

# Annual report and accounts 2016/17

# Human Tissue Authority

## Annual report and accounts 2016/17

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

Ordered by the House of Commons to be printed on **6 July 2017**.

© Human Tissue Authority copyright 2017

The text of this document (this excludes, where present, the Royal Arms and all departmental or agency logos) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as Human Tissue Authority copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries related to this publication should be sent to us at [enquiries@hta.gov.uk](mailto:enquiries@hta.gov.uk)

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

Print ISBN 9781474146418

Web ISBN 9781474146425

ID 12061709 07/17

Printed on paper containing 75% recycled fibre content minimum

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

# Contents

<b>Foreword</b>	<b>5</b>
<b>Performance</b>	<b>6</b>
Overview	7
Performance analysis	11
<b>Accountability</b>	<b>16</b>
Corporate governance report	17
Remuneration report	30
Parliamentary accountability and audit report	40
<b>Financial statements</b>	<b>44</b>

# Chief Executive's foreword

This has been another successful year for the Human Tissue Authority (HTA). We have successfully embarked on the first year of our three-year strategy and we have delivered a number of projects that will ensure we continue to deliver public and professional confidence in the areas we regulate.

We remain a small, but focused, organisation, with clear priorities to ensure public confidence in the sectors we regulate, to reduce our regulatory burden wherever we can and to maximise value for the taxpayer. We strive to work with establishments that we regulate to encourage improvement, and foster an open and transparent reporting culture for the benefit of the public.

Looking back at the last year, we set ourselves ambitious delivery and development goals. We have made great progress on a number of projects that will deliver benefit for our licenced establishments and the public, in particular:

- new working practices, that will engender higher standards following the implementation of our revised Codes of Practice and Standards;
- the development of public guides to our Codes of Practice, which make our role and approach clearer to a wider audience;
- a successful consultation on, and implementation of, phase one of our revised fees structure;
- preparing the ground for the implementation of the European Union Directives on the Single European Code and the Import and Export of Tissues and Cells;
- providing expert advice on areas outside our core remit, but where there may be a risk to public confidence, such as on pregnancy remains, taphonomy and cryopreservation;
- involving professional and public stakeholders in innovative ways to ensure our work reflects the expert opinion and experience of those we regulate, as well as the wider public.

April 2017 saw the Department of Health publish its report on the Triennial Review of the HTA. The review was extremely positive, and found that we perform necessary functions to a high standard and should continue to operate as an executive non-departmental public body.

This year has not been without its challenges and we have remained adaptable in the face of new and emerging science and technology and we have seen significant public and media interest in our activities and the wider regulatory environment we operate. I am confident we have managed this interest appropriately and have taken the lead in a number of areas that are not directly within our regulatory remit, to ensure public confidence is maintained.

This report outlines the progress we have made over the past year and how we have continued to provide an appropriate regulatory environment and maintain public confidence all whilst ensuring we continue to control our expenditure and deliver value for money to our licence payers and the administrations we serve.

I am sure this coming year will be another busy year for the HTA, at a time when science and technology continue to move at pace, it is important that innovative use of human tissue does not come at the expense of public confidence.



**Allan Marriott Smith**  
**Chief Executive**

# Performance

# Overview

We are a Non-Departmental Public Body (NDPB) 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.

## Our purpose and activities

The HTA has a number of statutory functions in England, Wales and Northern Ireland. We inform the public, professionals and the Secretary of State for Health, the Welsh Government and the Northern Ireland Assembly 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, human application, organ transplantation, post-mortem examination, teaching, and public exhibitions. We license approximately 850 premises and currently publish Standards that they must meet on: consent; governance and quality systems, traceability, and premises, facilities and equipment. We also inspect organisations to check that they maintain high 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 quality and safety of human tissue and cells used for patient treatment, in compliance with the European Union Tissue and Cells Directives (EUTCDs). 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 Authority – the HTA's non-executive board – is made up of a Chair and eleven Members: nine appointed by the Secretary of State for Health; one appointed by the Welsh Minister; and one by the Minister in Northern Ireland. The Authority combines both lay and professional Members and currently includes a transplant surgeon, an organ donor and a transplant recipient as well as members with research, commercial and legal backgrounds.

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.

