	113,466
Waste incinerated without energy recovery (clinical waste)	81,242	46,499	90,278
Financial Totals			
Total non-hazardous waste sent to landfill	4,046	5,482	3,201
Total landfill waste deemed hazardous (including clinical waste)	3,261	5,216	3,046
Total waste (£)	**347,135**	**451,453**	**256,821**

Waste (Harlow)

As shown below, waste from the Harlow site continued to be generated over the last year. Whilst the sites general waste was disposed of via an incinerator with energy recovery, any construction waste was managed by our principal contractors.

The site produced some 6.5 tonnes of general waste in Q1 and Q2 of 2021/22 with a further 16 tonnes of waste being produced that was sent offsite to be reused.

WASTE (Harlow)		2019/20	2020/21	6 months ending 30 September 2021
Non-Financial Indicators (kgs)	Waste usage	4,292,240*	778,161*	6,551
Financial Indicators (£)	Waste costs	1710***	88,800**	0****

* Includes construction waste
** Costs include reported construction waste
*** Costs do not include reported construction waste
****Costs not available

Business travel

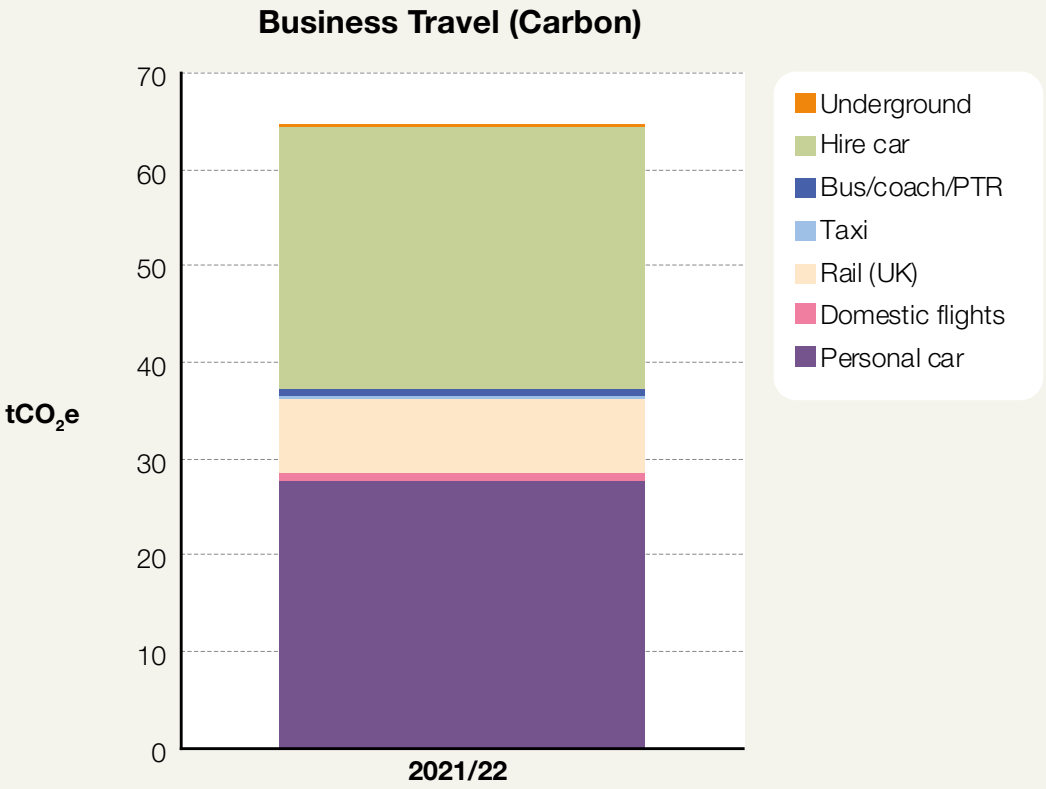
PHE set a target to be more efficient in reducing business travel journeys and set a reduction target in line with the GGC targets. The total amount of reportable emissions were 65 tCO2e.

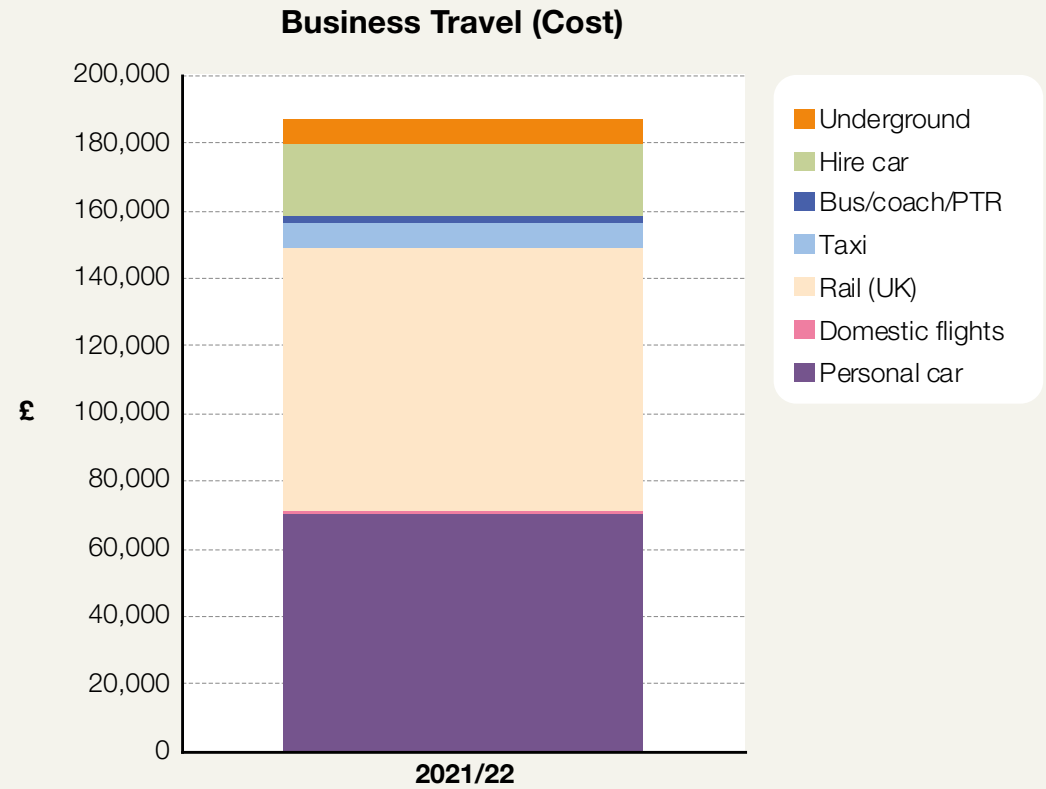
Since the onset of the pandemic our non-laboratory staff continued to work from home and utilised video conferencing software to continue doing business as usual. This meant that the amount of business travel undertaken in Q1 and Q2 continues to be low, this is highlighted in the table below and illustrated in the graphs.

Due to the reporting limitations it has not been possible to give an accurate insight into travel trends.

Business Travel		2019/20	2020/21	6 months ending 30 September 2021
SCOPE 3				
Non-financial indicators (tCO_2)	Personal car	537	63	28
	Domestic flights	32	1.67	1
	Rail (UK)	453	13	8
	Taxi	6	0.94	0.38
	Bus/coach/PTR	4	0.84	1
	Hire car	110	47	55
	Underground	0.386	0.10	0.03
	Total	**1,143**	**127**	**65**
Related Scope 3 travel (km)	Personal car	3,299,781	613,487	161,127
	Domestic flights	238,454	12,936	6,762
	Rail (UK)	11,061,541	355,366	246,071
	Taxi	42,813	6,441	2,543
	Bus/coach/PTR[1]	39,893	8,120	5,448
	Hire car[1]	621,655	275,377	159,318
	Underground[1]	12,506	3,763	1,176
	Total	**15,316,643**	**1,275,491**	**582,445**
Financial indicators (£)	Personal car	861,812	124,759	48,622
	Domestic flights	43,267	1,584	1,009
	Rail (UK)	3,477,625	111,857	78,070
	Taxi	95,139	14,854	5,648
	Bus/coach/PTR	19,470	3,393	2,165
	Hire car	110,913	71,018	32,076
	Underground	56,847	14,140	5,353
	Total	**4,665,073**	**341,604**	**172,943**
Other business travel (km)	Short-haul international average	994,954	134,559	47,118
	Long-haul international average	7,665,793	689,337	319,656
	Rail: Eurostar	55,655	10,929	0
Total	Total Gross Emissions Scope 3 Business Travel (tCO2)	**1,471**	**127**	**65**
	Total Financial Cost Scope 3 Business Travel (£)	5,546,910	341,604	**172,943**
	Total Other Financial Cost, not covered in Scope 3 (£)	734,830	57,782	**28,389**

1. Figures calculated using our own conversion table


Business Travel (Carbon)
70
60
50
40
30
20
10
0
tCO2e
2021/22
Underground
Hire car
Bus/coach/PTR
Taxi
Rail (UK)
Domestic flights
Personal car


Business Travel (Cost)
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
£
2021/22
Underground
Hire car
Bus/coach/PTR
Taxi
Rail (UK)
Domestic flights
Personal car

Other activities

PHE implemented the government's smarter working strategy and consolidating parts of its leased estate into the governments' central hub.

PHE had no properties within SSSI or AONB boundaries, although where we believe we may have an impact on the local biodiversity (for example, due to planned building works etc.). Biodiversity assessments are made to understand any impact on the local flora and fauna.

Sustainable Procurement

PHE's procurement department, supported by internal stakeholders, sought to use its buying power to positively impact key public health and social agendas. This work was underpinned by the Social Value Act 2012 and the Modern Slavery Act 2015.

PHE continued to drive forward sustainability and social value into its procurement activity. The procurement team have all completed the Cabinet Office's Social Value Training and are now actively including Social Value considerations into tenders. The team also continued to work with its key strategic suppliers on their sustainability activities. The procurement team continued to promote the use of framework first for competitions, ensuring the use of government approved frameworks, which met the Greening Government Commitments for example.

PHE worked closely with the Health Family and Cabinet Office to learn and share best practice. Training courses were being developed for commercial staff across PHE involved in developing specifications and managing contracts, so that purchases could positively support PHE's social and public health agenda.

Climate Change

PHE worked with colleagues from the Department of Health and Social Care (DHSC), NHS England to identify high-level health objectives under the auspices of the second National Adaptation Programme (2018-2023).

The high-level objectives were agreed across government and published in The National Adaptation Programme and the Third Strategy for Climate Adaptation Reporting.

PHE undertook the following processes to support its commitment in the National Adaptation Programme to develop an adverse weather and health plan:

- a systematic literature review on interventions to reduce heat related harms to health to inform the development of the adverse weather and health plan and related climate adaptation recommendations
- commissioned behavioural insights research to inform attitudes and behaviours in relation to the risks associated with heat and cold; the outputs of this were used to support the development of tailored public messages to improve the effectiveness of the early warning systems for hot and cold weather

Governance

PHE's sustainability aspirations, obligations, governance and legal requirements were laid out in its Sustainable Development Management Plan.

Sustainable Development had implications for all aspects of PHE's business. The organisation's various senior management teams therefore had a responsibility to implement the requirements of the Sustainable Development Management Plan through local business plans.

It also helped to refine and target advice to others on matters such as climate change and the UN's Sustainable Development Goals.

Sustainable Development Goals

SDGs are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity ratified by the United Nations. PHE contributed to progress against many of the Targets across a range of Goals including health and wellbeing, climate change, inequality, innovation and sustainable consumption.

PHE aimed to:

- use the SDGs as a tool to drive and co-ordinate our health in all policies across government
- emphasise the importance of wider determinants of health to DHSC
- encourage the responsibility of SDGs to transfer to Cabinet Office
- move the organisation forward in delivering progress against health-related targets
- engage with local government and encourage consideration of implementing interventions in line with the SDGs using a place-based approach
- work with ONS to support a comparable approach to measurement to be able to use the data as an instrument for advocacy

PHE mapped business plan deliverables against SDG targets to demonstrate how PHE was supporting SDGs.

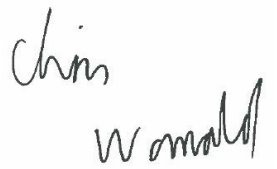
Research projects cut across 3 themes:

- climate impacts and monitoring
- responses and health protection, and
- interventions and interactions

These covered 10 topic areas:

- indicators for tracking the impact and responses to climate change
- adaptation of housing to climate change and questions critical to health
- modelling/analysing the spread of climate sensitive diseases in Europe
- floods and coastal erosion
- heat, droughts and wildfires
- the benefits of increasing natural vegetation and water bodies in cities
- environmental and health benefits from food and agriculture policy

- threats to health from disturbance of the Earth's natural systems
- threats to our population of climate change events external to the United Kingdom (UK)
- the integrated analysis of policies for health and sustainability)



Sir Chris Wormald
Principal Accounting Officer
3 March 2023

2 Accountability report

The purpose of the Accountability report is to meet key accountability requirements to Parliament. It is comprised of four key sections:

- Statement of Accounting Officer's responsibilities
- Governance statement
- Remuneration and staff report
- Parliamentary accountability and audit report

Directors' report

The Directors' report disclosures are contained in the Governance statement on pages 55 to 75 inclusive.

Statement of Accounting Officer's responsibilities

Under the Accounts Direction given by HM Treasury in accordance with section 7(2) of the Government Resources and Accounts Act 2000, PHE was required to prepare accounts in the form and on the basis set out in the Accounts Direction. The accounts were prepared on an accruals basis and must give a true and fair view of the state of affairs of PHE and of its net expenditure, application of resources, changes in taxpayers' equity equity and the cash flow statement for the six months to 30 September 2021.

In preparing the accounts, as the Accounting Officer I am required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction given by HM Treasury, including the relevant accounting and disclosure requirements
- apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis

The Accounting Officer for Department of Health and Social Care (DHSC) appointed me, Michael Brodie, as the Accounting Officer for PHE until its dissolution on 30 September 2021 at which point Sir Chris Wormald assumed Accounting Officer responsibility for the sign off of this annual report and accounts. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding PHE's assets, are set out in Managing Public Money published by HM Treasury.

I can confirm that, as far as I was aware, there was no relevant audit information of which PHE's auditors were unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that PHE's auditors were aware of that information.

Governance statement

PHE's arrangements complied with requirements for specific sectors and jurisdictions governed by the relevant authorities. The Advisory Board followed the good practice set out in the government's Corporate Governance in Central Government Departments: Code of Good Practice, modified as appropriate for its circumstances. PHE aligned its risk management processes to the 'Orange Book'.

PHE's governance structures were developed and implemented in accordance with the requirements of a Framework Agreement with the DHSC and the annual remit letter from Ministers, which, taken together, set out its duties and functions. They also reflect the government's expectation that, as an executive agency with operational autonomy, PHE was an authoritative voice on public health. The government acknowledges that this can include constructive mutual challenge as set out in the Framework Agreement:

"PHE shall be free to publish and speak on those issues which relate to the nation's health and wellbeing in order to set out the professional, scientific and objective judgement of the evidence base."

In addition, the PHE Code of Conduct incorporated both the Civil Service Code, which applied to all its staff, and its professional responsibilities as the national public health agency. This safeguarded its scientific and public health professionals' right to speak and publish freely to the evidence while at the same time recognising the requirements of the Civil Service Code. Linked to the Code of Conduct was the PHE whistleblowing policy that allowed an individual to escalate a concern to the Chief Executive or the Chair of the Audit and Risk Committee

The UK Health Security Agency

Following the announcement on 18 August 2020, which confirmed the establishment of a national institution for health protection, Michael Brodie was appointed interim Chief Executive for overseeing the transfer of functions from PHE to the new executive agency of DHSC and other receiver organisations. Michael Brodie was appointed Accounting Officer for PHE on 1 September 2020.

As this annual report was laid after the date of PHE's dissolution, for the purposes of signing the relevant sections of this report Accounting Officer responsibilities were transferred on 30 September 2021 to Sir Chris Wormald, as Principal Accounting Officer for the DHSC Group

The UK Health Security Agency (UKHSA) was established on 1 April 2021. Ian Peters was appointed Chair of the new executive agency, with Dame Jenny Harries appointed as Chief Executive.

