

Human Tissue Authority

Annual Report and Accounts 2008/09

Presented to the House of Commons pursuant to Schedule 2 (16) of the Human Tissue Act 2004

Ordered by the House of Commons to be printed 23 June 2009.

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Human Tissue Authority Annual Report and Accounts 2008/09

Chief Executive's Report

Remit and functions

The Human Tissue Authority (HTA) was established on 1 April 2005 under the Human Tissue Act 2004 (HT Act) to regulate the removal, storage, use and disposal of human tissue in England, Wales and Northern Ireland. The HTA is also the competent authority in the UK for regulating the storage of human tissue for human application under the EU Tissue and Cells Directive (EUTCD) and is an Executive Non-Departmental Public Body sponsored by the Department of Health (DH).

The HTA has two principal statutory functions. The first is to provide advice and guidance on all matters within our statutory remit. We have put considerable emphasis on providing advice and guidance to our stakeholders as this is more likely to lead to better compliance and is consistent with the Authority's strategic decision to be a proportionate, risk-based regulator. Our advice and guidance takes several forms, namely through the:

(i) publication of codes of practice on:

- consent
- donation of solid organs for transplantation
- post-mortem examination
- anatomical examination
- disposal of human tissue
- donation of bone marrow and peripheral blood stem cells for transplantation
- public display
- research
- import and export of human bodies, body parts and tissue

(ii) publication of:

- licensing standards
- guidance on public display
- policy guidance, for example on relevant material
- guidance for Independent Assessors and transplant teams
- guidance for people wishing to donate bodies for anatomical examination or tissue and cells for other purposes
- patient leaflets on living donor organ and bone marrow transplants
- a bi-monthly e-newsletter through the HTA website

(iii) the provision of:

- training events, workshops and e-learning packages, for example for Designated Individuals

(iv) and responses to

- email, letter and telephone enquiries

The second of our principal statutory remits is to regulate the:

- storage of human bodies for anatomical examination
- carrying out of post-mortem examinations
- removal of tissue from the body of a deceased person for scheduled purposes except transplantation
- storage and use of human bodies or parts for public display

- storage of human tissue for other scheduled purposes, for example human application and research
- donation of organs or part organs by living donors
- donation of bone marrow by certain donors

Principles and values

The HTA continues to adopt the following core values in achieving our strategic aims and objectives:

- behaving with integrity
- being open and transparent
- engaging stakeholders
- working collaboratively (with other regulators)
- being responsive

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, Enterprise and Regulatory Reform. The review team found 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.

Resources

As an Executive Non-Departmental Public Body, the HTA receives a proportion of its income through grant-in-aid from central government (i.e. the DH). Our total annual expenditure in 2008/09 is in the region of £4.7 million. About 80% of this is funded by income from licence fees. The HTA is not a profit-making organisation.

In October 2007, Ministers decided that the merging of the Human Fertilisation and Embryology Authority (HFEA) and the HTA was no longer viable and as a result, the organisations would remain separate entities. Currently, HTA staff are seconded employees of both the DH and the HFEA, but the intention is to transfer all staff onto HTA contracts. 2008/09 saw the start of an organisational development programme designed to create a stand-alone organisation that was properly resourced to meet the growing and complex statutory remit.

We have achieved a level of service that is acknowledged to be high quality and that meets the needs of our stakeholders. 2008/09 saw changes in the provision of the HTA's back-office services. From 1 April 2009 the following functions will be delivered in house:

- human resources – previously provided by the HFEA on a service level agreement that included payroll services. A payroll contract has been entered into directly with a service provider.
- financial services – previously provided by the HFEA on a service level agreement that covered all financial processing. A full time member of staff will be recruited.

Some of the legal advice will continue to be provided through a service level agreement with HFEA, but for the sake of improved economy and efficiency, this will come to an end during the 2009/10 business year, after which, the service will be provided by an in-house lawyer.

Facilities management continues to be provided through an agreement with our landlord, the Government Actuary's Department (GAD). This includes building, security and cleaning services.

Governance

The Authority met nine times during the year, with two of those meetings being open to the public. The Authority focuses on setting the strategic vision and goals of the HTA and takes decisions on all high level issues and key policies. The Authority is also accountable to the Secretary of State for Health for the delivery of its strategic and business plans. Responsibility for all operational issues falls to the Executive.

Audit Committee

The Audit Committee is chaired by Michael Banner, a non-executive member of the HTA. In 2008/09 other non-executive members were Ruth Musson, James Underwood, Michaela Willis, Helen Shaw, Brian Coulter and Pamela Goldberg. The Chief Executive, Director of Resources, internal and external auditors, DH representatives and the HTA's Head of Resources, are invited to attend meetings. 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 justify signing the annual Statement of Internal Control (SIC). The Committee met four times in 2008/09.

Register of interests

The HTA maintains a register of interests which details company directorships and other significant interests held by Authority members, which may conflict with their HTA responsibilities. Anyone who wishes to view the register should apply in writing to the Director of Resources.

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 discrimination.

Information for staff and internal communications

The HTA keep all members of staff informed about organisational, management and policy issues. Staff meetings are held every two months, chaired in rotation by a member of staff. A monthly Chief Executive's Report is also circulated to all staff and directorate team meetings are also held. In 2008/09, we introduced IMPACT – a new document management system – which has improved sharing of information internally.

Training and development

The HTA actively promotes the development of staff through personal training plans and a corporate development programme. In 2008/09 we focused on developing a learning and development strategy for all staff, which was launched in April 2009.

Payment of suppliers

The HTA complies with the Better Payment Practice Code. This policy states that all bills should be paid in accordance with credit terms or, where no such terms exist, within 30 days of the receipt of goods or services or upon the presentation of a valid invoice, whichever is the later. From 1 April 2009, the HTA intends to work towards reducing its payment period for creditors from 30 days to 10 days. This is in line with the revised Better Payment Practice Code published in November 2008. Outstanding creditor days had already been reduced to 19 days by the end of the 2008/09 financial year. No interest payments were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

External auditor

The Comptroller and Auditor General is the external auditor for the HTA's accounts. The external auditor's remuneration in 2008/09 was £35,000. No fees were incurred for non-audit work.

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.

Personal data incidents

In the 2008/09 business year, the HTA had one incident of a laptop that was lost. However, there was no breach of security as the laptop had no personal data stored within it.



Adrian McNeil
Chief Executive
Human Tissue Authority
Accounting Officer

Date: 11 June 2009

The Authority

The Authority currently consists of 15 members who have been 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.

Shirley Harrison Chair (lay member)

Shirley Harrison's professional career has been in marketing and public relations. Her community activities have encompassed the fields of education, criminal justice and health. She has served as a Justice of the Peace since 1998 and is a former chair of the South Yorkshire Probation Board. Her health-related activities include patient representation on a number of bodies concerned with cancer research and education. She chaired the HFEA in 2007. She is a Fellow of the Royal Society of the encouragement of Arts, Manufactures and Commerce (RSA) and a Member of the Chartered Institute of Public Relations, the Society of Authors and the Magistrates Association.