For 2016/17 our strategic aims and objectives were:

Strategic Aims	High level objective are to continue to:
Delivery – To deliver the right mix of activity to maintain public and professional confidence	<ul style="list-style-type: none"> <li>• deliver right-touch regulation and high quality advice and guidance</li> <li>• be consistent and transparent in our decision-making and regulatory action</li> <li>• deliver effective regulation of living donation</li> <li>• inform and involve people with a professional or personal interest in the areas we regulate</li> <li>• maintain our strategic relationships with other regulators operating in the health sector</li> </ul>
Development – To make the right investment to continuously improve delivery	<ul style="list-style-type: none"> <li>• reduce regulatory burdens where risks to public confidence are lowest</li> <li>• make it clearer how to achieve compliance with new and existing regulatory requirements</li> <li>• make continuous improvements to our systems and processes to minimise wasted or duplicated effort</li> <li>• take opportunities to better inform and involve the public</li> </ul>
Deployment – To make the most effective use of people and resources in pursuit of our goals	<ul style="list-style-type: none"> <li>• manage and develop our people in line with the People Strategy</li> <li>• ensure the continued financial viability of the HTA</li> <li>• provide a suitable working environment and effective business technology</li> </ul>

### Key issues in 2016/17

The legislation that sets out our role is now over ten years old and has been overtaken in some areas by scientific development. We take a pragmatic approach, continuing to discuss issues with the legislation with the Department of Health (DH) and highlighting the operational limitations the current legislation places on us as a regulator in a changing sector. In areas outside our legal remit we advise and, where appropriate, share good practice. During 2016/17 we have seen increased interest in areas such as Cryonics and Taphonomy. Although not within our remit the public expects someone to have a view on these issue, even though they are not in the act many of our stakeholders are involved and so we feel we can offer guidance.

The scientific progress in the areas we regulate continues and our stakeholders and the public look to us for advice and guidance, this has and will continue to place pressures on the HTA in terms of the limits to its statutory powers. We will continue to take a principle based approach to these areas and continue to offer advice and guidance where we feel it appropriate.



We published in draft our revised Codes of Practice and Standards after extensive work in 2015/16. Several webinars were organised to assist our establishment in preparing for the Codes to come into force on 1 April 2017.

Work continued during 2016/17 on the European Union Coding and Import Directives, these are now due to be implemented in late 2017 due to unforeseen reductions in Parliamentary time to debate and lay regulations.

In July 2016, we undertook a detailed review of our fees model, which involved aligning the model with our current regulatory approach in order to determine fair and transparent fees. We ran consultations for the six sectors we regulate with the consultation focusing on our fees structure. Post consultation, we published our new fees in December 2016.

We are a small organisation which relies on our expert workforce to deliver our objectives. While staff report that the HTA is a worthwhile and positive place to work, we experience relatively high turnover rates, mainly as a result of our small size and flat structure, which provide limited opportunities for internal career progression. In addition, and in common with other bodies in the public sector, pay constraints mean that staff must move on if they wish to significantly increase their earnings. We have a good response to recruitment of new staff and effective training in place.

## Risks as at 31 March 2017

The HTA aims to take all reasonable steps in the management of risk with the overall objective of achieving strategic and business objectives and protecting staff, stakeholders, the public and assets.

As at 31 March 2017, the HTA had five strategic risks:

Risk associated with Development	Mitigations
<ul style="list-style-type: none"> <li>Failure to regulate in a manner that maintains public safety and confidence and is appropriate</li> </ul>	<ul style="list-style-type: none"> <li>HTA Strategy clearly articulates HTA's regulatory model</li> <li>Our policies and operating procedures ensure we undertake our activity in accordance with the regulatory model</li> <li>The recruitment and training of skilled professional staff who are experts in their area of regulation</li> </ul>
<ul style="list-style-type: none"> <li>Inability to manage an incident that impacts upon the delivery of HTA strategic objectives.</li> </ul>	<ul style="list-style-type: none"> <li>Critical incident response plans are regularly reviewed and communicated to staff who are trained annually</li> <li>Policy and guidance in place for media and enquiries handling</li> <li>IT systems are in place and Business</li> </ul>

	Continuity is annually reviewed and tested
<ul style="list-style-type: none"> <li>Failure to manage public and professional expectations of human tissue regulation in particular stemming from limitations in current legislation or misperception of HTA regulatory reach</li> </ul>	<ul style="list-style-type: none"> <li>Log of issues with respect to the existing legislation is maintained and discussed with DH</li> <li>Active management of issues raised by the media and public</li> <li>Regular reporting to DH on matters which risk public and professional confidence</li> <li>Legal advice is, and will continue to be, used to clarify regulatory powers and provide guidance where appropriate</li> </ul>
<ul style="list-style-type: none"> <li>Failure to utilise people, data and business technology capabilities effectively</li> </ul>	<ul style="list-style-type: none"> <li>Regularly reviewed set of people-related policies cover all dimensions of the employee lifecycle</li> <li>Established annual Performance Development Planning and regular 1 – 1 meetings with all staff</li> <li>IT systems protected and assurance received from third party suppliers that protection is up to date</li> </ul>
<ul style="list-style-type: none"> <li>Insufficient financial resources</li> </ul>	<ul style="list-style-type: none"> <li>Budget management framework exists to control and review spend and take early action where necessary</li> <li>Financial projections, cashflow forecasting and monitoring are reviewed monthly by executive team</li> <li>Reserves policy and levels are reviewed frequently and reported to the executive team and Authority</li> <li>Internal audit and annual external audit of finance are undertaken each year</li> </ul>

Further information on the HTA's approach to managing risk can be found in the Annual Governance Statement.

