



Public Health  
England

Protecting and improving the nation's health

# Annual Report and Accounts 2019/20



# Public Health England

## Annual Report and Accounts 2019/20

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**About Public Health England**

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

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# 1 Performance report



## Chair's report

Dame Julia Goodfellow

I am writing this report in September 2020 but have to keep reminding myself it is a report about activity from April 2019 to March 2020. However, it is impossible not to focus on the enormous activity that has occurred since January, through the spring and summer and is continuing to occur as we plan for the winter and for the new structure for public health in England. As I write, our thoughts are primarily on COVID-19 and working towards the continued easing of the lockdown measures including the opening of schools and supporting local authorities as they deal with hot spots.

COVID-19 is the biggest public health challenge this country has faced in living memory. PHE has provided significant expertise, experience, knowledge and innovation built up over many years to help combat this dreadful disease. As part of the response to the pandemic, PHE has worked with key international partners, designed and delivered the first UK COVID-19 diagnostic test rolling it out faster than any other novel UK test in recent history and ensured NHS designated testing laboratories were able to start testing early on. PHE has been central to the NHS test and trace programme that is helping us to handle the next stages of the pandemic as we come out of lockdown. The last year has been an incredibly challenging period for PHE and I extend my thanks to all staff for their amazing commitment, fully recognising that this heightened level of activity is likely to continue for some time to come.

PHE has also been providing guidance and advice to frontline health and care workers, other key workers and the public on all aspects of living and working with this pandemic, involving staff right across the organisation. None of this could have happened without partnership working, and PHE has always recognised the value of this. As well as the national and international relationships that PHE has helped foster as part of the COVID-19 response, many critical interactions take place regionally and locally on a day-to-day basis, particularly with local directors of public health and their staff. I was delighted to visit PHE's regional and centre offices in Birmingham and in Leeds in January to understand more about these relationships. I was there at the very beginning of the epidemic and saw the excellent work PHE does on testing and tracing contacts. We must not forget how important local knowledge and skills are in combating outbreaks of infectious disease.

On Tuesday 18 August 2020, the Secretary of State for Health and Social Care, Matt Hancock, announced the establishment of a new organisation called The National Institute for Health Protection (NIHP). NIHP will bring together health protection work combining the health protection elements of PHE with the NHS Test and Trace service and the Joint Biosecurity Centre (JBC)'s intelligence and analytical capability. NIHP will be established in Spring 2021. The PHE functions and directorates that will transfer to the new organisation are currently being considered, as well as new homes for the rest of the important work that PHE carries out, including its health improvement priorities. But the provision of public health in England whether





## Chief Executive's review

Duncan Selbie

I am immensely proud of everyone at Public Health England for their scientific expertise, professionalism and utter commitment to public service and their unremitting values of essential decency, respect and kindness in not only what we do but how we go about this.

PHE has each year since our inception in 2013 kept the country safe from old and new infectious diseases and other hazards such as chemicals and radiation and made a step difference in tackling the biggest takers of life including obesity, tobacco, poor mental health and air quality. We have sought always to be the most local of national organisations and to operate in close support and partnership with local government and the NHS, and have been proud of our work internationally on behalf of the UK.

We have also relentlessly explained through evidence and data that income remains the biggest determinant of health outcome and can only be addressed through concerted national and local action that creates more jobs in places without them that local people can get, the need for more and better housing and the importance of friends and families to good physical and mental health. Prevention is better than cure by a country mile and is an imperative investment for the economic success of the country. The alternative is exponential spending on the consequences of not doing so and a continuation of the yawning gap between the years lived in good health by the affluent and the poor.

In turn, PHE has earned the respect of partners across the UK and internationally, evidenced by MORI in recognising PHE as the second most trusted UK public body from all their surveys of the past decade, and through peer review by international public health agencies.

However, the world has not faced in living memory a pandemic as deadly or challenging as COVID-19 and no public body has done more to protect the health of the people than PHE in response to this or has more reason to be proud of its contribution.

Notwithstanding this, PHE was established for peace time health protection with neither the ministerial remit nor resources for preparing for and responding to a pandemic and in consequence, in August the Prime Minister and Secretary of State for Health and Social Care decided to establish a new organisation from Spring 2021, the National Institute for Health Protection to focus exclusively on global and domestic threats from communicable diseases and those from chemicals and radiation. This will bring together the exceptional health protection expertise of PHE with the people and budgets of NHS Test and Trace and effectively replaces Public Health England at that time.



The obvious priority now is to support this in every way possible to achieve a successful, seamless transition and to secure the best future for all those other responsibilities of PHE that are not about health protection.

My term as Chief Executive came to a close when the announcement was made and I am especially glad that Michael Brodie, Chief Executive of the NHS Business Services Authority and previously PHE Finance and Commercial Director, was appointed as interim Chief Executive responsible for overseeing the closure of PHE and the transition to the new arrangements. Michael epitomises the values and behaviours that are most needed at this time.

It has been the honour and privilege of my career to have founded and led PHE and I want to convey my heartfelt thanks to my very special colleagues for the remarkable contribution each has made to protecting and improving the public's health over our years together. No chief executive could have asked for more.

Duncan Selbie  
Chief Executive (to 18 August 2020)

# Our purpose

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

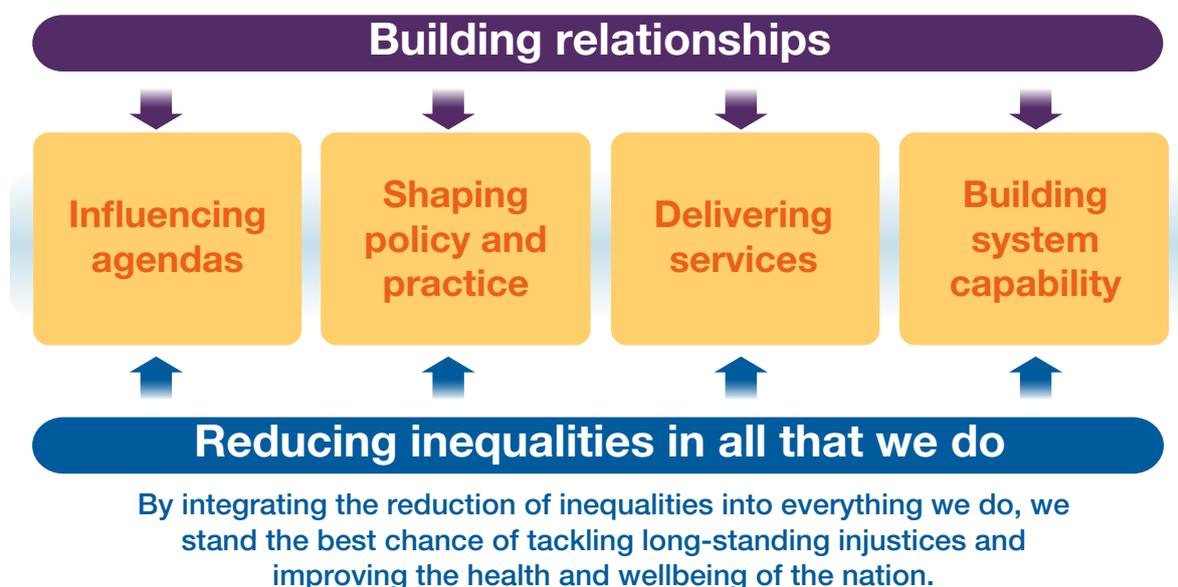
We are guided by a number of aims:

- **our first duty is to keep people safe.** Threats from environmental hazards and infectious disease remain great at home and from overseas. We work to prevent risks from materialising and reduce harm when they do. PHE has the capability to respond to emergencies and incidents round the clock, 365 days a year
- **we work to prevent poor health.** Our aim is 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 work 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 aims to reduce these unjust and avoidable inequalities in health outcomes
- **we support 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 work 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 perform 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.



### 1 Building relationships

We work 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 are able to protect and improve people's health and reduce inequalities on the scale that we want to see.

### 2 Influencing agendas

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

- 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 identify and promote effective evidence-based solutions to public health problems. Our advice informs real-world policy, practice and the delivery of essential services by our partners. This includes:

- 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 deliver 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 includes:

- 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 build capability, fostering research and innovation and supporting health and care professionals with the training, guidance and standards they need to deliver effective interventions to improve the public's health. This includes:

- 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 Department for International Development (DfID), 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

## 6 The National Institute for Health Protection

On Tuesday 18 August 2020, the Secretary of State for Health and Social Care, Matt Hancock, announced the establishment of a new organisation called The National Institute for Health Protection (NIHP), which will bring together health protection combining the health protection elements of PHE with the NHS Test and Trace service and the Joint Biosecurity Centre (JBC)'s intelligence and analytical capability. NIHP will be established in the Spring of 2021. As well as transferring the health protection work to the new organisation, new homes will be 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 will be managed, and the role and responsibilities of the new organisation can be found in the Governance statement.

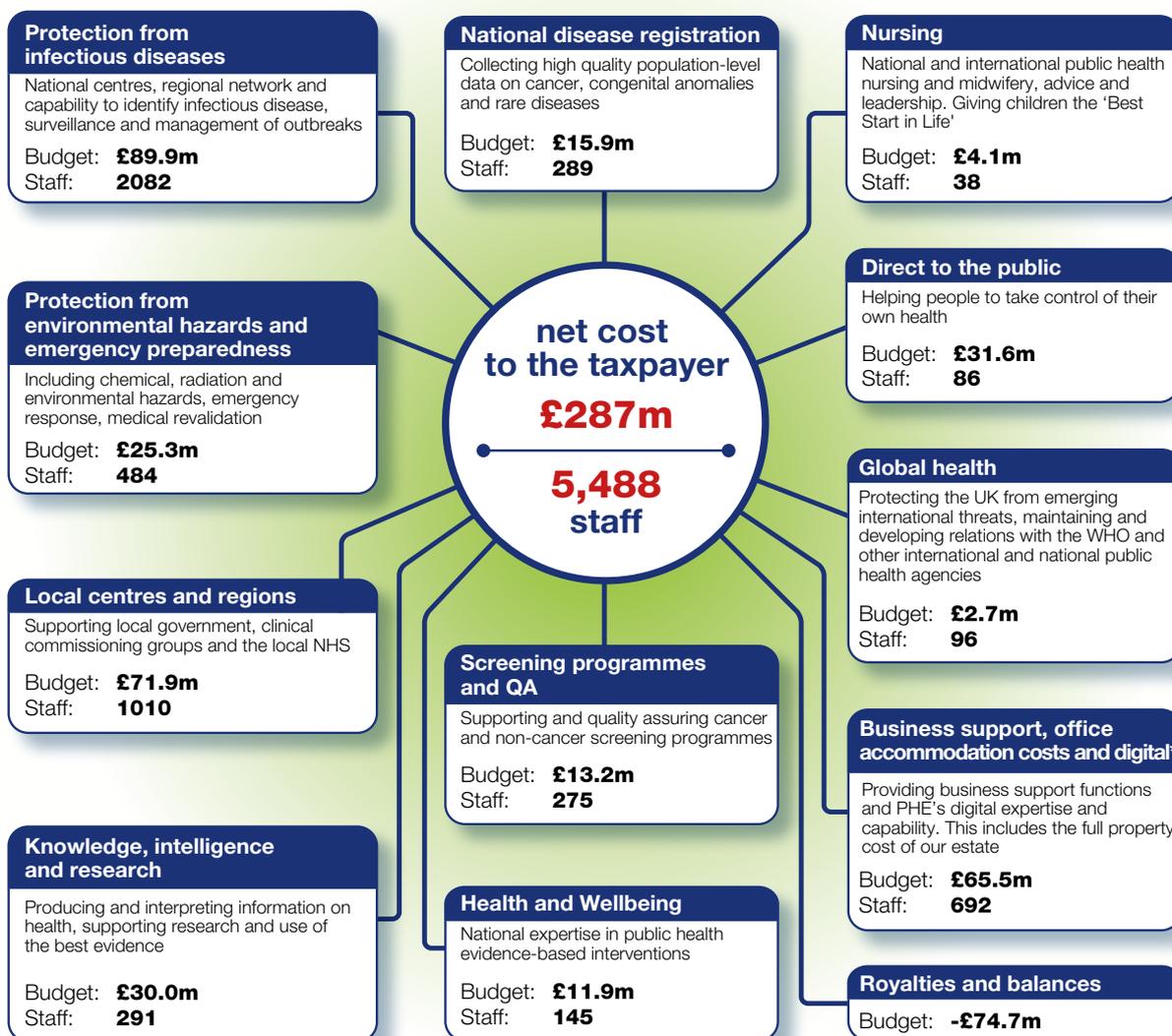
## Our priorities

PHE's 10 priorities for 2020/21 are as follows:

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

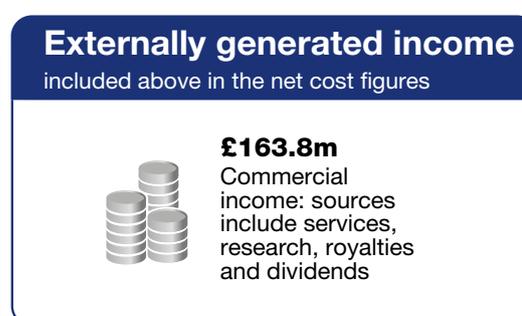
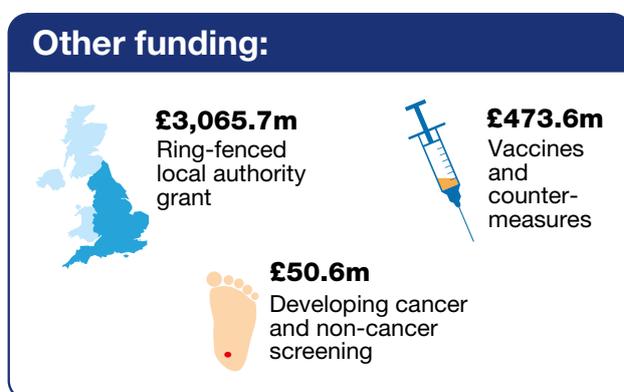
# People and budgets

## PHE Budget for 2020/21 (prior to Covid-19 impact)



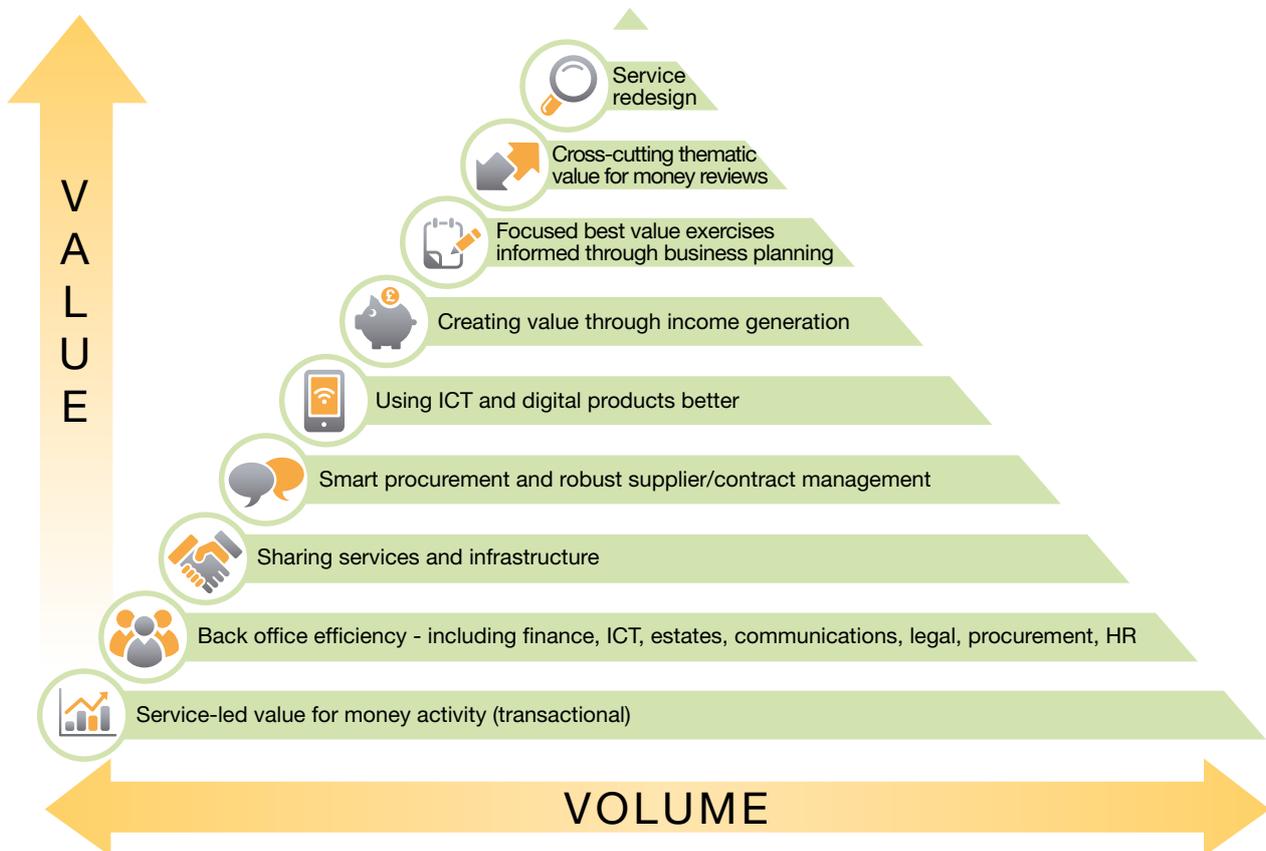
\* Financial and commercial, Communications, Corporate affairs, People, PHE Harlow, Strategy, Infrastructure (ICT, Digital and Estates)

Note: The DHSC Group financial plan for 2020/21 is not yet finalised



## Taxpayer value strategy and delivery

Our Taxpayer Value Strategy is as ambitious as it is comprehensive and we take a stratified approach to identifying opportunities to deliver more and better services for less:



Since its inception, PHE has been committed to delivering more and better services for less. This is evidenced by our track record of delivering savings – at the end of 2019/20 we delivered £175m p.a. recurrent savings. These savings have been underpinned by our Taxpayer Value Strategy (TVS) which was formally launched in 2017.

The key aims of The Taxpayer Value Strategy are to:

- meet savings requirements in an evidenced and sustainable way
- free up resource for investment into new priorities
- embed a Value for Money Culture across PHE

Reviews continue to take place in the following categories:

- **best value reviews** – looking at functional areas for both the strategic fit of the area being reviewed and the best model for delivery across PHE, as well as assessing the value for money that could be
- **corporate level cross cutting thematic review work** – looking at cross-cutting activities, functions and services such as estates, travel, accommodation hire, courier costs
- **director level activities** - For all our blocks of work we will be looking to concentrate on the macro level opportunities

## Our national and local presence

PHE has 9 teams in 4 regions around England to support implementation where people live and work. We are 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.

At the end of 2019/20 and into 2020/21, PHE undertook a review of its regional and centre operations<sup>1</sup>.

### Our staff work from 49 locations

#### ● PHE Harlow

(subject to final agreement)

PHE national campus for public health science.

Phased occupancy will begin in 2023 and run until 2030

#### ● PHE Colindale

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

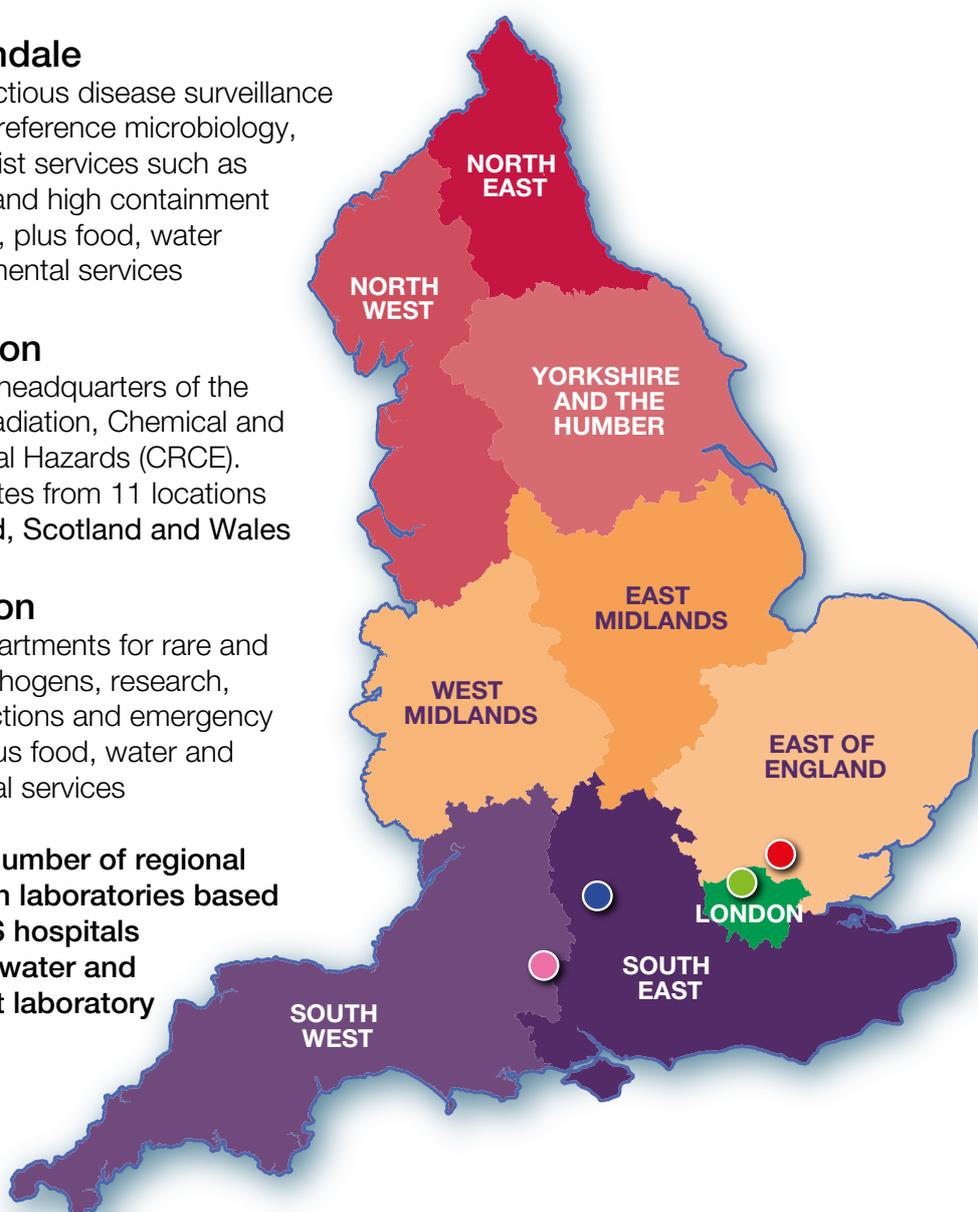
#### ● PHE Chilton

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

#### ● PHE Porton

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

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



<sup>1</sup> Please also see the inclusion on the work of our Regions and Centres on page 57

## PHE science campuses



**PHE Chilton**



**PHE Harlow**



**PHE Colindale**



**PHE Porton**

## Focus area: Our role and response to COVID-19

Public Health England's mission, set by Government, is to protect and improve the public's health and tackle inequalities in health. As a Category 1 Responder under the Civil Contingencies Act 2004 PHE responds to in excess of 10,000 infectious disease, chemical, radiological and environmental incidents each year. PHE also hosts nine World Health Organization (WHO) Collaborating Centres and 7 WHO Reference Labs. It maintains critical national scientific infrastructure, including the UK's civilian high containment laboratories at Porton and Colindale. PHE Colindale is designated as a WHO expert reference laboratory for COVID-19.

PHE works as part of the health family alongside the Department of Health and Social Care (DHSC), the NHS and others such as the Medicines and Healthcare products Regulatory Agency (MHRA), Her Majesty's Prison and Probation Service (HMPPS) and the Ministry for Housing, Communities and Local Government to prepare for, and respond to, such emergencies. A pandemic such as COVID-19 requires an unprecedented response from across government and PHE has two main specific roles in such an event. First, we provide scientific advice and guidance to the CMO and government that is focused on the practical application of scientific evidence and research. Second, we undertake a range of specific scientific delivery tasks where we pilot the model that others need to adopt to operate at pandemic scale, for example on testing and contact tracing.

During the COVID-19 global epidemic PHE's Category 1 responder status has translated into undertaking:

- international surveillance and intelligence gathering from countries already affected
- enhanced surveillance within the UK during each phase of the epidemic and adherence to UK responsibilities under the IHR
- production of specific clinical and public health advice, guidance and information to government, the health system, education, businesses, transport etc
- public facing public health communications including the preparation of detailed guidance and developing the media campaigns (reflecting government policy decisions)
- developing initial test assays and undertaking the first tests while supporting DHSC and NHS in roll-out of testing under the government's Testing Plan, as part of a wider network of testing capacity
- control and contact tracing in containment and mitigated phases, when the focus has been on local outbreak control to the wider NHS Test & Trace nationwide programme.
- monitoring the impact of social and behavioural interventions over time
- scientific inputs to SAGE and across government including via modelling, virology and behavioural sciences and scientific secretariat support to expert COVID-19 committees
- port health services to support Border Force, the Department for Transport and the travel industry

Over the coming months, PHE will bring modelling, epidemiological and analytical expertise alongside a national and local response capability to NHS Test & Trace and Joint Biosecurity Centre using robust and well-established surveillance systems that combine mortality and morbidity data from laboratory surveillance, hospitalisations, primary care, and community surveillance. This includes surveillance of respiratory symptoms in primary care (syndromic surveillance). This is key to assessing and mapping out the impact of NPIs and identifying early signals of increased transmission or flare-ups of the virus.

Our diagnostic and serological expertise will inform major field studies to understand the evolution of the pandemic and the penetration of the virus within the population. It will also help better understand transmission in sub-groups of the population (e.g. children) and asymptomatic infection. We will also support primary vaccine and therapeutics development using appropriate animal models as a precursor to clinical trials.

PHE has undertaken early work on the wider public health impacts of COVID-19. Both population health and inequalities are expected to be significantly affected beyond the impact of COVID-19 disease, with the greatest effects felt by the most disadvantaged.

COVID-19 and influenza will co-exist in the winter of 2020 and preparations for the winter flu season 2020/21 have started. Ensuring vaccine uptake is high will be a focus over the next 12 months, and we will continue to monitor flu activity and strains. COVID-19 testing will continue to be a priority to differentiate between this and general flu so that they can be treated appropriately, and infection prevention and control measures effectively implemented. We are generating the evidence to support the Joint Committee on Vaccination and Immunisation decision making about the roll out of a possible COVID-19 vaccine. The COVID surveillance systems will inform the effectiveness and duration of protection, along with further assay improvement and development.

## Focus area: Mental Health

Mental health has been identified as one of PHE's corporate priority areas in our 5-year strategy. PHE's vision is to see measurable improvements in our nation's mental health, improvements in the health and lives of people living with and recovering from mental illness and reduced rates of suicide.

Our current work on mental health spans three core delivery areas – promotion and prevention; suicide prevention; and improving lives of people living with and recovering from mental illness.

We are developing a five-year framework for achieving better mental health across the lifecourse, and presented a draft at our first mental health summit in February 2020. Focussed on reducing mental health inequalities, it outlines PHE's vision and direction over the next five years. It recognises the contributions of partners to this agenda and the need to strengthen whole-system working where a wide range of sectors work together towards shared ambitions through integrated planning and co-ordinated action on the determinants of mental health.

We launched Every Mind Matters – England's first ever national NHS-endorsed mental health platform, which supports people to take action to look after their mental health and support others. It has a focus on engaging lower socio-economic groups and those more at risk of mental health problems across England. A robust evaluation is being undertaken which will inform ongoing refinements to the campaign and to measure impact at population level, as well as for disadvantaged groups. Over 2 million people have now signed a personal mind plan.

We have continued to support organisations across the health and social care sector to make mental health prevention and promotion a priority by scaling up the Prevention Concordat for Better Mental Health to increase local action to prevent mental health problems.

Our work on suicide prevention has continued with all local areas now having active suicide prevention plans in place. We published updated guidance on suicide clusters to help local areas and agencies respond and have worked with system partners to ensure the delivery of the Government's Suicide Prevention Strategy.

We are taking forward our work on improving the health and lives of people living with mental illness – and tackling the unacceptable levels of health inequalities that people face. We are working with NHS England and the Centre for Mental Health on work to make real improvements to people's lives. This includes improving access to screening services, smoking cessation and supporting the NHS in its prevention and mental health work to fulfil the ambitions of the NHS Long Term Plan.

Mental Health is embedded across a wide range of PHE's programme areas such as our work on drugs, alcohol and tobacco, weight management and older people, as well as PHE's crosscutting work with criminal justice settings and other Blue light services.

The Mental Health Intelligence Network have developed a method for displaying inequality data in mental health Fingertips profiles. This approach is used to display inequality data in Common Mental Health Disorder profiles and will be applied to the Severe Mental Illness (SMI) and Mental Health and Wellbeing joint strategic needs assessment profiles. We have re-developed and

secured approval of indicator method to measure excess premature mortality for people with SMI that allows local benchmarking and time trend monitoring that aligns the approach with other PHE premature mortality indicators.

We have developed a first set of mental health service inequality measures by age, sex, deprivation and ethnicity for publication in Fingertips profiles and have developed new local prevalence estimates for children with a mental health disorder, and have significantly developed prevalence estimate work in: perinatal mental health, condition specific estimates for children, 18 – 25 year olds, Severe Mental Illness, and Personality Disorder.

We continue to engage internationally, sharing good practice through the International Initiative for Mental Health Leadership (IIMHL), supporting leadership during the COVID-19 response in Africa through a Public Health Rapid Support Team project and working with Ministries of Health in the PHE UK Overseas Territories programme developing strategic approaches to improving mental health.

The last few weeks of 2019/20 saw PHE's response to the COVID-19 pandemic. PHE established a mental health and psychosocial support cell, we developed and released national guidance. Every Mind Matters was updated to reflect COVID specific advice, and we have commenced Real Time Data Tracking. In recognition of psychosocial and mental health impacts and International Guidance we have developed a Psychological First Aid e-learning module.

## Focus area: Air quality

### **PHE role in air quality and public health**

Poor air quality is the largest environmental risk to public health, with long-term exposure to man-made pollution in the UK estimated to contribute towards 28,000 to 36,000 deaths each year. As a result, PHE has identified cleaner air as one of its ten priorities. The ambition is to make the case for critical action to address air pollution so that people in England enjoy cleaner air and healthier lives. To deliver the Cleaner Air priority, PHE is developing its Five-Year Programme of work, which aims to reduce the sources of and people's exposure to air pollution, achieve better outcomes for all – particularly for the most vulnerable groups – and produce physical and mental health, as well as, climate change co-benefits.

### **Supporting the national government**

In September 2019, PHE published the *Indoor Air Quality Guidelines for selected Volatile Organic Compounds (VOCs) in the UK*, the first of its kind to be published in the UK. This work, aiming at controlling VOCs levels in the indoor environment, has supported the Ministry of Housing, Communities and Local Government's (MHCLG) update on Building Regulations Approved Document F on ventilation.

PHE contributed to the Annual Report 2017/18 of the Cross-government Group on gas safety and carbon monoxide awareness, published in March 2019. This report summarises relevant work carried out by members of the Group in key areas, such as consumer awareness, support to healthcare professionals, research, legislation and enforcement.

PHE provides the Scientific Secretariat for the Committee on the Medical Effects of Air Pollutants (COMEAP), a committee of independent experts advising Government Departments and Agencies on the health effects of air pollution. One of COMEAP's most recent outputs is its *Statement on the evidence of health effects on the travelling public from exposure to particulate matter in the London Underground*, published in 2019.

PHE supported the National Institute for Health and Care Excellence (NICE) in the development of the *NICE Quality Standard on Outdoor Air Quality and Health*, published in February 2019. This Quality Standard is expected to contribute to the reduction of the mean concentrations of nitrogen dioxide (NO<sub>2</sub>) and particulate matter (PM<sub>2.5</sub> and PM<sub>10</sub>) and to the reduction of morbidity and mortality associated with these pollutants. PHE was also a Topic Advisor in the development of the *NICE Guideline Indoor Air Quality at Home*, published in January 2020. NICE will urge local authorities and the public to be aware of the air quality in their homes and to reduce their exposure to indoor pollutants.

PHE was commissioned by the Secretary of State for Health and Social Care to update its previous modelling on the number of new cases of disease that could be caused by air pollution, to incorporate Defra's estimates of the impacts of the Clean Air Strategy on air quality.

### **Supporting local authorities**

In March 2019 PHE published the *Review of interventions to improve outdoor air quality and public health*. The report's findings inform local authorities' air quality action plans, including the mandated local plans to address NO<sub>2</sub>. The review has informed development of the Clean Air Strategy, the National Emissions Control Plan and the Environment Bill. A guide to using the review to help choose or plan interventions was published in March 2020.

Within the Public Health Outcome Framework (PHOF) for England, PHE provides an annual update of an indicator assessing the fraction of all-cause adult mortality attributable to long-term exposure to PM<sub>2.5</sub>. This indicator enables Directors of Public Health and local authorities to prioritise action on air quality in their local area, to reduce the health burden from air pollution.

### **Communication, dissemination and engagement**

PHE's activities aiming at raising awareness on the impacts of air pollution actions to reduce exposure have included: hosting the PHE Annual UK Review Meeting on Outdoor and Indoor Air Pollution Research and the Air Quality and Public Health Stakeholder Seminars, supporting Global Action Plan's Clean Air Day 2019 and publication of *Air pollution: applying All Our Health guidance*, in February 2020. The latter is a new resource for health and care professionals to support them in developing a greater understanding and awareness of indoor and outdoor air pollution among patients.

## Social marketing

PHE is at the forefront of social marketing: using tools and techniques adapted from the commercial sector to engage the public and change their behaviour for the good. 2019/20 saw the launch of several major new initiatives, refreshes of much-loved campaigns, the use of exciting new technologies and the building of strategic partnerships.

### Major new initiatives to support public health priorities

#### 1 Helping people take care of their mental health: Every Mind Matters



In October 2019, PHE launched the Every Mind Matters campaign on mental health. At its heart is 'Your Mind Plan', an easy to use digital tool, backed by the NHS and the Royal College of General Practitioners, which enables people to create a personalised action plan, with simple steps to look after their mental health.

To launch Every Mind Matters, and establish mental health as an issue of national importance, we took over the nation's screens via coordinated broadcast and social media 'roadblock' (meaning that our campaign appeared simultaneously on all main channels and platforms). We used this to air a three minute film, narrated by the Dukes and Duchesses of Cambridge and Sussex and featuring famous personalities and members of the public. The launch was also supported by the news media, television advertising and social media, plus an unprecedented coalition of partners from the private, public and the voluntary, community and social enterprise sectors.



In the New Year, Every Mind Matters also partnered with the Football Association and Royal Foundation's 'Heads Up' mental health initiative. In an historic first, all 32 Emirates FA Cup Third Round matches were delayed by one minute, during which we aired a film featuring footballing legends encouraging fans to 'Take A Minute' to start looking after their mental health.

To date over 2.3 million mind plans have been completed.



## 2 Information about Coronavirus

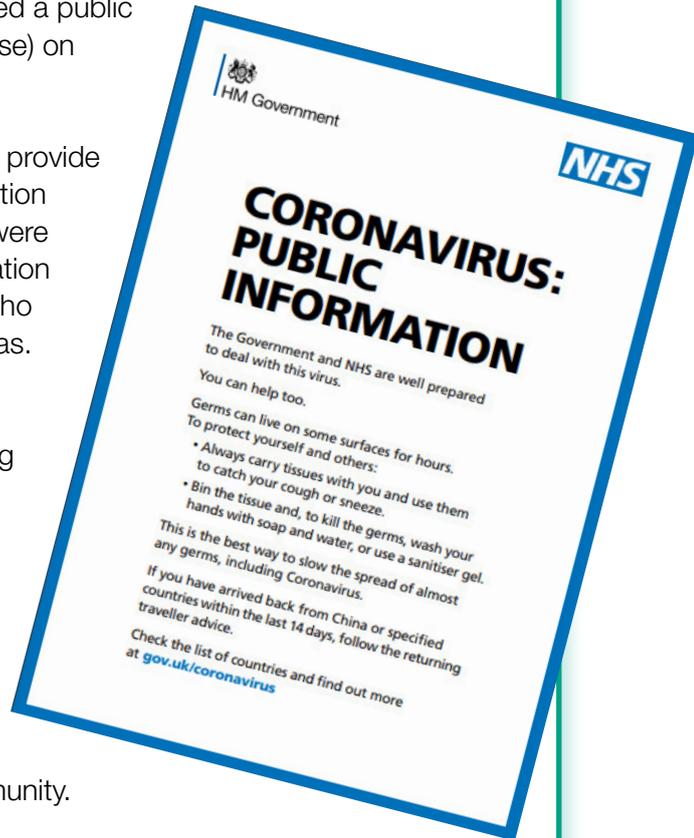
In response to rising levels of COVID-19, PHE launched a public information campaign (starting with the detection phase) on Sunday 2nd February which ran until 1 March 2020.

The campaign helped inform and reassure the public, provide them with the tools to help reduce the spread of infection and therefore alleviate pressure on the NHS. People were directed to the relevant channels for the latest information and advice, particularly those higher risk individuals who have recently travelled to China or other specified areas.

The campaign sought to change behaviours on good respiratory and hand hygiene, which is vital in reducing the spread and impact of coronavirus, and lessening the impact on the NHS.

The detection phase campaign ran for four weeks across the UK on press, radio and social media as well as a targeted focus in Chinese community print and social media. This will ensure good coverage across the target audience of all adults across the UK, as well as specific targeting of the Chinese community.

Free materials were made available digitally to public sector, commercial and NGO partners including GPs, pharmacists and local authorities.



## Purpose-driven partnerships

We are always looking for innovative and efficient ways to reach our audiences. As part of this, we have pioneered purpose-driven partnerships. These are long-term strategic relationships, where another organisation genuinely wants to make a difference to a health-related cause or other societal issue. Our most successful partnerships begin with common objectives and a desire to collaborate and deliver mutually beneficial outcomes.