James Ironside CBE (professional member)

James Ironside is Professor of Clinical Neuropathology at the University of Edinburgh, and an Honorary Consultant Neuropathologist in the Lothian Health University Hospital and Tayside Health University Hospital, Scotland. He has been using human tissue in diagnosis, education and research for 30 years and was formerly Deputy Chair of the Spongiform Encephalopathy Advisory Committee.

Michael Banner (lay member)

Michael Banner is a Fellow at Trinity College, University of Cambridge and previously held Chairs in the Universities of Edinburgh and London. He is Chair, Shell Panel on Animal Testing, 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 and the Home Office's Animal Procedures Committee from 1998–2006. He also served as a member of the Royal Commission on Environmental Pollution.

Jodi Berg (lay member)

Jodi Berg is currently the Independent Complaints Reviewer for public bodies including three regulatory authorities: the Audit Commission, the Charity Commission and the Tenant Services Authority. She is a member of the Administrative Justice and Tribunals Council, and Chair of the Postal Redress Service Council. Between 2001 and 2007, she was Independent Case Examiner for the Department for Work and Pensions. She is a member of the British and Irish Ombudsman Association.

Brian Coulter (lay member)

Brian Coulter's working life has encompassed health and social services, social housing and criminal justice. He 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. He was honored in the 2003 New Years Honours for services to social housing. For 10 years, Brian 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.

Ceri Davies (professional member)

Ceri Davies is professor of anatomy at Imperial College London. He has used human tissue for teaching and research for over thirty years. He is a member of the Council of the Institute of Anatomical Society of Great Britain and Ireland and Vice President of the Institute of Anatomical Sciences.

Pamela Goldberg (lay member)

Pamela Goldberg is Chief Executive of Breast Cancer Campaign, a medical research charity supporting research into breast cancer across the UK and Ireland. She is currently on the board of the National Cancer Research Institute; a member of the General Advisory Committee on Science for the Food Standards Agency and a Fellow of the RSA.

EI-Nasir Lalani (professional member) Resigned June 2008

EI-Nasir Lalani is the Robert Leith Professor of Pathology and Academic Head, Department of Pathology in the Division of Cancer Studies at the University of Birmingham. He is also an Honorary Consultant Histopathologist at the University Hospital Birmingham NHS Foundation Trust. Professor Lalani is a Fellow of the Royal College of Pathologists. He has served as a member of local, national and international Research Ethic Committees for over nine years

Ruth Musson (professional member)

Ruth Musson started her career in public service administration, before qualifying as a Registered General Nurse, later gaining experience in a number of fields, including medicine, terminal care and research. She now leads a small team of nurses and a midwife who work with families, clinical teams, coroners and researchers addressing all issues relating to consent, retention and return of tissues from post-mortem examinations.

Andrew Reid (professional 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. Dr Reid deals with Inquests at Poplar and St Pancras Coroner's Courts. He is also 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 currently President of the British Transplantation Society.

Kate Robson-Brown (lay member)

Kate Robson-Brown is Senior Lecturer in Biological Anthropology at the University of Bristol. Her research interests include human evolutionary anatomy and forensic anthropology.

Helen Shaw (lay member)

Since 1994, Helen Shaw has been co director of INQUEST, an organisation with a national reputation for excellence and a proven track record in providing advice and support about the inquest system to bereaved families and their lawyers. She was a member of the Retained Organs Commission from 2001–2004. Helen was also vice-chair of the National Bereavement Partnership until April 2008.

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 began working for the judiciary in 2002. She now sits on Department for Works and Pensions tribunals; she is a magistrate in the City of Westminster and a member of the Greater London Family Panel. She teaches and presents for Cued Speech Association UK, a national organisation working with deaf children and their families. She is also on the management committee of PALACE, a London charity for special needs children.

James Underwood (professional member) Stood down 31 March 2009

Prior to his retirement, James Underwood was Professor of Pathology at the University of Sheffield and Consultant Histopathologist to the Sheffield Teaching Hospitals NHS Foundation Trust. Sir James was an observer on the Retained Organs Commission and President of the Royal College of Pathologists from 2002–2005. Professor Underwood is also Chairman, Board of the South Yorkshire Comprehensive Local Research Network.

Michaela Willis MBE (lay member) Stood down 31 March 2009

Michaela Willis is a Senior Lecturer in Death, Bereavement and Human Tissue studies at Stafford University. She was also the Chief Executive of the National Bereavement Partnership until April 2008 – a registered charity offering a unique service by providing information, advice and support to people who have experienced bereavement. Since June 2007, Michaela has been carrying out an audit of 36 hospitals and five universities across the State of Southern Ireland with regard to the Nations' holdings of organs. The audit also covers a review of policy, procedures and bereavement services.

Attendance at Authority meetings

A total of nine meetings were held throughout 2008/09; member attendance is listed below. As with the previous year, the business of attending Authority meetings represents only a part of the work carried out by Authority Members. All are involved in a mix of Authority activity. These include membership of the Audit Committee; Remuneration Committee; chairing and participating in conferences and workshops for stakeholders; participating in working groups and members' groups covering the work of the Directorates; representing the HTA in the media and at conferences and providing advice to the executive.

Name	
Shirley Harrison (Chair)	9
James Ironside	9
Michael Banner	7
Ceri Davies	9
El-Nasir Lalani (resigned June 2008)	3
Ruth Musson	8
Andrew Reid	5
Keith Rigg	8
Kate Robson-Brown	8
Helen Shaw	7
James Underwood (stood down March 2009)	8
Michaela Willis (stood down March 2009)	4
Brian Coulter*	7
Jodi Berg*	5
Catharine Seddon*	5
Pamela Goldberg*	8

*These Members were appointed in May 2008

Attendance at Audit Committee meetings

Four meetings were held in 2008/09.

Name	
Michael Banner (Chair)	3
Ruth Musson	3
Helen Shaw	2
James Underwood	3
Michaela Willis	3
Brian Coulter	2
Pamela Goldberg	2

Attendance at Remuneration Committee meetings

Three meetings were held in 2008/09.

