

**Human Tissue Authority  
Annual Report and Accounts 2011/12**

**Presented to Parliament pursuant to Schedule 2(16)  
of the Human Tissue Act 2004**

**Ordered by the House of Commons to be printed 2 July 2012.**

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## Chief Executive's Report

### Statutory remit

The Human Tissue Authority (HTA) was established under the Human Tissue Act 2004 (HT Act) to regulate activities concerning the removal, storage, use and disposal of human tissue. Our role is to maintain public confidence by ensuring that people's wishes will be respected and that bodies and tissue are treated ethically and safely. The HTA is an Executive Non-Departmental Public Body (ENDPB) sponsored by the Department of Health (DH).

We have several statutory functions. One is to inform the public, professionals and the Secretary of State for Health about issues within our remit. We meet this requirement for professionals by providing guidance, including codes of practice, to support good practice; and for the public by providing information to help them make informed decisions.

Another statutory function is to regulate, through licensing, organisations that store and use tissue for purposes such as research, patient treatment, post-mortem examination, teaching, and public exhibitions. We currently license around 800 establishments and publish standards that licensed establishments must meet. These cover four areas: consent; governance and quality systems; premises; facilities and equipment; and disposal. Our strategy is to inspect organisations that we consider to be highest risk more frequently.

As well as licensing under the HT Act, which covers England, Wales and Northern Ireland, the HTA is the Competent Authority in the UK responsible for ensuring the safety of human tissue and cells used for patient treatment in compliance with the European Union Tissue and Cells Directive (EUTCD). The Human Tissue (Quality and Safety for Human Application) Regulations 2007 (the Q&S Regulations) brought the EUTCD into force in the UK. We were pleased to be appointed the Competent Authority for the European Union Organ Donation Directive in March 2011 and are working towards implementing this Directive (which ensures the quality and safety of organs for transplant) from August 2012.

A third statutory function is the regulation, through an independent assessment process, of the donation from living people of solid organs, bone marrow and peripheral blood stem cells for transplantation into others. The HTA also regulates living donation, in compliance with the relevant legislation, for the devolved administrations of Scotland, Wales and Northern Ireland. In addition the HTA oversees the consent requirements of the HT Act for deceased organ donation.

In July 2010, the Arm's Length Bodies (ALBs) Review recommended that the HTA's functions transfer to other bodies by 2015. The HTA will continue to deliver its statutory remit until any transfer takes place. We expect that to happen by May 2015 and in the meantime it is very much business as usual.

### Principles and values

The HTA has the following core values in achieving our strategic aims and objectives:

- behaving with integrity
- respecting others
- being open and transparent
- engaging stakeholders
- being reliable and consistent

In striving to be a model, modern, risk-based regulator the HTA has, from the outset, applied the principles espoused in the reports in 2005 by Philip Hampton and the Better Regulation Task Force. These are that a regulatory system should be:

- proportionate
- accountable
- consistent
- transparent
- targeted

During 2008/09, the HTA was reviewed by the strategic support team of the Better Regulation Executive from the Department for Business, Innovation and Skills. The Hampton Implementation Review team reported in July 2009 that stakeholders valued the HTA's openness and desire to engage them to develop the regulatory framework; and they found that the HTA's risk-based approach had minimised the regulatory burden. In addition, the team rated the HTA highly on the quality and availability of our advice and guidance.

In 2010/11 the HTA commissioned Ipsos MORI to survey public and professional views of the regulation of human tissue. Public confidence had improved since the previous survey three years earlier.

In 2011/12 we surveyed the post mortem sector (a priority sector with whom to develop relationships) with very positive results. There had been an increase in confidence in the HTA as a regulator, from 27% having a 'great deal of confidence' in 2010, to 40% in 2011.

Further details are available within the Annual Review which is available at [www.hta.gov.uk](http://www.hta.gov.uk)

## **Resources**

As an ENDPB, the HTA receives a proportion of its income through Grant-in-aid from central government (the DH). Our total annual budget in 2011/12 was £5.1 million. About 81% of this was funded by income from licence fees. By making efficiencies, the HTA did not need to use £0.9 million of licence fee income and has credited establishments with their share of this. The HTA is not a profit-making organisation.

During this year, like the rest of the public sector, there has been an increased focus on making efficiency savings. The HTA has reviewed its processes and the resources required and have reduced the resources required for 2012/13 by 7.8% from the budget for 2011/12. This review will continue, both to meet the challenge of reducing Grant-in-aid and to keep licence fees as low as possible. We have achieved a level of service that is acknowledged to be of a high quality and that meets the needs of our stakeholders and we need to maintain this in light of the current and future economic challenges ahead.

The HTA's efficiency plan sets out how we work continuously to find ways of working more economically, efficiently and effectively. This includes details of how the HTA is delivering efficiencies in its regulation, use of business technology and other back-office functions and how it is contributing towards DH and cross-government initiatives.

As part of continuing our drive to make significant savings, our corporate support continues to deliver its service in the most cost-effective and efficient manner. The Finance, Legal and Human Resources functions are provided by a team of four; Information Technology services are outsourced and continue to provide a wide range of services efficiently. We share offices with other ALBs and facilities and services are provided efficiently through the Department for Business, Innovation and Skills (BIS).

Our Internal Audit service has been outsourced, from April 2011, through the DH's contract.

## **Equal opportunities and diversity**

The HTA is committed to providing equal opportunities for all staff. Our aim is to ensure that all staff are aware that any form of discrimination against people, because of their gender, marital status, race, age, sexual orientation, religion, disability, part time or fixed-term working, is prohibited within the HTA, and to ensure that the Authority abides by the statutory regulations regarding human rights and discrimination. During 2011/12, we provided all staff with refresher training in this area.

### **Staff involvement and wellbeing**

The HTA keeps all members of staff informed about organisational, management and policy issues. All-staff meetings are held at least every two months, chaired in rotation by a member of staff. Directorate team meetings are also held regularly.

The HTA now makes an annual staff survey which has high participation rates (94% in 2010 and 87% in 2011). The HTA is committed to engaging staff and will strive to build on staff engagement and satisfaction scores from the staff survey year on year.

The HTA has a staff forum to ensure that all staff have an ongoing opportunity to raise issues, make suggestions and give opinions.

The HTA maintains an up to date health and safety policy and we set out our responsibilities in the Statement of Intent. The HTA has appointed first aiders, incident control officers and fire wardens and has online training modules to help staff with basic health and safety awareness. No health and safety incidents were reported in the year.

During the year ended 31 March 2012 the total number of whole time equivalent days (WTE) lost to sickness absence was 230.5 days. This information is disclosed in accordance with the *Government Financial Reporting Manual* (FRoM) and equates to an average of 5.3 days per WTE; and a sickness absence rate of 2.51%.

### **Learning and development**

The HTA actively promotes the development of staff by offering a full suite of corporate and specific training. Individual needs are set out in personal development plans and are met through appropriate means, including training events, participation in projects, observing activities the HTA oversees and shadowing.

In 2011 we launched the Career Investment Scheme, to assist staff members to obtain professional qualifications or undertake training to enhance their skills and knowledge to aid their career. This initiative aims to help ensure staff feel valued during a time of change and financial restrictions.

### **Payment of suppliers**

The HTA is committed to the Better Payment Practice Code and the commitment to speed up payments. We aim to pay suppliers within five days of receipt of a valid invoice. Over the year as a whole, 84% were paid within five days, and 96.8% within 30 days. The average number of days for payment over the whole year was 2.7. No interest payments were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

### **Auditors**

The Comptroller and Auditor General is the external auditor for the HTA's accounts. The external auditor's remuneration in 2011/12 was £28,500. No fees were incurred for non-audit work.

The HTA's internal auditors are Grant Thornton.

To the extent of my knowledge, as Accounting Officer for the HTA, I am confident that:

- a) there is no relevant audit information of which the HTA's auditors are unaware; and
- b) I have taken all possible steps to make myself aware of any information of relevance to the HTA's auditors and to make them aware of it.

Alan Clamp  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 7 June 2012

## Management commentary

### Overview

2011/12 is the seventh year since the HTA was established as the statutory regulator of the removal, retention, use and storage of human tissue in England, Wales and Northern Ireland. The focus for us this year has been on continuing to refine our processes to take a risk-based, cost-effective approach, leading to further efficiencies. In addition, following the HTA's appointment in March 2011 as Competent Authority for the European Union Organ Donation Directive (EUODD), we have been preparing for the regulation of this new sector, which is due to start in August 2012.

Throughout the year, the HTA has identified more efficient ways of working, while fulfilling our statutory duty. We have not needed to replace all staff who have moved on, leading to reduced staff numbers. This and other cost savings have meant that we reduced our overall spend by 18% from 2010/11, enabling the HTA to manage with a 10% reduction in revenue Grant-in-aid from the Department of Health (DH) and 25% less licence fee income. Licence fees reduced by a further 8% (a combination of lower fees and changes to establishments, with some consolidating premises) for 2011/12 and we have also been able to credit unused licence fees of £0.9 million (22% of fees received) to establishments. Going forward, the efficiencies made, and further efficiencies planned, are reflected in the licence fees for 2012/13 that we announced in December 2011.

### Financial position

Total income, excluding Grant-in-aid financing, decreased by 22% from 2010/11, to £3.3m. Income from licence fees reduced, as explained above.

Total expenditure for the year was £4.4 million, a reduction of 17% from 2010/11. Most categories of expenditure decreased.

Staff costs, which represent 54% of expenditure, reduced by £711k (23%). Expenditure on office accommodation, such as rent, utilities and facilities management, constitutes 11% of costs and reduced by 32%.

The summary table below includes data taken from our accounting schedules and the notes contained in these annual accounts.