### 1 Reboot with Boots

Boots has significant reach with the public through its 1,800 stores and online retail business, and enjoys high levels of trust, making it an excellent fit for PHE. We defined a shared goal with Boots, which is to help one million adults understand their wellbeing and take positive action for better physical and mental health.

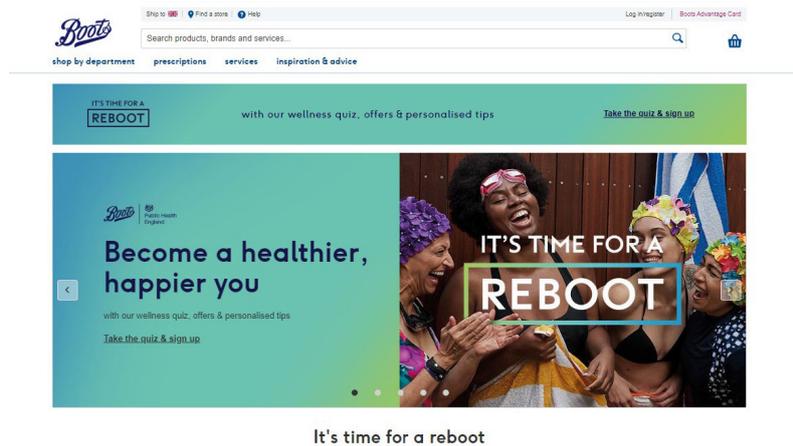
The programme we launched with Boots in January 2020, Reboot, combines PHE's existing How Are You? quiz, with emails to Boots customers, serving them tailored advice, based on their answers to the quiz. Through these emails, NHS and PHE accredited advice



was delivered on smoking, alcohol consumption, nutrition, activity and sleep, and people were signposted to tools and support, as well as Boots products and services.

Boots promoted Reboot via a campaign in paid and earned media.

The first phase of the Reboot campaign generated 868,500 visits to the Reboot website. Nearly a quarter of a million people completed the quiz, with 60% signing up to receive regular advice through Reboot emails.



## 2 Couch to 5K and the BBC

Our partnership with BBC Sport is now in its fifth year.

Based on a tried and tested NHS podcast series, the Couch to 5K app gradually guides people through an achievable nine-week running plan building up to a 5 kilometre run. The plan is designed for people who have previously done little or no running, and boosts confidence, motivation and knowledge of how to be more active, ultimately benefitting people's physical and mental health.

The app features coaches from the BBC - including radio DJ and Sport Relief participant Jo Whiley, comedians Sarah Millican and Sanjeev Kohli, and former US Olympic sprinter Michael Johnson – to help motivate beginners of all ages to overcome barriers and stick to a regime.

Couch to 5K was promoted across key BBC broadcast channels, as well as web and social media.



The app proved particularly popular during lockdown, with over 850,000 people downloading it between 23 March and 1 July, and over 100,000 daily runs recorded (a tripling of pre-lockdown levels). This helped to take Couch to 5K past 4 million downloads in July 2020.

### 3 Life-saving wax with Treatwell

As part of our 'Cervical Screening Saves Lives' campaign, we developed an innovative partnership with Europe's largest beauty booking platform, Treatwell.

Every year, around 2,600 women are diagnosed with cervical cancer in England and almost 700 women die from the disease. However, screening uptake is at a 20-year low. Reasons for this include fears that the examination might be embarrassing or painful.

Women aged 25-34 are least likely to attend, despite having a higher rate of abnormality detected in screening compared to other age groups. However, an estimated 1.2 million young women attend waxing and 74% of those surveyed by Treatwell said they would listen to advice given by a beauty therapist.

Working from this insight, the 'Life Saving Wax' initiative was created. During the initial roll out (April 2020), over 1,500 beauty therapists took part, placing information throughout their salons and having conversations with their customers to break down barriers to attending cervical screening. Salons encouraged women to talk openly about cervical screening, feel confident to choose whether to accept their invitation or, if they'd missed previous invites, to book an appointment. Salon staff also directed women to further information, support, tips and advice on how to make screening more comfortable.

The campaign launch received fantastic coverage in the media, including BBC Breakfast, TalkRadio, MailOnline, Metro, and OK magazine. As part of the wider 'Cervical Screening Saves Lives' campaign, 'Life Saving Wax' contributed to approximately 100,000 additional cervical screening samples being recorded during the campaign period, compared to the same period the previous year (<https://phescreeing.blog.gov.uk/2019/09/13/cervical-screening-saves-lives-highlights-from-the-national-campaign/>).

## Innovation and smart tools

### 1 The WhatsApp Coronavirus Information Service

The COVID-19 pandemic resulted in conspiracy theories and misinformation regarding the origin of the virus, its scale, and how it could be prevented, diagnosed, and treated. False information (including intentional disinformation) spread particularly through social media, as well as text messages, and mass media.



Misinformation was typically propagated through messaging apps and threatened to increase pressure on NHS and Government services. To mitigate this, we designed a new Coronavirus Information Service on the WhatsApp platform.



The service was the first of its kind to launch in the UK and one of the first worldwide. An automated “chatbot” provides 24/7 instant access to information on coronavirus prevention and symptoms, the latest number of cases in the UK, advice on staying alert, travel advice, testing, myth-busting and mental health.

The curation, approval and updating of the content within the service necessitated the establishment of new processes and cooperation between government departments, including the Cabinet Office, the Foreign & Commonwealth Office and the Department for Work & Pensions.

The chatbot was able to provide an accessible public information service at scale, while reducing the flow of misinformation and relieving pressure on other Government and NHS services. Since its launch in March 2020, over 3.7 million messages have been processed through the platform.

The national news media, including The Sun, Daily Mail, ITV, Yahoo, LBC and Capital Radio, all covered the launch, with many key journalists and Government departments also tweeting about it.



## 2 Bringing augmented reality to the Change4Life Food Scanner app

The Food Scanner app is one of the most successful digital products in the health sector.

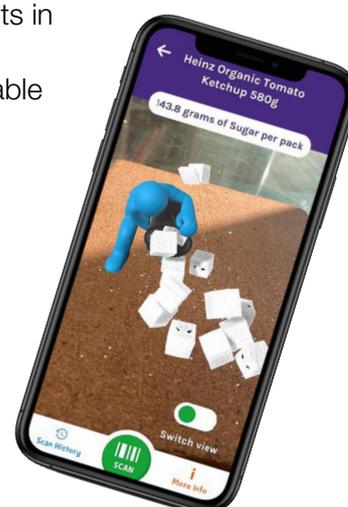
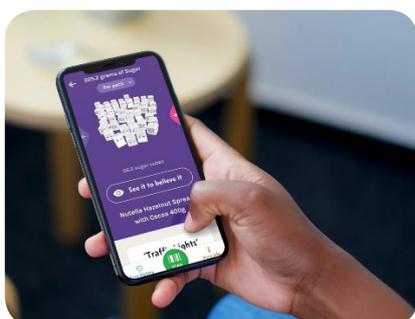
We continue to update the app, as new technology becomes available to support behaviour change.

Our latest release uses augmented reality (AR) to allow users to view how much sugar, saturated fat and salt is in their favourite food and drink items. This makes the user experience more child-friendly, engaging and entertaining.

The use of AR in this way is a UK Government first.

Over the last year, an additional 257,241 people have installed the app, bringing the total number of installations to just short

of 5 million. During 2020, the app has been successfully used to scan products 2.7 million times so far, with Nutella still being our users' favourite product to scan.



Our next upgrade will introduce swap suggestions, including those with the Good Choice badge, which will help families find healthier suggestions for their routine purchases.

## Keeping much-loved campaigns fresh

### 1 Stoptober

PHE's award-winning Stoptober campaign is now in its eighth year. In 2019, 11% of smokers reported making a quit attempt as a result of the campaign .

The Government's Tobacco Control Plan for England has a particular focus on smoking in pregnancy. This year, we conducted a content test to explore different ways in which we could motivate women of a child bearing age to quit smoking. Results will be evaluated and used to help develop our strategic approach for this group.



### 2 Change4life

Change4Life remains one of the best-known and most trusted brands in our stable.

In September we ran a Change4Life campaign encouraging parents to make a school time swap to reduce their children's sugar consumption. Appearing on TV, radio, supermarket posters and digital media (including a micro-influencer pilot), parents were reminded of the high amount of sugar in everyday products and encouraged to make healthier swaps. The campaign achieved high reach, engagement and reported behaviour change with 45% of mothers claiming to have made a positive change.



Change4Life also ran a successful physical activity campaign, the 10 Minute Shake Up, with Disney, which saw over 4 million children getting active over the summer holiday.



### 3 One You

One You, our social marketing campaign to encourage middle aged adults to live healthier lives, has continued to grow this year.

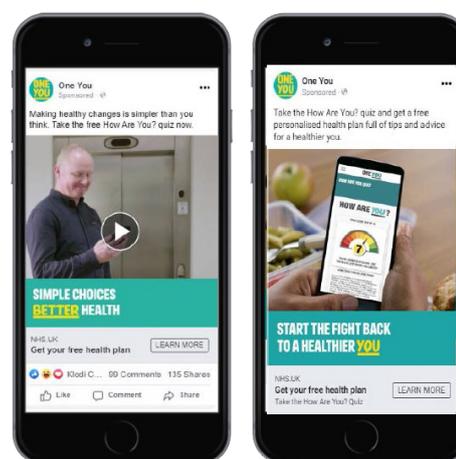
One You provides ‘always on’ information, advice and online tools, including the ‘How Are You’ (HAY) quiz, website, email programme, and a suite of mobile apps including Couch to 5k, Active10, Easy Meals and Drink Free Days.

This year, we ran a campaign to understand which key motivators drive our target audience to take action to improve their health. Using audience insight we developed and tested two creative approaches as part of a burst of paid digital activity, driving them to one of two digital behaviour change tools, the How are You? quiz and Active10.

Activity focused on testing a solutions approach to health – challenging the norms of ageing - against an approach that highlighted simple actions you can take that fit into your daily life. Creative ran across social media, Playbuzz and programmatic display advertising.

2019/20 has seen 328,151 completions of our How Are You? quiz, which asks a series of lifestyle questions and provides personalised advice, tools and on-going email support to make healthy changes. This brings the total of quiz completions to more than 3.25 million to date.

We continue to encourage adults to increase their levels of physical activity. This year there have been over 157,000 downloads of the One You Active 10 brisk walking app – the only app that measures the intensity of walking, not just how many steps are taken. This brings the total of app downloads to date to 1 million.



## Performance analysis

We measure our performance against the objectives set out in our 2019/20 Annual Business Plan and the annual remit letter from Ministers.

On the following pages is a status report on each of the high-level objectives indicating whether they have been fully met or not. Where they have not been fully met, a brief commentary has been provided on the deliverables associated with each.

### National government - Promoting health in all policies

|   | Actions   | Status   | Performance summary  |
|---|---|--|--|
| 1 | Support DHSC to develop and publish a Green Paper on prevention by providing robust analysis and evidence on interventions to prevent ill health and reduce health inequalities; and support engagement with local and national partners both prior to and following publication. | Completed<br>           |  |
| 2 | Support DHSC in preparations for the 2019 spending Review, including by providing evidence on the impact of investment in services which improve and protect the public's health.   | Completed<br>         |  |
| 3 | Deliver the PHE-led actions in the Tobacco Control Plan Delivery Plan and work with NHS England to realise their smoking-related commitments in the NHS Long Term Plan.   | Largely completed<br> | The deliverable 'Produce and conduct a survey of NHS acute trusts (at the end of Q3) to measure their progress on becoming smoke free, and make recommendations to trusts, where appropriate, by end of March 2020' will roll over to 2020/21. The survey was produced, fieldwork conducted, survey completed and a report submitted to DHSC at the end of March 2020. However the final stage (communications to trusts) has been delayed due to involvement in the response to COVID-19, particularly the need to consider the optimum timing of engagement with acute trusts. |

|   | <b>Actions</b>   | <b>Status</b>  | <b>Performance summary</b>   |
|---|--|--|--|
| 4 | <p>Deliver PHE's contribution towards the government's commitment to halve childhood obesity by 2030, including: working with industry on the sugar reduction and calorie reduction programmes; revising the nutrient profile model; supporting delivery of the obesity-related approaches in the NHS Long Term Plan; and leading on a programme of reformulation work to significantly reduce the population's salt intake.</p> | <p>Largely completed</p>  | <p>The deliverable 'Publish industry guidelines for a calorie reduction programme' will roll over to 2020/21. The work has been delayed due to PHE's and DHSC's involvement in the COVID-19 pandemic response. The revised guidelines were reviewed, revised and redeveloped in 2019/20 following extensive consultation with stakeholders in autumn 2018. During development, the revised guidelines were subject to substantial review with input from policy officials at DHSC. In December 2019 the revised guidelines were agreed by DHSC policy officials and a ministerial submission was sent for consideration in March 2020.</p> |
| 5 | <p>Support the delivery of the Government's strategy set out in 'Improving Lives: The Future of Work, Health and Disability' by working with local government and the NHS on mainstreaming 'work as a health outcome' products across local health and care systems and collaborating in the development of work-focused musculoskeletal prevention activity.</p>  | <p>Completed</p>        |  |

|   | <b>Actions</b>   | <b>Status</b>  | <b>Performance summary</b>   |
|---|--|--|--|
| 6 | Implement the PHE-led actions in the UK antimicrobial resistance (AMR) National Action Plan, and support DHSC to deliver the UK global AMR-related commitments including the Global Burden of Disease project. | Largely completed<br>   | <p>The deliverable 'Lead work with the devolved health administrations to develop consistent methodologies for reporting the incidence and mortality of key antibiotic resistant infections and antimicrobial use, reporting on methodologies and initial results to APRHAI' will now roll over to 2020/21. The deliverable is delayed as currently all four nations have agreed to pause meetings in order to prioritise response to COVID-19 pandemic.</p> <p>The deliverable 'Work with GBD-GRAM colleagues to develop global models of AMR through developing a collaborative agreement with GBD-GRAM project, enabling data access, data linkage and data analysis of PHE's unique datasets by December 2019' will roll over to 2020/21. The project is progressing at a slightly slower rate due to issues associated with prioritising the COVID-19 response and meeting Government social distancing guidance.</p> |
| 7 | Contribute to the drugs review commissioned by the Home Secretary and the delivery of key commitments in the Home Office's Serious Violence Strategy.  | Completed<br>         |  |
| 8 | Publish evidence reviews on the public health impacts associated with prescription drug dependence and gambling.   | Largely completed<br> | The deliverable 'Publish an evidence review on gambling-related harm by March 2020' will now roll over to 2020/21. We are working with the teams to determine a revised deadline, most likely autumn 2020.   |

|   | <b>Actions</b>  | <b>Status</b>  | <b>Performance summary</b>  |
|---|---|--|---|
| 9 | <p>Make agreed contributions to cross-government initiatives on the environment including working with Defra to support implementation of the Clean Air Strategy.</p> | <p>Largely completed</p>  | <p>The deliverable 'Produce three rapid evidence reviews of the impact of air pollutants on public health in indoor and outdoor environments' will now roll over to 2020/21. Two papers have been produced. work continues to finalise the remaining paper.</p> <p>The deliverable 'Produce a report, in response to the Secretary of State's request, which revises the estimate of cases of disease attributable to air pollution to reflect the impact of the Clean Air Strategy' will now roll over to 2020/21. The writing of the report remains ongoing and is currently being revised internally by the PHE team. We will continue to work closely with DEFRA.</p> |

## Local government - Sharing our expertise and evidence on what works

|    | Actions  | Status   | Performance summary  |
|----|--|--|--|
| 10 | Continue to support the development of an appropriate future assurance framework for the public health system, alongside other developments in local government financing.   | Completed<br>           |  |
| 11 | As part of modernising the Healthy Child Programme initially focussed on the first 1001 days and early years, produce a preconception and maternity pathway to reduce risk and improve wellbeing, and publish a speech, language and communication pathway to improve outcomes for children and reduce inequality in school readiness financing. | Partially completed<br> | Several deliverables associated with this objective including 'Produce a visual pathway and supporting documents on the prevention opportunities in preconception care and maternity', 'Publish a review of the current health visiting service delivery model', 'Publish revised health visiting commissioning guidance', 'Develop a digital platform', 'Publish a national model speech, language and communications pathway', and 'Publish an early language assessment tool to support early identification of children with Speech, Language and Communications Needs' have been delayed slightly and will roll over in to 2020/21. Good progress has, however, been made in all these areas. |
| 12 | Support the commissioning and delivery of services to reduce variations in outcomes for sexual and reproductive health and HIV across England, and support NHS England and local government in the PrEP Impact Trial.  | Largely completed<br> | Several deliverables associated with this objective including 'Develop and publish a Variation in Outcomes toolkit for local commissioners', 'Translate the research findings from the National Institute of Health Research Health Protection Research Unit in Blood-Borne and Sexually Transmitted Infections into a toolkit', 'Propose a measurable goal to eliminate new HIV transmissions', 'Publish a cross-government action plan to support improvements in women's reproductive health' have been delayed slightly and will roll over into 2020/21. Good progress has been made in all these areas.   |

|    | <b>Actions</b>  | <b>Status</b>  | <b>Performance summary</b>  |
|----|---|--|---|
| 13 | Collaborate with local partners on a programme of work to increase adoption of the Prevention Concordat for Better Mental Health.   | Partially completed<br> | This deliverable will roll over to 2020/21. The challenging targets that were set for 2019/20 were not fully achieved. It is hoped that this deliverable will be met later in 2020/21.  |
| 14 | Assist local authorities and health commissioners by publishing guidance on improving the health of rough sleepers in line with the Government's commitment to end rough sleeping | Largely completed<br>   | This deliverable will roll over to 2020/21. Publication of the rough sleeping toolkit has been paused due to COVID-19. The commissioning and operating environment during this period is significantly changed. Once the operating environment is clearer, relevant changes will be made to the toolkit and to the publication plan to make it more relevant post the pandemic. |

## The NHS - getting serious about prevention, support for STPs and integrated care organisations

|    | <b>Actions</b>  | <b>Status</b>  | <b>Performance summary</b> |
|----|---|--|----------------------------|
| 15 | Support NHS England with the delivery of preventative interventions in the NHS Long Term Plan, including commitments on alcohol, CVD, diabetes and cancer.  | Completed<br>   |                            |
| 16 | Work alongside NHS England to develop the menu of interventions on tackling health inequalities promised in the NHS Long Term Plan.   | Completed<br>   |                            |
| 17 | Implement relevant recommendations from the Independent Breast Screening Review; the Public Accounts Committee report on the management of adult health screening; and agreed recommendations from Professor Sir Mike Richards' review of national cancer screening programmes. | Completed<br>  |                            |
| 18 | Support NHS England in improving childhood vaccination uptake and the planning and delivery of an extension of the Human papilloma virus vaccination programme to eligible adolescent boys.   | Completed<br> |                            |

|    | <b>Actions</b>   | <b>Status</b>  | <b>Performance summary</b>  |
|----|--|--|---|
| 19 | Lead delivery of the prevention workstream within NHS England's programme to transform maternity care to improve safety, choice and reduce inequalities. | Largely completed<br> | The deliverable 'Produce evidence review and resources, aimed at specialist and universal health and social care professionals as well as service users, to help women affected by serious mental illness to access preconception advice, and make informed decisions about their health and wellbeing, by March 2020' will be rolled over to 2020/21. The products are complete but there has been a slight delay to publication, which will now happen later in 2020. |

## Developing the public health system – building capacity and capability

|    | <b>Actions</b>  | <b>Status</b>  | <b>Performance summary</b>   |
|----|---|--|--|
| 20 | <p>EU exit: Lead on public health security and protection from serious cross-border threats to health. PHE will ensure its preparedness to respond to, and co-ordinate the response to, public health emergencies and management of incidents, including those caused by disruption at the border and of the supply chain. This includes ensuring continuity of access to nationally procured vaccines, countermeasures supply and public health laboratory functions; continuing to develop strategic engagement with European Public Health Institutes and multi-agency public health agencies, to maintain close working relationships with these organisations after leaving the EU; and collaborating with the DHSC Operational Response Centre by providing information, advice and data.</p> | <p>Largely completed</p>    | <p>The deliverable 'Secure bilateral agreements to continue preparedness and response arrangements with priority EU member states and Public Health Institutes by March 2020' will roll over into 2020/21.</p> <p>The deliverable 'Deliver a signed non-legislative framework for increased cooperation for health protection between the four UK nations by December 2019' will also roll over. PHE has met with the Devolved Administrations and all have agreed to a modified process for achieving this.</p> |
| 21 | <p>Work with Government and NHS partners to strengthen the capability of the health and care system to respond to enhanced health protection incidents.</p>   | <p>Largely completed</p>  | <p>Although good progress has been made with this objective, a number of associated deliverables will now be rolled over to 2020/21. PHE's role in responding to the COVID-19 pandemic will inform how this objective is taken forward.</p>  |

|    | <b>Actions</b>   | <b>Status</b>  | <b>Performance summary</b>  |
|----|--|--|---|
| 22 | Develop the wider public health workforce, extending the efficacy, reach and adoption of initiatives such as Making Every Contact Count and All Our Health.  | Completed<br>           |   |
| 23 | Work with academic researchers to develop new National Institute for Health Research (NIHR) Health Protection Research Units and support the NIHR School for Public Health Research and other major research investments to produce evidence on how to meet major population health challenges.                      | Completed<br>           |   |
| 24 | Deliver national statistics for England on cancer incidence, mortality and survival including a detailed publication of cancer stage completion of tumour sites to support the Government's early diagnosis ambition and work with NHS Digital and system partners to establish an all-disease registration service. | Largely completed<br> | The deliverable 'Undertake work with system partners (including NHS D) to establish an all-disease registration service' will roll over into 2020/21. The initial phases of the programme are expected to be completed later in 2020. |

## Directly to the public – making the healthiest choice the easiest choice

|    | Actions  | Status   | Performance summary   |
|----|--|--|---|
| 25 | Deliver a national campaign to encourage and empower people to look after their mental health in support of the target to engage and improve the mental health literacy of 1 million people.   | Completed<br>           |   |
| 26 | Build on PHE's industry-leading expertise in targeted, personalised and digitally enabled social marketing to develop with system-wide partners an accelerated approach to testing and learning from innovative predictive prevention interventions which impact at population and individual level. | Partially completed<br> | <p>The deliverable 'Deliver NHS Health Checks digital exemplar alpha project combining the disciplines of behavioural insights and service design to prototype a digital solution which aims to enhance how people receive, understand and act on their results' is incomplete, but PHE has undertaken all the work required of it. The Project was paused to allow for the Prevention Green Paper review of the NHS Check programme to take place and provide a more formal proposal for the future of the work to be made at the appropriate time.</p> <p>The deliverable 'Deliver an AMR discovery project to set out what is feasible, desirable, and viable in terms of changing prescription decision making and behaviour when prescription data, infection antibiotic susceptibility data and Hospital Episodes Statistics and mortality datasets are brought together' will roll over into 2020/21. Although pre-discovery was started in Q4 of 2019/20, the full discovery work has been delayed.</p> |

|    | <b>Actions</b>  | <b>Status</b>  | <b>Performance summary</b>  |
|----|---|--|---|
| 27 | Help people to take control of their own health by delivering high profile behaviour change programmes. | Largely completed<br> | The deliverable 'Ageing well - Deliver the Cervical Screening Saves Lives campaign, with the aim of increasing uptake of cervical screening amongst eligible women and deliver campaign evaluation by September 2019' will roll over into 2020/21. The campaign itself was delivered in April 2019 and the marketing evaluation has been completed. The work will finish on receipt of clinical screening data later in 2020. |

## Global health - Protecting people living in the UK

|    | Actions  | Status   | Performance summary   |
|----|--|--|---|
| 28 | Produce a new PHE Global Health Strategy, defining PHE's contribution to UK action to address threats to global health.  | Partially completed<br> | This will roll over into 2020/21. PHE has consulted internally and externally on a draft version of the Global Health Strategy and is currently continuing to finalise the strategy. The strategy will be published once learning from COVID-19 has been fully incorporated and once the global situation allows. |
| 29 | Deliver our commitments to strengthen global health security and outbreak emergency response, in collaboration with global partners.   | Completed<br>           |   |
| 30 | Work with DFID, DHSC and international partners to strengthen public health systems in partner countries and regions.  | Completed<br>         |   |
| 31 | Share information and evidence on best practice for Emergency Preparedness, Resilience and Response functions with key national and international partners including the World Health Organisation and the International Association of National Public Health Institutes. | Largely completed<br> | The deliverable 'Produce the first three modules of the EPRR handbook to support the IHR strengthening programme by November 2019' will roll over into 2020/21. Lessons learned from the COVID-19 work will feed into completion of this deliverable.   |

## Developing PHE - Strengthening skills, building resilience

|    | <b>Actions</b>  | <b>Status</b>  | <b>Performance summary</b>  |
|----|---|--|---|
| 32 | Prepare PHE for the delivery of the organisation's new five-year strategy from April 2020.  | Completed<br>           |   |
| 33 | Develop and begin to implement a new Infectious Diseases Strategy.  | Largely completed<br>   | The deliverable 'Following approval of the IDS, begin preparation of an implementation plan, including identification of SROs for each priority and owners for each enabler' will roll over into 2020/21. The PHE IDS Implementation group has been established and leads for each priority area identified.  |
| 34 | Submit a Full Programme Business Case to DHSC for approval to create a new national campus for public health science at PHE Harlow. | Largely completed<br> | The deliverable 'Mobilise the first construction project' will roll over into 2020/21. Constructors have completed site demolition and have progressed relevant enabling and strip out works. Construction contracts will be let and mobilisation of the first construction projects remains Q3 2020/21, assuming approval of the full programme business case. |
| 35 | Develop PHE's analytical capability by establishing a new non-communicable disease modelling unit.                                  | Completed<br>         |   |
| 36 | Develop and update the organisation's knowledge strategy.   | Largely completed<br> | The deliverable 'Develop and publish a new PHE Knowledge Strategy by December 2019' has been delayed and will roll over into 2020/21. Good progress has been made and it has been decided that further engagement across the organisation is needed.  |

|    | <b>Actions</b>   | <b>Status</b>  | <b>Performance summary</b>   |
|----|--|--|--|
| 37 | Continue to strengthen staff engagement across PHE to ensure the organisation is an improving place to work for all staff.   | Completed<br>           |  |
| 38 | Continue to implement the Taxpayer Value Strategy to ensure value for money in all PHE activities.   | Completed<br>           |  |
| 39 | Deliver continuous improvement in assuring the health and safety of staff, with a particular focus on our scientific campuses and network of regional microbiology laboratories. | Largely completed<br>   | This will partially roll over into 2020/21. Nine of the 12 actions in the annual Health and Safety Improvement Plan have been successfully completed, so overall good progress has been made. The three remaining actions relating to risk profiling, training and health and safety roles and responsibilities are progressing well and will be included in an updated improvement programme for 2020/21. |
| 40 | Develop a consistent and secure approach to managing data that maximises its availability for use by PHE and by others, whilst providing protection from cyber threats.          | Largely completed<br> | The deliverables 'Define and document the existing enterprise architecture for PHE by December 2019'; and, 'Migrate sensitive data sets into the newly established Patient Data Citadels by March 2020' have been rolled over into 2020/21, although good progress has been made on both.  |

# Our organisation

## People Directorate update

The role of the People Directorate is to make a positive contribution to ensuring PHE is a truly great place to work now and in the future. Over the course of the 2019/20 financial year, the Directorate continued to focus on building its capacity and capability to deliver core people services to a high standard.

Key to the Directorate's success is having strong working relationships with both internal and external stakeholders. In 2019/20 the Directorate continued its focus on improving communication and engagement with its customers across the various functions in PHE, maintaining an effective relationship with Civil Service Human Resources, and influencing key people workstreams affecting the wider Civil Service. The relationship with the Human Resources function at the Department of Health and Social Care has continued to strengthen as wider conversations took place with fellow arm's length bodies to consider comparable challenges.

In quarter 4 of the 2019/20 financial year, our focus has been on supporting PHE and its members of staff with the Covid-19 response. Our Directorate has led the People Cell overseeing the resourcing and recruitment required in light of the incident to support PHE's capacity and capabilities, the development and review of our people policies to support our colleagues working across PHE's various functions, and the maintenance of our critical people services.

The Directorate's focus in 2020/21 is the continuation of our support to the Covid-19 incident, making more improvements to our people services through the implementation of a new Finance and HR system, and considering new ways of working through a new Operating Model. The Directorate will continue to work collaboratively to support the establishment of the Science Hub, continuing to focus on what makes PHE a great inclusive place to work, continue the work to build the capability and capacity in the public health system, and continuously improve our people services. To reach these outcomes the Directorate will learn and share experiences with other people functions working across the Civil Service and the wider health system.

## *People Survey*

Our People Survey received the highest response rate and engagement index yet. Every year, the staff survey provides our staff with the opportunity to share their thoughts about what it's like to work for PHE. The results help us understand what's important to our staff. They also let us hear about what we're doing well and what we need to improve.

In 2019 4,341 PHE staff took part in the staff survey and we achieved a response rate of 81%, up by 3% on 2018 and higher than the Civil Service average of 67%. The engagement index also increased by 1% to 62% and we improved in six of the nine main survey themes. It is greatly encouraging to see the best outcomes in the seven years we have participated in the annual Civil Service staff survey.

Alongside a number of "culture inquiries" across PHE, and with the changes to this year's survey we have gained a better understanding of our culture, our behaviours and the areas that we needed to focus on. We have acted to develop the PHE speak up arrangements

and we appointed our first PHE Freedom to Speak Up Guardian. We have progressed many actions around the survey themes and specifically around addressing behaviours around bullying, harassment and discrimination. 86% of the staff who responded to our survey felt that they were treated with respect by the people they work with. Our results demonstrate that our staff value completing the staff survey. The insights that we have gathered will be considered within our action plan as areas which need our attention to make PHE a great place to work.

### *Leading and Managing Change*

Our staff survey score in relation to leading and managing change increased from 44% to 45%. The PHE Change and Transformation Group has initiated a series of immersive events for our senior leaders to focus on how we will develop new ways of working and better ways of managing necessary changes to enable delivery of PHE's refreshed strategy. We have been continuing to develop people support measures to enable the major relocation to Harlow and aid the development of the Programme Business Case, as well as supporting several other transformation programmes and projects.

### *Learning and Development*

We have continued to drive our focus on providing relevant, high quality and accessible learning and development (L&D) opportunities across the whole organisation, seeing a further increase in the 2019 People Survey theme score.

Our One PHE induction programme is now fully established and over 750 new starters have attended a session since the November 2018 relaunch. At each session there is a clear focus on diversity and inclusion and our expectations around values and behaviours. A senior leader attends to share their vision.

Inductions have been deliberately designed to be face-to-face to help build personal connections across the organisation, however we are increasingly focusing on virtual approaches to L&D too. This provides easily accessible learning opportunities to our dispersed workforce and offers significant value for money. Over 1100 colleagues have joined one of our 'Learning Lites' sessions on a range of topics, which are recorded and made available 'on demand'. Following a successful pilot, we are rolling out our Effective Manager Programme, designed to help our line managers provide the best possible support to their teams. The programme combines virtual learning, group learning sets, workshops and a 'buddy' system to help more experienced managers share their insights.

### *Apprenticeships*

Apprenticeships continue to offer routes into employment with PHE as well as significant development opportunities for existing staff. 145 members of staff are currently undertaking apprenticeships at a range of levels, using 30 different apprenticeship standards. We have successfully developed and piloted an in-house leadership development programme – Growing our Leaders – that has been launched across the organisation and which will be delivered as an apprenticeship.

### *Talent Management*

Our directorate provides the tools, processes and capability building interventions to enable talent in PHE to flourish. Over the course of 2019/20 we have continued efforts to embed career conversations by delivering workshops to over 300 people across PHE as well as leveraging delivery through a 'train the trainer' model. We have developed a framework

for conducting talent forums by establishing a Development Board at Exec level as well as piloting talent discussions at directorate level in pilot areas.

To establish clear routes to strengthen our leaders at all levels we have identified the various leadership development opportunities at career transition points. This includes help and support for applications to Civil Service programmes as well as designing internal bespoke offers such as Growing Our Leaders (G6/7), Excelling in leadership (SEO/HEO) and more strategic delivery of Future Engage, Deliver. This structure enables us to embed the CARE values into ways of working and allows us to emphasise Systems Leadership and Considerate Leadership.

### *Pay*

PHE is committed to reviewing its pay arrangements for staff where it can do so (staff within the Clinical Ring Fence are covered by NHS pay negotiations). In 2018 the long-standing Civil Service pay cap was lifted allowing departments some increased flexibility around annual increases to salary. This provided some limited flexibility for PHE to target more effectively the 2018 and 2019 pay awards, with higher increases to salary being made to those who were lower in the pay range. Further, PHE has been developing a broader pay and reward framework within which we seek to make more progress on pay, progression and our approaches to recognise our members of staff.

PHE continued to encourage staff employed on 'legacy' terms and conditions to transfer voluntarily to PHE terms and conditions with a further 95 members of staff transferring in the financial year, with now over two thirds of our staff on PHE terms and conditions.

### *PHEnomenal Awards*

During 2019 we repeated our highly successful "PHEnomenal" staff award scheme. Our awards are aligned to our values and behaviours in the PHE People Charter. The four Phenomenal Awards categories are: Communication; Achieve Together; Respect, Diversity and Inclusion; and Excellence and Innovation.

Running our awards for a second time was a great success and they are now a welcomed annual activity with our staff. They provide a fantastic opportunity for PHE and staff to recognise the outstanding contribution of individuals and teams and for us to celebrate our collective efforts. In 2019 there were 198 nominations, an increase on 2018, which highlighted the incredible work that our staff do to keep the country safe and how we work together. Our awards are now truly embedded in our staff recognition activities and play an integral, and important, part in our people plan.

### *Flexible Working*

In the 2019 People Survey, 84% of our workforce felt that their manager supported them to work flexibly, with 89% of our workforce reporting that their manager also trusts them to do their job effectively even if working in a different location to them; for example, in a different office or at home. Furthermore, in 2019 PHE was placed as one of the top 10 employers for flexible working.

### *Diversity and Inclusion*

Building a diverse and inclusive workforce that reflects the people we serve is a top priority in PHE.

There is a five-point plan on inclusion and the following provides a summary of activity over 2019/20:

**Recruitment**

- we have produced more inclusive recruitment packs and have piloted software that helps gender decoding and job description analysis, as well as using more diverse mediums like Proud employers to reach a wider diversity of audiences
- we have introduced success profiles and recommendations from the Government Equalities Office, such as more diverse recruitment techniques, to enable a wide range of individuals to apply for our vacancies

**Pathways to Work projects for under-served and under-represented groups**

- five graduates of the Project SEARCH scheme are now permanent members of PHE staff
- we secured a Civil Service Commission exception to recruitment protocols to provide opportunities to care-leavers
- we identified placement opportunities for the Going Forwards Into Employment Scheme and placements for Mosaic Clubhouse

**Gender Pay Gap**

- we continued to implement our strategy that has a focus on recruitment and progression
- we promoted talent and development schemes to support colleagues, such as the Future Leaders Scheme and our own development programmes

**Improving Diversity Declarations**

- teams across PHE have worked together to improve the information held on central databases, supported by improved user guidance on our intranet and internal communications
- our work on improving declarations has been supported by updates to internal management programmes and our induction packs

**Restating our ambition**

- we continued to benchmark against others and are proud to be a top 10 employer for Working Families
- we retained our Disability Confident Leader status and helped others with the process
- we retained our Best Employer for Race status
- we continued to be a Stonewall Diversity Champion
- the Chair of our Muslim Network won a Civil Service Diversity and Inclusion Award for D&I leadership

*Staff network activity*

Over the course of the year our 12 staff networks have underpinned and supported our work on inclusion.

The networks create a supportive space for staff to share their views and help to develop contributions to key events, such as Pride or Black History Month.

Each of the networks have created business plans that align with the five-point plan and each has a senior champion to help guide and oversee the work.

The staff networks collaborate with each other and provide invaluable insight and contributions. For example, the faith networks and our disability network have provided support to the design and layout of Science Hub. This work has helped to ensure that we consider the diverse needs of our staff at the planning stage.

The networks have also supported staff on an on-going basis, providing advice and guidance. For example, our EU exit network has over 140 members and has helped staff source information and advice.

All staff are encouraged to engage with the networks, either as a formal member or to simply find out what is planned and how to get involved.

### *Inclusion Roadshows*

2019/20 saw the first in a series of roadshows on Inclusion.

The roadshows were designed to share all that is going on, such as work of the staff networks and the wider work across the Civil Service during the Year of Inclusion.

The team was unable to visit all the locations it had hoped to due to colleagues needing to respond to Covid-19. However, invaluable feedback has been gained from the sites we have visited. We will continue to roll-out the roadshows in 2020/21 and gather further feedback.

### *HR Business Partnering*

The HR Business Partnering team are responsible for providing HR consultancy for managers and members of staff with people related issues and concerns across PHE. The team communicate proactively with PHE's internal directorate teams, finance business partners and PHE management to develop integrated and value-added services/solutions in a range of areas including employee relations, case management, policy interpretation and advice, terms and conditions and management development. The team also advise on training and development, workforce planning, talent management, succession planning and change management.