Name

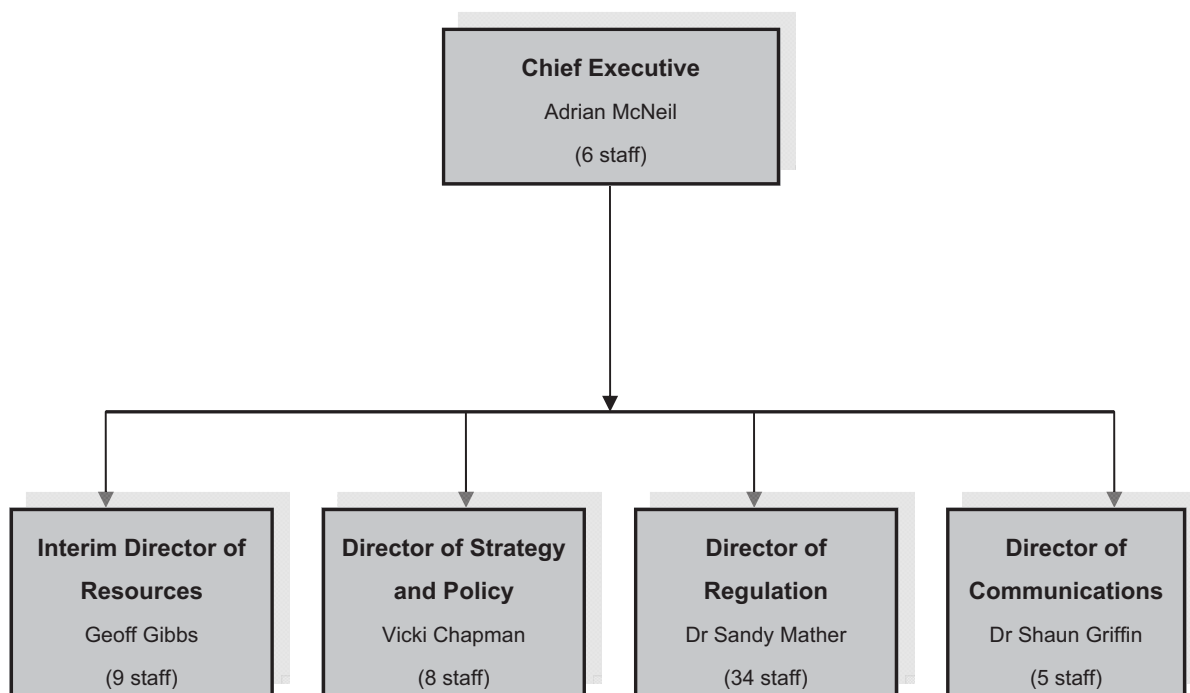
Shirley Harrison (Chair)	3
Michael Banner	3
Helen Shaw	2
James Ironside	3
Jodi Berg	1

The executive

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

- Adrian McNeil, Chief Executive
- Geoff Gibbs, Interim Director of Resources (appointed 25 February 2009)
- Vicki Chapman, Director of Policy and Strategy (appointed 1 December 2008)
- Sandy Mather, Director of Regulation
- Shaun Griffin, Director of Communications

Organisational structure as at 31 March 2009



Management commentary

Financial position

2008/09 is the fourth 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 strengthening our core and support teams; continuously refining our processes; and implementing major projects that will assist us in our drive to improve quality, economy and efficiency. The cost of these initiatives will be met in 2008/09 and 2009/10 from revenue and capital funding.

The total income compared with 2007/08 has increased by 9.4%. This is principally as a result of an increase in the number of establishments that fall within the licensing requirements of the HT Act and the Regulations transposing the EU Tissue and Cells Directives.

Total expenditure for the year was in the region of £4.7 million. Salaries and related expenditure represent 57.8% of total expenditure, whilst expenditure relating to office accommodation such as rent, utilities and facilities management constitutes 7.3% of overall costs. Our costs of outsourcing (HR, finance and legal) collectively represent 2.7% of total expenditure which is 1.3% lower than last year.

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

Table 1 – Income and expenditure for the year ended 31 March 2009

	2008/09 £'000's	2007/08 £'000's
Income*		
Income from devolved administrations	71	69
Licence fee	3,719	3,395
Total income	3,790	3,464
Expenditure		
Staff costs	2,734	2,722
General administrative costs	1,996	1,869
Total expenditure	4,730	4,591
Net income/(expenditure) for the financial year	(940)	(1,127)

*Income is exclusive of revenue grant-in-aid which for accounting purposes is treated as financing rather than income.

Key Performance Indicators 2008/09

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 2008/09 with the DH:

- implement the HTA's statutory remit in a manner that complies with the legislation and is consistent with the principles of better regulation
- complete a review of the HTA's workload, capacity and structure to ensure that the organisation is able to meet its strategic and business objectives
- implement robust governance and financial systems to support the organisation
- keep within the budget and headcount agreed with the DH

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

Risks and uncertainties as at March 2009

Risks	Mitigating factors and actions
Business continuity	<ul style="list-style-type: none"> • update business continuity plan
Loss of key staff	<ul style="list-style-type: none"> • effective knowledge management process • improved HR policies and procedures • effective succession planning
The HTA is required to undertake additional functions not planned for within its budget	<ul style="list-style-type: none"> • regular meetings with DH and will work constructively with them as issues arise. • the HTA's financial management / governance arrangements will identify any opportunities that may arise to offset budgetary pressures
Insufficient capacity to implement the business plan over the coming year	<ul style="list-style-type: none"> • ensure business plan is realistic • review performance against priorities • build a business case for additional resource if required
The need to manage additional work caused by external factors	<ul style="list-style-type: none"> • reprioritise lower priority work to release resources • engage staff regularly to re-assess workload
Changing priorities	<ul style="list-style-type: none"> • review the business plan on a quarterly basis to ensure ongoing relevance • effective stakeholder engagement for early warning of changes
Major stakeholders disengaged	<ul style="list-style-type: none"> • thorough, prioritised stakeholder management approach • proportionate and "light touch" approach to regulation
Expanding stakeholder base due to changed legislation	<ul style="list-style-type: none"> • systematic communications exercise • conduct a regulatory impact assessment (RIA)
Changes within sectors mean that income from licence fees is insufficient to cover expenditure	<ul style="list-style-type: none"> • monitor income; review and revise budget as required

Social, community and environmental issues

The HTA has adopted a sustainable development plan in line with the government directive for all central government departments and non-executive departmental public bodies. The measures contained within our plan are centred on the reduction in consumption of energy and paper, and an increase in recycling.

2008/09 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 demonstrate 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 (FRoM) 2008/09.

Post 31 March 2009

During its 2008/09 business year, the HTA underwent many changes, the main ones being in relation to the structure of the organisation. In December 2008, the DH agreed the HTA's business case for an increase in headcount from 42 to 67.

With this increase come further pressures on office space. During March 2009, the HTA entered into a new lease agreement with its landlords – the Government Actuary's Department (GAD) – to relocate from the ground to the second floor of Finlaison House to accommodate the expected increase in staff numbers in 2009/10. The new Memorandum of Terms of Occupation (MOTO) took effect from 12 April 2009 for one year. After this date the HTA anticipates that, because of changes in the occupancy of the Crown estate, it will be required to relocate to another location altogether.

