

**Human Tissue Authority  
Annual Report and Accounts 2013/14**

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

**Ordered by the House of Commons to be printed 26 June 2014**

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This publication is available at <https://www.gov.uk/government/publications>

Print ISBN 9781474107457

Web ISBN 9781474107464

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

ID 17061406 41284 06/14

Printed on paper containing 75% recycled fibre content minimum

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## **Directors' report**

### **Statutory remit**

The HTA is an Executive Non-Departmental Public Body (ENDPB) sponsored by the Department of Health (DH). We were established under the Human Tissue Act (HT Act) 2004 – which covers England, Wales and Northern Ireland – to regulate activities relating to the removal, storage, use and disposal of human tissue. Our overall strategic goal is to maintain and further enhance confidence in these activities by ensuring that they are undertaken safely and ethically, and with proper consent.

The HTA has a number of statutory functions. We 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 and for the public by providing information to help them make informed decisions.

We license organisations that store and use tissue for purposes such as research, patient treatment, post-mortem examination, teaching, and public exhibitions. We license more than 800 establishments and publish standards that licensed establishments must meet: on consent; governance and quality systems; premises, facilities and equipment; and disposal. We also inspect organisations to check that they maintain good standards and follow appropriate procedures.

As well as licensing under the HT Act, 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). We are also the UK's Competent Authority for the European Union Organ Donation Directive (EUODD), ensuring the quality and safety of organs intended for transplantation.

The HTA also regulates, through an independent assessment process, the donation of solid organs from living people, ensuring that valid consent has been given and that no reward is sought or offered. We fulfil a similar role for living donation of bone marrow and peripheral blood stem cells from children and adults who lack the capacity to consent. The HTA regulates living donation, in compliance with Scottish legislation, on behalf of the Scottish Government.

The HTA also oversees the consent requirements of the Human Tissue Act for deceased organ donation.

The Authority – the HTA's non-executive board – is made up of a Chair and up to 11 Members who are appointed by the Secretary of State for Health, with the exception of one Member appointed by the Welsh Minister and one by the Minister in Northern Ireland. Its 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 which is responsible for the discharge of these responsibilities on a day-to-day basis.

### **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.

Surveys of the public, professionals and our stakeholders demonstrate that the HTA applies these principles and that we have the confidence of these groups.

Staff are extremely committed to our work and values and their ideas and efforts have enabled us to improve our service with less resource. The staff survey in February 2014 reported that 100% of staff feel proud to work for the HTA.

The HTA seeks to improve continuously and has made good progress in implementing the recommendations from the 2013 independent review (the McCracken review).

Further details are available on our website [www.hta.gov.uk](http://www.hta.gov.uk)

### **The Board and senior management**

Details of Authority Members and the senior management team are set out in the Remuneration report.

### **Interests of Authority Members and staff**

Arrangements for managing potential conflicts of interest are set out in the Annual Governance Statement.

## **Resources**

As an ENDPB, the HTA is funded from two main sources: 23% in the form of Grant-in-Aid (GIA) from its sponsors the Department of Health (DH) and devolved administrations; and 76% from licence fees charged to organisations that store and use tissue for various functions such as research or patient treatment. GIA reduced by another 10% in 2013/14, in line with funding constraints and DH strategy to encourage efficiency within organisations.

The HTA's spend in 2013/14 was £3.9m, a reduction of 7.6% from the previous year. The HTA has continued to explore ways to become more efficient without affecting the quality of services and advice provided. Efficiencies in regulatory activity are passed on in lower licence fees – income from licence fees reduced by 5% in 2013/14.

Our back office or support services remain as streamlined as possible. We outsource our Information Technology services and have one HTA member of staff who oversees these and other business technology responsibilities. We no longer employ our own legal adviser, using instead a new DH wide framework agreement for external legal advice, with the support of the HFEA's legal adviser. We have one HR advisor and two finance and governance staff. Our colocation with other Arm's Length Bodies (ALBs) within the building, which is managed by the Department for Business, Innovation and Skills (BIS), means we share services and keeps our accommodation and facilities costs at a low level.

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

## **Pensions**

Pension arrangements are set out in the remuneration report and note 1.10 to the accounts.

## **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 race, disability, gender, gender identity, religion/belief, age, sexual orientation or any other protected characteristic is prohibited within the HTA, and to ensure that the Authority abides by the statutory regulations regarding human rights and discrimination. We monitor our performance in this area. During 2013/14, we updated our policy and are due to provide all staff with refresher training in 2014/15.

A new reporting requirement from the Finance Reporting Manual (FReM 2013-14) requires organisations to detail the gender mix by position and total staff numbers overall. Below is the position as at 31 March 2014.

**Gender Analysis**  
**As at 31 March 2014**

	Male	Female	Total	
Authority Members	4	7	11	
Directors	3	2	5	
Total employees	15	29	44	*

\* Total employees are permanent employees and excludes Authority Members

### **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 provides an annual staff survey which has participation rates well above the Civil Service average of 59% (75% in 2013/14 and 87% in 2012/13). The HTA is committed to engaging staff and will strive to build on high staff engagement and satisfaction scores from the staff survey year on year.

The HTA has a staff forum to ensure that all staff have their say and continue to have an 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 2014 the total number of whole time equivalent days (WTE) lost to sickness absence was 101 days. This information is disclosed in accordance with the *Government Financial Reporting Manual (FReM)* and equates to an average of 2 days per WTE; and a sickness absence rate of 1%.

### **Learning and development**

The HTA actively promotes the development of staff by offering a wide range 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. In 2013/14 a further three members of staff

benefitted from the scheme, in addition to the nine previous beneficiaries. We also have access to the Civil Service Learning portal which provides a plethora of training for public sector staff.

### **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, 94% (2012/13 91%) were paid within five days, and 99% within 30 days (2012/13 100%). The average number of days for payment over the whole year was 1.6 (2012/13 2 days). No interest payments were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

### **Data incidents**

Arrangements for data security are set out in the Annual Governance Statement. There were no incidents of data loss in 2013/14.

### **Auditors**

The Comptroller and Auditor General is the external auditor for the HTA's accounts. The external auditor's remuneration in 2013/14 was £26,000. No fees were incurred for non-audit work.

The HTA is part of DH's group internal audit arrangements, with our audit services being provided by DH's partner PwC.

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: 10 June 2014



## Strategic report

### Overview

The HTA has had another successful year of maintaining its activities within its budget envelope and making savings. Expenditure for the year is 7.2% less than budget and 7.6% less than in 2012/13.

There was less income from activities in 2013/14. Licence fees in the Post Mortem and Human Application sectors have decreased by 7% and 9% respectively. One of the reasons for the reductions is that some of our establishments have combined to form larger trusts for which fewer licences are required.

Fees for the new Organ Donation and Transplant (ODT) sector were subsidised by DH again in 2013/14. The cost of regulating this sector was financed from HTA reserves. In 2014/15 fees will be charged directly to organisations within this sector now the costs of regulation are known.

The Statement of Financial Position shows a small reduction in reserves, as expected. This year has been a successful one in terms of debt collection and cashflow management.

The revenue Grant-in-aid (GIA) awarded by DH reduced by 10% from the previous year and there was no capital GIA.

The summary table below includes rounded 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 2014**

	2013/14 £'000's	2012/13 £'000's
<b>Income<sup>1</sup></b>		
Income from devolved administrations	115	132
Licence fee	2,970	3,131
Other income <sup>2</sup>	29	54
<b>Total income</b>	<b>3,115</b>	<b>3,317</b>
<b>Expenditure</b>		
Staff costs	2,492	2,357
General administrative costs	1,421	1,879
<b>Total expenditure</b>	<b>3,913</b>	<b>4,236</b>
<b>Net expenditure for the financial year<sup>3</sup></b>	<b>798</b>	<b>919</b>

<sup>1</sup>Income is exclusive of revenue Grant-in-Aid (£773k awarded and drawn down) which for accounting purposes is treated as financing rather than income.