**Table 1 – Income and expenditure for the year ended 31 March 2012**

	2011/12 £'000's	(Restated) 2010/11 £'000's
<b>Income<sup>1</sup></b>		
Income from devolved administrations	127	100
Licence fee	3,120	4,141
Other income <sup>2</sup>	36	5
<b>Total income</b>	<b>3,283</b>	<b>4,246</b>
<b>Expenditure</b>		
Staff costs	2,393	3,104
General administrative costs	2,030	2,233
<b>Total expenditure</b>	<b>4,423</b>	<b>5,337</b>
<b>Net expenditure for the financial year**</b>	<b>1,140</b>	<b>1,091</b>

<sup>1</sup>Income is exclusive of revenue Grant-in-Aid which for accounting purposes is treated as financing rather than income.

<sup>2</sup>Other income in 2011/12 includes EU funding for 'Vigilance and Surveillance of Substance of Human Origin' project (SOHO V&S).

\*\*Net expenditure for the year therefore also reflects the position without Grant-in-aid funding. It is a requirement to report in this way in the Net Expenditure Account, from which this table is extracted.

### **Key performance indicators 2011/12**

Each year, we agree a business plan with the DH that includes performance targets covering delivery of our statutory remit and public accountability.

The HTA agreed the following key targets for 2011/12 with the DH:

- To fulfil the HTA's statutory remit
- To share knowledge and experience gained from regulation and to help licensed establishments better meet HTA standards of quality
- To work internally, and with other regulators and the organisations we licence, to streamline and improve regulatory processes and practices
- To maintain confidence in the regulation of the removal, storage and use of human tissue amongst professionals and the public
- To manage the reputation of the HTA effectively
- To engage stakeholders to inform regulatory and organ donation policy and processes
- To work with Government and other relevant organisations to ensure, that in any changes resulting from the arm's length body review, human tissue continues to be removed, stored and used safely and ethically.
- To maintain an environment and culture that retains staff and upholds the HTA's standards and values
- To lead, motivate, involve and inform colleagues to deliver excellent work and to attract and retain the right people with the right skills
- To support delivery through high quality learning and development
- To maintain proper governance and management arrangements during the period of transition
- To achieve a step change in efficiency by reviewing systems, processes and procedures
- To ensure the continued financial viability of the HTA.

Progress against our key targets was monitored throughout the year by the Senior Management Team and the Authority. Progress against targets and the business plan were reported to the DH at quarterly accountability meetings.

**Risks and uncertainties as at 31 March 2012**

Risks	Mitigating factors and actions
Inability to carry out our statutory remit	<ul style="list-style-type: none"> <li>• Strategic plan and business plan</li> <li>• Ongoing review of performance and priorities</li> <li>• Resource and efficiency plans</li> <li>• Training and development of professional competence</li> <li>• IT support</li> <li>• Business continuity plan</li> </ul>
Failure to manage change	<ul style="list-style-type: none"> <li>• Corporate leadership by SMT and Heads</li> <li>• Change activity reflected in business plan with appropriate prioritisation</li> <li>• Succession planning – contingency plans made for key staff</li> <li>• Project plans for key new pieces of work</li> <li>• Contributing to DH Arm's Length Bodies Review implementation work</li> <li>• Internal communications strategy and mechanisms for communicating in place</li> <li>• Engagement of key domestic and European stakeholders</li> </ul>
Inability to manage an actual or potential major event, such as retention of tissue or serious injury or death to a person resulting from a treatment involving processes regulated by the HTA (underpins delivery of all strategic objectives)	<ul style="list-style-type: none"> <li>• Filled identified business-critical roles</li> <li>• Resource plan in place</li> <li>• Crisis management policy and guidance in place</li> <li>• Media handling policy and guidance in place</li> <li>• Crisis communications plan regularly reviewed</li> <li>• Staff trained on major event communications</li> <li>• Business continuity plan</li> </ul>
Insufficient financial resources	<ul style="list-style-type: none"> <li>• Budget management framework to control and review spend and take early action</li> <li>• Cash flow forecasting and monitoring</li> <li>• Financial risks associated with EUODD noted by DH as a pressure</li> <li>• Licence fee modelling</li> <li>• Rigorous debt recovery procedure</li> <li>• Reserves policy and levels of reserves</li> </ul>
Inadequate relationship/stakeholder management	<ul style="list-style-type: none"> <li>• Key stakeholder maps and agreed engagement plan</li> <li>• Programme of meeting Key Opinion Leader / umbrella organisations</li> <li>• Regular communications with transplant community</li> <li>• Effective engagement with stakeholders on key regulatory issues</li> <li>• Ongoing engagement with DH, OGDs, NDPBs and devolved administrations</li> <li>• Communications and media strategies and mechanisms for implementing in place</li> </ul>

**Social, community and environmental issues**

Since moving to our new offices, our landlords BIS provide services and encourage behaviour that meets sustainability requirements. This includes recycling, energy efficiency and other facilities. HTA performance is not monitored separately.

The HTA considers environmental and sustainability issues when procuring goods and services. In particular, our policy and practice of using virtual servers is energy efficient. Staff are encouraged to travel on HTA business in the most sustainable and cost-effective way and the HTA's expenses policy was reviewed in year to provide further direction in this area. The HTA is a member of the Cycle to Work scheme, which provides tax efficient incentives for employees to use cycles to travel to work.

**2011/12 accounts**

The Annual Accounts have been prepared and issued by the HTA, under directions given by the Secretary of State, with the approval of HM Treasury, in accordance with Schedule 2 (paragraph 16) of the HT Act. The Accounts report the resources that have been used by the HTA to deliver its objectives. These Annual Accounts have been prepared in accordance with the guidance set out in the Government Financial Reporting Manual (FRM) 2011/12.

Alan Clamp  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 7 June 2012

## Remuneration report

### Salary and pension entitlements of Authority Members

Members of the Authority receive an annual remuneration that is agreed by the Secretary of State for Health. This remuneration does not include any pension entitlements. Any increase or change to the remuneration is notified to the HTA by its sponsor department, the Department of Health. In the financial year 2011/12 these payments were as follows:

Chair	£40–45,000 per annum
Chair Audit Committee	£10–15,000 per annum
Member (x10)	£5–10,000 per annum

### Remuneration policy

The HTA provides for staff salaries to be uplifted annually in August. In 2010 and 2011 the HTA has been subject to a two year pay freeze, like other public sector organisations. This has resulted in no increases to HTA pay in 2011/12.

### Duration of contract, notice periods and termination payments on contracts of employment

Members of staff in Bands 1 – 2 (Assistants and Officers) are required to give the HTA six weeks' notice for termination of contract. The HTA is required to give the same notice period. Members of staff in Bands 3 – 4 (Managers and Heads) and Directors are required to give three months notice. The HTA is required to give the same notice period. Termination payments are made only in appropriate circumstances and may arise where staff are not required to work their notice period.

### Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the senior management of the executive team. These details are shown in accordance with the FReM. 'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

### Senior management team

Craig Muir – Chief Executive was seconded to the HTA from the Department of Health (DH) until 30 September 2011. Under DH pay arrangements, he received a bonus in 2011/12, as shown in the following table.

Alan Clamp replaced Craig Muir as Chief Executive on the 1 October 2011.

Sarah Bedwell replaced Alan Clamp as Director of Regulation on 31 October 2011.

Sue Gallone (formerly Martin) – Director of Resources was seconded to the HTA from the Home Office until 30 September 2011 on a full time basis. Under Home Office pay arrangements, she received a salary increment from July 2011. She became directly employed by the HTA on a part time basis (22.6 hours per week, 0.63 full time equivalent) from 3 October 2011.

**Senior management remuneration**

Post	Name	Dates		Salary range	
			Additional comments	2011/12 £'000	2010/11 £'000
Chief Executive	Craig Muir	Appointed 19 July 2010	Retired 30 Sept 11 Bonus £5-£10k	80-85 (full year equivalent 110-115)	75-80 (full year equivalent 110-115)
Chief Executive	Alan Clamp	Appointed 1 October 2011		50-55 (full year equivalent 95-100)	N/a
Director of Strategy and Quality	Allan Marriott-Smith	Appointed 21 March 2011		70-75	0-5 (full year equivalent 70-75)
Director of Regulation	Sarah Bedwell	Appointed 31 October 2011		25-30 (full year equivalent 80-85)	N/a
Director of Compliance & Enforcement	Alan Clamp	Appointed 4 January 2011	Promoted 30 September 2011	40-45 (full year equivalent (80-85))	20-25 (full year equivalent 80-85)
Director of Communications & Public Affairs	Shaun Griffin	Appointed 15 August 2005		70-75	70-75
Director of Resources	Sue Gallone (formerly Martin)	Appointed 6 October 2009		75-80	70-75

Highest paid Director	Chief Executive	95 -100 (full year equivalent)	110 – 115 (full year equivalent)
Median remuneration of staff		42	40
Ratio		2.3	2.8

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of staff in the organisation.

The banded remuneration of the highest-paid director in the HTA in the financial year 2011-12 was £95 – 100k (2010-11 £110-115k). This was 2.3 times (2010-11 2.8) the median remuneration of the workforce, which was £42k (2010-11 £40k).

In 2011-12, nil (2010-11, nil) employee(s) received remuneration in excess of the highest paid director. Remuneration ranged from £23,000 to £83,000 (2010-11 £23,000 to £83,000).

