



PHE Board

Title of meeting	PHE Board
Date	Friday 22 May 2015
Sponsor	Michael Brodie
Title of paper	2014/15 Financial Out-turn and 2015/16 Budget

1. PURPOSE OF THE PAPER

- 1.1 This paper presents a summary financial review for Public Health England for the 2014/15 year and confirms the budget for the 2015/16 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.

3. 2014/15 FINANCIAL OUT-TURN

- 3.1 The high level summary financial position for PHE for the 2014/15 year is shown in the table below. Note these are draft figures, pending the completion of the year end audit. As can be seen, PHE has met its financial targets with a small underspend of £5.3m (less than 1% of operating expenditure).

2014/15 (£m)	Full Year		
	Current Budget	Actual	Variance
External income	235.9	235.9	-
Expenditure:			
Pay	316.7	315.1	1.6
Non-pay	729.9	726.2	3.7
Local Authority grants	2,794.9	2,794.9	-
Depreciation	22.9	22.9	-
Total Expenditure	3,864.4	3,859.1	5.3
Net Expenditure	3,628.5	3,623.2	5.3

- 3.2 This financial position includes all Ebola level 4 incident response costs, together with the 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).
- 3.3 The income and non-pay costs include amounts relating to the Vaccines and Counter-Measures activities (at £66.6m and £453.8m respectively). PHE’s funding for this element is determined directly by the net expenditure incurred.
- 3.4 The financial position enabled PHE to prioritise its resources to facilitate the delivery of its key strategic priorities. We have also been able to support the transition costs required under the “Securing our Future” programme - implementing our strategic review - such as staff exit costs and the continuing preparations for the Science Hub.

4. 2014/15 CAPITAL EXPENDITURE

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

PHE Capital Funding & Programme - 2014/15 (£m)	Budget	Actual	Variance
General capital projects	41.0	38.1	2.9
Vaccines & counter-measures stocks (budget = actual cost)	36.0	36.0	-
3 rd party capital grants: drugs & alcohol projects	10.0	10.0	-
Other 3 rd party capital grants	3.9	3.9	-
Total DH capital funding	90.9	88.0	2.9

- 4.2 The financial out-turn on the general capital programme for 2014/15 was £38.1m compared with a budget of £41.0m; £2.9m less than budget (7.1%).
- 4.3 Actual spend can be broken down between types of project as follows:
- Accommodation £12.0m
 - Equipment £18.4m
 - IT £7.7m

5. 2014/15 AUDIT AND ANNUAL REPORT & ACCOUNTS

- 5.1 The NAO’s audit of the 2014/15 accounts is expected to be completed in late May, with the closing meeting scheduled for 26 May.
- 5.2 The Annual Report & Accounts document is being produced and typeset, with a final draft to be presented to the Management Committee on 28 May.
- 5.3 The document’s target completion date is early June ready for approval and CEO signature at the Audit and Risk Committee on 12 June.

6. 2015/16 BUDGET

- 6.1 PHE has agreed an indicative grant-in-aid (GIA) allocation for 2015/16 and has agreed the internal directorate operating budgets accordingly.
- 6.2 Additional GIA has been provided by DH to cover specific new responsibilities but on a like for like basis PHE's 2015/16 core funding will be £30m lower in real terms, this constitutes a £65m savings requirement when taking account of savings made recurrently and absorbed pay and price increases.
- 6.3 Despite this, we have been able to set a balanced and achievable budget through the structural changes made as part of the Securing our Future programme, which includes the Voluntary Exit and Redundancy programmes initiated in the 2014/15 year.
- 6.4 Finance reports for 2015/16 will be provided to the Board from Month 2 and will reflect the new organisational structure arising from the Strategic Review.

Michael Brodie

Finance and Commercial Director

May 2015