<sup>2</sup>Other income in 2013/14 is rental income from NHSLA and staff costs recharged to the Welsh Government (2012/13 rental income and EU income).

<sup>3</sup>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 2013/14

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

For 2013/14 the strategic aims were:

- To improve further the effectiveness of our regulatory activity, and our advice and guidance
- To develop and consolidate productive stakeholder relationships with the public and professionals
- To have a skilled, motivated and dedicated team equipped to do the job in a challenging operational environment
- To ensure the HTA is effectively governed, and is managed efficiently providing value for money for licensed establishments and the tax payer

The HTA agreed the following objectives for 2013/14 with the DH:

- To deliver right-touch regulation, targeting our resources where there is most likelihood of non-compliance and greatest risk to the public
- To deal firmly and fairly with those licence holders who do not comply with our standards whilst supporting those who are committed to achieving high quality
- To deliver effective regulation of living donation
- To provide high-quality information, advice and guidance to professionals and the public
- To maintain and build confidence and awareness in our work amongst professionals and the interested public
- To work with other organisations to reduce regulatory burdens and increase the impact of our work
- To engage stakeholders to inform both regulatory policy and processes, and our fees
- To develop means to ensure the views of the interested public inform our regulatory approach
- To maintain the HTA's positive working environment and culture, and uphold the values of the organisation
- To lead, motivate, involve and support colleagues to deliver excellent work
- To attract and retain the right people with the right skills
- To improve expertise and support delivery through high quality learning and development
- To maintain governance arrangements which give appropriate oversight to matters within the HTA's legislative remit
- To maintain high quality management skills and practices
- To maintain and improve cost-effectiveness and quality by systematically reviewing systems, processes and procedures, and by working with others
- To ensure the continued financial viability of the HTA

Of 16 key performance indicators, 13 were met. Those that were not met related to five areas:

- 82 of 87 inspections in the human application sector were completed – the target was 100%. The remaining five inspections were not completed due to pending licence revocation requests or no licensable activities being carried out and one was postponed while enforcement action was being taken.
- Panel cases were not assessed within ten working days for four of the twelve months, including March. This was identified as a risk caused by turnover of Authority Members. We have also enhanced the IT system to alert the panel chair as soon as final sign off can be made.
- There was a decrease in the proportion of visitors stating they were very satisfied with the HTA's website. This was not surprising as it had been identified earlier in the year that complete redevelopment of the HTA's website would be necessary to meet the standards expected by stakeholders and the public. Interim steps have been taken in the meantime to improve the website within the confines of the existing platform.
- Public confidence in the regulation of human tissue decreased from 57% to 49%, probably because of general mistrust in the health sector as highlighted by the Francis Report.
- The other two indicators missed relate to staffing. The vacancy rate was just over the 5% target for four of the twelve months, including March. The rate of attrition was higher than the target of 18% or below for five of the twelve months, including March. Pay constraints are the biggest reason for attrition and vacancies and the HTA has reviewed our range of non-pay benefits to help improve staff retention.

**Risks and uncertainties as at 31 March 2014**

Risks	Mitigating factors and actions
<p><b>Inability to carry out our s statutory remit (strategic objective 1)</b></p>	<ul style="list-style-type: none"> <li>• <i>Strategic plan and business plan</i></li> <li>• <i>Ongoing review of performance and priorities</i></li> <li>• <i>Quarterly accountability meetings with DH</i></li> <li>• <i>Resource, contingency and efficiency plans</i></li> <li>• <i>Training and development of professional competence</i></li> <li>• <i>Communications about implementation of independent review recommendations</i></li> <li>• <i>CRM development and support contract</i></li> <li>• <i>Business continuity plan</i></li> <li>• <i>Staff benefits statements issued annually</i></li> <li>• <i>Staff survey action plan in place</i></li> <li>• <i>Specialist expertise identified at recruitment to ensure we maintain a broad range of knowledge across all sectors</i></li> <li>• <i>Contingency plans in place for living donation work to manage turnover of Members</i></li> <li>• <i>Introduction of Tiny Pulse weekly surveys of staff</i></li> <li>• <i>Recruitment Policy amended to show contingency plans.</i></li> </ul>
<p><b>Failure to manage change (underpins delivery of all strategic objectives and directly impacts on 3, 4 and 5)</b></p>	<p><b>Member turnover:</b></p> <ul style="list-style-type: none"> <li>• <i>Contingency plans for living donation work to manage turnover of Members in place</i></li> </ul> <p><b>Changes arising from independent review:</b></p> <ul style="list-style-type: none"> <li>• <i>Planning for shared Director role and other changes in place</i></li> <li>• <i>Networking and collaborative working with other ALBs (MoU signed with HRA, CQC and HFEA)</i></li> </ul> <p><b>Welsh legislation on deemed consent:</b></p> <ul style="list-style-type: none"> <li>• <i>Active engagement with Wales/DH</i></li> </ul> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>• <i>Corporate leadership by SMT and Heads</i></li> <li>• <i>Change activity reflected in business plan with appropriate prioritisation</i></li> <li>• <i>Succession planning – staff development (eg Hubbub, CIS) - and contingency plans made for key staff</i></li> <li>• <i>Resource and efficiency plans in place</i></li> <li>• <i>Contributing to shared service development and implementation</i></li> <li>• <i>Internal communications strategy and mechanisms for communicating in place</i></li> <li>• <i>Engaging key domestic and European stakeholders</i></li> <li>• <i>Streamlined arrangements for Authority meetings</i></li> </ul>

	<ul style="list-style-type: none"> <li>• <i>Staff capacity and capabilities reviewed and staff development in place. Business as usual and change projects have been prioritised to ensure that key objectives will be delivered in the 2013/14 business plan. Staff training has included managing change and project management</i></li> </ul>
<p><b><i>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)</i></b></p>	<ul style="list-style-type: none"> <li>• <i>Filled identified business-critical roles</i></li> <li>• <i>Resource plan in place</i></li> <li>• <i>Crisis management policy, SOPs and guidance in place, regularly reviewed and communicated to staff</i></li> <li>• <i>Media handling policy and guidance in place to supplement media release and enquiries SOPs</i></li> <li>• <i>Annual crisis training</i></li> <li>• <i>Business continuity plan regularly reviewed and tested</i></li> <li>• <i>Accessible lines to take and key messages for likely scenarios</i></li> <li>• <i>Media training for key staff &amp; members with relevant scenarios</i></li> <li>• <i>Media awareness for staff</i></li> <li>• <i>SMT/Heads/Comms trained on major event communications</i></li> <li>• <i>Comms team have staff and key Board contacts for media issues</i></li> <li>• <i>Availability of legal advice</i></li> <li>• <i>Agreed chain of approval to mitigate against staff / Chair absence</i></li> <li>• <i>Mutual support from HFEA, CQC to support risk awareness</i></li> <li>• <i>Fit for purpose Police Referrals Policy</i></li> <li>• <i>Refresher regulation training programme in place</i></li> <li>• <i>Decision making framework and onward delegation scheme agreed by the Authority</i></li> <li>• <i>IT security controls and information risk management</i></li> </ul>

