



Public Health
England

Protecting and improving the nation's health

PHE Board

Title of meeting PHE Board
Date Friday 26 June 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 May 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 two.

3. FINANCIAL POSITION

- 3.1 The high level summary financial position for PHE for the two months to May 2015 is shown in the table below. Please note that PHE has achieved a year to date surplus of £2.8m.

2015/16 (£'ms)	YEAR-TO-DATE			FULL YEAR		
	Current Budget	Actual	Variance	Full Budget	Forecast	Variance
External Income	23.4	22.0	-1.4	159.5	159.5	0.0
Core Expenditure:						
Pay	51.4	50.3	1.1	309.3	309.3	0.0
Non-pay	22.9	19.8	3.1	247.7	247.7	0.0
Subtotal - PHE Core Functions	50.8	48.0	2.8	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	37.6	37.6	0.0	482.5	482.5	0.0
Grand Total - PHE	792.2	789.4	2.8	3,709.6	3,709.6	0.0

- 3.2 The year to date underspend has arisen mainly from two factors:
- (a) Expected lower than budgeted pay costs. This reflects the time required to assess and fill the posts in the budgeted establishment, which we anticipated to be slowed at this stage - as the agency restructures its core functions as part of the Securing our Future initiative;

- (b) Slippage against non-pay costs; including reduced staff related costs such as travel and training, which are as a direct result of the staff vacancies and underspends showing against the screening programmes in particular.

3.3 PHE's costs include those relating to the Immunisation and Counter-Measures (vaccines) activities, the budget for which is determined by the net expenditure incurred, which is currently forecast at £482.5m. PHE should neither gain nor suffer from a cost variance for the vaccines activities.

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 May by Directorate (£'ms)	Year to date			Full Year		
	Current budget	Actual	Variance	Full Year Budget	Full Year Forecast	Variance
Chief Knowledge Officer	5.3	4.8	0.5	39.9	39.9	0.0
Health & Wellbeing	14.8	13.8	1.0	129.1	129.1	0.0
Strategy	0.6	0.4	0.2	3.4	3.4	0.0
Health Marketing	1.2	1.2	0.0	45.8	45.8	0.0
Nursing	0.2	0.1	0.1	1.2	1.2	0.0
Regions & Centres	13.6	12.0	1.6	79.6	79.6	0.0
National Infections Service	9.8	10.7	-0.9	70.3	70.3	0.0
Health Protection	4.2	4.1	0.1	24.9	24.9	0.0
Corporate Directorates	1.1	0.9	0.2	3.3	3.3	0.0
Subtotal - Net Operating Expenditure	50.8	48.0	2.8	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	37.6	37.6	0.0	482.5	482.5	0.0
Total - PHE	792.2	789.4	2.8	3,709.6	3,709.6	0.0

- 4.2 We have concluded a comprehensive budget setting process to align the core funding to the Agency's functions and to facilitate new investments in our key priority areas.
- 4.3 We have also aligned the budgets to the new Directorate structure including National Infections Service and Regions and Centres. And all Directorates now have agreed budgets within the overall funding envelope, which allows each to meet their requirements and to cover all known cost pressures whilst delivering on the need for cash releasing savings and efficiencies.
- 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 maintain overall balance across the Agency.

5. CAPITAL EXPENDITURE

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

PHE Capital Funding & Programme - 2015/16 (£'000s)	Original Budget	Current Budget
Accommodation	17,872	17,341
Equipment	29,307	28,865
IT	7,988	9,779
Over-programming	(10,167)	(10,022)
General capital projects	45,000	45,963
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	4,037
Total DH GIA capital funding	143,400	143,400

5.2 The spend on the PHE general capital programme to the end of May 2015 was £1.6m compared with a budget of £2.3m; £0.7m less than budget (29.7%). This includes Porton Biopharma (PBL) projects. Actual spend can be broken down between types of project as follows:

- a) Accommodation £1.0m
- b) Equipment £0.5m
- c) IT £0.1m

5.3 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 - and hence, we forecast a break-even position for the year.

Michael Brodie

Finance and Commercial Director

June 2015