Total remuneration includes salary, non-consolidated performance related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

There has been no significant movement in the ratio of median paid staff to the highest paid director.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HMRC as a taxable emolument. The HTA has agreed a PAYE Settlement Agreement (PSA) with HMRC re taxable emoluments of HTA staff and Authority Members. This includes travel and subsistence and wellbeing at work therapy. The cost of wellbeing therapy to the HTA for 2011/12 is £6,336 (2010/11 £6,804). The gym membership available to all staff at a subsidy of 40% of monthly membership (up to £17 per month) was included previously, but this is no longer part of the PSA.

The HTA also provided a contribution to extra travel costs from December 2010 in conjunction with its relocation to Victoria, London. This will cease in July 2012.

From September 2009 information regarding travel and subsistence claimed by Authority Members and senior management has been published on the Authority's website [www.hta.gov.uk](http://www.hta.gov.uk)

Travel and Subsistence paid to Authority Members and Senior Management during 2011/12 is as follows:

Employee category	Rail / Tube	Taxi	Hotel / Subsistence	Air	Car/Parking	Other	TOTAL
Executive Authority Members	606	521	744		291	134	2,296
Members	1,250	482	526	3,433	129	70	5,890
<b>Grand Total</b>	<b>1,856</b>	<b>1,003</b>	<b>1,271</b>	<b>3,433</b>	<b>420</b>	<b>204</b>	<b>8,186</b>

No other benefits in kind were received by senior staff members in 2011/12 or 2010/11.

## Senior staff pensions

For the period from 1 December 2009, employees were covered by the provisions of the National Health Service (NHS) Pension Scheme. Staff who were seconded to the HTA from the Civil Service were covered by the Principal Civil Service Pension Scheme (PCSPS).

## Civil Service pensions

Pension benefits are provided through the NHS Pension Scheme/Civil Service pension arrangements. The PCSPS is an unfunded multi-employer defined benefit scheme, but the HTA is unable to define its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007 by the Scheme Actuary, Hewitt Associates. Details can be found in the resource accounts of the Cabinet Office at [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium, and classic plus). New entrants after 1 October 2002 must join premium. From 30 July 2007 staff may join Nuvos which is a "whole career" scheme.

Pensions payable under classic, premium, and classic plus are increased in line with the Retail Prices Index.

The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus and Nuvos. Increases to employee contributions will apply from 1 April 2012. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

### **Nuvos**

In Nuvos, a member builds up pension based on his or her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

### **NHS pension scheme**

Details of the benefits payable under the NHSPS can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable an organisation to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme; the cost to the HTA of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

In 2011-12 HTA employer's contributions were £210, 543, (2010-11 £236,226) at a rate of 14% of pensionable pay.

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle), and an IAS26 accounting valuation every year. An outline of these follows:

#### **a) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme liabilities. Up to 31 March 2009, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2009, employees' contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

#### **b) IAS 26 Accounting valuation**

In accordance with IAS 26, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 31 March 2009 is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2009 with summary global member and accounting data.

The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pensions Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

### **Scheme provisions prior to 31 March 2008**

The Scheme is a 'final salary' scheme. Annual pensions are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. A lump sum normally equivalent to three years pension is payable on retirement.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement, is payable.

For early retirements, other than those due to ill health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the income and expenditure account at the time the organisation commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

### **Scheme provisions from 1 April 2008**

From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website [www.pensions.nhsbsa.nhs.uk](http://www.pensions.nhsbsa.nhs.uk).

Senior staff pensions – Principal Civil Service Pension Scheme											
Name of Officer	Real increase in pension at age 60 (2011/12) (iii)	Real increase in pension at age 60 (2010/11) (iii)	Real increase in lump sum at age 60 (2011/12) (iv)	Real increase in lump sum at age 60 (2010/11) (v)	Pension at 31/03/12 (VI)	Lump sum at 31/03/12 (vii)	CETV at 31/03/12(viii)	CETV at 31/03/11 (ix)	Employee contributions and transfers-in (x)	Real increase in CETV as funded by employer (2011/12) (xi)	Real increase in CETV as funded by employer (2010/11) (xii)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Craig Muir – Chief Executive (retired 30 Sept 2011)	0-2.5	0-2.5	0-2.5	5.0-7.5	45-50	135-140	984	923	0	9	44
Sue Gallone (formerly Martin) – Director of Resources (retired from Home Office 30 September 2011 and joined HTA part-time).	0-2.5	0 - 2.5	2.5-3.0	0-2.5	30-35	90-95	433	487	0	19	0

Senior staff pensions – National Health Service Pension Scheme											
Name of Officer	Real increase in pension at age 60 (2011/12) (iii)	Real increase in pension at age 60 (2010/11) (iii)	Real increase in lump sum at age 60 (2011/12) (iv)	Real increase in lump sum at age 60 (2010/11) (v)	Pension at 31/03/12 (VI)	Lump sum at 31/03/12 (vii)	CETV at 31/03/12(viii)	CETV at 31/03/11 (ix)	Employee contributions and transfers-in (x)	Real increase in CETV as funded by employer (2011/12) (xi)	Real increase in CETV as funded by employer (2010/11) (xii)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Alan Clamp – Chief Executive	0	0	0	0	0-2.5	0	21	3	0	0	0
Sarah Bedwell – Director of Regulation (appointed 31 October 2011)	0	0	0	0	0-2.5	0	6	0	0	0	0
Shaun Griffin – Director of Communications	0	0	0	0	2.5-3.0	0	29	13	0	0	0
Allan Marriott-Smith – Director of Quality & Strategy	0	0	0	0	3.0-3.5	0	33	16	0	0	0

### Cash equivalent transfer value

Columns (viii) and (ix) of the above tables show the staff member's cash equivalent transfer value accrued at the beginning and end of the reporting period. Column (xi) reflects the increase in cash equivalent transfer value effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A cash equivalent transfer value is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the staff member's accrued benefits and any contingent spouse's pension payable from the scheme. A cash equivalent transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity, to which disclosure applies. The cash equivalent transfer value figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the National Health Service Pension Scheme /Principal Civil Service Pension Scheme arrangements and for which, the Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

Cash equivalent transfer values are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, as advised by the actuary to the Principal Civil Service Pension Scheme.

#### **The real increase in the value of the CETV**

This takes account of the increase in accrued pension due to inflation and contributions paid by the officer and are calculated using common market valuation factors for the start and end of the period.

#### **Audit**

Specific areas of the remuneration report are audited by NAO the HTA's external auditors. These sections cover salary and pension data in the above tables, non-cash benefits and amounts payable to third parties for services of senior staff.

Alan Clamp  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 7 June 2012

## **Statement of the Authority's and Chief Executive's responsibilities**

Under the HT Act, the HTA is required to prepare annual accounts for each financial year, in conformity with a Secretary of State's direction Schedule 2 (paragraph 16), detailing the resources acquired, held or disposed of during the year and the use of resources by the HTA during the year. The Annual Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the HTA, the income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the Government Managing Public Money manual prepared by HM Treasury, and in particular to:

- observe the Accounts Direction issued by DH, including the relevant disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis

The DH has appointed the Chief Executive as Accounting Officer of the Authority with responsibility for preparing the HTA's accounts and for transmitting them to the Comptroller and Auditor General.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances, for which an Accounting Officer is answerable for keeping proper records and safeguarding the Authority's assets, are set out in the Accounting Officers' Memorandum, issued by the DH, and published in Managing Public Money.

## Annual Governance Statement

### Introduction

This statement sets out the stewardship and control framework at the HTA and the risks to HTA performance. It explains how I have discharged my responsibility, as Accounting Officer, to manage and control the HTA's resources in 2011/12.

### Governance framework

#### The Board

The Authority (the HTA's statutory non-executive board) comprises a Chair and Members who are appointed by the Secretary of State for Health for a three-year term of office. There is the possibility of reappointment for a further three-year term. There are currently 12 Members who come from a variety of medical, scientific, legal, media, administrative and ethical backgrounds – further details of individual Members follow this statement. By law, at least half must be lay.

The Authority's primary role is to ensure that the HTA's statutory responsibilities are met. It achieves this by setting the HTA's strategic direction and providing both support and challenge to an executive that is responsible for the discharge of these responsibilities on a day-to-day basis. The Authority receives monthly performance and financial reports from the executive and reports on other matters on a periodic or as required basis.

The Authority met seven times during the year, with one of those meetings being open to the public. The Chief Executive and executive directors, the Senior Management Team (SMT), attend Authority meetings. Representatives from the Department of Health (DH) also attend and other HTA staff attend as required.

The Authority is supported in its work by Committees and Members groups. Committees review the work of the HTA and make decisions or recommend a decision to the full Authority where necessary. Members groups provide input to emerging strategies and approaches. The following Committees and groups were in place in 2011/12:

- Audit Committee
- Remuneration Committee
- Communications Members group
- Transplant Working group
- Histopathology Working group
- Policy and Regulatory Activity group

The Audit Committee met three times in 2011/12. The Chief Executive, the Director of Resources, the Head of Finance and Governance, the HTA's external and internal auditors and DH attend meetings. Directors are asked to attend in rotation, to report on risk management, and other staff may also be asked to attend depending on the Committee's business. The Committee's terms of reference outline the support this body provides to the Accounting Officer (the Chief Executive) throughout the year, in particular, providing scrutiny to support the agreement of the Annual Governance Statement.

During 2011/12, the Audit Committee reviewed the strategic risks at each meeting, approved or noted (as appropriate) updated policies on an annual cycle, took reports of audit findings from external and internal auditors and reviewed the HTA's progress in implementing audit recommendations.

The Remuneration Committee met once in 2011/12, to agree the principles for the 2012 pay award, following a two year pay freeze and subject to HM Treasury's pay remit. The Remuneration Committee also advise on salary bands. The Chief Executive, the Director of Resources and the HR Manager attend.

Member attendance at Authority and Committee meetings is listed below.

