



PHE Board

Title of meeting PHE Board
Date Wednesday 20 July 2016
Sponsor Michael Brodie
Title of paper 2016/17 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 2016.

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 2016 is shown in the table below. Please note that PHE has achieved a year to date surplus of £0.4m.

2016/17 (£'ms)	YEAR-TO-DATE			FULL YEAR		
	Current Budget	Actual	Variance	Full Budget	Forecast	Variance
External Income	18.4	17.6	(0.8)	166.5	166.5	0.0
Core Expenditure:						
Pay	49.0	49.0	0.0	299.8	299.8	0.0
Non-pay	33.0	31.8	1.2	223.0	223.0	0.0
Subtotal - PHE Core Functions	63.6	63.2	0.4	356.3	356.3	0.0
Depreciation	5.1	5.1	0.0	35.8	35.8	0.0
Local Authority Public Health Grant	846.9	846.9	0.0	3,387.5	3,387.5	0.0
Vaccines and Countermeasures	48.5	48.5	0.0	474.9	474.9	0.0
Grand Total – PHE	964.1	963.7	0.4	4,254.6	4,254.6	0.0

- 3.2 The 2016/17 baseline Grant-in-aid for PHE has been agreed with DH and our current funding stands at £4,254.6m. This is inclusive of ring-fenced Immunisation and Counter-Measures (vaccines) funds.

- 3.3 Grant-in-aid funding to undertake our core functions stands at £356.3m, made up of:
- (a) £302.3m in respect of our baseline Grant-in-aid;
 - (b) £43.9m for the National Screening Programme;
 - (c) £10.1m in respect of capital to revenue transfers for Fluoridation schemes.
- 3.4 We expect to receive external income receipts of £166.5m, meaning that the total expenditure budget for our core functions is £522.8m.
- 3.5 The year to date underspend for the organisation has arisen mainly from two factors:
- (a) Year-to-date underspends in respect of the National Screening programmes which total £1.5m. This is against new pilots to be started;
 - (b) Income recovery is marginally down on the year-to-date budget by £0.8m (4%). This is mainly due to timing issues, which are leading to the late starting of some externally funded projects.
- 3.6 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 £474.9m. 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 Groupings (£'ms)	Year to date			Full Year		
	Current budget	Actual	Variance	Full Year Budget	Full Year Forecast	Variance
Tri-Directorate (Chief Knowledge Officer, Health & Wellbeing, Strategy)	27.3	25.0	2.3	136.7	136.7	0.0
Other National Directorates (Health Protection including Global Health, Nursing, Marketing)	6.4	6.9	(0.5)	60.4	60.4	0.0
Operational Directorates (Regions & Centres, National Infection Services, Science Hub, Deputy CEO)	23.6	24.1	(0.5)	147.8	147.8	0.0
Corporate Directorates (Communications, Corporate Affairs, Finance & Commercial, HR, Organisational Development and including royalty income)	6.3	7.2	(0.9)	11.5	11.5	0.0
Subtotal - Net Operating Expenditure	63.6	63.2	0.4	356.4	356.4	0.0
Depreciation	5.1	5.1	0.0	35.8	35.8	0.0
Local Authority Public Health Grant	846.9	846.9	0.0	3,387.5	3,387.5	0.0
Vaccines and Countermeasures	48.5	48.5	0.0	474.9	474.9	0.0
Total – PHE	964.1	963.7	0.4	4,254.6	4,254.6	0.0

- 4.2 We have concluded a comprehensive budget setting process to align core funding to the directorates and to also pump prime our key priority areas - all directorates now have agreed budgets within their target envelopes.
- 4.3 The efficiency headline is that PHE has budgeted to deliver savings of £28.5m against its core functions in 2016/17.
- 4.4 The Management Committee of PHE receives and reviews a detailed report on the organisation'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 organisation.

5. CAPITAL EXPENDITURE

- 5.1 The total capital funding for the 2016/17 year is shown in the table below:

Capital Funding & Programme - 2016/17 (£'000s)	Original Budget	Current Budget
Total General capital projects	46,020	48,923
Science Hub	15,592	15,592
Emergency vaccine stocks	124,643	124,643
3rd party grants: Local Authority projects	10,000	10,000
3rd party grants: fluoridation schemes	5,000	2,097
Total DH GIA capital funding	201,255	201,255

- 5.2 The allocation for the general programme includes funding for Porton Biopharma Limited (PBL). The full year budget for PBL is £17.7m. The budget allocated to PBL has a direct impact on the available budget to PHE and is overseen by the PHE Capital Group.
- 5.3 Spend on the general capital programme to the end of May 2016 was £2.4m compared with a budget of £3.0m; £0.6m less than budget (19%).
- 5.4 To the end of May 2016 spend on PHE projects was £1.6m compared with a budget of £1.9m; £0.3m less than budget (19%). This excludes Porton Biopharma (PBL) projects. Actual spend can be broken down between types of project as follows:
- (a) Accommodation £0.5m
 - (b) Equipment £0.1m
 - (c) IT £1.0m
- 5.5 To date PBL has spent £0.9m against a budget of £1.1m; £0.2m behind budget (19%). Actual spend can be broken down between types of project as follows:
- (a) Accommodation £0.1m
 - (b) Equipment £0.7m
 - (c) IT £0.1m

5.6 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 forecast a break-even position for the year.

Michael Brodie

Finance and Commercial Director

July 2016