



PHE Advisory Board

Title of meeting	PHE Advisory Board
Date	Wednesday 18 July 2018
Sponsor	Michael Brodie
Title of paper	2017/18 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 2018.

2. RECOMMENDATION

- 2.1 The PHE Board is asked to **NOTE** the summary financial position of PHE as at the end of May 2018.

3. GRANT-IN-AID

- 3.1 The baseline Grant-in-aid (GIA) for PHE has been agreed with DH at £4,035.6m, which includes core funding of £334.7m, the Local Authority Public Health Grant monies of £3,011.1m, the Vaccines and Countermeasures (VCR) monies based on the latest forecast at £658m and non-cash depreciation funding of £31.8m.
- 3.2 We expect to receive income receipts of £172.6m and have a pending GIA estimate of £19.0m, meaning that the total expenditure budget for our operating activities is £526.3m.

4. SUMMARY FINANCIAL POSITION

- 4.1 PHE has produced a year-to-date (YTD) surplus of £2.6m for the period to May.
- 4.2 This equates to a 5% positive variance against our core operating budget of £52.6m and a 0.3% positive variance against our overall total budget of £864.3m.

The surplus is tentative being early in the financial year and is underpinned by payroll costs underspending, in the amount of £2.4m which is 5% below the phased budget of £52.0m.

- 4.3 PHE is currently forecasting a small full year surplus at the end of the financial year of £1.1m.

A summary of PHE's forecast revenue out-turn for 2017/18 is shown in the table below:

Function/Activity - £ms	FORECAST OUTTURN		
	Full Year Budget	Full Year Actual	Variance
Income Total	191.6	191.4	-0.2
Expenditure Total	526.3	525.0	1.3
Subtotal - PHE Core Functions	334.7	333.6	1.1
Depreciation	31.8	31.8	0.0
Local Authority Public Health Grant	3,011.1	3,011.1	0.0
VCR - Income	(71.8)	(71.8)	0.0
- Expenditure	729.7	729.7	0.0
- Net Total	658.0	658.0	0.0
Grand Total – PHE	4,035.6	4,034.5	1.1

5. CAPITAL EXPENDITURE

- 5.1 PHE's capital programme consists of individual projects covering all aspects of its operations. In practice, most projects relate to facilities within the National Infections Services Directorate, ICT projects and to accommodation schemes overseen by the Estates & Facilities team. The general allocation also includes amounts needed for fluoridation projects with regional water companies.
- 5.2 PHE's capital funding allocation includes amounts for "vaccines assets". These assets are emergency stocks which would be used if required. It also includes amounts for grants to be distributed by PHE for Local Authority projects and fluoridation schemes and an allocation for the Science Hub programme,
- 5.3 A ring-fenced allocation has been provided for screening projects, agreed under the Section 7A programmes. The requirement for funding for this financial year currently stands at £5.3m.
- 5.4 It is anticipated that PHE would deliver a Drugs and Alcohol grants scheme for £4.5m this financial year. We are awaiting budgetary approval for the scheme
- 5.5 Spend on the general capital programme, including Porton Biopharma, to the end of May 2018 was £2.9m compared with a budget of £3.3m, £0.4m less than budget (11%).
- 5.6 At this early stage of the financial year, PHE's expectation is that the forecast outturn will be managed to meet budgeted levels of expenditure.

5.7 The summary of PHE’s provisional Capital Programme forecast out-turn for 2018/19 is shown in the table below:

2018/19 (£'ms)	FORECAST OUTTURN		
	Full Year Budget	Full Year Actual	Variance
General allocation – PHE	35,938	35,938	0
General allocation – PBL	9,062	9,062	0
Subtotal - General allocation	45,000	45,000	0
Fluoridation	3,000	3,000	0
Screening (section 7a)	5,270	5,270	0
Science Hub	39,700	39,700	0
Emergency vaccine Stocks	110,811	110,811	0
Drugs and Alcohol grants	4,500	4,500	0
TOTAL	208,281	208,281	0

6. CONCLUSION

- 6.1 PHE has built balanced budgets for the financial year that incorporates required savings as well as allowing each area to fund their key business plan priorities. The year-to-date financial performance provides a strong indication that our plans to balance the budget are robust.
- 6.2 The Capital Group will oversee the capital programme to 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

July 2018