**Authority**

Diana Warwick	(Chair)	7
Michael Banner		6
Jodi Berg		7
Brian Coulter		5
Pamela Goldberg		7
Andrew Reid		4
Keith Rigg		6
Catharine Seddon		7
Susan Dilly		6
Suzanne McCarthy		5
Rosie Glazebrook		6
Gurch Randhawa		5

**Audit Committee**

Michael Banner	(Chair)	3
Brian Coulter	(retired from Audit Committee June 2011)	1
Pamela Goldberg		3
Suzanne McCarthy		2
Susan Dilly		3
Catharine Seddon	(joined Audit Committee September 2011)	2

In addition the Chair of the Authority, Diana Warwick, attended the June Audit Committee meeting.

**Remuneration Committee**

Diana Warwick (Chair)	1
Michael Banner	0
Jodi Berg	1
Catharine Seddon	1
Rosie Glazebrook	1

Members may also chair and participate in conferences and workshops for stakeholders; participate in working groups covering the work of the Directorates; and represent the HTA in the media and at conferences and provide advice to the executive.

**Effectiveness of the board**

The HTA complies with the *Corporate Governance Code* as appropriate to the type of organisation we are. Members' terms and conditions include adherence to the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership and these are demonstrated in Authority meetings.

The Chair of the Authority assesses the performance of each member annually. DH forms a view on the effectiveness of the Authority by attending meetings and of the HTA's performance through quarterly accountability meetings.

The Audit Committee makes a self-assessment of their performance annually using the National Audit Office (NAO) checklist. The most recent assessment in February 2012 did not reveal any areas for action.

Potential conflicts of interest are managed by all Authority members, and staff, declaring in a register of interests any company directorships and other significant interests held by them or their close family and friends which may conflict with their HTA responsibilities. The register is available for inspection.

Members also declare their interest in any items being discussed at Authority meetings. The Chair decides whether there is a conflict of interest and whether they should remain involved in the discussion.

## The executive

The executive implements the policy and strategic goals set by the Authority. It is led by a Chief Executive, the Accounting Officer of the HTA, and consists of a core team that is split into four directorates.

- Alan Clamp, Chief Executive (appointed as Chief Executive 1 October 2011)
- Sue Gallone (formerly Martin), Director of Resources
- Allan Marriott-Smith, Director of Strategy and Quality
- Shaun Griffin, Director of Communications and Public Affairs
- Sarah Bedwell, Director of Regulation (appointed 31 October 2011)

The SMT meets weekly to consider a regular programme of business, ad hoc items and to exchange information. The SMT provides leadership to the staff of the HTA and makes decisions on how the strategies agreed by the Authority are to be implemented. The regular programme of business includes monthly reports of performance and operational risk from the next level of management, finance reports and reviews of the strategic risk register.

As a new Accounting Officer, I completed my training in March 2012 and follow the requirements of *Managing Public Money*. To ensure compliance with the Management Statement and Financial Memorandum agreed with the Department of Health (DH) I ensure:

- the provision of the HTA's strategic and business plans for approval by the Department of Health (DH)
- that the HTA submits budget profile and headcount reports and quarterly performance reports to the timetable outlined by the DH
- participation in quarterly accountability reviews held between the HTA's Senior Management Team and the senior department sponsor

## The control framework

The HTA understands the importance of risk management and internal control. All members of the Authority and the executive have responsibility for risk management.

The Authority is ultimately responsible for overseeing management of the HTA's strategic risks. The Authority is supported by the Audit Committee who monitors risks through quarterly reports from the executive and updates of the strategic risk register. I am responsible for providing leadership for management of risk within the organisation, supported by the Director of Resources, and all members of the SMT are responsible for managing the strategic risks that may impact the delivery of policies and objectives in their areas of work. Heads manage the operational risks to the delivery of their areas of work, reporting to the SMT monthly.

There is an ongoing process designed to:

- identify and prioritise the risks to the achievement of HTA policies and aims and objectives
- evaluate the likelihood of those risks being realised and the impact should they be realised
- manage them efficiently, effectively and economically

The HTA Risk Management Strategy sets out the principles and approach to managing risk at the HTA. The strategy was reviewed and updated in November 2011, and approved by the Audit Committee. Training has been provided to staff in risk management.

In order to ensure consistent proper procedures are followed, the control framework also includes policies and standard operating procedures that are reviewed and updated regularly. There is also training and oversight by line managers.

This framework has been in place in the HTA for the year ended 31 March 2012 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The framework will continue to be refined and enhanced in order to ensure the HTA meets best practice for an established public body. The HTA will build on advice from our external and internal auditors as well as other professional sources to ensure it remains fit for purpose to meet the changing nature of our business.

### **Risk assessment**

The HTA has five strategic risks, which have been present for several years, although their seriousness varies over time. At the end of 2011/12 three were assessed as amber: inability to carry out our statutory remit, failure to manage change and inadequate stakeholder/relationship management. The remaining two were green: insufficient financial resources and inability to manage an actual or potential major event.

The risk of inadequate stakeholder/relationship management increased in severity in January 2012 following responses to our consultation on the framework we proposed to apply to regulate the Organ Donation Directive. We recognise the burden any new regulation imposes and are engaging with DH and the transplant community to address the concerns as far as possible.

Staff attrition is a key contributory factor to several of the strategic risks, in particular our ability to carry out our statutory remit. During 2011/12, Regulation Managers have moved on to better jobs and although we have recruited new staff, there has been a loss of experience which will take some time to replace. The pay freeze at the HTA and the limited opportunities for progression have been unavoidable reasons for attrition, but the HTA has listened to the views of staff and addressed other areas to improve retention. In particular, communications are better, there is more flexibility in working time and annual leave arrangements and the Career Investment Scheme was launched.

Assurance sources are identified for all risks and these reports and feedback have confirmed that the controls in place are as expected and the risks are as stated.

The HTA has had turnover in the posts of Chief Executive and Director of Regulation again in 2011/12. I took up post on an acting basis in August 2011, when the previous Chief Executive took leave before his retirement. I covered my previous role as Director of Regulation as well until a new Director took up post in October 2011. I was formally appointed as Chief Executive from 1 October 2011. The Chair, other Directors and staff have provided stability during these changes.

The ongoing uncertainty about when the HTA's functions will transfer to another body, and which body (ies), they may transfer to, may require careful management but has not weakened control.

### **Data security**

In accordance with our responsibilities under Schedule 2 (paragraph 16) of the HT Act and the provisions of the Human Tissue (Quality and Safety for Human Application) Regulations 2007, the HTA has in place various robust and specific arrangements to ensure information security, including data protection. These include information systems and information governance policies that apply to all staff.

The Director of Resources holds the role of Senior Information Risk Owner (SIRO). This is one of the requirements to strengthen controls around information security set out in the report of the Data Handling Review, which was carried out in 2008 for the Cabinet Office. The SIRO makes an annual report of compliance with the requirements for protecting information and an assessment of information risk management to the Accounting Officer and the Audit Committee which contributes to this Statement. The HTA conducts an annual review of its arrangements against the Cabinet Office's mandatory requirements and reports compliance to the Audit Committee and DH using the Security Policy Framework. For the relevant requirements, there are no areas of non-compliance that put information security at risk.

When we checked assets in early 2012, there were two laptops that could not be located and these have been treated as lost. We have revised procedures to minimise the possibility of reoccurrence. There have been no personal data incidents.

**Accounting Officer Responsibilities and assurance**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the executive directors within the organisation who have responsibility for the development and maintenance of the internal control framework, risk management reports and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of the reviews of the effectiveness of the system of internal control by the Authority's Audit Committee and plans to address any weaknesses and ensure continuous improvement of the system are in place.

During the year, the HTA engaged internal auditors to investigate six key operational systems. We have received positive assurances from the internal auditors and are actively introducing measures to bring about the further improvements identified. From this and the other sources stated on the risk registers (Authority reports, reviews with staff and feedback from DH and stakeholders), assurances have been gained over the key areas, as set out above.

This enables me to confirm that the HTA's systems are effective and working, to ensure that we have, and continue to, fulfill our remit and our objectives.

There have been no significant internal control problems in the HTA up to 31 March 2012 and up to the date of this report.

Alan Clamp  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 7 June 2012

## Authority Member biographies

The Authority currently consists of 12 Members who are initially appointed by the Secretary of State for Health for a three-year term of office. There is the possibility of reappointment for a further three-year term. The HTA's Members come from a variety of medical, scientific, legal, administrative and political backgrounds. By law, at least half must be lay Members.

### **Baroness Diana Warwick** Chair (lay Member) appointed 1 January 2010

Baroness Warwick has twenty years experience in successful leadership at a senior executive level. In August 2009 she retired from her role as CEO of Universities UK, where she was responsible for representing the interests of 130 universities to government, the media, the public, and internationally, and was accountable for an annual budget of £6 million. Prior to taking up this role in 1995, her career was in the public sector and education, spending almost a decade as the CEO of the Association of University Teachers (AUT). She also served several years as Chair of Voluntary Services Overseas. Baroness Warwick is a Member of the House of Lords and has been a Labour life peer since 1999.

### **Michael Banner** (lay Member)

Michael Banner previously held Chairs in the Universities of Edinburgh and London and is currently a Fellow of Trinity College, Cambridge. He is chair of the Cambridge University Licence Review Committee (Animal Procedures) and is a member of the Committees of Reference and Investment Sub-Committee of F&C Asset Management. Amongst his previous Committee experience, he chaired a Committee of Enquiry for MAFF from 1993 – 1995, the CJD Incidents Panel at the DH, the Home Office's Animal Procedures Committee from 1998-2006, and Shell's Advisory Panel on Animal Testing from 2002-2009. He also served as a member of the Royal Commission on Environmental Pollution and has just become a member of the Ministry of Defence (MoD) Scientific Advisory Committee on the Medical Implications of Less-Lethal Weapons.