NAO Value for Money (VFM) reports

During the six months to 30 September 2021 PHE teams contributed to the following NAO value for money reports and ensured that any learning and recommendations were transferred to the new public health arrangements from 1 October 2021:

- the rollout of the COVID-19 vaccination programme in England
- the government's approach to test and trace in England
- managing cross-border travel during the COVID-19 pandemic

PHE's functions

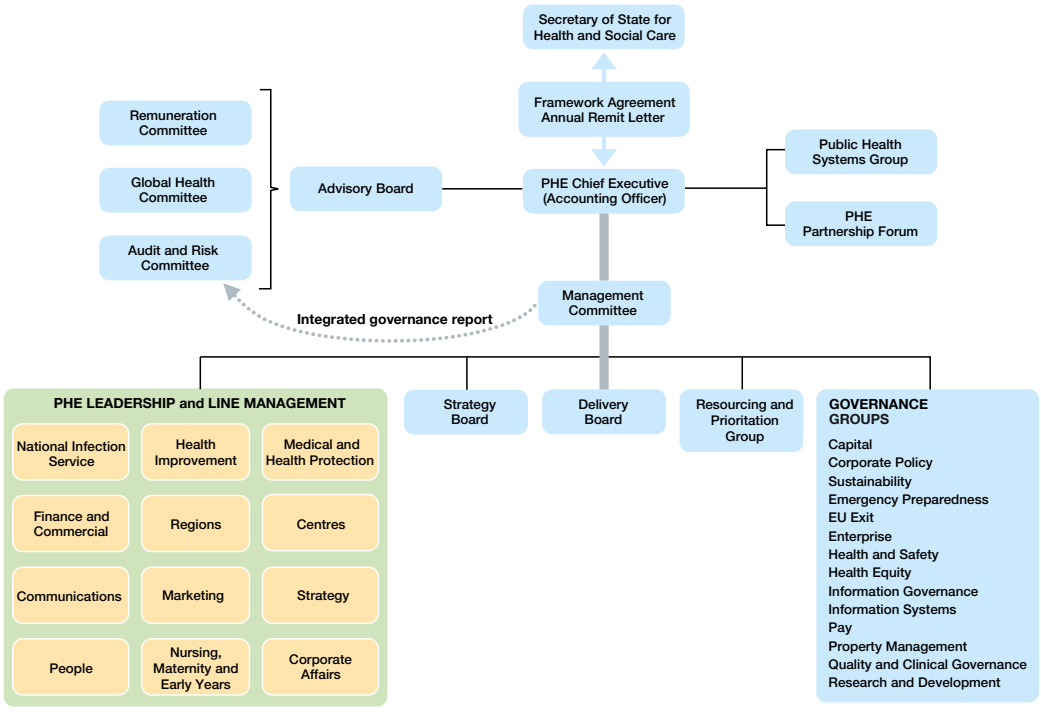
Reflecting PHE's functions prior to the transfer of its functions and people to receiving organisations as a result of the establishment of the UKHSA, PHE was the expert national public health agency which fulfilled the Secretary of State for Health and Social Care's (the Secretary of State's) statutory duties to protect health and address health inequalities and executed the Secretary of State's power to promote the health and wellbeing of the nation. PHE undertook a range of evidence-based activities that span the full breadth of public health, working locally, nationally and internationally, and was responsible for four critical functions:

- fulfil the Secretary of State's duty to protect the public's health from infectious diseases and other public health hazards, working with the NHS, local government and other partners in England, and also working with the devolved administrations and globally where appropriate. This meant providing the national infrastructure for health protection including: an integrated surveillance system; providing specialist services, such as diagnostic and reference microbiology; developing, translating and exploiting public health science, including developing the application of genomic technologies; work to address antimicrobial resistance; investigation and management of outbreaks of infectious diseases and environmental hazards; ensuring effective emergency preparedness, resilience and response for health emergencies, including global health security; acting as the focal point for the UK on the International Health Regulations; and evaluating the effectiveness of the immunisation programme and procuring and supplying vaccines
- secure improvements to the public's health, including supporting the system to reduce health inequalities and to deliver the NHS Long Term Plan and the Secretary of State for Health's Prevention Vision commitments for a radical upgrade in prevention. It did this through its own actions and by supporting government, local government, the NHS and the public
- to secure the greatest gains in physical and mental health and help achieve a financially sustainable health and care system. PHE promoted healthy lifestyles; provided evidence-based, professional, scientific and delivery expertise and advice; developed data, information resources and tools (particularly on return on investment and value for money); and supported the system to meet legal duties to improve the public's health and reduce health inequalities

- improve population health by supporting sustainable health and care services. For example, by promoting the evidence on public health interventions and analysing future demand to help shape future services. Also, by working with NHS England on effective preventative strategies and early diagnosis and providing expert advice and support for national and local commissioning. PHE also worked with NHS England on the provision of vaccination and screening programmes, including through screening quality assurance and specifically for support for the delivery of an optimal flu vaccination programme. PHE also supported the introduction of new programmes and the extension of existing programmes, as well as running national data collections for a range of conditions, including cancer and rare diseases. PHE also supported local government and the NHS with access to high quality data and provided data analyses to improve services and outcomes
- ensure the public health system maintains the capability and capacity to tackle public health challenges and was prepared for the emerging challenges of the future, both nationally and internationally. This meant: undertaking research and development and working with partners from the public, academic and private sectors to improve the research landscape for public health; supporting and developing a skilled workforce for public health; supporting local government to improve the performance of its functions; providing the professional advice, expertise and public health evidence to support the development of public policies to have the best impact on improving health and reducing health inequalities; and collecting, quality assuring and publishing timely, user-friendly high-quality information on important public health topics and public health outcomes

The Framework Agreement, annual remit letter and PHE Code of Conduct were all publicly available at www.gov.uk/phe.

The governance arrangements that were in place in PHE for the six months to 30 September 2021 are shown below:



*The PHE Resourcing and Prioritisation Group had oversight of transition arrangements, as set out in more detail on page 24.

Accountability summary

The Interim Chief Executive and Accounting Officer was responsible for the executive leadership of PHE, overall strategy and performance and was accountable to the DHSC Permanent Secretary. Specifically, responsible for:

- safeguarding the public funds and assets for which they had charge
- ensuring propriety, regularity, value for money and feasibility in the handling of those funds and assets
- ensuring that PHE was run on the basis of the standards (in terms of governance, decision-making and financial management) set out in Managing Public Money, including seeking and assuring all relevant financial approvals
- together with DHSC, accounting to Parliament and the public for PHE's financial performance and the delivery of its objectives
- accounting to the DHSC Permanent Secretary, who was the Principal Accounting Officer (PAO) for the whole of the DHSC's budget, providing a line of sight from DHSC to PHE
- responsibilities of the PAO and their relationship with them are set out in the Framework Agreement
- reporting to the PAO on a frequency agreed on performance against PHE's objectives, which included formal quarterly accountability meetings chaired by the DHSC senior departmental sponsor

PHE's Advisory Board had a non-executive Chair, who ensured that the interim Chief Executive was supported and constructively challenged and assured good corporate governance.

The DHSC Permanent Secretary undertook the annual appraisal of the interim Chief Executive, taking account of feedback from the Chair.

The Chair was accountable to the Secretary of State through the DHSC Director General for Community and Social Care as PHE's Senior Departmental Sponsor, who ensured there was an annual objective setting and review process in place for them. The Chair had their own foreword to this annual report in which they had the opportunity to set out their independent view on the working of PHE, the progress of the public health system and the role of key stakeholders, including DHSC.

PHE Advisory Board

The Advisory Board comprised the Chair, up to five non-executive members appointed by the Secretary of State, two associate non-executive members, the Chief Executive, and four executive members. Its role is to provide advice, support and constructive challenge to the interim Chief Executive and executive team on:

- how PHE could best deliver PHE's duties and priorities, as well as on its vision and strategy, ensuring that this supported the wider strategic aims of DHSC and the government
- how PHE ensured operational independence and maintained the highest professional and scientific standards in the preparation and publication of its advice

- the effectiveness of its governance arrangements and the strategic risks facing the organisation, primary responsibility for this resting with the Audit and Risk Committee

Together they supported the Chief Executive in their role as Accounting Officer

- in ensuring that PHE exercised proper stewardship of public funds, including compliance with the principles set out in Managing Public Money, and ensuring that total capital and revenue resource utilised in a financial year did not exceed the amount specified by the Secretary of State
- the effective running of the organisation and key performance issues
- any emerging issues and policies, both within the public health system and from other government departments, which could have impacted on the strategic direction of PHE
- any issues on which the Chief Executive requested their contribution

The Chair of the Advisory Board and the Chief Executive agreed a statement on their respective responsibilities as part of the terms of reference, which were available at www.gov.uk/phe. In summary, The Chief Executive was responsible for all executive matters and the Chair was responsible for leading the Advisory Board. The Chair also worked in partnership with the Chief Executive as a visible and credible ambassador for PHE

The following people served on the Advisory Board during the six-month period:

Professor Dame Julia Goodfellow (Chair), President, Royal Society for Biology; Member, Council for Science and Technology; Board member, University of Hertfordshire; Trustee, Institute for Research in Schools; Advisory Board member, Higher Education Policy Institute; and, Member of Advisory Council, Campaign for Science and engineering.
Formerly, Vice Chancellor, University of Kent; chair of the British Science Association and, President of Universities UK.
Term of office: four years from 17 September 2018. Dame Julia's term concluded on 30 September 2021.

Sir Derek Myers (Deputy Chair and Chair, Audit and Risk Committee), Government-appointed Lead Commissioner Rotherham Borough Council 2015-17, former joint Chief Executive at the Royal Borough Kensington and Chelsea and London Borough of Hammersmith and Fulham (to November 2013), former Chair of the Society of Local Chief Executives (SOLACE).
Term of office: 1 June 2013 to 31 May 2017, appointed by Secretary of State in January 2017 for a further term until 31 May 2021.

Professor Sian Griffiths OBE, independent health consultant, Emeritus Professor at the Chinese University of Hong Kong and visiting Professor at the Institute for Global Health Innovation, Imperial College LondonSian was appointed for a further term as an associate non-executive by the PHE Advisory Board until 30 September 2021.

Michael Hearty, Associate Non-Executive. Michael was a Fellow of the Chartered Institute of Public Finance and Accountancy, Non-Executive Director, Her Majesty's Revenue and Customs and Independent Adviser, Financial Reporting Council and Hywel Dda University Health Board. Michael was formerly Director General for Strategic Planning, Finance and Performance, and later Corporate Services with the Welsh Government. Michael has been an independent member of the Audit and Risk Committee since November 2015 and was appointed as an associate non-executive by the Advisory Board in October 2020. His term concluded on 30 September 2021.

Professor George Griffin CBE, retired consultant physician and Professor of Infectious Diseases and Medicine at St George's, University of London, and former Chair of the Advisory Committee on dangerous Pathogens (2004-2015).
Term of office: 1 June 2013 to 31 March 2017, extended by the Secretary State in January 2017 to 30 November 2017, and subsequently on 1 December 2017 for a further term of office until 31 March 2020, and then 29 January 2020 until 30 September 2021.

Professor Yvonne Doyle CB, Medical Director and Director for Health Protection. On joining PHE in April 2013 Yvonne was Director, London. Before joining PHE Yvonne was SHA and DHSC Regional Director of Public Health in the South of England (2011-12), DHSC Regional and SHA Director of Public Health for the Southeast of England (2006-11) and held the additional role of Medical Director there from 2006-09. Yvonne was previously an SHA DPH in South east London (2003/06) and Southwest London (2002- 03), and Director of Public Health at Merton, Sutton and Wandsworth Health Authority from 1999-2002.

Donald Shepherd was appointed interim Finance and Commercial Director in July 2019 responsible for finance, estates, procurement, business development, ICT and digital services. The appointment was made permanent in January 2020. Donald was previously PHE's Deputy Director of Finance (and had been since its inception), heading up the Financial Management function.
Before joining PHE, Donald held various senior finance positions within the NHS after starting his accountancy career in general practice. Donald holds a BA(Hons) in Economics and Accountancy and is a fellow of the Association of Chartered Certified Accountants (FCCA). Donald acted as a shareholder (government) representative on the Board of Porton Biopharma Ltd.

Richard Gleave, Deputy Chief Executive and Chief Operating Officer. Before joining PHE in April 2013, Richard was the Director of Programmes at NHS South of England. He was a director at DHSC from 2001 to 2010 having previously been Chief Executive of the Royal United Hospital Bath NHS Trust.
Richard acted as a shareholder (government) representative on the Board of Porton Biopharma Ltd.

Dr Rashmi Shukla CBE, BM, FRCP, FFPH became a member of the Advisory Board in June 2019. She was PHE Director for Midlands and East region. Rashmi held many senior executive board level posts in public health, working for the NHS and the Department of Health, leading on population health. She published several peer reviewed articles and public health reports during her career.
Rashmi was patron of the South Asian Health Foundation, which was a UK registered charity that promotes good health in South Asian Communities, and in 2016 was named in the 'New View 50' list of the top most influential BAME public sector professionals.

Michael Brodie, Interim Chief Executive (from September 2020) and Finance and Commercial Director (until August 2019). Before joining PHE in June 2013, Michael was Finance Director for the NHS Business Services Authority and previously held senior finance positions in local government and the police service. Since 2017, Michael has been a member of the Advisory Board and Chair of the Audit Committee of the National Infrastructure Commission. He is also a member of the Council of the Chartered Institute of Public Finance and Accountancy (CIPFA) and an independent Chair of the Audit Committee for the disability charity Scope. Michael was appointed Chief Executive, NHS Business Services Authority in August 2019. Following the statement on 18 August 2020 regarding the changes to the public health system, Michael Brodie was also appointed interim Chief Executive of PHE until PHE's closure on 30 September 2021.

Other members of the Management Committee attended and contributed to Advisory Board meetings as a matter of routine.

The Advisory Board continued to hold virtual Board-In-Committee meetings. These internal sessions provided the Advisory Board with an overview to help them understand what progress meant and looked like, with a focus on where the Advisory Board could add value in terms of applying influence in the wider health and social care system. The agendas for these sessions were structured around three core areas: PHE's contribution to the pandemic response; the public health reform programme; and, PHE's delivery of its other urgent and essential priorities.

The Advisory Board also received regular reports on PHE's financial performance from the Finance and Commercial Director, and updates from a member of the Audit and Risk Committee and from the Global Health Committee on the work of these groups

Standards and Board effectiveness

The Advisory Board and the Management Committee were committed to the highest standards of corporate governance, with the Board regularly reviewing its effectiveness as part of ensuring that it added value to the organisation.

PHE was committed to high standards of governance and this was reflected in compliance with broader government standards.

Objectives for the Chair were set by the DHSC senior departmental sponsor, Jonathan Marron, Director General for Public Health. The Chair set and assessed performance against objectives for non-executive Advisory Board members.

Register of interests

PHE maintained a register of interests to ensure potential conflicts of interest could be identified and addressed in advance of Advisory Board discussions, which was publicly available at www.gov.uk/phe. Where potential conflicts exist, they were recorded in the Advisory Board minutes, along with any appropriate action taken to address them.

PHE Advisory Board attendance during the six months to 30 September 2021

Advisory Board	
Dame Julia Goodfellow	6/6
Sir Derek Myers*	2/2
George Griffin	6/6
Michael Hearty	4/6
Sian Griffiths	6/6
Richard Gleave	4/6
Yvonne Doyle	5/6
Michael Brodie	6/6
Donald Shepherd	5/6
Rashmi Shukla**	3/3

*left the Advisory Board on 31 May 2021
** retired from PHE on 30 June 2021

Audit and Risk Committee (ARC)

The primary role of the ARC, which reported to the Advisory Board, was to conclude upon the adequacy and effective operation of the organisation's overall internal control system. It was the responsibility of the Management Committee to agree and implement this. The ARC provided independent monitoring and scrutiny of the processes implemented in relation to governance, risk and internal control. Its work focused on the framework of risks, controls and related assurances that underpinned the delivery of PHE's objectives. The ARC had a crucial function in reviewing PHE's external reporting disclosures in relation to finance and internal control.

The ARC's membership was drawn exclusively from independent non-executive members of the Advisory Board and independent members appointed by the ARC for their particular skills and expertise. It was supported by the work programmes of internal and external audit, which ensured independence from executive and operational management. At the invitation of the Chair, the interim Chief Executive, the Director of Corporate Affairs, the Finance and Commercial Director, the Head of Internal Audit, the external auditor (National Audit Office) and a representative of the DHSC sponsorship team routinely attended ARC meetings. The Head of Governance also attended as Secretary to the Committee.

Providing assurance, scrutiny and control

During 2021, the Committee continued to provide assurance advice to the PHE Interim Chief Executive, as Accounting Officer, in a way that was relevant and informed. Scrutiny by the Committee was strengthened by partnership working with key staff across PHE and working closely with its internal and external audit colleagues - the Government Internal Audit Agency (GIAA) and the National Audit Office (NAO) respectively.

At its meetings, the Committee continued to focus on a number of key governance and assurance areas including:

- strategic risk management, including scrutiny of PHE's strategic risk register; whether the organisation has robust policies and procedures in place for risk management; how well these are understood and followed; and, whether there was a strong risk management 'culture' in PHE
- monitoring and scrutiny of the Government Internal Audit Agency's (GIAA's) internal audit programme, including how well PHE engaged with and supported the programme of audits; and, whether the actions and recommendations arising from audits were being met and closed within agreed timescales
- external audit and scrutiny through the reports received from the National Audit Office (NAO), particularly on their financial audit planning. The Department for Health and Social Care (DHSC) was also represented on the Committee
- scrutiny of a number of cross-organisational governance issues through an integrated governance report, including adverse incident reporting; health and safety incidents; information governance; clinical governance; and, security and sustainability

In all these matters, the Committee advised the Accounting Officer and informed and updated the Chair and other members of the Advisory Board as appropriate.

Strategic risk management

Regular and detailed high-level discussions on strategic risks to the organisation took place at PHE's monthly Management Committee meetings. The interim Chief Executive and national directors played an active part in ensuring that the information in the strategic risk register was comprehensive, relevant and up to date. PHE's Risk Leads Group ensured there was an effective escalation process for risks to be included on the strategic risk register, when appropriate.

Internal Audit programme

During 2021, the Committee continued to challenge GIAA and senior management to ensure that actions and recommendations arising from audits were relevant as well as jointly agreed, challenging and achievable. Also, that actions were closed by the dates mutually agreed.

The Management Committee continued to take a greater role in ensuring that open audit actions were closed by their due dates. This renewed focus meant that many actions were closed on time, and outstanding actions sooner.

A full report on the 2021 internal audit programme, compromising the internal auditors' opinion and a list of recommendations going forward, is described towards the end of this Governance Statement, together with a list of the audits.

External audit, accounting and reporting

The major financial matters for the Committee were the oversight of the production of the Annual Report and Accounts, and the relationship that PHE had with the NAO, as PHE's external auditors. The NAO confirmed that the Annual Report and Accounts for 2019/20 were duly completed and laid in accordance with all accounting guidelines and the DHSC timetable.

The relationship between the Committee and the NAO officers had been good throughout the year. The NAO has also confirmed that their relationship with PHE's senior management and finance officers was constructive.

Managing ARC business effectively

All members of the Committee played an active role in meetings, leading specific agenda items. This has helped all of the committee to develop a more rounded view of PHE, its business and its aims and objectives.

The Chair and other Committee members made themselves available to discuss related issues outside the Committee's set meetings.

The Committee met in private session with the NAO and GIAA representatives regularly to listen to any concerns or emergent issues they have.

The Committee has continued to foster close links with PHE's senior team, DHSC, GIAA and the NAO.

The Chair of the Advisory Board was appraised of significant issues arising from the Committee's work by the Committee Chair. The ARC Chair also met with the Chair of the DHSC ARC in the presence of the NAO to ensure we were jointly sighted on the issues arising from the public health reform agenda and the need to transfer strategic risks and the risk architecture safely and effectively.

The ARC Chair has confirmed that he believes the committee has been loyal to the expectations laid down in Managing Public Money and has received the necessary co-operation from PHE staff to achieve its aims. Further, that the Committee had made a contribution to assuring the Chief Executive on governance and accounting issues.