### *People Systems*

Over the duration of the 2019/20 year, we continued the work to improve the systems used to support our people services. At present, PHE utilises the Electronic Staff Record system (ESR) for its HR and workforce information. The improvements have been made over the year include:

- improvements have been made to hierarchies set up in the system so line managers and those with designated responsibilities are able to record and approve periods of absence across the organisation. The work on hierarchies has maximised the interface capability between workforce information held in ESR interfaces and other systems such as those used by our Finance and Commercial Directorate colleagues for finance management, and our Information Communication and Technology team
- adapting the ESR learning and development compliance categories, our Learning and Development Team have been able to create a simplified approach to recording and tracking members of staff completing PHE's mandatory training

- reviewing systems which are dependent on the information either held or entered to ESR, and simplified processes to update and record workforce information, for example the interaction between our recruitment system, Trac, and People ticketing system, Ivanti, to ensure ESR retains correct information
- improvement to data integrity which has enabled new approaches to workforce planning using an evidence based approach, and the ability to mobilise our workforce during incidents, for example Covid-19

Given various corporate systems which have been in place since PHE was first established in 2013, for example the legacy finance systems transferred from the Health Protection Agency (HPA), and considering our requirements as a Civil Service Executive Agency now and in the future, PHE has taken the decision to move to a single solution for our finance and people services. In the 2019/20 financial year, PHE established its Money and People Service Programme (MaPS) to identify and develop the new system solution. The work to develop the new system will continue into the 2020/21 financial year, improving PHE's people services through best practice system processes and solutions, with the aim of improving user experience through system usage and alignment to our new People Operating Model.

### *Operational People Services*

Our Operational People Services deliver our Recruitment, Human Resource Administration, Payroll and Pensions functions. In the 2019-20 year, the team supported over 1,400 recruitment campaigns, and the onboarding of 1,089 members of staff into permanent and temporary roles across PHE, maintaining our Key Performance Indicator of 95% of established roles filled across the organisation. In payroll our error rate has remained exceptionally low, ensuring our members of staff working across PHE are paid correctly, and the number of underpayments and overpayments kept to a minimum.

Improvements over the duration of the year have included:

- a new approach to recruitment has been agreed, setting out the changes and improvements which will be made to further enhance the expert services provided by the Recruitment function
- procured and launched our use of LinkedIn to extend our reach to talented individuals for hard to fill vacancies
- the launch of candidate information packs providing more information to candidates about working at PHE and our organisational values
- procuring a new contract for our blended payroll provision and building a stronger relationship with our supplier
- further improvements to our processes and guidance used by our customers

### **PHE Harlow: milestones and future actions**

Subject to agreement of the programme business case, PHE's Science Hub programme will create a world-leading public health science campus and headquarters at Harlow in Essex. This will see the creation of the second-largest base for applied public health science in the world. Phased occupancy is expected to begin in 2023, with the site being fully operational come 2030.

2019/20 was a critical year for the programme as it moved from a policy/business planning phase and into its early delivery phase. Work has been focused on developing the Programme Business Case (PBC) for submission and approval for from HM Treasury (HMT). Critical work has progressed in parallel - both on and off the site - to ensure that once approval has been given the programme can move into delivery proper.

### **External review**

Key to ensuring the success of PHE Harlow has been ongoing supportive and challenging assurance. The programme has worked closely with DHSC and external reviewers to test the underlying strategic and value for money cases for the programme. As a result, much has been done to ensure that the costings are reasonable and that the benefits to public health are clearly set out. This latest phase of design and planning identified significant change in costs and schedule. But the intensive work over 2019/20 has resulted in more robust plans as well as a richer understanding of the user requirements for the site.

This culminated in the Programme Business Case being signed off by DHSC Investment Committee and approved by the Secretary of State for submission to HM Treasury.

### **Preparing for construction**

2019/20 has been essential to prepare the Harlow site ahead of main construction operations in 2021. There are currently three contractors on site, with two, VolkerFitzpatrick and Wates, on site during 2019/20 and during the lockdown. Demolition, ground preparation and the strip out of the main existing building have all progressed over the year. Carrying out this work early helps to reduce subsequent construction periods and mitigate risk of delay.

### **Investing locally for the future**

One key element of programme success is the positive impact the move will have on Harlow and the local economy. As well as the longer-term employment and supply chain opportunities, PHE Harlow is expected to enable several thousand jobs over the period of construction.

To support this ambition Harlow College and PHE opened a new Construction Skills Centre in October 2019. The centre is a unique partnership also including Jobcentre Plus, the Construction Industry Training Board and the PHE Harlow construction partners (VolkerFitzpatrick, Kier and Wates).

The aim of the centre is to train people to become work and site ready – targeting 1,000 successful trainees within the first year. Our construction partners are aiming to place some 35% into employment. We anticipate the centre will remain at the PHE site during the construction phase.

We have also been inspiring future generations from every background through a range of educational establishments across Essex, Hertfordshire, Cambridge and London. National Science week in Harlow was a success and PHE provided opportunities for work experience and laboratory-based activities at Colindale supported by career advice.

### **Health Improvement Directorate**

The Health Improvement Directorate brings together many functions and provides an integrated response to the challenge of non-communicable diseases. The foundations of the Directorate are the evidence derived from statistics and research, coupled with knowledge and experience from a number of sources. The work of the Directorate is informed by the epidemiology of

non-communicable diseases in particular the Global Burden of Disease study, which illustrates the need to tackle the growing burden of ill health from conditions such as musculoskeletal (MSK) and mental health as well as premature mortality from causes such as cancer and heart disease. The directorate also leads work on health inequalities across PHE.

The work of the Directorate follows international best practice in taking a life course approach, and using a range of approaches to advocacy and public health delivery from highly specific population prevention programmes to more holistic place-based approaches to address the wider determinants of health and build healthy communities. Examples of outputs include detailed advice to the NHS on prevention, the provision of a world leading range of health intelligence outputs for local government and policy support to Ministers on subjects such as tobacco control, alcohol harm reduction and diet and obesity. The Directorate is increasingly active internationally.

### **Review of the evidence for dependence on, and withdrawal from, prescribed medicines**

In September 2019 Public Health England (PHE) published the first ever evidence review of dependence and withdrawal problems associated with five commonly prescribed classes of medicines in England. This was a ground-breaking review which shone a spot light on prescribing patterns and on the way in which these map so closely to deprived communities. The review was politically sensitive and attracted considerable media attention; it continues to be an area of focus for patient groups and others and as of April 2020, there have been nearly 4000 individuals accessing the report online.

The review assessed the scale and distribution of prescribed medicines – and made recommendations for better monitoring, treatment and support for patients. It used available prescriptions data, a literature review and reports of patients' experiences'. The review looked at five classes of medicines: Benzodiazepines; Z-drugs; Gabapentinoids; Opioid pain medications (for chronic non-cancer pain); and Antidepressants.

#### **Key Messages**

- one in four adults had been prescribed at least one of these classes of medicines in the year ending March 2018
- in March 2018 half of those receiving a prescription (of these classes of medicine) had been continuously prescribed for at least the previous 12 months. Between 22% and 32% (depending on the medicine class) had received a prescription for at least the previous three years
- long term prescribing of opioid pain medicines and benzodiazepines is falling but still occurs frequently. This is not in line with the guidelines or evidence on effectiveness

The review made several recommendations including:

- update clinical guidance and improve training for clinicians
- give doctors better access to data to improve insight to prescribing practise and help GPs to follow best practice
- give better information to patients about the benefits and risks with these medicines and offer social prescribing alternatives
- help people experiencing problems, including a national helpline for patients

The health Improvement directorate is made up of the following divisions and teams:

- Alcohol, Drugs, Tobacco, Justice and Migrant Health
- Diet, Obesity and Physical Activity
- Health Intelligence, including Health Inequalities, Dental and Pharmacy
- National Disease Registration
- Programme and Priorities, including Health Checks, Mental Health, MSK, Sexual and Reproductive Health
- Screening Operations and Quality Assurance, including cancer and non-cancer screening
- Research, Translation and Innovation including Behaviour insights

We have seen already the way in which the professionals and patients have begun to take on board the findings and change behaviours for the better.

### **PHE Health Protection and Medical Directorate**

The Health Protection and Medical Directorate play a key part preparing for and responding to threats to health, including outbreaks of infectious disease and environmental hazards in the UK and abroad. The Emergency Response Department (ERD) is crucial in the planning, testing and running of these incidents and are a key part in any incident response involving PHE. The ERD team played a key role in response to the Salisbury/Amesbury incidents (novichok).

Through PHE's Centre for Radiation, Chemical and Environmental Hazards (CRCE) we research existing and emerging environmental hazards and environmental effects, and provide advice and new evidence to all levels of Government. A significant achievement last year was the delivery to Ministers, and others, of a series of evidence reviews on actions to improve air quality.

The Medical Director function ensures that a consistent level of expertise is being delivered across PHE and the wider public health system, as well as tackling poor performance. The team has now also expanded annual professional appraisal to UK Public Health Register (UKPHR) specialists in local authority settings and higher education institutions. The Healthcare Public Health team supports the NHS through evidence-based recommendations on best practice and service provision, ensuring resources are invested effectively for best patient outcomes.

### **PHE and Global Public Health**

The COVID-19 pandemic has demonstrated that our national health security is dependent on global health security. Diseases do not respect borders and international collaboration is essential if we are to reduce the risks of disease outbreaks becoming pandemics. One of the most effective ways to protect our own population, whilst also supporting others, is to contribute to global efforts to increase the early detection, prevention and response to infectious disease threats and other hazards, wherever they arise.

PHE's global public health work is an integral part of the UK's Government's international commitment to strengthen global health security. Using the UK's Aid budget, the Department of Health and Social Care has funded PHE to develop a rapid response capacity to infectious disease threats and enabled PHE to work with international partners in support of strengthening health security and compliance with the International Health Regulations (IHR).

The UK Public Health Rapid Support Team (UK-PHRST), a partnership between PHE and the London School of Hygiene and Tropical Medicine, has a core team of experts ready to deploy overseas within 48 hours and a triple mandate of response, research, and capacity building to control outbreaks in low and middle income countries. Over the last year the UK-PHRST has responded to three health emergencies in six countries, including the prolonged Ebola outbreak response in the Democratic Republic of Congo. After initial international deployment in support of WHO led coordination of global COVID-19 control efforts, the UK-PHRST is continuing to provide remote support through WHO, with Africa Centres for Disease Control and Prevention and to bilateral partners in response to the COVID-19 pandemic. The team provides expertise in epidemiology, data analysis, infection prevention and control, clinical care, laboratory diagnostics, social science, logistics, and strategic guidance, is engaged in developing and implementing several research projects on COVID-19 and has organized a Massive Open Online Course (MOOC) on COVID-19, through LSHTM. In the last year there have been 22 UK-PHRST publications.

The PHE International Health Regulations (IHR) team now has a presence in 6 countries (Ethiopia, Nigeria, Zambia, Sierra Leone, Pakistan and Myanmar) as well as staff working with Africa Centres for Disease Control and Prevention. A strong working relationship has been established with WHO, working at global, regional and country level, partnerships have been forged with other partners in support of strengthening the capacity of National Public Health Institutions (NPHIs) to build their capacity to manage threats to the public's health.

PHE is also working with the UK Overseas Territories to strengthen public health systems and address gaps in IHR compliance, as well as supporting the OTs address the challenge of non-communicable disease and mental health, providing support for capacity building and institutional strengthening, as well as training and forging professional networks and links. In 2020 a large part of our programme activity has been flexed to support preparedness planning and response to COVID-19 in our partner countries.

PHE has continued its support to World Health Organisation (WHO) leadership to strengthen Global Health Security. PHE's scientific and technical capability, including hosting nine WHO Collaborating Centres in specialist areas and seven WHO Affiliated Laboratories, is valued internationally, helping build our capability to ensure safe and effective public health delivery at home whilst strengthening international links in the national interest. PHE Colindale is also designated as a WHO expert reference laboratory for COVID-19.

In addition, PHE has worked with a number of countries and international organisations on topics from health security and emergency response to chemical, biological, radiological and nuclear incidents, to disaster risk reduction, to tobacco control and other areas of non-communicable disease. Action to address the wider determinants of health such as smoking, alcohol, obesity, mental health, environmental degradation and climate change, will be increasingly important and require coordinated global action.

We have continued to build strategic partnerships, linking with National Public Health Institutions in partner countries through the International Association of Public Health Institutes (IANPHI); relationships that will be essential for the exchange of information and joint actions.

Over the past year we have undertaken extensive consultation with internal and external stakeholders to inform the next PHE Global Health Strategy to be published in 2020.

## Health and Justice – leadership in public health approaches

Prisons are an integral part of the public health response for communicable diseases such as the current pandemic of COVID-19. This is due to a higher prevalence of poor health, risk factors and the unavoidable close contact in often overcrowded, poorly ventilated, and unsanitary facilities. Transmission can happen between people in prison, staff and visitors, as well as between prisons through transfers and staff cross-deployment, and to and from the community.

In the latter part of January 2020, PHE Health and Justice team wrote guidance on managing COVID-19 in prisons and places of detention in response to growing international concern. It has supported government departments in preparedness plans and business continuity as well as attending outbreak control team meetings to give direct guidance and support at a local level. PHE has advocated for population management strategies to reduce the impact of COVID-19 in prisons and subsequently on the NHS, including cohorting and shielding people in prison, as well as enabling single cell accommodation.

As the UK Collaborating Centre for the WHO Health in Prisons Programme (UKCC WHO HIPP) PHE has supported international action on COVID-19 in prisons and places of detention by working with WHO and other international partners to develop the WHO guidance on COVID-19 in prisons, a “frequently asked questions” resource and worked with the International Corrections and Prisons Association and European Centre for Disease Prevention and Control to develop a global surveillance tool to monitor the pandemic in prison settings. This has been supplemented by PHE developing an international resource collection on WEPHREN which has over 1200 global members and collaborating across the UK and Republic of Ireland to ensure a co-ordinated response to COVID-19. All this work draws on the established approaches by PHE nationally and is acknowledgement of the public health rigour and leadership of PHE in prison health.

## The work of our Regions and Centres

PHE has four regions: London, North of England, South of England and Midlands and East of England. The London regional team is both an integrated region and centre with the roles combined.

The role of PHE Regional Teams is to:

- manage strategic discussions with key partners
- act as the public health adviser to NHS England
- give professional support and leadership to the public health system, clinical and medical supervision, and professional guidance and leadership
- quality improvement and assurance of centres
- ensure that the region has robust emergency planning, resilience and response arrangements

PHE has nine centres (see page 17 for more information).

The PHE Centres act as collaborative, expert partners within local and sub-regional placebased systems, delivering specialist health protection services, advocating, connecting, convening,

advising and transferring knowledge to support local authorities in their duties to improve the public's health, to support NHS England with their direct commissioning and public health and inequalities responsibilities, and to build public health capacity and capability.

Centre Directors report to the relevant Regional Director.

Towards the end of 2019/20 and into 2020/21, PHE has embarked on a transformation Programme for its Centres and Regions. Some Centre Directors and Regional Directors have joined the new integrated NHS England/NHS Improvement regions as Regional Directors of Public Health (RDsPH). This work has focused on the provision of public health advice with the directors having responsibility for implementing the prevention workstreams of the NHS Long Term Plan, supporting sustainability and transformation plans (STPs) and working with integrated care systems (ICSs).

### **Quality and clinical governance in PHE**

The quality and clinical governance framework for PHE ensures that all areas of the organisation are accountable for the quality of the clinical and public health services provided.

PHE has in place two key functions to enable and promote integrated approaches to quality and clinical governance;

1. Support to Quality Improvement across the public health system; leading and partnering on two closely aligned external facing system wide products: England's first ever 'Quality Framework for the Public Health System': a shared system-wide commitment to high quality public health services and functions; and, 'What Good Looks Like': a suite of 10 thematic publications.
2. Improvement and assurance work undertaken within PHE through the Sound Foundations quality and clinical governance model which comprises of 10 quality components that are delivered through PHE-wide quality 'hubs', each with processes and measures in place to feed into an ongoing internal QA programme. This year, we have engaged in the internal audit of the wider programme of work and more specifically safeguarding, working with PHE's strategy team incorporate quality and clinical governance into the business planning process.

The strategic oversight, scrutiny and direction for the implementation the quality and clinical governance agenda including any internal audit recommendations, is provided by the Quality and Clinical Governance Delivery Board, jointly chaired by PHE's Chief Nurse and Medical Director.

### **Enabling PHE Digitally**

Building on the work over several years to enable PHE digitally, the Chief Executive convened a small forum of directors to consider the future role of Digital within PHE, and how best to ensure that digital skills effectively support the delivery of organisational priorities.

This forum convened a Digital Transformation Board (DTB), chaired by the Chief Operating Officer and Deputy Chief Executive, to design and implement a new operating model for digital, to strengthen our capability across the three elements of the Digital, Data and Technology profession, and align ourselves better with the emerging NHSX/NHS Digital landscape. The operating model will describe the new delivery approach for digital and technology work in PHE – including the structure and processes for new and existing projects, the management of the

digital portfolio (including prioritisation and resourcing), and external partnerships. The DTB is coordinating and overseeing three workstreams, as follows:

- the evolution of the PHE Marketing directorate into a Behavioural Programmes Unit, to lead all direct-to-public digital activity and to align it appropriately with health campaigns
- the enhancement of PHE's data capability, in support of the Data and Surveillance priority in PHE Strategic Plan
- the enhancement of the organisation's technology capability, in support of the delivery of the technology enabler

This approach will ensure correct structural and functional alignment for the delivery of Five Year Plan priorities, including Anti-Microbial Resistance, Predictive Prevention and Data and Surveillance, whilst supporting the People, Process and Technology enablers.

Each workstream has a strategic and operational lead, who is working with stakeholders to establish the requirements to support delivery and determine how to align the available Digital resources to enable this. The work of the DTB is in accordance with applicable organisational change policies and is supported by People Directorate as appropriate.

The DTB was convened in January 2020 and is expected to conclude its activities within the 2020/21 financial year.

### **Internal communications**

Our internal monthly communication Team Talk continues to inspire a wide set of conversations at all levels on contemporary key topics. We have also developed our Senior Leadership Forum where our most senior leaders get together regularly to discuss priorities, problem solve, share best practice, challenge and support each other, and review progress.

More formally, the PHE Partnership Forum, chaired by the Chief Executive, continues to be the focus for negotiation and consultation with our recognised trade unions, enabling discussion on the staffing implications of strategic and operational decisions, the working environment and HR policies and procedures. It also negotiates agreements with our recognised trade unions on all our terms and conditions of employment (with the exception of pay) within the delegated authority set out in the Framework Agreement, and facilitates arrangements for accredited employee representatives.

### **Health and safety**

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

Our strategic health and safety aim is to ensure continuous improvement to achieve the highest health and safety standards. Our business plan incorporates an annual health and safety improvement plan which sets out a number of priorities, delivery of this is 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 our own 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 are reviewed and acted on swiftly, with lessons learned identified and disseminated across the organisation in a timely way.

We have 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. Our health and safety policies are supported by staff health and safety handbooks and guidance documents. These cover a number of specific areas of risks and are complemented by specific information, guidance, training and competency assessment.

We consult our 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.

## Safeguarding

PHE has a statutory duty to safeguard children and adults at risk of harm, including people who use and come into contact with our services and staff, and our employees. It is a duty we take very seriously – safeguarding is everyone's business, and we are concerned with vulnerability across the lifecourse in all that we do.

The safeguarding contribution in PHE reaches across a number of roles and functions. We deliver safeguarding in services direct to the public through our health protection teams, screening and immunisations, and teams on deployment overseas who may come into contact with vulnerable people and communities and identify safeguarding concerns. We also receive safeguarding concerns raised through public health campaigns, for example Every Mind Matters.

The nature of the concerns recorded on our system range from child sexual exploitation, neglect of children and vulnerable adults, modern slavery, and female genital mutilation where we are able to offer expert advice and leadership. Safeguarding training is mandatory for all staff in PHE, with the required level tailored to role and responsibilities. In January 2019 we published our updated organisation-wide policy, including governance and assurance arrangements.

We deliver safeguarding advice and guidance through an expert network of 27 advisors - located across our quality hubs, centres and regions - trained to level 5. In March 2020 we also ran level 6 training for executive leaders in the organisation, bringing us in line with NHS and local government arrangements, and providing a higher level of assurance for the organisation. We've also established a Regional Safeguarding forum to support area-based delivery, sharing practice and experience, building networks and partnerships in the local safeguarding systems.

Safeguarding is one of ten components in Sound Foundations, PHE's quality model, through which PHE teams work towards improvement in key areas. Self-assessment reports are compiled around the organisation in Quality Hubs and received quarterly by the SACB, who are particularly concerned to ensure compliance, and to disseminate best practice around the organisation.

Our safeguarding function was audited in 2019 receiving moderate assurance and we've developed an action plan based on its recommendations focusing on our assurance, oversight and improving the organisations safeguarding awareness. From February 2020 we've been working to embed safeguarding across PHE's response to COVID-19, and lessons learned in this uniquely challenging time will help us to continue to improve.

### **Reducing health inequalities and meeting the public-sector equality duty**

PHE's mission is to protect and improve people's health in England and to reduce health inequalities. The Health and Social Care Act 2012 sets out specific legal duties on health inequalities for us to meet. We also have a public-sector equality duty to consider the needs of all individuals in our work when shaping policy and delivering services, and in relation to our staff.

PHE's Health Inequalities Board governs its actions on health inequalities. It is chaired by the Chief Executive and includes external experts from academia, the Kings Fund and our partners in the NHS, Local Government Association (LGA) and across Government who provide scrutiny and support for our actions.

In the light of the current pandemic, PHE carried out a review of data on the disparities in the risk and outcomes of COVID-19. The review analysed surveillance data, taking into account age, sex, deprivation, region and ethnicity. It found that COVID-19 has not only exposed existing health inequalities, but in some cases, has increased them, through its disproportionate impact on certain population groups.

Building on this epidemiological research, PHE published a second report entitled *Beyond the data: Understanding the impact of COVID-19 on BAME groups*. This report is compiled of a rapid literature review and a summary of stakeholder insights into the factors that may be influencing the impact of COVID-19 on BAME communities. PHE engaged with a wide range of stakeholders, involving academics, faith groups and community and voluntary organisations. The report contains seven key recommendations which point to the areas where commitment, focus and delivery at scale could make a significant difference in improving the lives and experiences of BAME communities.

PHE in collaboration with the Local Government Association (LGA), Association of Directors of Public Health (ADPH), and NHS England and NHS Improvement, have published a suite of resources relating to health inequalities and COVID-19 to support place-based approaches to planning and responding to the pandemic, while mitigating against potential impacts on those with the poorest health outcomes. These are accessible on the LGA website and include a health equity assessment tool, suggestions for mitigating the impact on health inequalities at a local level, and data tools to support local areas.

Our annual equality duty report for 2019 highlighted the major achievements of the organisation in promoting equality and diversity as well as providing examples of work which illustrate how we contribute to meeting our agreed equality objectives both in terms of our staff and services.

PHE also recognises the importance of focusing on inclusion groups who often have the poorest health outcomes and face severe health inequalities. These include sex workers, homeless people, vulnerable migrants, Gypsy Roma and Traveller populations and people in contact with the justice system. PHE has been working with other government

departments and partners across the public health system to tackle homelessness and rough sleeping, and to ensure that the health needs of the most vulnerable migrants, such as refugees who are resettled under the UK government's schemes, are identified and supported throughout their journey and after arrival in the UK.

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

From 1 April 2019 to 31 March 2020 there were 1,393 Freedom of Information requests received by PHE (2018/2019: 1087). 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).

We received 11,439 on-line enquiries from the public and stakeholders in this period. (2018/19: 5,172). Of these 6,198 enquiries were COVID-19 related received since 21 January 2020. We were tasked with the establishment of an Enquiries cell to support our BAU activities including a public facing mailbox to provide a single point of contact for email enquires relating to the incident.

We supported the PHE corona virus helpline accessed through NHS 111 in accordance with the requirement set out by the Secretary of State for Health to support the information needs of the public. We developed public facing FAQs for both services.

We are committed to providing a high-quality service to everyone we deal with complaints and have published a complaints procedure, which is available at [www.gov.uk/phe](http://www.gov.uk/phe). A total of 249 complaints were handled during this period. (2018/19: 162).

We closed the remaining breast screening complaints and passed these to NHS Trusts for the implementation of Clinical Review.

We have also been tasked with establishing a COVID-19 complaints cell which will focus on complaints redress - principally oversight of each of the Tiers in the PHE Contact Tracing Service (CTS).

### **Parliamentary questions**

We responded to 394 parliamentary questions on a wide range of subjects in 2019/2020. PHE also contributed to 335 Department of Health and Social Care and other government department parliamentary questions.

Topics that generated the most questions were COVID-19, Chemicals, Radiation and Environmental Hazards (CRCE), Immunisation, Drugs, and Marketing/Campaigns.

# Financial review

## Accounts direction

The financial statements contained within this annual report and accounts relate to the financial year 1 April 2019 to 31 March 2020. 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 146 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 (FRm) 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 2019/20 year, 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 is received through the parliamentary supply process as grant-in-aid (GIA) and allocated within the main DHSC estimate. We also receive significant additional income from services provided to customers, grant awarding bodies and the devolved administrations.

## Funding in 2019/20

For 2019/20, the funding limits set by DHSC for our three operating segments were as follows:

- local authority grants: specific programme revenue within a limit of £2,931.6m (2018/19: £3,011.1m)\*
- vaccines and countermeasures response (VCR): specific programme revenue within a limit of £481.2m (2018/19: £606.5m)\*\*
- operating activities: non-specific administration and programme revenue within a limit of £437.1m\*\*\* (2018/19: £395.8m)

\* In 2019/20 and 2018/19, the local authority public health grant payments made by PHE did not include the amounts for the ten local authorities in Greater Manchester. These payments of £202.4m (2018/19: £207.9m) were made by the local authorities retaining the agreed sum from their business rates received. The total grant programme for 2019/20 was for £3,134m (2018/19: £3,219m).

\*\* This includes £35.8m of personal protective equipment (PPE) utilised in the response to Covid-19.

\*\*\* PHE's funding from the DHSC for operating activities in 2019/20 includes £24.8m in respect of costs incurred on the Covid-19 pandemic. These were incurred mostly in the setting up of response functions, including a call centre on behalf of the NHS and initial sample testing in February and March. These costs have continued into the 2020/21 year and will be significant. PHE's Covid-19 response costs are underwritten by the DHSC in the form of specific additional grant-in-aid.

## Financial performance against budget

In 2019/20, 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 2019/20 year was an underspend of £2.5m on a total operating budget of £3,849.9m (2018/19: underspend of £0.4m on an operating budget of £4,013.4m).

PHE's underspend of £2.5m was derived from income being lower than budget by £6.4m and expenditure being lower than budget by £8.9m. PHE undertakes a wide range of operational activities. Variations within each category of activity are expected and financial performance within each category is 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 0.6% of the operating activities budget of £437.1m.

Financial control is achieved across the organisation through budgetary allocations, which are flexed during the year as required and depending on public health priorities. Financial performance is 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 £155.0m (2018/19: £171.3m) earned from trading activities, royalties and research funding.

VCR sales of £78.1m (2018/19: £69.1m) 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 are operating in a challenging economic climate but consider that we are 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 will continue to be largely funded by GIA from the DHSC. A commercial strategy supports the organisation in continuing to deliver income at sustainable levels, recognising that at least some of this is driven by market demand.

## Overall results against budgets

Net expenditure for 2019/20 totalled £3,847.4m (2018/19: £4,013.0m). 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)         | 2019/20        |                |              | 2018/19        |                |              |
|------------------------------|----------------|----------------|--------------|----------------|----------------|--------------|
|                              | Budget         | Actual         | Variance     | Budget         | Actual         | Variance     |
| External Income:             |                |                |              |                |                |              |
| Operating activities         | 180.8          | 174.4          | (6.4)        | 189.6          | 191.4          | 1.8          |
| VCR                          | 78.1           | 78.1           | -            | 69.6           | 69.6           | -            |
| Less internal recharges      | (19.4)         | (19.4)         | -            | (20.6)         | (20.6)         | -            |
| <b>Total external income</b> | <b>239.5</b>   | <b>233.1</b>   | <b>(6.4)</b> | <b>238.6</b>   | <b>240.4</b>   | <b>1.8</b>   |
| Expenditure:                 |                |                |              |                |                |              |
| Pay                          | 331.5          | 322.1          | 9.4          | 316.9          | 304.8          | 12.1         |
| Non-Pay                      | 364.5          | 365.0          | (0.5)        | 268.5          | 282.0          | (13.5)       |
| Local Authority Grants       | 2,931.6        | 2,931.6        | -            | 3,011.1        | 3,011.1        | -            |
| VCR                          | 481.2          | 481.2          | -            | 676.1          | 676.1          | -            |
| Less internal recharges      | (19.4)         | (19.4)         | -            | (20.6)         | (20.6)         | -            |
| <b>Total Expenditure</b>     | <b>4,089.4</b> | <b>4,080.5</b> | <b>8.9</b>   | <b>4,252.0</b> | <b>4,253.4</b> | <b>(1.4)</b> |
| <b>Net Expenditure</b>       | <b>3,849.9</b> | <b>3,847.4</b> | <b>2.5</b>   | <b>4,013.4</b> | <b>4,013.0</b> | <b>0.4</b>   |

1. The financial performance information above forms the basis of the Statement of Comprehensive Net Expenditure, which also includes an adjustment for the net gain on revaluation of investments, property plant and equipment and investment property of £126.8m (2018/19: gain of £0.4m) (notes 1.12 and 14).
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.

### Income against budget

An important part of our work is 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 our 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 2019/20, we generated total external income of £233.1m (2018/19: £240.4m). This is broken down in the following table:

| External income (£m)             | 2019/20      |              |              | 2018/19      |              |            |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|------------|
|                                  | Budget       | Actual       | Variance     | Budget       | Actual       | Variance   |
| NHS laboratory contracts         | 53.3         | 57.3         | 4.0          | 51.2         | 53.5         | 2.3        |
| Research grants                  | 16.9         | 14.5         | (2.4)        | 16.4         | 16.9         | 0.5        |
| Commercial services              | 30.7         | 29.4         | (1.3)        | 33.6         | 31.8         | (1.8)      |
| Products, royalties and dividend | 49.4         | 40.9         | (8.5)        | 55.7         | 45.8         | (9.9)      |
| Other                            | 11.1         | 12.9         | 1.8          | 12.6         | 23.3         | 10.7       |
| <b>Operating activities</b>      | <b>161.4</b> | <b>155.0</b> | <b>(6.4)</b> | <b>169.5</b> | <b>171.3</b> | <b>1.8</b> |
| VCR                              | 78.1         | 78.1         | -            | 69.1         | 69.1         | -          |
| <b>Total external income</b>     | <b>239.5</b> | <b>233.1</b> | <b>(6.4)</b> | <b>238.6</b> | <b>240.4</b> | <b>1.8</b> |

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 provide a public health grant of £2,931.6m (2018/19: £3,011.1m) 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. I am 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. We support 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 are committed to the Better Payment Practice Code, the policy being to pay suppliers within 30 days of receipt of a valid invoice. We have 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 currently record the invoice date rather than the date of receipt, so payment will have been slightly faster than the statistics recorded below.

In 2019/20, 95.0% and 88.6% of supplier bills (by value and volume respectively) were paid within 10 days and 98.7% and 96.4% within 30 days, as shown below. Interest payments of £0.6k were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998 (2018/19: £0.8k).

| Payment Period in Days    | 0 to 5  | 6 to 10 | 11 to 30 | Over 30 | Total     |
|---------------------------|---------|---------|----------|---------|-----------|
| Value of invoices (£000s) | 997,151 | 30,873  | 40,067   | 14,429  | 1,082,520 |
| Percentage                | 92.1%   | 2.9%    | 3.7%     | 1.3%    | 100.0%    |
| Number of invoices        | 61,777  | 5,387   | 5,859    | 2,759   | 75,782    |
| Percentage                | 81.5%   | 7.1%    | 7.7%     | 3.6%    | 100.0%    |

Payment period in days 0 to 5 6 to 10 11 to 30 Over 30 Total Full monthly statistics on our prompt payment data can be found at: <https://www.gov.uk/government/publications/phe-prompt-payment-data-2019-to-2020>

### Exposure to liquidity and credit risk

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

During 2019/20, 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 do 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. The company is based at Porton Down, within the facility owned by PHE.

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 2019/20 (2018/19: £8.0m).

### **Going concern basis**

By virtue of the Health and Social Care Act 2012, PHE currently exists as an executive agency established within the Department of Health and Social Care (DHSC). A public sector entity is a going concern if the service is envisaged to continue and the published main estimates envisage this to be the case. PHE is included in the government main estimates for 2020/21, but on Tuesday 18 August 2020, the Secretary of State for Health and Social Care, Matt Hancock, announced the establishment of a new organisation called The National Institute for Health Protection (NIHP). NIHP will bring 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 (JBC)'s intelligence and analytical capability. NIHP will be established in Spring 2021. New homes will be found for all other PHE functions, including health improvement.

### **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 2019/20 was £202k (2018/19: £192k). 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 is Public Health England's (PHE's) seventh year of reporting on sustainable development. The report describes PHE's energy use, business travel, water consumption and total waste arisings during the 2019/20 financial year. Our baseline year for carbon reporting, relative to the Greening Government Commitment (GGC) initiative and HMT reporting strategy, is 2013/14.

We have set a target to reduce our carbon emissions by 3% annually to March 2020, compared to our baseline year of 2013/14, which is in line with GGC requirements.

Preliminary analysis indicates that PHE's total reportable carbon emissions for 2019/20, are 14,424 tCO<sub>2</sub>e, this is inclusive of our site at Harlow. This is compared with 16,076 tCO<sub>2</sub>e for 2018/19, and 26,274 tCO<sub>2</sub>e for 2013/14, representing a reduction of 10% on the previous year, and a 45% reduction on our baseline year overall. At the time of writing, some data were not available, but a more comprehensive sustainability report will be produced in the autumn of 2020 capturing any anomalies. In line with Greening Government Commitment requirements, we are reporting on our owned estate of 86,042m<sup>2</sup> and on an establishment of 5,681 full time equivalent posts. Over the current reporting period PHE's estate has been adopting smarter methods of working and consolidation, in line with government property controls.

As approved by DEFRA the carbon data for the Harlow site will again be reported separately, to better facilitate comparison with data from earlier years. Construction work on the Harlow site started in 2019 with the relevant emissions being shown in this report.

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 sewage. Non-reportable sites are those offices and or laboratories that are reported separately by the premises landlord. PHE generates some energy from photovoltaic renewable sources, these energy figures are subtracted from the reportable total.

Over the last year there has been a 20% decrease in reportable business travel emissions compared to 2018/19. This was due to a reduction in general business travel across the organisation, with our staff utilising smarter methods of travelling and communicating. The COVID-19 emergency also played its part in reducing travel for our staff in the latter part of Q4.

We continue to engage with our workforce through our mandatory e-learning training programme on sustainable development, which 1,558 members of staff completed last year. This bespoke training provides our staff with a good understanding of sustainable development in PHE and encourages them to act in a sustainable manner by considering their impact on the environment.

We have also set up a sustainability champions group forum where these members of staff can communicate best practice to their colleagues across the estate.

In the last year we have reinstated our corporate Sustainable Development Programme Board. This Board is responsible for overseeing the sustainability strategy for the organisation ensuring compliance with UK Government legislation and delivering on our sustainable development management plan objectives.

## Greenhouse gas emissions

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

| GREENHOUSE GAS EMISSIONS   |  | 2017/18        | 2018/19        | 2019/20        |
|--|--|----------------|----------------|----------------|
| <b>SCOPE 1 + 2</b>   |  |                |                |                |
| <b>Non-financial indicators (tCO<sub>2</sub>)</b>                                    | Natural gas <sup>5</sup>                           | 5,217          | 5,097          | 4,538          |
|  | Natural gas (non-reportable sites)                 | 1,205          | 869            | 843            |
|  | Fuel oil   | 353            | 697            | 589            |
|  | Process emissions                                  | 349            | 315            | 320            |
|  | Fugitive emissions (F-Gas)                         | 137            | 201            | 162            |
|  | Mains electricity (non-reportable sites)           | 1,701          | 1,664          | 1,579          |
|  | Mains electricity (reportable sites, offices)      | 244            | 189            | 139            |
|  | Mains electricity (Scope 2 + Scope 3) <sup>5</sup> | 7,103          | 4,909          | 4,501          |
|  | Owned/leased vehicles                              | 72             | 61             | 52             |
|  | <b>Renewable electricity</b>                       | <b>233</b>     | <b>239</b>     | <b>202</b>     |
| <b>Related energy consumption (kWh)</b>  | Natural gas  | 28,330,159     | 27,689,273     | 24,683,183     |
|  | Natural gas (non-reportable sites)                 | 6,541,778      | 4,723,000      | 4,585,934      |
|  | Fuel oil   | 1,279,918      | 2,521,975      | 2,292,722      |
|  | Process emissions <sup>2</sup>                     | 1,895,109      | 1,711,413      | 1,736,413      |
|  | Mains electricity (non-reportable sites)           | 4,425,648      | 5,415,882      | 5,694,025      |
|  | Mains electricity (reportable sites, offices)      | 634,648        | 616,520        | 501,915        |
|  | Mains electricity (Scope 2 + Scope 3)              | 18,477,807     | 15,980,437     | 16,231,516     |
|  | <b>Renewable electricity<sup>4</sup></b>           | <b>606,319</b> | <b>776,848</b> | <b>727,769</b> |
| <b>Related consumption (kgCO<sub>2</sub>)</b>  | Fugitive emissions (F-Gas) <sup>3</sup>            | 137,148        | 201,857        | 161,948        |
| <b>Related Scope 1 travel (km)</b>   | Owned/leased vehicles                              | 291,172        | 336,596        | 292,500        |
| <b>Financial indicators (£)</b>  | Natural gas  | 641,948        | 706,703        | 662,873        |
|  | Fuel oil <sup>1</sup>                              | 69,797         | 191,628        | 170,083        |
|  | Owned/lease vehicles (fuel/i-expenses)             | 21,802         | 22,582         | 21,141         |
|  | Fugitive emissions (F-Gas) <sup>3</sup>            | 36,775         | 10,729         | 24,294         |
|  | Mains electricity (reportable)                     | 2,086,056      | 3,174,427      | 2,238,679      |
|  | <b>Renewable electricity<sup>4</sup></b>           | <b>56,863</b>  | <b>75,004</b>  | <b>67,555</b>  |
| <b>Total Emissions Scope 1 + 2 (tCO<sub>2</sub>)<sup>6</sup></b>                     |  | <b>13,475</b>  | <b>11,471</b>  | <b>10,300</b>  |
| <b>Total gross emissions from non-reportable sites Scope 1 + 2 (tCO<sub>2</sub>)</b> |  | <b>2,906</b>   | <b>2,533</b>   | <b>2,422</b>   |
| <b>Renewable Energy tCO<sub>2</sub></b>  |  | <b>233</b>     | <b>239</b>     | <b>202</b>     |

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.