### **Jodi Berg** (lay Member)

Jodi Berg is the Independent Complaints Reviewer for public bodies including the Audit Commission and the Youth Justice Agency. She is a founding partner of the Independent Complaints Resolution Service. She has Board experience in the private, public and not for profit sectors, and served for several years as Chair of Ravensbourne NHS Trust. Currently she sits as a member of the Administrative Justice and Tribunals Council and is a Non Executive Director of The Dispute Service Ltd. She is a magistrate, a qualified solicitor and a Fellow of the Chartered Institute of Arbitrators.

### **Brian Coulter** (lay Member)

Brian Coulter has served as a specialist ombudsman for Northern Ireland prisons and as Chief Executive of a not-for-profit social housing and social care provider organisation. For 10 years, he championed patient and public involvement in the health and social services as Chairman of the Eastern Health and Social Services Council. He is a member of the General Optical Council. He has chaired a ministerial review of community care, taken part in an independent review of aspects of endoscopy services and latterly, held responsibility for investigating deaths in custody.

### **Pamela Goldberg** (lay Member)

Pamela Goldberg was Chief Executive of Breast Cancer Campaign, a medical research charity supporting research into breast cancer across the UK and Ireland until 2011. She is a member of the General Advisory Committee on Science and Joint Chair of the Consumer Advisory Panel for the Food Standards Agency. She is a member of the Independent Review Panel for Borderline Products and Independent Review Panel for Advertising of the Medicines and Healthcare products Regulatory Agency. She is a trustee of Moorfields Eye Charity, a Fellow of the RSA and Master of the Worshipful Company of Needle-makers.

### **Andrew Reid** (lay Member)

Andrew Scott Reid was appointed in November 2002 as the full-time coroner for the jurisdiction of the Inner Northern District of Greater London, consisting of the London boroughs of Camden, Hackney, Islington and Tower Hamlets. He is Honorary Senior Lecturer, at Queen Mary College Medical School.

**Keith Rigg (professional Member)**

Keith Rigg is Consultant General and Transplant Surgeon at Nottingham University Hospitals NHS Trust. He has been involved in organ donation and transplantation for the last 20 years both as a clinician and by serving on various national committees. He is immediate Past President of the British Transplantation Society and is currently chair of Transplant 2013.

**Catharine Seddon (lay Member)**

After many years as a film documentary producer for BBC TV and then as an independent producer for Channel 4, Catharine Seddon began working for the judiciary in 2002. She now sits on Department for Works and Pensions and Employment tribunals; she is a magistrate in the City of Westminster and a member of the Greater London Family Panel. She is on the independent appeals committee for the Human Fertilisation and Embryology Authority and she teaches and presents for Cued Speech Association UK, a national organisation working with deaf children and their families. She is also a trustee for the London Centre for Children with Cerebral Palsy.

**Susan Dilly (professional Member)**

Susan Dilly is a Consultant Histopathologist at Barts and the London NHS Trust. Professor Susan Dilly has been Clinical Professor and Director of the Institute of Health Sciences Education, Barts and the London Medical School – part of Queen Mary, University of London (QMUL) – since 2006. In September 2010, she took on the role of Vice Principal for Teaching and Learning at QMUL. She is also a Consultant Histopathologist at Barts and the London NHS Trust and an external examiner for Fellowship of the Royal College of Pathologists.

**Rosie Glazebrook (lay Member)**

Rosie has a background in media and the development of health information for consumers. Previously, she held positions at Dr Foster Ltd (health research) and in publishing and marketing for News International, Macmillan Press and Oxford University Press. She currently works for NHS London on a new on-line service, Myhealthlondon. Also, she is a non-executive director of NHS Inner North West London, a member of the Central London Research Ethics Committee, and represents consumers on a number of scientific committees including Advisory Committee for Microbiological Safety of Food (Food Standards Agency) and Carcinogens and Mutagens in Food and Consumer Products (Department of Health, COC, COM).

**Suzanne McCarthy (lay Member)**

Suzanne McCarthy is currently the Immigration Services Commissioner. She is also a member of the General Medical Council, the Board of Trustees of the University of London and the RICS' UK Regulatory Board and the Royal Institution of Chartered Surveyors' UK Regulatory Committee. She is Chairman of the University of London's Audit and Risk Committee. She was previously Chief Executive of both the Human Fertilisation and Embryology Authority and the Financial Services Compensation Scheme. She is a member of the Pensions Regulator's Determination Panel and the Disciplinary and Regulatory Committees of the Association of Chartered Certified Public Accountants

**Gurch Randhawa (lay Member)**

Gurch is the current Professor of Diversity in Public Health and the Director of the Institute for Health Research at the University of Bedfordshire. He is also the Chair of NHS Bedfordshire & NHS Luton. He has been a member of the UK Donation Ethics Committee since January 2010, and he was previously a non-executive director at UK Transplant. Gurch is currently a Member of the UK National Institute for Health and Clinical Excellence Guidelines Development Group on Organ Donation and is currently serving as Chairman of the Department of Health's End-of-Life Care for Advanced Kidney Disease Project Board.

## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

I certify that I have audited the financial statements of the Human Tissue Authority (“the Authority”) for the year ended 31 March 2012 under the Human Tissue Act 2004. These comprise the Statement of Comprehensive Net Expenditure Account the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers’ Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Human Tissue Act 2004. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on Regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Authority’s affairs as at 31 March 2012 and of its net expenditure, changes in taxpayers’ equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Human Tissue Act 2004 and directions issued thereunder by the Secretary of State.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Secretary of State’s directions issued under the Human Tissue Act 2004; and
- the information given in the Chief Executive’s report, and the management commentary, included

within the Annual Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Report**

I have no observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
Date 15 June 2012

**HUMAN TISSUE AUTHORITY**  
**Statement of Comprehensive Net Expenditure**  
**for the period ended 31 March 2012**

		<b>31-Mar-12</b>	<b>(Restated)</b> <b>31-Mar-11</b>
	<b>Note</b>	<u>£</u>	<u>£</u>
<b>Expenditure</b>			
Staff costs	3	2,392,765	3,104,396
Depreciation and amortisation	7/8	542,872	523,140
Other Expenditures	4	1,487,398	1,709,684
		<u>4,423,035</u>	<u>5,337,220</u>
<b>Income</b>			
Income from Activities	5	3,119,796	4,141,135
Other Income	5	127,605	105,542
EU Income	5	35,599	0
		<u>3,283,000</u>	<u>4,246,677</u>
<b>Net expenditure</b>		<b>1,140,035</b>	<b>1,090,543</b>
Interest payable/(receivable)		<u>0</u>	<u>0</u>
<b>Net Expenditure before exceptional items</b>		<b>1,140,035</b>	<b>1,090,543</b>
Exceptional items	18	0	1,142,273
<b>Net Expenditure</b>		<u><b>1,140,035</b></u>	<u><b>2,232,816</b></u>

The notes on pages 31 to 47 form part of the accounts

**HUMAN TISSUE AUTHORITY**  
**Statement of Financial Position**  
**as at 31 March 2012**

		<b>31-Mar-12</b>	<b>(Restated)</b> <b>31-Mar-11</b>
	Note	<u>£</u>	<u>£</u>
<b>Non-current assets:</b>			
Property, plant and equipment	7	911,956	1,157,823
Intangible assets	8	391,639	487,877
<b>Total non-current assets</b>		<b>1,303,595</b>	<b>1,645,700</b>
<b>Current assets:</b>			
Trade and other receivables	10	96,248	114,178
Cash and cash equivalents	11	3,164,299	2,893,194
<b>Total current assets</b>		<b>3,260,547</b>	<b>3,007,372</b>
<b>Total assets</b>		<b>4,564,142</b>	<b>4,653,072</b>
<b>Current liabilities</b>			
Trade and other payables	12	1,173,150	1,264,545
<b>Total current liabilities</b>		<b>1,173,150</b>	<b>1,264,545</b>
<b>Non-current assets plus net current assets</b>		<b>3,390,992</b>	<b>3,388,527</b>
<b>Assets less liabilities</b>		<b>3,390,992</b>	<b>3,388,527</b>
<b>Taxpayers' Equity</b>			
I&E Reserve		3,390,992	3,388,527
<b>Total</b>		<b>3,390,992</b>	<b>3,388,527</b>

The financial statements on pages 27 to 30 were approved by the Board on  
and were signed on its behalf by:

(Signed) .....