<p><b><i>Insufficient financial resources (underpins delivery of all strategic objectives and directly impacts on</i></b></p>	<ul style="list-style-type: none"> <li>• <i>Budget management framework to control and review spend and take early action</i></li> <li>• <i>Financial projections</i></li> <li>• <i>Cash flow forecasting and monitoring</i></li> <li>• <i>Licence fee modelling</i></li> <li>• <i>Rigorous debt recovery procedure</i></li> <li>• <i>Reserves policy and levels of reserves</i></li> <li>• <i>Delegation letters set out responsibilities</i></li> <li>• <i>Efficiency planning</i></li> <li>• <i>Fees model provides cost/income information for planning</i></li> <li>• <i>Transplant work funded by GIA (ring fenced)</i></li> </ul>
<p><b><i>Inadequate relationship/ stakeholder management (strategic objective 2)</i></b></p>	<ul style="list-style-type: none"> <li>• <i>Effective engagement with stakeholders on key regulatory issues, including through Stakeholder Group</i></li> <li>• <i>Ongoing engagement with Department of Health, OGDs, NDPBs and devolved administrations</i></li> <li>• <i>Communications and media strategies and mechanisms for implementing (e-newsletter, website etc.) and staffing in place</i></li> <li>• <i>Media training for SMT and Members</i></li> <li>• <i>Strong HTA brand and identity</i></li> <li>• <i>Authority has position on deemed consent for organ donation</i></li> <li>• <i>HTA represented in advisory capacity on Wales organ donation expert reference group.</i></li> <li>• <i>Post-ALB review Communication plan</i></li> <li>• <i>Communications plan about new Members in place</i></li> <li>• <i>HTA represented on the Regenerative Medicine Expert Group and NHSBT 2020 Oversight Group</i></li> </ul>

## **Social, community and environmental issues**

The HTA occupies a quarter of one floor within multi tenanted buildings on Buckingham Palace Road. 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. Staff are encouraged to travel on HTA business in the most sustainable and cost-effective way.

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.

### **2013/14 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 (FReM) 2013/14.



Alan Clamp  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 10 June 2014

## Remuneration report

### Salary and benefits in kind 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. Members also receive travel and subsistence which is deemed a benefit in kind (see later section). In the financial year 2013/14 these payments were as follows:

Name	Title	2013/14		2012/13	
		Salary range £000s	Expenses £ (to nearest £100)	Salary range £000s	Expenses £ (to nearest £100)
Diana Warwick	Chair	40-45	Nil	40-45	Nil
Catharine Seddon	Chair of Audit Committee	10-15	200	10-15	140
Michael Banner	Lay Member	5-10	300	5-10	500
Jodi Berg	Lay Member	5-10	Nil	5-10	100
Brian Coulter	Lay Member	5-10	2,100	5-10	3,300
Pamela Goldberg	Lay Member	5-10	Nil	5-10	Nil
Keith Rigg	Professional Member	5-10	500	5-10	700
Susan Dilly	Professional Member	5-10	Nil	5-10	Nil
Rosie Glazebrook	Lay Member	5-10	Nil	5-10	Nil
Suzanne McCarthy	Lay Member	5-10	0	5-10	0
Gurch Randhawa	Lay Member	5-10	Nil	5-10	200

### Remuneration policy

The HTA provides for staff salaries to be uplifted annually in August. We were subject to a pay freeze in 2010 and 2011. In August 2012, the HTA came out of the pay freeze and was able to give staff increases averaging 1%. In August 2013 a similar 1% award was made.

### 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. No payments were made in 2013/14 (and none in 2012/13).

## Salary and pension entitlements and benefits in kind

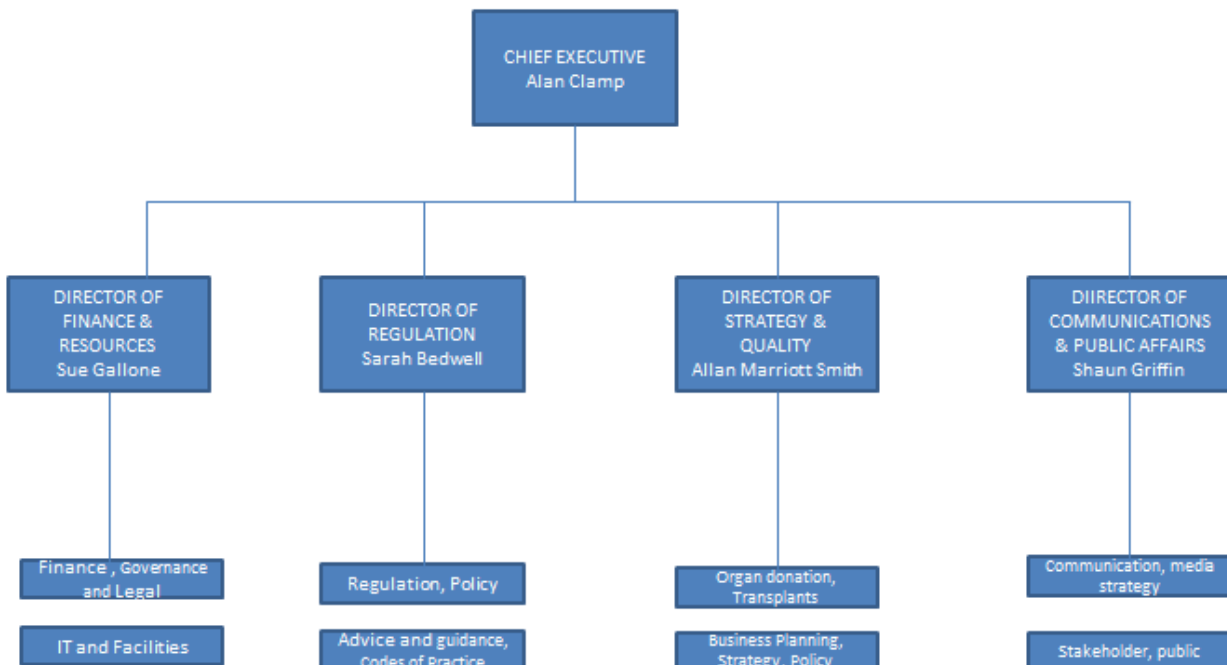
The following sections provide details of the remuneration, pension interests and benefits in kind of the senior management of the executive team. These details are shown in accordance with the FReM. 'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting 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

The Senior Management Team (SMT) is detailed below.

The Director of Resources was 0.6 of a post until 28 February 2014. Since March 2014, that post became a full-time Director of Finance and Resources role shared with the Human Fertilisation & Embryology Authority (HFEA). The Director is employed by the HTA and seconded for 2.5 days per week to the HFEA.

The Director of Communications and Public Affairs is seconded 2 days per week to the Health Research Authority (HRA).



## Senior management remuneration

Post	Name	Salary	Salary	Benefits in kind to nearest £100		Pension	Benefits	Total	Total
		£'000	£'000	£	£	£'000	£'000	£'000	£'000
		£	£	£	£	£	£	£	£
		2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Chief Executive	Alan Clamp	100-105	100-105	Nil	Nil	34	36	135-140	135-140
Director of Resources <sup>1</sup>	Sue Gallone	95-100	75-80 (Wte)	Nil	Nil	N/a	N/a	95-100	75-80
Director of Strategy & Quality <sup>2</sup>	Allan Marriott Smith	80-85	70-75	Nil	Nil	66	24	145-150	95-100
Director of Regulation	Sarah Bedwell	80-85	80-85	Nil	Nil	28	27	110-115	110-115
Communications and Public Affairs <sup>3</sup>	Shaun Griffin	80-85	75-80	Nil	Nil	32	29	110-115	105-110

<sup>1</sup> Director of Resources remuneration is the end of year salary (p/t to end February 45-50 banding) Full year equivalent of salary from 3 March is shown. 50% of costs from March are reimbursed by the HFEA.

<sup>2</sup> Total remuneration in year was 90-95 which included a back-dated award (to October 2013) following re-evaluation of the salary for this role.

<sup>3</sup> Director of Communications and Public Affairs costs are partially reimbursed by HRA in line with secondment agreement.