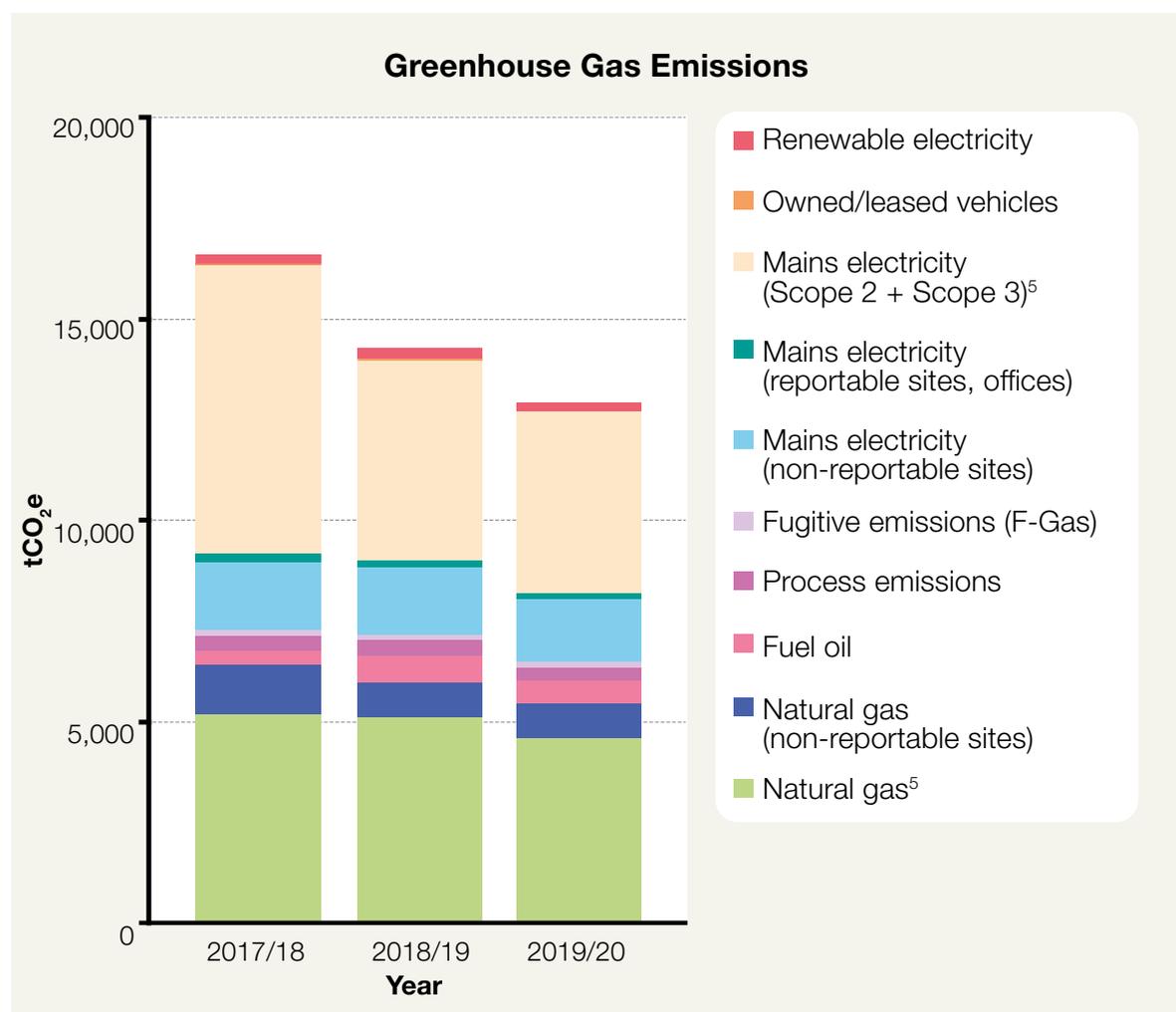
4 Renewable energy from Porton, Chilton and Colindale PV

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 PHE Harlow, are detailed below.



Scope 1 and 2 emissions for PHE Harlow, are detailed below.

| PHE HARLOW GREENHOUSE GAS EMISSIONS               |                          | 2017/18      | 2018/19    | 2019/20    |
|---|--------------------------|--------------|------------|------------|
| <b>Non-financial indicators (tCO<sub>2</sub>)</b> | Natural gas <sup>1</sup> | 102          | 4          | 0          |
|   | Mains electricity        | 1,308        | 913        | 721        |
| <b>Related energy consumption (kWh)</b>           | Natural gas <sup>1</sup> | 555,301      | 19,778     | 0          |
|   | Mains electricity        | 3,401,300    | 2,970,770  | 2,601,173  |
| <b>Financial indicators (£)</b>                   | Natural gas <sup>1</sup> | 117,952      | 2,012      | 0          |
|   | Mains electricity        | 368,081      | 423,658    | 414,554    |
| <b>Total Gross Emissions</b>                      |                          | <b>1,410</b> | <b>917</b> | <b>721</b> |

<sup>1</sup> Natural Gas shutoff in Q1 2018/19

## Water consumption

PHE has set a target to reduce its water consumption by 2% annually to 2020, in line with the Greening Government Commitment. The reportable usage of water for the estate was 113,377 m<sup>3</sup>, with a further estimated 19,200 m<sup>3</sup> being used by our non-reportable sites, though this is estimated in many places due to the lack of metering. Overall, this represents a slight increase in consumption of 0.18% from last year. The cost of water has increased substantially at one of our larger sites equating to a larger financial cost this year.

Water consumption at our owned larger sites at Colindale, Porton and Chilton, continues to be an ongoing challenge because their laboratories require large quantities of water.

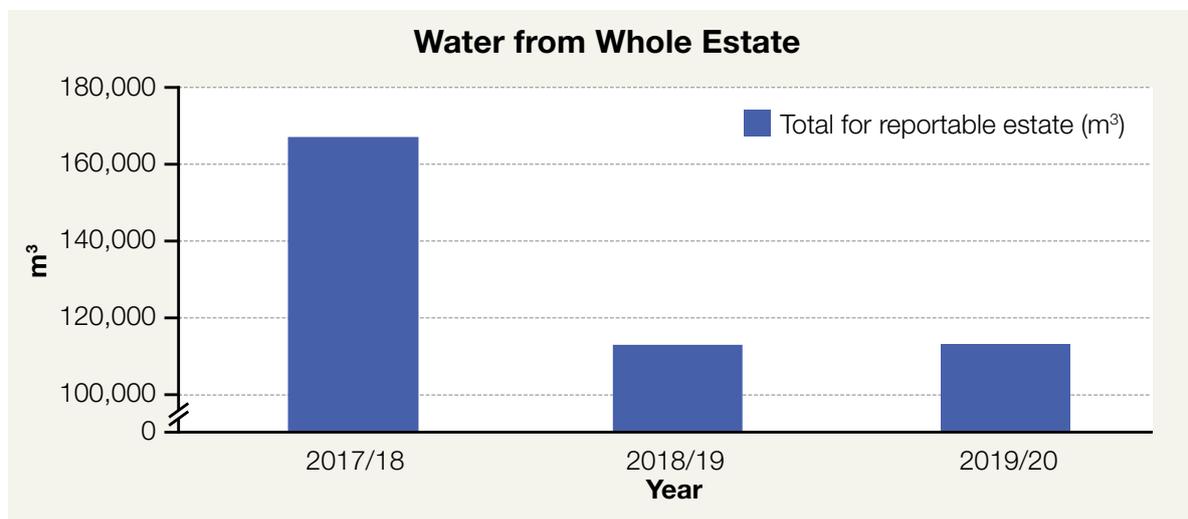
| Water   |  | 2017/18              | 2018/19 | 2019/20 |
|---|--|----------------------|---------|---------|
| <b>SCOPE 3 (Water)</b>                          |  |                      |         |         |
| <b>Non-financial indicators (m<sup>3</sup>)</b> | Water from office estate (reportable)*                             | 216                  | 216     | 0       |
|   | Water from whole estate (reportable) [excluding office estate] **  | 166,770              | 112,955 | 113,377 |
|   | Total for reportable estate (m <sup>3</sup> )                      | 166,986              | 113,171 | 113,377 |
|   | Water from office estate (non-reportable) *                        | 10,658               | 11,837  | 10,414  |
|   | Water from whole estate (non-reportable) [excluding office estate] | 7,254                | 8,564   | 8,786   |
|   | Total for non-reportable estate (m <sup>3</sup> )                  | 17,911               | 20,401  | 19,200  |
|   | <b>Financial indicators (£)</b>                                    | Water supply costs** | 198,686 | 106,751 |

\*Estimated usage

\*\*Cost from our owned estate only

Since 2019 PHE does not have any owned office estate, the majority of which being a mixture of office and laboratory facilities, which makes it difficult to differentiate their water usage into any meaningful datasets. We continue to have projects in place to improve our water infrastructure, be that 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 are 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 our major sites was monitored and measured, and therefore the pattern of daily usage is known to our facilities teams.

Below is the data we have collated for the PHE Harlow site.

| <b>WATER (Harlow)</b>                           |                    | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> |
|---|--------------------|----------------|----------------|----------------|
| <b>Non-Financial Indicators (m<sup>3</sup>)</b> | Water usage        | 5,483          | 3,825          | 3,360          |
| <b>Financial Indicators (£)</b>                 | Water supply costs | 2,800          | 8,133          | 7,072          |

Note: water data costs have been estimated.

Water consumption at Harlow has reduced by some 12% over the last year. The main use of water at this site is for the construction works being undertaken. Water usage during construction is expected to remain significant.

## Waste

PHE has set a total waste reduction target of 2% annually to March 2020, in line with the Greening Government Commitment. PHE's total waste figure for 2019/20 was 617 tonnes, compared to the figure for our baseline year in 2013/14 of 895 tonnes. The total waste figure for this year (when compared to 2018/19) indicates that our total waste has decreased by 12%. The data highlighted below indicates that for our own estate we have diverted some 96% of waste away from landfill, excluding waste not reused.

Due to the timing of waste contractor billing data, not all information is currently available, and a more detailed analysis will be published in PHE's Annual Sustainability Report in the autumn of 2020.

Waste sent to landfill, from across our owned estate, has decreased by some 11 tonnes over the last year.

ICT waste is collected and disposed of as part of the government contract with Computer Disposals Limited (CDL) who have been engaged to recycle and reuse, wherever possible, all redundant ICT equipment. This approach continues to be an effective method of disposal for this waste stream and this is supported by government policy. Approximately 12 tonnes of ICT waste have been processed in this manner in the last financial year.

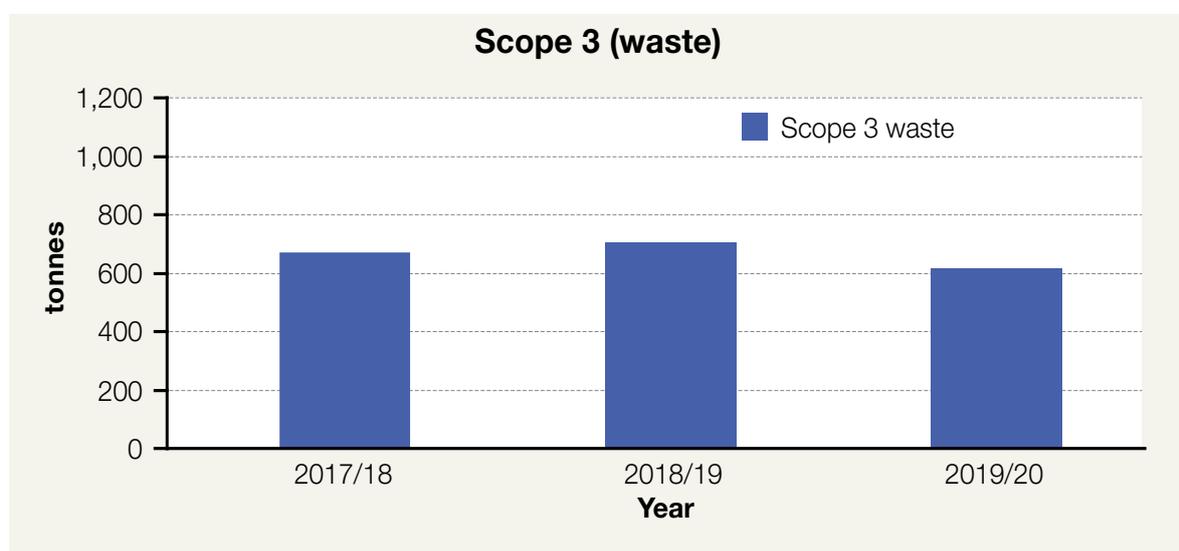
Overall, we continue to pursue an aggressive programme to increase the level of recycling or reuse wherever practicable from across our estate, with some 279 tonnes being processed in this manner.

Due to the nature of the work carried out across our estate, a significant quantity of hazardous waste is produced, and controls are in place to manage this. This waste was sent for incineration, in compliance with government guidelines.

Initiatives have been introduced to reduce waste at all locations, covering both offices and laboratories. Contractors working at PHE sites are constantly reminded about their obligation

to reduce their waste wherever possible, in line with PHE's waste policy and the associated management arrangements.

| Waste   | 2017/18        | 2018/19        | 2019/20        |
|---|----------------|----------------|----------------|
| SCOPE 3 (Waste)   |                |                |                |
| <b>Non-financial indicators (tonnes)</b>  |                |                |                |
| Waste recycled externally (non-ICT equipment)                                   | 183            | 230            | 240            |
| Waste reused externally (non-ICT equipment)                                     | 42             | 36             | 39             |
| Waste recycled externally (ICT equipment)                                       | 10             | 5              | 8              |
| Waste reused externally (ICT equipment)   | 7              | 12             | 4              |
| Waste composted or sent to anaerobic digestion                                  | 27             | 20             | 32             |
| Waste incinerated with energy recovery  | 190            | 194            | 220            |
| Waste incinerated without energy recovery (clinical waste)                      | 163            | 158            | 77             |
| <b>Totals</b>   |                |                |                |
| <b>Total waste not sent to landfill</b>   | <b>623</b>     | <b>654</b>     | <b>577</b>     |
| <b>Total waste sent to landfill deemed non-hazardous</b>                        | <b>25</b>      | <b>28</b>      | <b>27</b>      |
| <b>Total waste sent to landfill deemed hazardous (including clinical waste)</b> | <b>27</b>      | <b>23</b>      | <b>13</b>      |
| <b>Total waste</b>  | <b>675</b>     | <b>704</b>     | <b>617</b>     |
| <b>Financial indicators (£)</b>   |                |                |                |
| Waste recycled externally (non-ICT equipment)                                   | 49,209         | 61,290         | 68,371         |
| Waste reused externally (non-ICT equipment)                                     | 0              | 90             | 1,100          |
| Waste recycled externally (ICT equipment)                                       | 43             | 0              | 0              |
| Waste reused externally (ICT equipment)   | 0              | 0              | 0              |
| Waste composted or sent to anaerobic digestion                                  | 7,240          | 7,718          | 8,154          |
| Waste incinerated with energy recovery  | 117,849        | 99,511         | 179,195        |
| Waste incinerated without energy recovery (clinical waste)                      | 172,460        | 168,590        | 81,242         |
| <b>Totals</b>   |                |                |                |
| Total non-hazardous waste sent to landfill                                      | 4,054          | 3,173          | 4,046          |
| Total landfill waste deemed hazardous (including clinical waste)                | 15,929         | 8,830          | 3,261          |
| <b>Total waste (£)</b>  | <b>366,784</b> | <b>349,202</b> | <b>347,135</b> |



## Waste (Harlow)

As shown below, waste from the Harlow site has increased massively due to the construction works taking place over the last year. Whilst the sites general waste is disposed of via an incinerator with energy recovery, the construction waste has been managed by one of our principal contractors, Volkers.

The site produced some 4.5 tonnes of general waste in the period in 2019/20. It should be noted that an additional 4,288 tonnes of construction waste were sent offsite. It is anticipated that a large amount of construction waste and soils produced during the redevelopment of this site will be reused or recycled during the construction phase of this project.

| WASTE (Harlow)                         |             | 2017/18 | 2018/19 | 2019/20    |
|--|-------------|---------|---------|------------|
| <b>Non-Financial Indicators (kg's)</b> | Waste usage | 3,288   | 6,210   | 4,292,240* |
| <b>Financial Indicators (£)</b>        | Waste costs | 406     | 916     | 1710**     |

\*Includes construction waste

\*\*Costs do not include construction waste

## Business Travel

We have set a target to be more efficient in reducing business travel journeys and have set a reduction target of at least 2% annually by 2020, which is relative to our baseline year of 2013/14. In this last year we have changed our travel provider; they have promised to help us reduce our travel impacts and help us meet our government commitments on travel. We have also investigated a carbon offsetting scheme for our air travel abroad.

Our travel policy states that we limit business travel wherever possible and to encourage our staff to use sustainable modes of transport wherever possible. We have seen a 20% decrease in reportable business travel carbon emissions compared to the previous year.

Our carbon impact from domestic flights has decreased in 2019/20 by some 36%, compared to last year. UK rail emissions have also decreased in the last three years. Due to our growing international public health commitments, our international travel overseas is constantly monitored by a dedicated team.

Business travel over the last three years is illustrated below. Emissions factors used to calculate carbon levels have changed in recent years, which may suggest that we have increased our travel even though we are essentially reducing our carbon emissions.

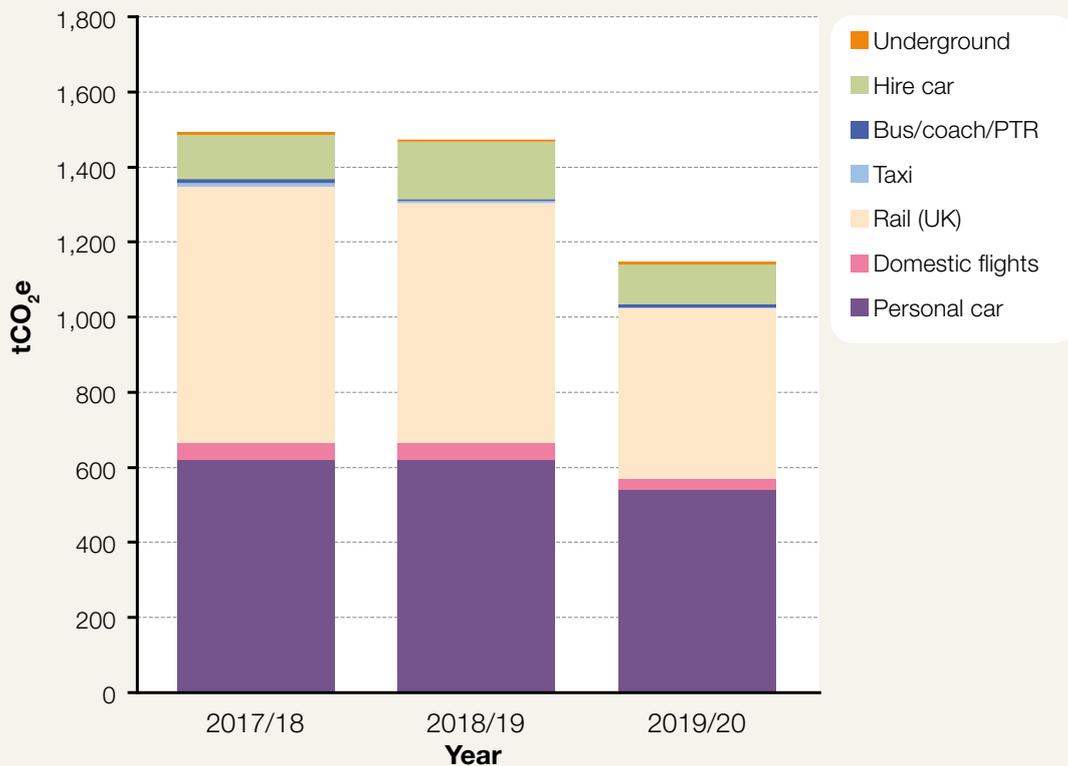
We are continuing our work to reduce unnecessary business travel to meetings. The successful implementation of flexible working across the organisation will help to promote further reductions, by supporting the attendance of meetings via teleconference and video-conferencing whilst facilitating working collaboration across different locations. This will help improve local air quality (with the associated health co-benefits), as well as supporting our plans to continue to reduce carbon.

PHE will continue to introduce new initiatives for reducing travel emissions by reducing the number of journeys we make whilst looking for less carbon-intensive ways of working. Our mandatory sustainability e-learning training explores this further.

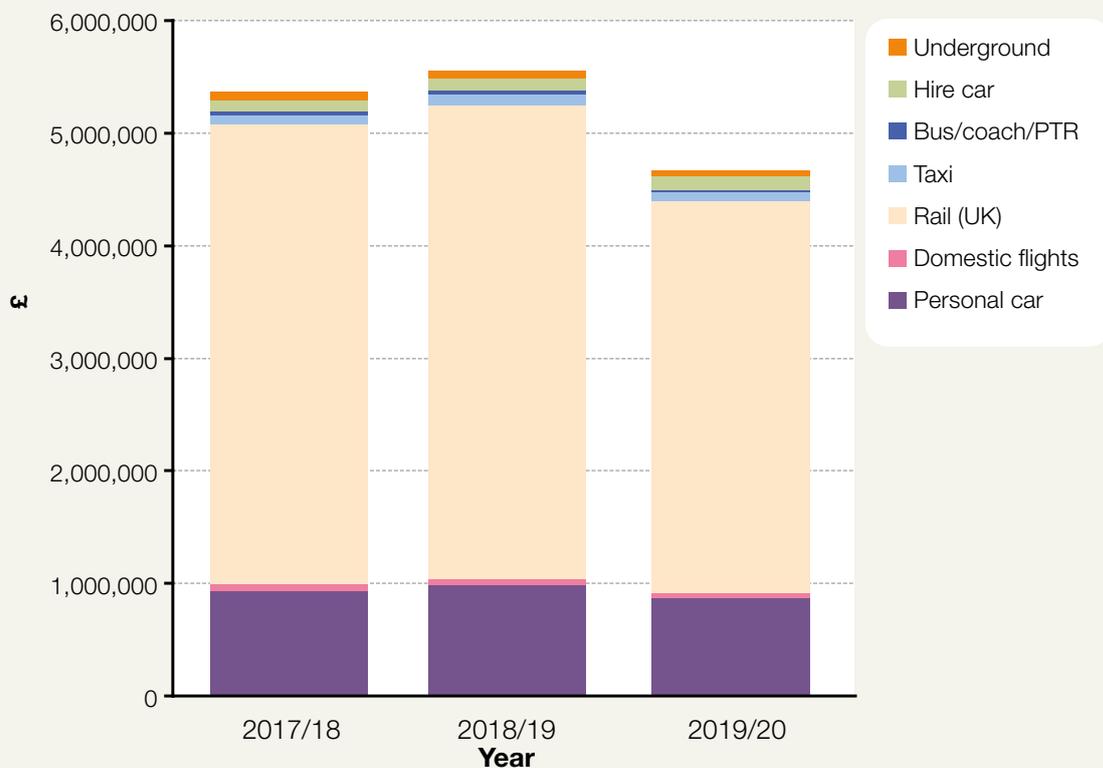
| Business Travel                                   |   | 2017/18           | 2018/19           | 2019/20           |
|---|---|-------------------|-------------------|-------------------|
| <b>SCOPE 3</b>                                    |   |                   |                   |                   |
| <b>Non-financial indicators (tCO<sub>2</sub>)</b> | Personal car  | 619               | 615               | 537               |
|   | Domestic flights  | 41                | 50                | 32                |
|   | Rail (UK)   | 692               | 641               | 453               |
|   | Taxi  | 6                 | 2                 | 6                 |
|   | Bus/coach/PTR   | 5                 | 5                 | 4                 |
|   | Hire car  | 123               | 158               | 110               |
|   | Underground   | 1                 | 0.523             | 0.39              |
|   | <b>Total</b>  | <b>1,486</b>      | <b>1,430</b>      | <b>1,143</b>      |
| <b>Related Scope 3 travel (km)</b>                | Personal car  | 3,392,340         | 3,402,269         | 3,299,781         |
|   | Domestic flights  | 286,752           | 316,775           | 238,454           |
|   | Rail (UK)   | 14,785,302        | 14,548,043        | 11,061,541        |
|   | Taxi  | 41,250            | 44,483            | 42,813            |
|   | Bus/coach/PTR <sup>1</sup>  | 47,734            | 51,985            | 39,893            |
|   | Hire car <sup>1</sup>   | 673,801           | 874,057           | 621,655           |
|   | Underground <sup>1</sup>  | 13,664            | 13,904            | 12,506            |
|   | <b>Total</b>  | <b>19,240,842</b> | <b>19,251,515</b> | <b>15,316,643</b> |
| <b>Financial indicators (£)</b>                   | Personal car  | 925,888           | 964,363           | 861,812           |
|   | Domestic flights  | 57,605            | 58,349            | 43,267            |
|   | Rail (UK)   | 4,089,704         | 4,224,978         | 3,477,625         |
|   | Taxi  | 91,666            | 98,850            | 95,139            |
|   | Bus/coach/PTR   | 25,260            | 23,648            | 19,470            |
|   | Hire car  | 103,443           | 113,533           | 110,913           |
|   | Underground   | 62,110            | 63,189            | 56,847            |
|   | <b>Total</b>  | <b>5,355,676</b>  | <b>5,546,910</b>  | <b>4,665,073</b>  |
| <b>Other business travel (km)</b>                 | Short-haul international average                                  | 1,863,015         | 1,915,578         | 994,954           |
|   | Long-haul international average                                   | 7,511,569         | 8,231,834         | 7,665,793         |
|   | Rail: Eurostar  | 74,982            | 70,506            | 55,655            |
| <b>Total</b>                                      | Total Gross Emissions Scope 3 Business Travel (tCO <sub>2</sub> ) | <b>1,487</b>      | <b>1,471</b>      | <b>1,143</b>      |
|   | Total Financial Cost Scope 3 Business Travel (£)                  | <b>5,320,412</b>  | <b>5,546,910</b>  | <b>4,665,073</b>  |
|   | Total Other Financial Cost, not covered in Scope 3 (£)            | <b>694,157</b>    | <b>734,830</b>    | <b>665,214</b>    |

<sup>1</sup> Figures calculated using our own conversion table

### Business Travel (Carbon)



### Business Travel (Cost)



## Other activities

We continue to play an active role with the NHS/PHE Sustainable Development Unit in the implementation of the NHS public health and social care sustainable development strategy. Work also continues to deliver health advice about a changing climate through our commitment to the national adaptation programme.

## Sustainable Procurement

PHE continues to strengthen its commitment to its green procurement initiatives, by strengthening its work on the social, economic and environmental aspects of our procurement. We have been awarded the CIPS corporate, ethical and supply kite mark for our work on sustainable procurement. We have been driving our key values and objectives around positive procurement with our major suppliers and stakeholders specifically with regards the Social Value and Modern Slavery legislation. We have also developed a range of tools for our staff to help embed positive procurement, throughout the contracting lifecycle.

To support those who are completing tenders, case studies demonstrating where PHE is generating social value through activities have been completed and published on the intranet. These have also proven useful as examples to our suppliers of how social value can be considered, such as supporting mental health.

PHE's procurement department has category managers to ensure that the most cost-effective and sustainable items and services are purchased. Environmental sustainability is therefore an important consideration with our tendering.

## Consumer Single Use Plastics (CSUP's)

We have set up a PHE Plastics Working Group to help identify and remove CSUP from our estate to meet the governments' phase 3 target to eliminate, where practicable, all CSUP. We continue to work closely with colleagues from our procurement department and with other stakeholders to identify the level of single use plastics which fall into scope for removal from our office estate's waste streams. We have also held a supplier's day where we invited our main laboratory suppliers to discuss alternatives to single use plastics in our laboratories.

## Climate Change

Informed by the Climate Change Risk Assessment 2017, PHE has been working with colleagues from the Department of Health and Social Care (DHSC), NHS England and the Sustainable Development Unit to identify high-level health objectives under the auspices of the second National Adaptation Programme (2018-2023). This activity was included in the 2018 remit letter to PHE from DHSC. The high-level objectives have been agreed across government and published in The National Adaptation Programme and the Third Strategy for Climate Adaptation Reporting.

These objectives include:

- development of a single adverse weather and health plan, bringing together and improving existing guidance. This will aim to "mainstream" action within the health system and local communities, reduce health risks associated with adverse weather and address the health risks identified in the second Climate Change Risk Assessment
- continue to undertake research to understand more comprehensively the health consequences of hot weather and the health interventions available to minimise preventable harm

- update the evidence base on the health impacts of climate change through the production of a UK focused report ('Health Effects of Climate Change in the UK') based on the latest climate change projections, following publication of United Kingdom Climate Projections18

Work has now started on scoping the development of a new single adverse weather and health plan, along with continued research on understanding the health consequences of hot weather and the health interventions available to minimise preventable harm.

## **Governance**

Governance for sustainability is being overseen by our Sustainable Development Programme Board, details of which can be found in our Sustainable Development Management Plan (SDMP) on the government web site. Responsibility for delivery of the SDMP and realising the opportunities that it offers, lies with all PHE's staff, from the most junior to the most senior.

Support and commitment to our SDMP aspirations, obligations and legal requirements by PHE's senior Management Committee also demonstrates true leadership to the organisation and others. It is still our ambition to be the exemplar organisation for sustainability in the health sector.

## **Sustainable Development Goals**

The work of PHE's Centre's and Regions can be linked to virtually every Sustainable Development Goal (SDG). Goal 3 "Health and well-being for all at all ages" is at the core of sustainable development, although most of the goals have some health-related targets.

PHE's Centre and Regional teams carry out a range of work that links directly and indirectly to the targets for Goal 3, including promotion of healthy lifestyles and place-based working with a range of partners to improve the health of local communities.

Below are some of the highlights from PHE's work towards Goal 3:

- we responded to 10,000 disease outbreaks and emergencies. Up and down the country our health protection experts worked alongside local authorities and emergency services to keep the public safe. Our expertise was exemplified in our response to the Manchester Arena bombing, the Grenfell Tower fire and the Salisbury poisoning
- we achieved official 'measles elimination status' by the World Health Organization, thanks to the hard work and perseverance of public health and NHS professionals and our world-leading vaccination programme
- to help eliminate hepatitis B, we successfully introduced a new hexavalent vaccine into the childhood vaccination programme
- reached the milestone of over 6 million people benefiting from an NHS Health Check – the largest prevention programme in the world. People from our most disadvantaged communities are benefitting the most
- launched the most ambitious food reformulation programme in the world to reduce sugar by 20% from the food that children eat the most

## Other activities

PHE has been implementing the governments smarter working strategy and consolidating parts of its leased estate into the governments central hub. These strategies in turn, continue to lead to a reduction in our carbon footprint.

We continue to report our carbon emissions to the Department of Health and Social Care on a quarterly basis and write an annual sustainability report, which is communicated on both internally to our staff and externally on governments website.

We have also established a sustainability champions network, which will be used to communicate PHE's narrative on sustainability and environmental management.

PHE has 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.



Michael Brodie Chief Executive

23 November 2020

## 2 Accountability report

### Directors' report

The Directors' report disclosures are contained in the Governance Statement on pages 82 to 121 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 is required to prepare accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of PHE and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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) has appointed me as the Accounting Officer for PHE. 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 am aware, there is no relevant audit information of which PHE's auditors are 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 are aware of that information.

I can confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

## Governance statement

Our governance structures have been developed and implemented in accordance with the requirements of the Framework Agreement with the DHSC – renewed in February 2018 – and the annual remit letter from Ministers, which taken together set out our duties and functions. They also reflect the government’s expectation that, as an executive agency with operational autonomy, we are an authoritative voice on public health. The government acknowledges that this can include constructive mutual challenge between us 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 incorporates both the Civil Service Code, which applies to all our staff, and our professional responsibilities as the national public health agency. This safeguards our 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.

### The National Institute for Health Protection

Following the announcement on 18 August 20 which confirmed the establishment of the National Institute for Health Protection (NIHP), Duncan Selbie’s term as Chief Executive ended and Michael Brodie was appointed Chief Executive for overseeing the transfer of functions from PHE to the NIHP and other organisations. Michael Brodie was appointed Accounting Officer for PHE on 1 September 2020. An Accounting Officer Assurance Letter was sent from Duncan Selbie to Michael Brodie on 21 September.

The NIHP will be formally established in Spring 2021. Baroness Dido Harding has been appointed as the Interim Executive Chair supported by Michael Brodie as Interim Chief Executive of PHE and member of her executive team. Baroness Harding is accountable to the Secretary of State for Health and Social Care. Some joint appointments have been made between PHE and NHS Test and Trace. A key focus for PHE and the wider health and care sector will be planning for winter including continuing to respond to COVID-19. DHSC will be in the lead on winter planning with PHE, through Michael Brodie, supporting this. PHE will lead the delivery of its broader health protection functions for the remainder of 2020/21 with DHSC support, as well as its other priority areas including health improvement.

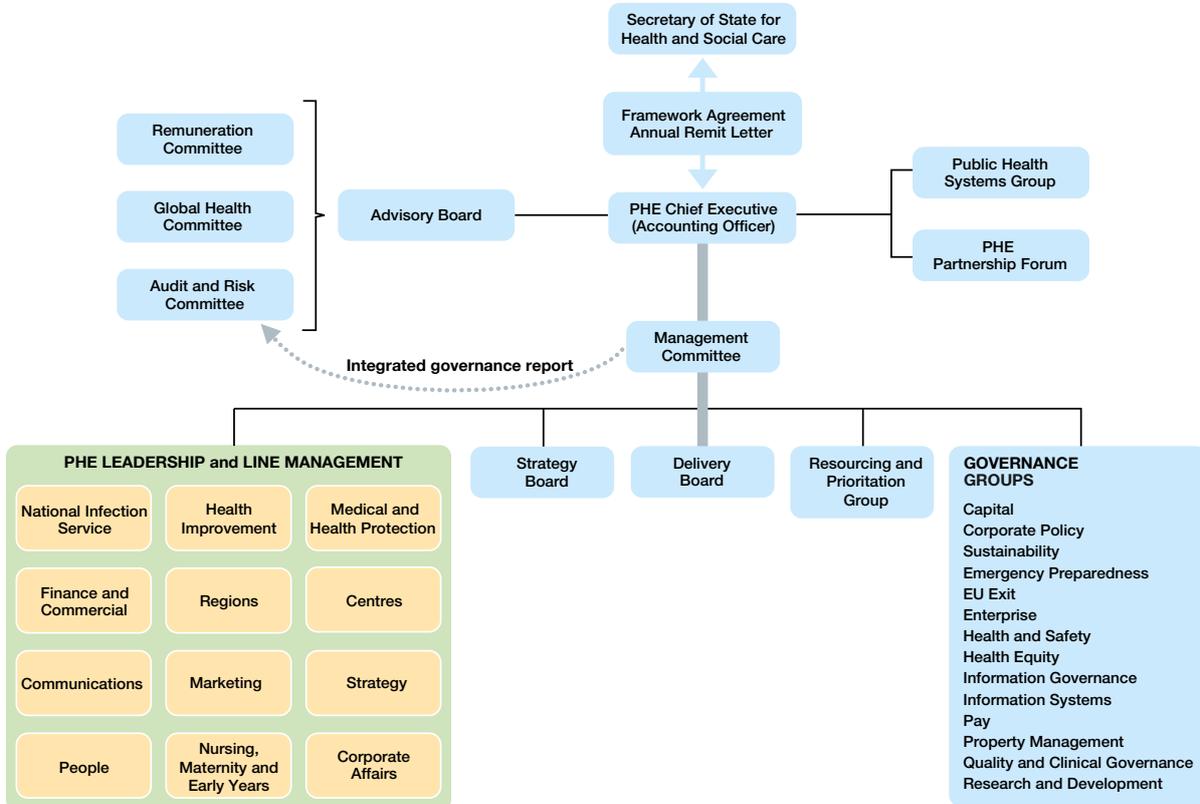
## PHE's functions

PHE is the expert national public health agency which fulfils 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 executes the Secretary of State's power to promote the health and wellbeing of the nation. PHE undertakes a range of evidence-based activities that span the full breadth of public health, working locally, nationally and internationally, and is 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 means 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 should do 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 will: promote healthy lifestyles; provide evidence-based, professional, scientific and delivery expertise and advice; develop data, information resources and tools (particularly on return on investment and value for money); and support 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. We also work 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 supports 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. We also support local government and the NHS with access to high quality data and provide data analyses to improve services and outcomes.
- ensure the public health system maintains the capability and capacity to tackle today's public health challenges and is prepared for the emerging challenges of the future, both nationally and internationally. This will mean: 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 are all publicly available at [www.gov.uk/phe](http://www.gov.uk/phe).

The governance arrangements in place in 2019/20 and up to the date of this statement are shown below:



### Accountability summary

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

- safeguarding the public funds and assets for which I have charge
- ensuring propriety, regularity, value for money and feasibility in the handling of those funds and assets
- ensuring that PHE is 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 is 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 my relationship with them are set out in paragraphs 4.2 and 4.3 of the Framework Agreement

- reporting to the PAO on a frequency agreed between us on performance against our objectives, which includes formal quarterly accountability meetings chaired by the DHSC senior departmental sponsor

PHE's Advisory Board has a non-executive Chair, who ensures that I am supported and constructively challenged as Chief Executive, and assures good corporate governance.

The DHSC Permanent Secretary undertakes my annual appraisal, taking account of feedback from the Chair.