Attendance at ARC meetings in the 6 months ending 30 September 2021

ARC	
Sir Derek Myers (Chair) *	1/1
Michael Hearty (Chair) **	4/4
Martin Hindle	4/4
Michael Brodie	4/4

*left the Advisory Board on 31 May 2021
** Chair of ARC from 1 June 2021 to 30 September 2021

PHE Remuneration Committee

The interim Chief Executive was responsible for the structure and staffing of the organisation. This included decisions on the creation, regrading or reduction of Senior Civil Service (SCS) posts, on which they consulted with the DHSC Permanent Secretary. As a matter of good governance, the Remuneration Committee of the Advisory Board assisted the Chief Executive in the discharge of this duty, primarily to review and approve SCS and NHS ESM consolidated and non-consolidated pay awards. The Director of Corporate Affairs acted as secretary to the Committee and absented himself from discussion and decisions on his own pay.

PHE Remuneration Committee attendance in the 6 months ending 30 September 2021

Remuneration Committee	
Dame Julia Goodfellow*	2/2
Sir Derek Myers**	1/1
Martin Hindle	2/2
Michael Brodie	2/2
Michael Hearty***	1/1

* Chair of Committee
** Term with PHE concluded on 31 May 2021
*** Joined RemCo from 1 June 2021

Executive governance

The Chief Executive and Accounting Officer, had the authority and responsibility to determine the most appropriate governance structure for PHE save for the Advisory Board, whose role and remit is set out in the Framework Agreement, its terms of reference and its Audit and Risk Committee (ARC).

The Chief Executive was supported by a Management Committee, which met monthly and provided executive management and governance of the operations and delivery of PHE. The Management Committee held the Directorates to account for the achievement of agreed objectives and the management of PHE's financial resources and people. It supported the Chief Executive by overseeing the agreed programme of work set out in PHE's business plan and the annual remit letter and was supported by the work of three key reporting groups: the Delivery Board, Strategy Board and the Resourcing and Prioritisation Group.

The responsibilities of the wider senior leadership team are set out in the diagram on page 57.

Management Committee

The Management Committee was the key mechanism for supporting the Chief Executive as Accounting Officer and the focus of PHE's governance. Amongst its responsibilities were approval and monitoring of PHE's revenue and capital budgets, agreement of priorities and informed by the Resourcing and Prioritisation Group, oversight of the transition of PHE's functions to the new public health arrangements, decisions on which are based on prior discussion with all members of the senior leadership team and the groups set out below as appropriate.

The Management Committee, amongst other things, received and considered regular reports on financial performance, information governance, health and safety, risk management and adverse incidents.

Key governance groups, for example on Health Equity, Health and Safety reported to the Management Committee.

Management Committee attendance in 2021

Management Committee	
Michael Brodie – Chair (Interim Chief Executive)	5/6
Richard Gleave (Deputy Chief Executive and Chief Operating Officer)	5/6
Cathy Morgan (Director of Strategy)	5/6
Deborah McKenzie (Chief People Officer) *	4/5
Alex Sienkiewicz (Director of Corporate Affairs and PHE Porton Site Director)	3/6
John Newton (Director of Health Improvement)	5/6
Viv Bennett (Chief Nurse and Director Maternity and Early Years)	5/6
Lee Bailey (Communications Director)	5/6
Rashmi Shukla (Director Midlands and East)**	3/3
Paul Johnstone (Director North)	5/6
Yvonne Doyle (Director for Health Protection and Medical Director)	4/6
Donald Shepherd (Finance and Commercial Director)	6/6
Sheree Axon (Transition Director)	4/6
Alexia Clifford (Director of Marketing)	5/6
Camilla Bellamy (interim Chief People Officer)***	1/1

* Left PHE on 31 August 2021
** Retired from PHE on 30 June 2021
*** joined Management Committee from 1 September 2021

Delivery Board (DB) and the PHE scorecard

Chaired by the Deputy Chief Executive and Chief Operating Officer and reporting to the Management Committee, the DB was the forum that, on behalf of the Chief Executive, ensured PHE delivered its in- year priorities and functions as set out in the annual remit letter and business plan, and that this was done effectively, efficiently and economically.

At its heart were relevant national and local directors, and it considered and approved PHE's corporate scorecard that formed a core part of the quarterly accountability meetings with the

DHSC. This was prepared by the Strategy Directorate based on submissions from across the organisation. Directorates provided numerical data and commentary on trends, as well as updates on agreed milestones and deliverables on key commitments set out in the annual business plan and remit letter.

Strategy Board

The Strategy Board was the forum at which PHE debated and settled key strategic issues and how we respond to them. It was chaired by the Director of Strategy and reported to the Management Committee.

The Strategy Board provided strategic oversight of PHE's vision and role. It carried out horizon scanning and was the forum for senior level discussions on key emerging public health issues; how PHE could best identify and meet customer needs; and the handling of the launch or publication of significant products and services. It also considered proposals that had been co-produced by representatives of national directorates and centre teams and decided PHE's position on these.

Resourcing and Prioritisation Group

The group, co-chaired by the Finance and Commercial Director and the Chief People Officer, continued to focus on internal business management of PHE's resources – people, finances and estate. It considered issues arising in relation to human resources, financial and commercial matters, and progress reports on major infrastructure and ICT programmes and projects.

The group also had a sub-committee overseeing investments and approvals.

RPG also acted as the main transition oversight group, reporting to the Management Committee as appropriate.

Management of the organisation

The prime route for governance and accountability in PHE was through line management, reporting to the Chief Executive through his direct reports. Line management played a key role in all parts of the organisation delivering high-quality, cost-effective services. Effective collaboration
between teams across the organisation was also a key contributor to PHE's success. There were a range of mechanisms in place to achieve this, but the three main approaches were:

- the local management team. Each centre director brought together all the teams working in their part of the country through a local management team to ensure that PHE's local presence was aligned and working together to deliver responsive services to local partners
- the Senior Leadership Forum, bringing together over 150 senior staff from all parts of the organisation to come together quarterly to focus on the most important issues for the organisation from the range of different perspectives
- a PHE corporate Business Assurance Framework, which ensured that:
  - all of PHE's business was assured to a set standard
  - progress with aims, objectives, deliverables and goals is effectively monitored
  - risks, issues and challenges were identified early and managed
  - lessons were learned and shared as appropriate

- The Framework also aimed to ensure that the organisation and its senior responsible officers:
  - were clear about their respective responsibilities
  - managed their business following a corporate 'One PHE' approach
  - had appropriate governance that provided an opportunity to escalate risks, issues and challenges where necessary
  - had the tools and support they need to manage their business effectively

Planning and performance

The DHSC Senior Departmental Sponsor chaired quarterly accountability review (QAR) meetings attended by the interim Chief Executive and other PHE and DHSC directors. QAR meetings fulfilled the requirement set out in the PHE Framework Agreement and Cabinet Office guidance for Executive Agencies. The focus of the meetings were on strategic issues and any issues of delivery that the sponsor wished to bring to this meeting, including compliance with the framework agreement. For each quarter to 30 September 2021 DHSC reviewed:

- PHE's contribution against the DHSC's strategic objectives and the specific priorities and associated deliverables set out in the annual remit letter from ministers
- performance against the PHE performance scorecard, which included key metrics of overall system performance alongside delivery of PHE's performance on priority programmes and internal performance metrics on people, finance and governance
- public health risk and issues
- financial performance
- risk management
- the relationship between PHE and any other key issues identified in delivery of DHSC's strategic objectives
- the transition of Public Health England's functions to the new public health arrangements from 1 October 2021

Other processes in place included:

- the Minister for Public Health chairing an annual accountability meeting to review the performance and strategic development of PHE, discussing the annual report and inform the next set of objectives
- the Permanent Secretary's annual appraisal of the Chief Executive's performance, taking account of feedback from PHE's Advisory Board
- Select Committee hearings
- regular contact between DHSC's sponsor team and PHE

PHE also played a full role in the Strategic Oversight Group, the key accountability mechanism for delivery of the national public health services that NHS England commissioned through the section 7A agreement.

System of internal control and its purpose

As Accounting Officer, the Chief Executive had responsibility for maintaining a sound system of internal control that supported the achievement of PHE's policies, aims and objectives. In doing so, the Chief Executive must safeguard the public funds and assets in accordance with the responsibilities assigned to him in Managing Public Money and the Accounting Officer Appointment Letter.

The system of internal control was designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable and not absolute assurance of effectiveness. It was based on an ongoing process designed to:

identify and prioritise the risks to the achievement of PHE's policies, aims and objectives evaluate the likelihood of those risks happening and the impact should they be realised manage risks effectively, efficiently and economically

The system was in place for the period ended 30 September 2021.

Risk and control framework

The Chief Executive was accountable for the overall risk management activity in the organisation. In discharging these responsibilities. He was assisted by the following Directors:

- the Deputy Chief Executive and Chief Operating Officer, who had delegated responsibility for managing operational risk, and assisted the Chief Executive in the day-to-day running of the organisation, including through chairing the Delivery Board. He was also the senior responsible officer for the Science Hub, Harlow programme
- the National Infection Service Director had delegated responsibility for managing the risks associated with the national laboratories and other infection service functions
- the Regional Directors had delegated responsibility for local operations
- the People Director had delegated responsibility for managing people related risk across PHE
- the Communications Director had delegated responsibility for communications
- the Marketing/Behavioural Programmes Director had delegated responsibility for marketing
- the Strategy Director had delegated responsibility for strategy
- the Finance and Commercial Director, had delegated responsibility for managing financial risk and assisted the Chief Executive in ensuring that the organisation's resources were managed efficiently, economically and effectively, and was Chair of the Resourcing and Prioritisation Group
- the Director for Health Protection and Medical Director, had delegated responsibility for managing PHE's emergency response function; medical revalidation, supported by her Responsible Officer team; and the Caldicott Guardian function
- the Chief Nurse and Director for Maternity and Early Years, who jointly with the Director of Health Protection and Medical Director, had delegated responsibility for managing the strategic development and implementation of Sound Foundations PHE system for quality improvement and governance and reporting this to the Management Committee, and for the assessment and reporting of clinical risk

- the Director of Corporate Affairs and Porton Site Director, had delegated responsibility for managing the development and implementation of strategic and corporate risk management and health and safety, in particular, that appropriate health and safety policies and procedures relevant to PHE's operation were in place together with governance and assurance systems to facilitate compliance with relevant legislation, including the establishment of a comprehensive suite of corporate policies to direct and guide staff on a range of matters; also oversaw the organisation's role as a result of the introduction of the General Data Protection Regulations (GDPR) as Data Protection Officer
- the Director for Health Improvement, who as the organisation's senior information risk owner (SIRO), had delegated responsibility for the organisation's information governance arrangements and advising the Chief Executive of any serious control weaknesses concerning information risk and governance. He also had delegated responsibility for the governance of research activity PHE carried out
- Sheree Axon was appointed Transition Director and led the work of the Sender Transition Programme team. This work reported operationally to the RPG, with escalation to the Management Committee as appropriate. Sheree was a member of the Management Committee

The Directors were responsible for determining the nature and extent of the significant risks PHE was willing to take in achieving its strategic objectives. Directors were responsible for risk management within their areas of responsibility. This included promoting risk awareness and supporting staff in managing risk.

Risk leads in each directorate were responsible for informing and advising their Director on risk management issues such as how best to implement risk management policies and procedures. The risk leads met every two months as part of a Risk Leads Group chaired by the Deputy Director – Corporate Risk and Assurance, to discuss management and escalation of risks and identify any cross-cutting themes for review by the Management Committee.

Capacity to handle risk

Risk management training was provided both to staff involved in risk management on a day-to- day basis as well as to senior managers who had wider risk management responsibilities. PHE had in place comprehensive risk management policies, procedures and guidance describing risk management roles and responsibilities, risk identification techniques, risk mitigation strategies and risk scoring. All relevant risk management documentation and tools were available to staff through the PHE intranet, which included an agreed approach to risk identification and management.

PHE aimed to minimise adverse outcomes such as harm, loss or damage to the organisation, its people or property, or those who received its services, through adequate supervision and training, appropriate delegation, continuous review of processes and the environment, and the sharing of lessons learnt and best practice.

An electronic incident management and investigation system was used to manage adverse incidents, with lessons-learnt reports being shared through email and PHE's intranet. To improve the quality of adverse incident investigations and action plans, a number of managers were trained in root cause analysis.

Capturing and responding to risk information

The Strategic Risk Register was reviewed and endorsed by Management Committee on a regular basis. It was also scrutinised regularly by the Audit and Risk Committee (ARC) and was a standing item at the quarterly accountability meeting with DHSC.
As part of the response to the COVID incident the Governance and Assurance Oversight Cell was established to lead on the management of risk for all COVID Incident Cells in accordance with PHE policy.

Directorates and corporate programmes identified, monitored and managed risks, which fed into top-level risk management processes as appropriate. Operational risk registers were maintained at sub-directorate level for priority programmes and key projects.
PHE had a clearly defined structure in place for reporting risk at an operational (sub-directorate), tactical (Directorate, or major cross Directorate programme level) and strategic (PHE wide) level. There was a process in place to escalate and de-escalate risks as appropriate between the hierarchies.

Risk registers were mapped to reflect PHE structure and this enabled an overview of the extent to which risk management was embedded across all parts of the business.
The Corporate risk management team continued to develop PHE's approach to risk management, identify cross-cutting operational risks, and provide support to adverse incident management and investigation. It also reviewed directorate and corporate programme risk registers and provided feedback to improve the quality of risk information.

PHE had in place an adverse incident and serious untoward incident management policy and procedure to provide a formal mechanism for reporting and learning from incidents. An electronic incident management and investigation system enabled management to report and track key issues. Adverse incident and other risk performance data was presented to the Management Committee on a monthly basis. In addition, an Adverse Incident and Review Group was established for oversight of incidents. PHE also published reports on major events and these were used to share lessons learnt for both PHE and its partners.

Health and safety

The PHE Health and Safety Policy Statement committed to protecting PHE's staff and others from harm and to reduce the risk to their health, safety and wellbeing as far as reasonably practicable. PHE undertook a wide range of activities in its scientific work with a variety of different risks. A number of specific policies were in place to specify the standard to be achieved in the management of these different risks.

PHE's strategic health and safety aim was to strive for excellent health and safety standards. PHE's Business plan incorporated an annual health and safety improvement plan which set out a number of priorities, delivery of this was overseen by the Health and Safety Steering Group (HSSG) chaired by the Director of Corporate Affairs, the membership of which includes staff side colleagues.

In partnership with staff side members, HSSG has increasingly focused on ensuring appropriate and timely follow-up of actions from PHE's internal proactive performance monitoring and any recommendations made by the Health and Safety Executive (HSE) as part of its planned intervention plan. In addition, incidents with high or major impact were reviewed

and acted on swiftly, with lessons identified and disseminated across the organisation in a timely way.

PHE had in place appropriate risk management standards, with processes to ensure suitable and sufficient assessment of activities which implement control measures to prevent and reduce risks in order to protect staff from harm and ill health. PHE's health and safety policies were supported by staff health and safety handbooks and guidance documents. These covered a number of specific areas of risks and were complemented by specific information, guidance, training and competency assessment.

PHE consulted its staff about changes to the health and safety arrangements through a network of safety representatives and advocates, including the local site safety committees at our scientific campuses at Porton, Colindale and Chilton.

Security

PHE worked with the various government National Technical Authorities for security, the Cabinet Office and the Department of Health and Social Care, to ensure that it met its obligations under government's security standard GovS007. PHE did this in order to protect its staff, information, and the assets it held. PHE worked closely with the police, both locally and nationally, to prevent crime on its sites and ensure appropriate protection of the materials it worked with under Schedule 5 of the Anti-Terrorism, Crime and Security Act. This was of particular importance over the last year, as the COVID-19 pandemic has led to changes in the way PHE worked, resulting in a change to the risk profile in some parts of the organisation.

Security in PHE was built around the three pillars of personnel, physical and cyber security. These were managed across the organisation as appropriate to local hierarchies, with all strands coming together via the corporate PHE Security Office in the Corporate Affairs Directorate. In terms of the three pillars, the following summarises PHE's position:

1. National Security Vetting (NSV) was managed centrally via the corporate security office, including PHE's 'Cluster' relationships, but other personal security (PERSEC) matters (such as recruitment, appraisal, etc.) were managed via the People Directorate and HR function.
2. Cyber security was managed on a day-to-day basis via PHE's ICT specialists (including National Cyber Security Centre - NCSC - liaison), but with non-technical oversight by the central security function. There were separate crypto-custodians and the chief Information Security Officer (CISO) function (although not explicit) was fulfilled by an ICT cyber-specialist.
3. Physical security was managed locally on a day-to-day basis across the owned estate, to standards set centrally, as agreed with other government stakeholders and in line with current government best practice. For PHE Porton Down, this was also an integral part of the Director of Corporate Affairs' role. Liaison on both Critical National Infrastructure (CNI) and Anti-terrorism, Crime and Security Act (ATCSA) requirements, including with national counter-terrorism advisors, was also managed entirely within Corporate Affairs Directorate.

Financial governance framework

PHE had in place a financial governance framework, with policies and procedures to ensure compliance with the requirements of Managing Public Money, International Accounting Standards, EU Procurement Legislation, government spending controls and internal approval

levels. During the pandemic, controls were adjusted to reflect the operating conditions, reflecting the need to buy from limited markets or at short notice. PHE used these adjusted arrangements on a number of occasions. As part of general PHE operation, where controls on good procurement practice had not always been met, remedial action was taken to regularise arrangements where possible and prevent recurrences. This included reporting of instances to the Audit and Risk Committee on a quarterly basis. This reporting continued during the pandemic.

Assurance

Assurance is defined in the HM Treasury guidance for assurance frameworks as: "...an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization."
PHE adopted the 'Three Lines of Defence' model for assurance, to ensure a range of activities at all levels that could provide reassurance and evidence of good practice as well as an assessment of delivery confidence. (Further detail was set out in the Assurance Framework.