Additional to the MOTO was an agreement for GAD to rent certain furniture of the HTA. The agreed monthly rental was £1000 per month over the duration (12 months from 12 April 2009 or until GAD relocate, whichever is the later). It is expected that on expiry of the agreement between the HTA and GAD, these assets will be disposed of with any loss on disposal recognised in the income and expenditure account. The net book value of these assets was £83,000 at 31 March 2009.

As part of its relocation to the second floor of Finlaison House, the HTA undertook a refresh and upgrade of its computer equipment. This involved replacing computers for existing staff and purchasing additional equipment for new staff. This was funded by capital grant-in-aid of £725,000 which also funded the costs of fitting out the new offices. This investment took place during the latter part of the 2008/09 and the earlier part of the 2009/10 business years.

As a result of the relocation in the first quarter of 2009/10, the HTA has disposed of those items of office equipment and fixtures and fittings for which it no longer has use and from which, it receives no benefit. The value of these disposals, which also includes redundant IT equipment, will be in the region of £62,000.

On 17 March 2009, the Authority agreed the HTA's new fee structure for 2009/10 which resulted in an increase in the licence fee for main sites, a decrease in the fee for satellites across all sectors and a "fee holiday" for all third party agreement sites in the Human Application sector. The new fees came into force from 1 April 2009. During 2009/10, there will be a further review of the HTA's licence fee structure.

Ongoing projects

During 2008/09 the HTA began the implementation of its new IT strategy. The first stage involved the delivery of a system to support the Knowledge and Quality Management Program. This was completed in December 2008 and resulted in IMPACT (Information Management Platform and Communications Tool) being implemented, based on Microsoft SharePoint.

The second stage of the strategy covers the complete revision of those systems centred around, licensing, evaluation, billing, document storage, contact databases and enquiry handling and replacement with an off the shelf product. A Customer Relationship Management (CRM) system will be configured to provide the technology required to operate the revised regulatory processes which have been defined in the first phase of the project. The aim of the project is to implement CRM by the end of this calendar year.



Adrian McNeil
Chief Executive
Human Tissue Authority
Accounting Officer

Date: 11 June 2009

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 DH. In the financial year 2008/09 these payments were as follows:

Chair	£40–45,000 per annum
Chair Audit Committee	£10–15,000 per annum
Member (x9)	£5–10,000 per annum
Member (x5)	£0 – 5,000 per annum

In addition to the Chair's salary, benefits in kind have arisen in respect to reimbursement of travel and subsistence costs arising from her home base being outside London. This amounted to £14,370 (2007/08, £7,875). The HTA meets the resulting tax liability under a PAYE settlement agreement.

Remuneration policy

Staff salaries, comprising cost of living increase and performance related pay were reviewed by the HTA Remuneration Committee. Performance related pay is currently determined through the process as outlined in the HTA's appraisal and performance management guidelines.

Duration of contract, notice periods and termination payments

Members of staff in Bands 1 – 2 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 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 but may arise where staff are not required to work their notice periods. No termination payment is made where gross misconduct has arisen.

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 remuneration

Post	Name	Dates	Salary range	
			2008/09 £'000	2007/08 £'000
Chief Executive	Adrian McNeil	Appointed 1 July 2005	110-115	95-100
Director of Policy	Peter Lemmey	Appointed 18 July 2005 (resigned 16 January 2009)	75-80	70-75
Director of Policy and Strategy	Vicki Chapman	Appointed 1 December 2008	20-25 (full year equivalent 75- 80)	–
Director of Regulation	Sandy Mather	Appointed 15 August 2005	75-80	70-75
Director of Communications	Shaun Griffin	Appointed 15 August 2005	70-75	65-70
Director of Resources	Leslie Boodram	Appointed 22 September 2006 (resigned 31 October 2008)	60-65 (full year equivalent 70- 75)	65-70

The Director of Resources post has been filled by Interim Directors as detailed below:

Interim Director of Resources	Jeff Cant	Appointed 1 November 2008 (resigned 6 February 2009)
Interim Director of Resources	Geoff Gibbs	Appointed 25 February 2009

Amounts payable to third parties

Amounts payable to third parties for services of senior management were £52,090 and £18,028 respectively for the year ended 31 March 2009.

Senior staff pensions											
Name of Officer	Real increase in pension at age 60 (2008/09) (iii)	Real increase in pension at age 60 (2007/08) (iii)	Real increase in lump sum at age 60 (2008/09) (iv)	Real increase in lump sum at age 60 (2007/08) (iv)	Pension at 31/03/09 (v)	Lump sum at 31/03/09 (vi)	CETV at 31/03/08(vii)	CETV at 31/03/09 (viii)	Employee contributions and transfers-in (ix)	Real increase in CETV as funded by employer (2008/09) (x)¹	Real increase in CETV as funded by employer (2007/08) (x)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adrian McNeil – Chief Executive	-2.5-0	7.5-10	-2.5-0	25-27.5	50-55	150-155	1,146	1,178	1	(7)	210
Peter Lemmey – Director of Policy (resigned 16 January 2009)	0-2.5	0-2.5	0-2.5	2.5-5	35-40	110-115	824	950	1	7	34
Vicki Chapman – Director of Policy and Strategy (appointed 1 December 2008)	0-2.5	0	0	0	0-5	0	0	6	1	5	0
Sandy Mather – Director of Regulation	0-2.5	2.5-5	0	0	25-30	0	277	319	4	13	56
Shaun Griffin – Director of Communications	0-2.5	0-2.5	0	0	0-5	0	33	50	2	11	17
Leslie Boodram – Director of Resources (resigned 31 October 2009)	0-2.5	0-2.5	0	0	15-20	0	212	237	1	7	37

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 with HMRC re taxable emoluments of HTA staff and Authority members. This includes travel and subsistence, gym membership and wellbeing at work therapy. The cost of wellbeing therapy to the HTA is £5,625 (2007/08 £4,750). The gym membership available to staff is a subsidy of up to £17 per month. No other benefits in kind were received by senior staff members in 2008/09 or 2007/08.

Cash equivalent transfer value

Columns (vii) and (viii) of the above table show the staff member's cash equivalent transfer value accrued at the beginning and end of the reporting period. Column (x) 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

¹ The figure maybe different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Scheme (Transfer Values) (Amendment) Regulations 2008

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 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.

Civil Service pensions

Pension benefits are provided through the 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.

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.

Classic scheme

Benefits 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. Members pay contributions of 1.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

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 commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the members' ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

Classic plus scheme

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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 Retail 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. 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.

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.



Adrian McNeil
Chief Executive
Human Tissue Authority
Accounting Officer

Date: 11 June 2009

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.

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the HTA's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The assurance and accountability frameworks for reporting to the DH are agreed and require:

- the DH's approval of the HTA's strategic and business plans
- the HTA to submit budget profile and headcount reports and quarterly performance reports to the timetable outlined by the DH
- quarterly accountability reviews to be held between the HTA's Senior Management Team, the senior department sponsor and the Arm's Length Body Business Change Manager
- annual accountability review meetings with the Public Health Minister

DH officials attend Authority meetings, Audit Committee meetings and other HTA committees or working groups (at the invitation of the HTA) as observers. Officials from the NAO and RSM Bentley Jennison – the HTA's internal auditors – also attend Audit Committee meetings as observers.