### Going concern

We consider the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the organisation to continue as a going concern.

# Performance analysis

## Measuring performance

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

The HTA records achievement of key performance indicators monthly and reviews achievement and action needed at the HTA Management Group (HTAMG) meeting. Each quarter a report is made to the Authority and DH.

## Analysis of performance over the year

### Performance indicators 2016/17

Performance indicators	Target 2016/17	Performance 2016/17
<b>Delivery</b>		
<b>Undertake a risk-based inspection/audit program</b>	180 site visits	197
<b>Take appropriate action for all regulatory non-compliance</b>	100% of Corrective and Preventative Actions (CAPAs) implemented	100%
<b>Make appropriately evidenced decisions to agreed quality standard</b>	100% of non-panel cases turned around with 5 working days	100%
<b>Answer enquiries in a timely manner</b>	95% of enquiries answered within 10 working days	95%
<b>Deployment</b>		
<b>Manage all development options offered to staff and evaluate course to ensure quality delivery and learning effectiveness</b>	80% of staff attending training courses agree that the skills/knowledge gained is useful	88%
<b>Reduce attrition rates through improved selection and targeted measures to retain staff<sup>1</sup></b>	Attrition rate to be no more than 18%	25%

<sup>1</sup>This has always been a challenge and area of focus, however due to our size, any movement of one member of staff causes a significant increase in the rate.

## Financial review

We have generated the income needed to cover the cost of licensable activities and delivered within the budget set for the year. We have a comprehensive fees model that enables us allocate our costs according to the activities we carry out as our legislation sets out.

## Summary position as at 31 March 2017

	2016/17	2015/16
	£'000s	£'000s
<b>Income</b>		
From devolved Governments	122	115
Licence fees	3,260	3,217
Other income <sup>1</sup>	377	234
<b>Total Income</b>	<b>3,759</b>	<b>3,566</b>
<b>Expenditure</b>		
Staff costs	2,700	2,633
General administrative costs	1,835	1,510
<b>Total expenditure</b>	<b>4,535</b>	<b>4,143</b>
<b>Net expenditure)/income for the year<sup>2</sup></b>	<b>(776)</b>	<b>(577)</b>

<sup>1</sup> Other income in 2016/17 is rental income from NHS Resolutions and costs of seconded staff costs recharged to the benefitting organisation.

<sup>2</sup> Statement of Comprehensive Net Expenditure page 45

Net expenditure for the year reflects the financial position of HTA excluding the Grant-in-aid (GIA) funding received from Department of Health. GIA is treated as financing within statutory accounts and it is a requirement to report this way in the Statement of Comprehensive Net Expenditure. The table below reflects the GIA received from DH, therefore the Net operating surplus for HTA.

Net expenditure)/income for the year <sup>3</sup>	(776)	(577)
Revenue Grant in Aid <sup>3</sup>	801	739
<b>Surplus for the year</b>	<b>25</b>	<b>162</b>

<sup>3</sup> note 1.4 page 50

Including the Resource GIA funding received from DH the HTA delivered a small operating surplus of £25k against operating expenditure of £4.5m. Our staff costs were 2.5% more than last year, a result of reduced levels of staff vacancies. We have also accounted for a rent increase of £166k.

Licence fee income of £3.26m was similar to that received in 2015/16, although 2.4% less than the £3.34m expected, due to an overall reduction in the number of establishments paying fees.

During 2016/17 the HTA managed income and expenditure to ensure drawdowns were kept to within the DH's cash allocation. The total available cash allocation for revenue and capital expenditure was £801,000 and £100,000 respectively, (2015/16 £739,000 and £165,000).

## Supplier payments

The HTA is committed to the Better Payment Practice Code and the commitment to speed up payments. We aim to pay suppliers within ten days of receipt of a valid invoice. Over the year as a whole, 99% (2015/16 97%) were paid within ten days, and 100% within 30 days (2015/16 100%). No interest payments were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

## Staff involvement and wellbeing

The HTA keeps all members of staff informed about organisational, management and policy issues. There is a weekly briefing for all staff and all-staff meetings are held at least every two months. Directorate team meetings are also held regularly. Each week there is an opportunity for any member of staff to raise any issues with a member of the SMT known as “SMT drop-in”.

