



PHE Board

Title of meeting PHE Board
Date Wednesday 26 March 2014
Sponsor Michael Brodie
Title of paper 2013/14 Financial Review – Year to Date

1. PURPOSE OF THE PAPER

- 1.1 This paper presents a summary financial review for Public Health England for the period ended February 2014.

2. RECOMMENDATIONS

- 2.1 The PHE Board is asked to **NOTE** the summary financial position of PHE as at the end of reporting month eleven.

3. FINANCIAL POSITION

- 3.1 The high level summary financial position for PHE for the eleven months to February 2014 is shown in the table below. PHE has a net overspend of £0.3m for the year to date, against a net expenditure budget of £3,378.6m for the period. The forecast outturn position, at this stage, is a minor underspend of £1.8m. (0.1%).

2013/14 (£m)	Year to date			Full Year		
	Current Budget	Actual	Variance	Current Budget	Forecast	Variance
External income	163.6	163.0	(0.6)	182.2	180.0	(2.2)
Expenditure:						
Pay	274.0	258.8	15.2	300.3	286.5	13.8
Non-pay *	584.1	597.9	(13.8)	705.3	714.0	(8.7)
Local Authority grants	2,661.8	2,662.9	1.1	2,661.8	2,662.9	(1.1)
Depreciation	22.3	22.3	-	40.0	40.0	-
Total Expenditure	3,542.2	3,541.9	0.3	3,707.4	3,703.4	4.0
Net Expenditure	3,378.6	3,378.9	(0.3)	3,525.2	3,523.4	1.8

* PHE's non-pay costs include the costs relating to the Immunisation and Counter-Measures (vaccines) activities, the budget for which is determined by the net expenditure incurred. PHE should neither gain nor suffer from a cost variance for the vaccines activities.

- 3.2 The year to date underspend is derived mainly from lower than budgeted pay costs which reflects the time required to assess and fill the posts in the budgeted establishment. This position was expected as the agency moved from transition and built its delivery capacity.
- 3.3 The National Executive receives and reviews a report on the Agency's financial position on a monthly basis and is supported by the Resourcing and Prioritisation Committee which ensures that resourcing decisions are made in light of the overall financial position and the strategic priorities of Public Health England.

4. FINANCIAL POSITION BY DIRECTORATE

- 4.1 PHE's net expenditure by directorate for the year to date and full year is as follows :

PHE: Financial position - end February 2014 by Directorate	Year to date Budget (£m)	Year to date Actual (£m)	Year to date Variance (£m)	Full Year Budget (£m)	Full Year Forecast (£m)	Full Year Variance (£m)
Health Protection	48.1	46.9	1.2	52.4	52.4	-
Health & Wellbeing – General	111.9	92.2	19.7	127.8	113.6	14.2
Health & Wellbeing - Social Mktg	45.3	44.5	0.8	62.1	60.7	1.4
Knowledge	31.0	35.4	(4.4)	33.9	36.3	(2.4)
Operations	124.8	124.3	0.5	133.2	122.1	11.1
Corporate Functions *	11.6	28.6	(17.0)	31.8	53.2	(21.4)
Total Net Operating Expenditure	372.7	371.9	0.8	441.2	438.3	2.9
Local Authority Grants	2,661.8	2,662.9	(1.1)	2,661.8	2,662.9	(1.1)
Vaccines Programme	344.1	344.1	-	422.2	422.2	-
Total PHE	3,378.6	3,378.9	(0.3)	3,525.2	3,523.4	1.8

* The figures for corporate functions include the budget reductions in respect of the corporate savings targets and the Department of Health underwriting amounts. Therefore "overspends" here are expected and offset the "underspends" in operational directorates.

5. CAPITAL EXPENDITURE

- 5.1 The agency has agreed a capital programme for the year and agreed the required funding with the Department of Health. The total funding of £59.7m consists of a general allocation of £47.0m with specific allocations of £12.7m for drugs/alcohol rehabilitation projects and water fluoridation schemes. There is also a separate programme for counter-measures but this is determined by and funded by the Department of Health.
- 5.2 By the end of February £22.4m (48%) had been spent on projects in the general allocation programme.
- 5.3 The specific allocation projects are now underway and the expenditure will be incurred in March.

5.4 Despite the current spend being lower than planned we remain confident that the majority of the capital programme agreed with Department of Health will be delivered by the year end. A number of major projects are progressing well with significant milestones expected to be delivered during March.

6. CONCLUSION

6.1 PHE has ensured its resources have been effectively utilised during the year and forecasts a small underspend for the year.

Michael Brodie

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