The HTA has maintained close links with the DH since it was established and has held regular meetings with representatives from the departmental sponsor branch.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to: identify and prioritise the risks to the achievement of departmental policies and aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the HTA for the year ended 31 March 2009 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Throughout the year, the Authority and its Senior Management Team have monitored the HTA's expenditure through a monthly reporting system. In addition, systems of internal control previously implemented have been developed and embedded throughout the year in order to ensure the safe custody of the assets and finances of the HTA. These systems 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.

Capacity to handle risk

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. I am responsible for providing leadership for management of risk within the organisation and all members of the Senior Management Team are responsible for managing the strategic or operational risks that may impact the delivery of policies and objectives in their areas of work.

In order to strengthen its internal controls and provide assurance, the HTA has appointed internal auditors. The HTA is also subject to external audit by the Comptroller and Auditor General.

The risk and control framework

The HTA has spent time refining appropriate systems and processes to enable it to meet the requirements of a leading regulator. In 2008/09 this included restructuring Audit Committee meetings to ensure the committee focuses on topical and specific business issues, continuous refinement of an internal audit strategy, enhanced IT systems and an enhanced risk register managed monthly by the Senior Management Team. Where appropriate, risk was also indirectly assessed by the Authority at its regular meetings. The regulation directorate has also maintained a risk register for activities related to licensing and inspection and this is regularly reviewed.

The HTA recognises the need to ensure that its risk management and internal control arrangements are fit for purpose and applied throughout the organisation as it develops its functions and works towards achieving its objectives. It also recognises the role of the Audit Committee as vital in ensuring that all elements of our risk and internal controls framework are scrutinised and reviewed on a regular basis. The Audit Committee is charged by the Authority to carry out this work and report back its findings to the Authority on a regular basis.

The HTA is in the process of revising and finalising its corporate risk management strategy. A key part of the strategy is the enhancement of the current HTA risk register for both strategic and operational risks. One of the outcomes of this will be the improved reporting of risk to the Authority.

The strategy sets out:

- how the HTA will proactively identify, evaluate and manage risks to the delivery of its policies, aims and objectives
- roles and responsibilities in relation to risk management and how these will be communicated
- how the HTA will involve its stakeholders in identifying and managing risk
- how the HTA will determine the levels of risk it is willing to tolerate (risk appetite)
- how the risk management process itself will be reviewed and continually improved
- how business continuity will be addressed through the production of a business continuity plan

Data Protection

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 a Data Protection Policy, applies to all staff. Other arrangements include secure and confidential storage of information, encrypted removable equipment such as HTA laptops and USB memory sticks for key staff, and a fixed asset register to track the location of items of IT equipment. The HTA has a secure data wiping and hardware disposal process for all obsolete and decommissioned computer equipment. The HTA has access to on-site shredders and confidential disposal arrangements in place.

Information governance

In November 2007 an incident with Her Majesty's Revenue and Customs prompted a wholesale review of information governance within Government by the Cabinet Office.

In response to, and to ensure a consistent approach across the DH, an Information Governance Assurance Programme (IGAP) was established in February 2008 to:

- provide assurance to the public, key stakeholders and Ministers that sensitive personal identifiable information held within, and transferred between healthcare providers, delivery partners and support services, is managed in a secure and confidential manner
- produce an Information Governance Framework applicable to the DH and associated organisations, to continue to assure that sensitive personal identifiable information is managed securely and confidentially

In tandem, the HTA has also conducted its own Data Protection (DP) assessment. The Director of Resources, as Senior Information Risk Officer (SIRO), can confirm that the HTA has implemented all the current defined requirements of IGAP and the DP assessment.

Review of effectiveness

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 and the executive directors within the organisation who have responsibility for the development and maintenance of the internal control framework, 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, the Audit Committee and plans to address weaknesses and ensure continuous improvement of the system are in place.

During the last six months of 2008/09, the HTA saw three changes in the Director of Resources postholder. Such change had a disruptive effect on the work of the resources directorate, but no material errors or omission arose as a result. As Accounting Officer, I, together with the current Interim Director of Resources, reviewed the system of internal control and where appropriate made improvements. This is an ongoing process.

The Audit Committee are in the process of reviewing the management of risk across the HTA with a view to approving the risk strategy and risk register.

During the year, the HTA engaged internal auditors to investigate eight key operational systems. Overall, we have received positive assurances from the internal auditors and are actively introducing measures to cover areas of weakness that have been identified.



Adrian McNeil
Chief Executive
Human Tissue Authority
Accounting Officer

Date: 11 June 2009

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 2009 under the Human Tissue Act 2004. These comprise the income and expenditure account, the balance sheet, the cash flow statement and statement of total recognised gains and losses 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 Authority, Accounting Officer and auditor

The Authority and Chief Executive as Accounting Officer, are responsible for preparing the Annual Report, the remuneration report and the financial statements in accordance with the Human Tissue Act 2004 and Directions made thereunder by the Secretary of State, with the approval of Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the statement of the Authority’s and Accounting Officer’s responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Human Tissue Act 2004 and Directions made thereunder by the Secretary of State with the approval of Treasury. I report to you whether, in my opinion, the information, which comprises the Chief Executive’s report, management commentary and the unaudited part of the remuneration report, included in the Annual Report, is consistent with the financial statements. I also report whether 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.

In addition, I report to you if the Authority has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Authority’s compliance with HM Treasury’s guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chief Executive’s report, management commentary and the unaudited part of the remuneration report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures, and regularity of financial transactions included in the financial statements and the part of the remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the Authority and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the remuneration report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the remuneration report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Human Tissue Act 2004 and Directions made thereunder by the Secretary of State, with the approval of Treasury, of the state of the Authority's affairs as at 31 March 2009 and of its deficit for the year then ended;
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Human Tissue Act 2004 and directions made thereunder by the Secretary of State with the approval of Treasury; and
- information, which comprises the Chief Executive's report, management commentary and the unaudited part of the remuneration report, included within the Annual Report, is consistent with the financial statements.

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.