The HTA staff survey, undertaken in May 2016 and planned next in 2017/18, had participation rates of 88% (2015/16 81%), well above the Civil Service average of 65% (60% in 2015/16). The HTA is committed to engaging staff and strives to maintain and 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 chair of the staff forum is also the staff Freedom to Speak Up champion, to provide a secure mechanism for staff to raise any concerns. An Authority member, the chair of the Audit and Risk Committee (ARAC), also acts as a Freedom to speak up champion and meets quarterly with the chair of the staff forum.

We involved staff in deciding on new flexible working arrangements by providing the opportunity for a staff group to determine the office layout and protocols. Participation in decision taking and direct engagement in task focused working groups has resulted in increased job satisfaction.

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 and fire wardens and has online training modules and assessments to ensure staff are working in a safe environment that protects their health. No health and safety incidents were reported in the year.

## 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 training events, participation in projects, observing activities the HTA oversees and shadowing. Eighty-eight percent of staff who completed the training evaluation forms for training courses attended agreed that the skills and knowledge they gained would be useful in their role.

Our Career Investment Scheme launched over six years ago to assist staff members to obtain professional qualifications or undertake training to enhance their skills and knowledge to aid their career continues to be used. In 2016/17 four members of staff benefitted from the scheme, in

addition to the 17 previous beneficiaries since the scheme began. We also have access to the Civil Service Learning portal which provides training resources for public sector staff.

## Equality Act 2010 – equality and diversity on pay

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 and in June 2016, we published our annual Equal Opportunities Report.

An analysis of gender mix for the headcount as at 31 March 2017 is provided below. The figures exclude the Shared Director who is accounted for within the Human Fertilisation and Embryology (HFEA).

<b>Gender</b>	<b>Male</b>	<b>Female</b>	<b>Total 2016/17</b>
Authority Members	7	5	12
Directors	1	2	3
Total staff (including Directors, excluding Members)	14	35	49

None of the HTA staff who declare reports themselves as disabled. An analysis of other characteristics of all staff, as at 31 March 2017, is provided below.

<b>Age range</b>	<b>2016/17</b>	<b>2015/16</b>
< 34	18	18
35-44	20	13
45-54	7	7
>55	4	7
<b>Ethnicity</b>	<b>2016/17</b>	<b>2015/16</b>
White British	27	24
Other Ethnicity	22	21

<b>Religion</b>	<b>2016/17</b>	<b>2015/16</b>
Christian	16	14
Other Religions	5	5
Non-religious	18	19
Undisclosed	10	7

## Social, community, sustainability and environmental issues

The HTA recognises the work-related benefits of staff joining together outside work for various events. We encourage a social committee to organise informal and more formal gatherings.

During 2016/17 HTA staff have, on their own initiative, engaged in events to raise funds for charities. The HTA has supported staff in these endeavours.

The HTA occupies space within a multi tenanted buildings on Buckingham Palace Road. We share this space with the NHS Resolution. Our landlords, the Department for Business, Energy & Industrial Strategy – BEIS, (formerly 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.

We are aware of the green agenda in relation to procurement and we use the Crown Commercial Service and other frameworks which have sustainability factored in.



**Mr Allan Marriott Smith**  
**Chief Executive**  
**Accounting Officer**

**22 June 2017**

# Accountability



# Corporate governance report

## Directors' report

### The Authority

Our Authority is made up of 12 members appointed through an open public process. Authority members during 2016/17 are set out below. Biographies for each can be found on our website.

Authority member	Type	Appointment start date	Appointment end date
Sharmila Nebhrajani OBE (Chair)	Lay	1 April 2014	31 March 2020 (re-appointed August 2016)
Catharine Seddon	Lay	5 August 2008	4 May 2016 (term ended)
William Horne	Lay	1 August 2014	31 July 2017
Professor Andy Hall	Professional	20 October 2014	19 October 2017
Hossam Abdalla	Lay	20 October 2014	19 October 2017
Amanda Gibbon	Lay	20 October 2014	19 October 2017
Professor Anthony Warrens	Professional	20 October 2014	19 October 2017
Glenn Houston	Lay	5 May 2015	4 May 2018
Dr Lorna Williamson OBE	Professional	30 April 2015	31 March 2018
Professor Penney Lewis	Lay	1 April 2016	31 March 2019
Dr Stuart Dollow	Professional	1 April 2016	31 March 2019
The Right Reverend Graham Usher	Lay	1 April 2016	31 March 2019
Professor Dame Sally Macintyre	Lay	5 May 2016	4 May 2019

Member biographies are on the HTA website <https://www.hta.gov.uk/about-us/our-people>

## Senior Management Team

Our Chief Executive and directors during 2016/17 are set out below.