<sup>4</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less the contributions made by the individual.

Highest paid Director	2013/14 £'000 100 -105 (full year equivalent)	2012/13 £'000 100 - 105 (full year equivalent)
Median remuneration of staff	41.5	41.5
Ratio	2.47	2.47

Under reporting requirements, public sector bodies are required to disclose the relationship between the total remuneration of the highest-paid Director in their organisation and the median remuneration of the organisation's workforce.

The highest paid Director for this comparison was the Chief Executive. There was no change to the median remuneration to staff.

In 2013/14, nil (2012/13, nil) employee(s) received remuneration in excess of the highest paid director. Remuneration ranged from £23,000 to £95,000 (2012/13 £23,000 to £83,600).

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

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.

## 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 Authority Members. This covers travel and subsistence.

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 2013/14 is as follows:

Employee type	Air	Rail/ tube	Taxi	Car	Hotel/Meals	Other	Total
	£	£	£	£	£	£	£
The Executive	-	169	405	845	695	73	2,187
Authority Members	1,605	1,029	262	152	30	60	3,138
	1,605	1,198	667	997	725	133	<b>5,326</b>

No other benefits in kind were received by senior staff members in 2013/14 or 2012/13.

## Senior staff pensions

For the period from 1 December 2009, employees were covered by the provisions of the National Health Service (NHS) Pension Scheme.

## 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 2013/14 HTA employer's contributions were £221,029, (2012/13 £218,385) at a rate of 14% of pensionable pay.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

**a) Accounting valuation**

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2014 is based on valuation data as 31 March 2013, updated to 31 March 2014 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

**b) 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.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next formal valuation to be used for funding purposes will be carried out at as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

**c) Scheme provisions**

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership.

Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.

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. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

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 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 employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC’s run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

<b>Senior staff pensions – National Health Service Pension Scheme</b>											
Name of Officer	Real increase in pension at age 60 (2013/14)(ii)	Real increase in pension at age 60 (2012/13)(iii)	Real increase in lump sum at age 60 (2013/14) (iv)	Real increase in lump sum at age 60 (2012/13) (v)	Pension at 31/03/14 (VI)	Lump sum at 31/03/14 (vii)	CETV at 31/03/14(viii)	CETV at 31/03/13 (ix)	Employee contributions and transfers-in (x)	Real increase in CETV as funded by employer (2013/14) (xi)	Real increase in CETV as funded by employer (2012/13) (xii)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Alan Clamp – Chief Executive	0	0	0	0	5.0-5.5	0	62	39	0	22	18
Susan Gallone <sup>1</sup> (retired)	0	0	0	0	0	0	0	0	0	0	0
Sarah Bedwell – Director of Regulation	0	0	0	0	3.0-3.5	0	38	21	0	16	15
Shaun Griffin – Director of Communications and Public Affairs	0	0	0	0	5.5-6.0	0	65	43	0	21	13
Allan Marriott-Smith – Director of Quality and Strategy	0	0	0	0	8.0-8.5	0	80	46	0	33	12

<sup>1</sup> Sue Gallone is retired from the Civil Service and the HTA pays no further pension contributions.

### Cash equivalent transfer value (CETV)

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: 10 June 2014

## **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 Financial Reporting Manual prepared by HM Treasury, and in particular to:

- observe the Accounts Direction issued by DH, including the relevant accounting and 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 the Accounting Officer is answerable, for keeping proper records and safeguarding the HTA's assets, are set out in the Accounting Officers' Memorandum, issued by the DH, and in Managing Public Money published by HM Treasury.



## 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 2013/14.

### Governance framework

#### The Board

The Authority (the HTA's statutory non-executive board) comprises a Chair and 11 Members who are appointed by the Secretary of State for Health for a three-year term of office initially. At the end of 2013/14 there were 10 Members plus the Chair who come from a variety of medical, scientific, legal, media, administrative and ethical backgrounds. This ensures that the Authority draws on a wide range of experience relevant to the governance of the HTA. By law, at least half must be lay Members. Further details of individual Members follow this statement.

The Chair reached the end of her term on 31 March 2014 and the new Chair took up post on 1 April 2014. In addition two Members reached the end of their terms in March 2014 and Member recruitment is underway. Two other Members have had their terms extended until new Members are in place from the same recruitment. A further Member, a representative of Northern Ireland, has had his term extended until March 2015. In addition the Welsh Government is able to recruit a Member and their recruitment is in progress. Member turnover has given rise to some risks which are detailed later in this statement. There is no further turnover anticipated until March 2015.

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, finance and risk reports from the executive, quarterly reports of regulatory action, living donation activity and communications evaluation and reports on other matters on a periodic or as required basis. The Authority questions the executive and explores aspects of work with staff (for example debtors) to assure themselves that they can rely on the quality of data and information in the reports. The Authority has been satisfied with the quality and scope of the reports made. Authority Members also have an executive role in approving living organ donation for transplants.

The Authority ensures that statutory functions are delivered appropriately, in line with the Harris review. It is clear about the statutory basis of work undertaken by the HTA, ensuring there is direction or clarification from the Department of Health.

The culture of the HTA is to be publicly accountable and Board agendas, papers and minutes are published, along with other policies and reports. This plays an important part in providing assurance that risk identification and management is sound.

The Authority met six 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. Member attendance at Authority meetings in 2013/14 is listed below.

### Authority

Diana Warwick (Chair)	6
Michael Banner	5
Jodi Berg	5
Brian Coulter	6
Pamela Goldberg	3
Keith Rigg	5
Catharine Seddon	6
Susan Dilly	5
Suzanne McCarthy	6
Rosie Glazebrook	6
Gurch Randhawa	5

The Authority is supported in its work by Committees and groups involving Members. 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. During 2013/14, the governance and group structure was reviewed and streamlined to ensure that the full Board is involved in discussions, avoiding duplication. Current groups consist of Members and external stakeholder representation. The following Committees and groups were in place in 2013/14.

Committees and groups of Members:

- Audit and Risk Assurance Committee
- Remuneration Committee
- Communications Advisory Group (until November 2013)
- Policy and Regulatory Activity Group (until November 2013)

Groups consisting of Members and external stakeholder representation:

- Transplant Advisory Group
- Histopathology Working Group
- Stakeholder Group (from October 2013)

Groups with external stakeholder representation provide the opportunity for the Authority to work with stakeholders to review and develop issues and advise the Executive. Improving Member understanding of operational activity enhances the Authority's ability to scrutinise the actions of the Executive. Groups also provide Members and stakeholders with the chance to contribute views to the early stages of significant regulatory policy development, resulting in better decision making. For example, the Histopathology

Working Group (HWG) informed HTA's response to the national consultation on Coroners Law reform in 2013, and continues to advise and assist on policy matters relating to the post mortem sector. In addition, at the request of the Royal College of Pathologists, the HWG has been the means by which the College's Histopathology Speciality Advisory Committee has consulted with partner organisations on its standards for Coroners' pathologists, which were published in February 2014.

The Audit and Risk Assurance Committee (ARAC) met three times in 2013/14. 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 2013/14, ARAC 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. In February, the Committee had their annual meeting in private with external and internal auditors to assure themselves there were no other matters they should be aware of. The Committee reviewed their performance in May 2013, facilitated by the National Audit Office. This resulted in clarification of their role with regard to risk, and a name change from Audit Committee to Audit and Risk Assurance Committee. Member attendance at Committee meetings in 2013/14 is listed below.

Catharine Seddon (Chair)	3
Jodi Berg	2
Pamela Goldberg	3
Suzanne McCarthy	2
Susan Dilly	2

In addition the Chair of the Authority, Diana Warwick, attended all meetings.