Reports

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

15 June 2009

Human Tissue Authority

Financial accounts

Presented pursuant to the Human Tissue Act 2004 Section 36 and Schedule 2 (paragraph 16)

Human Tissue Authority
Financial accounts 2008/09
(For the year ended 31 March 2009)

Income and expenditure account

For the year ended 31 March 2009

		2008/09	2007/08
	Note	<u>£</u>	<u>£</u>
Income	2	3,790,165	3,463,827
Administration costs			
Staff costs	3	2,734,301	2,721,749
Other administration costs	4	<u>1,995,585</u>	<u>1,868,879</u>
Total expenditure		<u>4,729,886</u>	<u>4,590,628</u>
Net operating income / (expenditure)		(939,721)	(1,126,801)
Notional interest	1.10	<u>(28,280)</u>	<u>(11,862)</u>
Income / (expenditure) on ordinary activities		(968,001)	(1,138,663)
Write back of notional interest		<u>28,280</u>	<u>11,862</u>
Net income / (expenditure) for the financial year		<u>(939,721)</u>	<u>(1,126,801)</u>

Statement of total recognised gains and losses

For the year ended 31 March 2009

	2008/09	2007/08
	<u>£</u>	<u>£</u>
Net income/ (expenditure) for the financial year	(939,721)	(1,126,801)
Total recognised gains/(losses) for the year	<u>(939,721)</u>	<u>(1,126,801)</u>

The notes on pages 26 to 38 form part of these accounts

Balance sheet
As at 31 March 2009

	Note	31 March 2009		31 March 2008	
		£	£	£	£
Tangible and intangible fixed assets					
Intangible fixed assets	5a	29,873		31,089	
Tangible fixed assets	5b	687,564		384,112	
			717,437		415,201
Current assets					
Debtors	6	331,175		81,726	
Cash at bank and in hand	15	1,471,983		1,408,815	
		1,803,158		1,490,541	
Creditors (Amounts falling due within one year)	7	<u>(502,121)</u>		<u>(590,547)</u>	
Total current assets less current liabilities			1,301,037		899,994
			<u>2,018,474</u>		<u>1,315,195</u>
Financed by					
Income and expenditure reserve	9		2,018,474		1,315,195
			<u>2,018,474</u>		<u>1,315,195</u>

The notes on pages 26 to 38 form part of these accounts



Adrian McNeil
Chief Executive
Human Tissue Authority
Accounting Officer

Date: 11 June 2009

Cash flow statement

For the year ended 31 March 2009

		2008/09	2007/08
	<i>Note</i>	<u>£</u>	<u>£</u>
Net cash inflow/(outflow) from operating activities	16.1	(1,013,376)	(477,810)
Capital expenditure and financial investments			
Payments to acquire intangible assets		(28,960)	(43,033)
Payments to acquire tangible assets		(537,496)	(319,783)
Financing	16.2	1,643,000	1,647,000
Increase in cash in the period		<u>63,168</u>	<u>806,374</u>

Fixed assets accruals at 31 March 2009 were £Nil (2007/08, £978)

The notes on pages 26 to 38 form part of these accounts

Notes to the accounts

1.1 Statement of accounting policies

The financial statements have been prepared pursuant to the HT Act, Schedule 2 (paragraph 16) and in accordance with the FReM 2008/09 and Managing Public Money, issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) and the Companies Act requirements to the extent that it is meaningful and appropriate to the public sector. The particular accounting policies adopted by the HTA are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.2 Change of accounting policies

There were no changes to accounting policies within this financial year. Therefore no restatement of the financial accounts is required.

1.3 Fixed assets

Fixed assets include tangible and intangible assets and the cost of acquiring or creating computer systems or software. Only items or groups of related items, costing £1,000 or more are capitalised. Those costing less are treated as revenue expenditure.

Fixed assets are stated at their depreciated historical cost as the Authority considers this an appropriate basis for calculating their current value, after taking into consideration the estimated economic useful lives of the assets and their values.

1.4 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.

1.5 Foreign currency transactions

There were no transactions in foreign currency in 2008/09 (2007/08 Nil).

1.6 Depreciation and amortisation

Depreciation is provided on all tangible assets on a monthly basis from the date of deemed economic benefit at rates calculated to write off the cost of each asset evenly over its expected useful life.

Amortisation is provided on intangible assets (which comprise software licences) on a monthly basis at a rate calculated to write off the cost of each asset over its expected useful life. Expected useful lives are as follows:

Computer equipment	3 years
Constructed software	3 years
Office equipment	3 years
Furniture and fittings	3 years

1.7 Leases

The Authority has no finance leases. The Authority has operating leases with the GAD with regards to the rent and hire of premises. The Authority also has an operating lease with Oce in respect of photocopying equipment. Commitments under operating leases are detailed in note 11.

1.8 Income

In 2008/09 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. Both fees income and other income are recognised at invoice date.

1.9 Administration expenditure

Administration costs reflect the costs of running the HTA.

1.10 Notional charge

In accordance with Treasury guidance, notional interest at 3.5 per cent of the average capital employed, excluding balances held in cash and in hand, has been credited in the income and expenditure account amounting to £28,280 in 2008/09 (2007/08, £11,862).

1.11 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. The HTA recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the HTA recognises the contributions payable for the year. Further details of pension details and commitments are included in the remuneration report.

1.12 Value Added Tax

The Authority was not registered for VAT during the financial year 2008/09.

1.13 Debtors

The Authority provides for bad debts. The provision for this financial year consists of two elements: 3 per cent for all outstanding debts less than six months old; and a further 50 per cent for debts over six months old.

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 or services), which are entered into in accordance with the Authority'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.

2. Total income

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 for which it charges fees for licences.

	<u>2008/09</u>	<u>2007/08</u>
	£	£
Administration income		
Licence fee income	3,719,150	3,394,500
Income from devolved administrations	70,584	68,695
Other income	431	632
Total	<u>3,790,165</u>	<u>3,463,827</u>

Fees and charges

During the year to 31 March 2009 the licence fee income received by the HTA represented the costs incurred in the granting of new licences and the regulation of licences in force for the period.

These fees are calculated on a full cost recovery basis, in order that all costs incurred by the HTA in the superintending of compliance with the terms of licences, are included in the final cost invoiced to the licensee.

SECTOR	<u>2008/09</u>
	£
Anatomy	180,000
Post mortem	1,380,900
Public display	42,350
Research	873,200
Human application	<u>1,242,700</u>
Total licence fee income	<u>3,719,150</u>
Costs allocated to licensing activities	<u>(3,619,974)</u>
Surplus on licensing activities	<u>99,176</u>

This analysis has been prepared for the first time in 2008/09.

In addition, there are elements of the Authority's work that do not relate directly to the above regulatory process. 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, not SSAP 25 purposes.

3. Staff numbers and related costs

a) Staff costs comprise:

	<u>2008/09</u>	<u>2007/08</u>
	£	£
Wages and salaries	1,820,707	1,638,580
Social Security costs	165,240	147,752
Pension costs	293,263	267,764
Agency / temporary staff	455,091	667,653
	<hr/>	<hr/>
Total	<u>2,734,301</u>	<u>2,721,749</u>
<i>Of which members emoluments</i>	<i>164,216</i>	<i>179,142</i>

The sum of £50,094 has been capitalised from agency costs incurred as part of ongoing project work including IMPACT, the CRM project and design work on the existing licensing management system. Please refer to page 11 for further details.