Senior Management	Post
Allan Marriott Smith	Chief Executive
Sue Gallone <sup>1</sup> (resigned 20 September 2016)	Shared Director of Resources
Richard Sydee <sup>2</sup> (appointed 1 November 2016)	Shared Director of Resources
Victoria Marshment	Director of Policy, Strategy and Communications
Sarah Bedwell	Director of Regulation

<sup>1</sup>Susan Gallone (0.8Fte) worked 2.5 days a week at the HTA and was seconded to the Human Fertilisation and Embryology Authority (HFEA) for 1.5 days.

<sup>2</sup> Richard Sydee replaced Sue Gallone as Shared Director of Resources seconded 2.5 days a week from the HFEA

## Interests of Authority members and senior staff

The HTA maintains a Register of Interests. All Authority members and staff declare 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 can be made available on request. Members' interests are published on the HTA's website.

## Pensions

Pension benefits are provided by the National Health Service (NHS) Pension Scheme. The HTA recognises the contributions payable for the year. Full details are set out in the remuneration report and note 1.10 to the accounts.

## Data incidents

Arrangements for data security and any personal data-related incidents are set out in the annual governance statement.

## Our auditors

The Comptroller and Auditor General is the external auditor for the HTA's accounts. The external auditor's remuneration in 2016/17 was £26,500. No fees were incurred for non-audit work.

## Disclosure of information to our auditors

During the audit of these financial statements my staff and I have co-operated fully with the Comptroller and Auditor General. I have taken all feasible steps to ensure that I am fully aware of all information pertinent to the audit and to ensure that this information is notified and made available to the auditors. Consequently, as far as I am aware, there is no relevant information that has not been available to the National Audit Office's audit team.

## Statement of Accounting Officer'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 Accounting Officer of the DH has designated the Chief Executive as Accounting Officer for the Human Tissue 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.

## **Accounts direction**

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) 2016/17.

## **Authority statement**

The Senior Management team (SMT) of the HTA and the ARAC, on behalf of the Authority, has reviewed the Annual Report and Accounts. I confirm that they are fair, complete and understandable and provide the information necessary for stakeholders to assess the performance of the HTA.

# Governance statement

## Introduction

This statement sets out the governance 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 2016/17.

During 2016/17 The Authority met its key performance indicators, with strong performance from the Board Executive, Board Committees and satisfactory outcomes from individual audits. There have been changes in Authority and Committee membership, and within the SMT, which have been managed with others providing continuity. There have been no governance issues or incidents in 2016/17.

## Governance framework

### The Authority

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, with the exception of one Member appointed by the Welsh Minister and one by the Minister in Northern Ireland. Members are appointed for a three-year term of office initially. At the end of 2016/17 there were 11 Members plus the Chair who come from a variety of medical, scientific, legal, 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.

During 2016/17 four new members joined the Authority, three on 1 April 2016, replacing Members whose terms had ended on 31 March 2016 with a further Member being appointed in May 2016 to replace the only member whose term ended during 2016/17.

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 quarterly reports aligned with our strategic themes of Delivery, Development and Deployment these include reporting on our financial priorities and an assessment of strategic risk. Reports on other matters are provided on a periodic or as required basis. The Authority questions the executive and explores aspects of work with staff (for example reportable incidents) 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 assessing applications for living organ donation for transplants.

In 2016/17 the Authority introduced a new approach to learning in respect of the living organ donation approvals process by establishing a forum for Board and Executive members to raise issues and share knowledge, skills and expertise.

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 DH where required.

The HTA believes in transparency and public accountability and Authority 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 four times during the year, with one of those meetings being open to the public. The Chief Executive and executive directors, the SMT, attend Authority meetings. Representatives from the DH also attend, and other HTA staff attend as required. Member attendance at ordinary Authority meetings in 2016/17 is listed below.

Authority Member	Number of meetings attended
Sharmila Nebhrajani OBE (Chair)	4/4
Catharine Seddon	1/1
William Horne	4/4
Professor Andy Hall	4/4
Hossam Abdalla	4/4
Amanda Gibbon (ARAC Chair)	4/4
Professor Anthony Warrens	2/4
Glenn Houston	4/4
Dr Lorna Williamson OBE	4/4
Professor Penney Lewis	4/4
Dr Stuart Dollow	3/4
The Right Reverend Graham Usher	3/4
Professor Dame Sally Macintyre	4/4

### Committees and groups

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. Groups include stakeholders and provide input to emerging strategies and approaches. The following committees and groups were in place in 2016/17.

#### Committees of Members:

- Audit and Risk Assurance Committee (ARAC)
- Remuneration Committee

#### Groups consisting of Members with external stakeholder representation:

- Transplantation Advisory Group (TAG)
- Histopathology Working Group (HWG)
- Stakeholder Group

Having external stakeholder representation on groups provides the opportunity for the Authority to work with stakeholders to review and developing issues and advise the Executive. These discussions improve Member understanding of operational activity which 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.

