



PHE Board

Title of meeting PHE Board
Date Wednesday 24 September 2014
Sponsor Michael Brodie
Title of paper 2014/15 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 July 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 four.

3. FINANCIAL POSITION

- 3.1 The high level summary financial position for PHE for the four months to July 2014 is shown in the table below. As anticipated PHE has a net underspend of £5.1m for the year to date, against a net expenditure budget of £1,606.9m for the period. However, robust financial plans are in place to support the delivery of the priorities agreed in the PHE Business Plan, which means that the forecast outturn position, at this stage, is to break-even.

2014/15 (£m)	Year to date			Full Year		
	Current Budget	Actual	Variance	Current Budget	Forecast	Variance
External income	73.9	72.2	(1.7)	177.1	176.5	(0.6)
Expenditure:						
Pay	103.8	96.5	7.3	314.6	308.0	6.6
Non-pay *	172.5	173.0	(0.5)	625.3	631.3	(6.0)
Local Authority grants	1,397.5	1,397.5	-	2,794.9	2,794.9	-
Depreciation	7.0	7.0	-	21.1	21.1	-
Total Expenditure	1,680.8	1,674.0	6.8	3,755.9	3,755.3	0.6
Net Expenditure	1,606.9	1,601.8	5.1	3,578.8	3,578.8	-

* 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 has arisen 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 started the financial year below its planned staffing complement and provides the scope to resource the priority activity set out in our Business Plan.
- 3.3 The Management Committee of PHE receives and reviews a report on the agency's financial position on a monthly basis and provides high level scrutiny on the financial position and underlying assumptions. This is supported by the Resourcing and Prioritisation Group 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 shown below and highlights that all directorates are forecasting that they can manage within their funding envelope.

PHE: Financial position - end July 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	19.1	17.9	1.2	54.9	54.9	-
Health & Wellbeing – General	33.0	31.5	1.5	116.0	116.0	-
Health & Wellbeing - Health Mktg	8.6	8.8	(0.2)	53.5	53.5	-
Knowledge	11.9	10.5	1.4	39.0	39.0	-
Operations	47.9	46.7	1.2	124.8	124.8	-
Corporate Functions	4.0	4.0	-	28.6	28.6	-
Total Net Operating Expenditure	124.5	119.4	5.1	416.8	416.8	-
Local Authority Grants	1,397.5	1,397.5	-	2,794.9	2,794.9	-
Vaccines Programme	84.9	84.9	-	367.1	367.1	-
Total PHE	1,606.9	1,601.8	5.1	3,578.8	3,578.8	-

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 £107.5m consists of a general allocation of £45.0m with specific allocations of £17.5m for the Science Hub, £10.0m for drugs/alcohol rehabilitation projects and £5.0m for water fluoridation schemes. There is also a separate programme for counter-measures but this is determined by and separately funded by the DH (currently expected to be £30m).
- 5.2 By the end of July £9.3m (21%) had been spent on projects in the general allocation programme.
- 5.3 The specific allocation projects are now underway and the expenditure is expected to be incurred by March.

5.4 Despite the current spend being slightly lower than planned we remain confident that the capital programme agreed with Department of Health will be delivered by the year end.

6. CONCLUSION

6.1 PHE has ensured its resources are being effectively utilised and forecasts a break-even position for the year.

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