



PHE Board

Title of meeting PHE Board
Date Wednesday 23 September 2015
Sponsor Michael Brodie
Title of paper 2015/16 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 2015.

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 financial position for PHE for the four months to July 2015 is shown in the table below. This shows that PHE has achieved a year to date surplus of £4.3m.

2015/16 (£'ms)	YEAR-TO-DATE			FULL YEAR		
	Current Budget	Actual	Variance	Full Budget	Forecast	Variance
External Income	49.1	46.3	-2.8	171.9	166.3	-5.6
Core Expenditure:						
Pay	103.5	99.6	3.9	308.4	303.5	4.9
Non-pay	53.7	50.5	3.2	261.0	260.3	0.7
Subtotal - PHE Core Functions	108.1	103.8	4.3	397.5	397.5	0.0
Depreciation	3.4	3.4	0.0	28.1	28.1	0.0
Local Authority Public Health Grant	700.4	700.4	0.0	2,801.5	2,801.5	0.0
Vaccines and Countermeasures	82.3	82.3	0.0	484.0	484.0	0.0
Grand Total – PHE	894.2	889.9	4.3	3,711.1	3,711.1	0.0

- 3.2 The year to date underspend has arisen from the following main factors:

- (a) Expected below budget payroll costs – primarily as a result of agreed staff exits under the Securing our Future programme together with the time required to assess and fill the remaining vacant posts in the budgeted establishment;

- (b) Slippage against non-pay costs; including reduced staff related costs such as travel and training, which are as a direct result of the ensuing staff vacancy levels and seasonality of payment profiles. Slippage on costs are also being noted against the screening programmes; as a result of the timing of the roll-out of pilots or where take up (to date) has been less than planned;
- (c) We are seeing slippage in External Grant income recovery, where we have experienced slow project start-up and the anticipated late phasing of EC project income.

- 3.3 PHE's costs include those relating to Vaccine and Counter-Measures activities, the budget for which is determined by the net expenditure incurred. The budget is currently forecast at £484.0m, an increase of £1.6m over the previous month. Please note that PHE should neither gain nor suffer from a cost variance for the vaccines activities.
- 3.4 Costs continue to be incurred in respect of the Science Hub programme, in the amount of £2.9m year to date. It was anticipated that the Science Hub costs in 2015/16 would be chargeable to the Capital programme in full; assuming a positive decision in respect of the Outline Business Case (OBC). In light of the Chancellors announcement on the transfer of functions to Harlow we believe there is sufficient certainty to facilitate capitalisation from when the decision was taken.

4. FINANCIAL POSITION BY DIRECTORATE

- 4.1 PHE's net expenditure by directorate for the year to date and full year forecast is shown below:

Financial position - end of July by Directorate (£'ms)	Year to date			Full Year		
	Current budget	Actual	Variance	Full Year Budget	Full Year Forecast	Variance
Chief Knowledge Officer	11.2	10.4	0.8	39.8	37.6	2.2
Health & Wellbeing	30.0	28.3	1.7	129.0	125.2	3.8
Strategy	0.9	0.8	0.1	3.1	3.1	0.0
Health Marketing	5.3	5.0	0.3	45.8	45.8	0.0
Nursing	0.3	0.2	0.1	1.2	1.1	0.1
Regions & Centres	27.1	23.8	3.3	79.6	78.1	1.5
National Infections Service	22.2	22.7	-0.5	70.6	70.6	0.0
Health Protection	8.5	9.0	-0.5	25.4	26.4	-1.0
Corporate Directorates	2.6	3.6	-1.0	3.0	9.6	-6.6
Subtotal - Net Operating Expenditure	108.1	103.8	4.3	397.5	397.5	0.0
Depreciation	3.4	3.4	0.0	28.1	28.1	0.0
Local Authority Public Health Grant	700.4	700.4	0.0	2,801.5	2,801.5	0.0
Vaccines and Countermeasures	82.3	82.3	0.0	484.0	484.0	0.0
Total – PHE	894.2	889.9	4.3	3,711.1	3,711.1	0.0

- 4.2 All Directorates have agreed and robust budgets in place within the overall funding envelope, which allows each to meet their business plan requirements and to cover all known cost pressures whilst delivering on the need for cash releasing savings and efficiencies.

- 4.3 And within Directorate budgets, we have re-allocated specific funds to our key priorities including Diabetes, AMR, TB and Health Economics.
- 4.4 The Management Committee of PHE receives and reviews a detailed report on the agency's financial position on a monthly basis and provides high level scrutiny on the financial position and underlying assumptions. Financial plans are being monitored tightly in order to be assured that financial balance is maintained across the Agency.

5. CAPITAL EXPENDITURE

5.1 The total capital funding for the 2015/16 year is shown in the table below:

Capital Funding & Programme - 2015/16 (£'000s)	Original Budget	Current Budget
Total General capital projects	45,000	45,955
Science Hub (capital from August 2015 onwards)	20,400	20,400
Emergency vaccine stocks	63,000	63,000
3 rd party grants: Local Authority projects	10,000	10,000
3 rd party grants: fluoridation schemes	5,000	4,045
Total DH GIA capital funding	143,400	143,400

5.2 Spend on the PHE general capital programme to the end of July 2015 was £4.0m compared with a budget of £4.9m; £0.9m less than budget (18%). This includes Porton Biopharma (PBL) equipment projects at £0.4m – please note that this spend is in line with expectations but that the budget phasing has been amended to reflect revised scheduling arrangements, hence very low expenditure would be expected in the four months. Actual spend within the general capital programme can be broken down between types of project as follows:

- Accommodation £2.5m
- Equipment £1.2m
- IT £0.3m

5.3 The vaccines' capital budget allocation from DH stands at £63m for 2015/16. If this changes during the year it will be via agreement with DH and PHE will receive more or less funding accordingly.

5.4 The current capital forecast is in line with plans. The overall programme remains marginally over-programmed so we remain confident that the 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 prioritised, and that robust plans are in place to support its key deliverables - therefore, we continue to forecast a break-even position for the year.

- 6.2 In particular, the Capital Group will continue to oversee the capital programme and ensure that we either delay lower priority projects to avoid overspending against budget, or bring projects forward to negate any risk of under spending.

Michael Brodie

Finance and Commercial Director

September 2015