TAG exists as a forum for the discussion of issues arising in living and deceased organ donation. In particular, the Group considers new policy issues and emerging novel areas in transplantation; identifies revisions required to current HTA or NHS Blood and Transplant (NHSBT) policies; discusses the complex ethical issues in transplantation; and reviews guidance on issues surrounding Independent Assessors (IAs), including recruitment and performance issues identified during the reaccreditation process.

HWG exists to maintain a positive and long-lasting impact on the delivery of post mortem services, working with the sector to help drive up standards. Consultation with HWG helps ensure that advice provided by the HTA remains current and in line with professional guidance. In addition, the HWG considers on an on-going basis issues facing post mortem sector establishments, in order to inform the continued development of HTA regulatory policy affecting the sector and its overlap with the research sector.

The Stakeholder Group exists to provide a forum for regular consultation on our approach to regulatory activities, including fee-setting and an opportunity for stakeholders to make their views known to the Authority. The Stakeholder Group was established to ensure the HTA continues to improve transparency and accountability and maintain effective working relationships with establishments we license.

The ARAC met three times in 2016/17. The Chief Executive, the Director of Resources, the Head of Finance and Governance, the HTA's external and internal auditors and a representative of the Department of Health attend meetings. Other directors and staff are asked to attend to discuss particular risk areas that the ARAC wishes to explore, or other topics depending on the ARAC's business. The ARAC'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 Governance Statement. The membership of ARAC changed in May 2016, due to Members' terms of appointment coming to an end. Member attendance at ARAC meetings in 2016/17 is listed below.

ARAC member attended	Number of meetings
Amanda Gibbon (Chair)	3/3
William Horne	3/3
Professor Andy Hall	2/3
Glenn Houston	3/3
Dr Stuart Dollow	0/1

In addition, the Chair of the Authority, Sharmila Nebhrajani, attended the May meeting. Stuart Dollow joined the committee in February 2017 but was unable to attend this meeting.

During 2016/17, ARAC reviewed 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. An Assurance Mapping exercise was undertaken by our internal auditors which focused around effective and consistent quality control systems which are key to achieving our objectives. The exercise was carried out via a workshop. The final reports were presented to ARAC in May. In February, the ARAC 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 Remuneration Committee met in May 2016 to agree the principles for the 2016 pay award. The Chief Executive, the Director of Resources and the Head of HR attend the Remuneration Committee as appropriate. Members and their attendance is as follows:

Member	Number of meetings attended
Sharmila Nebhrajani OBE (Chair)	1/1
Hossam Abdalla	1/1
Glenn Houston	1/1

Authority 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 provide advice to the executive. The Welsh Member has also liaised with the Welsh Government and Ministers.

Members have attended events for non-executive directors organised by the DH on topics including personalised health and care, managing risk, the National Information Board (NIB) and general discussions for Chairs and NEDs.

The Chair of ARAC also attends networking meetings of audit committee chairs.



## Effectiveness of the Authority

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.

In addition, the Authority undertook a Board Effectiveness review as part of the Internal Audit plan for 2016/17. There was a high level of participation and responses provided a positive assessment against the benchmark – with the outcome of the review demonstrating the Authority to be above the benchmark in 3 of the 4 key assessment. Four recommendations were made, relating to the extension of induction training for new board members on living organ donation, succession planning, a more strategic focus in board papers and discussions and objective setting for individual Board members. These recommendations were accepted and processes and proposed changes are being implemented

ARAC makes a self-assessment of its performance annually. This was undertaken in February 2017 and resulted in a positive evaluation against the NAO Audit Committee checklist with some minor recommendations in relation to changes to the structure of committee papers and the processes around agenda content and management. ARAC continues to have training sessions after each meeting to aid understanding of current topics. Areas of training this year have been on Annual Accounts and the wider financial statements and a joint training session of senior managers and the committee on risk assurance mapping and the interdependencies across the health group.

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.

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 the SMT consisting of the Chief Executive and three directors.

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

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

The Accounting Officer follows the requirements of *Managing Public Money* and the delegations issued by the DH. To ensure compliance with the Framework Agreement agreed with DH the HTA ensures:

- the provision of the HTA's strategic and business plans for approval by the 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

## Whistleblowing arrangements

The HTA's Whistleblowing policy sets out how any concerns can be raised by staff and what action would be taken. It aims to reassure staff that they should raise concerns openly and that there will be no repercussions for them if they raise concerns in good faith. The policy has been communicated to staff through newsletters and all staff meetings.