(Chief Executive)

7 June 2012

**HUMAN TISSUE AUTHORITY**  
**Statement of cashflows**  
**for the period ended 31 March 2012**

		<b>31-Mar-12</b>	<b>(Restated)</b>
		<b>Total</b>	<b>31-Mar-11</b>
	<b>Note</b>	<b>£</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Net (Deficit)/Surplus after cost of capital and interest		(1,140,035)	(2,232,816)
Adjustments for cost of capital charge		0	0
Adjustment for depreciation and amortisation	4	542,872	523,140
Adjustment for loss on disposal of property, plant and equipment	4	14,380	66,063
Adjustment for loss on disposal of property, plant and equipment non cash item	7	0	56,818
(Increase)/Decrease in trade and other receivables	10	17,930	14,519
Increase/(Decrease) in trade payables	12	(91,396)	643,115
<b>Net cash (outflow) inflow from operating activities</b>		<b>(656,249)</b>	<b>(929,161)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	0	(28,566)
Purchase of intangible assets	8	(215,146)	(73,203)
Proceeds of disposal of property, plant and equipment		0	0
Proceeds of disposal of intangibles		0	0
<b>Net cash outflow from investing activities</b>		<b>(215,146)</b>	<b>(101,769)</b>
<b>Cash flows from financing activities</b>			
Grants from parent department		1,142,500	1,162,000
<b>Net financing</b>		<b>1,142,500</b>	<b>1,162,000</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>271,105</b>	<b>131,069</b>
<b>Cash and cash equivalents at the beginning of the period</b>	11	<b>2,893,193</b>	<b>2,762,124</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>3,164,298</b>	<b>2,893,193</b>

The notes on pages 31 to 47 form part of the accounts

**HUMAN TISSUE AUTHORITY**  
**Statement of Changes in Taxpayers' Equity**  
**for the period ended 31 March 2012**

	Note	I & E Reserve <u>£</u>	31-Mar-12 Total Equity <u>£</u>
<b>Balance at 1 April 2009</b>		<b>1,990,265</b>	<b>1,990,265</b>
<b>Changes in taxpayers' equity for 2009/10</b>			
Retained Surplus/(Deficit)		<u>(558,536)</u>	<u>(558,536)</u>
<b>Total recognised Income and expense for 2009/10</b>		<u>(558,536)</u>	<u>(558,536)</u>
Grant from Parent		<u>2,013,000</u>	<u>2,013,000</u>
<b>Balance at 31 March 2010</b>		<u><b>3,444,729</b></u>	<u><b>3,444,729</b></u>
<b>Changes in taxpayers' equity for 2010/11</b>			
Retained Surplus/(Deficit)		<u>(2,232,816)</u>	<u>(2,232,816)</u>
Asset transferred from DH (Capital Grant)	1.2	<u>1,014,614</u>	<u>1,014,614</u>
Grant from Parent	1	<u>1,162,000</u>	<u>1,162,000</u>
<b>Balance at 31 March 2011</b>		<u><b>3,388,527</b></u>	<u><b>3,388,527</b></u>
<b>Changes in taxpayers' equity for 2011/12</b>			
Retained Surplus/(Deficit)		<u>(1,140,035)</u>	<u>(1,140,035)</u>
Grant from Parent	1	<u>1,142,500</u>	<u>1,142,500</u>
<b>Balance at 31 March 2012</b>		<u><b>3,390,992</b></u>	<u><b>3,390,992</b></u>

The notes on pages 31 to 47 form part of the accounts

## Notes to the accounts

### 1. Statement of accounting policies

These financial statements have been prepared pursuant to the Human Tissue Act 2004, Schedule 2 (paragraph 16) and in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Human Tissue Authority (HTA) for the purposes of giving a true and fair view has been selected. The particular policies adopted by the HTA for the year ended 31 March 2012 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting Convention

The accounts have been prepared under the historical cost convention.

#### 1.2 Accounting Policies

There has been a significant change in the treatment of Donated Assets. HM Treasury has proposed an interpretation of IAS 20, so that grants and similar financing for capital items are recognised immediately in the accounts. This has resulted in a restatement of 2010-11 figures by £1,014,614, moving this from Capital Grant Reserve to the Income and Expenditure Reserve.

The following Accounting policies have been applied to the accounts for 2011/12.

#### 1.3 Non-current assets

Non current assets are property, plant and equipment and intangible assets including the costs of acquiring or developing computer systems and software. Only items or groups of related items costing £1,000 or more are capitalised. Items costing less are treated as revenue expenditure in the year of acquisition.

All property, plant and equipment and intangible assets held by the HTA at 31 March 2012 are carried in the Statement of Financial Position at depreciated (property, plant and equipment) or amortised (intangible assets) historical cost. The depreciated or amortised historical cost is used as a proxy for fair value, for the classes of assets listed below, since the useful life over which the asset class is depreciated or amortised is considered to be a realistic reflection of the consumption of that asset class. Depreciation and amortisation are provided on a monthly basis from the date of deemed economic benefit, at rates calculated to write off the costs of each asset evenly over its expected useful life.

#### Plant and Equipment

Information Technology	3 years
Furniture and fittings	3 years

#### Intangible assets

Information Technology	3 years
Websites	3 years
Refurbishment Costs	10 years

#### 1.4 Government Grants and Grant-in-aid

Grant-in-aid received is used to finance activities and expenditure which support the statutory and other objectives of the HTA. Grant-in-aid is treated as financing and credited to the income and expenditure reserve, because it is regarded as contributions from a controlling party. During the year ended 31 March 2012 the HTA received Grant-in-aid from the Department of Health (DH) as follows:

Capital Grant-in-aid:	£75,000
Revenue Grant-in-aid:	£1,067,500

Grants for specific assets are credited to the Income and Expenditure Reserve. In 2010-11 the DH transferred the capital cost it incurred refurbishing the HTA's new offices, a sum of £1,014,016. This was previously credited to the Capital Grant Reserve. A restatement exercise has taken place reflecting this adjustment.

#### 1.5 Foreign currency transactions

The HTA is involved in a three year European project entitled EUSTITE Vigilance and Surveillance. The HTA has received funding of £35,599 in 2010/11, the first year, toward its cost of participation. This is denominated in Euros.

## **1.6 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease. Rents for those leasehold properties which are held under operating leases are charged against profits.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## **1.7 Income**

In 2011/12 income takes the form of fees for licences from establishments which have human tissue on their premises and fixed fees from devolved administrations, for work on policies and transplants.

Income derived from licensing activities is recognised on an accruals basis when invoices are raised. Income of £860,355 from 2011/12 licence fees has been deferred to 2012/13 Other income is recognised on an accruals basis when the goods or services are delivered.

Funding from the EU for the Vigilance and Surveillance of Substances of Human Origin project has been recognised against costs incurred.

## **1.8 Expenditure**

Expenditure reflects the costs of running the HTA.

## **1.9 Holiday pay accrued**

As required by IFRS, the HTA has calculated the annual leave accrued but not taken by staff as at 31 March 2012, and the value of any annual leave taken, in excess of holiday entitlement earned at that date. The net amount of holiday pay due is included in staff costs.

## **1.10 Pensions**

Past and present employees are covered by the provisions of the NHS Pensions Scheme (NHSPS). Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The Scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme's assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the HTA of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

## **1.11 Value Added Tax**

The HTA was not registered for VAT during the financial year 2011/12.

## **1.12 Receivables**

The HTA provides for bad debts on an individual establishment basis. This year a provision of £33,376 was provided (2010/11 £37,050).

## **1.13 Payables**

Credit balances due to establishments of £86,802.77 are contained within payables. These will be refunded in the early part of quarter two in the 2012-13 business year.

#### **1.14 Financial Instruments and Financial Liabilities**

Financial assets and financial liabilities which arise from contracts for the sale or purchase of non-financial items (such as goods and services), which are entered into in accordance with the HTA's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services are made.

#### **1.15 IFRSs, amendments and interpretations in issue but not yet effective, or adopted.**

IAS8, accounting policies, changes in accounting estimates and errors, require disclosures in respect of new IFRSs, amendments and interpretations that are, or will be applicable after the reporting period. There are a number of IFRSs, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for the financial statements after this reporting period. The following have been considered as relevant and have not been adopted early by the HTA.

#### **IFRS 9 Financial instruments**

A new standard intended to replace IAS 39. The effective date is for accounting periods beginning on, or after 1 January 2013.

#### **1.16 Cash**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents would be investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **2. Analysis of Net Expenditure by Segment**

Under the definition of IFRS 8 the HTA is a single operating segment whose objectives are the licensing and inspection of premises involved in the storage and use of human tissue for purposes such as research, patient treatment, post-mortem examination, teaching and public exhibitions.

The HTA also gives approval for organ and bone marrow donations from living people.

The HTA charges fees for its licensing activities which, along with Grant-in-aid from the DH, its sponsoring body, are applied in pursuit of these objectives.

### 3. Staff numbers and related costs

Staff costs comprise:

	Permanently Employed Staff 31-Mar-12 £	Seconded Staff 31-Mar-12 £	Temporary Staff 31-Mar-12 £	Total 31-Mar-12 £	Total 31-Mar-11 £
Wages and salaries	1,591,375	214,231	214,349	2,019,956	2,701,397
Social security costs	162,267	0	0	162,267	166,773
Pension costs	210,543	0	0	210,543	236,226
Sub Total	<u>1,964,185</u>	<u>214,231</u>	<u>214,349</u>	<u>2,392,765</u>	<u>3,104,396</u>
Total net costs	<u>1,964,185</u>	<u>214,231</u>	<u>214,349</u>	<u>2,392,765</u>	<u>3,104,396</u>
Of which members emoluments	<b>140,543</b>	<b>0</b>	<b>0</b>	<b>140,543</b>	<b>138,953</b>

Details of remuneration paid to Members and the Senior Management team are given in the Remuneration Report on pages 10 to 16.

For 2011/12 contributions of £210,543 (2010/11, £236,226) were paid to the NHSPS at rates prescribed by the Treasury. The current rate for the NHSPS is 14 per cent of pensionable pay according to salary level.

#### Average number of persons employed

The average number of whole-time equivalent (Wte) persons employed or seconded during the year was as follows.

Number	Permanently Employed Staff	Seconded Staff	Temporary Staff	31-Mar-12 Total	31-Mar-11 Total
Directly Employed	38	2	5	45	53
Staff engaged on capital projects	0	0	1	1	1
Total	<u>38</u>	<u>2</u>	<u>6</u>	<u>46</u>	<u>54</u>

Staff are either directly employed by HTA or under contract. During the year, three people were seconded from the DH the Home Office and HM Treasury. Temporary staff were employed to cover vacancies. As at 31 March 2012 the HTA employed 44 Wte staff (2010/11, 50).