The Chair is accountable to the Secretary of State through the DHSC Director General for Community and Social Care as PHE's current Senior Departmental Sponsor, who ensures there is an annual objective setting and review process in place for them. The Chair has their own foreword to this annual report in which they have 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 comprises 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 me and my team on:

- how we can best deliver PHE's duties and priorities, as well as on our vision and strategy, ensuring that this supports the wider strategic aims of DHSC and the government
- how we can ensure operational independence and maintain the highest professional and scientific standards in the preparation and publication of our advice
- the effectiveness of our governance arrangements and the strategic risks facing the organisation, primary responsibility for this resting with the Audit and Risk Committee. Together they support me in my role as Accounting Officer in ensuring that PHE exercises 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 does 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 impact on the strategic direction of PHE
- any issues on which I request their contribution

The Chair of the Advisory Board and I have agreed a statement on our respective responsibilities as part of the terms of reference, which are available at [www.gov.uk/phe](http://www.gov.uk/phe). In summary, I am responsible for all executive matters and the Chair is responsible for leading the Advisory Board. The Chair also works in partnership with me as a visible and credible ambassador for PHE as we build our reputation as the expert national public health agency.

The following people served on the Advisory Board during the year:



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 to 16 September 2022.



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 of Kensington and Chelsea and London Borough of Hammersmith and Fulham (to November 2013), former Chair of the Society of Local Authority 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.



I held the following roles prior to being appointed as PHE's founding Chief Executive in the summer of 2012; Chief Executive, Brighton and Sussex University Hospitals 2007-12; Director General of Programmes and Performance for the NHS and subsequently the first Director General of Commissioning, Department of Health 2003-07; Chief Executive roles at South East London Strategic Health Authority (2001-03) and South West London and St George's Mental Health NHS Trust (1997-2001)



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 London.

Sian was appointed for a further term as an associate non-executive by the PHE Advisory Board until 31 March 2021.



Poppy Jaman OBE, a founding member of the City Mental Health alliance, and Ambassador of Mental Health First Aid England (Chief Executive until 31 May 2018).

Term of office: 26 March 2014 to 31 May 2017, extended by the Secretary of State in January 2017 to 30 November 2017 and subsequently on 1 December 2017 for a further term of office until 31 March 2020, when she left the Board.



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 of 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 on 29 January 2020 until 30 September 2020.



Professor Yvonne Doyle CB, Medical Director and Director for Health Protection. On joining PHE in April 2013 Yvonne was Director, London and took up her current role in May 2019. 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 Southeast London (2003/06) and Southwest London (2002-03), and Director of Public Health at Merton, Sutton and Wandsworth Health Authority from 1999-2002.



Professor Paul Cosford CB, Emeritus Medical Director. On joining PHE in April 2013, Paul was Medical Director and Director for Health Protection and took up his current role in May 2019. Before joining PHE Paul was Director of Health Protection Services at the Health Protection Agency and was its Acting Chief Executive from September 2012 to March 2013. He was previously Regional Director of Public Health and Medical Director, leading the East of England's public health system in the NHS, DHSC and the then Government Regional Office.



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 acts 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 acts 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 is PHE Director for Midlands and East region. Rashmi has held many senior executive board level posts in public health, working for the NHS and the Department of Health, leading on population health. She has published several peer reviewed articles and public health reports during her career.

Rashmi is patron of the South Asian Health Foundation, which is 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, 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. Michael acts as a shareholder (government) representative on the Board of Porton Biopharma Ltd. 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 left PHE in August 2019, having been appointed Chief Executive, NHS Business Services Authority.

Following the statement on 18 August 2020 on the establishment of the National Institute for Health Protection (NIHP), Michael Brodie was appointed Chief Executive of PHE, responsible for enacting the transition from PHE to NIHP.

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

The Advisory Board met in public on 5 occasions. Each meeting considered a core area of PHE's business and provided valuable insight into shaping our approach. The following topics were considered by the Advisory Board during 2019/20:

- annual Ipsos/MORI stakeholder and public opinion surveys
- the work of PHE's Learning Disabilities Advisory Forum
- *Every Mind Matters* mental health campaign
- Emergency preparedness and response
- PHE Harlow
- COVID-19

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.

The Advisory Board also held Board-In-Committee meetings. These internal sessions provided the Advisory Board with an overview to help them understand what progress means and looks like, with a focus on where the Advisory Board can add value in terms of applying influence in the wider health and social care system. The topics that were considered in 2019/20 included:

- predictive prevention
- physical activity
- PHE Harlow
- metro mayors
- information governance

The Advisory Board also considered the development of PHE's Strategy for 2020-2025 during these sessions.

### **Role of the Board Secretary**

The Board Secretary is responsible for:

- advising the Advisory Board on all corporate governance matters
- ensuring that Advisory Board procedures are followed
- ensuring good information flow between the Advisory Board, its committees and the Management Committee
- facilitating induction programmes for non-executives

## Standards and Board effectiveness

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

Since its inception, PHE has been committed to high standards of governance and this has been reflected in compliance with broader government standards.

Objectives for the Chair are set by the current DHSC senior departmental sponsor, Jonathan Marron, Director General for Community and Social Care. The Chair sets and assesses performance against objectives for non-executive Advisory Board members.

The term of Professor George Griffin has been extended by Ministers until 30 September 2020. Recruitment of new non-executives is currently being taken forward with DHSC.

On joining the Advisory Board, new members are provided with written terms of appointment, including details of how their performance will be appraised, as well as briefings by the Management Committee and visits to our main sites including our scientific campuses at Chilton, Colindale and Porton.

## Register of interests

We maintain a register of interests to ensure potential conflicts of interest can be identified and addressed in advance of Advisory Board discussions, which is publicly available at [www.gov.uk/phe](http://www.gov.uk/phe). Where potential conflicts exist, they are recorded in the Advisory Board minutes, along with any appropriate action taken to address them.

## PHE Advisory Board attendance in 2019/20

| Advisory Board        |     |
|-----------------------|-----|
| Dame Julia Goodfellow | 5/5 |
| Sir Derek Myers       | 5/5 |
| George Griffin        | 3/5 |
| Sian Griffiths        | 5/5 |
| Poppy Jaman           | 5/5 |
| Duncan Selbie         | 5/5 |
| Richard Gleave        | 4/5 |
| Paul Cosford          | 4/5 |
| Yvonne Doyle          | 5/5 |
| Michael Brodie*       | 2/2 |
| Donald Shepherd**     | 3/3 |
| Rashmi Shukla***      | 3/3 |

\* Left the Advisory Board in August 2019.

\*\* Joined the Advisory Board in September 2019.

\*\*\* Joined the Advisory Board in September 2019.

## Audit and Risk Committee (ARC)

The primary role of the ARC, which reports to the Advisory Board, is to conclude upon the adequacy and effective operation of the organisation's overall internal control system. It is the responsibility of the Management Committee to agree and implement this. The ARC provides independent monitoring and scrutiny of the processes implemented in relation to governance, risk and internal control. Its work focuses on the framework of risks, controls and related assurances that underpin the delivery of our objectives. The ARC has a crucial function in reviewing our external reporting disclosures in relation to finance and internal control, including the annual report and accounts, this statement and other required declarations.

The ARC's membership is 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 is supported by the work programmes of internal and external audit, which ensures independence from executive and operational management. At the invitation of the Chair, I, 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 attend ARC meetings. The Head of Governance also attends and acts as Secretary to the Committee.

The ARC met on four occasions in the 2019/20 financial year. It approved this Governance statement in June 2020. The Chair of the ARC is also a member of the Advisory Board and reports key issues to the latter after each ARC meeting. The Chair of the ARC also prepared and submitted an annual report on the Committee's work to the Advisory Board, which was made publicly available as part of the papers for the June 2020 Advisory Board meeting. In addition, the minutes of ARC meetings are made publicly available as part of the papers for Advisory Board meetings ([www.gov.uk/phe](http://www.gov.uk/phe)). There were no matters during the year and up until the date of this statement where the ARC considered it necessary to give formal advice to me as Chief Executive as Accounting Officer.

The Committee focuses regularly 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 by individual directorates, regions and centres; and, whether there is a strong risk management 'culture' in PHE
- monitoring and scrutiny of the Government Internal Audit Service's (GIAS's) **internal audit programme**, including how well PHE engages and supports the programme of audits; and, whether the actions and recommendations arising from audits are being met and closed within agreed timescales
- **external audit and scrutiny** through the reports received from the National Audit Office (NAO). The DHSC is also represented on the Committee, as mentioned above
- 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
- considering the accountability arrangements established to support me as Accounting Officer, in particular, those relating to the public health grant to local government
- financial issues, including counter-fraud arrangements, losses and special payments

- increasingly, challenging the executive to focus on value for money across all our activities, which is being addressed through the implementation of a Taxpayer Value Strategy
- considering the annual report and accounts, including agreeing the Governance statement

The ARC took a proactive role in scrutinising, challenging and supporting some of the organisation's most significant tasks and challenges in 2019/20. Some of the more important pieces of work that came to the ARC in the year included:

- **health and safety on our key sites** – Led by the Director of Corporate Affairs & PHE Porton Site Director, a session took place at the June 2019 meeting to discuss progress with the programme of remedial works at Porton, encompassing the comments and recommendations made by the Health and Safety Executive (HSE). Good progress was being made and a good working relationship with HSE had been developed and maintained  
It was suggested that the lessons being learned at Porton be taken account of in the maintenance and sustainability of other sites in the run up to the move to Harlow, particularly the major site at Colindale. Future presentations on this subject would concentrate on health and safety on all PHE's main scientific sites  
This would remain high on the assurance and scrutiny agenda for the ARC in 2020/21
- **cyber security** – At its June 2019 meeting, PHE received a presentation from the Head of ICT on cyber security. The update covered, amongst other things, the programme to replace all laptops across the organisation, increasing capability and security; the latest measures taken to monitor and manage network threats; upgrades to the capacity, efficiency and security of PHE's data centres; penetration testing; business continuity; and, the decommissioning of some of PHE's legacy systems  
The Committee was confident that that cyber security programme was being well managed and that PHE's data and other assets were being protected, in line with agreed Government practice
- **PHE Harlow** – The latest assurance update was provided to the Committee at the September 2019 meeting, with the Advisory Board Chair in attendance. As well as covering the most significant risks, the report also included the latest position on revenue and capital costs. The prime objective going forward was to submit the Programme Business (PBC). Key risks and mitigations included:
  - capability projects within the Science Hub Programme unable to meet the business need at the required quality within the agreed timelines/budgets. This was being mitigated through a Value Management/Value Engineering (VM/VE) programme, judicious use of contingency funding, and robust change control and cost management
  - Business Change projects not delivering sufficient information required for the PBC, particularly demonstrating effective business change, benefits and robust and effective business-as-usual (BAU) from 2024 onwards. The Committee heard that this was being mitigated by the creation of a budget for "backfill" and additional subject matter experts; detailed review of changes in scope since submission of the outline business case (OBC); the creation of a toolkit to support line management through the change; and, the creation of expanded teams with explicit links between the programme and the wider organisation to address challenges

A highly structured approach had been put in place for the identification and management of risks, with relevant content in the Strategic Risk Register regularly reviewed and updated. All high probability programme risks were being treated and managed as issues. The programme risk register was being refreshed in recognition of the increasing maturity of the programme

A new Programme Director had been appointed, providing an opportunity to look afresh at the programme, and its capacity and capabilities

The next assurance update will focus on the on-going and future skills and expertise required by the programme, and an analysis of any significant gaps and the actions being taken to fill these. The programme provided an initial information note on this for the March 2020 meeting, and a further full assurance update was planned for September 2020

The Committee noted that this project, given its scale and national importance is heavily scrutinised by the appropriate parts of Government

- **National Infection Service (NIS)** – The Committee received an update from the Director of NIS and her staff in September 2019. As well as an overview of NIS and the 2018/19 review of the directorate and its governance, the presentation covered the management of incidents and risks, and improving NIS business information

On incident management, the Committee heard that concerted efforts were being made to improve the closing incidents, particularly those older than six months, and the Committee monitored progress through the integrated governance report and separate information notes. The Committee will continue to monitor progress on this in 2020/21

The Committee heard that one single receptacle was being developed to collect, record, manage and use NIS business information. A performance dashboard was also being developed. The Committee would also monitor progress with this in 2020/21 and whether this was leading to the effective management and delivery of business-as-usual. A further full assurance update would be taking place in November 2020

- **whistleblowing** – An update was received at the November Committee meeting. A number of actions had been completed or were in train, including:
  - colleagues attending training offered by the National Guardian Office earlier in 2019
  - the Chief People Officer taking on the role of Executive Sponsor for “Speak Up” in PHE
  - further training for PHE “Speak Up” champions would take place in the 2020
  - Raising Matters of Concern (including Whistleblowing) policy was being reviewed and would be published early in 2020, following normal clearance with management and staff side
  - Bullying, Harassment and Discrimination policy was also being reviewed and would also be published in 2020 following the same clearance process
- **fraud** – A fraud update was also received at the November Committee meeting from the Head of Governance. The update covered fraud detection, management and prevention in the context of a new Government standard (GOVs 013), which had brought with it new reporting requirements: an annual assessment, and quarterly consolidated data returns (CDRs) and updates on progress with the Annual Fraud Action Plan

Actions taken so far to help prevent fraud, corruption, bribery and theft 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 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, and now also Cabinet Office colleagues

More recently:

- a full Fraud Assessment (as a requirement of GOVs S013) had been submitted to Cabinet Office
- a full Annual Fraud Action Plan had been established
- a Fraud Panel (Corporate Affairs, Finance and Commercial Division (FCD) and People Directorate fraud leads) had also been established

At the time of writing this report, PHE had not yet received a response to the annual fraud assessment it had provided to Cabinet Office at the end of August 2019. The Committee would receive a further fraud update in November 2020, which might then include the views from Cabinet Office on the assessment

- **safeguarding** – the Committee received an annual update on progress at its March 2020 meeting

The key issues covered were:

- safeguarding as a component of quality
- implementing safeguarding policies and procedures
- communications
- training
- monitoring progress and recording incidents
- internal Audit reviews
- national campaigns and responses
- working with partners

For 2020/21, the key actions include:

- reviewing the safeguarding communications plan, leads and networks, and developing an organisation-wide strategy and workplan for assuring safeguarding around PHE
- working with digital and research colleagues to understand the role of safeguarding in the world of PHE digital campaigns
- working with health protection colleagues to formally embed safeguarding in governance arrangements for national incident response

- continuing to address the recommendations in the safeguarding Internal Audit reviews
- reviewing the current training offer, needs and levels, and revise our offer to meet any gaps
- undertaking joint communications and implementation activity with PHE's quality team
- hold a virtual safeguarding conference to coincide with the NHS month of safeguarding activity in June 2020

Another annual update would take place in February/March 2021 when the focus would be on training and worked examples of how safeguarding issues/concerns were being dealt with.

- **information governance** – this remains a key issue, particularly PHE meeting the requirements of the General Data Protection Regulations (GDPR), and changes to the information governance toolkit, which measured organisational performance against a set of strict criteria. Internal audit reports indicated that key concerns remained

A discussion was included as part of the Internal Audit review programme report in September 2019. The GDPR preparedness still required some work. Management confirmed that a plan of action had been considered at recent Management Committee meetings and was being progressed. A further GDPR compliance check by Internal Audit colleagues would be included in their 2020/21 audit programme. Another full session on information governance assurance and compliance with GDPR was scheduled for the September 2020 meeting of the Committee

There was also a further update on the Taxpayer Value Strategy, and regular reports on losses and special payments.

### PHE ARC attendance in 2019/20

| ARC                |     |
|--------------------|-----|
| Sir Derek Myers    | 4/4 |
| Michael Hearty *** | 3/4 |
| Martin Hindle ***  | 4/4 |
| Duncan Selbie *    | 4/4 |
| Michael Brodie **  | 1/1 |
| Donald Shepherd ** | 3/3 |

\* Attends ARC as Chief Executive and Accounting Officer.

\*\* Attends ARC as Finance and Commercial Director.

\*\*\* Independent member of the ARC.

### PHE Remuneration Committee

As Chief Executive, I am responsible for the structure and staffing of the organisation. This includes decisions on the creation, regrading or reduction of Senior Civil Service (SCS) posts, on which I consult with the DHSC Permanent Secretary. As a matter of good governance, the Remuneration Committee of the Advisory Board assists me 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 acts as secretary to the Committee and absents himself from discussion and decisions on his own pay.

## PHE Remuneration Committee attendance in 2019/20

| Remuneration Committee |     |
|------------------------|-----|
| Dame Julia Goodfellow* | 2/2 |
| Sir Derek Myers        | 2/2 |
| Martin Hindle          | 2/2 |
| Duncan Selbie          | 2/2 |

\* Chair of Committee

## Executive governance

As Chief Executive and Accounting Officer, I have 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 at section 5 of the Framework Agreement, its terms of reference and its Audit and Risk Committee (ARC).

I am supported by a Management Committee, which meets monthly and provides executive management and governance of the operations and delivery of PHE. The Management Committee holds the Directorates to account for the achievement of agreed objectives and the management of PHE's financial resources and people. It supports me by overseeing the agreed programme of work set out in our business plan and the annual remit letter, and is 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 the next page. This team meets quarterly and works closely with the Senior Leadership Forum to consider the longer-term opportunities and risks for PHE and the public health sector, and our evolution as the national body responsible for protecting and improving the nation's health.

## Management Committee

The Management Committee is the key mechanism for supporting me in my role as Accounting Officer and the focus of PHE's governance. Amongst its responsibilities are approval and monitoring of our revenue and capital budgets, agreement of priorities and the design and structure of the organisation, 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 has, 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 report to the Management Committee.



## Management Committee attendance in 2019/20

| Management Committee  |     |
|---|-----|
| Duncan Selbie – Chair (Chief Executive)                                       | 4/8 |
| Richard Gleave (Deputy Chief Executive and Chief Operating Officer)           | 8/8 |
| Michael Brodie (Finance and Commercial Director) <sup>1</sup>                 | 2/3 |
| Paul Cosford (Emeritus Medical Director)                                      | 5/8 |
| Adrian Masters (Director of Strategy)   | 4/8 |
| Deborah McKenzie (Chief People Officer)                                       | 8/8 |
| Alex Sienkiewicz (Director of Corporate Affairs and PHE Porton Site Director) | 8/8 |
| John Newton (Director of Health Improvement)                                  | 4/8 |
| Sharon Peacock (Director – National Infection Service) <sup>2</sup>           | 3/8 |
| Viv Bennett (Chief Nurse and Director Maternity and Early Years)              | 5/8 |
| Lee Bailey (Communications Director)  | 6/8 |
| Rashmi Shukla (Director Midlands and East)                                    | 8/8 |
| Paul Johnstone (Director North)   | 5/8 |
| Yvonne Doyle (Director for Health Protection and Medical Director)            | 4/8 |
| Jenny Harries (Director South and Deputy Medical Director) <sup>3</sup>       | 1/2 |
| Donald Shepherd (Finance and Commercial Director) <sup>4</sup>                | 5/5 |
| Paul Plant (Director, London) <sup>5</sup>                                    | 6/7 |
| James Mapstone (Director, South) <sup>6</sup>                                 | 5/6 |

1 Left PHE in August 2019

2 From 1 April 2019. Permanent appointment from 11 November 2019

3 Left PHE in July 2019

4 From August 2019. Permanent appointment from January 2020

5 From June 2019

6 From July 2019

## 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 is the forum that, on my behalf, ensures we deliver our in-year priorities and functions as set out in the annual remit letter and business plan, and that this is done effectively, efficiently and economically.

At its heart are relevant national and local directors, and it considers and approves PHE's corporate scorecard that forms a core part of the quarterly accountability meetings with the DHSC. This is prepared by the Strategy Directorate based on submissions from across the organisation. Directorates provide 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. The Strategy Directorate undertakes an initial 'check and

challenge' process of Directorate responses to propose a RAG rating, which is then reviewed by the DB in detail and additional actions identified to improve performance where necessary. Outcomes from DB discussions include:

- a revised RAG rating
- identification of immediate action, either within PHE by Directorates and for local government and the NHS, and/or for Centres and Regions to do some specific work
- commissioning of further work for the DB to review, often in the form of a “deep dive” within PHE or a system-wide piece of work
- commissioning of planned that work addresses specific issues or concerns

In addition to the corporate scorecard, the DB has a systematic programme for “deep dives” on its designated ‘corporate programmes’ (see below) covering the organisation’s most important pieces of work (see section below on Programmes and project management), a rotating review of delivery in the four regions and their constituent centres, and focused sessions on other delivery-related issues. Actions may be set by the DB when considering these presentations.

The Deputy Chief Executive, Director of Strategy and the Finance and Commercial Director also hold a series of directorate-based meetings at two points in the year:

- “validation” meetings in February/March, focusing on the business plan for the coming year (including any material items on the scorecard that will need to roll-over into the following year)
- “checkpoint” meetings in the autumn which focus on mid-year delivery progress, specifically on any red rated and other material items on the scorecard

## Strategy Board

The Strategy Board is the forum at which we debate and settle key strategic issues and how we respond to them. It is chaired by the Director of Strategy and reports to the Management Committee.

The Strategy Board provides strategic oversight of our vision and role, and sets our forward agenda. It carries out horizon scanning and is the forum for senior level discussions on key emerging public health issues; how we can best identify and meet customer needs; and the handling of the launch or publication of significant products and services. It also considers proposals that have been co-produced by representatives of national directorates and centre teams and decides our position on these.

## Resourcing and Prioritisation Group

The group, co-chaired by the Finance and Commercial Director and the Chief People Officer, has continued to focus on internal business management of our resources – people, finances and estate. It considers 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 has a sub-committee overseeing investments and approvals.

## Management of the organisation

The prime route for governance and accountability in PHE is through line management, reporting to me through my direct reports. Line management plays a key role in all parts of the organisation delivering high-quality, cost-effective services. Effective collaboration between teams across the organisation is also a key contributor to our success. There are a range of mechanisms in place to achieve this, but the three main approaches are:

- the local management team. Each centre director has brought together all the teams working in their part of the country through a local management team to ensure that our local presence is aligned and working together to deliver responsive services to local partners
- the Senior Leadership Forum, bringing together over 100 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 will ensure that:
  - all of PHE's business is assured to a set standard
  - progress with aims, objectives, deliverables and goals is effectively monitored
  - risks, issues and challenges are identified early and managed
  - lessons are learned and shared as appropriate
- The framework also aims to ensure that the organisation and its senior responsible officers:
  - are clear about their respective responsibilities
  - manage their business following a corporate 'One PHE' approach
  - have appropriate governance that provides an opportunity to escalate risks, issues and challenges where necessary
  - have the tools and support they need to manage their business effectively

## Programme and project management (PPM)

PHE has a number of 'corporate programmes'. There are currently eight Corporate Programmes, each of which has a corporate programme board; clear aims, objectives and deliverables; and, membership and representation from across PHE to reflect the cross-cutting nature of these important pieces of work. A 'One PHE' approach is being promoted for all PHE's cross-cutting work.

The current eight corporate programmes cover:

- antimicrobial resistance (AMR)
- tuberculosis (TB)
- best start in life
- smoking/tobacco control
- obesity
- cancer
- global public health
- sexual and reproductive health

These Corporate Programmes are all run to common disciplines and governance, with their management based on robust programme and project management methodologies.

This portfolio of programmes reports progress to the DB through regular deep-dive sessions. Where the DB identifies major issues of policy and strategy, it will recommend further discussion at the Strategy Board. We differentiate between these corporate programmes that require corporate involvement and scrutiny, and other programmes and projects that are more focused and can therefore be delegated for directorate level consideration and management.

As well as supporting the Corporate Programmes, during 2019/20, we have also delivered the following actions to promote good programme and project management (PPM):

- completion of an additional 16 in-house training courses ('An Introduction to Programme and Project Management in PHE') bringing the total number of course conducted to 52, and with over 700 people trained
- supporting bespoke training for PHE project managers on benefits management with NHS Digital and agile training through the Government Digital Service (GDS)
- conducting a review of where programme and project management is done in PHE, with a view to aligning our PPM job descriptions and work to the Cabinet Office Infrastructure and Projects Authority's (IPA's) Project Delivery Capability Framework, and so bringing consistency to the way we manage our portfolio of programmes and projects going forward
- reviewing PPM tools and software to determine the best enablers to deliver our business plan and strategy
- discussing and pursuing PPM portfolio management, which we will continue to explore in 2020/21
- continued development of our PPM community to share opportunities and ideas
- increasing the number of our project management apprentices

## Pay Committee

The Pay Committee is a sub-committee of the Management Committee and has delegated authority to deal with the following matters:

- application of the performance-related pay (PRP) process, in the case of SCS and ESM staff, making recommendations for decision to the Remuneration Committee of the Advisory Board
- application of the pay remit process and implementation of the agreed pay remit
- approval of any premature retirement application on the grounds of 'the interests of the efficiency of the service'
- approval of the annual Remuneration and staff report (see report later in this document)
- any case which we are required to submit to DHSC or HM Treasury
- making recommendations to the Management Committee on any aspect of pay policy
- considering any other relevant pay-related cases which require approval at corporate level

The Committee does not deal with matters concerning its own pay. Rather they are considered and decided by me as Chief Executive with the support of the Remuneration Committee of the Advisory Board and in the context of DHSC and government-wide recruitment controls.

## Performance

The DHSC Senior Departmental Sponsor chairs quarterly accountability and partnership meetings attended by me and other PHE and DHSC directors. The focus of the meeting is on strategic issues and any issues of delivery that the sponsor wishes to bring to this meeting, including compliance with the framework agreement. Each quarter DHSC reviews:

- our contribution against the DHSC's strategic objectives, together with progress against the PHE business plan and the specific priorities and associated deliverables set out in the annual remit letter from ministers
- performance against the PHE performance scorecard, which includes key metrics of overall system performance alongside delivery of our key actions and internal performance metrics on people, finance and governance
- our financial performance, governance and risk management arrangements
- the relationship between us and any other key issues identified in delivery of DHSC's strategic objectives

Other processes in place include:

- 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 my performance, taking account of feedback from PHE's Advisory Board
- Select Committee hearings
- regular contact between DHSC's sponsor team and PHE

We also play a full role in the Strategic Oversight Group, the key accountability mechanism for delivery of the national public health services that NHS England commissions through the section 7A agreement. This mechanism has successfully introduced an unprecedented number of new and amended immunisation and screening programmes as well led to improvements in the delivery of prison public health programmes and sexual assault referral centres.

## System of internal control and its purpose

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of our policies, aims and objectives. In doing so, I must safeguard the public funds and assets in accordance with the responsibilities assigned to me in Managing Public Money and the Accounting Officer Appointment Letter to me from the DHSC Principal Accounting Officer of 21 February 2013.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide

reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of our 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 has been in place for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

### **Risk and control framework**

As Chief Executive, I am accountable for the overall risk management activity in the organisation. In discharging these responsibilities, I am assisted by the following Directors:

- the Deputy Chief Executive and Chief Operating Officer, who has delegated responsibility for managing operational risk, and assists me in the day-to-day running of the organisation, including through chairing the Delivery Board. He is also the senior responsible officer for the PHE Harlow Programme and European Union transition arrangements
- the National Infection Service Director who has delegated responsibility for managing the risks associated with the national laboratories and other infection service functions
- the Centre Directors who have delegated responsibility for Centre Operations
- the People Director who has delegated responsibility for managing people related risk across PHE
- the Communications Director who has delegated responsibility for communications
- the Marketing Director who has delegated responsibility for marketing
- the Strategy Director who has delegated responsibility for strategy
- the Finance and Commercial Director, who has delegated responsibility for managing financial risk and assists me in ensuring that the organisation's resources are managed efficiently, economically and effectively, and is Chair of the Resourcing and Prioritisation Group
- the Director for Health Protection and Medical Director, who has 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, has 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, who has 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 our operation are 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 oversees 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), has delegated responsibility for the organisation's information governance arrangements and advising me of any serious control weaknesses concerning information risk and governance. He also has delegated responsibility for the governance of research activity we carry out.

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

Risk leads in each directorate are 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 meet 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 is provided both to staff involved in risk management on a day-to-day basis as well as to managers who have wider risk management responsibilities. We have in place comprehensive risk management policies, procedures and guidance describing particularly roles and responsibilities in relation to identification, management and control of risk. All relevant risk management documentation and tools are available to staff through the PHE intranet, which includes an agreed approach to risk appetite at corporate level.

We aim 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 is 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 are trained in root cause analysis.

Our primary duty is to protect the public from infectious diseases and other environmental hazards and on this we remain at all times alert and ready. We have worked hard throughout the European Union transition process to ensure that we are able to provide effective public health emergency preparedness, resilience and response in the UK, including providing support to local and national resilience partners and to international crises as part of our role in disaster risk reduction.

Our generic emergency preparedness, resilience and response (EPRR) arrangements are set out in its National Incident Emergency Response Plan (NIERP). This describes the mechanisms by which we discharge the duties delegated by the Secretary of State for Health and Social Care to staff that are responsible for emergency planning, resilience and response, such that they operate as if we ourselves were a category 1 responder under the Civil Contingencies Act 2004.

The NIERP states that PHE operates three levels of response. This covers the whole spectrum of incidents from those that are dealt with as day-to-day business through to those requiring significant co-ordination and resource. Incidents requiring routine response are manageable within normal operational capability and will not require activation of an incident management team or any other special arrangements. Standard response incidents require coordination and/or resources over those provided by normal capacity, are managed by an Incident Management Team (IMT) and will be led by an Incident Director. Enhanced response incidents require significant mobilisation of resources and thus a greater level of strategic response. The incident will have a Strategic Director as well as an Incident Director.

If national co-ordination is required, a National Incident Co-ordination Centre (NICC) is opened. These arrangements are overseen by the EPPR Oversight Group, chaired by the Director for Health Protection and Medical Director, and are exercised on a regular basis.

One of PHE's core duties, set out in its annual Remit Letter from DHSC, is to reduce health inequalities. To support the development and implementation of our health inequalities work, PHE has established a Health Inequalities Board, whose remit includes health inequalities and issues of equality and diversity (in line with our wider responsibilities under the Equality Act 2010). Consisting of external experts in health inequalities, system leaders, NHS England and NHS Improvement and the DHSC, the Health Inequalities Board advises PHE on how it can most effectively reduce health inequalities in England. The Board receives reports on the progress of PHE's work programmes on health inequalities.

Our health and safety function, part of the Corporate Affairs Directorate, works with colleagues across the organisation to ensure compliance with relevant legislation. In particular, it works in close partnership with the National Infection Service, which conducts activities considered by the Health and Safety Executive (HSE) to be 'high hazard'; some staff work with the most dangerous pathogens (which, in some cases, have no therapeutic response), while others with radioactive material.

Our arrangements to mitigate health and safety risk include the work of the Health and Safety Steering Group, chaired by the Director of Corporate Affairs, which implemented and reviewed our health and safety strategy, improvement plans, arrangements and performance to ensure that they were appropriate. It also reviews the small number of incidents notified to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 and the action plans to prevent any recurrence. The HSE proposes and agrees with us an annual intervention plan each year, which is reviewed at an annual meeting at the end of each year.

We have developed and implemented a business continuity plan in order to be able to respond to any disruption to business and to recover time-critical functions where necessary. We have completed a self-assessment against the key areas of ISO 22301 Societal Security – Business Continuity Management Systems and rated arrangements as adequate.

We work closely with the DHSC Security Team and staff from other government agencies to ensure our staff have the appropriate national security clearance and have reviewed and refreshed our approach to this during the year.

We have 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. We have identified that, on a small number of occasions, controls on good procurement practice have not always been met. Where this has occurred, remedial action has been taken to regularize arrangements where possible and prevent recurrences.

More generally, we continue to develop our financial governance arrangements, key elements of which include enhanced transparency and reporting, refreshed Standing Financial Instructions and Scheme of Delegation, further roll-out of finance and procurement training and strengthened accountability arrangements.

### **Capturing and responding to risk information**

The Strategic Risk Register is reviewed by Management Committee on a regular basis. It is also reviewed regularly by the Audit and Risk Committee (ARC) and considered as a standing item at the quarterly accountability meeting with DHSC.

During the year a comprehensive review of the strategic risk register was undertaken to ensure that all risks on the register remain valid, to identify any further strategic risks for inclusion and to debate whether any current strategic risks should be de-escalated. As a result a number of changes have been made to the Strategic Risk Register to ensure it remains accurate.

Directorates and corporate programmes have identified, monitored and managed risks, which have fed into top-level risk management processes as appropriate. Operational risk registers were maintained at sub-directorate level for priority programmes and key projects.

We have a clearly defined structure in place for reporting risk at an operational (sub-directorate), tactical (Directorate) and strategic (PHE wide) level. There is a process in place to escalate and de-escalate risks as appropriate between the hierarchies.

Risk registers are mapped to reflect PHE structure and this enables an overview of the extent to which risk management is embedded across all parts of the business.

The Corporate risk management team continues to develop our approach to risk management, identifies cross-cutting operational risks, and provides support to adverse incident management and investigation. It also reviews directorate and corporate programme risk registers and provides feedback to improve the quality of risk information.

We have 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 has been established for oversight of incidents. We also published reports on major events and these were used to share lessons learnt for both us and our partners.

## Assurance

We have continued to implement a three-lines-of-defence assurance model to support the organisation in identifying, assessing and managing risk:

**Line 1:** Operational management is responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis. They identify, assess, control and mitigate risks, guiding the development and implementation of internal policies and procedures and ensuring that activities are consistent with departmental/divisional objectives.

Managers design and implement detailed procedures that serve as controls and supervise execution of those procedures by their employees. They are also responsible for implementing corrective actions to address process and control deficiencies.

**Line 2:** Concentrates primarily on the work associated with the oversight or management activities of a particular function. It is separate from those responsible for delivery as above, but not independent of the management line. It typically includes compliance assessments or reviews carried out to determine that policy or quality arrangements are being met in line with our expectations.

We continue to develop our internal assurance function which provides us with evidence about the effectiveness of risk management and controls, independent of the management line. This year we reviewed and received assurance on our arrangements with the requirements of the Animals in Scientific Procedures Act (1986). In the coming year, we plan to review the effectiveness of controls for key areas such as security, information governance and screening.

**Line 3:** The third line of defence relates to the more objective and independent forms of assurance and focuses, among other things, as carried out by the Health Group Internal Audit Service, part of the Government Internal Audit Agency. They carry out a programme of work specifically designed to provide the Accounting Officer with a wholly independent and objective opinion on the framework of governance, risk management and control throughout the organisation, including the manner in which the first and second lines of defence achieve risk management and control objectives.

Sitting outside the three lines of defence are groups which support our understanding of our risk management processes, controls and assurance, including the National Audit Office, wider government spending control groups established by DHSC and Cabinet Office, and the Infrastructure and Projects Authority.

The Audit and Risk Committee provides an independent perspective on the strategic processes for risk management, and provides constructive challenge to the Management Committee on its responsibility for risk management, corporate governance and assurance arrangements for PHE. In undertaking its work, the Committee receives and uses a range of information from the third line of defence and external assurance.

## Preventing fraud, corruption, bribery and theft

Over the last couple of years, PHE has 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, and now also Cabinet Office colleagues

### *GOVs 013*

In 2018, Cabinet Office introduced a new functional standard (GOVs 013) setting out certain requirements for the governance, management and reporting of fraud, bribery and corruption. From 2019, a requirement was introduced asking all organisations over a certain size to submit an annual submission on fraud prevention development. This requirement entailed the following tasks:

By 2 September 2019, PHE was required to complete and submit:

- an assurance checklist;
- an Annual Fraud Action Plan for the coming 12 months (to ensure we fill any gaps we have identified through the initial assurance assessment)

Further on-going requirements will be:

- quarterly consolidated data returns (CDRs) to Cabinet Office on fraud identified, and an analysis of loss and cost savings (the latter where appropriate);
- an annual review and submission of the assurance checklist and Annual Fraud Action Plan

PHE's Action Plan includes the following actions for 2020/21:

- reviewing all policy and procedure documents
- establishing a Fraud Panel (to meet before each Audit and Risk Committee meeting to review the level of fraud identified, and report to Cabinet Office and the Audit and Risk Committee as appropriate; also to oversee fraud development generally across PHE)

- the development of a 'People-related' tactical fraud risk register, akin to that already in place for FCD
- further enhancement of the more general annual fraud risk assessment process for all directorates other than FCD and People

## Information governance

PHE relies on different types of data and information from a range of sources to fulfil its remit to protect and improve public health, and reduce health inequalities. Strong information governance processes are in place to ensure this data and information is protected at all times.

The data and information PHE collects comes directly from patients and the public, from health and care service providers, and from other organisations supporting the health and care system. For example, PHE collects from individuals who test positive for coronavirus details of their close contacts so that they can be traced and alerted to self-isolate.

Information about patients who are admitted for treatment for COVID-19 is collected from hospitals across England to monitor the numbers affected and their outcomes. PHE also collects data about the treatment and care patients receive from health services, as well as information about people's health risk factors, from organisations such as NHS Digital, which it uses for a wide range of public health purposes.

PHE often needs to use people's personal data. One example is the work its microbiological laboratories do to identify cases of coronavirus and help the NHS provide individual care to affected patients. Another is the work of its national screening programmes, which use personal data to ensure that people are invited at the right time for screening, and to ensure that these services are safe and effective.

But for much of the work it does, PHE uses data that does not directly identify individuals. For example, the information it collects from NHS Digital to monitor trends in children's height and weight has the children's names and dates of birth removed. Similarly, while PHE's national cancer register does use personal data to link information on the diagnosis, treatment and outcomes of cancer patients, most of the analyses it then undertakes to monitor the effectiveness of cancer treatments uses de-personalised data. For example, names are replaced with pseudonyms and dates of birth are replaced with age in years to protect patient confidentiality.

Overall responsibility for data and information security and protection in PHE lies with the chief executive, who is provided with expert support by a senior information risk owner and a data protection officer, both of whom are PHE directors. There is also a Caldicott guardian, who serves as the 'conscience' of the organisation and provides advice on the way that confidential data is used in the interests of patients and the public.

All PHE members of staff are required to undertake information governance training each year to ensure they understand their personal responsibilities to protect the data and information they use. Staff who need to use personal data are also required to undertake extra data security and protection training.