'First Line of Defence'

Activities, internal controls, standards and practices at operational level. Within the 'front-line' or business operational areas, there will be many arrangements established that can be used to derive assurance on how well objectives are being met and risks managed; for example, good policy and performance data, monitoring statistics, risk registers, reports on the routine system controls and other management information. This comes direct from those responsible for delivering specific objectives or operation; it provides assurance that performance is monitored, risks identified and addressed and objectives are being achieved. This type of assurance may lack independence and objectivity, but its value is that it comes from those who know the business, culture and day-to-day challenges.

'Second Line of Defence'

Oversight and independent assessment of management activity. It is separate from those responsible for delivery, but not independent of the organisation's management chain. This could typically include compliance assessments or reviews carried out to determine that policy or quality arrangements are being met in line with expectations for specific areas of risk across the organisation; for example, purchase to pay systems, health and safety, information assurance, security and the delivery of key strategic objectives. Portfolio management may also, at this level, be of use in the assurance of business change and stand-alone projects. Second line assurance provides valuable management insight into how well work is being carried out in line with set expectations and policy or regulatory considerations. It will be distinct from and more objective than first line assurance.

'Third Line of Defence'

This relates to independent and more objective assurance and focuses on the role of internal audit, which carries out a programme of work specifically designed to provide the Accounting Officer with an independent and objective opinion on the framework of governance, risk management and control. PHE's Internal Audit function was provided by the Government Internal Audit Agency (GIAA). Internal audit placed reliance upon assurance mechanisms in the first and second lines of defence, where possible, to enable it to direct its resources most effectively, on areas of highest risk or where there are gaps or weaknesses in other assurance arrangements. It also took assurance from other independent assurance providers operating in the third line, such as those provided by independent regulators, for example.

Other sources of independent assurance were available, typically sitting outside of the internal assurance framework and the Three Lines of Defence model. These may include Infrastructure & Projects Authority (IPA) reviews, external system accreditation reviews certification (e.g. ISO/Risk Management Accreditation Document Sets), and Treasury/Cabinet Office/Parliamentary scrutiny processes. .

The Audit and Risk Committee received reports on assurance and audit reviews, in line with an annual assurance plan. Recommendations, management responses and actions were tracked until closure. The findings and outcomes of these reviews contributed to the process of identifying lessons and to improving policies and procedures, to help reduce risks.

Preventing fraud, corruption, bribery and theft

PHE introduced robust measures to combat fraud, bribery, corruption and theft – the key focus being on prevention, but also ensuring that issues arising are dealt with effectively. Actions taken have included:

- the introduction of a full suite of policy and procedure documents
- the introduction of mandatory training on fraud, corruption, bribery and theft
- taking part regularly in the National Fraud Initiative
- the development and maintenance of a fraud risk register for finance and commercial operations
- the introduction of an annual fraud risk assessment process for all of PHE's directorates
- the identification of a single point of contact (SPOC) for the DHSC Anti-Fraud Unit (AFU)
- the introduction of a process for disseminating fraud alerts, monitoring progress, recording actions and feeding back (to AFU)
- the development of a good ongoing working relationship with AFU

Internal Audit arrangements

As part of the Government Internal Audit Agency (GIAA), the Head of Internal Audit's team is fully independent and remains free from interference in determining the scope of internal audits, in performing its work throughout the year, and in communicating results to management and the PHE Audit and Risk Committee (ARC). The Head of Internal Audit (HOIA) has direct access to the Accounting Officer and meets regularly with his senior team.

An internal audit plan was prepared and approved in conjunction with senior management and the Audit & Risk Committee to enable an assurance opinion to be provided to PHE on its arrangements for governance, risk management and internal control for the period 1 April to 30 September 2021.

Given a significant focus for PHE was on the effective transition to receiver organisations, the plan was largely focused on the sender transition arrangements for core systems, processes and resources.

The HOIA has provided the Chief Executive and Accounting Officer with an overall Moderate opinion on the framework of governance, risk management and control within Public Health

England for the first six months of the 2021-22 financial year. This was consistent with last year's opinion.

The Moderate assurance opinion reflected the systematic and professional approach taken to the transition whilst maintaining the organisation's COVID-19 response as well as business as usual arrangements.

Audits completed in relation to the period under review as follows comprised one Substantial, eight Moderate and two Limited assurance opinions.

• IT Infrastructure (Risk and Issue Management)	Moderate
• Sender Transition – Information Governance	Moderate
• Sender Transition - Workforce	Moderate
• Sender Transition – Risk Management	Moderate
• Data security & Protection Toolkit (DSPT)	Moderate
• Money and People System (MaPS) implementation	Limited
• Screening Programmes	Moderate
• Cyber Security	Limited
• Cyber Security (Homeworking)	Moderate
• Sender Transition – Finance	Substantial
• Sender Transition – Contracts	Moderate

Key Control Challenges

Absence of stock counts of Stockpile Goods at the 30 September 2021 transfer date

On 30 September 2021 PHE transferred £1,030 million of inventory and stockpiled goods to UKHSA. Of this, £767 million of vaccine inventories were subject to period-end stock counts at the point of transfer however a decision was taken not to count the £254 million of stockpile goods at that point in time due to concerns that an additional count of stockpile goods would risk disrupting the supply of critical Covid-19 vaccines and in doing so pose a risk to public health. The stockpile goods were previously subject to a full count at 31 March 2021, and following their transfer to UKHSA, the stockpile goods, which are much slower moving than vaccine inventory, were again subject to a full count at 31 March 2022 with no notable issues.

Whilst the absence of a count at 30 September 2021 reduces the level of management assurance to evidence the balance transferred to UKHSA at that point in time, the risk to public health was considered paramount, and the successful completion of full stock counts six months before and after the transfer date provides significant assurance over the existence and condition of the stock. As detailed in the Certificate of the Comptroller and Auditor General (C&AG) to the House of Commons, the C&AG has chosen to limit the scope of his audit in this respect.

Remuneration and staff report

This report details the policy on the appointment, appraisal and remuneration of members of the Advisory Board and the Management Committee are for the period ended 30 September 2021. It has been approved by the Remuneration Committee of the PHE Advisory Board and is based upon the provisions contained within the Government Financial Reporting Manual 2021/22.

Accountability

The accountability arrangements for the Pay Committee and Remuneration Committee of the Advisory Board are set out in the Governance Statement elsewhere in the annual report.

Role of the Pay Committee

The terms of reference define the scope of the committee and those elements relevant to executive pay are as follows:

- the application of the performance-related pay process
- the approval of any premature retirement application on the grounds of 'the interests of the efficiency of the service'
- preparation of this report
- any case which we are required to submit to DHSC or HM Treasury, and specifically for individual cases for:
  - any redundancy package with a cost of more than £95,000
  - Compensation in Lieu of Notice of £50,000 or more
  - ex gratia payments to a member of staff of £20,000 or more and all special severance payments (defined as any payment in excess of, or outside of statutory or contractual entitlements) including compromise agreements
- making recommendations to the Management Committee on any aspect of pay policy
- making recommendations to the Remuneration Committee of the Advisory Board on Senior Civil Service (SCS) and NHS Executive and Senior Manager (ESM) pay

The Committee did not deal with matters concerning its own pay; rather issues concerning its members' pay and that of staff employed on SCS and ESM terms and conditions were considered by the Chief Executive in consultation with the Remuneration Committee of the Advisory Board, whose role is set out in the Governance Statement.

Committee membership

Up until 30 September 2021, the Pay Committee consisted of the following members:

- Richard Gleave (Deputy Chief Executive and Chief Operating Officer, Chair)
- Donald Shepherd (Finance and Commercial Director)
- Alex Sienkiewicz (Director, PHE Porton Down & Director of Corporate Affairs)
- Yvonne Doyle (Medical Director and Director of Health Protection)
- Chris Noakes (Deputy Director of HR, Corporate Services)

Appointment and appraisal of non-executive Advisory Board members

Non-executive Advisory Board members are appointed by the Secretary of State for Health and Social Care for a defined term. In addition, the Advisory Board's terms of reference provide that it may appoint up to two associate non-executive members. The performance of non-executive Advisory Board members was assessed by the Chair through an annual appraisal process. The appraisal process for the Chair was conducted by our current senior departmental sponsor, the DHSC Director General for Public Health.

Remuneration of non-executive Advisory Board members

The table below lists all non-executive members who served on the Advisory Board during the period ended 30 September 2021. The date of their appointment is accompanied by the total remuneration due to each individual during their tenure in post in the 6 months ending 30 September 2021 Their terms of office are set out in the biographies in the Governance Statement elsewhere in the annual report.

The following changes to Advisory Board membership have taken place since the time of the last annual report:

- Michael Hearty was appointed as an associate non-executive of the PHE Advisory Board on 21 September 2020. His term concluded on 30 September 2021. Michael was also appointed as Chair of the Audit and Risk Committee from 1 June 2021
- Martin Hindle is an independent member of the ARC and Science Hub Programme Board. He was reappointed to this role on 26 February 2021 until 30 September 2021. As such, he attends meetings of the Advisory Board at the invitation of the Chair
- Sir Derek Myers term as Chair of the Audit and Risk Committee and member of the PHE Advisory Board concluded on 31 May 2021

Advisory Board members' remuneration

Audited table

Total remuneration due to each individual during their tenure in post in the 6 months ending 30 September 2021	Date of appointment	Total salary, fees and allowances	Total salary, fees and allowances
		Period ended 30 September 2021 £'000	Year ended 31 March 2021 £'000
Dame Julia Goodfellow (Chair)	17 September 2018	15-20	35-40
George Griffin	1 June 2013	0 - 5	5-10
Sian Griffiths (Associate)	1 January 2014	0 - 5	5-10
Michael Hearty (Associate)	7 October 2020	5 - 10	0-5
Martin Hindle	1 February 2021	0 - 5	0-0
Sir Derek Myers	1 June 2013	0 - 5	10-15

The remuneration of the executive members of the Advisory Board is set out in the audited table on page 79.

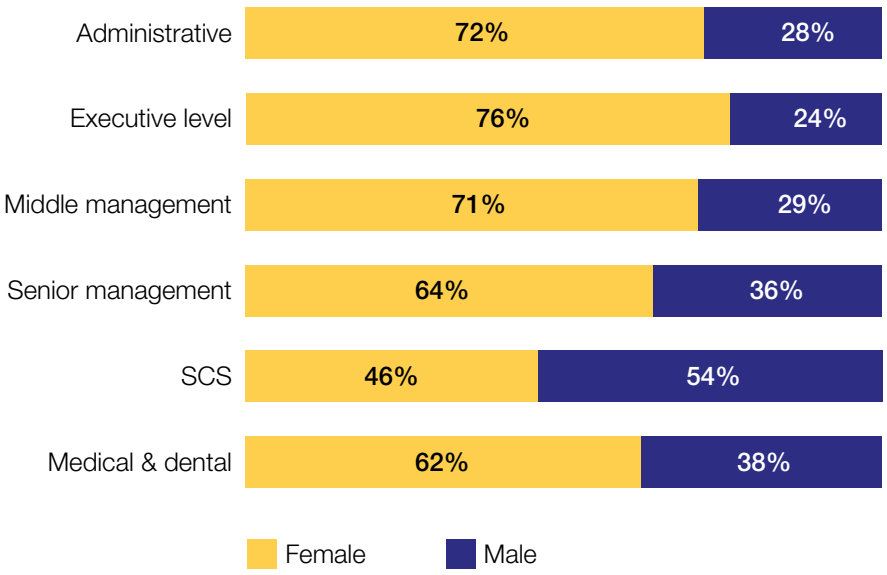
Appointment and appraisal of Management Committee members

We followed the provisions of the Constitutional Reform and Governance Act 2010, which requires that Civil Service appointments are made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise. The members of the Management Committee held employment contracts that were open-ended with notice periods of three months, except for the Chief Executive, who has a six-month notice period.

Early termination by PHE, other than for misconduct, would result in the individual receiving compensation in accordance with Civil Service or NHS terms and conditions. Compensation for loss of office would be agreed by the Pay Committee, with reference to DHSC and HM Treasury guidelines.

Performance was assessed against agreed objectives and a set of core management skills and leadership qualities. The Chief Executive's appraisal was conducted by the DHSC Permanent Secretary, taking into account feedback from the Chair of the Advisory Board.

The number of individuals by gender serving on the Management Committee as at 30 September 2021 was 9 males (56%) and 7 females (44%). The overall gender profile of the PHE workforce was 69% female and 31% male. The following table shows the profile by grade and gender:



Remuneration of Management Committee members

The table below lists all persons who served on the Management Committee in the 6 month period ended 30 September 2021. A summary of their employment contract is accompanied by the total remuneration during their tenure in post in the period.

Audited table

	Date commenced, re-appointed or extended	PHE Closure Date (or contract end date where earlier)	Total salary, fees and allowances 6 month period ended 30 September 2021* Bands of £5,000	Bonus payments Bands of £5,000	Pension benefits To the nearest £1,000	Total remuneration Bands of £5,000	Annual Equivalent Salary Bands of £5,000
Michael Brodie[3],	1 Sept 2020	30 Sept 2021	65 - 70	-	16,000	80 - 85	135 -140
Sheree Axon	14 Sept 2020	30 Sept 2021	65 - 70	-	17,000	80 - 85	130 – 135
Lee Bailey[5],	26 Sept 2016	30 Sept 2021	65 - 70	0 - 5	24,000	90 – 95	130 – 135
Camilla Bellamy	13 Aug 2021	30 Sept 2021	10 - 15	0 - 5	1,000	15 – 20	65 – 70
Viv Bennett[4]	1 April 2013	30 Sept 2021	55 -60	-	23,000	80 – 85	115 -120
Alexia Clifford	1 April 2021	30 Sept 2021	70 - 75	5 - 10	27,000	100 – 105	125 – 130
Yvonne Doyle[1,2]	1 April 2013	30 Sept 2021	100 - 105	-	-	100 - 105	205 – 210
Kevin Fenton[1]	6 April 2020	30 Sept 2021	110 -115	5 - 10	41,000	160 – 165	215 – 220
Richard Gleave[2]	1 April 2013	30 Sept 2021	75 - 80	0 - 5	-	80 - 85	150 – 155
Paul Johnstone[1]	1 April 2013	30 Sept 2021	105 - 110	-	(24,000)	80 – 85	210 - 215
Deb McKenzie	1 April 2015	31 Aug 2021	55 - 60	5 - 10	27,000	90 – 95	135 – 140
Cathy Morgan[5]	11 May 2020	30 Sept 2021	60 - 65	5 - 10	24,000	90 – 95	115 – 120
John Newton[1,2,5]	1 April 2013	30 Sept 2021	60 - 65	-	-	60 – 65	120 -125
Isabel Oliver[1]	16 July 2020	30 Sept 2021	85 - 90	-	29,000	115 - 120	165 - 170
Donald Shepherd[5]	30 July 2019	30 Sept 2021	60 - 65	5 - 10	24,000	90 – 95	125 – 130
Rashmi Shukla[1]	1 April 2013	30 June 2021	50 - 55	-	(9,000)	40 – 45	200 – 205
Alex Sienkiewicz[5]	1 June 2015	30 Sept 2021	70 - 75	0 - 5	24,000	95 – 100	130 – 135
Neil Squires[1]	6 July 2020	30 Sept 2021	80 -85	-	19,000	105 - 110	140 – 145

*pro-rated based on length of term served on the committee

1 The remuneration of these members of the Management Committee includes a Clinical Excellence Award

2 Opted out of pension therefore no pension benefits in the 6 month period ending 30 September 2021

3 Seconded from NHS BSA from 1 Sept 2020 as Interim Chief Executive. Michael Brodie worked across both PHE and NHS BSA over the period, with no additional remuneration for doing both roles. His full year equivalent salary for both roles was in the £170k-£175k band. The salary disclosed above represents the proportion of Michael Brodie's overall salary that relates to the 80% of his time supporting PHE

4. Includes arrears of £1,806 (paid in the 6 month period ending 30 September 2021 but backdated to 1/2/21) due to increase in hours from 22.2 to 37 hours.

5. Includes payment for unspent annual leave.

Remuneration of Management Committee members 2020/21

Audited table

	Date commenced, reappointed or extended	Expiry date of current contract	Total salary, fees and allowances Year ended 31 March 2021 Bands of £5,000	Bonus payments Bands of £5,000	Pension benefits to the nearest £1,000	Total remuneration Bands of £5,000
Duncan Selbie [3, 13,14]	1 April 2013	19 August 2020	70-75	-	-	70-75
Michael Brodie [4]	1 Sept 2020		80-85	-	18,000	95-100
Sheree Axon[5]	14 Sept 2020		70-75	-	18,000	85-90
Lee Bailey	26 Sept 2016		120-125	0-5	48,000	175-180
Viv Bennett[6]	1 April 2013		110-115	0-5	42,000	150-155
Alexia Clifford[18]	24 March 21		0-5	0-5	3,000	5-10
Yvonne Doyle[1,3]	1 April 2013		205-210	-	-	205-210
Kevin Fenton[1,7]	6 April 2020		250-255	-	96,000	345-350
Richard Gleave[3]	1 April 2013		150-155	0-5	-	155-160
Paul Johnstone[1]	1 April 2013		210-215	-	71,000	280-285
Adrian Masters[8]	1 July 2016	10 May 2020	40-45	-	29,000	65-70
Deborah McKenzie	1 April 2015		135-140	0-5	54,000	195-200
Cathy Morgan[9,15]	11 May 2020		95-100	0-5	163,000	265-270
John Newton[1,3,10]	1 April 2013		195-200	-	-	195-200
Isabel Oliver[1,11,17]	16 July 2020		125-130	-	32,000	160-165
Sharon Peacock[2]	1 April 2019		190-195	-	-	190-195
Paul Plant[19]	17 May 2019	5 April 2020	0-5	-	(15,000)	(15-10)
Donald Shepherd	30 July 2019		120-125	0-5	47,000	170-175
Rashmi Shukla[1]	1 April 2013		180-185	-	32,000	215-220
Alex Sienkiewicz	1 June 2015		120-125	0-5	47,000	170-175
Neil Squires[1,12,16]	6 July 2020		100-105	-	25,000	120-125

1 The remuneration of these members of the Management Committee included a Clinical Excellence Award

2 Seconded from University of Cambridge from 1 April 2019

3 Opted out of pension therefore no pension benefits in 2020/21

4 Seconded from NHS BSA from 1 Sept 2020 as Interim Chief Executive. MB worked across both PHE and NHS BSA over the period. FTE is £165k - £170k

5 Appointed as PHE Transition Director from 14 Sept 2020. Full time equivalent salary of £130k - £135k

6 Includes arrears (paid in 2020/21 year but backdated to 23/03/20) due to increase in hours from 22.2 to 37 hours. Reduced hours to 30 from 1/10/20. Also includes overtime payment

7 Appointed as Director, London 1/4/20. Backdated CEA 1/4/19. Total remuneration excluding the backdated element of the CEA is £210k-£215k which is used in the median pay to highest earnings calculation

8 Leaver 10/5/20. Secondment NHS Monitor

9 Appointed as Interim Director of Strategy 11/5/20

10 Includes backdated CEA to 1/4/19

11 Appointed as Director, National Infection Service 16/7/20

12 Appointed as Director, Global Public Health 6/7/20

13 Duncan Selbie started as Chief Executive Designate of PHE from 1 July 2012. Remained on payroll until 30 Nov 20. In addition to the remuneration in the above table, a further payment (including salary) of £370k - £375k was paid

14 Pro rata based on 141 days. Full time equivalent salary of £190k - £195k

15 Pro rata based on 325 days. Full time equivalent salary of £110k - £115k

16 Pro rata based on 269 days. Full time equivalent salary of £135k - £140k

17 Pro rata based on 259 days. Full time equivalent salary of £180k - £185k

18 Pro rate based on 7 days. Full time equivalent salary of £100k - £105k

19 Pro rata based on 5 days. Full time equivalent salary of £95k - £100k

Compensation for loss of office (subject to audit)

No payment of compensation for loss of office was made to any member of the Advisory Board or Management Committee during the period ended 30 September 2021.