All members of the Remuneration Committee met in June 2013 to agree the principles for the 2013 pay award and job evaluation plans. Other matters were dealt with in correspondence later in the year. The Chief Executive and the Director of Resources attend the Remuneration Committee as appropriate. Members were:

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

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

Members have attended events for non-executive directors organised by the Department of Health on topics including Board effectiveness, Assurance and Governance, Remuneration policy and LEAN.

### **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. No significant issues have been raised.

ARAC makes a self-assessment of their performance annually using the National Audit Office (NAO) checklist. The most recent assessment in May 2013, reviewed at a workshop facilitated by NAO, did not identify any immediate areas for action, other than re-focussing ARAC's role on gaining risk assurance. At the workshop, Members agreed their role of seeking assurance that risks are controlled and flagging up any gaps to the Authority. Risk Assurance was added to the name of the Committee to reinforce this and the Risk Management Policy and Strategy was amended accordingly.

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, who is the Accounting Officer of the HTA, and four directors.

- Alan Clamp, Chief Executive
- Sue Gallone, Director of Resources
- Allan Marriott-Smith, Director of Strategy and Quality
- Shaun Griffin, Director of Communications and Public Affairs
- Sarah Bedwell, Director of Regulation

This Senior Management Team (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 finance reports and reviews of the strategic risk register. Feedback from the February 2014 survey of HTA staff is that 82% (2013: 87%) of staff agree that the SMT manage and lead the HTA well. SMT welcome staff observing their meetings, to help them understand the way SMT operate, and encourage staff to give feedback and make suggestions.

The HTA Management Group (HTAMG) consists of the SMT, Heads of functions (the next level of management) and the HR Manager. This group meets monthly to review performance and operational risk, agree business plans and projects. Every quarter HTAMG considers operational risks alongside strategic risks.

As Accounting Officer, I follow the requirements of *Managing Public Money* and the delegations issued by the Department of Health (DH). To ensure compliance with the Framework Agreement agreed with 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 quarterly performance and risk reports to the timetable outlined by the DH and other returns (e.g. finance and headcount) as required
- participation in quarterly accountability reviews held between the HTA's SMT 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 and Risk Assurance Committee and monitors risks through reports from the executive and monthly 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 of functions manage the operational risks to the delivery of their areas of work, reporting to the HTA Management Group (HTAMG) 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 Policy and Strategy sets out the principles and approach to managing risk at the HTA. The policy and strategy was reviewed and updated in November 2013, and approved by the Audit and Risk Assurance Committee. It was

presented to operational and strategic risk owners at HTAMG, thereby providing refresher training.

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 2014 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 Risk Management Policy and Strategy is reviewed annually and risks are considered afresh annually in line with the strategic and business plans. 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.

The HTA is aware of the Macpherson report but does not use analytical models that inform government policy.

### **Risk assessment**

The HTA has five strategic risks, which have been present for several years, although their causes and effects and seriousness vary over time. At the end of 2013/14 two were assessed as amber: inability to carry out our statutory remit and failure to manage change. The remaining three were green: insufficient financial resources, inability to manage an actual or potential major event, and inadequate stakeholder/relationship management.

During 2013/14 the risk of inability to carry out our statutory remit increased in December and January when turnover of staff was particularly acute and has since remained stable. The risk of failure to manage change increased in June and September due to uncertainty arising from the McCracken review and Member turnover. In March, the risk of insufficient financial resources increased, within its green category, as predicted licence fee income for 2014/15 reduced due to a high number of licences being revoked or changed. The HTA addressed this increased risk by reducing budgets accordingly, and the situation is being kept under close review.

Staff and Member turnover and capacity remains a key contributory factor to several of the strategic risks, in particular our ability to carry out our statutory remit. During 2013/14, we have experienced more changes in Regulation Managers, with some leaving and significant levels of maternity leave. We have recruited new staff across most directorates, after considering potential efficiencies and SMT assessment for the need for the role, but there has been a loss of experience which will take some time to replace. We have managed this by reducing discretionary, developmental work and by more efficient regulatory methods and approaches. We have been mindful of the significant Member turnover planned towards the end of 2013/14, detailed earlier in this statement, and have put contingency arrangements in place to manage the approval of living organ donations. The HTA has also worked with DH to extend appointments where possible and recruit as early and effectively as possible.



The pay restrictions and pay levels at the HTA and the limited opportunities for progression are an ongoing factor, despite actions to improve other conditions. The staff survey reports that only 56% of staff intend to work for the HTA for at least the next year and shows pay as the main reason staff would leave. Only 51% feel that their pay is reasonable for their role (although 78% feel that the HTA offers good non-pay benefits).

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

There has been ongoing uncertainty about the HTA's future, caused by the McCracken review into further efficiencies. This has required careful management, and in particular regular and open communication, but has not weakened control. In April 2013, the McCracken review concluded that the HTA should remain a separate statutory Authority. In January 2014, in response to a McCracken recommendation, the HTA Director of Resources was appointed to the post of Director of Finance and Resources, a role shared with the Human Fertilisation and Embryology Authority, providing ongoing financial control. This provided more certainty for the HTA. Details of the other McCracken recommendations and the HTA's progress in implementing these are updated regularly on our website [www.hta.gov.uk](http://www.hta.gov.uk)

## **Pensions**

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer contributions and payments into the Scheme are in accordance with Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in regulations.

## **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. There were no personal data losses in 2013/14.

During 2013/14 an internal audit concluded that IT security is satisfactory.

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 and Risk Assurance 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 and Risk Assurance

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.

### **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 and Risk Assurance 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 two key areas: Financial Controls and IT Security. 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 2014 and up to the date of this report.



Alan Clamp  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 10 June 2014



## Authority Member biographies

### Baroness Diana Warwick Chair (lay Member)

Diana 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. Her term as Chair of the HTA ended on 31 March 2014.

### 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. He was recently a visiting professor in the department of Social Anthropology at Rice University, Houston, and is currently giving the Bampton Lectures in the University of Oxford. Michael's term as an HTA Member ended on 31 March 2014.

### Jodi Berg (lay Member)

Jodi Berg is the Independent Complaints Reviewer for public bodies including The National Archives and the Youth Justice Agency and is a founding partner of the Independent Complaints Resolution Service. She has extensive Board experience and served for several years as Chair of an NHS Trust. Currently she is a Non-Executive Director of The Dispute Service Ltd. She qualified as a solicitor and a Fellow of the Chartered Institute of Arbitrators and now serves as a member of the Parole Board and as a magistrate.

### 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 immediate Past Master of the Worshipful Company of Needle-makers.

**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 a previous Past President of the British Transplantation Society and is currently Chair of the Renal Transplant Clinical Reference Group and of Transplant 2013. Keith's term as an HTA Member ended on 31 March 2014.

**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 Work and Pensions Employment and Mental Health tribunals; she is a magistrate in the City of Westminster. She is on the independent appeals committee for the Human Fertilisation and Embryology Authority and sits on the Determinations Panel for The Pension Regulator. 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. She has been Clinical Professor at Barts and the London Medical School - part of Queen Mary, University of London (QMUL) - since 2006. In September 2010, she took on the additional role of Vice Principal for Teaching and Learning at QMUL. She is also an external examiner for Fellowship of the Royal College of Pathologists, Trustee of Centre for the Cell and Governor of the Drapers' Academy.

**Rosie Glazebrook (lay Member)**

Rosie Glazebrook 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, the Chair of Camden & Islington 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 chairman of the General Chiropractic Council and the Ethical Trading Initiative. She is a member of the Board of Trustees of the University of London and the RICS' UK and Ireland Regulatory Board. She is Chairman of the University of London's Audit and Risk Committee and a member of the Association of Chartered Certified Public Accountants Disciplinary and Admissions and Licensing Committees. She was previously Chief Executive of both the Human Fertilisation and Embryology Authority and the Financial Services Compensation Scheme. She was formerly a member of the General Medical Council and the Pensions Regulator's Determination Panel.