In common with all health and care organisations in England, PHE reviews how well it is protecting the data and information it uses by completing an annual Data Security and Protection Toolkit assessment. In recognition of the operational pressures faced by organisations such as PHE in responding to coronavirus, the submission deadline for the Toolkit for the 2019/20 financial year has been pushed back by NHS Digital. Nevertheless, PHE is continuing its work to ensure it meets all the Toolkit requirements.

When it comes to the sharing of data and information with other organisations, PHE has strong information governance processes in place. To help improve health, care and services through research, PHE shares data with researchers, particularly academics based in UK universities. This sharing is carefully managed by the specialist staff in PHE's Office for Data Release. The personal data of people who have opted out of their information being shared with researchers through the government's national data opt-out programme is never shared by PHE. All the personal and de-personalised data PHE shares is listed in the data release register published on its website.

### Cyber-security

In the last twelve months we have continued to build on our Cyber Security Strategy and have implemented some major cybersecurity projects that were designed to provide PHE with an elevated level of Cyber assurance. Despite our commitment to the COVID-19 response later in the year, we added to the success of last year's Cyber Essentials certification. We have maintained a core project to ready our systems for achieving the Cyber Essentials Plus certification. As part of the preparation for this assessment many of our systems have been updated and legacy systems either replaced or made redundant. Regular penetration and vulnerability testing continues to ensure that our expenditure is focused precisely where we need to mitigate our cyber risks. Additionally, we have successfully penetration tested across our entire internet facing platform. We also played host to internal auditors who focused on cyber capability.

From the start of the COVID-19 global health emergency, PHE has quickly recognised the additional cyber threat that has arisen towards the health and pharmaceutical sectors with a requirement to provide an enhanced level of cyber protection. Working closely with the National Cyber Security Centre (NCSC), PHE cyber specialists have led a number of workstreams to introduce additional security measures by further hardening the network to protect its c.5,500 staff, whilst also ensuring that it remains agile enough to permit an anticipated rapid increase in our users as part of the organisation's coordinated response to the pandemic.

We have rapidly upgraded older technology to increase the capability for all our staff to be able to work from home (where working practice permits) and importantly to be able to do so safely. In addition, an added planned benefit of this workstream has been that a high proportion of our internet facing applications now have increased security which raises their security score to A+ upon independent assessment.

The implementation of Microsoft Windows Defender Advanced Threat Protection (ATP) that is part of the NHSD shared implementation programme has been completed and a revision of our threat intelligence platform. These both provide an escalated level of protection against cybersecurity threats in real time. As an organisation, we have continued to increase our monitoring capabilities and deliver cyber related feedback to the workforce and to our most Senior Management Team. In addition, we have run our own internal cyber exercise, involving

the wider workforce, so that we can better understand how they will respond to a real attack. This strategy ensures valuable metrics are captured that identify areas where we can later deliver a level of cyber education that will better protect the sensitive data that we are so often required to handle.

Looking ahead, we plan to further utilise the Office 365 secure cloud architecture which will facilitate the meeting of our business needs. This past year has involved our own Security Architects who have been meticulously planning for this large platform migration.

PHE is committed to ensuring that we continue to remain alert. We will continue to horizon scan for new and emerging cyber threats and employ the most appropriate technology and related measures to best protect our digital assets and the data that relates to our core business activities.

## **Principal risks faced by PHE during 2019/20 and into 2021/21**

### *COVID-19*

For a detailed description of our role and responsibilities as part of the pandemic response, see the focused narrative at the beginning of this report.

### **Risk management**

As part of the response to the pandemic, PHE established a Governance and Assurance Oversight (GAO) 'cell' with the following key role and responsibilities in relation to risk and issue management:

- provide quality, governance and risk management advice along with direction as necessary to support the overall PHE response to COVID-19 at strategic and operational levels
- produce a risk and issues register for the incident response and escalate relevant risks to the strategic cabinet for the incident
- confirm through the Incident Cell leads that the response activities and outputs meet legislated safety and other standards and, where relevant, are fully compliant with international, national and organisational policy, standards and guidance on governance and risk
- ensure effective co-ordination and alignment of governance and risk activity across public health activities and outputs, and with relevant partners

The risk management approach mirrors the PHE-wide approach to risk with three levels of risk registers: strategic, tactical and operational. The GAO cell supports governance across the response through development and review of risks, escalation, and in developing mitigation and controls where appropriate. It also supports cells in developing and delivering quality improvement activities in response to risks and issues, learning from which can be carried forward into the 'recovery' phase of the response, and used to update and improve our planning and resources.

**Assurance**

Assurance is provided through:

- liaising with COVID-19 Incident cell leads to ensure they are undertaking the first line of assurance (line management in the incident i.e. cell leadership)
- addressing specific issues or concerns of the COVID-19 Cabinet, drawing on PHE expert resources as required (the second line of assurance)
- at the request of the Chief Executive, commissioning external (third line) of assurance work on specific risks and issues

**Business continuity**

PHE, like other parts of Government, has had to reprioritise rigorously and reprofile its activities. The vast majority of our public health and scientific expertise has necessarily been focused on COVID-19, with individuals and teams called upon to work at levels of high intensity for a sustained period. We are paying close attention to the mental health and wellbeing of our people and are looking carefully at expanding the skills and expertise that we can call on going forward. This is less about more people, and more about how we work with and through others, in particular local government and health and care partners.

The COVID-19 pandemic has required the organisation to work in new and different ways and significant changes have had to be made to our usual planning and performance arrangements. The enhanced incident was declared on 9 January and, in February, when the scale of the response and the level of demand upon PHE's resources became clearer, we carried out an extensive reprioritisation exercise across the full organisation.

When carrying out the prioritisation exercise, efforts were made to protect our legal responsibilities, financial standing and reputation while delivering the incident. Wherever possible we also looked to protect our priority areas, avoid negative impacts on the operation of the wider health and care system and to ensure that our organisation was able to operate as effectively as possible.

All Government Departments and agencies are developing programmes that look to recover, renew and recalibrate. These will look to create dynamic and flexible approaches that allow them to respond swiftly to the context that we're working within and provide sufficient clarity on the activities that we will protect and how we will scale up and down other activities as necessary.

**Antibiotics, antivirals and PPE consumables**

PHE has:

- bought, stored and distributed COVID-19 trial medicines
- bought and stored COVID-19 population-level medicines (in preparedness for distribution)
- backfilled antibiotics in the NHS where needed
- preparing to buy and store ITU medicines for a second COVID-19 wave (should this happen)
- preparing to buy, store and distribute COVID-19 vaccines

PHE continues to maintain stockpiles of pandemic medicines (antibiotics and antivirals) and non-PPE consumables. PHE is not responsible for the procurement of PPE and is only responsible for the provision of PPE to its own staff.

### **Financial control**

It should be noted that PHE monitors closely and promotes vigorously regularity, probity and value for money (VFM) around any additional COVID-19 related expenditure. There have been no requirements for the Accounting Officer to seek Ministerial Directions. There have also been no changes to the financial control environment in PHE, and no increased evidence of an increased number of fraud and error instances during the period of the pandemic response. No adjustments have been made to balance sheet valuations and post-pandemic balance sheets will reflect the COVID-19 response but there are no identified financial implications going forward as a result of this.

### *PHE Harlow*

Our scientific campuses at Colindale and Porton are respectively over 30 and 60 years old and, in approving the Outline Business Case in the autumn of 2015, the government recognised the need for public health science to be delivered from modern facilities.

Bringing together health protection and health improvement experts in one place will also hugely strengthen our capacity in the key factors that support implementation of key public health interventions. Subject to agreement of the programme business case, we expect the first phase of PHE Harlow transition to commence in 2023, reaching full operating capability come 2030.

During the year, the Audit and Risk Committee (ARC) has continued to play an active part in scrutinising and constructively challenging aspects of the programme, including the risk of slippage in the timetable.

### *Health and Safety*

PHE has a corporate objective to deliver an annual Health and Safety Improvement Plan, which incorporates actions from the Climate Safety Survey and also Health and Safety Executive (HSE) Interventions.

Nine of the 12 actions in the Improvement Plan, including the important Climate Safety Survey and HSE Interventions have been, successfully completed, so overall good progress has been made.

Of the three remaining actions:

- risk profiling - Colindale work has been completed, with Chilton in the planning stage
- the action to move CL3 training across to e-Learning, will now take place later in 2020
- the development of health and safety roles and responsibilities will be progressed in 2020/21

All three actions have now been included in a new agreed 2020/21 Health and Safety Improvement Plan.

**HSE**

The annual meeting with the Health and Safety Executive (HSE) took place on 23 April 2020.

Below is an overview of HSE's interventions at PHE in 2019/20.

- the agreed intervention plan was revised to include the following pro-active interventions:
  - Colindale CL4 – focus on containment and control
  - Porton CL4 – focus on containment and control
  - Porton – ageing infrastructure supported by HSE specialist mechanical engineer
- a range of other activities, including those related to the PHE Harlow programme:
  - ETP, Scanning technology, Suited systems
  - X-ray inactivation of Ebola
  - Polio GAPIII.
- Covid-19 – Resilience capability and human factors aspects of large scale testing.

Reactive interventions included:

- RIDDOR notifications related to work undertaken with biological agents
- improvements made across the PHE laboratory network to ensure the safe use of formaldehyde for fumigation of safety cabinets and laboratories
- engagement with the PHE formaldehyde working group following multiple RIDDORs related to formaldehyde exposure

PHE strengths were described as:

- a continued commitment to Health and Safety and Biocontainment at all levels
- building on previous success and applying this to rapidly developing situations
- continued demonstration of increased risk ownership
- positive outlook with regards to Health and Safety (engagement and relationship)
- increased resilience and capability with regards to biosafety as well as general health and safety
- transparent approach and attitude during interventions

Areas for continued improvement included:

- to continue the upward trend with regards to health and safety performance
- alignment with the HSE and Bio-economy strategies
- use of a management model and implementation of appropriate management arrangements
- particular focus should be on the Check/Act elements detailed in HSG65
- ensuring adequate arrangements to monitor safety

For 2020 onwards, the following was cited:

- COVID-19 presents a number of challenges to both HSE and PHE
- impacts on intervention
  - many - but not all - front-line intervention activities paused
    - HSE will visit sites where there is a need to do so
    - assurance of resilience and continued safety to operate high hazard containment facilities
    - accident/incident investigation
  - deferment of 2020/21 CL4 Intervention Plans
    - CL4 IPs put on hold
    - IPs being reviewed to determine which interventions should and could be undertaken
    - where proactive intervention is required this will be undertaken by remote means where possible
- PHE should continue to engage actively with HSE on matters related to biosafety and employee health and safety issues
- consider, through risk profiling/assessment, impact of Covid-19 on 'normal' operations

### *Screening programmes*

Further to the update in last year's Annual Report, NHS England's (Professor Sir Mike Richards') review has been published <https://www.england.nhs.uk/wp-content/uploads/2019/02/report-of-the-independent-review-of-adult-screening-programme-in-england.pdf> and was issued at the same time as a Written Ministerial Statement (WMS) <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2019-10-16/HCWS11/>. The WMS stated that there is a need for robust governance and clarity of responsibility and accountability for the different elements of screening: 'Working closely with Public Health England and NHS England, we will ensure functions are located in the best place to deliver a high-quality service, .... there should be a single source of national expert advice on both population-wide and targeted screening. Public Health England, ....., hosts world-class scientific and expert advice on screening and will host this function, building on its current role providing support to the UK National Screening Committee. By extending and consolidating our arrangements for providing independent expert advice on all screening programmes, we will improve delivery and exploit the huge scientific progress that is being made to deliver faster and better access to the latest and best screening interventions. NHS England will become the single body responsible for the delivery of screening services.'

A DHSC-led Screening Improvement Programme (SIP) Board is addressing the issues of advice, quality, delivery, oversight, governance and IT. A report and action plan will be developed once screening services return to normal operations following the COVID-19 pandemic. PHE is committed to contributing to the SIP workstreams and implementing agreed actions.

### *EU exit*

The UK remains in the customs union and single market during the Implementation Period (IP). Currently, the IP remains scheduled to conclude at the end of December 2020. Following the EU referendum in June 2016, PHE established a dedicated internal EU programme

with a steering group reporting to PHE's Management Committee, with assigned senior responsibility officer status delegated to Richard Gleave and Paul Cosford. The programme has covered the following core activities:

- Health Security Negotiations, including future participation in EU institutions such as Health Security Committee, ECDC, EMCDDA, EPIET and REACH
- the establishment of UK Nutrition and Health Claims Committee
- a Four Nations Non-Legislative Framework
- a coordinated approach in the management of the operational impacts of the UK's transition from the EU

As outlined in paragraph 57 of the "UK Approach to Negotiations on the Future Relationship between the United Kingdom and the EU", published on 27 February 2020, the UK is open to exploring co-operation in specific and narrowly defined areas where this is in the interest of both sides, for example on matters of health security. Health Security negotiations are led by DHSC, supported by PHE and cover three areas: the reciprocal sharing of real-time alerts on new and emerging threats; collaboration and co-operation on prevention and response; and expert co-operation.

In developing the health security negotiation fiche, PHE identified several policy interdependencies across other Government Departments inextricably linked to Health Security and PHE operational capabilities. PHE continues to engage cross government and beyond, to ensure the populations health needs are recognised.

The UK Field Epidemiology Training Programme (FETP) hosted by PHE had been provided in association with the ECDC since its inception in 2011. As of 10 September 2019, a UK standalone programme developed and led by PHE continues to deliver the training programme.

PHE have set up the UK Nutrition and Health Claims Committee (UKNHCC) which will assume responsibility for nutrition and health claims in the UK, to protect consumers from inaccurate or misleading information.

As Health Protection is a devolved responsibility, PHE remains committed to upholding the three extant memoranda of understanding between the respective departments of health of the Devolved Administrations and their national public health organisations. The four nations have come together to agree a non-legislative framework focused on strengthening co-operation in strategic areas of shared interest between all the parties. It is intended to complement rather than supersede existing agreements and related work to update service level agreements. The framework had been due for signature in July 2020, however this has been revised in light of COVID-19. Significant progress has been made and PHE remains confident this will be formalised prior to 31st December 2020.

PHE has been working closely with Government departments and other ALBs, to develop and implement plans for the operational impact of the UK's exit from the EU. The PHE EU Exit Preparedness and Response Model will monitor and respond to potential EU exit impacts related to PHE service delivery. This structure aligns to PHE's National Incident and Emergency Response Plan (NIERP) and links into DHSC's Operational Response Centre (ORC). This concept is now being utilized in the current COVID19 incident response.

### *Local authority public health grant*

Further to the update in last year's statement, we have continued to work closely with colleagues in DHSC and the Ministry of Housing, Communities and Local Government on the accountability arrangements for the grant in the final year of the Spending Review period.

We are also working with colleagues across government on how funding for public health will work in the future. In the meantime, we continue with the existing assurance process that demonstrates how, as Accounting Officer, I can be assured of the regularity of spend by local authorities so that I can assert as part of our annual accounts that the funding has been used on the purposes intended by Parliament.

### **Principal risks identified after the reporting period**

#### **The National Institute for Health Protection**

As referenced elsewhere in this report, on Tuesday 18 August 2020, the Secretary of State for Health and Social Care, Matt Hancock, announced the establishment of a new organisation called The National Institute for Health Protection (NIHP). NIHP will bring 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 (JBC)'s intelligence and analytical capability.

NIHP will be established in Spring 2021. NIHP will take on existing health protection responsibilities and work with local government, the NHS and the devolved administrations (building on the existing strong working relationships between the four countries of the UK, including on data sharing, alert levels and border issues). There will be a clear commitment to build on existing teams and functions as well as learning from the best in the world when designing the new organisation. Duncan Selbie's term as Chief Executive came to a close when the announcement was made and Michael Brodie has been appointed Chief Executive Officer responsible for overseeing the transfer of PHE's functions to the NIHP and other new homes. Information on the transfer of accounting officer responsibilities and governance is included at the start of this Governance statement.

Until formal changes are made, PHE continues to operate and deliver its core functions in line with its Framework Agreement under the leadership of Michael Brodie. PHE will continue to be held to account for delivery against its remit letter and agreed business plans through quarterly accountability meetings with DHSC. PHE's governance boards and groups will continue to operate as now, as will PHE's Advisory Board. There will be a continued focus on responding to COVID-19, now and throughout the winter. Health improvement, preventing ill health and reducing inequalities will also remain top priorities for PHE.

A process map of the current public health functions provided by PHE and elsewhere in the system is being drawn up, together with a plan for engaging and consulting with staff and key interests on where functions would be best placed going forwards.'

There are a number of risk areas associated with this change programme that will need to be effectively managed. All risks, like all other strategic risks associated with PHE's work, will be managed through our robust risk management processes with scrutiny by PHE's Management Committee, Audit and risk Committee and DHSC.

## 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.

The HOIA has provided me as Chief Executive and Accounting Officer with an overall Moderate opinion on the framework of governance, risk management and internal control within Public Health England (PHE) for the 2019-20 financial year. This is consistent with last year's opinion.

Overall, the HOIA has concluded that appropriate measures have been put in place during the year to maintain effective arrangements in risk management, governance and internal control. The HOIA has provided further detail under these three headings, which is summarised below and includes a view on areas where audit work has suggested further improvements could be made.

Of the audits completed, 77% returned a rating of Moderate or Substantial (54% and 23% respectively).

For the three areas on which the Head of Internal Audit (HOIA) must report, they have concluded the following:

### **in the case of risk management:**

Effective arrangements are in place to identify and manage risk.

Recommendations from the audit of Risk Management were made in respect of:

- updating risk management documentation to remove references to procedures or groups that no longer operate
- aligning the descriptions of ARC's responsibilities for risk management in the ARC Terms of Reference and the Risk Management policy
- ensuring all members of the Risk Leads Group have received the mandatory risk management training

The report also made two recommendations which were not accepted by PHE management:

- to improve continuity of attendance at meetings from the areas represented (low priority); and
- to ensure risks identified through lessons learned reviews are appropriately communicated and reflected in risk registers (medium priority)

Management considered the arrangements in place over these two areas were effective and instead, agreed to remove the reference to sharing lessons learned reviews with risk leads from the documentation in favour of the current 'live' distribution list with relevant managerial and support staff to cascade and manage actions.

At the operational level, GIAA confirmed that effective arrangements were in place for managing risk in the audit of Centres and Regions and for EU Exit (in the audit of Major

Incident Response). Recommendations were made for further strengthening risk management arrangements in the audit of Revalidation (ensuring risks were discussed at all meetings of the Revalidation Steering Group) and Centres and Regions where an oversight group was recommended to ensure among other responsibilities that risks are appropriately escalated.

Overall, the HOIA has concluded that arrangements for risk management are adequate and effective.

**in the case of governance:**

Several audits from the 2019/20 plan included governance within their scope and these confirmed that effective arrangements are in place. Audit work concluded that current policies and procedures are generally in place across the organisation; Budget management, Caldicott Responsibilities, Global Health, Major Incident Response, Revalidation and Safeguarding all concluded that up to date policies were in place and were available to staff.

A Policy Review Group has responsibility for final sign-off of new and reviewed policies. All audits concluded that policies had been appropriately reviewed and approved. GIAA did note that some errors remained in the revised Risk Management policy after its approval, including a prompt for the author that had not been removed and a reference to a process that had never been adopted by PHE from the Health Protection Agency.

Similarly, whilst the Health & Safety audit confirmed that the terms of reference for the Health & Safety Steering Group had been reviewed during 2019, the document still made reference to a directorate structure that had been changed in 2017. Whilst there are effective arrangements for ensuring documentation is regularly reviewed, there may be scope for improved QA processes during the sign off.

**in relation to control:**

Where audits focused on testing of internal controls, these were generally found to be operating in practice. For example, in the Global health audit, GIAA confirmed that effective arrangements are built into the system for ensuring that all overseas travel is approved at Director level and that appropriate risk assessments are undertaken. There are additional compliance checks undertaken by the Travel and Deployments team as part of PHE's 2nd line of defence arrangements.

The additional work carried out at management's request on Vaccines and Countermeasures identified that there are strong controls in place for approval of business cases for procurement of vaccines.

The audit of Revalidation identified that there are strong controls in place to minimise the risk of staff working without the appropriate professional registrations. Preventative controls in the form of reminders for staff and management information for the organisation to identify individuals at risk of their registration lapsing.

There are two areas that require special mention:

**COVID-19**

Public Health England (PHE) has a statutory duty to provide the most effective response to public health threats, as required by its duties as a Category 1 responder under the Civil Contingencies Act (2004) as delegated to PHE by the Secretary of State for Health and Social Care.

On 3 March 2020, the UK Government published the Coronavirus Action Plan and to ensure that PHE delivers the relevant actions that are within and consistent with the UK Government's Coronavirus Action Plan, PHE has developed the PHE COVID-19 Concept of Operations (CONOPS) to deliver PHE's strategic objectives in accordance with the PHE National Incident and Emergency Response Plan (NIERP).

To monitor PHE's involvement in the response, the CEO set up a COVID-19 Cabinet supported by a Senior Responsible Officer, Incident Director, Incident Management Team (time limited) and a number of incident support and delivery cells.

Whilst responding to the COVID-19 incident, PHE recognises that it needs to change resource allocation to manage the incident alongside day-to-day operational business. A corporate reprioritisation exercise began on 27th February 2020 requesting all parts of the organisation to look at their existing work plans and consider which things might best be postponed, slowed or stopped both immediately and in the months ahead to release people to support the response, coordinated by the Strategy's planning and performance team.

### *EU exit*

PHE has a governance framework in place to oversee EU Exit. The EU Exit team in Health Protection and Medical Directorate are leading on the programme and have been the main point of contact with the Department of Health and Social Care (DHSC), the Department for Exiting the EU (DExEU), other government departments, and health arms' length bodies.

During 2019/20 there was a strategic response group (SRG) set up as an ongoing incident because at the time there was uncertainty on when the UK would be leaving the EU. Their objective was to ensure strategic leadership, co-ordination, progress and assurance across all the elements of response to an incident. The Incident Director (ID) and the National Incident Coordination Centre (NICC) continue to lead the operational and tactical elements of the response.

The PHE EU Exit programme had been planning and exercising for various scenarios to ensure PHE continues to deliver its key functions when the UK leaves the EU. An analysis was carried out of the main people resource challenges to PHE's incident response capability and there were proposals made for action to enhance PHE's response capacity and capability for the future.

EU Exit updates have been communicated to staff through the internal PHE intranet.

A number of themes were also reported on, which raised other areas to be addressed in 2020/21:

### *Information governance*

Concerns were raised in 2018/19 about delivery of the required actions to achieve compliance with the General Data Protection Regulation (GDPR). Two further assurance reviews took place during 2019/20 which also concluded with an Unsatisfactory rating. PHE remains at risk of a breach of GDPR and associated penalties and reputational damage.

### *Training*

A number of audits have covered training within their scope and the following points have been identified which may indicate a need for further work across the organisation on the identification, provision and recording of training/training needs.

- a lack of training had been identified by an internal review of Caldicott arrangements during 2018 and an action agreed to take this forward. At the time of our audit, some 12 months later, work had been done to identify training needs and further reporting and action plans produced, but no training had been delivered.
- the audit of Major Incident Response identified that there was no training strategy in place for incident management. Whilst training is offered, staff who had attended indicated that this was at a high level and they would require further, more detailed training to allow them to effectively manage an incident.
- Budget Management identified that a training package had been developed and delivered to staff with budget management responsibilities, but there were no plans to deliver refresher training at the time of the audit. We recommended that this was revisited to ensure budget managers kept their skills and knowledge up to date.
- both the Health & Safety and Safeguarding audits identified that whilst there are mandatory training requirements, there is no mechanism for monitoring the uptake of this training. Consequently, PHE is unable to be assured that all mandatory training has been undertaken.

### *Lessons learnt*

A small number of audits included the arrangements for Lessons Learned.

- the audit of Caldicott identified that Lessons Learned reviews should be undertaken following a Caldicott breach, however these were not being done at the time of the audit due to a lack of reporting on incidents that would trigger the LL review.
- the audit of Safeguarding identified that arrangements for Lessons Learned needed to be strengthened and a task and finish group had been set up to deal with this in response to an earlier audit of Quality and Clinical Governance.
- the Health and Safety audit identified that whilst Risk Alerts were being used following reportable incidents, there was no evidence of these being followed up with a Lessons Learned review. All reportable incidents were required to have been considered for a Lessons Learned review by the Lessons Learned procedure, although we acknowledge that this is dated 2013 and has not been updated since then.
- GIAA recommended that a decision is taken to either review and reissue the Lessons Learned policy and procedure or remove it and implement alternative arrangements for ensuring Lessons Learned reviews are undertaken in relevant circumstances.

### *2nd line of defence assurance*

The audits of Safeguarding and Health and Safety identified that whilst comprehensive policies have been produced, reviewed and published, there are not always arrangements in place to receive assurances from across the organisation that there is compliance with the requirements set out in policies. To ensure effective implementation of its policies, management should consider and document how compliance will be monitored when drafting and reviewing policies.

## 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 for the year ended 31 March 2020. It has been approved by the Remuneration Committee of the PHE Advisory Board and is based upon the provisions contained within the Financial Reporting Manual 2019/20.

### 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 does 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 are 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

The Pay Committee consists of the following members, who in 2019/20 were:

- Deborah McKenzie (Chief People Officer, Chair)
- Michael Brodie (Finance and Commercial Director) – member to August 2019
- Donald Shepherd (Finance and Commercial Director) – member from August 2019
- Richard Gleave (Deputy Chief Executive and Chief Operating Officer)
- Alex Sienkiewicz (Director, PHE Porton Down & Director of Corporate Affairs)
- Yvonne Doyle (Medical Director and Director of Health Protection)

## 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 Community and Social Care.

## Remuneration of non-executive Advisory Board members

The table below lists all non-executive members who served on the Advisory Board during the year ended 31 March 2020. The date of their appointment is accompanied by the total remuneration due to each individual during their tenure in post in 2019/2020. 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's term as an independent member of the Audit and Risk Committee was extended to 31 March 2021
- the Secretary of State for Health and Social Care extended the term of office of Professor George Griffin until 30 September 2020
- Poppy Jaman's term as a non-executive member of the PHE's Advisory Board ended on 31 March 2020
- Martin Hindle is an independent member of the ARC and Science Hub Programme Board. He was reappointed to this role on 27 January 2020 until 31 March 2021. As such, he attends meetings of the Advisory Board at the invitation of the Chair.
- Professor Sian Griffiths was appointed for a further term as an associate member by the PHE Advisory Board on 26 February 2020 until 31 March 2021

## Advisory Board members' remuneration

Audited table

| Total remuneration due to each individual during their tenure in post in 2019/20 | Date of appointment | Total salary, fees and allowances | Total salary, fees and allowances |
|--|---------------------|-----------------------------------|-----------------------------------|
|  |                     | Year ended 31 March 2020<br>£'000 | Year ended 31 March 2019<br>£'000 |
| Dame Julia Goodfellow (Chair)  | 17 September 2018   | 35 - 40                           | 20 - 25                           |
| Sir Derek Myers* (Deputy Chair)  | 1 June 2013         | 10 - 15                           | 20 - 25                           |
| Professor George Griffin   | 1 June 2013         | 5 - 10                            | 5 - 10                            |
| Professor Sian Griffiths (Associate)   | 1 January 2014      | 5 - 10                            | 5 - 10                            |
| Poppy Jaman  | 26 March 2014       | 5 - 10                            | 5 - 10                            |

\* The remuneration for Derek Myers for part of the 2018/19 year included remuneration for his role as Interim Chair of the Advisory Board. The remuneration for the 2019/20 year does not include any remuneration for that role, which ended in September 2018.

The remuneration of the executive members of the Advisory Board is set out in the audited table on page 125.

### Appointment and appraisal of Management Committee members

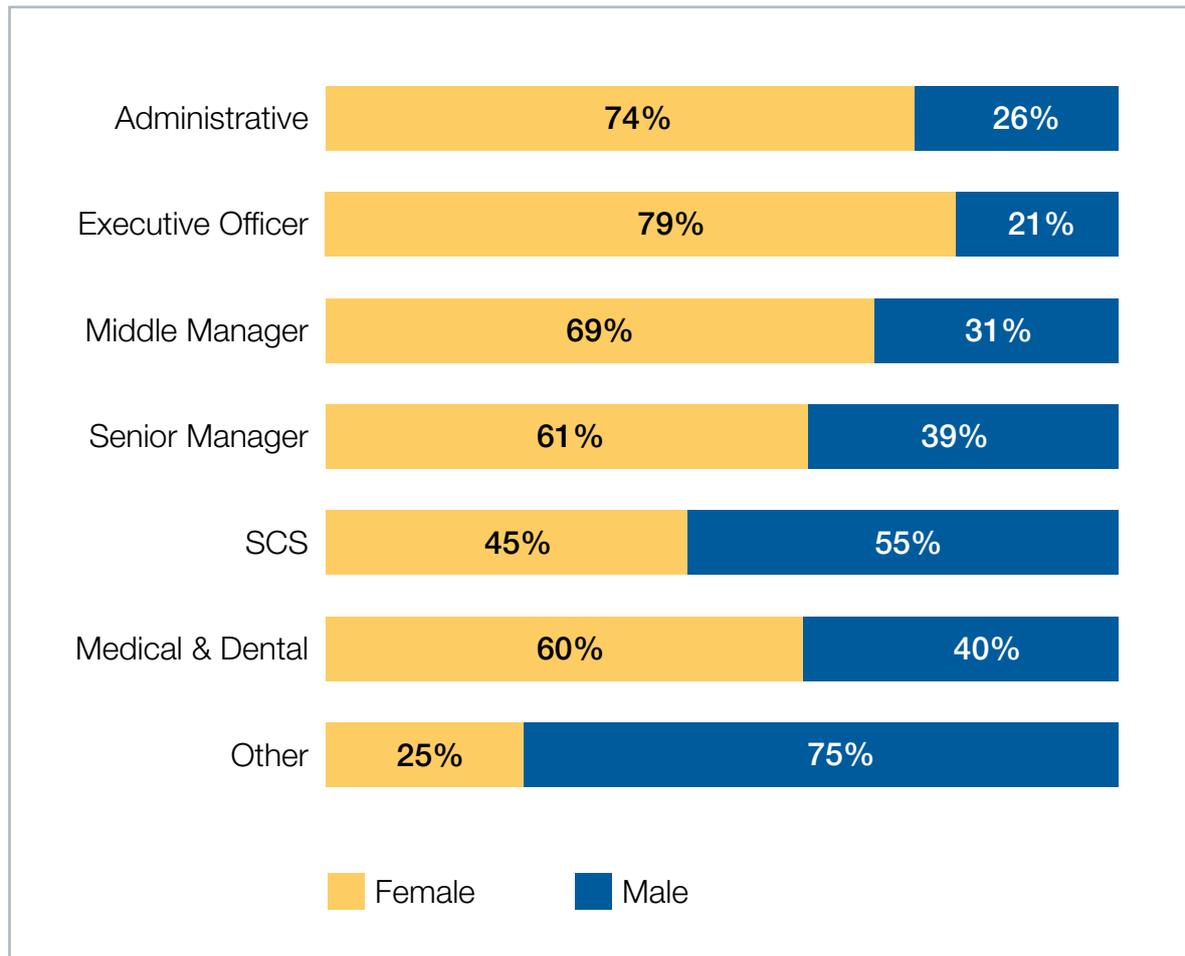
We follow the provisions of the Constitutional Reform and Governance Act 2010, which requires that Civil Service appointments are made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise. The members of the Management Committee hold employment contracts that are 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 31 March 2020 was 11 males (68%) and 5 females (32%). The overall gender profile of the PHE workforce is 68% female and 32% male. The following table shows the profile by grade and gender:

Unaudited table



## Remuneration of Management Committee members 2019/20

Audited table

|  | Date commenced, reappointed or extended | Expiry date of current contract | Notice period | Total salary, fees and allowances Year ended 31 March 2020 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 <sup>6</sup> (Chief Executive) | 1 April 2013                            |                                 | 6 months      | 185-190  |                                |  | 185-190                            |
| Lee Bailey                                   | 26 Sept 2016                            |                                 | 3 months      | 115-120  |                                | 46,000                                 | 160-165                            |
| Viv Bennett <sup>18</sup>                    | 1 April 2013                            |                                 | 3 months      | 65-70  |                                | 27,000                                 | 90-95                              |
| Michael Brodie <sup>5,12,13</sup>            | 24 June 2013                            | 30 Aug 2019                     | 3 months      | 60-65  | 5-10                           | 23,000                                 | 85-90                              |
| Paul Cosford <sup>1,5</sup>                  | 1 April 2013                            |                                 | 3 months      | 185-190  |                                | 24,000                                 | 210-215                            |
| Yvonne Doyle <sup>1,4,5,6</sup>              | 1 April 2013                            |                                 | 3 months      | 200-205  |                                |  | 200-205                            |
| Richard Gleave <sup>5,6</sup>                | 1 April 2013                            |                                 | 3 months      | 145-150  | 5-10                           |  | 155-160                            |
| Jenny Harries <sup>6,11,17</sup>             | 1 April 2013                            | 14 July 2019                    | 3 months      | 40-45  |                                |  | 40-45                              |
| Paul Johnstone <sup>1</sup>                  | 1 April 2013                            |                                 | 3 months      | 200 - 205  |                                | 59,000                                 | 260-265                            |
| Adrian Masters <sup>2</sup>                  | 1 July 2016                             | 30 June 2020                    | 3 months      | 165-170  |                                | 75,000                                 | 240-245                            |
| Deborah McKenzie                             | 1 April 2015                            |                                 | 3 months      | 130-135  | 5-10                           | 52,000                                 | 190-195                            |
| John Newton <sup>1,6</sup>                   | 1 April 2013                            |                                 | 3 months      | 170-175  |                                |  | 170-175                            |
| James Mapstone <sup>9,16</sup>               | 15 July 2019                            | 31 March 2020                   | 3 months      | 90-95  |                                | 64,000                                 | 155-160                            |
| Sharon Peacock <sup>3,7</sup>                | 1 April 2019                            |                                 | 3 months      | 160-165  |                                |  | 165-170                            |
| Paul Plant <sup>10,15</sup>                  | 17 May 2019                             | 5 April 2020                    | 3 months      | 80-85  | 5-10                           | 7,000                                  | 95-100                             |
| Donald Shepherd <sup>8,14</sup>              | 30 July 2019                            |                                 | 3 months      | 75-80  | 5-10                           | 31,000                                 | 115-120                            |
| Rashmi Shukla <sup>1</sup>                   | 1 April 2013                            |                                 | 3 months      | 175-180  |                                | 57,000                                 | 235-240                            |
| Alex Sienkiewicz                             | 1 June 2015                             |                                 | 3 months      | 115-120  | 5-10                           | 47,000                                 | 175-180                            |

- The remuneration of these members of the Management Committee included a Clinical Excellence Award
- Seconded from NHS Improvement from 1 July 2016, the legal body being Monitor
- Seconded from University of Cambridge from 1 April 2019
- Appointed as Director of Health Protection and Medical Director from 19 May 2019
- Indicates Advisory Board member since 1 February 2017
- Opted out of pension therefore no pension benefits in 2019/2020
- Opted out of Super Annuation Scheme from host Organisation (University of Cambridge) 1 April 2019
- Total salary and fees reflects that the individual was not a member of the Management Committee for the entirety of 2019/20. Full time equivalent salary band 115-120
- Total salary and fees reflects that the individual was not a member of the Management Committee for the entirety of 2019/20. Full time equivalent salary band 130-135

- Total salary and fees reflects that the individual was not a member of the Management Committee for the entirety of 2019/20. Full time equivalent salary band 90-95
- Total salary and fees reflects that the individual was not a member of the Management Committee for the entirety of 2019/20. Full time equivalent salary band 140-145
- Total salary and fees reflects that the individual was not a member of the Management Committee for the entirety of 2019/20. Full time equivalent salary band 145-150
- Pension benefits calculation based on 151 days - left PHE 30 August
- Pensions benefits calculation based on 245 days - joined Committee 30 July 2019
- Pension benefits calculation based on 319 days - joined Committee 17 May 2019
- Pension benefits calculation based on 260 days - joined Committee 15 July 2019
- Total salary and fees Includes arrears backdated 1 April 18
- Total salary and fees reflects that the individual works part time.

## Remuneration of management committee members 2018/19

Audited table

|  | Date commenced, reappointed or extended | Expiry date of current contract | Notice period | Total salary, fees and allowances Year ended 31 March 2019 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 <sup>8</sup> (Chief Executive) | 1 April 2013                            |                                 | 6 months      | 185 - 190  |                                |  | 185-190                            |
| Lee Bailey                                   | 26 Sept 2016                            |                                 | 3 months      | 115 - 120  |                                | 46,000                                 | 160-165                            |
| Viv Bennett <sup>10</sup>                    | 1 April 2013                            |                                 | 3 months      | 75 - 80  |                                | 31,000                                 | 105-110                            |
| Michael Brodie <sup>6</sup>                  | 24 June 2013                            |                                 | 3 months      | 140 - 145  | 10 - 15                        | 56,000                                 | 210-215                            |
| Paul Cosford <sup>1,6</sup>                  | 1 April 2013                            |                                 | 3 months      | 180 - 185  |                                | 40,000                                 | 220-225                            |
| Derrick Crook <sup>4</sup>                   | 1 January 2015                          | 31 Mar 2019                     | 3 months      | 155 - 160  |                                |  | 155-160                            |
| Yvonne Doyle <sup>1,5,6,8</sup>              | 1 April 2013                            |                                 | 3 months      | 255 - 260  |                                |  | 255-260                            |
| Richard Gleave <sup>6,7</sup>                | 1 April 2013                            |                                 | 3 months      | 140 - 145  | 10 - 15                        | 29,000                                 | 180-185                            |
| Jenny Harries <sup>8</sup>                   | 1 April 2013                            |                                 | 3 months      | 140 - 145  |                                |  | 140-145                            |
| Paul Johnstone <sup>1</sup>                  | 1 April 2013                            |                                 | 3 months      | 200 - 205  |                                | 31,000                                 | 230-235                            |
| Adrian Masters <sup>2</sup>                  | 1 July 2016                             | 30 June 2020                    | 3 months      | 165 - 170  |                                | 81,000                                 | 245-250                            |
| Deborah McKenzie                             | 1 April 2015                            |                                 | 3 months      | 130 - 135  |                                | 51,000                                 | 180-185                            |
| John Newton <sup>1,3,7</sup>                 | 1 April 2013                            |                                 | 3 months      | 165 - 170  |                                |  | 165-170                            |
| Rashmi Shukla <sup>1</sup>                   | 1 April 2013                            |                                 | 3 months      | 175 - 180  |                                | 54,000                                 | 230-235                            |
| Alex Sienkiewicz <sup>9</sup>                | 1 June 2015                             |                                 | 3 months      | 130 - 135  | 10 - 15                        | 48,000                                 | 190-195                            |

1. The remuneration of these members of the Management Committee included a Clinical Excellence Award
2. Seconded from NHS Improvement from 1 July 2016, the legal body being Monitor
3. Appointed as Director of Health Improvement from 1 April 2017
4. Seconded from Oxford University Hospitals NHS Trust from 1 January 2015
5. Includes backdated pay award from 1 September 2013
6. Indicates Advisory Board member since 1 February 2017
7. Opted out of pension scheme 1 December 2018
8. Opted out of pension therefore no pension benefits in 2018/2019
9. Received additional payments for acting as Incident Director for Enhanced Business Continuity Incident during the reporting year. Base salary continues to be in £115-120K range, with no increase to base salary in respect of new and wider additional role as Director, PHE Porton Down in which commenced April 2018
10. Total salary and fees reflects that the individual works part time

## Remuneration of management committee members 2019/20

The table on page 125 lists all persons who served on the Management Committee in the year ended 31 March 2020. A summary of their employment contract is accompanied by the total remuneration due to each individual during their tenure in post in 2019/20.