Remuneration policy

Non-executive Advisory Board members

Non-executive members' remuneration is not performance related and is determined by the Secretary of State for Health and Social Care. The remuneration package is subject to review by the Secretary of State and no changes have been notified to us.

Members of the Management Committee

The policy for remunerating members of the Management Committee was determined by DHSC in agreement with the Cabinet Office as part of the process for making permanent appointments. Their terms and conditions are either Senior Civil Service or NHS (if their posts are designated within the clinical ring fence). For those within the clinical ring fence, the terms and conditions applicable are either NHS Medical and Dental or ESM in Arm's Length Bodies.

Posts that are included within the clinical ring fence are those that meet the criteria agreed with the Cabinet Office as follows:

- a clinical qualification and professional registration is essential for the role*
- the role would have a career pathway that included training, which would have been in a publicly-funded health service
- the role would have a career pathway where any further likely promotion or professional development would remain in a publicly-funded health service
- the role has regular patient or population contact

* For the purposes of public health specialist roles, any posts meeting the Faculty of Public Health's requirements of a public health consultant/ specialist will be considered clinical. For microbiology specialist roles, any posts meeting the Royal College of Pathologists' requirements for a consultant level post will be considered in the same way

Performance-related payments were paid to 10 members of the Management Committee in accordance with the performance-related pay provisions available to those employed on SCS or ESM terms and conditions. The Management Committee remuneration package consisted of a salary and pension contributions. In determining the package, DHSC and Cabinet Office had regard to pay and employment policies elsewhere within the Civil Service and NHS as well as the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.

The salaries of Management Committee members employed on SCS or ESM were reviewed annually by the Chief Executive with support of the Remuneration Committee of the Advisory Board, having regard to the relevant terms and conditions applicable. There was a 3% consolidated increase for staff employed on medical and dental terms and conditions.

Payments to a third party for services of Management Committee members

There were no payments to a third party for services of Management Committee members in this period.

Salary, fees and allowances

Salary, fees and allowances cover both pensionable and non-pensionable amounts and include any allowances or other payments to the extent they are subject to UK taxation. They do not include amounts that are simply a reimbursement of expenses directly incurred in the performance of an individual's duties. Expenses paid to Management Committee members are published quarterly in arrears on gov.uk/phe.

Bonuses

In accordance with Cabinet Office guidance, the best performing SCS staff are eligible for a non-consolidated (i.e. non-recurrent and non-pensionable) payment. The headline amount available for non-consolidated awards is set centrally and for 2020/21 was 3.3% of the total SCS pay bill. The Remuneration Committee of the Advisory Board agreed that, based on performance in the 2020/21 reporting year, all SCS staff in the 'top' performing category should receive a full time equivalent, non-consolidated end of year payment of £6,100 (i.e. the same amount for SCS1 and 2 staff).

The end of year non-consolidated payments for Management Committee members are disclosed elsewhere in this remuneration and staff report. Overall, twenty SCS1 and three SCS2 received an end of year bonus. Although relating to performance in the 2020/21 reporting year these payments were made in the 6 months ending 30 September 2021, as per standard Civil Service practice.

In addition, twenty SCS in-year awards of £3,000 were made in the 2021/22 financial year (to 30 September 21), relating to performance in the 2021/22 reporting year, in line with Cabinet Office guidance. This equates to sixteen SCS1 and four SCS2 awards.

The approach taken to ESM non-consolidated bonus payments mirrored the approach taken to SCS. In the period to September 21, one ESM2 received an end of year non-consolidated payment of £6,100 and one ESM1 received an in-year award of £3,000. This approach was in line with ESM pay guidance set by DHSC and was agreed by the PHE Remuneration Committee of the Advisory Board.

Benefits in kind

During the period ending 30 September 2021, no benefits in kind were made available to any non- executive Advisory Board member or any Management Committee member.

Pension entitlements

The Management Committee are members of the Civil Service or NHS pension schemes. Details of both pension schemes, including benefits payable, are included below. The pension entitlements of Management Committee members who were in post **at the period ending 30 September 2021** are shown in the table on the following page.

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a

scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Pension entitlements of management committee members – 6 months ending 30 September 2021

Audited table

	Total accrued pension at age 65 at 30 September 2021	Real increase in pension at age 65	Lump sum at age 65 related to accrued pension at 30 September 2021	Real increase in pension lump sum at age 65	Cash Equivalent Transfer Value at 1 April 2021	Cash Equivalent Transfer Value at 30 September 2021	Real increase in Cash Equivalent Transfer Value
	Bands of £5,000	Bands of £2,500	Bands of £5,000	Bands of £2,500	To nearest £1,000	To nearest £1,000	To nearest £1,000
Michael Brodie[2]	40 -45	0 – 2.5	100 - 105	-	774	836	14
Sheree Axon	30 - 35	0 – 2.5	15 - 20	(0 – 2.5)	515	564	13
Lee Bailey	15 - 20	0 - 2.5	-	-	213	235	12
Camilla Bellamy	10 - 15	0 - 2.5	-	-	120	123	2
Viv Bennett	20 - 25	0 - 2.5	-	-	325	358	19
Alexia Clifford	30 - 35	0 - 2.5	55 - 60	0 - 2.5	480	503	16
Yvonne Doyle[1]	-	-	-	-	-	-	-
Kevin Fenton	40 - 45	0 - 2.5	-	-	508	537	23
Richard Gleave[1]	-	-	-	-	-	-	-
Paul Johnstone	105 - 110	(0 - 2.5)	-	-	2187	2205	(24)
Deborah McKenzie	20 - 25	0 - 2.5	-	-	267	287	18
Cathy Morgan	30 - 35	0 - 2.5	65 - 70	0 - 2.5	531	552	12
John Newton[1]	-	-	-	-	-	-	-
Isabel Oliver	55 - 60	0 - 2.5	105 - 110	0 - 2.5	979	1064	28
Donald Shepherd	15 - 20	0 - 2.5	-	-	175	189	13
Rashmi Shukla	80 - 85	(0 - 2.5)	-	-	1754	1751	(19)
Alex Sienkiewicz	15 - 20	0 - 2.5	-	-	178	198	11
Neil Squires	25 - 30	0 - 2.5	25 - 30	0 - 2.5	466	359	(10)

1 Opted out of the pension.
2 Seconded from NHS BSA from 1 Sept 2020 as Interim Chief Executive. Michael Brodie worked across both PHE and NHS BSA over the period

The real increase in CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the employee. It is calculated using common market variation factors for the start and end of the period.

Pension scheme participation

Our staff are covered by two main pension schemes; the Principal Civil Service Pension Scheme (PSCPS) and the National Health Service Pension Scheme (NHSPS), with some staff enrolled in the NEST Workplace Pension. The PSCPS and NHSPS pension schemes available are defined benefit schemes, all of which prepare separate scheme statements.

The Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme, but we are unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2021-22, employers' contributions were payable to the PCSPS at one of four rates in the range of 26.6% to 30.3% of pensionable earnings, based on salary bands.

The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.
The employee contribution rates are as follows:

Full time pay range	Contribution Rate
Up to £2,600	4.60%
£22,601 to £54,900	5.45%
£54,901 - £150,000	7.35%
£150,001 and above	8.05%

The NHS Pension Scheme (NHSPS)

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises

an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 30 September 2021, is based on valuation data as 31 March 2020, updated to 30 September 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

Employee contribution rates for the 6 months ending 30 September 2021 are based on pensionable pay scaled to the full year, full-time equivalent for part-time employees, as follows:

	Annual pensionable pay	Employee contribution
Tier 1	Up to £15,431.99	5.00%
Tier 2	£15,432-£21,477.99	5.60%
Tier 3	£21,478-£26,823.99	7.10%
Tier 4	£26,824-£47,845.99	9.30%
Tier 5	£47,846-£70,630.99	12.50%
Tier 6	£70,631-£111,376.99	13.50%
Tier 7	£111,377 and over	14.50%

Employer contributions

We have accounted for our employer contributions to these schemes as if they were defined contribution schemes. PHE's contributions were as follows:

Audited table

	6 Months Ending 30 September 2021	2020/21
	£'000	£'000
The PCSPS	28,883	49,538
The NHSPS	6,015	10,454
Total contributions	34,898	59,992

Retirements due to ill-health

For the 6 months ending 30 September 2021, there was one (2020/21: two) early retirement from PHE on ill-health grounds; the total additional accrued pension liabilities on the year amounted to £1,980 (2020/21: £14,259).

Reporting of civil service and other compensation schemes-exit packages

Audited table

6 Months Ending 30 September 2021				2020/21		
Exit package cost band	Number of redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	3	-	3	6	-	6
£10,000-£25,000	2	-	2	4	-	4
£25,000-£50,000	3	-	3	1	-	1
£50,000-£100,000	2	-	2	2	-	2
£100,000-£150,000	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
£200,000 and over	-	-	-	-	1	1
Total number of exit packages	10	-	10	13	1	14
Total resource cost (£000)	285	-	285	563	-	563

Senior civil service staff by band

The table below shows a breakdown of staff employed on (SCS) terms and conditions as at 30 September 2021:

Unaudited table

Bands	Totals
SCS1	77
SCS2	10
Total	87

Average number of persons employed

The table below lists the average number of whole time equivalent persons employed during the year:

Audited table

	6 months ending 30 September 2021			2020/21		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Directly employed	6.403	-	6,403	5,468	-	5,468
Other	-	230	230	-	496	496
Staff engaged on capital projects	100	16	116	77	8	85
Total	6,503	246	6,749	5,545	504	6,049

Staff composition

The table below shows our staff composition by headcount as at 30 September 2021:

Unaudited table

	Male	Female	Total
Directors	11	7	18
Senior Civil Service	183	259	442
Other Staff	2084	4844	6,928
Total	2,278	5,110	7,388

Analysis of staff costs

Audited table

	6 months ending 30 September 2021 £000			2020/21 £000		
	Permanently employed staff	Other staff	Total £000	Permanently employed staff	Other £000	Total £000
Wages and salaries	155,869	13,793	169,662	290,660	28,242	318,902
Social security costs	16,942	-	16,942	30,080	-	30,080
Apprenticeship levy	784	-	784	1,373	-	1,373
Other pension costs	35,143	-	35,143	60,480	-	60,480
Subtotal	**208,738**	**13,793**	**222,531**	**382,593**	**28,242**	**410,835**
Redundancy & other dept. costs	266	-	266	563	-	563
Less recoveries in respect of outward secondments	(1,439)	-	(1,439)	(2,768)	-	(2,768)
Less recoveries in respect of capital projects	(3,205)	-	(3,205)	(4,936)	-	(4,936)
Total net costs	**204,360**	**13,793**	**218,153**	**375,452**	**28,242**	**403,694**

Comparison of median pay to highest earning director's remuneration (audited)
Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

On this basis, the banded remuneration of the highest paid director during the period ending 30 September 21 was £215,000 to £220,000 (2020/21 £210,000 to £215,000). This was 5.7 times the median remuneration of the workforce (2020/21 5.5) which was £38,202 (2020/21 £38,890). There has been a zero % change in the average and median salaries in respect of the employees of the entity taken as a whole. The salary of the highest paid director has increased to reflect a clinical excellence award.

The table below shows pay ratios per percentile for the 6 months ending 30 September 2021:

Percentile	Ratio	Remuneration (£)
25th	7.6	28,588
50th	5.7	38,202
75th	4.1	52,459

In Apr 21 – Sep 21, remuneration across our workforce ranged from £18,185 to £232,644. Two employee received remuneration in excess of the highest paid director. Their salaries are disclosed in the Cabinet Office's list of senior officials 'high earner' salaries:

www.gov.uk/government/publications/senior-officials-high-earners-salaries

Sickness absence

During Apr 21 – Sep 21, the total number of whole time equivalent (WTE) days lost to sickness absence was 23,572 days (2020/21 43,825 days), an average of 2.3 (2020/21 15.1) working days per staff WTE per year; and a sickness absence rate of 1.69% (2020/21 3.4%) It should be noted that the percentage absence figure is higher than reported to the Cabinet Office (1.04%), which is based on absence in working days; the figure above is based on total absence in calendar days.

The annual staff turnover for the year to 31 March 2022 was 8.51%.

Staff policies

PHE is a Disability Confident Leader and we guarantee an interview for all applicants who declare to have a disability and who meet the essential criteria of the job role. Additional information is also provided for all applicants on how to complete an application form. In order to provide a level playing field, we make the necessary reasonable adjustment requested by the candidates.

We are committed to supporting all staff during their period of employment. By working closely with the individual, we can ensure that the appropriate reasonable adjustments are made and that the staff member has the right access to training.
The training and development of our staff is key to PHE. All staff are provided with the opportunity to further enhance their skills and abilities to enable them to fulfil the requirements of the role and help maximise their talent. Managers are expected to apply consistency and equity in line with the learning and professional development policy.

We develop all our employment-related polices in partnership with recognised trade unions which are ratified through the Partnership Forum, chaired by the Chief Executive.

Consultancy spend

Based on the following Cabinet Office definition:

The provision to management of objective advice and assistance relating to strategy, structure, management or operations of an organisation in pursuit of its purposes and objectives. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time- limited. Consultancy often includes the identification of options with recommendations, or assistance with the implementation of solution but typically not delivery of business as usual activity.

Total PHE spend for the 6 months ending 30 September 2021 was £98,601 (2020/21: £88,323)

Off-payroll engagements

There were no off-payroll engagements as of 30 September 2021, with a value of more than £245 per day and that last for longer than six months.

Source: https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-40

There were no temporary off-payroll engagements, between 1 April 2021 and 30 September 2021.

The following table shows any off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2021 and 30 September 2021.

	6 months ending 30 September 2021	2020/21
Number of off-payroll engagements of board members, and/ or senior officers with significant financial responsibility, during the financial year		-
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year This figure includes both on payroll and off-payroll engagements	18	21

Trade Union (Facility Time publication Requirements) Regulations 2017
The table below contains information on facility time taken by PHE trade union representatives

Unaudited table

Number of accredited representatives	60
FTE	60
Number of representatives spending zero % on facility time	28 employees
Number of representatives spending 1 - 50 % on facility time	32 employees
Number of representatives spending 51 - 99% on facility time	zero
Number of representatives spending 100% on facility time	zero
Total cost of facility time	£33,061
Total pay bill	£218,154,602
Total % of pay bill	0.02%

We both recognise and value the work done by our Trade Union representatives and wholly support our partnership working framework through which we can achieve better outcomes for our people.

Staff engagement

4,917 UKHSA staff responded to the Civil Service People Survey in October 2021. Our Engagement Index was 60%, which was the same as engagement in 2020.

Auditable and non-auditable elements of this report

The tables in this remuneration and staff report specified as audited have been subject to audit and are referred to in the Certificate and Report of the Comptroller and Auditor General to the House of Commons. The Auditor General's opinion is included within his certificate and report on pages 96 to 101

Parliamentary accountability and audit report

Remote contingent liabilities - audited

PHE has the following remote contingent liabilities:

PHE maintains a stockpile of medical countermeasures for responding to Chemical, Biological, Radiological and Nuclear (CBRN) incidents. Some of these products are unlicensed because no licensed alternatives are available in the UK. Similarly, PHE also holds stocks of unlicensed anti-venoms and anti-toxins. If any recipients were to suffer an adverse reaction to using these products PHE would be liable. The associated contingent liability is unquantifiable.

Fees and charges - auditable tables

An analysis of the services for which a fee is charged where the full cost is over £1 million or is otherwise material in the context of the financial statements is as follows:

	Period-ending 30/9/21				
	Income **£000**	**Full Cost** **£000**	**Surplus/ (Deficit)** **£000**	**Details of financial objective**	**Details of performance against the financial objective**
Clinical Microbiology	22,568	30,120	(7,551)	Charges for pathology tests, mostly to the NHS.	Met: broadly in line with internal targets
Supplies of cell cultures and related services	3,172	2,940	232	Supplies of cell cultures and related services	Met: broadly in line with internal targets
Vaccine Evaluation and External Quality Assurance Schemes	4,103	1,579	2,524	Charges for the evaluation of new vaccines and for quality control standards	Met: broadly in line with internal targets
Intellectual Property Management	18,280	-	18,280	Receipts from royalties on intellectual property, mostly earned on end sales of Dysport	Met: broadly in line with internal targets
Commercial radiation services	6,231	5,375	855	Charges for various radiation services	Met: broadly in line with internal targets
Total	**54,354**	**40,014**	**14,340**		
Income that is not subject to fees and charges disclosure	51,079				
Total income (note 5)	**105,433**				

	2020/21				
	Income £000	Full Cost £000	Surplus/ (Deficit) £000	Details of financial objective £000	Details of performance against the financial objective £000
Clinical Microbiology	41,302	56,694	(15,392)	Charges for pathology tests, mostly to the NHS.	Met: broadly in line with internal targets
Supplies of cell cultures and related services	5,533	5,187	346	Supplies of cell cultures and related services	Met: broadly in line with internal targets
Vaccine Evaluation and External Quality Assurance Schemes	5,170	3,335	1,835	Charges for the evaluation of new vaccines and for quality control standards	Met: broadly in line with internal targets
Intellectual Property Management	32,719	-	32,719	Receipts from royalties on intellectual property, mostly earned on end sales of Dysport	Met: broadly in line with internal targets
Commercial radiation services	10,409	8,980	1,429	Charges for various radiation services	Met: broadly in line with internal targets
Total	**95,133**	**74,196**	**20,937**		
Income that is not subject to fees and charges disclosure	98,696				
Total income (note 5)	**193,829**				

Some of our staff involved in income generating work are also required to work on core research and public health activities during the year.