#### Contract staff

91% of the cost of one contractor (£49,161) has been capitalised as the work relates to the on-going Customer Relationship Management (CRM) project (2010/11, £46,015, also for one contractor).

#### 4. Other Expenditure

		31-Mar-12 £	31-Mar-11 £
Accommodation	(note 1)	507,878	751,603
Computer running costs		152,154	164,209
Staff recruitment, training and welfare	(note 2)	144,894	133,619
Consultancy		17,491	46,144
Maintenance Contracts	(note 3)	24,907	109,239
Travel subsistence and hospitality		82,380	92,086
Conferences & Events		21,672	45,392
Stationery and publications		28,565	50,635
Auditors Remuneration	(note 4)	39,414	48,162
Legal and professional fees		95,352	127,642
Project Costs	(note 5)	272,846	36,779
Telecommunications	(note 6)	62,541	40,065
Business continuity costs		6,240	7,228
Organisational development costs		0	588
Bad Debt Write Offs		7,649	4,012
Bad debt Provision increase/(decrease)		(3,674)	30,499
		<u>1,460,309</u>	<u>1,687,902</u>
Other Costs		12,709	(44,281)
Non-cash items			
Depreciation and amortisation		542,872	523,140
Loss on disposal of plant and equipment		14,380	66,063
<b>Total</b>		<b><u>2,030,270</u></b>	<b><u>2,232,824</u></b>

#### Notes

1. 2011/12 accommodation costs include the rent, rates and service charges for the HTA premises at 151 Buckingham Palace Road. Prior year included rent charges from GAD our previous landlords in addition to current costs.
2. Staff recruitment, training and welfare includes accruals for PAYE Service Agreement with HMRC of £9,500 and £80,391 for Recruitment costs.
3. Maintenance Contracts: These are the costs of maintenance of software and hardware systems. Contracts totalling £54,565.77 have since ended accounting for the reduction in costs in 2011-12
4. Auditors remuneration includes accrued fees for the external auditors (NAO), £28,500 (2010/11, £30,000). This fee represents the cost for the audit of financial statements carried out by the Comptroller and Auditor General. The remainder of the audit fee relates to internal audit work. This account does not include fees in respect of non-audit work. No such work was undertaken.
5. Project costs: include staff costs for the EUODD programme of £238,128 and staff costs for the V&SoHo project of £30,700.
6. Telecommunications: 2011/12 costs include contract line rental and call costs for both the fixed land lines and mobile phones. During 2011/12 there have been two contracts for mobile phones which explains the increase, however costs will reduce by the end of the year due to moving contacts to a cheaper provider.

## 5. Income

	<b>31-Mar-12</b>	(Re-stated) <b>31-Mar-11</b>
	<b>£</b>	<b>£</b>
Income from Activities:		
Licence Fee Income	3,119,796	4,141,135
Income from devolved administrations	127,605	100,221
EU Income	35,599	0
	<u>3,283,001</u>	<u>4,241,356</u>
Other Income:	0	5,321
	<u><b>3,283,001</b></u>	<u><b>4,246,677</b></u>

The HTA's remit is to regulate the removal, storage, use and disposal of human organs and tissue from the living and deceased.

In accordance with section 16, schedule 3, paragraph 2 (4) (f) and paragraph 13 of the Human Tissue Act 2004, the HTA may grant licences to other organisations and charge fees for those licences.

### 5a. Fees and charges

Licence fees are set to recover the full cost incurred by the HTA in the granting of licences and regulation. The HTA has complied with the cost allocation and charging requirements as set out in HM Treasury's guidance. A separate fee for applications was introduced in 2011/12 to better reflect the cost of activities.

<b>SECTOR</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	<b>£</b>	<b>£</b>
Applications	<u>24,300</u>	<u>0</u>
Anatomy	111,038	193,676
Post mortem	1,167,037	1,490,862
Public display	13,085	22,271
Research	505,137	752,410
Human application	1,299,199	<u>1,681,916</u>
<b>Total licence fee income</b>	<u><b>3,119,796</b></u>	<u><b>4,141,135</b></u>
Costs allocated to licensing activities	<u>(3,119,796)</u>	<u>(4,163,964)</u>
<b>Surplus/(Deficit) on licensing activities</b>	<u><b>0</b></u>	<u><b>(22,829)</b></u>

In addition, there are elements of the HTA's work that do not relate directly to the cost of regulating these sectors. The DH accordingly contributes to the funding of these activities through the provision of annual Grant-in-aid.

This disclosure is provided for the purposes of providing information on fees and charges and not for IFRS 8 purposes.

### 5b. Other Income

	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	<b>£</b>	<b>£</b>
Other Income - Devolved Administrations	100,220	100,221
EU ODD Funding - Devolved Administrations	27,385	0
Vigilance & Surveillance of Substance of Human Origin (V&S SoHo)	35,599	0
	<u>163,204</u>	<u>100,221</u>

## 6. Analysis of Net Expenditure by Programme and Administration

	31-Mar-12			31-Mar-11		
	Programme	Administration	Total £000	Programme	Administration	Total £000
<b>Expenditure</b>						
Staff costs	(1,800)	(452)	(2,252)	(2,414)	(513)	(2,927)
Running costs	(951)	(664)	(1,615)	(1,331)	(556)	(1,887)
Depreciation	(112)	(28)	(141)	(146)	(36)	(182)
Amortisation	(256)	(157)	(413)	(273)	(68)	(341)
			-			0
<b>Income</b>						
Licence Fees	3,120	-	3,120	4,141	-	4,141
Other Income	-	127	127	-	100	100
EU Income	-	(1)	(1)	-	-	-
	-	-	-			-
<b>Net Income/(Expenditure) after interest</b>	<u>0</u>	<u>(1,175)</u>	<u>(1,175)</u>	<u>(23)</u>	<u>(1,073)</u>	<u>(1,096)</u>

## 7. Property, Plant and Equipment

	Information Technology Hardware	Furniture & Fittings	Refurb Costs	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2011	349,396	129,005	1,037,738	1,516,139
Additions	0		0	0
Disposals	(25,881)	(10,947)	(920)	(37,748)
Reclassifications	0	0	9,110	9,110
<b>At 31 March 2012</b>	<b>323,515</b>	<b>118,058</b>	<b>1,045,928</b>	<b>1,487,501</b>
<b>Depreciation</b>				
At 1 April 2011	238,250	86,053	34,013	358,316
Charge for the year	92,233	36,040	103,775	232,048
Disposals	(15,787)	(6,994)	(588)	(23,369)
Reclassifications	0	0	8,550	8,550
<b>At 31 March 2012</b>	<b>314,696</b>	<b>115,099</b>	<b>145,750</b>	<b>575,545</b>
<b>Net book value at 31 March 2012</b>	<b>8,820</b>	<b>2,959</b>	<b>900,177</b>	<b>911,956</b>
Net book value at 1 April 2011	111,146	42,952	1,003,725	1,157,823
<b>Asset financing:</b>				
Owned	8,820	2,959	9,110	20,889
Capital Grant			891,067	891,067
<b>Net book value at 31 March 2012</b>	<b>8,820</b>	<b>2,959</b>	<b>900,177</b>	<b>911,956</b>
<b>Cost or valuation</b>				
At 1 April 2010	346,068	325,435	0	671,503
Additions	5,441	0	1,037,738	1,043,179
Disposals	(2,113)	(196,430)	0	(198,543)
<b>At 31 March 2011</b>	<b>349,396</b>	<b>129,005</b>	<b>1,037,738</b>	<b>1,516,139</b>
<b>Depreciation</b>				
At 1 April 2010	137,116	137,611	0	274,727
Charge for the year	102,190	79,867	34,013	216,070
Disposals	(1,056)	(131,425)	0	(132,481)
<b>At 31 March 2011</b>	<b>238,250</b>	<b>86,053</b>	<b>34,013</b>	<b>358,316</b>
<b>Net book value at 31 March 2011</b>	<b>111,146</b>	<b>42,952</b>	<b>1,003,725</b>	<b>1,157,823</b>
Net book value at 1 April 2010	208,952	187,824	0	396,776
<b>Asset financing:</b>				
Owned	111,146	42,952		154,098
Capital Grant			1,003,725	1,003,725
<b>Net book value at 31 March 2011</b>	<b>111,146</b>	<b>42,952</b>	<b>1,003,725</b>	<b>1,157,823</b>

## 8. Intangible Assets

	Information Technology	Websites	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 April 2011	1,119,831	120,593	1,240,424
Additions	215,146	0	215,146
Disposals	0	0	0
Reclassification	(9,110)	0	(9,110)
<b>At 31 March 2012</b>	<b>1,325,867</b>	<b>120,593</b>	<b>1,446,460</b>
<b>Amortisation</b>			
At 1 April 2011	640,809	111,738	752,547
Charged in year	302,659	8,165	310,824
Disposals	0	0	0
Reclassification	(8,550)	0	(8,550)
<b>At 31 March 2012</b>	<b>934,918</b>	<b>119,903</b>	<b>1,054,821</b>
<b>Net book value at 31 March 2012</b>	<b>390,949</b>	<b>690</b>	<b>391,639</b>
At 1 April 2011	479,022	8,855	487,877
<b>Asset financing:</b>			
Owned	390,949	690	391,639
<b>Net book value at 31 March 2012</b>	<b>390,949</b>	<b>690</b>	<b>391,639</b>
<b>Cost or valuation</b>			
At 1 April 2010	1,103,446	120,593	1,224,039
Additions	73,203	0	73,203
Disposals	0	0	0
Reclassification	(56,818)	0	(56,818)
<b>At 31 March 2011</b>	<b>1,119,831</b>	<b>120,593</b>	<b>1,240,424</b>
<b>Amortisation</b>			
At 1 April 2010	365,928	79,549	445,477
Charged in year	274,881	32,189	307,070
Disposals	0	0	0
Reclassification	0	0	0
<b>At 31 March 2011</b>	<b>640,809</b>	<b>111,738</b>	<b>752,547</b>
<b>Net book value at 31 March 2011</b>	<b>479,022</b>	<b>8,855</b>	<b>487,877</b>
Net book value at 1 April 2010	737,518	41,044	778,562
<b>Asset financing:</b>			
Owned	479,022	8,855	487,877
<b>Net book value at 31 March 2011</b>	<b>479,022</b>	<b>8,855</b>	<b>487,877</b>

### Reclassification of assets

In 2011-12 £9,110 (2010-11 £56,818) assets originally classified as Intangible were reclassified as Tangible as these related to the cost of refurbishing the HTA offices at 151 Buckingham Palace Road.