**Gurch Randhawa (lay Member)**

Gurch Randhawa is the current Professor of Diversity in Public Health and the Director of the Institute for Health Research at the University of Bedfordshire. He has served as a NHS Chairman for the last 12 years, most recently as the Chair of NHS Bedfordshire & NHS Luton (appointment ended March 31 2013). 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. He is currently Co-Chair of the European Working Group on Public Issues in Organ Donation and Transplantation.

## **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 2014 under the Human Tissue Act 2004. The financial statements comprise: the Statement of Comprehensive Net Expenditure, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 2014 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 Secretary of State directions issued thereunder.

**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 Directors' report, and the Strategic Report 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 and the part of the Remuneration Report to be audited are not in agreement with the accounting records and 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**

**Date 13 June 2014**  
**Comptroller and Auditor General**  
**National Audit Office**  
**157-197 Buckingham Palace Road**  
**Victoria**  
**London**  
**SW1W 9SP**

**HUMAN TISSUE AUTHORITY**  
**Statement of Comprehensive Net Expenditure**  
**for the period ended 31 March 2014**

	Note	<u>31-Mar-14</u> £	<u>31-Mar-13</u> £
<b>Expenditure</b>			
Staff costs	3	2,492,667	2,357,425
Depreciation and amortisation	7/8	212,130	421,048
Other Expenditures	4	1,208,485	1,458,150
		<u>3,913,282</u>	<u>4,236,623</u>
<b>Income</b>			
Income from Activities	5	2,970,421	3,131,331
Other Income	5	144,784	131,929
EU Income	5	-	54,401
		<u>3,115,205</u>	<u>3,317,661</u>
<b>Net (Income)/Expenditure</b>		<b>798,077</b>	<b>918,962</b>
Interest payable/(receivable)		<u>-</u>	<u>-</u>
<b>Net Expenditure before exceptional items</b>		<b>798,077</b>	<b>918,962</b>
Exceptional items	18	-	-
<b>Net Expenditure</b>		<u><b>798,077</b></u>	<u><b>918,962</b></u>

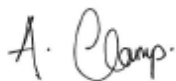
There are no items of expenditure that should be shown as Other Comprehensive Expenditure and therefore this statement is not required.

The notes on pages 40 to 57 form part of the accounts

**HUMAN TISSUE AUTHORITY**  
**Statement of Financial Position**  
**as at 31 March 2014**

	Note	<u>31-Mar-14</u> £	<u>31-Mar-13</u> £
<b>Non-current assets:</b>			
Property, plant and equipment	7	725,406	837,977
Intangible assets	8	165,891	252,041
<b>Total non-current assets</b>		<b>891,297</b>	<b>1,090,018</b>
<b>Current assets:</b>			
Trade and other receivables	10	134,059	139,749
Cash and cash equivalents	11	1,974,964	1,884,168
<b>Total current assets</b>		<b>2,109,023</b>	<b>2,023,917</b>
<b>Total assets</b>		<b>3,000,320</b>	<b>3,113,935</b>
<b>Current liabilities</b>			
Trade and other payables	12	194,367	282,905
<b>Total current liabilities</b>		<b>194,367</b>	<b>282,905</b>
<b>Non-current assets plus net current assets</b>		<b>2,805,953</b>	<b>2,831,030</b>
<b>Assets less liabilities</b>		<b>2,805,953</b>	<b>2,831,030</b>
<b>Taxpayers' Equity</b>			
I&E Reserve		2,805,953	2,831,030
<b>Total</b>		<b>2,805,953</b>	<b>2,831,030</b>

The notes on pages 40 to 57 form part of the accounts and were signed on its behalf by:



(Signed) .....

(Chief Executive)

10 June 2014





**HUMAN TISSUE AUTHORITY**  
**Statement of Changes in Taxpayers' Equity**  
**for the period ended 31 March 2014**

	Note	I & E Reserve £	31-Mar-14 Total Equity £
<b>Balance at 1 April 2012</b>		<b>3,390,992</b>	<b>3,390,992</b>
<b>Changes in taxpayers' equity for 2012/13</b>			
Retained Surplus/(Deficit)		(918,962)	(918,962)
<b>Total recognised Income and expense for 2012/13</b>		<b>(918,962)</b>	<b>(918,962)</b>
Grant from Parent	1.4	359,000	359,000
<b>Balance at 31 March 2013</b>		<b>2,831,030</b>	<b>2,831,030</b>
<b>Changes in taxpayers' equity for 2013/14</b>			
Retained Surplus/(Deficit)		(798,077)	(798,077)
<b>Total recognised Income and expense for 2013/14</b>		<b>(798,077)</b>	<b>(798,077)</b>
Grant from Parent	1.4	773,000	773,000
<b>Balance at 31 March 2014</b>		<b>2,805,953</b>	<b>2,805,953</b>

The notes on pages 40 to 57 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 2013-14 Government Financial Reporting Manual (FRm) issued by HM Treasury. The accounting policies contained in the FRm apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRm 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 2014 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 were no changes in accounting policies this year.

The following Accounting policies have been applied to the accounts for 2013/14.

#### 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 2014 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
Refurbishment Costs	10 years

#### Intangible assets

Information Technology	5 years
Websites	3 years

The HTA has revised the useful life of its Intangible Assets (Software and Software Licences) from 3 to 5 years. If the change in the useful lives estimate had not been made, total assets would be held at £2,786,267 and depreciation at £1,943,551.

#### 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 2014 the HTA received Grant-in-aid from the Department of Health (DH) as follows:

Capital Grant-in-aid:	£0
Revenue Grant-in-aid:	£773,000

## **1.5 Foreign currency transactions**

The HTA is involved in a three year European project entitled EUSTITE Vigilance and Surveillance. £Nil (£54,401 2012/13 and £35,599 2011/12) has been accrued this year as the final tranche of income (£28,773) was due in June 2013 and was accounted for last year and has not yet been received. The funds are to go towards the cost of participation and were denominated in Euros.

The project has now ended and the final funding is expected during 2014/15 business year.

## **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 2013/14 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.

Other income is recognised on an accruals basis when the goods or services are delivered.

## **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 2014, 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 2013/14.

## **1.12 Receivables**

The HTA provides for bad debts on an individual establishment basis. This year a provision of £Nil was provided (2012/13 £23,295).

## **1.13 Payables**

Credit balances due to establishments of £5,034.84 are contained within payables. These are credit notes raised where activities were no longer being carried out and will be refunded in the later part of quarter one in the 2014/15 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.**

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2013-14. The application of the Standards as revised would not have a material impact on the accounts in 2013-14, were they applied in that year.

- IFRS 9 Financial Instruments

#### **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:

	<b>Permanently Employed Staff 31-Mar-14 £</b>	<b>Seconded Staff 31-Mar-14 £</b>	<b>Total 31-Mar-14 £</b>	<b>Total 31-Mar-13 £</b>
Wages and salaries	1,933,814	211,001	2,144,815	1,990,540
Social security costs	178,301	23,846	202,147	187,545
Pension costs	207,068	13,961	221,029	218,385
Sub Total	<u>2,319,183</u>	<u>248,808</u>	<u>2,567,991</u>	<u>2,396,470</u>
Less recoveries in respect of outward secondments	-	75,324	75,324	39,045
Total net costs	<u><b>2,319,183</b></u>	<u><b>173,484</b></u>	<u><b>2,492,667</b></u>	<u><b>2,357,425</b></u>
Of which members emoluments	<b>131,383</b>	<b>0</b>	<b>131,383</b>	<b>137,944</b>

Details of remuneration paid to Members and the Senior Management team are given in the Remuneration Report on pages 13 to 20.

