

PHE Board Paper

Title of meeting	PHE Board
Date	Friday 27 February 2015
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 December 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 nine.

3. FINANCIAL POSITION

- 3.1 The high level summary financial position for PHE for the nine months to December 2014 is shown in the table below. As expected due to the profiling of expenditure, PHE has achieved a year to date surplus of circa £7.3m.

2014/15 (£m)	Year to date			Full Year		
	Current Budget	Actual	Variance	Current Budget	Forecast	Variance
External income	127.7	125.5	(2.2)	179.6	177.3	(2.3)
Expenditure:						
Pay	233.9	222.3	11.6	322.5	318.2	4.3
Non-pay	445.7	447.7	(2.0)	659.5	661.5	(2.0)
Local Authority grants	2,096.2	2,096.2	-	2,794.9	2,794.9	-
Depreciation	17.1	17.2	(0.1)	30.0	30.0	-
Total Expenditure	2,792.8	2,783.3	9.5	3,806.9	3,804.6	2.3
Net Expenditure	2,665.1	2,657.8	7.3	3,627.3	3,627.3	-

- 3.2 This position is as anticipated given our understanding of the recruitment pipeline and the in-year vacancies that have already accrued and are likely to ensue until the year end.
- 3.3 This financial position includes all Ebola level 4 incident response costs, together with the expected income recovery for the overseas response (funded directly by DfID) and the enhanced screening programme delivery (funded by additional programme grant-in-aid from DH).
- 3.4 The non-pay costs include the costs relating to the Vaccines and Counter-Measures activities at £402.4m, based on the latest forecast of the demand led service; and PHE's funding for this element is determined directly by the net expenditure incurred.
- 3.5 The anticipated position has enabled PHE to prioritise its resources to facilitate the delivery of its key strategic priorities and big ambitions. We have also been able to support the transition costs required to underpin the delivery of a sustainable financial position for 15/16, such as staff exit costs where necessary.

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.

PHE: Financial position - end November 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	41.7	45.5	(3.8)	55.1	54.3	0.8
Health & Wellbeing – General	78.1	70.8	7.3	117.3	114.3	3.0
Health & Wellbeing - Health Mktg	26.7	26.7	-	58.3	58.3	-
Knowledge	26.2	24.3	1.9	37.8	37.3	0.5
Operations	99.0	97.7	1.3	124.7	124.4	0.3
Corporate Functions	15.5	14.9	0.6	36.8	41.4	(4.6)
Total Net Operating Expenditure	287.2	279.9	7.3	430.0	430.0	-
Local Authority Grants	2,096.2	2,096.2	-	2,794.9	2,794.9	-
Vaccines Programme	281.7	281.7	-	402.4	402.4	-
Total PHE	2,665.1	2,657.8	7.3	3,627.3	3,627.3	-

- 4.2 Directorate expenditure has now been reprioritised in order to allow for the absorption of transitional costs to secure the savings required for the 2015-16 budget and additional spend against our key business plan objectives. Plans are being monitored tightly in order to maintain overall balance across the Agency.

5. CAPITAL EXPENDITURE

5.1 The total capital funding for the 2014/15 year is shown in the table below:

PHE Capital Funding & Programme - 2014/15	£000s
General capital projects	45,000
Emergency vaccine stocks	44,500
3 rd party grants: drugs & alcohol projects	10,000
3 rd party grants: fluoridation schemes	5,000
Total DH capital funding	104,500

5.2 The capital funding allocation previously included coverage for the Science Hub programme. However, these costs will now be classified as revenue expenditure and have been removed from the overall capital programme.

5.3 The financial outturn on the general capital programme to the end of December 2014 was £22.7m compared with a budget of £24.9m; £2.2m less than budget (8.8%).

5.4 Actual spend can be broken down between types of project as follows:

- Accommodation £8.4m
- Equipment £10.3m
- IT £4.0m

5.5 The drugs and alcohol grant programme is anticipated to spend the full £10m budget in 2014/15. PHE has received Ministerial approval and the scheme was formally announced in November. PHE Centres invited local authorities to submit supported bids by 14th January 2015. This will be a similar process to the 2013/14 programme where circa 70 allocations were made to local authorities for values between £5k and £875k.

5.6 The current capital spend is slightly behind schedule and the latest forecast suggests the full year spend will be under budget by £5m, mostly due to slippage in the fluoridation schemes. We remain confident that the remaining programme agreed with the Department of Health will be delivered by the year end.

6. CONCLUSION

6.1 PHE has ensured its resources are being effectively utilised, that robust plans are in place to support its key deliverables and that all in-year cost pressures have been mitigated - and hence, we continue to forecast a break-even position for the year.

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 February 2015