More details on the remuneration policy can be found in the remuneration report.

For 2008/09 contributions of £287,579 (2007/08, £267,764) were paid to the PCSPS at rates prescribed by the Treasury. These rates were in the range of 17.1 – 25.5 per cent of pensionable pay, according to salary level. Contributions of £5,684 were paid to a Partnership Pension provider, (2007/08 £nil).

b) Average number of persons employed

All staff are seconded through other Government bodies. These include the DH and HFEA. As of 31 March 2009 the HTA employed 37 staff (37 FTE). The average number of full-time equivalent persons employed (including senior management), during the year was as follows:

	<u>2008/09</u>	<u>2007/08</u>
	FTE	FTE
Seconded management staff	5	5
Seconded administrative staff	32	32
	<hr/>	<hr/>
Total	<u>37</u>	<u>37</u>

The HTA employed a number of contractors throughout the year to provide cover whilst permanent staff were recruited.

Contract staff	<u>11</u>	<u>10</u>
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40 percent of the cost of a contractor has been capitalised as the work relates to ongoing projects, which include, but is not limited to the CRM project (see management commentary for further details).

4. Other administration costs

	<u>2008/09</u>	<u>2007/08</u>
	£	£
Accommodation	133,132	166,955
Project costs	20,590	28,885
Travel, subsistence and hospitality	111,802	130,948
Recruitment	117,675	94,930
Training	109,911	110,954
Consultancy (note 4)	149,223	202,529
Stationery and publications	79,134	59,457
Shared services (note 1)	128,629	194,341
Operating lease on land and buildings (note 5)	211,777	140,725
Operating lease on office equipment (note 2)	(10,697)	8,343
IT costs	198,423	259,734
Telecommunications	14,617	26,858
Legal fees	57,867	23,645
Venue hire	74,908	59,043
Business continuity costs (note 2)	(128)	14,425
Transition costs	-	49,874
Other costs	57,037	60,711
Bad debt	13,835	(74,750)
Auditors remuneration (note 3)	59,688	36,845
Depreciation and amortisation	257,460	189,477
Loss on disposal of fixed assets	5,783	6,225
Organisational development costs (note 4)	<u>204,919</u>	<u>78,725</u>
Total	<u>1,995,585</u>	<u>1,868,879</u>

Notes

1. Shared services include HR, legal and financial services.
2. The negative values in 2008/09 re the operating lease on office equipment and business continuity cost are the result of a reversal of an accrual made for a charge that was no longer required.
3. Auditors remuneration includes fees for the external auditors (NAO), £35,000 (2007/08, £23,000). This fee represents the cost for the audit of financial statements carried out by the Comptroller and Auditor General. This account does not include fees in respect of non-audit work. No such work was undertaken by NAO. The remainder of the audit fee relates to internal audit work. This again does not include non-audit work.
4. Organisational development costs are those costs that have arisen due to restructuring of the HTA and developing policies and strategies to foster the new structure. It was agreed that this additional expense would be funded from accumulated reserves. In 2007/08, organisational development costs were included within consultancy costs. The comparators for 2007/08 have been reanalysed in order to be consistent with the figures for 2008/09.
5. In 2007/08 accommodation costs included the operating lease payments on land and buildings. The comparatives have been reanalysed for consistency with the 2008/09 figures which have been shown separately.

5a. Intangible fixed assets

	Software	Totals
Cost as at 1 April 2008	63,596	63,596
Additions	28,960	28,960
As at 31 March 2009	<u>92,556</u>	<u>92,556</u>
Amortisation as at 1 April 2008	32,507	32,507
Charge for the year	30,176	30,176
As at 31 March 2009	<u>62,683</u>	<u>62,683</u>
Net Book Value (NBV)		
At 31 March 2009	<u>29,873</u>	<u>29,873</u>
At 1 April 2008	31,089	31,089
Decrease in NBV	<u>(1,216)</u>	<u>(1,216)</u>

5b. Tangible fixed assets

	IT equipment	Furniture and fittings	Constructed software	Totals
Cost as at 1 April 2008	102,440	190,514	290,879	583,833
Additions	227,570	30,025	278,923	536,518
Disposals	(12,370)	-	-	(12,370)
As at 31 March 2009	<u>317,640</u>	<u>220,539</u>	<u>569,802</u>	<u>1,107,981</u>
Depreciation as at 1 April 2008	33,921	43,595	122,205	199,721
Charge for the year	33,700	63,781	129,803	227,284
Disposals	(6,588)	-	-	(6,588)
As at 31 March 2009	<u>61,033</u>	<u>107,376</u>	<u>252,008</u>	<u>420,417</u>
Net Book Value (NBV)				
At 31 March 2009	<u>256,607</u>	<u>113,163</u>	<u>317,794</u>	<u>687,564</u>
At 1 April 2008	68,519	146,919	168,674	384,112
Increase/(decrease) in NBV	<u>188,088</u>	<u>(33,756)</u>	<u>149,120</u>	<u>303,452</u>

6. Debtors

	<u>2008/09</u>	<u>2007/08</u>
	£	£
Licence fee debtors	107,400	49,691
Bad debt provision	(19,085)	(5,250)
Other debtors	5,903	2,296
Prepayments	236,957	34,989
Total	<u>331,175</u>	<u>81,726</u>

Debtors – Intra government balances

	<u>2008/09</u>	<u>2007/08</u>
	£	£
Amounts falling due within one year		
Balances with central government bodies	91,857	8,678
Balances with bodies external to government	184,328	61,062
Balances with NHS bodies	42,058	11,986
Balances with Local Authorities	12,932	-
Total	<u>331,175</u>	<u>81,726</u>

Provision for bad debts	<u>2008/09</u>	<u>2007/08</u>
	£	£
Balance as at 1 April 2008	5,250	80,000
Provision in year	13,835	(74,750)
At 31 March 2009	<u>19,085</u>	<u>5,250</u>

Ageing of non-impaired debtors	<u>2008/09</u>	<u>2007/08</u>
	£	£
Licence fee debtors		
Not due as at 31 March	5,300	-
Overdue as at 31 March	102,100	49,691
Total	<u>107,400</u>	<u>49,691</u>

7. Creditors

	<u>2008/09</u>	<u>2007/08</u>
	£	£
Trade creditors	158,864	245,712
Tax and social security creditors	48,518	-
Other creditors	46,809	
Accruals	247,930	344,835
Total	<u>502,121</u>	<u>590,547</u>

Creditors – Intra government balances

	<u>2008/09</u>	<u>2007/08</u>
	£	£
Balance with central government bodies	164,939	212,410
Balance with bodies external to government	311,582	378,137
Balances with NHS bodies	25,600	-
Total	<u>502,121</u>	<u>590,547</u>

There are no creditors falling due after one year (2007/08 £nil).

8. Post-balance sheet events

These accounts are authorised for issue on the date that they were certified by the Comptroller and Auditor General.