For 2013/14 contributions of £221,029 (2012/13, £218,385) 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.

<b>Number</b>			<b>31-Mar-14</b>	<b>31-Mar-13</b>
	<b>Permanently Employed Staff</b>	<b>Seconded Staff</b>	<b>Total</b>	<b>Total</b>
Directly Employed	44	1	45	46
Staff engaged on capital projects	0	0	0	1
Total	<u><b>44</b></u>	<u><b>1</b></u>	<u><b>45</b></u>	<u><b>47</b></u>

All staff are directly employed by HTA. During the year, four people were on secondment for part of their time; one to the HRA for two days per week, two to the HFEA, one for 2 days per week and the other splitting their time equally; and one to Department of Health for a period of 4 months. As at 31 March 2014 the HTA employed 42.5 Wte staff (2013/14, 44.23).

#### Contract staff

No contractors were utilised this year thus no time has been capitalised as part of the CRM project (2012/13, £91,020).

#### 4. Other Expenditure

		31-Mar-14 £	31-Mar-13 £
Accommodation	(note 1)	534,942	528,641
Computer running costs		155,296	153,045
Staff recruitment, training and welfare	(note 2)	128,631	123,453
Consultancy		12,968	7,032
Maintenance Contracts		24,594	15,966
Travel subsistence and hospitality		79,465	77,916
Conferences & Events		35,516	37,744
Stationery and publications		27,540	28,669
Auditors Remuneration	(note 3)	55,628	44,651
Legal and professional fees		45,536	37,370
Project Costs	(note 4)	119,306	358,405
Telecommunications	(note 5)	48,232	58,238
Bad Debt Write Offs		0	31,737
Bad debt Provision increase/(decrease)		<u>(23,296)</u>	<u>(10,080)</u>
		1,244,358	1,492,787
Other Costs		(35,648)	(30,487)
Non-cash items			
Depreciation and amortisation	(note 6 )	212,130	421,048
Gain on disposal of plant and equipment		(225)	(4,150)
<b>Total</b>		<b><u>1,420,615</u></b>	<b><u>1,879,198</u></b>

#### Notes

- Accommodation costs include the rent, rates and service charges for the HTA premises at 151 Buckingham Palace Road.
- Staff recruitment, training and welfare includes £28,990 (2012/13 £38,463) for Recruitment costs.
- Auditors remuneration includes accrued fees for the external auditors (NAO), £26,000 (2012/13, £26,000). This fee represents the cost for the audit of financial statements carried out by the Comptroller and Auditor General.
- Project costs include fees for assisted functions which are part of the regulation of the Transplant sector of £67,214 (2012/13 total £39,207 for half year).
- Telecommunications: costs include contract line rental and call costs for both the fixed land lines and mobile phones.
- Depreciation and Amortisation costs are reduced compared to 2012/13 year due to the full utilisation of a majority of our assets.

## 5. Income

	<b>31-Mar-14</b>	<b>31-Mar-13</b>
	<b>£</b>	<b>£</b>
Income from Activities:		
Licence Fee Income	2,970,421	3,131,331
Income from devolved administrations	115,387	100,221
EU Income	0	54,401
	<u>3,085,808</u>	<u>3,285,953</u>
Other Income:	29,397	31,708
	<u><b>3,115,205</b></u>	<u><b>3,317,661</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.

<b>SECTOR</b>	<b>31-Mar-14</b>	<b>31-Mar-13</b>
	<b>£</b>	<b>£</b>
Applications	<u>23,800</u>	<u>0</u>
Anatomy	94,350	93,100
Post mortem	1,131,063	1,214,074
Public display	14,533	14,734
Research	554,377	546,300
Human application	<u>1,152,298</u>	<u>1,263,123</u>
<b>Total licence fee income</b>	<u><b>2,970,421</b></u>	<u><b>3,131,331</b></u>
Costs allocated to licensing activities	<u>(3,167,000)</u>	<u>(3,131,310)</u>
<b>Surplus/(Deficit) on licensing activities</b>	<u><b>(196,579)</b></u>	<u><b>21</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-14</b>	<b>31-Mar-13</b>
	<b>£</b>	<b>£</b>
Other Income - Devolved Administrations	115,387	100,221
Other Income - Rent	29,397	7,791
EU ODD Funding - Devolved Administrations	0	23,917
Vigilance & Surveillance of Substance of Human Origin (V&S SoHo)	0	54,401
	<u>144,784</u>	<u>186,330</u>



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

	31-Mar-14			31-Mar-13		
	Programme Costs	Administration Costs	Total £000	Programme Costs	Administration Costs	Total £000
<b>Expenditure</b>						
Staff costs	(1,992)	(500)	(2,492)	(1,889)	(468)	(2,357)
Running costs	(1,001)	(207)	(1,208)	(903)	(555)	(1,458)
Depreciation	(15)	(3)	(18)	(16)	(4)	(20)
Amortisation	(159)	(35)	(194)	(321)	(80)	(401)
			-			-
<b>Income</b>						
Licence Fees	2,970	-	2,970	3,131	-	3,131
Other Income	-	145	145	-	132	132
EU Income	-	-	0	-	54	54
	-	-	-	-	-	-
<b>Net Income/(Expenditure) after interest</b>	<b>(197)</b>	<b>(600)</b>	<b>(797)</b>	<b>2</b>	<b>(921)</b>	<b>(919)</b>

## 7. Property, Plant and Equipment

	Information Technology Hardware	Furniture & Fittings	Refurb Costs	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2013	312,913	118,058	1,045,928	1,476,899
Additions	9,449	0	0	9,449
Disposals	(83,172)	(5,359)	0	(88,531)
<b>At 31 March 2014</b>	<b>239,190</b>	<b>112,699</b>	<b>1,045,928</b>	<b>1,397,817</b>
<b>Depreciation</b>				
At 1 April 2013	271,114	118,058	249,750	638,922
Charge for the year	18,246		103,774	122,020
Disposals	(83,172)	(5,359)	0	(88,531)
<b>At 31 March 2014</b>	<b>206,188</b>	<b>112,699</b>	<b>353,524</b>	<b>672,411</b>
<b>At 31 March 2014</b>	<b>33,002</b>	<b>0</b>	<b>692,404</b>	<b>725,406</b>
Net book value at 1 April 2013	41,799	0	796,178	837,977
<b>Asset financing:</b>				
Owned	33,002	0	692,404	725,406
<b>Net book value at 31 March 2014</b>	<b>33,002</b>	<b>0</b>	<b>692,404</b>	<b>725,406</b>
<b>Cost or valuation</b>				
At 1 April 2012	323,515	118,058	1,045,928	1,487,501
Additions	49,353	0	0	49,353
Disposals	(59,955)	0	0	(59,955)
Reclassifications	0	0	0	0
<b>At 31 March 2013</b>	<b>312,913</b>	<b>118,058</b>	<b>1,045,928</b>	<b>1,476,899</b>
<b>Depreciation</b>				
At 1 April 2012	314,696	115,099	145,750	575,545
Charge for the year	16,373	2,959	104,000	123,332
Disposals	(59,955)	0	0	(59,955)
Reclassifications	0	0	0	0
<b>At 31 March 2013</b>	<b>271,114</b>	<b>118,058</b>	<b>249,750</b>	<b>638,922</b>
<b>Net book value at 31 March 2013</b>	<b>41,799</b>	<b>0</b>	<b>796,178</b>	<b>837,977</b>
Net book value at 1 April 2012	8,820	2,959	900,178	911,957
<b>Asset financing:</b>				
Owned	41,799	0	9,110	50,909
Capital Grant			787,068	787,068
<b>Net book value at 31 March 2013</b>	<b>41,799</b>	<b>0</b>	<b>796,178</b>	<b>837,977</b>