This note has not been provided for IFRS8 purposes.

Comparatives figures have been restated to reflect PHE's new methodology for this note.

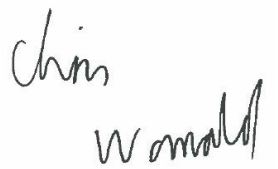
Losses and special payments

Losses statement – audited

	Period ending 30 September 2021		2020-21	
	Number	£000	Number	£000
Monetary losses	-	-	-	-
Loss of accountable stores	2	2	3	187
Fruitless payment	-	-	2	3
Constructive loss	-	-	17	1,747
Claims waived or abandoned	1	3	25	18
Total	**3**	**5**	**47**	**1,955**

Special payments – audited

	Period ending 30 September 2021		2020-21	
	Number	£000	Number	£000
Compensation	-	-	1	0.5
Ex gratia	-	-	-	-
Total	**-**	**-**	**1**	**0.5**



Sir Chris Wormald
Principal Accounting Officer
3 March 2023

The certificate and report of the Comptroller and Auditor General to the House of Commons

Qualified opinion on financial statements

I certify that I have audited the financial statements of Public Health England for the period ended 30 September 2021 under the Government Resources and Accounts Act 2000.

The financial statements comprise: Public Health England's

- Statement of Financial Position as at 30 September 2021;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the six months then ended; and
- the related notes including the significant accounting policies

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards

In my opinion, except for the matters described in the basis for qualified opinions on the financial statements section below, the financial statements:

- give a true and fair view of the state of Public Health England's affairs as at 30 September 2021 and its net expenditure (after absorption loss) for the six months then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for qualified opinion

Public Health England's financial statements disclose that £254 million of stockpiled goods were transferred to the UK Health Security Agency (UKHSA) on 30 September 2021. Public Health England did not perform stock count procedures, or facilitate audit attendance to perform stock testing, on or around this date. In the absence of a stock count, I was unable to carry out alternative audit procedures to support the existence or valuation of stockpiled goods as at the balance sheet date. I have therefore limited the scope of my opinion in respect of stockpiled goods and related transactions.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of Public Health England in accordance with the ethical

requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Public Health England's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Public Health England's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Public Health England is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate thereafter. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

As described in the basis for qualified opinion section of my certificate, I was unable to carry out audit procedures to support the existence or valuation of stockpiled goods as at the reporting date. I have concluded that, where the other information relates to these balances, it may be materially misstated for the same reason.

I have no other matters to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements

Matters on which I report by exception

In the light of the knowledge and understanding of Public Health England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

In respect solely of the matters referred to in my basis for qualified opinions on the financial statements section above:

- I have not received all of the information and explanations I require for my audit; and
- adequate accounting records have not been kept by Public Health England or returns adequate for my audit have not been received from branches not visited by my staff

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing Public Health England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Public Health England will not continue to be provided in the future

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud.

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of Public Health England's accounting policies and performance incentives
- inquiring of management, Public Health England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Public Health England's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Public Health England's controls relating to Public Health England's compliance with the Government Resources and Accounts Act 2000, Managing Public Money, tax legislation and the Local Government Act 2003;
- discussing among the engagement team and involving relevant external specialists, including the valuation of investments regarding how and where fraud might occur in the financial statements and any potential indicators of fraud

As a result of these procedures, I considered the opportunities and incentives that may exist within Public Health England for fraud and identified the greatest potential for fraud in the following areas: revenue

recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of Public Health England's framework of authority as well as other legal and regulatory frameworks in which Public Health England operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Public Health England. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, tax legislation and the Local Government Act 2003;

In addition, in assessing the risk of fraud in revenue recognition, I reviewed the volume and value of debit entries posted to income accounts before and after the year end.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

As set out in the Basis of qualified opinion section above I have limited the scope of my opinion in relation to stockpiled goods transferred to UKHSA on 30 September 2021. Public Health England has set out the factors which led it to take the decision not to carry out a stock count of these items within its Governance Statement (page 75). I have also reported on the matters giving rise to the qualification of my audit opinion, in my report on the Annual Report and Accounts for UK Health and Security Agency 2021-22 (paragraph 1.17).

Gareth Davies
7 March 2023
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

3 Accounts

Statement of comprehensive net expenditure

For the period ended 30 September 2021

	Note	6 months ending 30 September 2021 £000	2020/21 £000
Income from sale of goods and services	5	(90,304)	(169,275)
Other operating income	5	(14,922)	(24,282)
Total operating income		**(105,226)**	**(193,557)**
Staff costs	3	218,153	403,694
Purchase of goods and services	4	1,276,858	1,493,000
Other operating expenditure	4	1,609,850	3,107,938
Depreciation and impairment charges	4	49,523	245,754
Provision increase	4	116	1,864
Total operating expenditure		**3,154,500**	**5,252,250**
Net operating expenditure		**3,049,274**	**5,058,693**
Finance income	5	(136)	(272)
Net expenditure for the year		**3,049,138**	**5,058,421**
Loss on transfer by absorption	6	1,602,414	442
Donated COVID vaccine	12	(1,152,706)	(593,966)
Net expenditure for the year (after absorption loss)		**3,498,846**	**4,464,897**
Other comprehensive net expenditure			
Items which will not be reclassified to net operating cost:			
Net loss/(gain) on revaluation of investments	14	183,450	(38,434)
Net (gain) on revaluation of property, plant and equipment	7	(456)	(25,762)
Comprehensive net expenditure for the year		**3,681,840**	**4,400,701**

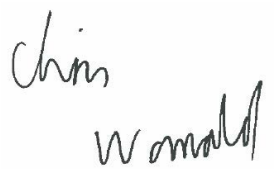
All income and expenditure arises from continuing activities. The notes on pages 106 to 132 to form part of these accounts.

Statement of financial position

For the period ended 30 September 2021

	Note	30 September 2021 £000	31 March 2021 £000
Non-current assets:			
Property, plant and equipment	7	-	741,951
Intangible assets	8	-	21,926
Investment property	9	-	15,491
Financial assets	14	-	258,639
Other non-current assets	13	-	19
Total non-current assets		**-**	**1,038,026**
Current assets:			
Trade and other receivables	13	-	75,453
Inventories	12	-	472,950
Cash and cash equivalents	15	-	63,633
Total current assets		**-**	**612,036**
Total assets		**-**	**1,650,062**
Current liabilities			
Trade payables and other current liabilities	16	-	(215,210)
Provisions	17	-	(16,345)
Total current liabilities		**-**	**(231,555)**
Non-current assets plus net current assets		**-**	**1,418,507**
Non-current liabilities			
Provisions	17	-	(1,657)
Total non-current liabilities		**-**	**(1,657)**
Assets less liabilities		**-**	**1,416,850**
Taxpayer's equity			
General fund		-	1,168,458
Fair value reserve		-	165,169
Revaluation reserve		-	83,223
Total taxpayer's equity		**-**	**1,416,850**

The notes on pages 106 to 132 form part of these accounts. The financial statements on pages 102 to 103 were signed by:



Sir Chris Wormald
Principal Accounting Officer
3 March 2023

Statement of cash flows

For the period ended 30 September 2021

	Note	6 months ending 30 September 2021	2020/21
		£000	£000
Cash flows from operating activities			
Net operating expenditure		(3,049,274)	(5,058,693)
Adjustments for non-cash transactions			
Auditor remuneration	4	293	270
Loss on disposal of property, plant and equipment and intangible assets	4, 7, 8	99	88
Stockpiled goods transferred to inventory and reclassified[1]	7, 12	125	41,233
Reclassification of stockpiled goods[1]	7	(249)	265
Gain on disposal of stockpiled goods	7	(1,335)	(26,984)
Amortisation and depreciation	4	49,634	231,056
Provision for impairments	4	(111)	8
Gain/(loss) on disposal of inventories	12	2	1
Impairments	4, 11	-	14,690
Transfers relating to modified and absorption accounting		(695,923)	-
(Increase)/decrease in trade and other receivables	13	75,472	16,055
(Increase)/decrease in inventories	12	472,950	(221,447)
Donated COVID vaccine	12	1,152,706	593,966
Increase/(decrease) in trade payables	16	(215,210)	79,797
Provisions utilised in the year	17	(17)	(401)
Increase/(decrease) in provisions	17	(18,002)	1,864
Net cash outflow from operating activities		**(2,228,840)**	**(4,328,232)**
Cash flows from investing actiivites			
Purchase of property, plant and equipment	7	(93,312)	(198,989)
Purchase of intangible assets	8	(4,334)	(7,417)
Finance income	5	136	272
(Increase) in investment in Porton Biopharma Ltd	14	(2,000)	(10,205)
Decrease in amounts falling due after one year	13	19	-
Net cash outflow from investing activities		**(99,491)**	**(216,339)**
Cash flows from financing activities			
Net parliamentary funding		2,264,698	4,568,043
Net cash inflow from financing activities		**2,264,698**	**4,568,043**
Net decrease in cash and cash equivalents in the period		**(63,633)**	**23,472**
Cash and cash equivalents at the beginning of the period	15	63,633	40,161
Cash and cash equivalents at the end of the period	15	-	63,633

1 In the six months to 30 September 2021 an additional category of expenditure has been separately disclosed above. This is for Reclassification of stockpiled goods. This ensures there is greater visibility of this key area of expenditure. In the prior year account this expenditure type was included within the Stockpiled goods transferred to inventory expenditure category. The prior year comparatives have been recategorized in this account to ensure year on year comparability.

The notes on pages 106 to 132 form part of these accounts.

Statement of changes in taxpayers' equity

For the period ended 30 September 2021

	Note	General Fund	Fair value reserve	Revaluation reserve	Total
		£000	£000	£000	£000
Balance at 1 April 2021		1,168,458	165,169	83,223	1,416,850
Transfers to Porton Biopharma Ltd		-	-	-	-
Net parliamentary funding		2,264,698	-	-	2,264,698
Net gain on revaluation of investments	14	(18,281)	(165,169)	-	(183,450)
Non cash charges: auditor remuneration & pension costs	4	274	-	-	274
Impairment of revaluation reserve	11	-	-	-	-
Net (gain) on revaluation of property, plant and equipment	7	-	-	456	456
Release of revaluation reserves in respect of de-recognised assets		-	-	-	-
Loss on disposal of inventory	12	-	-	2	2
Transfers under absorption accounting		83,684	-	(83,684)	-
Transfers between reserves		13	-	3-	16
Total net operating costs for the year		(3,498,846)	-	-	(3,498,846)
Balance at 30 September 2021		**-**	**-**	**-**	**-**

	Note	General fund	Fair value reserve	Revaluation reserve	Total
		£000	£000	£000	£000
Balance at 1 April 2020		1,060,470	126,735	62,032	1,249,237
Transfers to Porton Biopharma Ltd		-	-	-	-
Net parliamentary funding		4,568,043	-	-	4,568,043
Net parliamentary funding – legacy items paid by Department of Health		-	-	-	-
Net gain on revaluation of investments		-	38,434	-	38,434
Non cash charges: auditor remuneration		270	-	-	270
Impairment of revaluation reserve	10	-	-	-	-
Net gain on revaluation of investments	13	-	-	-	-
Net (gain) on revaluations of property, plant and equipment	6	-	-	25,762	25,762
Release of revaluation reserves in respect of de-recognised assets		-	-	-	-
Loss on disposal of inventory		-	-	1	1
Transfers between reserves		4,572	-	(4,572)	-
Total net operating costs for the year		(4,464,897)	-	-	(4,464,897)
Balance at 31 March 2021		**1, 168,458**	**165,169**	**83,223**	**1,416,850**

The notes on pages 106 to 132 form part of these accounts.

Notes to the financial statements

1 Statement of accounting policies

1.1 Statement of accounting policies

HM Treasury has directed Public Health England (PHE), in accordance with Section 7 (1) and 2 (2) of the Government Resources and Accounts Act 2000 to prepare financial statements in accordance with the Government Financial Reporting Manual issued by HM Treasury (FReM).

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of PHE for the purpose of giving a true and fair view has been selected. The policies adopted by PHE are described below. They have been applied consistently in dealing with items considered material to the accounts.

1.2 Operating segments

In accordance with IFRS 8, PHE's activities are considered to fall within three distinct segments: the payment of ring-fenced public health grants to local authorities, expenditure on vaccines and emergency countermeasures and expenditure relating to operational activity. These operating segments reflect the information provided to the Chief Executive, PHE's Management Committee and Advisory Board. Details of income and expenditure of each of the segments are shown in note 2 and are disclosed in more detail within the relevant notes to the accounts.

1.3 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation to fair value of property, plant and equipment, investment property, certain financial assets/liabilities and assets held for sale.

1.4 Going concern

By virtue of the Health and Social Care Act 2012, PHE existed as an executive agency established within the Department of Health and Social Care (DHSC), up until 30th September 2021 when it ceased to exist. In August 2020, the Secretary of State for Health and Social Care announced the establishment of a new organisation now called UK Health Security Agency (UKHSA). UKHSA has brought together health protection work in the UK, combining the health protection elements of PHE with the NHS Test and Trace service and the Joint Biosecurity Centre's intelligence and analytical capability. UKHSA was established on 1 April 2021 with relevant health protection functions from PHE transferred on 1 October 2021. Non health-protection functions from PHE transferred to other government bodies. The FReM provides that for non-trading entities, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. As all of the functions are continuing, and have been included in the Main Estimates for 2021/22, the accounts have been produced on a going concern basis.

1.5 Grants payable

Grants made by PHE (including public health grants made to local authorities) are recognised as expenditure in the period when the recipient is entitled to the grant and the amount can be reliably estimated; the payments match consumption which reflects the expected needs of the recipient and therefore entitlement of the grant. This is in accordance with IAS 20 and the FReM. Public health grants are ring-fenced grants to local authorities (upper tier and unitary local authorities) in England, intended to enable relevant local authorities to discharge their public health responsibilities.

1.6 Audit costs

PHE is audited by the Comptroller and Auditor General. No cash charge is made for this service but a notional charge reflecting the cost of audit is included in expenditure. This notional charge covers the audit costs in respect of PHE's annual report and accounts. No other audit or non-audit services were provided.

1.7 Value added tax (VAT)

PHE is registered for VAT. VAT is charged on invoices for business contracts relating to products, services and research activities. PHE recovers part of its input VAT proportionate to its business activities in relation to total income. Expenditure is shown net of recoverable VAT. Non-recoverable VAT is charged to the relevant expenditure or capitalised if it relates to a non-current asset.

1.8 Employee benefits

Recognition of short-term benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees. Where material, non-consolidated performance pay and annual leave earned but not taken by the year end are recognised on an accruals basis in the financial statements.

Retirement benefits

Employees of PHE are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the NHS pension. These schemes are unfunded, defined benefit schemes. The schemes are not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they were defined contribution schemes: the cost to PHE of participating in a scheme is taken as equal to the contributions payable to the scheme for the accounting period. For defined contribution schemes, PHE recognises the contributions payable for the year. More information on these schemes is detailed in the Remuneration and Staff Report.

1.9 Income

Net parliamentary funding received from DHSC is treated as a contribution from a controlling party rather than as operating income and is, therefore, credited directly to the general reserve as it is received.

In accordance with IFRS 15, PHE recognises revenue from contracts with customers when they satisfy the applicable performance obligation, thereby matching revenue to performance

obligations under the 5-step income recognition policy determined by the standard. Income streams are shown in note 5 with the principles of IFRS 15 adopted as follows:

- **Laboratory and other services**
  This income predominantly relates to the provision of laboratory tests which have a set price. The performance obligation is the delivery of the test result. Revenue is recognised once the tests are complete.
- **Products and royalties**
  This income predominantly relates to contracts for royalties, based on a percentage of sales made by third parties or on the use of specific intellectual property. This is recognised as the underlying sales are made by the third party or on receipt.
- **Education and training**
  The performance obligation is, and revenue is recognised on, the delivery of training at an agreed price.
- **Vaccines income**
  This predominantly relates to the income earned from the UK's Devolved Administrations (DAs) for access to stockpiled goods held by PHE. The performance obligation is the availability of vaccines on demand with the revenue recognised over the life of the contract at a contracted price.
- **Research and related contracts and grants**
  The performance obligation is the provision of the research and revenue is recognised over the life of the contract at the contracted price.
- **Grants from the United Kingdom government, Grants from the European Union**
  These are outside the scope of IFRS 15 and are accounted for under IAS 20, as adapted for the public sector as detailed in the Government Financial Reporting Manual.
- **Other operating income**
  This covers a variety of non-standard income streams including contributions from the NHS for marketing campaigns at an agreed price (for which the performance obligation is the provision of the campaign with revenue recognised as the campaign is launched), and the contractual service charge for Porton Biopharma Ltd (for which the performance obligation is the provision of corporate services; revenue is recognised over the life of the contract).

Rental from investment property, interest receivable and income from dividends are outside the scope of IFRS 15 and accounted for in accordance with IFRS 9.

1.10 Non-current assets: property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential will be supplied to, PHE
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably; and either
- the item cost at least £5,000 or

- collectively, a number of items have a total cost of at least £5,000 where the items are purchased together and will be used for the same common operational purpose and not distributed to various operational or geographical activities and each item is assessed as having a similar useful life so that they are all likely to have simultaneous disposal dates and are under single managerial control

Where an asset includes several components with significantly different asset lives, the components are treated as separate assets and depreciated over their individual useful economic lives.

