



PHE Board Paper

Date Monday 3 February 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 PHE for the period ended December 2013.

2. RECOMMENDATIONS

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

3. FINANCIAL POSITION

3.1 The high level summary financial position for PHE for the nine months to December 2013 is shown in the table below. PHE has a net underspend of £14.3m for the year to date, against a net expenditure budget of £2,586.1m for the period. However, due to re-profiling of expenditure, the forecast outturn position, at this stage, is a minor underspend of £3.8m. (0.1%).

2013/14 (£m)	Year to date			Full Year		
	Current Budget	Actual	Variance	Current Budget	Forecast	Variance
External income	133.4	130.5	(2.9)	174.6	174.1	(0.5)
Expenditure:						
Pay	218.7	206.0	12.7	293.2	284.3	8.9
Non-pay *	486.4	481.9	4.5	705.8	709.3	(3.5)
Local Authority grants	1,996.3	1,996.3	-	2,661.8	2,662.9	(1.1)
Depreciation	18.1	18.1	-	40.0	40.0	-
Total Expenditure	2,719.5	2,702.3	17.2	3,700.8	3,696.5	4.3
Net Expenditure	2,586.1	2,571.8	14.3	3,526.2	3,522.4	3.8

* 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 moves from transition and builds its delivery capacity.
- 3.3 The National Executive receives and reviews a report on PHE'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 PHE.

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: Year to date position - end December 2013 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	39.7	38.2	1.5	53.1	54.9	(1.8)
Health & Wellbeing – General	89.1	72.4	16.7	127.7	116.9	10.8
Health & Wellbeing - Social Mktg	29.9	29.6	0.3	62.1	60.7	1.4
Knowledge	25.5	26.3	(0.8)	33.9	35.6	(1.7)
Operations (Total)	100.7	96.2	4.5	134.0	120.5	13.5
Corporate Functions *	8.0	15.9	(7.9)	31.3	48.6	(17.3)
Total Net Operating Expenditure	292.9	278.6	14.3	442.1	437.2	4.9
Local Authority Grants	1,996.3	1,996.3	-	2,661.8	2,662.9	(1.1)
Vaccines Programme	296.9	296.9	-	422.3	422.3	-
Total PHE	2,586.1	2,571.8	14.3	3,526.2	3,522.4	3.8

* 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 should offset the "underspends" in operational directorates.

5. CAPITAL EXPENDITURE

- 5.1 PHE has agreed a capital programme for the year and agreed the required funding with the Department of Health . The total funding of £59.8m consists of a general allocation of £44.7m with specific allocations of £15.1m 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 December 2013 £15.0m (34%) had been spent on projects in the general allocation programme.
- 5.3 The specific allocation projects are now underway and expenditure is expected soon.

5.4 Despite the current spend being lower than planned we remain confident that the capital programme agreed with the Department of Health will be delivered by the year end. A number of major projects are expected to progress significantly in the last quarter of the year.

6. CONCLUSION

6.1 As expected, given the transition process and the timetable of recruitment to establishment, the year to date figures show an underspend position. However, plans are in place to manage the financial position to ensure that PHE utilises its resources effectively and delivers financial balance.

Michael Brodie

Finance and Commercial Director

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