## 8. Intangible Assets

	Information Technology	Websites	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 April 2013	1,483,985	120,593	1,604,578
Additions	3,960	0	3,960
Disposals	(99,495)	(120,593)	(220,088)
<b>At 31 March 2014</b>	<b>1,388,450</b>	<b>0</b>	<b>1,388,450</b>
<b>Amortisation</b>			
At 1 April 2013	1,231,944	120,593	1,352,537
Charged in year	90,110		90,110
Disposals	(99,495)	(120,593)	(220,088)
<b>At 31 March 2014</b>	<b>1,222,559</b>	<b>0</b>	<b>1,222,559</b>
<b>Net book value At 31 March 2014</b>	<b>165,891</b>	<b>0</b>	<b>165,891</b>
At 1 April 2013	252,041	0	252,041
<b>Asset financing:</b>			
Owned	165,891	0	165,891
<b>At 31 March 2014</b>	<b>165,891</b>	<b>0</b>	<b>165,891</b>
<b>Cost or valuation</b>			
At 1 April 2012	1,325,867	120,593	1,446,460
Additions	158,118	0	158,118
Disposals	0	0	0
Reclassification	0	0	0
<b>At 31 March 2013</b>	<b>1,483,985</b>	<b>120,593</b>	<b>1,604,578</b>
<b>Amortisation</b>			
At 1 April 2012	934,918	119,903	1,054,821
Charged in year	297,026	690	297,716
Disposals	0	0	0
Reclassification	0	0	0
<b>At 31 March 2013</b>	<b>1,231,944</b>	<b>120,593</b>	<b>1,352,537</b>
<b>Net book value at 31 March 2013</b>	<b>252,041</b>	<b>0</b>	<b>252,041</b>
Net book value at 1 April 2012	390,949	690	391,639
<b>Asset financing:</b>			
Owned	252,041	0	252,041
<b>Net book value at 31 March 2013</b>	<b>252,041</b>	<b>0</b>	<b>252,041</b>

## 8.1 Software and system development

Included within Information Technology is the development cost of the HTA's CRM system. Over the years the software has been customised to meet organisational needs. In this last year development has has been minimal. Detailed below is the cost and net book value.

	£
Cost	916,083
Amortisation	<u>(764,099)</u>
<b>Net Book value</b>	<b>151,984</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 2014 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 2014 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 2014. There was therefore no significant foreign currency risk during the year.

### Financial assets

#### By category

	Total	Receivables and other financial assets
	£	£
<b>Assets per Statement of Financial Position</b>		
Licence fee debtors (net of provisions)	5,135	5,135
Other receivables	128,924	128,924
Cash at bank and in hand	1,974,964	1,974,964
<b>Total at 31 March 2014</b>	<b>2,109,023</b>	<b>2,109,023</b>
Licence fee debtors (net of provisions)	-	-
Other receivables	139,749	139,749
Cash at bank and in hand	1,884,168	1,884,168
<b>Total at 31 March 2013</b>	<b>2,023,917</b>	<b>2,023,917</b>

The cash balances as at 31 March 2014 carried a floating rate.

**Financial liabilities****By category**

	<b>Total</b>	<b>Other financial liabilities</b>
<b>Assets per Statement of Financial Position</b>	<b>£</b>	<b>£</b>
Trade payables	4,159	4,159
Other payables	78,790	78,790
Accruals	111,418	111,418
<b>Total at 31 March 2014</b>	<b>194,367</b>	<b>194,367</b>
Trade payables	-	-
Other payables	192,560	192,560
Accruals	90,345	90,345
<b>Total at 31 March 2013</b>	<b>282,905</b>	<b>282,905</b>

As at 31 March 2014 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-14 £	31-Mar-13 £
<b>Amounts falling due within one year:</b>		
Trade receivables - Licence fee debtors	5,135	23,296
Provisions	0	(23,296)
Other Receivables	72,885	52,039
Prepayments and accrued Income	56,039	87,710
	<u>134,059</u>	<u>139,749</u>

### 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-14 £	31-Mar-13 £
Balances with other central government bodies	20,777	14,617
Balances with local authorities	0	0
Balances with NHS bodies	3,414	7,713
Balances with public corporations and trading funds	0	0
Balances with bodies external to government	109,868	117,419
	<u>134,059</u>	<u>139,749</u>

## 11. Cash and cash equivalents

	£
Balance at 31 March 2012	3,164,299
Net change in cash and cash equivalent balances	<u>(1,280,131)</u>
Balance at 31 March 2013	1,884,168
Net change in cash and cash equivalent balances	<u>90,796</u>
Balance at 31 March 2014	1,974,964

	31-Mar-14 £	31-Mar-13 £
The following balances were held at:		
Commercial banks	1,101,996	879,592
Government Banking Services	872,968	1,004,576
Cash in hand	0	0
	<u>1,974,964</u>	<u>1,884,168</u>

## 12. Trade payables and other current liabilities

	31-Mar-14	31-Mar-13
	£	£
<b>Amounts falling due within one year</b>		
Other taxation and social security	0	93,841
Trade payables	4,159	0
Other payables	78,790	98,719
Accruals	111,418	90,345
	<u>194,367</u>	<u>282,905</u>

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

There are no creditors falling due after one year.

### Analysis of current liabilities

	31-Mar-14	31-Mar-13
	£	£
Balances with other central government bodie	61,110	135,728
Balances with local authorities	0	0
Balances with NHS bodies	0	20,184
Balances with public corporations and trading funds	0	0
Balances with bodies external to government	133,257	126,993
	<u>194,367</u>	<u>282,905</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>Total future minimum lease payments</b>	<b>Buildings</b>	<b>Other</b>	<b>31-Mar-14</b>	<b>31-Mar-13</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Payable:				
Not later than one year	215,460	4,116	219,576	244,063
Later than one year not later than five years	861,840	6,172	868,012	883,251
After 5 years	430,920	0	430,920	1,077,300
<b>Total</b>	<b>1,508,220</b>	<b>10,288</b>	<b>1,518,508</b>	<b>2,204,614</b>

#### **14. Contingent liabilities**

A contingent liability is 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 do not have any contingent liabilities as at the 31 March 2014.

#### **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, seconded employees and provision of Internal Audit Services. At 31 March 2014 the HTA owed the DH £26,983 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 £191,451 (2012/13 £90,779) and were fees for the provision of licences in the human application and post mortem sectors and invoices for the provision of assisted functions to the HTA. The balance outstanding as at 31 March 2014 was £Nil (2012/13 £Nil for licence fees paid).

The Health Research Authority (HRA) owes the HTA £11,464.56 for services and the Human Fertilisation and Embryology Authority (HFEA) owes £9,312.39.

During 2013/14 no Authority Member or senior manager or other related parties undertook any material transactions with the HTA.

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

During 2013/14 the Authority managed income and expenditure so that draw downs were kept to within the DH's cash allocation. The total available cash allocation for revenue and capital expenditure was £773,000. There was no capital Grant-in-aid this year.

At 31 March 2014, the creditor days were 1.6 (2012/13 2.0 days) and throughout the year creditors were paid promptly. We have achieved the objective we set out to do which was to reduce the number of days we took to pay our suppliers. On average 94% of suppliers were paid within 5 days and 97% within 10 days.

#### **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 for the year 2013/14 (2012/13 £Nil).

**18. Exceptional items**

There were no exceptional payments made this year 2013/14, (£Nil 2012/13).

**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.

The Accounting Officer authorised these statements for issue on 10 June 2014.

ISBN 978-1-4741-0745-7



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