Valuation of property, plant and equipment

All property, plant and equipment is measured initially at cost representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition

necessary for it to be capable of operating in the manner intended by management. It is classified under assets under construction, until the point at which the asset is capable of being brought into use. All assets are measured subsequently at fair value.

The fair value of freehold land and buildings is determined by an independent valuation carried out every five years in accordance with guidance issued by the Royal Institute of Chartered Surveyors with an interim desktop valuation performed in year 3. Valuation is on an open market (existing use) basis except for buildings of a specialised nature, where a market value is not readily obtainable, which are valued on a depreciated replacement cost in existing use basis. A valuation was last undertaken on 31 March 2021 by RICS Registered Valuers from the Valuation Office Agency.

Other property, plant and equipment are valued at depreciated replacement cost in existing use, which is used as a proxy for fair value. The depreciated replacement cost in existing use is calculated by applying, annually, the producer price indices published by the Office for National Statistics (ONS). Management consider that these are the most appropriate indices for this purpose.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is only recognised as an impairment charged to the revaluation reserve when it does not result from a loss in the economic value or service potential and only to the extent that there is a balance on the reserve for the asset. Any excess over that reserve balance is charged to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Gains and losses recognised in the revaluation reserve are reported in the statement of changes in taxpayers' equity.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to expenditure.

Assets under construction

Assets in the course of construction are carried at cost, less any impairment loss. Cost includes professional fees. They are reclassified when they are capable of being brought into use, and their cost is depreciated and revalued in the same way as other assets within their new classification.

Stockpiled goods

Stockpiled goods are depreciated on a straight line basis over their useful life.

1.11 Non-current assets – Investment Property

Investment property assets are valued on the same basis as property, plant and equipment assets, i.e. they are initially measured at cost and subsequently at depreciated replacement cost in existing use being used as a proxy for fair value. Movements in fair value are recognised as a profit or loss in the Statement of Comprehensive Net Expenditure.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by commencement of owner-occupation, for a transfer from investment property to owner-occupied property. The investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

1.12 Transfer of function

As public sector bodies are deemed to operate under common control, business reconfigurations within the Group are outside the scope of IFRS 3 Business Combinations. When functions transfer between two public sector bodies (except for Department to Department transfers) the FReM requires the application of 'absorption accounting'.

Absorption accounting requires that entities account for their transactions in the period in which those transactions took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Consolidated Statement of Comprehensive Net Expenditure, and is disclosed separately from operating costs.

1.13 Depreciation, amortisation and impairments

Freehold land, assets under construction or development, investment property and assets held for sale are not depreciated / amortised.

Otherwise, depreciation or amortisation, as appropriate, is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, on a straight-line basis over their estimated remaining useful lives.

The estimated useful life of an asset is determined on an individual asset basis by the period over which PHE expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year-end, with the effect of any changes recognised on a prospective basis.

Expected useful lives are as follows:

Asset category	Expected useful life
Freehold buildings	Up to 80 years
Freehold land	Not depreciated
Leasehold land	Over the lease term
Fixtures and fittings	Up to 20 years
Plant and equipment	5 to 20 years
Vehicles	7 years
Information technology equipment	3 to 5 years
Software licences	The life of the licence or 3 years
Website	Up to 3 years
Assets under construction	Not depreciated
Stockpiled goods	Based on the expiry date of the product, or later if there is sufficient evidence of the product still being effective at this date.

At each financial year-end, PHE determined whether there is any indication that its property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is an indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset being impaired and, thereafter, to expenditure.

1.14 Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Lease premiums paid for leasehold property are shown as financial assets (leasehold premium prepayments) in the statement of financial position. The prepayments are released annually to operating expenditure over the life of the relevant leases on a straight-line basis.

PHE does not enter into finance leases.

1.15 Inventories

Consumable inventories are valued at the lower of cost and net realisable value on a first in, first out basis. None of PHE inventory is impaired to cost.

COVID-19 vaccines are donated from the Department for Business, Energy & Industrial Strategy (BEIS) and are held at the agreed ‘transfer cost’ as recognised by BEIS and PHE; this includes VAT and any other costs in bringing the inventory to its current state. The stocks are issued on a first expired, first out (FEFO) basis.
Inventory acquisitions are offset by a SoCNE non-cash gain on donation.

The consumption of COVID-19 vaccines is recognised at the best estimate of when the vaccines are used on the basis that there is an agency relationship between PHE and vaccination centres. As such PHE continues to recognise the vaccines until they are used.

Supportive Medicines, Pandemic Influenza Preparedness Programme (PIPP) stocks bought for use and treatment medicines are held at the lower of cost and net realisable value. The stocks are issued on a FEFO basis.

1.16 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. PHE does not hold cash equivalents.

Cash and bank balances are recorded at current values. Interest earned on bank accounts and interest charged on overdrafts are recorded as, respectively, 'interest receivable' and 'interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.17 Financial Instruments

Within its accounts, PHE recognises an equity investment held by The Secretary of State for Health and Social Care in Porton Biopharma Ltd (PBL). HM Treasury have not designated Porton Biopharma for consolidation as The Office for National Statistics has classified Porton Biopharma Ltd as a Public Non Financial Corporation; a classification which places them outside central government, and therefore outside the consolidation boundary. As a result, PHE is required to account for its 100% interest in PBL as an investment under IFRS 9 rather than consolidating it as a subsidiary. An independent professional valuation of PHE's investment on PBL was completed on 30 September 2021. More information on the valuation is available in note 14 of these financial statements.

PHE had made the irrevocable election to measure its investments and loans receivable at fair value through other comprehensive income. This means that changes in fair value will not pass through income and expenditure, to the extent that there are sufficient revaluation reserves available. The election was made as PHE does not hold its equity investment in PBL for the purpose of selling it in the near term and, as such, changes in fair value are not taken into account when measuring PHE's operational performance.

1.18 Accounting standards that have been issued but have not yet been adopted

HM Treasury does not require the following Standards and Interpretations to be applied in 2021/22.

IFRS 16 Leases

IFRS 16 becomes effective for accounting periods commencing on or after 1 January 2019. HM Treasury has deferred the adoption of this standard for the public sector until 1 April 2022. The new standard supersedes IAS 17. A single model for lessees will be required, changing the accounting for operating leases. Related lease assets and liabilities will, therefore, be presented in the Statement of Financial Position and the presentation and timing of income and expense recognition in the Statement of Comprehensive Net Expenditure will change.

PHE is assessing the extent to which arrangements, other than those currently identified as containing a lease per the necessary judgements made under IAS 17 and IFRIC 4, may be identified as a right of use asset under the revised recognition criteria developed under IFRS 16.

The new Standard will be applied retrospectively, with the cumulative effect of adopting IFRS 16 being recognised at the date of initial application as an adjustment to the opening balance of the general fund. Prior periods will not be restated. PHE will be accounting for short-term leases and leases of low-value assets using the practical expedients offered in the Standard. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in income and expenditure on a straight-line basis over the lease term.

PHE's operating lease commitments are shown in note 18. IFRS 16 requires these to be recognised in the Statement of Financial Position as right of use assets with associated lease liabilities. Lessor accounting in respect of PHE's investment property remains largely unchanged under the new standard.

Included within these accounts are assets held under an operating lease that are required to be recognised as Property, Plant and Equipment of PHE as at 1 April 2022. These assets have a cost value of £28,073,995 and, if capitalised upon inception, have depreciation charges of £1,488,725 resulting in a net book value as at 30 September 2021 of £26,585,270. Liabilities of the outstanding lease values of £26,394,315 will also be recognised on the Statement of Financial Position,

The following standard has no impact on PHE:

IFRS 17 Insurance Contracts Application

1.19 Significant accounting policies and material judgements

Estimates and the underlying assumptions are reviewed on a regular basis by PHE's senior management. Provisions and accruals have been included considering all relevant facts as they are known.

Valuation of Porton Biopharma Limited

A discounted cashflow analysis, using forecasted cashflows provided by PBL, with a discount rate of 10% was calculated. To obtain this, the risks of the business were considered, considering their likelihood and future impact on the discount rate, and a valuation range was provided. The mid-point was taken as the market value for these accounts. This is further referred to in note 14.

A discounted cash flow approach was judged appropriate, as management consider that the fair value of its investment in PBL is determined by the cash flows arising from its revenue streams.

Valuation of land and buildings

The fair value of freehold land and buildings is determined by an independent valuation carried out every five years in accordance with guidance issued by the Royal Institute of Chartered Surveyors with an interim desktop valuation performed in year 3. Valuation is on an

open market (existing use) basis except for buildings of a specialised nature, where a market value is not readily obtainable, which are valued on a depreciated replacement cost in existing use basis. A valuation was last undertaken on 31 March 2021 by RICS Registered Valuers from the Valuation Office Agency.

2 Statement of operating cost by operating segment

PHE's income / expenditure is derived / incurred from three distinct sources, which are primarily and substantially related to its remit related to the improvement of public health and reduction of preventable deaths. These are:

The payment of ring-fenced public health grants to local authorities.
The oversight of expenditure on vaccines and emergency countermeasures (vaccines)
Operational activities as funded through parliamentary supply.

PHE reports to its Management Committee against these three distinct reporting segments as defined within the scope of IFRS 8 (segmental reporting) under paragraph 12 (aggregation criteria). PHE management consider that all operational activities as per point (3) above are inter-related and contiguous and fall within the objectives of improving public health and reducing preventable deaths.

	Operational activities	Public health grants	Vaccine and Counter-measure response	6 Months Ending 30 September 2021	Operational activities	Public health grants	Vaccine and Counter-measure response	2020/21 Total
	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	471,285	1,554,219	1,128,996	**3,154,500**	809,571	3,065,658	1,377,021	5,252,250
Income	(76,209)	-	(29,153)	**(105,362)**	(123,572)	-	(70,257)	(193,829)
Net expenditure for the period	**395,076**	**1,554,219**	**1,099,843**	**3,049,138**	**685,999**	**3,065,658**	**1,306,764**	**5,058,421**
Loss on transfer by absorption	1,602,414	-	-	**1,602,414**	442	-	-	442
Donated COVID Vaccine	-	-	(1,152,706)	**(1,152,706)**	-	-	(593,966)	(593,966)
Total net expenditure per statement of comprehensive net expenditure	**1,997,490**	**1,554,219**	**(52,863)**	**3,498,846**	**686,441**	**3,065,658**	**712,798**	**4,464,897**

Description of segments

Operational activities

Operational activities were undertaken by PHE and are funded through parliamentary supply. This covers all other segments.

Public health grants

Public health grants are ring-fenced grants to local authorities (upper tier and unitary local authorities, and metropolitan and London boroughs) in England, intended to enable relevant local authorities to discharge their public health responsibilities.

Vaccine and Countermeasure response

The vaccine programme represents the costs of maintaining stockpiled goods held for use in national emergencies.

3 Staff costs

	Permanently employed staff	Other staff	6 Months Ending 30 September 2021	Permanently employed staff	Other staff	2020/21 Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	155,869	13,793	169,662	290,660	28,242	318,902
Social security costs	16,942	-	16,942	30,080	-	30,080
Apprenticeship levy	784	-	784	1,373	-	1,373
Other pension costs	35,143	-	35,143	60,480	-	60,480
Subtotal	**208,738**	**13,793**	**222,531**	**382,593**	**28,242**	**410,835**
Redundancy and other department costs	266	-	266	563	-	563
Less recoveries in respect of outward secondments	(1,439)	-	(1,439)	(2,768)	-	(2,768)
Less recoveries in respect of staff engaged on capital projects	(3,205)	-	(3,205)	(4,936)	-	(4,936)
Total net costs	**204,360**	**13,793**	**218,153**	**375,452**	**28,242**	**403,694**

Please also see page 89 of the Remuneration and staff report.

4 Other expenditure

	6 Months Ending 30 September 2021	2020/21
	£000	£000
Purchase of goods and services		
Accommodation	10,290	30,485
Education, training and conferences	1,434	2,108
Supply of COVID-19 vaccines to non-group bodies[1]	695,994	421,697
COVID disposals[1]	10,708	549
COVID vaccines written off[1]	-	33
Hospitality	3	6
Insurance	51	104
Inventories written down	10,492	45,725
Inventories consumed[1]	367,257	588,136
Laboratory consumables and services	52,787	130,213
Legal fees	524	721
Rentals under operating leases	3,703	3,423
Research & Development	-	1,997
Supplies and services[1]	122,818	266,046
Travel and subsistence	504	1,487
Non-cash items:		
Auditor remuneration	293	270
Total purchase of goods and services	**1,276,858**	**1,493,000**
Other operating expenditure		
Bank charges	28	63
European Union grant expenditure	-	727
Foreign exchange (gains) / losses	7	848
Public Health grants	1,554,219	3,076,887
Voluntary sector grants	54,647	26,713
Capital grants	850	2,612
(Profit) / loss on de-recognition of property, plant and equipment and intangible assets	99	88
Total other operating expenditure	**1,609,850**	**3,107,938**
Depreciation and impairment charges		
Non-cash items:		
(Release) / charge in impairments	(111)	8
Depreciation	48,534	228,360
Amortisation	1,100	2,696
Impairment	-	14,690
Total depreciation and impairment charges	**49,523**	**245,754**
Provision expense		
Provision provided for / (released) in year	116	1,864
Total provision expenses	**116**	**1,864**
Total	**2,936,347**	**4,848,556**

1 In the six months to 30 September 2021 three additional categories of expenditure have been separately disclosed in the note above. These are Supply of Covid-19 vaccines to non-group bodies, Covid disposals and Covid vaccines written off. This ensures there is greater visibility of these key areas of expenditure. In the prior year account these expenditure types were included within the Supplies and services and Inventories consumed expenditure categories. The prior year comparatives have been recategorized in this account to ensure year on year comparability.

During the year, PHE purchased no non-audit services from its auditor, the National Audit Office (NAO).

Significant expenditure items include:

Public health grants

Public health grants are ring-fenced grants to local authorities (upper tier and unitary local authorities) in England, intended to enable relevant local authorities to discharge their new public health responsibilities. If there are any funds left over at the end of the financial year, local authorities can carry these over into the next financial year as part of a public health reserve. All the conditions that apply to the use of the grant will continue to apply to any funds carried over.

Supplies and services

Supplies and services include all expenditure on several items including recruitment, office consumables, professional fees, subcontracted and outsourced services, social marketing, information technology and software.

Inventories consumed

Inventories consumed comprise usage of vaccines and countermeasures.

Auditor remuneration

The audit fees reflect the notional cost of the National Audit Office's fees for undertaking the audit of the statutory accounts.

5 Income

	Administration	Programme	6 months ending 30 September 2021	Administration	Programme	2020/21 Total
	£000	£000	£000	£000	£000	£000
Sale of goods and services						
Laboratory and other services	41	40,916	40,957	247	65,544	65,791
Products and royalties	383	20,778	21,161	217	38,498	38,715
Education and training	81	1,015	1,096	168	1,080	1,248
Vaccines income	-	27,090	27,090	-	63,521	63,521
Total sale of goods and services	**505**	**89,799**	**90,304**	**632**	**168,643**	**169,275**
Other operating income						
Research and related contracts and grants	129	8,000	8,129	164	10,629	10,793
Grants from the United Kingdom government	-	1,421	1,421	-	2,844	2,844
Grants from the European Union	-	499	499	-	1,161	1,161
Rental from investment property	-	212	212	-	5,648	5,648
Other operating income	178	4,483	4,661	625	3,211	3,836
Total other operating income	**307**	**14,615**	**14,922**	**789**	**23,493**	**24,282**
Finance income						
Interest receivable	-	136	136	-	272	272
Income from dividends	-	-	-	-	-	-
Total finance income	**-**	**136**	**136**	**-**	**272**	**272**
Income total	**812**	**104,550**	**105,362**	**1,421**	**192,408**	**193,829**

6 Absorption Transfer

Assets and (liabilities) were transferred to UK Health Security Agency (UKHSA), Department of Health and Social Care (DHSC), NHS Digital (NHSD) and NHS England and Improvements (NHSEI) in the period as follows:

		UKHSA	DHSC	NHSD	NHSEI	Total
Non-current assets	7	782,770	4,217	1,543	101	**788,631**
Intangible assets	8	24,158	-	-	930	**25,088**
Investment property	9	15,491	-	-	-	**15,491**
Investments	14	77,189	-	-	-	**77,189**
Trade and other receivables	13	100,600	575	727	226	**102,128**
Trade and other payables	16	(199,529)	(15,532)	(7,868)	(147)	**(223,076)**
Inventory	12	776,147	-	-	-	**776,147**
Provisions	17	(17,484)	(617)	-	-	**(18,101)**
Cash	15	37,155	21,762	-	-	**58,917**
Total		**1,596,497**	**10,405**	**(5,598)**	**1,110**	**1,602,414**

7 Property, plant and equipment

	Land	Buildings (excluding dwellings)	Fixtures and fittings	Plant and equipment	Vehicle	Information technology	Stockpiled Goods	Assets under construction (AUC)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost									
At 1 April 2021	48,850	155,381	2,562	74,441	102	36,628	387,907	236,582	**942,453**
Reclassification of assets	-	-	-	-	-	-	249	-	**249**
Transfer to inventory	-	-	-	-	-	-	(125)	-	**(125)**
Impairment	-	-	-	-	-	-	-	-	**-**
Additions	-	-	-	68	-	-	7,370	85,874	**93,312**
Transfer of AUC	-	-	-	800	-	-	-	(800)	**-**
Revaluations	-	-	57	1,630	1	-	-	-	**1,688**
Disposal	-	(672)	(204)	(335)	-	(450)	(11,366)	-	**(13,027)**
Transfer by absorption	(48,850)	(154,709)	(2,415)	(76,604)	(103)	(36,178)	(384,035)	(321,656)	**(1,024,550)**
At 30 September 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation									
At 1 April 2021	-	9,944	1,627	54,302	73	26,013	108,543	-	**200,502**
Charge for year	-	9,281	163	2,513	3	2,005	34,569	-	**48,534**
Gain on sales at depreciated cost	-	-	-	-	-	-	(1,335)	-	**(1,335)**
Revaluations	-	-	36	1,195	1	-	-	-	**1,232**
Disposal	-	(672)	(213)	(313)	-	(450)	(11,366)	-	**(13,014)**
Transfer by absorption	-	(18,553)	(1,613)	(57,697)	(77)	(27,568)	(130,411)	-	**(235,919)**
At 30 September 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Carrying value									
At 30 September 2021	-	-	-	-	-	-	-	-	**-**
At 31 March 2021	48,850	145,437	935	20,139	29	10,615	279,364	236,582	**741,951**