9. Income and expenditure reserve

The income and expenditure reserve represents the total net assets less liabilities of the HTA, to the extent that the total is not represented by other reserves.

	<u>2008/09</u>
	£
Balance at 1 April 2008	1,315,195
Income/ (expenditure) for the year	(939,721)
Grant-in-aid received towards resource expenditure	918,000
Grant-in-aid received towards capital expenditure	725,000
Income and expenditure reserve at 31 March 2009	<u>2,018,474</u>

10. Capital commitments

	31 March 2009
	<u>£</u>
Contracts entered into not provided for in the accounts	
Project fees	22,481
Office fit-out	192,289
Computer costs	<u>52,704</u>
Total costs	<u>267,474</u>

At the 31 March 2008, there were no capital commitments.

11. Commitments under operating leases

	2008/09	2007/08
	<u>£</u>	<u>£</u>
Land and buildings		
Leases which expire within 1 year*	6,560	204,936
Leases which expire between 2 to 5 years	300,368	-
Office equipment		
Leases which expire within 1 year	-	-
Leases which expire between 2 to 5 years	5,648	4,912
	<u>312,576</u>	<u>209,848</u>

12. Contingent liabilities

At 31 March 2009 there were no contingent liabilities (2007/08 £30,000).

13. Related party transactions

The DH is regarded as a related party and had various material transactions with the Authority during the year. This mainly related to the provision of the grant-in-aid and seconded employees. Two staff were on secondment from the DH during the year. At 31 March 2009 the HTA owed the DH £25,928.

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

- HFEA – during the year, the HTA received invoices totalling £91,585 for the provision of human resources (including payroll) and legal services; £40,000 for finance services. At 31 March 2009 the HTA owed the HFEA £12,966; amounts due from the HFEA to the HTA were £Nil.
- NHSBT – transactions totalled £98,400 and were for the provision of licences under the human application sector. The balance outstanding as at 31 March 2009 was (£25,600) due to NHSBT.

During 2008/09 no Authority Member or senior manager or other related parties undertook any material transactions with the HTA.

14. Performance against key financial targets

During 2008/09 the Authority managed income and expenditure so that draw downs were kept to within the DH's cash allocation. A total of £1,643,000 was drawn down from the DH during the year, out of a total available cash allocation of £1,713,000.

At the year end the creditor days were 19 (2007/08, 30 days) and throughout the year creditors were paid promptly. The decrease in creditor days was due to a change in payment policy as directed by HM Government. It is expected that through implementing a more rigorous procurement process, this figure will further improve in 2009/10 and enable the Authority to continue fulfilling the criteria of the Better Payment Practice Code.

15. Cash at bank and in hand

	2008/09
	£
Balance at 1 April	1,408,815
Net cash inflow	63,168
Balance at 31 March 2009	1,471,983

The following balances at 31 March 2009 are held at:

	2008/09
	£
Office of HM Paymaster General, Barclays Bank plus cash in hand	1,471,983
	1,471,983

The Office of HM Paymaster General and Barclays bank provide a current account banking service. During the year, the Authority held a small amount of cash in hand – at 31 March this was £57. The balance of funds held within the HM Paymaster General and Barclays bank account on 31 March 2009 were £821,463 and £650,463 respectively.

16. Notes to the cash flow statement

Note (i) reconciliation of operating net expenditure

Net inflow from operating activities	2008/09	2007/08
	£	£
Net cash inflow/(outflow) from operating activities	(939,721)	(1,126,801)
Adjustment for depreciation and amortisation	257,460	189,477
Loss on disposal of fixed assets	5,783	6,225
(Increase)/decrease in debtors	(263,284)	229,626
Increase/(decrease) in provision for bad debts	13,835	(5,250)
Increase/(decrease) in creditors	(87,449)	228,913
Net cash inflow/ (outflow) from operating activities	(1,013,376)	(477,810)

Note (ii) Analysis of financing

	2008/09	2007/08
	<u>£</u>	<u>£</u>
Grant in-aid and revenue grant received from DH	918,000	1,264,000
Grant in-aid and capital grant received from DH	725,000	383,000
Total grant-in-aid applied towards revenue expenditure	<u>1,643,000</u>	<u>1,647,000</u>

Note (iii) Analysis of changes in net funds

	At 31/03/08	Cash flow	At 31/03/09
	<u>£</u>	<u>£</u>	<u>£</u>
Cash at bank and in hand	1,408,815	63,168	1,471,983

17. Financial instruments

FRS 29 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 than would be typical of the listed companies to which FRS 29 mainly applies. The HTA has powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Authority in undertaking activities.

Liquidity risk

The HTA receives the majority of its income from annual licence fees payable by various establishments mainly in the public sector. The Authority's remaining 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 2009 the Authority's financial liabilities carried nil rates of interest. The Authority's financial assets relate to receivables and its cash balances held at 31 March 2009 within the Office of Paymaster General (OPG) bank account and Barclays commercial current account, which is not interest bearing at present. Interest on cash balances are set by OPG. The HTA are therefore not exposed to significant interest-rate-risk.

Credit risk

The Authority received 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

The Authority has no foreign currency income or expenditure.

Financial assets

Financial assets by category	Total	Receivables and other financial assets
	£	£
Assets per balance sheet		
Licence fee debtors (net of provisions)	88,315	88,315
Other debtors	5,903	5,903
Cash at bank and in hand	<u>1,471,983</u>	<u>1,471,983</u>
Total at 31 March 2009	<u>1,566,201</u>	<u>1,566,201</u>
Licence fee debtors (net of provisions)	44,441	44,441
Other debtors	2,296	2,296
Cash at bank and in hand	<u>1,408,815</u>	<u>1,408,815</u>
Total at 31 March 2008	<u>1,455,552</u>	<u>1,455,552</u>

The cash balances as at 31 March 2009 and 2008 carried a floating rate.

Financial liabilities

Financial liabilities by category	Total	Other financial liabilities
	£	£
Liabilities per balance sheet		
Trade creditors	158,864	158,864
Other creditors	95,327	95,327
Accruals	<u>247,930</u>	<u>247,930</u>
Total at 31 March 2009	<u>502,121</u>	<u>502,121</u>
Trade creditors	245,712	245,712
Other creditors	-	-
Accruals	<u>344,835</u>	<u>344,835</u>
Total at 31 March 2008	<u>590,547</u>	<u>590,547</u>

As at 31 March 2009 none of the Authority's liabilities carried a floating rate.

Fair values

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

18. Losses and special payments

There were no losses over £250,000 for the year (2007/08, £Nil), and no special payments over £250,000 were made in 2008/09 £Nil (2007/08, £Nil).

Human Tissue Authority

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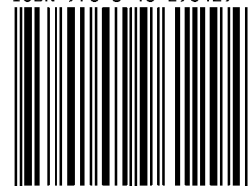
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