### Compensation for loss of office

No payment of compensation for loss of office was made to any member of the Advisory Board or Management Committee during the year ended 31 March 2020.

### 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 bonuses were paid to six 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 consists 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 increase during 2019/20 from the previous year is due to members of the Management Committee falling across both SCS1 and SCS2 bands during the year (as a result of interim measures whilst permanent appointments were made to particular posts).

The salaries of Management Committee members employed on SCS or ESM are 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. For the financial year 2019/20, seven members of the Management Committee employed on SCS terms and conditions received a consolidated gross increase of between £1,170 and £3,500. These payments were made in line with the national arrangements published by the Cabinet Office, where the overall 'pot' available had increased from 2018/19. There was a 2.5% consolidated increase for staff employed on medical and dental terms and conditions. There was an overall average of 2% for consolidated increases for the members of staff employed on ESM terms.

### **Payments to a third party for services of Management Committee members**

Payments to a third party for services of Management Committee members totaled £477,224.85 consisting of £181,701.33 paid to University of Cambridge for the services of Sharon Peacock and £295,523.52 paid to NHS Improvement (Monitor) for the services of Adrian Masters, including a payment of £6,057.56 relating to an under-recovery from the prior year.

### **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 Advisory Board members and 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 2018/19 was 3.3% of the total SCS pay bill. The Remuneration Committee of the Advisory Board agreed that, based on performance in the 2018/19 reporting year, all SCS staff in the 'top' performing category should receive a non-consolidated end of year payment of £9,450 (i.e. the same amount for SCS1, 2 and 3 staff).

The end of year bonus payments to SCS2 staff (the Chief People Officer, the Deputy Chief Executive and Chief Operating Officer, and the Director, PHE Porton Down & Director of Corporate Affairs) are disclosed elsewhere in this Remuneration and Staff Report. 15 SCS1 staff received an end of year bonus, which was the same amount per person as for the SCS2 staff disclosed above. Although relating to performance in the 2018/19 reporting year these payments were made in the 2019/20 financial year, as per standard Civil Service practice.

One in-year bonus payment of £5,000 was made in the 2019/20 financial year, relating to performance in the 2019/20 reporting year, in line with Cabinet Office guidance. This is also disclosed in the table on page 125.

### **Benefits in kind**

During the year ended 31 March 2020, 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 31 March 2020 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 has 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 2019/20

Audited table

|                                | Real increase in pension at age 60 | Real increase in pension lump sum at age 60 | Total accrued pension at age 60 at 31 March 2020 | Lump sum at age 60 related to accrued pension at 31 March 2020 | Cash Equivalent Transfer Value at 1 April 2019 | Cash Equivalent Transfer Value at 31 March 2020 | Real increase in Cash Equivalent Transfer Value |
|--------------------------------|------------------------------------|---|--|--|--|---|---|
|                                | Bands of £2,500 £000               | Bands of £2,500 £000                        | Bands of £5,000 £000                             | Bands of £5,000 £000   | To nearest £1,000 £000                         | To nearest £1,000 £000                          | To nearest £1,000 £000                          |
| <b>Chief Executive</b>         |                                    |   |  |  |  |   |   |
| Duncan Selbie <sup>1</sup>     | 0.0 - 2.5                          | 0.0 - 2.5                                   | 0 - 5  | 0 - 5  | 0  | 0   | 0   |
| <b>Executive Directors</b>     |                                    |   |  |  |  |   |   |
| Lee Bailey                     | 2.5 - 5.0                          | 0.0 - 2.5                                   | 15 - 20  | 0 - 5  | 136  | 173   | 22  |
| Viv Bennett                    | 0.0 - 2.5                          | 0.0 - 2.5                                   | 15 - 20  | 0 - 5  | 233  | 271   | 21  |
| Michael Brodie <sup>8</sup>    | 0.0 - 2.5                          | 0.0 - 2.5                                   | 20 - 25  | 0 - 5  | 239  | 267   | 12  |
| Paul Cosford                   | 0.0 - 2.5                          | 2.5 - 5.0                                   | 70 - 75  | 205 - 210  | 1,495  | 1,610   | 55  |
| Yvonne Doyle <sup>2</sup>      | 0.0 - 2.5                          | 0.0 - 2.5                                   | 0 - 5  | 0 - 5  | 0  | 0   | 0   |
| Richard Gleave <sup>3</sup>    | 0.0 - 2.5                          | 0.0 - 2.5                                   | 0 - 5  | 0 - 5  | 0  | 0   | 0   |
| Jenny Harries <sup>4</sup>     | 0.0 - 2.5                          | 0.0 - 2.5                                   | 0 - 5  | 0 - 5  | 0  | 0   | 0   |
| Paul Johnstone                 | 2.5 - 5.0                          | 0.0 - 2.5                                   | 100 - 105  | 0 - 5  | 2,031  | 2,140   | 62  |
| Adrian Masters <sup>5,11</sup> | 5.0 - 7.5                          | 0.0 - 2.5                                   | 45 - 50  | 0 - 5  | 770  | 876   | 48  |
| Deborah McKenzie               | 2.5 - 5.0                          | 0.0 - 2.5                                   | 10 - 15  | 0 - 5  | 161  | 214   | 34  |
| John Newton <sup>6</sup>       | 0.0 - 2.5                          | 0.0 - 2.5                                   | 0 - 5  | 0 - 5  | 0  | 0   | 0   |
| Rashmi Shukla                  | 2.5 - 5.0                          | 0.0 - 2.5                                   | 80 - 85  | 0 - 5  | 1,558  | 1,696   | 60  |
| Alex Sienkiewicz               | 2.5 - 5.0                          | 0.0 - 2.5                                   | 10 - 15  | 0 - 5  | 109  | 143   | 20  |
| Donald Shepherd <sup>9</sup>   | 0.0 - 2.5                          | 0.0 - 2.5                                   | 10 - 15  | 0 - 5  | 107  | 133   | 16  |
| Paul Plant <sup>10</sup>       | 0.0 - 2.5                          | 0.0 - 2.5                                   | 50 - 55  | 0 - 5  | 979  | 1,030   | 7   |
| Sharon Peacock <sup>7</sup>    | 0.0 - 2.5                          | 0.0 - 2.5                                   | 0 - 5  | 0 - 5  | 0  | 0   | 0   |
| James Mapstone <sup>12</sup>   | 2.5 - 5.0                          | 5.0 - 7.5                                   | 40 - 45  | 95 - 100   | 658  | 769   | 54  |

1. Opted out of pension 1 January 2017

2. Opted out of pension 1 March 2016

3. Opted out of pension 1 December 2018

4. Opted out of pension 29 March 2017

5. Pension figures reflect scheme membership with NHS Improvement

6. Opted out of pension 1 December 2018

7. Opted out of Super Annuation Scheme from host Organisation (University of Cambridge) 1 April 2019

8. Calculation based on 151 days - left PHE 30 August 2019

9. Calculation based on 245 days - joined Committee 30 July 2019

10. Calculation based on 319 days - joined Committee 17 May 2019

11. Includes recalculation of 2018-2019

12. Calculation based on 260 days - joined Committee 15 July 2019

## 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.

## 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 in the financial year 2019/20 was £200,000 to £205,000 (2018/19: £200,000 to £205,000). This was 5.2 times the median remuneration of the workforce (2018/19: 5.2), which was £38,765 (2018/19: £38,592).

In 2019/20, remuneration across our workforce ranged from £18,215 to £224,535 (2018/19: £17,599 to £221,174). One employee (one in 2018/19) 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](http://www.gov.uk/government/publications/senior-officials-high-earners-salaries)

## 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, which are readily available to the public. Details of the major pension schemes are provided below.

### 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 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2019/20, 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 2019-20 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 £21,636       | 4.60%             |
| £21,637 to £51,515  | 5.45%             |
| £51,516 - £150,000  | 7.35%             |
| £150,001 and above  | 8.05%             |

Further details about the Civil Service pension arrangements can be found at: [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

### 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](http://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 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 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%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

Employee contribution rates are based on pensionable pay scaled to the full year, full-time equivalent for part-time employees, as follows:

|        | 2019/20 Annual pensionable pay | 2019/20 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%                        |

Contributions for new members of the NHS Pension Scheme are based on their pensionable pay at the time of joining the scheme.

The Government Financial Reporting Manual 2019/20 requires the scheme to be accounted for as defined contribution in nature.

**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

|                     | 2019/20 | 2018/19 |
|---------------------|---------|---------|
|                     | £'000   | £'000   |
| The PCSPS           | 44,220  | 34,219  |
| The NHSPS           | 6,604   | 6,907   |
| Total contributions | 50,824  | 41,126  |

### Retirements due to ill-health (audited)

During 2019/20, there were three (2018/19: three) early retirements from PHE on ill-health grounds; the total additional accrued pension liabilities on the year amounted to £50,132 (2018/19: £115,263).

### Reporting of civil service and other compensation schemes – exit packages

Audited table

| Exit package cost band        | 2019/20                |                                   |  | 2018/19                |                                   |  |
|-------------------------------|------------------------|-----------------------------------|--|------------------------|-----------------------------------|--|
|                               | 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                     | 15                     | 2                                 | 17   | 9                      | -                                 | 9  |
| £10,000-£25,000               | 5                      | -                                 | 5  | 18                     | -                                 | 18   |
| £25,000-£50,000               | 5                      | -                                 | 5  | 18                     | -                                 | 18   |
| £50,000-£100,000              | 5                      | 1                                 | 6  | 11                     | -                                 | 11   |
| £100,000-£150,000             | 4                      | -                                 | 4  | -                      | -                                 | -  |
| £150,000-£200,000             | -                      | -                                 | -  | -                      | -                                 | -  |
| £200,000 and over             | -                      | -                                 | -  | 1                      | -                                 | 1  |
| Total number of exit packages | 34                     | 3                                 | 37   | 57                     | -                                 | 57   |
| Total resource cost (£000)    |                        |                                   | 956  |                        | -                                 | 1,352                                      |

Redundancy costs have been calculated in accordance with the NHS Pension Scheme and Civil Service Compensation Scheme (a statutory scheme made under the Superannuation Act 1972) as appropriate. Exit costs have been accounted for in full in the year of departure. Where the agency has agreed early retirements, the additional costs are met by the agency and not by the pension scheme.

All exits where the cost is in excess of £95,000 are subject to a robust governance process, including sign off by the Cabinet Office.

## Senior civil service staff by band

The table below shows a breakdown of staff employed on (SCS) terms and conditions as at 31 March 2020:

Unaudited table

| Bands | Totals |
|-------|--------|
| SCS1  | 46     |
| SCS2  | 11     |
| SCS3  | 1      |
| Total | 58     |

## Average number of persons employed

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

Audited table

|                                   | 2019/20                    |        |       | 2018/19     |        |       |
|-----------------------------------|----------------------------|--------|-------|-------------|--------|-------|
|                                   | Permanently employed staff | Others | Total | Permanently | Others | Total |
| Directly employed                 | 5,029                      | -      | 5,029 | 5,009       | -      | 5,009 |
| Other                             | -                          | 236    | 236   | -           | 268    | 268   |
| Staff engaged on capital projects | 55                         | 6      | 61    | 46          | 14     | 60    |
| Total                             | 5,084                      | 242    | 5,326 | 5,055       | 282    | 5,337 |

## Staff composition

The table below shows our staff composition by headcount as at 31 March 2020:

Unaudited table

|                      | Male  | Female | Total |
|----------------------|-------|--------|-------|
| Directors            | 10    | 5      | 15    |
| Senior Civil Service | 29    | 20     | 49    |
| Other Staff          | 1,744 | 3,738  | 5,482 |
| Total                | 1,783 | 3,763  | 5,546 |

## Analysis of staff costs

Audited table

|   | 2019/20<br>£000                  |                |                | 2018/19<br>£000                  |               |                |
|---|----------------------------------|----------------|----------------|----------------------------------|---------------|----------------|
|   | Permanently<br>employed<br>staff | Other<br>staff | Total<br>£000  | Permanently<br>employed<br>staff | Other<br>£000 | Total<br>£000  |
| Wages and salaries                                      | 230,436                          | 13,576         | 244,012        | 227,390                          | 15,809        | 243,199        |
| Social security costs                                   | 31,453                           | -              | 31,453         | 24,711                           | -             | 24,711         |
| Apprenticeship levy                                     | 1,139                            | -              | 1,139          | 1,158                            | -             | 1,158          |
| Other pension costs                                     | 51,224                           | -              | 51,224         | 41,126                           | -             | 41,126         |
| <b>Subtotal</b>   | <b>314,252</b>                   | <b>13,576</b>  | <b>327,818</b> | <b>294,385</b>                   | <b>15,809</b> | <b>310,194</b> |
| Redundancy & other<br>dept. costs                       | 956                              | -              | 956            | 1,352                            | -             | 1,352          |
| Less recoveries in<br>respect of outward<br>secondments | (3,603)                          | -              | (3,603)        | (4,147)                          | -             | (4,147)        |
| Less recoveries in<br>respect of capital<br>projects    | (3,049)                          | -              | (3,049)        | (2,558)                          | -             | (2,558)        |
| <b>Total net costs</b>                                  | <b>308,556</b>                   | <b>13,576</b>  | <b>322,132</b> | <b>289,032</b>                   | <b>15,809</b> | <b>304,841</b> |

Other staff comprises staff engaged in delivering the objectives of PHE (for example, short-term contract staff, agency/temporary staff, locally engaged staff overseas and inward secondments) where we are paying the whole or the majority of their costs.

### Sickness absence (Unaudited)

During 2019/20, the total number of whole time equivalent (WTE) days lost to sickness absence was 45,476 days, an average of 5.4 working days per staff WTE per year; and a sickness absence rate of 3.6% (2018/19: 51,164 days; average 6.1 working days per staff WTE per year; and 4.11% sickness absence rate.) It should be noted that the percentage absence figure is higher than reported to the Cabinet Office (2.40%), which is based on absence in working days; the figure above is based on total absence in calendar days.

### 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 policies 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 assistance will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be of no essential consequence and time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not delivery of) the implementation of solutions.

Total PHE spend in 2019/20 was £Nil (2018/19: £Nil).

### Off-payroll engagements

The following table shows all off-payroll engagements as of 31 March 2020, with a value of more than £245 per day and that last for longer than six months:

Unaudited table

|   | 2019/20 | 2018/19 |
|---|---------|---------|
| Number of existing engagements as of 31 March             | -       | -       |
| Of which, the number that have existed:                   |         |         |
| for less than one year at the time of reporting           | -       | -       |
| for between one and two years at the time of reporting    | -       | -       |
| for between two and three years at the time of reporting  | -       | -       |
| for between three and four years at the time of reporting | -       | -       |
| for four or more years at the time of reporting           | -       | -       |

<sup>1</sup> Source: <https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-40>

The following table shows all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, with a value of more than £245 per day and that last for longer than six months.

Unaudited table

| Off-payroll engagement   | 2019/20 | 2018/19 |
|--|---------|---------|
| Number of new engagements, or those that reached six months duration between 1 April and 31    | -       | -       |
| Of which ...   |         |         |
| Number assessed as caught by IR35  | -       | -       |
| Number assessed as not caught by IR35  | -       | -       |
| Number engaged directly (via PSC contracted to department) and are on the departmental payroll | -       | -       |
| Number of engagements reassessed for consistency/assurance purposes during the year            | -       | -       |
| Number of engagements that saw a change to IR35 status following the consistency review        | -       | -       |

The following table shows any off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2019 and 31 March 2020.

|   | 2019/20 | 2018/19 |
|---|---------|---------|
| 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 | 18      | 15      |
| This figure includes both on payroll and off-payroll engagements  |         |         |

## 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               | 58           |
| WTE  | 56.15        |
| Percentage of time spent on facility time – 0%     | 25 employees |
| Percentage of time spent on facility time – 1-50%  | 33 employees |
| Percentage of time spent on facility time – 51-99% | 0            |
| Percentage of time spent on facility time – 100%   | 0            |
| Total cost of facility time                        | £100,107     |
| Total pay bill                                     | £307,588,756 |

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.

### Auditable and non-auditable elements of this report

The tables in this remuneration and staff report specified as audited, as well as the details of amounts payable to third parties for the services of senior managers, 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 143 to 145.

## 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:

|   | 2019/20        |               |                    |   |  |
|---|----------------|---------------|--------------------|---|--|
|   | Income         | Full Cost     | Surplus/ (Deficit) | Details of financial objective  | Details of performance against the financial objective |
|   | £000           | £000          | £000               | £000  | £000   |
| Clinical Microbiology                                     | 57,082         | 66,625        | (9,543)            | Charges for pathology tests, mostly to the NHS.   | Met: broadly in line with internal targets             |
| Supplies of cell cultures and related services            | 4,834          | 6,026         | (1,192)            | Supplies of cell cultures and related services  | Met: broadly in line with internal targets             |
| Vaccine Evaluation and External Quality Assurance Schemes | 6,963          | 8,653         | (1,690)            | Charges for the evaluation of new vaccines and for quality control standards            | Met: broadly in line with internal targets             |
| Intellectual Property Management                          | 35,344         | -             | 35,344             | Receipts from royalties on intellectual property, mostly earned on end sales of Dysport | Met: broadly in line with internal targets             |
| Commercial radiation services                             | 12,455         | 10,746        | 1,709              | Charges for various radiation services  | Met: broadly in line with internal targets             |
| <b>Total</b>  | <b>116,678</b> | <b>92,050</b> | <b>24,628</b>      |   |  |
| Income that is not subject to fees and charges disclosure | 116,387        |               |                    |   |  |
| <b>Total income (note 5)</b>                              | <b>233,065</b> |               |                    |   |  |

|   | 2018/19        |               |                     |   |  |
|---|----------------|---------------|---------------------|---|--|
|   | Income         | Full Cost     | Surplus / (Deficit) | Details of financial objective  | Details of performance against the financial objective |
|   | £000           | £000          | £000                | £000  | £000   |
| Clinical Microbiology                                     | 54,518         | 66,640        | (12,122)            | Charges for pathology tests, mostly to the NHS.   | Met: broadly in line with internal targets             |
| Supplies of cell cultures and related services            | 4,951          | 5,250         | (299)               | Supplies of cell cultures and related services  | Met: broadly in line with internal targets             |
| Vaccine Evaluation and External Quality Assurance Schemes | 7,730          | 9,023         | (1,293)             | Charges for the evaluation of new vaccines and for quality control standards            | Met: broadly in line with internal targets             |
| Intellectual Property Management                          | 40,706         | -             | 40,706              | Receipts from royalties on intellectual property, mostly earned on end sales of Dysport | Met: broadly in line with internal targets             |
| Commercial radiation services                             | 11,899         | 10,266        | 1,633               | Charges for various radiation services  | Met: broadly in line with internal targets             |
| <b>Total</b>  | <b>119,804</b> | <b>91,179</b> | <b>28,625</b>       |   |  |
| Income that is not subject to fees and charges disclosure | 120,633        |               |                     |   |  |
| <b>Total income (note 5)</b>                              | <b>240,437</b> |               |                     |   |  |

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.

## Losses and special payments

### Losses statement – audited

|                            | 2019/20    |              | Restated   |            |
|----------------------------|------------|--------------|------------|------------|
|                            |            |              | 2018/19    |            |
|                            | Number     | £000         | Number     | £000       |
| Monetary losses            | 1          | 4            | 4          | 18         |
| Loss of accountable stores | 7          | 135          | 7          | 44         |
| Fruitless payment          | 4          | 1            | 6          | 52         |
| Constructive loss          | 51         | 1,585        | 53         | 350        |
| Claims waived or abandoned | 61         | 153          | 123        | 68         |
| <b>Total</b>               | <b>124</b> | <b>1,878</b> | <b>193</b> | <b>532</b> |

### Details of cases over £300,000

#### Constructive losses

PHE embarked on an IT capital project to build a new corporate intranet in 2015. The project was put on hold in 2018 and it was recognised the existing project was no longer the best option. This has given rise to a constructive loss of £1.4m (notes 7 and 11). A full lessons learned exercise has been completed and this learning has been applied to future projects.

#### Special payments - audited

|              | 2019/20  |          | 2018/19  |          |
|--------------|----------|----------|----------|----------|
|              | Number   | £000     | Number   | £000     |
| Compensation | 4        | 9        | 6        | 4        |
| Ex gratia    | -        | -        | -        | -        |
| <b>Total</b> | <b>4</b> | <b>9</b> | <b>6</b> | <b>4</b> |



Michael Brodie Chief Executive

23 November 2020

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

## Opinion on financial statements

I certify that I have audited the financial statements of Public Health England for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Public Health England's affairs as at 31 March 2020 and of the net expenditure for the year then ended; and
- the financial statements 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 of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) 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 2016. I am independent of Public Health England in accordance with the ethical requirements that are relevant to my audit and 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 opinion.

## Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- Public Health England's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- Public Health England has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Public Health England's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

## 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 the preparation of the financial statements and for being satisfied that they give a true and fair view.

## 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.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Health England's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- conclude on the appropriateness of Public Health England's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Public Health England's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause Public Health England to cease to continue as a going concern

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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

## Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the Annual Report other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and 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, 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. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

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

## Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance

## Report

I have no observations to make on these financial statements.

Gareth Davies  
Comptroller and Auditor General  
23 November 2020

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

## 3 Accounts

### Statement of comprehensive net expenditure

For the year ended 31 March 2020

|  | Note | 2019/20          | Restated<br>2018/19 |
|--|------|------------------|---------------------|
|  |      | £000             | £000                |
| Income from sale of goods and services                       | 5    | (206,503)        | (200,566)           |
| Other operating income                                       | 5    | (26,290)         | (31,590)            |
| <b>Total operating income`</b>                               |      | <b>(232,793)</b> | <b>(232,156)</b>    |
| Staff costs  | 3    | 322,132          | 304,841             |
| Purchase of goods and services                               | 4    | 748,126          | 688,396             |
| Other operating expenditure                                  | 4    | 2,941,965        | 3,016,680           |
| Depreciation and impairment charges                          | 4    | 67,823           | 242,908             |
| Provision increase / (decrease)                              | 4    | 426              | (773)               |
| <b>Total operating expenditure</b>                           |      | <b>4,080,472</b> | <b>4,252,052</b>    |
| <b>Net operating expenditure</b>                             |      | <b>3,847,679</b> | <b>4,019,896</b>    |
| Finance income   | 5    | (272)            | (8,281)             |
| <b>Net expenditure for the year</b>                          |      | <b>3,847,407</b> | <b>4,011,615</b>    |
| Loss on transfer by absorption                               |      | -                | 1,421               |
| <b>Net expenditure for the year (after absorption loss)</b>  |      | <b>3,847,407</b> | <b>4,013,036</b>    |
| <b>Other comprehensive net expenditure</b>                   |      |                  |                     |
| Items which will not be reclassified to net operating costs: |      |                  |                     |
| Net (gain) on revaluation of property, plant and equipment   | 6    | (101)            | (432)               |
| Net (gain) on revaluation of investment assets               | 14   | (126,735)        | -                   |
| <b>Comprehensive net expenditure for the year</b>            |      | <b>3,720,571</b> | <b>4,012,604</b>    |

All income and expenditure arises from continuing activities.

The notes on pages 150 to 176 form part of these accounts.

# Statement of financial position

As at 31 March 2020

|   | Note | 2019/20<br>£000  | 2018/19<br>£000  |
|---|------|------------------|------------------|
| <b>Non current assets:</b>                        |      |                  |                  |
| Property, plant and equipment                     | 6    | 860,948          | 773,182          |
| Intangible assets                                 | 7    | 18,802           | 18,103           |
| Investment property                               | 8    | 16,041           | 16,041           |
| Financial assets                                  | 14   | 210,000          | 74,765           |
| Other non-current assets                          | 13   | 19               | 19               |
| <b>Total non current assets</b>                   |      | <b>1,105,810</b> | <b>882,110</b>   |
| <b>Current assets:</b>                            |      |                  |                  |
| Trade and other receivables                       | 13   | 91,516           | 84,545           |
| Inventories                                       | 12   | 251,503          | 209,860          |
| Cash and cash equivalents                         | 15   | 40,161           | 48,470           |
| <b>Total current assets</b>                       |      | <b>383,180</b>   | <b>342,875</b>   |
| <b>Total assets</b>                               |      | <b>1,488,990</b> | <b>1,224,985</b> |
| <b>Current liabilities</b>                        |      |                  |                  |
| Trade payables and other current liabilities      | 16   | (135,413)        | (129,240)        |
| Provisions  | 17   | (15,008)         | (16,729)         |
| <b>Total current liabilities</b>                  |      | <b>(150,421)</b> | <b>(145,969)</b> |
| <b>Non current assets plus net current assets</b> |      | <b>1,338,569</b> | <b>1,079,016</b> |
| <b>Non current liabilities</b>                    |      |                  |                  |
| Provisions  | 17   | (1,531)          | (1,189)          |
| <b>Total non current liabilities</b>              |      | <b>(1,531)</b>   | <b>(1,189)</b>   |
| <b>Assets less liabilities</b>                    |      | <b>1,337,038</b> | <b>1,077,827</b> |
| <b>Taxpayer's equity</b>                          |      |                  |                  |
| General fund                                      |      | 1,148,271        | 1,013,041        |
| Revaluation reserve                               |      | 188,767          | 64,786           |
| <b>Total taxpayer's equity</b>                    |      | <b>1,337,038</b> | <b>1,077,827</b> |

The notes on pages 150 to 176 form part of these accounts. The financial statements on pages 146 to 176 were signed by:



Michael Brodie Accounting Officer  
23 November 2020

## Statement of cash flows

For the year ended 31 March 2020

|  | Note    | 2019/20<br>£000    | Restated<br>2018/19<br>£000 |
|--|---------|--------------------|-----------------------------|
| <b>Cash flows from operating activities</b>                                      |         |                    |                             |
| Net operating expenditure  |         | (3,847,679)        | (4,019,896)                 |
| <i>Adjustments for non cash transactions</i>                                     |         |                    |                             |
| Auditor remuneration   | 4       | 202                | 192                         |
| Pension costs  | 3       | 2,963              | -                           |
| Loss on de-recognition of property, plant and equipment and assets held for sale | 4,6,7,9 | 241                | 1,503                       |
| Stockpiled goods transferred to inventory and reclassified                       | 6,12    | 35,826             | 1,986                       |
| Amortisation and depreciation  | 4,6,7   | 67,050             | 243,190                     |
| Provision for impairments  | 4       | (662)              | (282)                       |
| Gain / (loss) on disposal of consumables   | 12      | 6                  | (2)                         |
| Impairments  | 4,11    | 1,435              | -                           |
| (Increase) / decrease in trade and other receivables                             | 13      | (6,309)            | (21,495)                    |
| (Increase) / decrease in inventories   | 12      | (41,643)           | (48,512)                    |
| Increase / (decrease) in trade payables  | 16      | 6,173              | (7,789)                     |
| Provisions utilised in the year  | 17      | (1,805)            | (1,133)                     |
| (Increase) / decrease in provisions  | 17      | 426                | (773)                       |
| <b>Net cash outflow from operating activities</b>                                |         | <b>(3,783,776)</b> | <b>(3,853,011)</b>          |
| <b>Cash flows from investing activities</b>                                      |         |                    |                             |
| Purchase of property, plant and equipment  | 6       | (186,824)          | (120,902)                   |
| Purchase of intangible assets  | 7       | (6,092)            | (5,819)                     |
| Finance income   | 5       | 272                | 8,281                       |
| (Increase) in investment in Porton Biopharma Ltd                                 |         | (8,500)            | (9,000)                     |
| Decrease in non-current financial assets   | 13      | -                  | 53                          |
| <b>Net cash outflow from investing activities</b>                                |         | <b>(201,144)</b>   | <b>(127,387)</b>            |
| <b>Cash flows from financing activities</b>                                      |         |                    |                             |
| Net parliamentary funding  |         | 3,976,611          | 3,925,010                   |
| <b>Net cash inflow from financing activities</b>                                 |         | <b>3,976,611</b>   | <b>3,925,010</b>            |
| <b>Net increase in cash and cash equivalents in the period</b>                   |         | <b>(8,309)</b>     | <b>(55,388)</b>             |
| Cash and cash equivalents at the beginning of the period                         | 15      | 48,470             | 103,858                     |
| Cash and cash equivalents at the end of the period                               | 15      | 40,161             | 48,470                      |

The notes on page 150 to 176 form part of these accounts.

## Statement of changes in taxpayers' equity

For the year ended 31 March 2020

|   | Note  | General<br>fund<br>£000 | Revaluation<br>reserve<br>£000 | Total<br>£000    |
|---|-------|-------------------------|--------------------------------|------------------|
| Balance at 1 April 2019                                     |       | 1,013,041               | 64,786                         | 1,077,827        |
| Net parliamentary funding (gross of notional pension costs) |       | 3,979,574               | -                              | 3,979,574        |
| Reversal of non-cash charges: auditor's remuneration        | 4     | 202                     | -                              | 202              |
| Net gain on revaluation of property, plant and equipment    | 6,8,9 | -                       | 101                            | 101              |
| Net gain on revaluation of investment assets                | 14    |                         | 126,735                        | 126,735          |
| Loss on disposal of inventory                               |       | -                       | 6                              | 6                |
| Transfers between reserves                                  |       | 2,861                   | (2,861)                        | -                |
| Total net operating costs for the year                      |       | (3,847,407)             | -                              | (3,847,407)      |
| <b>Balance at 31 March 2020</b>                             |       | <b>1,148,271</b>        | <b>188,767</b>                 | <b>1,337,038</b> |

|   | Note  | General<br>fund<br>£000 | Revaluation<br>reserve<br>£000 | Total<br>£000    |
|---|-------|-------------------------|--------------------------------|------------------|
| Balance at 1 April 2018   |       | 1,094,218               | 71,013                         | 1,165,231        |
| Net parliamentary funding   |       | 3,925,010               | -                              | 3,925,010        |
| Reversal of non-cash charges: auditor's remuneration  |       | 192                     | -                              | 192              |
| Net gain on revaluations of property, plant and equipment, investment assets and assets held for sale | 6,8,9 | -                       | 432                            | 432              |
| Loss on disposal of inventory   |       | -                       | (2)                            | (2)              |
| Transfers between reserves  |       | 6,657                   | (6,657)                        | -                |
| Total net operating costs for the year  |       | (4,013,036)             | -                              | (4,013,036)      |
| <b>Balance at 31 March 2019</b>   |       | <b>1,013,041</b>        | <b>64,786</b>                  | <b>1,077,827</b> |

The notes on pages 150 to 176 form part of these accounts.

# Notes to the financial statements

## Statement of accounting policies

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### 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 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 and assets and liabilities 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 currently exists as an executive agency established within the Department of Health and Social Care (DHSC). A public sector entity is a going concern if the service is envisaged to continue and the published main estimates envisage this to be the case. PHE is included in the government main estimates for 2020/21, but on Tuesday 18 August 2020, the Secretary of State for Health and Social Care, Matt Hancock, announced the establishment of a new organisation called The National Institute for Health Protection (NIHP). NIHP will bring 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 (JBC)'s intelligence and analytical capability. NIHP will be established in Spring 2021. New homes will be found for all other PHE functions, including health improvement.

## 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. 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.

## 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 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. PHE is applying the practical expedient as per IFRS 15 in that contracts are short term and amounts are billed in line with performance completed to date. PHE standard payment terms are 30 days from date of invoice. Invoices are raised as per the frequency stated in the contract.

There have been no significant in year changes in contract assets this year. Income streams are shown in note 5 with the principles of IFRS 15 adopted as follows:

- *laboratory and other services*

This income predominately relates to the provision of laboratory tests with the performance obligation being the delivery of the test result. Revenue is recognised once the tests are complete.

- *products and royalties*

This income predominately 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.

- *vaccines income*

This predominately 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.

- *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.

- *grants from the United Kingdom government, Grants from the European Union*

These are outside the scope of IFRS 15.

- *other operating income*

This covers a variety of non-standard income streams including contributions from the NHS for marketing campaigns (for which the performance obligation is the provision of the campaign with revenue recognised as the campaign is launched) and the 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. Rentals income from investment property is all in relation to operating leases with Porton Biopharma Ltd, which is recognised on a straight-line basis over the length of the lease. Interest on loans and dividends are accounted for in accordance with IFRS 9.

## **1.9 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 by the Valuation Office Agency on 31 March 2018.

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.

The amount of the revaluation reserves attributable to PPE is £61,741,000 (2019: £58,561,000).

### *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*

Strategic goods held for use in national emergencies (stockpiled goods) are held as non-current assets within property, plant and equipment. As agreed with HM Treasury, these stocks are not depreciated over their useful life as, although they meet the definition of assets, economic benefit to PHE arises as they are called into service (at which time, they are derecognised as assets, transferred to inventory and accounted for under IAS 2: Inventories) or reach their expiry date, at which point they are depreciated in full. The purchase of

stockpiled goods has parliamentary approval and is as a result of government policy to hold an emergency stockpile for an event which is hoped will not transpire.

Stockpiled goods are reviewed during the year in terms of expiry profiles and their continued appropriateness for inclusion in the stockpile. Stockpiled goods are held at historic cost as a proxy for fair value; this is on the basis of the low value of individual items.

### **1.10 Non-current assets: intangible assets**

Intangible non-current assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of PHE's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, PHE, where the cost of the asset can be measured reliably; and where the cost is at least £5,000. Intangible non-current assets in PHE comprise software and licences. Following initial recognition, intangible assets are carried on the statement of financial position at cost, net of amortisation and impairment, or depreciated replacement cost in existing use where materially different. Amortisation is calculated on a straight-line basis over the useful life of the asset. Useful lives are determined on an individual asset basis in accordance with the asset's anticipated economic 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 Research and development**

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Development expenditure is capitalised to the extent that it results in the creation of an asset and only if, all the following have been demonstrated from the date when the criteria for recognition are initially met:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to reliably measure the expenditure attributable to the intangible asset during its development. The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred

Where no internally generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

### 1.13 Depreciation, amortisation and impairments

Freehold land, assets under construction or development, stockpiled goods, 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                 | Depreciated in full on expiry      |

At each financial year-end, PHE determines 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**

Inventories are valued at the lower of cost and net realisable value on a first in, first out 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. Cash equivalents are investments that mature in three months or less from the date of acquisition and which are readily convertible to known amounts of cash with insignificant risk of change in value. 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 Provisions**

Provisions are reviewed at least annually as at the date of the statement of financial position and are adjusted to reflect the latest best estimate of the present obligation concerned. These adjustments are reflected in the statement of comprehensive net expenditure for the year.

### **1.18 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. 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 per cent interest in Porton Biopharma Ltd as an investment under IFRS 9 rather than consolidating it as a subsidiary. An independent professional valuation of PHE's investment in Porton Biopharma Ltd was completed on 31 March 2020. More information on the valuation is available in note 14 of these financial statements.

PHE has made the irrevocable election to measure its equity investments at fair value through other comprehensive income. This means that changes in fair value are recognised in equity and will not pass through income and expenditure. The election was made as PHE does not hold its equity investment in Porton Biopharma Ltd 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.

### **1.19 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 2019/20.

### *IFRS 16 Leases*

IFRS 16 becomes effective for accounting periods commencing on or after 1 January 2019. HM Treasury has deferred the introduction of this standard for the public sector until 1 April 2021. 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's operating lease commitments are shown in note 19. IFRS 16 requires these to be recognised in the Statement of Financial Position as right of use assets with corresponding lease liabilities. Lessor accounting in respect of PHE's investment property remains largely unchanged under the new standard. The impact of IFRS 16 is expected to be immaterial.

The following standards have no impact on PHE:

- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts Application
- IFRIC 23 Uncertainty over Income Tax Treatments

## **1.20 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.

### *Change in accounting estimate: valuation of Porton Biopharma Ltd*

During the year, PHE changed its approach to estimating the fair value of its 100 per cent equity interest in Porton Biopharma Ltd. Whereas PHE previously valued its interest at historic cost as a proxy for fair value, as at 31 March 2020 it commissioned an independent valuation of Porton Biopharma Ltd, which was performed using the income approach. This valuation indicated a fair value of £203.2 million (2018/19: 68.0 million) and resulted in a revaluation gain of £126.7 million. Further information on the valuation is available in note 14.

PHE changed its accounting estimate because, as at 31 March 2020, Porton Biopharma Ltd was close to finalising terms with a new marketing partner for its flagship product. Porton Biopharma Ltd anticipate this agreement will secure it a greater share of global revenues. The terms were agreed and the new arrangement announced in April 2020.