	Land	Buildings (excluding dwellings)	Fixtures and fittings	Plant and equipment	Vehicle	Information technology	Stockpiled Goods	Assets under construction (AUC)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost									
At 1 April 2020	48,625	158,690	3,668	86,657	105	48,261	508,921	154,630	1,009,557
Transfer by absorption	-	(151)	-	(1,124)	-	(5)	-	-	(1,280)
Reclassification of assets	-	(1,095)	-	-	-	-	(265)	-	(1,360)
Transfer to inventory	-	-	-	-	-	-	(41,233)	-	(41,233)
Impairment	-	(9,499)	(463)	(6,087)	-	-	-	-	(16,049)
Additions	-	-	-	141	-	-	77,364	121,484	198,989
Transfer of AUC	-	31,634	-	5,207	-	2,691	-	(39,532)	-
Elimination of accumulated depreciation	-	(50,934)	-	-	-	-	-	-	(50,934)
Revaluations	225	27,634	(131)	(7,765)	(3)	-	-	-	19,960
Disposal	-	(898)	(512)	(2,588)	-	(14,319)	(156,880)	-	(175,197)
At 31 March 2021	**48,850**	**155,381**	**2,562**	**74,441**	**102**	**36,628**	**387,907**	**236,582**	**942,453**
Depreciation									
At 1 April 2021	-	47,074	2,052	62,679	69	36,735	87,801	-	236,410
Reclassification	-	-	-	-	-	-	-	-	-
Impairment	-	-	(247)	(3,240)	-	-	-	-	(3,487)
Charge for year	-	14,749	437	4,965	6	3,597	204,606	-	228,360
Gain on sales at depreciated cost	-	-	-	-	-	-	(26,984)	-	(26,984)
Revaluations	-	,	(86)	(6,828)	(2)	-	-	-	(6,916)
Transfer by absorption	-	(87)	-	(746)	-	(5)	-	-	(838)
Elimination of accumulated depreciation	-	(50,934)	-	-	-	-	-	-	(50,934)
Disposal	-	(858)	(529)	(2,528)	-	(14,314)	(156,880)	-	(175,109)
At 31 March 2021	**-**	**9,944**	**1,627**	**54,302**	**73**	**26,013**	**108,543**	**-**	**200,502**
Carrying value									
At 31 March 2021	48,850	145,437	935	20,139	29	10,615	279,364	236,582	741,951
At 31 March 2020	48,625	111,616	1,616	23,978	36	11,526	421,120	154,630	773,147
Asset financing									
Owned	48,850	145,437	935	20,139	29	10,615	279,364	236,582	741,951

8 Intangible Assets

	Software and software licenses	Website	Assets under construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2021	30,952	2,602	19,507	53,061
Transfer to Porton Biopharma Ltd	-	-	-	-
Additions	-	-	4,335	4,335
Reclassification of assets	-	-	-	-
Transfer from AUC	394	-	(394)	-
Impairment	-	-	(1)	(1)
Disposal	(2,551)	(30)	-	(2,581)
Transfers under absorption accounting	(28,795)	(2,572)	(23,447)	(54,814)
At 30 September 2021	**-**	**-**	**-**	**-**
Amortisation				
At April 2021	28,852	2,283	-	31,135
Transfer to Porton Biopharma Ltd	-	-	-	-
In-year transfer (absorption gain)	-	-	-	-
Reclassification of assets	-	-	-	-
Charge for year	1,037	63	-	1,100
Disposal	(2,479)	(30)	-	(2,509)
Transfer by absorption accounting	(27,410)	(2,316)	-	(29,726)
At 30 September 2021	**-**	**-**	**-**	**-**
At 30 September 2021	-	-	-	-
At 31 March 2021	2,100	319	19,507	21,926

	Software and software licenses	Website	Assets under construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2020	32,147	4,209	14,677	51,033
Additions	-	-	7,417	7,417
Transfer by absorption	(10)	-	-	(10)
Reclassification of assets	-	-	-	-
Transfer from AUC	688	302	(990)	-
Impairment	-	-	(1,597)	(1,597)
Disposal	(1,873)	(1,909)	-	(3,782)
At 31 March 2021	**30,952**	**2,602**	**19,507**	**53,061**
Amortisation				
At April 2020	28,340	3,891	-	32,231
Transfer by absorption accounting	(10)	-	-	(10)
Reclassification of assets	-	-	-	-
Charge for year	2,395	301	-	2,696
Disposal	(1,873)	(1,909)	-	(3,782)
At 31 March 2021	**28,852**	**2,283**	**-**	**31,135**
Carrying value				
At 31 March 2021	2,100	319	19,507	21,926
At 31 March 2020	3,807	318	14,677	18,802
Asset financing				
Owned	2,100	319	19,507	21,926

9 Investment property

	6 months ending 30 September 2021	2020/21
	£000	£000
Buildings leased to Porton Biopharma Ltd		
Opening Balance	15,491	16,041
Transfer under absorption accounting	(15,491)	-
Reclassification of assets	-	1,095
Impairment	-	(531)
Revaluation	-	(1,114)
Closing Balance	**-**	**15,491**

PHE owned facilities that were used by PHE for the manufacture of biopharmaceutical products until March 2015. From April 2015, PHE's biopharmaceutical products function was transferred to Porton Biopharma Ltd (PBL). These facilities were, as at the Statement of Financial Position date, still owned by PHE and classified as investment properties in line with IAS 40 and are leased to PBL. On 1 October the facilities were transferred to UKHSA. Further information can be found in note 1.11.

10 Financial instruments

	30 September 2021	31 March 2021
	£000s	£000s
Financial assets		
Measured at fair value through other comprehensive income	70,400	251,850
Of which equity instruments designated as such upon initial recognition	70,400	251,850
Measured at amortised cost	155,818	141,756
	226,218	**393,606**
Financial liabilities	**185,939**	**212,842**
Measured at amortised cost	**185,939**	**212,842**

Due to the largely non-trading nature of its activities, and the way in which it is financed, PHE is not exposed to the degree of financial risk faced by most other business entities. PHE has no authority to borrow or to invest without the prior approval of the Department of Health and Social Care and HM Treasury. Financial instruments held by PHE comprise mainly assets and liabilities generated by day-to-day operational activities and its investment in Porton Biopharma Ltd (see note 14) and are not held to change the risks facing PHE in undertaking its activities.

Market risk

PHE recognises its investment in Porton Biopharma Ltd as a financial assets held at fair value through other comprehensive income. There is a risk that the fair value of Porton Biopharma Ltd will fluctuate because of changes in market process for its flagship product. The sensitivity analysis included in note 14 of the sensitivity of the fair value of PHE's investment to changes in revenue earned on the sales of this product.
As PHE has made the irrevocable election to measure its investment at fair value through other comprehensive income, these changes would only impact on PHE's reserves.

Foreign currency risk

PHE operates foreign currency bank accounts to handle transactions denominated in Euro (€) and US Dollar ($). This helps to manage potential exposure to exchange rate fluctuations. The fair value of cash is the same as the book value as at the statement of financial position date.

During the 6 month period to 30 September 2021 PHE received Euro income equivalent to £815,000 (20/21: £2,188,000) and US Dollar income equivalent to £2,453,000 (20/21: £5,907,000) upon which there was some currency risk.

The only other currency risk is that of a Euro currency bank balance valued at £1,228,000 (20/21: £311,000) and a US Dollar bank balance valued at £1,030,000 (20/21: £367,000).

11 Impairment

		Property, plant and equipment	Intangible Assets	Investment Property	Total
2021/22	**Charged to statement of comprehensive net expenditure £000**	-	-	-	-
	Charged to revaluation reserve £000	-	-	-	**-**
	Total	-	-	-	-
2020/21	**Charged to statement of comprehensive net expenditure £000**	12,562	1,597	531	**14,690**
	Charged to revaluation reserve £000	-	-	-	**-**
	Total	**12,562**	**1,597**	**531**	**14,690**

12 Inventories

	Pandemic and Pre-Pandemic Flu	Emergency Preparedness	Other Vaccines	COVID Vaccines	Consumables	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	6,371	-	398,655	59,335	8,589	472,950
Additions	-	-	232,226	1,152,706	2,588	1,387,520
Transferred to / (from) stockpiled goods	82	43	-	-	-	125
Consumed/ Disposed of	(558)	(43)	(166,298)	(905,489)	(1,571)	(1,073,959)
Written Down	-	-	216	(10,708)	-	(10,492)
Revaluation	-	-	-	-	2	2
Transfer under absorption accounting	(5,895)	-	(464,799)	(295,844)	(9,608)	(776,146)
Balance at 30 September 2021	**-**	**-**	**-**	**-**	**-**	**-**

	Pandemic and Pre-Pandemic Flu	Emergency Preparedness	Other Vaccines	COVID Vaccines	Consumables	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2020	-	-	244,876	-	6,627	251,503
Additions	17,657	-	593,045	593,966	9,424	1,214,092
Transferred from stockpiled goods	41,059	174	-	-	-	41,233
Consumed/ Disposed of	(52,345)	(174)	(393,574)	(534,598)	(7,463)	(988,154)
Written Down	-	-	(45,692)	(33)	-	(45,725)
Revaluation	-	-	-	-	1	1
Balance at 31 March 2021	**6,371**	**-**	**398,655**	**59,335**	**8,589**	**472,950**

13 Trade receivables and other assets

	30 September 2021 £000	2020/21 £000
Amounts falling due within one year		
Accrued income	1,723	281
Contract assets	(50,490)	36,480
Contract receivables	16,300	17,817
Other receivables	14,580	13,383
Prepayments	12,016	4,119
Taxation	7,000	3,373
Transfer under absorption accounting	(102,109)	-
	-	**75,453**
Amount falling due after more than one year		
Leasehold premium prepayment	19	19
Transfer under absorption prepayment	(19)	-
Total amounts falling due after more than one year	**-**	**19**

14 Investment in Porton Biopharma Ltd

Equity investment in Porton Biopharma Ltd measured at fair value through other comprehensive income	**6 months ending 30 September 2021 £000**	**2020/21 £000**
Opening balance as at 1 April	251,850	203,211
Purchase of shares	2,000	10,205
Transfer under absorption accounting	(70,400)	-
Revaluation gain/(loss)	(183,450)	38,434
Closing balance as at 30 September 2021/31 March 2021	**-**	**251,850**
Loan to Porton Biopharma Ltd measured at amortised cost		
Closing balance as at 31 March	**-**	**6,789**
Transfer under absorption accounting	**(6,789)**	**-**
Of which due within one year	-	-
Of which due after one year	6,789	6,789

On 1 April 2015, the Secretary of State for Health acquired a 100% shareholding in Porton Biopharma Limited. The initial investment was agreed as £20 million of equity shares and a £10.2 million debt, repayable over 5 years at an interest rate of 4% with capital repayments deferred for 2 years. Since 2015, the Secretary of State has invested a further £66.7 million in Porton Biopharma Ltd shares. A variation to the loan agreement has been agreed, dated 1 March 2021 with capital repayments deferred to commence on 31 March 2025. The loan was fully repaid by 31 March 2022.

PHE commissioned an external valuer to perform an independent professional valuation of its equity investment in Porton Biopharma Limited at the financial year end. The valuer adopted the income approach using a discounted cashflow analysis. This analysis used forecasts prepared by Porton Biopharma Ltd, adjusted for profit margins ranging from 27.5% to 32.5%. To form the value disclosed in the accounts, the cash flows were discounted using discount rates of 9.25 per cent to 10.75 per cent. This resulted in a value ranging from 76.6m to 124.2m as at September 2021.

The range of probable values in this valuation is material to these financial statements. This estimation uncertainty arose from the inherent uncertainty in estimating an appropriate discount rate to apply to the cashflow forecasts to produce an enterprise value. PHE adopted the mid-point of this valuation range (£101.9m) and decreased the fair value of its investment accordingly.

Throughout the period the Department of Health and Social Care acquired £30m of preference shares in Porton Biopharma Ltd. Therefore, to obtain the valuation for PHE's investment, the book value of these preference shares have been removed from the overall valuation provided.

Where the downward valuation has exceeded the value of the fair value reserve, the balance has been taken to the income and expenditure account.

PHE's equity investment in Porton Biopharma is categorised at Level 3 within the fair value hierarchy defined by IFRS 13. This is because the valuation is dependent on several unobservable inputs. The valuation is particularly sensitive to assumptions about future revenues that Porton Biopharma Ltd will earn on its core product, Erwinase, a treatment for childhood acute lymphoblastic leukaemia. The sensitivity analysis below indicates the impact of changes in these unobservable assumption on the value recognised in PHE's financial statements.

		Discount rate		
		10.75%	**10.00%**	**9.25%**
Long-term profit margin	27.5%	77.60	86.90	98.20
	30.0%	88.90	99.40	112.10
	32.5%	100.20	111.90	126.10

Margins are EBITDA, i.e. earnings before interest, tax, depreciation and amortisation

15 Cash and cash equivalents

	6 months ending 30 September 2021	2020/21
	£000	£000
Balance at 1 April	63,633	40,161
Net change in cash and cash equivalents	(4,716)	23,472
Transferred under absorption accounting	(58,917)	-
Closing balance as at 30 September 2021/31 March 2021	**-**	**63,633**
The following balances at 31 March were held at:		
Government Banking Service	58,915	63,631
Commercial banks and cash in hand	2	2
Transferred under absorption accounting	(58,917)	-
Closing balance as at 30 September 2021/31 March 2021	**-**	**63,633**

16 Trade payables and other current liabilities

	30 September 2021	2020/21
	£000	£000
Amounts falling due within one year		
Accruals	143,695	146,788
Deferred income	37,163	28,677
Contract liabilities	17,327	2,368
EU grant income held on behalf of third parties	-	
Other payables	1,320	4,900
Other taxation and social security	74	14,438
Trade payables	23,497	18,039
Transferred under absorption accounting	(223,076)	-
	-	**215,210**

17 Provisions

	Taxation £000	Future costs of early retirement £000	Property £000	High activity sealed radiation sources £000	Legal £000	Underpaid CEA £000	Contractual entitlement claims £000	Total £000
Balance at 1 April 2021	400	599	1,427	199	311	-	15,066	18,002
Provided in the year	-	-	7	-	-	519	-	526
Provisions not required written back	(383)	(27)	-	-	-	-	-	(410)
Provisions utilised in the year	(17)	-	-	-	-	-	-	(17)
Transferred under absorption accounting	-	(572)	(1,434)	(199)	(311)	(519)	(15,066)	(18,101)
Balance at 30 September 2021	-	-	-	-	-	-	-	-

18 Capital commitments

	2021/22 £000	2020/21 £000
Contracted capital commitments at 30 September not otherwise included in these accounts		
Property, plant and equipment	91,315	115,574
Intangible assets	3,643	3,581
Total	**94,958**	**119,155**

These commitments relate to contractual amounts payable on capital projects.

19 Commitments under leases

	Obligations under operating leases for the following periods comprise:	Not later than one year	Later than one year and not later than five years	Later than five years	Total
2021/22 £000	Buildings	4,306	7,862	1,628	13,796
	Other	117	27	-	144
	Total	4,423	7,889	1,628	13,940
2020/21 £000	Buildings	5,222	2,723	501	8,446
	Other	123	21	-	144
	Total	5,345	2,744	501	8,590

Building leases comprise accommodation leases within NHS bodies for PHE laboratories and office accommodation leased from the Department of Health, other government bodies and NHS trusts.

Other leases include leases with commercial suppliers for laboratory equipment leased for use in PHE laboratories, photocopiers for use in PHE offices and vehicles leased for use by PHE staff.

20 Related party transactions

PHE was an executive agency of the Department of Health and Social Care (DHSC), which was regarded as a related party. During the year, PHE has had various material transactions with DHSC itself and with other entities for which DHSC is regarded as the parent entity.

These include NHS bodies including NHS Resolution, the NHS Business Services Authority, NHS England, Clinical Commissioning Groups, Integrated Care Boards, Commissioning Support Units, NHS Trusts and NHS Foundation Trusts.

In addition, PHE has had transactions with other government departments and central government bodies. These include the Home Office, the Ministry of Defence, Food Standards Agency, Department for Environment, Food and Rural Affairs, Medical Research Council and all upper tier local authorities in England in respect of the ring-fenced public health grant.

During the period ended 30 September 2021, no Advisory Board member, member of senior management or other party related to them has undertaken any material transactions with PHE except for those shown in the table below and in the Remuneration Report tables on pages 79 to 84.

Related party	1. Name of the PHE Board Member or senior manager 2. PHE Appointment 3. Related Party Appointment	Year	Value of goods and services provided to related party £,000	Value of goods and services purchased from related party £,000	Amounts owed to related party £,000	Amounts due from related party £,000
Porton Biopharma Limited	1. Donald Sheppard 2. Finance and Commercial Director 3. Non Executive Board Member	6 months ending 30 September 2021	4,200	-	-	3,422
		2020/21	7,784	94	-	18,091
NHS Business Services Authority	1. Michael Brodie 2. Interim Chief Executive 3. Chief Executive	6 months ending 30 September 2021	-	2,549	1,077	-
		2020/21	-	2,676	2,419	-

1 NHS Business Services Authority collects contributions on behalf of the NHS Pension Scheme; these contributions are statutory and are excluded from this note.

2 The value of goods and services purchase from Porton Biopharma excludes the capital investment of £2,000,000 (note 14).

21 Events after the reporting period date

PHE was disbanded and subsequently abolished as at 1 October 2021 and all of the functions have been transferred out. This is additionally referred to in note 1.4.

The Accounting Officer authorised these financial statements for issue on the date they were certified by the Comptroller and Auditor General

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