As well as line management and HR channels, the HTA has both a staff and Authority Member a Freedom to Speak up champion with whom staff can raise concerns. Contact details for the DH, National Audit Office (NAO) and the Whistleblowing Helpline are also provided.

During the year, there have been no concerns raised under the whistleblowing arrangements. The position is reported to ARAC at each meeting. Staff raise issues and make suggestions as part of day to day working in line with the culture at the HTA.

## 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 ARAC and monitors risks through reports from the executive and quarterly updates of the strategic risk register. The Chief Executive is 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 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 Strategy and Policy sets out the principles and approach to managing risk at the HTA. This was reviewed and updated in March 2017, and will be approved by the ARAC at its May meeting. It was also presented to operational and strategic risk owners at HTAMG, thereby providing refresher training.

In order to ensure consistent proper procedures consistently 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 2017 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance. The framework will continue to be refined and enhanced in order to ensure the HTA meets best practice for an established public body. The HTA will build on advice from our external and internal auditors as well as other professional sources to ensure it remains fit for purpose to meet the changing nature of our business.

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 some time, although their focus, causes and effects and seriousness have varied. Three strategic risks are amber rated, the other two are green.

Failure to regulate appropriately is our highest scoring amber risk. As well as ensuring our regulation is proportionate and consistent, it is important that we are alert to changes in processes that impact on regulation and are sufficiently agile to respond to these quickly. We have good mechanisms in place, but the impact of not regulating in a manner that maintains public safety and confidence would be significant.

The second amber risk is failure to manage expectations of regulation, which has been a risk at that level throughout the year. This arises through misperceptions of HTA regulatory reach and limitations in the current legislation. We communicate and advise as appropriate and raise the issues with DH.

Failure to utilise our capabilities effectively is also an amber risk. This new risk concerns how we deploy our staff and use data and business technology. There has been significant progress with delivering our People Strategy, with more activities planned in 2017/18. We will also develop plans for using our data better in 2017/18.

Staff turnover and capacity remained a key contributory factor to several of the strategic risks, in particular our ability to carry out our statutory remit. During 2016/17, we experienced less turnover amongst our Regulation managers, but it will take some time before we are able to fully utilise the capability of new recruits. Pay restrictions and pay levels at the HTA and the limited opportunities for progression are an ongoing cause of turnover, as well as more personal reasons. The HTA continues to try to offer other benefits and opportunities that are perceived as valuable to retain staff.

Failure to manage an incident and insufficient financial resources are the remaining risks and have been rated green throughout this financial year.

Assurance sources are identified for all risks and these reports and feedback provide assurance to the SMT and the Authority that the controls in place are as expected and that the risks are as stated.

## 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 an information governance and cyber risk policy that applies to all staff, Members and contractors. Information governance was reviewed in 2014/15 by internal audit and was deemed satisfactory. There were no personal data losses in 2016/17.

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 ARAC 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 ARAC and DH using the Security Policy Framework and the 10 steps to cyber security. 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 ARAC and appropriate 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 the areas of enquiries management, Board effectiveness, the quality of our control systems, crisis management and people and workforce management. There have been no high priority recommendations and where medium or low priority recommendations have been made I am assured that appropriate action plans are in place and good progress is being made against the agreed actions. The Head of Internal Audit has concluded that they can give "moderate assurance to the Accounting Officer that the HTA has had adequate and effective systems of control, governance and risk management in place for the reporting year 2016/17".

From this, internal audit's annual opinion of moderate assurance, and the other sources stated on the risk registers (Authority reports, reviews with staff and feedback from DH and stakeholders), I am confident that the necessary 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 2017 and up to the date of this report.



**Allan Marriott-Smith**  
**Accounting Officer**  
**Human Tissue Authority**

**Date: 22 June 2017**

# Remuneration report

This report contains details on the remuneration of members of our Authority and the Executive for the year ended 31 March 2017. It is based upon the provisions contained within the Government Financial Reporting Manual 2016/17. It also provides an analysis of staff and sickness absence data.

## 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 tables, non-cash benefits and amounts payable to third parties for services of senior staff.**

## 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 DH. Members also receive travel and subsistence expenses which are deemed a benefit in kind (see later section).

Overleaf are the payments made to Members in the financial year 2016/17 and those benefits in kind that are subject to tax and national insurance.