### *Change in accounting policy: valuation of stockpiled goods*

PHE has amended its accounting policy on depreciation for stockpiled goods to state that they are depreciated in full, on expiry. The impact on comparatives is not material other than on classification and prior year balances have been restated accordingly in the Statement of Comprehensive Net Expenditure, the Statement of Cashflows, Notes 4 and 6 and in the losses statement in the parliamentary accountability and audit report.

## **1.21 Changes in accounting policy**

PHE has amended its accounting policy on depreciation for stockpiled goods to state that they are depreciated in full, on expiry. The impact on comparatives is not material other than on classification and prior year balances have been restated accordingly.

## 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:

1. The payment of ring-fenced public health grants to local authorities.
2. The oversight of expenditure on vaccines and emergency countermeasures (vaccines).
3. 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 (1) above are inter-related and contiguous and fall within the objectives of improving public health and reducing preventable deaths.

|   | 2019/20                |                      |                                      |                  | 2018/19                |                      |                                      |                  |
|---|------------------------|----------------------|--------------------------------------|------------------|------------------------|----------------------|--------------------------------------|------------------|
|   | Operational activities | Public health grants | Vaccine and Counter-measure response | Total            | Operational activities | Public health grants | Vaccine and Counter-measure response | Total            |
|   | £000                   | £000                 | £000                                 | £000             | £000                   | £000                 | £000                                 | £000             |
| Gross expenditure   | 620,987                | 2,931,555            | 527,930                              | <b>4,080,472</b> | 564,924                | 3,011,064            | 676,064                              | <b>4,252,052</b> |
| Income  | (154,959)              | -                    | (78,106)                             | <b>(233,065)</b> | (170,853)              | -                    | (69,584)                             | <b>(240,437)</b> |
| <b>Net operating cost</b>   | <b>466,028</b>         | <b>2,931,555</b>     | <b>449,824</b>                       | <b>3,847,407</b> | <b>394,071</b>         | <b>3,011,064</b>     | <b>606,480</b>                       | <b>4,011,615</b> |
| <b>Loss on transfer by absorption</b>                                       | -                      | -                    | -                                    | -                | 1,421                  | -                    | -                                    | <b>1,421</b>     |
| <b>Total net expenditure per statement of comprehensive net expenditure</b> | <b>466,028</b>         | <b>2,931,555</b>     | <b>449,824</b>                       | <b>3,847,407</b> | <b>395,492</b>         | <b>3,011,064</b>     | <b>606,480</b>                       | <b>4,013,036</b> |

### Description of segments

#### *Operational activities*

Operational activities are undertaken by PHE and are funded through parliamentary supply. These include all activity other than Public Health Grants and expenditure on Vaccine and counter-measure response including staff costs and depreciation.

#### *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. VCR income includes vaccine income included in note 5.

### 3 Staff costs

|   | 2019/20                            |                     |                | 2018/19                            |                     |                |
|---|------------------------------------|---------------------|----------------|------------------------------------|---------------------|----------------|
|   | Permanently employed staff<br>£000 | Other staff<br>£000 | Total<br>£000  | Permanently employed staff<br>£000 | Other staff<br>£000 | Total<br>£000  |
| Wages and salaries  | 230,436                            | 13,576              | 244,012        | 227,390                            | 15,809              | 243,199        |
| Social security costs   | 31,453                             | -                   | 31,453         | 24,711                             | -                   | 24,711         |
| Apprenticeship Levy   | 1,139                              | -                   | 1,139          | 1,158                              | -                   | 1,158          |
| Pension costs   | 51,224                             | -                   | 51,224         | 41,126                             | -                   | 41,126         |
| <b>Subtotal</b>   | <b>314,252</b>                     | <b>13,576</b>       | <b>327,828</b> | <b>294,385</b>                     | <b>15,809</b>       | <b>310,194</b> |
| Redundancy and other department costs                           | 956                                | -                   | 956            | 1,352                              | -                   | 1,352          |
| Less recoveries in respect of outward secondments               | (3,603)                            | -                   | (3,603)        | (4,147)                            | -                   | (4,147)        |
| Less recoveries in respect of staff engaged on capital projects | (3,049)                            | -                   | (3,049)        | (2,558)                            | -                   | (2,558)        |
| <b>Total net costs</b>  | <b>308,556</b>                     | <b>13,576</b>       | <b>322,132</b> | <b>289,032</b>                     | <b>15,809</b>       | <b>304,841</b> |

Please also see page 136 of the Remuneration and staff report.

## 4 Other expenditure

|  | <b>2019/20</b>   | <b>Restated<br/>2018/19</b> |
|--|------------------|-----------------------------|
| <b>Purchase of goods and services</b>  |                  |                             |
| Accommodation  | 35,495           | 31,138                      |
| Auditor remuneration   | -                | 4                           |
| Education, training and conferences  | 3,028            | 3,569                       |
| Hospitality  | 46               | 36                          |
| Insurance  | 122              | 288                         |
| Inventories written down   | 1,395            | 4,109                       |
| Inventories consumed   | 460,561          | 404,213                     |
| Laboratory consumables and services  | 47,124           | 39,560                      |
| Legal fees   | 1,060            | 1,153                       |
| Rentals under operating leases   | 4,057            | 8,273                       |
| Research & Development   | 435              | 404                         |
| Supplies and services  | 185,609          | 186,411                     |
| Travel and subsistence   | 8,992            | 9,046                       |
| <i>Non-cash items:</i>   |                  |                             |
| Auditor remuneration   | 202              | 192                         |
| <b>Total purchase of goods and services</b>  | <b>748,126</b>   | <b>688,396</b>              |
| <b>Other operating expenditure</b>   |                  |                             |
| Bank charges   | 70               | 32                          |
| European Union grant expenditure   | 573              | 1,423                       |
| Foreign exchange (gains) / losses  | (264)            | (10)                        |
| Public Health grants   | 2,931,555        | 3,011,064                   |
| Voluntary sector grants  | 4,600            | 690                         |
| Capital grants   | 5,190            | 1,978                       |
| (Profit) / loss on de-recognition of property, plant and equipment and intangible assets | 241              | 1,503                       |
| <b>Total other operating expenditure</b>   | <b>2,941,965</b> | <b>3,016,680</b>            |
| <b>Depreciation and impairment charges</b>   |                  |                             |
| <i>Non-cash items:</i>   |                  |                             |
| Change in impairment for expected credit loss  | (662)            | (282)                       |
| Depreciation   | 63,104           | 239,348                     |
| Amortisation   | 3,946            | 3,842                       |
| Impairment   | 1,435            | -                           |
| <b>Total depreciation and impairment charges</b>   | <b>67,823</b>    | <b>242,908</b>              |
| <b>Provision expense</b>   |                  |                             |
| Provision provided for / (released) in year  | 426              | (773)                       |
| <b>Total provision expenses</b>  | <b>426</b>       | <b>(773)</b>                |
| <b>Total</b>   | <b>3,758,340</b> | <b>3,947,211</b>            |

During the year, PHE purchased no non-audit services from its auditor, the National Audit Office (NAO). NAO undertook an audit of an EU grant during 2018/19 which was separate to the statutory remit. The amount of this was £3,840.

Significant expenditure items include:

### *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. 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 a number of 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 counter-measures.

Non-cash items comprise:

### *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

|   | 2019/20        |                |                | 2018/19        |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
|   | Administration | Programme      | Total          | Administration | Programme      | Total          |
| <b>Sale of goods and services</b>         |                |                |                |                |                |                |
| Laboratory and other services             | 200            | 84,843         | 85,043         | 256            | 90,615         | 90,871         |
| Products and royalties                    | 1,028          | 39,913         | 40,941         | 524            | 37,250         | 37,774         |
| Education and training                    | 441            | 2,021          | 2,462          | 435            | 2,423          | 2,858          |
| Vaccines income                           | -              | 78,057         | 78,057         | -              | 69,063         | 69,063         |
| <b>Total sale of goods and services</b>   | <b>1,669</b>   | <b>204,834</b> | <b>206,503</b> | <b>1,215</b>   | <b>199,351</b> | <b>200,566</b> |
| <b>Other operating income</b>             |                |                |                |                |                |                |
| Research and related contracts and grants | 10             | 8,888          | 8,898          | 15             | 8,621          | 8,636          |
| Grants from the United Kingdom government | -              | 2,879          | 2,879          | -              | 4,845          | 4,845          |
| Grants from the European Union            | -              | 2,772          | 2,772          | -              | 3,168          | 3,168          |
| Rental from investment property           | -              | 7,771          | 7,771          | -              | 8,858          | 8,858          |
| Other operating income                    | 920            | 3,050          | 3,970          | 884            | 5,199          | 6,083          |
| <b>Total other operating income</b>       | <b>930</b>     | <b>25,360</b>  | <b>26,290</b>  | <b>899</b>     | <b>30,691</b>  | <b>31,590</b>  |
| <b>Finance income</b>                     |                |                |                |                |                |                |
| Interest receivable                       | -              | 272            | 272            | -              | 281            | 281            |
| Income from dividends                     | -              | -              | -              | -              | 8,000          | 8,000          |
| <b>Total finance income</b>               | <b>-</b>       | <b>272</b>     | <b>272</b>     | <b>-</b>       | <b>8,281</b>   | <b>8,281</b>   |
| <b>Income Total</b>                       | <b>2,599</b>   | <b>230,466</b> | <b>233,065</b> | <b>2,114</b>   | <b>238,323</b> | <b>240,437</b> |

The dividend in 2018/19 received was from Porton Biopharma Ltd.

## 6 Property, plant and equipment

|                         | Land          | Buildings      | Fixtures and fittings | Plant, equipment and transport equipment | Information technology | Stockpiled Goods | Assets under construction (AUC) | Total            |
|-------------------------|---------------|----------------|-----------------------|--|------------------------|------------------|---------------------------------|------------------|
|                         | £000          | £000           | £000                  | £000                                     | £000                   | £000             | £000                            |                  |
| <b>Cost</b>             |               |                |                       |  |                        |                  |                                 |                  |
| At 1 April 2019         | 48,625        | 155,157        | 3,664                 | 85,534                                   | 47,759                 | 454,332          | 100,080                         | 895,151          |
| Transfer to inventory   | -             | -              | -                     | -  | -                      | (35,826)         | -                               | (35,826)         |
| Additions               | -             | -              | -                     | 130                                      | -                      | 120,153          | 66,541                          | 186,824          |
| Transfer of AUC         | -             | 5,846          | 128                   | 3,160                                    | 2,857                  | -                | (11,991)                        | -                |
| Revaluations            | -             | -              | 17                    | 362                                      | -                      | -                | -                               | 379              |
| De-recognition          | -             | (2,313)        | (141)                 | (2,424)                                  | (2,355)                | (29,738)         | -                               | (36,971)         |
| <b>At 31 March 2020</b> | <b>48,625</b> | <b>158,690</b> | <b>3,668</b>          | <b>86,762</b>                            | <b>48,261</b>          | <b>508,921</b>   | <b>154,630</b>                  | <b>1,009,557</b> |
| <b>Depreciation</b>     |               |                |                       |  |                        |                  |                                 |                  |
| At 1 April 2019         | -             | 27,213         | 1,755                 | 58,335                                   | 34,666                 | -                | -                               | 121,969          |
| Charge for year         | -             | 22,173         | 407                   | 6,370                                    | 4,416                  | 29,738           | -                               | 63,104           |
| Revaluations            | -             | -              | 8                     | 270                                      | -                      | -                | -                               | 278              |
| De-recognition          | -             | (2,312)        | (118)                 | (2,227)                                  | (2,347)                | (29,738)         | -                               | (36,742)         |
| <b>At 31 March 2020</b> | <b>-</b>      | <b>47,074</b>  | <b>2,052</b>          | <b>62,748</b>                            | <b>36,735</b>          | <b>-</b>         | <b>-</b>                        | <b>148,609</b>   |
| <b>Carrying value</b>   |               |                |                       |  |                        |                  |                                 |                  |
| At 31 March 2020        | <b>48,625</b> | <b>111,616</b> | <b>1,616</b>          | <b>24,014</b>                            | <b>11,526</b>          | <b>508,921</b>   | <b>154,630</b>                  | <b>860,948</b>   |
| At 31 March 2019        | 48,625        | 127,944        | 1,909                 | 27,199                                   | 13,093                 | 454,332          | 100,080                         | <b>773,182</b>   |
| <b>Asset financing</b>  |               |                |                       |  |                        |                  |                                 |                  |
| Owned                   | <b>48,625</b> | <b>111,616</b> | <b>1,616</b>          | <b>24,014</b>                            | <b>11,526</b>          | <b>508,921</b>   | <b>154,630</b>                  | <b>860,948</b>   |

The expiry profile for Stockpiled Goods is as follows

|   | 2019/20<br>£000 | 2018/19<br>£000 |
|---|-----------------|-----------------|
| Not later than one year                           | 197,946         | 145,861         |
| Later than one year and not later than five years | 76,488          | 175,231         |
| Later than five years                             | 234,487         | 133,240         |
| <b>Total</b>                                      | <b>508,921</b>  | <b>454,332</b>  |

Of the total reported at the end of 2018/19 as expiring within one year, £119m was subject to full testing and subsequent shelf life extensions. This included £50m of Personal Protective Equipment.

|                            | <b>Restated</b> |                  |                              |   |                               |                         |  |                |
|----------------------------|-----------------|------------------|------------------------------|---|-------------------------------|-------------------------|--|----------------|
|                            | <b>Land</b>     | <b>Buildings</b> | <b>Fixtures and fittings</b> | <b>Plant, equipment and transport equipment</b> | <b>Information technology</b> | <b>Stockpiled Goods</b> | <b>Assets under construction (AUC)</b> | <b>Total</b>   |
|                            | <b>£000</b>     | <b>£000</b>      | <b>£000</b>                  | <b>£000</b>                                     | <b>£000</b>                   | <b>£000</b>             | <b>£000</b>                            |                |
| <b>Cost</b>                |                 |                  |                              |   |                               |                         |  |                |
| At 1 April 2018            | 48,625          | 148,322          | 3,083                        | 84,454  | 43,937                        | 593,343                 | 75,663                                 | 997,427        |
| Transfer by absorption     | -               | (1,485)          | (50)                         | (752)   | -                             | -                       | -                                      | (2,287)        |
| Reclassification of assets | -               | -                | -                            | -   | -                             | (805)                   | -                                      | (805)          |
| Transfer to inventory      | -               | -                | -                            | -   | -                             | (2,791)                 | -                                      | (2,791)        |
| Additions                  | -               | -                | -                            | 83  | -                             | 66,695                  | 54,124                                 | 120,902        |
| Transfer of AUC            | -               | 11,142           | 672                          | 5,834   | 12,059                        | -                       | (29,707)                               | -              |
| Revaluations               | -               | -                | 29                           | 783   | -                             | 160                     | -                                      | 972            |
| De-recognition             | -               | (2,822)          | (70)                         | (4,868)   | (8,237)                       | (203,880)               | -                                      | (219,877)      |
| <b>At 31 March 2019</b>    | <b>48,625</b>   | <b>155,157</b>   | <b>3,664</b>                 | <b>85,534</b>                                   | <b>47,759</b>                 | <b>454,332</b>          | <b>100,080</b>                         | <b>895,151</b> |
| <b>Depreciation</b>        |                 |                  |                              |   |                               |                         |  |                |
| At 1 April 2018            | -               | 4,918            | 1,386                        | 56,257  | 40,069                        | -                       | -                                      | 102,630        |
| Charge for year            | -               | 25,392           | 434                          | 6,817   | 2,825                         | 203,880                 | -                                      | 239,348        |
| Revaluations               | -               | -                | 13                           | 527   | -                             | -                       | -                                      | 540            |
| Transfer by absorption     | -               | (281)            | (27)                         | (567)   | -                             | -                       | -                                      | (875)          |
| De-recognition             | -               | (2,816)          | (51)                         | (4,699)   | (8,228)                       | (203,880)               | -                                      | (219,674)      |
| <b>At 31 March 2019</b>    | <b>-</b>        | <b>27,213</b>    | <b>1,755</b>                 | <b>58,335</b>                                   | <b>34,666</b>                 | <b>-</b>                | <b>-</b>                               | <b>121,969</b> |
| <b>Carrying value</b>      |                 |                  |                              |   |                               |                         |  |                |
| At 31 March 2019           | <b>48,625</b>   | <b>127,944</b>   | <b>1,909</b>                 | <b>27,199</b>                                   | <b>13,093</b>                 | <b>454,332</b>          | <b>100,080</b>                         | <b>773,182</b> |
| At 31 March 2018           | 48,625          | 143,404          | 1,697                        | 28,197  | 3,868                         | 593,343                 | 75,663                                 | <b>894,797</b> |
| <b>Asset financing</b>     |                 |                  |                              |   |                               |                         |  |                |
| Owned                      | <b>48,625</b>   | <b>127,944</b>   | <b>1,909</b>                 | <b>27,199</b>                                   | <b>13,093</b>                 | <b>454,332</b>          | <b>100,080</b>                         | <b>773,182</b> |

## 7 Intangible assets

|                         | <b>Software<br/>and software<br/>licences<br/>£000</b> | <b>Website<br/>£000</b> | <b>Assets Under<br/>Construction<br/>£000</b> | <b>Total<br/>£000</b> |
|-------------------------|--|-------------------------|---|-----------------------|
| <b>Cost</b>             |  |                         |   |                       |
| At 1 April 2019         | 31,219   | 4,229                   | 11,464  | 46,912                |
| Transfer from AUC       | 1,414  | 30                      | (1,444)                                       | -                     |
| Additions               | -  | -                       | 6,092   | 6,092                 |
| Impairment              | -  | -                       | (1,435)                                       | (1,435)               |
| De-recognition          | (486)  | (50)                    | -   | (536)                 |
| <b>At 31 March 2020</b> | <b>32,147</b>  | <b>4,209</b>            | <b>14,677</b>                                 | <b>51,033</b>         |
| <b>Amortisation</b>     |  |                         |   |                       |
| At 1 April 2019         | 25,329   | 3,480                   | -   | 28,809                |
| Charge for year         | 3,485  | 461                     | -   | 3,946                 |
| De-recognition          | (474)  | (50)                    | -   | (524)                 |
| <b>At 31 March 2020</b> | <b>28,340</b>  | <b>3,891</b>            | <b>-</b>                                      | <b>32,231</b>         |
| <b>Carrying value</b>   |  |                         |   |                       |
| At 31 March 2020        | 3,807  | 318                     | 14,677  | 18,802                |
| At 31 March 2019        | 5,890  | 749                     | 11,464  | 18,103                |
| <b>Asset financing</b>  |  |                         |   |                       |
| Owned                   | 3,807  | 318                     | 14,677  | 18,802                |

|                          | <b>Software<br/>and software<br/>licences<br/>£000</b> | <b>Website<br/>£000</b> | <b>Assets Under<br/>Construction<br/>£000</b> | <b>Total<br/>w£000</b> |
|--------------------------|--|-------------------------|---|------------------------|
| <b>Cost or valuation</b> |  |                         |   |                        |
| At 1 April 2018          | 30,270   | 3,729                   | 8,655   | 42,654                 |
| Transfer by absorption   | (32)   | -                       | -   | (32)                   |
| Transfer from AUC        | 2,510  | 500                     | (3,010)                                       | -                      |
| Additions                | -  | -                       | 5,819   | 5,819                  |
| De-recognition           | (1,529)  | -                       | -   | (1,529)                |
| <b>At 31 March 2019</b>  | <b>31,219</b>  | <b>4,229</b>            | <b>11,464</b>                                 | <b>46,912</b>          |
| <b>Amortisation</b>      |  |                         |   |                        |
| At 1 April 2018          | 23,264   | 3,255                   | -   | 26,519                 |
| Transfer by absorption   | (23)   | -                       | -   | (23)                   |
| Charge for year          | 3,617  | 225                     | -   | 3,842                  |
| De-recognition           | (1,529)  | -                       | -   | (1,529)                |
| <b>At 31 March 2019</b>  | <b>25,329</b>  | <b>3,480</b>            | <b>-</b>                                      | <b>28,809</b>          |
| <b>Carrying value</b>    |  |                         |   |                        |
| At 31 March 2019         | 5,890  | 749                     | 11,464  | 18,103                 |
| At 31 March 2018         | 7,006  | 474                     | 8,655   | 16,135                 |
| <b>Asset financing</b>   |  |                         |   |                        |
| Owned                    | 5,890  | 749                     | 11,464  | 18,103                 |

## 8 Investment property

|   | <b>2019/20</b> | <b>2018/19</b> |
|---|----------------|----------------|
| <b>Buildings leased to Porton Biopharma Ltd</b> |                |                |
| Opening Balance                                 | 16,041         | 16,041         |
| Reclassification of assets                      | -              | -              |
| Impairment                                      | -              | -              |
| Revaluation                                     | -              | -              |
| <b>Closing Balance</b>                          | <b>16,041</b>  | <b>16,041</b>  |

PHE owns 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 are still owned by PHE and are now classified as investment properties in line with IAS 40 and are leased to PBL. Further information can be found in note 1.11.

## 9 Asset Held For Sale

|                             | <u>2019/20</u> | <u>2018/19</u> |
|-----------------------------|----------------|----------------|
| <b>Myrtle Road, Bristol</b> |                |                |
| Opening Balance             | -              | 1,300          |
| Reclassification of assets  | -              | -              |
| Revaluation                 | -              | -              |
| Disposal                    | -              | (1,300)        |
| <b>Closing Balance</b>      | <u>-</u>       | <u>-</u>       |

## 10 Financial instruments

|   | <u>31 March 2020</u> | <u>31 March 2019</u> |
|---|----------------------|----------------------|
|   | <u>£000</u>          | <u>£000</u>          |
| <b>Financial assets</b>   |                      |                      |
| Measured at fair value through other comprehensive income               | 203,211              | 67,976               |
| Of which equity instruments designated as such upon initial recognition | 203,211              | 67,976               |
| Measured at amortised cost  | 126,229              | 134,937              |
|   | <b>329,440</b>       | <b>202,913</b>       |
| <b>Financial liabilities</b>  | <b>133,118</b>       | <b>127,847</b>       |
| Measured at amortised cost  | <u>133,118</u>       | <u>127,847</u>       |

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 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 12) 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 asset 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 prices for its flagship product. The sensitivity analysis included in Note 12 of these financial statements include an analysis of the sensitivity of the fair value of PHE's investment to changes in revenue earned on 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 year to 31 March 2020, PHE received Euro income equivalent to £3,767,000 (2019: £4,732,000) and US Dollar income equivalent to £3,834,000 (2019: £3,656,000) upon which there was some currency risk. The only other currency risk is that of a Euro currency bank balance valued at £4,283,000 (2019: £1,905,000) and a US Dollar bank balance valued at £3,977,000 (2019: £1,850,000).

## 11 Impairment

|                   | 2019/20   |                                |              | 2018/19   |                                |          |
|-------------------|---|--------------------------------|--------------|---|--------------------------------|----------|
|                   | Charged to statement of comprehensive net expenditure | Charged to revaluation reserve | Total        | Charged to statement of comprehensive net expenditure | Charged to revaluation reserve | Total    |
|                   | £000  | £000                           |              | £000  | £000                           |          |
| Intangible Assets | 1,435   | -                              | 1,435        | -   | -                              | -        |
| <b>Total</b>      | <b>1,435</b>  | <b>-</b>                       | <b>1,435</b> | <b>-</b>  | <b>-</b>                       | <b>-</b> |

## 12 Inventories

|                                   | Pandemic Flu and Pre Pandemic Flu<br>£000 | Emergency Preparedness<br>£000 | Vaccines<br>£000 | Consumables<br>£000 | Total<br>£000    |
|-----------------------------------|---|--------------------------------|------------------|---------------------|------------------|
| Balance at 1 April 2019           | -   | -                              | 203,401          | 6,459               | <b>209,860</b>   |
| Additions                         | -   | -                              | 461,219          | 6,548               | <b>467,767</b>   |
| Transferred from stockpiled goods | 35,764                                    | 62                             | -                | -                   | <b>35,826</b>    |
| Consumed/Disposed of              | (35,764)                                  | (62)                           | (418,349)        | (6,386)             | <b>(460,561)</b> |
| Written Down                      | -   | -                              | (1,395)          | -                   | <b>(1,395)</b>   |
| Revaluation                       | -   | -                              | -                | 6                   | <b>6</b>         |
| <b>Balance at 31 March 2020</b>   | <b>-</b>                                  | <b>-</b>                       | <b>244,876</b>   | <b>6,627</b>        | <b>251,503</b>   |

|                                   | Pandemic Flu and Pre Pandemic Flu<br>£000 | Emergency Preparedness<br>£000 | Vaccines<br>£000 | Consumables<br>£000 | Total<br>£000    |
|-----------------------------------|---|--------------------------------|------------------|---------------------|------------------|
| Balance at 1 April 2018           | -   | -                              | 156,901          | 4,447               | <b>161,348</b>   |
| Additions                         | -   | -                              | 447,547          | 6,498               | <b>454,045</b>   |
| Transferred from stockpiled goods | 97  | 2,694                          | -                | -                   | <b>2,791</b>     |
| Consumed/Disposed of              | (97)                                      | (2,694)                        | (396,938)        | (4,484)             | <b>(404,213)</b> |
| Written Down                      | -   | -                              | (4,109)          | -                   | <b>(4,109)</b>   |
| Revaluation                       | -   | -                              | -                | (2)                 | <b>(2)</b>       |
| <b>Balance at 31 March 2019</b>   | <b>-</b>                                  | <b>-</b>                       | <b>203,401</b>   | <b>6,459</b>        | <b>209,860</b>   |

## 13 Trade receivables and other assets

|   | <b>2019/20</b> | <b>2018/19</b> |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| <b>Amounts falling due within one year</b>                |                |                |
| Accrued income  | 133            | 8,114          |
| Contract assets   | 34,455         | 18,584         |
| Contract receivables                                      | 8,955          | 26,253         |
| Other receivables   | 34,704         | 23,723         |
| Prepayments   | 12,237         | 4,867          |
| Taxation  | 1,032          | 3,004          |
|   | <b>91,516</b>  | <b>84,545</b>  |
| <b>Amounts falling due after more than one year</b>       |                |                |
| Leasehold premium prepayment                              | 19             | 19             |
| <b>Total amounts falling due after more than one year</b> | <b>19</b>      | <b>19</b>      |

## 14 Investment in Porton Biopharma Ltd

|  | <b>2019/20</b> | <b>2018/19</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| <b>Equity investment in Porton Biopharma Ltd measured at fair value through other comprehensive income</b> |                |                |
| Opening balance as at 1 April  | 67,976         | 58,976         |
| Purchase of shares   | 8,500          | 9,000          |
| Revaluation gain   | 126,735        | -              |
| <b>Closing balance as at 31 March</b>  | <b>203,211</b> | <b>67,976</b>  |
| <b>Loan to Porton Biopharma Ltd measured at amortised cost</b>   |                |                |
| <b>Closing balance as at 31 March</b>  | <b>6,789</b>   | <b>6,789</b>   |
| Of which due within one year   | 3,395          | 3,396          |
| Of which due after one year  | 3,394          | 3,394          |

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 £56.5 million in Porton Biopharma Ltd shares. A variation to the loan agreement has been agreed, with capital repayments for 2019/20 and all subsequent repayments being deferred for one year.

Whereas PHE previously measured its equity investment in Porton Biopharma Limited at cost as a proxy for fair value, in 2019/20 it commissioned PWC to perform an independent professional valuation of the investment as at 31 March 2020. PWC adopted the income approach using a discounted cashflow analysis. This analysis used forecasts prepared by Porton Biopharma Ltd for three future scenarios, which were weighted according to their

probability. The cash flows were discounted using a discount rate of 15.5 per cent and assuming a perpetual growth rate after the forecast period of 2 per cent. This was then cross-checked against a portfolio of comparable companies using the market approach. In determining an appropriate discount rate, PWC applied judgment in respect of several key valuation matters. This included adjustments to reflect the level of execution risk inherent in Porton Biopharma Ltd's business plan.

PWC reported a range estimate for its valuation of Porton Biopharma Limited. The range is material to these financial statements. PHE adopted the mid-point of this valuation range and increased the fair value of its investment accordingly.

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.

| <b>Change in input</b>  | <b>Impact on fair value as at 31 March 2020</b> | <b>Adjusted fair value as at 31 March 2020</b> |
|---|---|--|
|   | <b>£000</b>                                     | <b>£000</b>                                    |
| Discount rate increased by 1 percentage point                 | (18,512)  | 184,699  |
| Discount rate decreased by 1 percentage point                 | 19,107  | 222,318  |
| Growth rate increased by 1 percentage point                   | 4,405   | 207,616  |
| Growth rate decreased by 1 percentage point                   | (5,855)   | 197,356  |
| Increase in Erwinase revenue from 2022 onwards by 10 per cent | 35,524  | 238,735  |
| Decrease in Erwinase revenue from 2022 onwards by 10 per cent | (39,002)  | 164,209  |

## 15 Cash and cash equivalents

|   | <b>2019/20</b> | <b>2018/19</b> |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| Balance at 1 April                      | 48,470         | 103,858        |
| Net change in cash and cash equivalents | (8,309)        | (55,388)       |
| <b>Balance at 31 March</b>              | <b>40,161</b>  | <b>48,470</b>  |

The following balances at 31 March were held at:

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Government Banking Service        | 40,159        | 48,467        |
| Commercial banks and cash in hand | 2             | 3             |
| <b>Balance at 31 March</b>        | <b>40,161</b> | <b>48,470</b> |

## 16 Trade payables and other current liabilities

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|  | <b>2019/20</b> | <b>2018/19</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| <b>Amounts falling due within one year</b> |                |                |
| Accruals                                   | 111,495        | 96,508         |
| Contract liabilities                       | 10,645         | 8,519          |
| Deferred income                            | 2,295          | 1,393          |
| Other payables                             | 2,938          | 3,043          |
| Trade payables                             | 8,030          | 19,777         |
| Other taxation and social security         | 10             | -              |
|  | <b>135,413</b> | <b>129,240</b> |

## 17 Provisions

|   | Taxation | Future costs of early retirement | Property   | High activity sealed radiation sources | Legal      | Redundancy | Contractual entitlement claims | Total          |
|---|----------|----------------------------------|------------|--|------------|------------|--------------------------------|----------------|
|   | £000     | £000                             | £000       | £000                                   | £000       | £000       | £000                           | £000           |
| Balance at 1 April 2019                           | 808      | 718                              | 887        | 280                                    | 311        | 314        | 14,600                         | <b>17,918</b>  |
| Provided in the year                              | -        | -                                | 109        | 10                                     | -          | 85         | 1,400                          | <b>1,604</b>   |
| Provisions not required written back              | (2)      | -                                | (175)      | -                                      | -          | (314)      | (687)                          | <b>(1,178)</b> |
| Provisions utilised in the year                   | (806)    | (63)                             | (123)      | -                                      | -          | -          | (813)                          | <b>(1,805)</b> |
| <b>Balance at 31 March 2020</b>                   | <b>-</b> | <b>655</b>                       | <b>698</b> | <b>290</b>                             | <b>311</b> | <b>85</b>  | <b>14,500</b>                  | <b>16,539</b>  |
| <b>Analysis of timing of discounted cashflows</b> |          |                                  |            |  |            |            |                                |                |
| <b>Current</b>                                    |          |                                  |            |  |            |            |                                |                |
| Not later than one year                           | -        | 63                               | 49         | -                                      | 311        | 85         | 14,500                         | <b>15,008</b>  |
| <b>Total</b>                                      | <b>-</b> | <b>63</b>                        | <b>49</b>  | <b>-</b>                               | <b>311</b> | <b>85</b>  | <b>14,500</b>                  | <b>15,008</b>  |
| <b>Non-current</b>                                |          |                                  |            |  |            |            |                                |                |
| Later than one year and not later than five years | -        | 252                              | 87         | 290                                    | -          | -          | -                              | <b>629</b>     |
| Later than five years                             | -        | 340                              | 562        | -                                      | -          | -          | -                              | <b>902</b>     |
| Total   |          |                                  |            |  |            |            |                                |                |
| <b>Balance at 31 March 2020</b>                   | <b>-</b> | <b>655</b>                       | <b>698</b> | <b>290</b>                             | <b>311</b> | <b>85</b>  | <b>14,500</b>                  | <b>16,539</b>  |

### *Future costs of early retirement*

This provision relates to an early retirement scheme inherited from the Health Protection Agency for past members of the UKAEA Combined Pension Scheme.

*Property*

This provision is for the estimated costs of making good dilapidations on various properties leased by PHE, when these properties are returned to the lessors on the termination of the leases.

*High activity sealed radiation sources*

This provision is for the estimated costs of PHE's liabilities for the disposal of radioactive sources falling within the scope of the High Activity Sealed Radioactive Sources and Orphan Sources Regulations 2005. The sum represents the expected costs of disposal.

*Legal*

This relates to a dispute in relation to construction works; liability has not yet been accepted.

*Redundancy*

This is a provision for staff who have been identified as being at risk of redundancy during 2019/20 (and are anticipated to leave the employment of PHE during 2020/21) but for whom formal notice has not yet been served.

*Contractual entitlements*

This is a provision in respect of several claims by employees regarding the transfer of pension rights into the Civil Service pension scheme for a number of staff transferring from sender functions for which the Government Actuary's Department is currently finalising an estimate.

There are three elements: £14m (2019: £12m) relates to the actuarial shortfall in the UKAEA scheme that relates to retired staff from one of PHE's predecessor bodies. The liability was inherited by PHE on its creation in 2013. £0.5m (2019: £0.5m) relates to an actuarial shortfall in respect of staff transferred out to a commercial pension scheme through an outsourcing arrangement, inherited by PHE from one its predecessor bodies.

*Legal*

This relates to a dispute in relation to construction works; liability has not yet been accepted, but it is prudent to provide for the claim.

## 18 Capital commitments

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|  | <b>2019/20</b> | <b>2018/19</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
|  | <hr/>          | <hr/>          |
| <b>Contracted capital commitments at 31 March not otherwise included in these accounts</b> |                |                |
| Property, plant and equipment  | 152,916        | 229,919        |
| Intangible assets  | 813            | 429            |
| <b>Total</b>   | <b>153,729</b> | <b>230,348</b> |
|  | <hr/>          | <hr/>          |

These commitments relate to contractual amounts payable on capital projects

## 19 Commitments under leases

|  | 2019/20      |            |               | 2018/19       |            |               |
|--|--------------|------------|---------------|---------------|------------|---------------|
|  | £000         |            |               | £000          |            |               |
| Obligations under operating leases for the following periods comprise: |              |            |               |               |            |               |
|  | Buildings    | Other      | Total         | Buildings     | Other      | Total         |
| Not later than one year  | 3,396        | 387        | 3,783         | 4,119         | 488        | 4,607         |
| Later than one year and not later than five years                      | 5,696        | 121        | 5,817         | 7,283         | 483        | 7,766         |
| Later than five years  | 761          | -          | 761           | 780           | -          | 780           |
|  | <b>9,853</b> | <b>508</b> | <b>10,361</b> | <b>12,182</b> | <b>971</b> | <b>13,153</b> |

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 Financial commitments

PHE has entered into non-cancellable contracts (which are not leases or PFI contracts); the payments to which PHE is committed are as follows.

|   | 2019/20        | 2018/19          |
|---|----------------|------------------|
|   | £000           | £000             |
| Not later than one year                           | 402,660        | 517,565          |
| Later than one year and not later than five years | 186,575        | 457,758          |
| Later than five years                             | 14,524         | 36,256           |
| <b>Total value of obligations</b>                 | <b>603,759</b> | <b>1,011,579</b> |

These commitments relate to the purchase, storage and distribution of stockpiled goods. Contracts are typically arranged for more than 1 year.

## 21 Related party transactions

PHE is an executive agency of the Department of Health and Social Care (DHSC), which is 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 Porton Biopharma Limited, NHS bodies including NHS Resolution, the NHS Business Services Authority, NHS England, Clinical Commissioning Groups, 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 year ended 31 March 2020, 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.

*Current year figures are shown in bold, prior year figures are shown in italics*

| <b>Related party</b>     | <b>1. Name of the PHE Board Member or senior manager</b>   | <b>Value of goods and services provided to related party £000</b> | <b>Value of goods and services purchased from related party £000</b> | <b>Amounts owed to related party £000</b> | <b>Amounts due from related party £000</b> |
|--------------------------|--|---|--|---|--|
| Porton Biopharma Limited | 1. Richard Gleave<br>2. Chief Operating Officer<br>3. Non Executive Board Member   |   |  |   |  |
|                          | 1. Donald Shepherd<br>2. Finance and Commercial Director (from September 2019)<br>3. Non Executive Board Member (from November 2019) |   |  |   |  |
|                          | 1. Michael Brodie<br>2. Finance and Commercial Director (until August 2019)<br>3. Non Executive Board Member (until August 2019)     | 18,143<br>35,227  | 4,083<br>97  | -<br>-                                    | 12,034<br>20,584                           |

NB. Value of goods and services purchased from Porton Biopharma excludes the capital investment of £8.5m (note 14). Amounts due in 2018/19 included dividend income of £8m.

## 22 Events after the reporting period date

### The National Institute for Health Protection

On Tuesday 18 August 2020, the Secretary of State for Health and Social Care, Matt Hancock, announced the establishment of a new organisation called The National Institute for Health Protection (NIHP). NIHP will bring 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 (JBC)'s intelligence and analytical capability. NIHP will be established in Spring 2021 as a new executive agency of the Department of Health and Social Care. Duncan Selbie's term as Chief Executive came to a close when the announcement was made and Michael Brodie was appointed Chief Executive Officer responsible for overseeing the closure of PHE and transition to the new organisation (more information on the transfer of accounting officer responsibilities is included at the start of the Governance statement). The PHE functions and directorates that will transfer to the new organisation, and new homes, are under discussion and for future agreement.

In calculating the fair value of Porton Biopharma Ltd, PWC's discounted cash flow analysis used forecasts which assumed that Porton Biopharma Ltd would agree terms with a new marketing partner for its flagship product. This agreement was signed and announced in April 2020 and the terms agreed were consistent with those used in the discounted cash flow analysis.

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.







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