



PHE Board

Title of meeting PHE Board
Date 23 May 2014
Sponsor Michael Brodie, Finance and Commercial Director
Title of paper 2013/14 Financial Review

1. PURPOSE OF THE PAPER

1.1 This paper presents a summary financial review for Public Health England for the full 2013/14 year.

2. RECOMMENDATIONS

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

2.2 The Board is also asked to **NOTE** that the figures in this report are those prepared prior to the completion of the statutory accounts process and before the National Audit Office (NAO) audit and are therefore subject to change. However, PHE would not expect any material adjustments to emerge from those processes

3. FINANCIAL POSITION

3.1 The high level summary financial position for PHE for the 2013/14 year is shown in the table below. PHE had a net underspend of £7.7m for the year, against a net expenditure budget of £3,505.3m (0.2%).

2013/14 (£m)	Full Year		
	Budget	Actual	Variance
External income	181.1	180.8	(0.3)
Expenditure:			
Pay	300.3	285.5	14.8
Non-pay *	699.6	705.3	(5.7)
Local Authority grants	2,661.8	2,662.9	(1.1)
Depreciation	24.7	24.7	-
Total Expenditure	3,686.4	3,678.4	8.0
Net Expenditure	3,505.3	3,497.6	7.7

* 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's 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 BUSINESS SEGMENT

- 4.1 The financial out-turn can be shown by PHE's segments of spend, as follows:

2013/14 £m	Operations	LA Grants	Vaccines (ex. depn)	Total
Total Income	170.3	-	10.5	180.8
Total Expenditure	603.2	2,662.9	412.3	3,678.4
Net Expenditure	432.9	2,662.9	401.8	3,497.6
Budget	441.7	2,661.8	401.8	3,505.3
Variance	8.8	(1.1)	-	7.7

5. FINANCIAL POSITION BY DIRECTORATE

- 5.1 PHE's net expenditure by directorate for the year was as follows :

Financial position – 2013/14 (£m)	Budget	Actual	Variance
Health Protection	55.8	54.2	1.6
Health & Wellbeing – General	140.1	123.1	17.0
Health & Wellbeing - Social Marketing	62.1	62.0	0.1
Knowledge	33.9	37.7	(3.8)
Operations	133.6	129.0	4.6
Corporate Functions *	16.2	26.9	(10.7)
Total Net Operating Expenditure	441.7	432.9	8.8
Local Authority Grants	2,661.8	2,662.9	(1.1)
Vaccines Programme	401.8	401.8	-
Total PHE	3,505.3	3,497.6	7.7

* 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.

6. CAPITAL EXPENDITURE

- 6.1 The agency agreed a capital programme for the year and agreed the required funding with the Department of Health. The total funding of £59.7m consisted of a general allocation of £46.6m with specific allocations of £13.1m for drugs/alcohol rehabilitation projects and water fluoridation schemes. There was also a separate programme for counter-measures arranged with the Department of Health
- 6.2 By the end of the year £41.3m (89%) had been spent on projects in the general allocation programme and the funding for the specific allocation projects was fully utilised meaning in total nearly 95% of the capital programme was spent/completed.

7. CONCLUSION

- 7.1 PHE has ensured its resources have been effectively utilised during the year. Its financial out-turn was slightly better than budget and was in line with expectations.

Michael Brodie

Finance and Commercial Director

May 2014