## 8.1 Software and system development

Included within Information Technology is the development cost of the HTA's CRM system. The software is being customised to meet organisational needs to allow the HTA to manage and track all interactions with our customers, stakeholders and suppliers.

Development is on-going with the next phase involving the development of the system for the licending required as a result of the European Organ Donation Directive (EUODD). Detailed below is the cost and net book value.

	<b>£</b>
Cost	769,976
Amortisation	401,088
<b>Net Book value</b>	<b><u>368,888</u></b>

## 9. Financial instruments

IFRS 7 Financial Instruments Disclosure requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Financial instruments play a much more limited role in creating or changing risk at the HTA than would be typical of the listed companies to which IFRS 7 mainly applies. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the HTA in undertaking activities.

### Liquidity risk

The HTA receives the majority of its income from annual licence fees payable by establishments mainly in the public sector. Other revenue resource requirements are financed by a grant from the DH. These, together with a robust debt recovery and payment process, ensure that the HTA is not exposed to significant liquidity risk.

### Market and interest rate risk

At 31 March 2012 the HTA's financial liabilities carried nil rates of interest. The HTA's financial assets relate to receivables and cash balances held at 31 March 2012 within the Citi Direct bank account and Barclays commercial current account, which are not interest bearing at present. Interest on cash balances are set by the banks. The HTA is therefore not exposed to significant interest-rate risk.

### Credit risk

The HTA receives most of its income from licence fees. It has in place and operates a fit for purpose credit control policy and, where applicable, provides for the risk of debts not being discharged by those establishments it licenses. The HTA is therefore not exposed to significant credit risk.

### Foreign currency risk

As with previous years, there were minimal foreign currency transactions conducted by the HTA during the 12 months ended 31 March 2012. There was therefore no significant foreign currency risk during the year.

### Financial assets

#### By category

	Total	Receivables and other financial assets
	£	£
Assets per balance sheet		
Licence fee debtors (net of provisions)	27,385	27,385
Other receivables	68,864	68,864
Cash at bank and in hand	<u>3,164,299</u>	<u>3,164,299</u>
<b>Total at 31 March 2012</b>	<b><u>3,260,547</u></b>	<b><u>3,260,547</u></b>
Licence fee debtors (net of provisions)	29,800	29,800
Other receivables	23,179	23,179
Cash at bank and in hand	<u>2,893,194</u>	<u>2,893,194</u>
<b>Total at 31 March 2011</b>	<b><u>2,946,173</u></b>	<b><u>2,946,173</u></b>

The cash balances as at 31 March 2012 and 31 March 2011 carried a floating rate.

**Financial liabilities****By category****Total****Other financial  
liabilities****Liabilities per balance sheet**

	<u>£</u>	<u>£</u>
Trade payables	(709)	(709)
Other payables	1,074,062	1,074,062
Accruals	<u>99,797</u>	<u>99,797</u>
<b>Total at 31 March 2012</b>	<b><u>1,173,150</u></b>	<b><u>1,173,150</u></b>
Trade payables	202,930	202,930
Other payables	35,269	35,269
Accruals	<u>147,831</u>	<u>147,831</u>
<b>Total at 31 March 2011</b>	<b><u>386,030</u></b>	<b><u>386,030</u></b>

As at 31 March 2012 none of the HTA's liabilities carried a floating rate.

**Fair values**

The fair value of the financial assets and liabilities was equal to book value.

## 10. Trade receivables and other current assets

	31-Mar-12 £	31-Mar-11 £
<b>Amounts falling due within one year:</b>		
Trade receivables - Licence fee debtors	27,385	29,800
Other Receivables	16,090	23,179
Prepayments and accrued Income	52,773	61,199
	<b><u>96,248</u></b>	<b><u>114,178</u></b>

### Amounts falling due after more than one year:

There are no debtors falling due after more than one year.

### 10.1 Intra Government Balances

	31-Mar-12 £	31-Mar-11 £
Balances with other central government bodies	0	0
Balances with local authorities	0	0
Balances with NHS bodies	1	8,000
Balances with public corporations and trading funds	0	0
Balances with bodies external to government	96,249	106,178
	<b><u>96,250</u></b>	<b><u>114,178</u></b>

## 11. Cash and cash equivalents

	£
Balance at 31 March 2009	1,471,983
Net change in cash and cash equivalent balances	<u>1,290,141</u>
Balance at 31 March 2010	2,762,124
Net change in cash and cash equivalent balances	<u>131,070</u>
Balance at 31 March 2011	2,893,194
Net change in cash and cash equivalent balances	<u>271,105</u>
Balance at 31 March 2012	<b><u>3,164,299</u></b>

	31-Mar-12 £	31-Mar-11 £
The following balances were held at:		
Office of the Paymaster General	0	0
Commercial banks	3,164,299	2,893,194
Cash in hand	0	0
	<b><u>3,164,299</u></b>	<b><u>2,893,194</u></b>

## 12. Trade payables and other current liabilities

	31-Mar-12	31-Mar-11
	£	£
<b>Amounts falling due within one year</b>		
Other taxation and social security	88,804	4
Trade payables	(709)	202,929
Other payables	124,903	70,868
Deferred Income	860,355	842,913
Accruals	99,797	147,831
	<u>1,173,150</u>	<u>1,264,545</u>

### Amounts falling due after more than one year:

There are no creditors falling due after one year.

### Analysis of current liabilities

	31-Mar-12	31-Mar-11
	£	£
Balances with other central government bodies	110,092	284,346
Balances with local authorities	46,430	0
Balances with NHS bodies	511,104	452,115
Balances with public corporations and trading Funds	0	0
Balances with bodies external to government	505,524	528,084
	<u>1,173,150</u>	<u>1,264,545</u>

### 13. Commitments under leases

#### Operating leases

##### 13.1 Operating Lease Payments

Commitments under operating leases to pay rentals during the year following the year of these accounts are given below, analysed according to the period in which the lease expires.

<b>Payments recognised as an expense</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	£	£
Minimum lease payments rent	215,460	401,781
Minimum lease payments other	29,430	27,511
	<u>0</u>	<u>0</u>
	<b>244,890</b>	<b>429,292</b>

<b>Total future minimum lease payments</b>	<b>Rent</b>	<b>Other</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	£	£	£	£
Payable:				
Not later than one year	215,460	29,549	245,009	243,613
Between two and five years	861,840	168,201	1,030,041	905,092
After 5 years	<u>1,077,300</u>	<u>0</u>	<u>1,077,300</u>	<u>1,077,300</u>
Total	<b>2,154,600</b>	<b>197,750</b>	<b>2,352,350</b>	<b>2,226,005</b>

##### 13.2 Receipts recognised as revenue

<b>Rental Revenue</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	£	£
Rental income	<u>0</u>	<u>4,767</u>
<b>Total rental revenue</b>	<b>0</b>	<b>4,767</b>

## **14. Contingent liabilities**

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more certain future events not wholly within the control of the HTA or
- a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

A contingent liability is disclosed unless the possibility of a payment is remote. The HTA has no outstanding issues.

## **15. Related party transactions**

The DH is regarded as a related party and had various material transactions with the HTA during the year. This mainly related to the provision of Grant-in-aid and seconded employees. One member of staff were on secondment from the DH until September 2011. At 31 March 2012 the HTA owed the DH £Nil and the DH owed the HTA £Nil.

The HTA has also had material transactions with other entities for which the DH is regarded as the parent department:

NHSBT – transactions totalled £99,584 (2010/11 £252,295) and were fees for the provision of licences in the human application and post mortem sectors. The balance outstanding as at 31 March 2012 was Nil (2010/11 £32,695 - a credit for licence fees paid).

During 2011/12 no Authority Member or senior manager or other related parties undertook any material transactions with the HTA.

## **16. Performance against key financial targets**

During 2011/12 the Authority managed income and expenditure so that draw downs were kept to within the DH's cash allocation. A total of £1,142,500 was drawn down from the DH to 31 March 2012. The total available cash allocation for revenue and capital expenditure was £1,142,500. Of this, £75,000 was capital Grant-in-aid.

At 31 March 2012, the creditor days were 3 (2010/11, 5 days) and throughout the year creditors were paid promptly.

## **17. Losses and special payments**

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover. There were no losses over £250,000 for the year 2011/12 (2010/11 £Nil),

## **18. Exceptional items**

There were no special payments made to establishments this year 2011/12, (£1,142,273 2010/11).

## **19. Events after the reporting period**

In accordance with the requirements of International Accounting Standard 10, reports after the accounting period are considered up to the date the accounts are authorised for issue. This is interpreted as the date of Certificate and Report of the Comptroller and Auditor General.

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