Authority Member		2016/17			2015/16		
Name	Role/Type	Salary range	Expenses (to nearest £100)	Total	Salary range	Expenses (to nearest £100)	Total
		£'000s	£	£	£'000s	£	£'000s
Sharmila Nebhrajani OBE	Chair (Lay)	40-45	2,400	40-45	40-45	2,500	40-45
Catharine Seddon	Chair of ARAC (till 05/16) Lay	0-5 (Fte 10-15)	0	0-5	10-15	200	10-15
William Horne	Lay	5-10	2,900	10-15	5-10	2,200	10-15
Amanda Gibbon	Chair of ARAC (from 06/16) Lay	10-15	0	10-15	5-10	0	5-10
Hossam Abdalla	Professional	5-10	0	5-10	5-10	0	5-10
Professor Andy Hall	Professional	5-10	3,300	10-15	5-10	2,900	10-15
Professor Anthony Warrens	Professional	5-10	0	5-10	5-10	0	5-10
Glenn Houston	Lay	5-10	4,100	10-15	5-10	1,800	5-10
Dr Lorna Williamson	Professional	5-10	100	5-10	N/a	N/a	N/a
Professor Penney Lewis	Lay	5-10	200	5-10	N/a	N/a	N/a
Dr Stuart Dollow	Professional	5-10	0	5-10	N/a	N/a	N/a
The Right Reverend Graham Usher	Lay	5-10	900	5-10	N/a	N/a	N/a
Professor Dame Sally Macintyre	Lay	5-10	2,000	5-10	N/a	N/a	N/a

Members' expenses relate solely to their attendance at HTA committees, meetings and training events. Our Authority members are located in various locations across the UK, as such the disparity in expenses paid to individual Authority members relates to their geographic location and the number of committees and meetings they have attended during 2016/17.

## The Senior Management Team

Name	Position	Appointed	Until
Allan Marriott Smith	Chief Executive	6 July 2015	N/a
Richard Sydee <sup>1</sup>	Director of Resources	1 November 2016	N/a
Sue Gallone <sup>2</sup>	Director of Resources	6 October 2009	20 September 2016
Sarah Bedwell	Director of Regulation	30 October 2011	N/a
Victoria Marshment	Director of Policy, Strategy and Communications	15 February 2016	N/a

<sup>1</sup>Richard Sydee is the Shared Director and is seconded from the HFEA. <sup>2</sup>Sue Gallone was the Shared Director seconded to the HFEA prior to her resignation.

The remuneration for SMT is agreed by the HTA Remuneration Committee and DH, following the very senior managers' pay framework and in-line with HM Treasury requirements.

Later sections provide details of the remuneration, pension interests and benefits in kind of SMT.

These details are shown in accordance with the Financial Reporting Manual (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

### Staff remuneration policy

The HTA provides for staff salaries to be uplifted annually in August. Any uplifts are in line with HM Treasury pay guidance and approved by DH. The HTA have made awards each year to eligible staff who are performing satisfactorily that do not exceed 1% of the pay-bill.

### 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 2016/17 (and none in 2015/16).



## 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.

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)

No benefits in kind were received by senior staff members in 2016/17 or 2015/16.

## Senior Management remuneration

Senior Manager	Salary	Bonus	B-i-K	Pension Benefits <sup>1</sup>	Total	Salary	Bonus	B-i-K	Pension Benefits	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	<b>2016/17</b>					<b>2015/16</b>				
Allan Marriott-Smith	115-120	0	0	75	190-195	90-95 (Fte 115-120)	0	0	77	170-175 (Fte 175-180)
Susan Gallone	40-45 (Fte 95-100)	0	0	0	40-45 (Fte 95-100)	85-90 (Fte 95-100)	0-5	0	0	85-90 (Fte 95-100)
Sarah Bedwell	85-90	0-5	0	39	125-130	85-90	0	0	33	115-120
Victoria <sup>2</sup> Marshment	85-90	0	0	0	85-90	10-15 (Fte 85-90)	0	0	11	20-25 (Fte 85-90)
Richard <sup>3</sup> Sydee	15-20 (Fte 90-95)	N/a	N/a	0	15-20 (Fte 90-95)	N/a	N/a	N/a	N/a	N/a

<sup>1</sup> The value of pension benefits accrued during the year are 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. <sup>2</sup> Victoria Marshment left the scheme at the end of 2015/16. <sup>3</sup> Richard Sydee is seconded to the HTA from the HFEA for 2.5 days a week and this is reflected above. His full salary and pension are accounted for by the HFEA.

## Median pay and multiples

Band of highest paid director's gross salary only	2016/17 (£'000)	2015/16 (£'000)
	115 -120 (full year equivalent)	115 - 120 (full year equivalent)
Median remuneration of staff	41.4	42.2
Ratio	2.83	2.78

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. The reduction in the median remuneration of staff and subsequent increase in the ratio is due in part to recruitment of new staff members on entry level salaries. We are a London-based small expert organisation whose work requires scientific and other professional or graduate-level skills. Consequently, median pay remains higher than that for a number of other public sector bodies.

In 2016/17, no employees received remuneration in excess of the highest paid director (2015/16, nil). Remuneration as at 31 March 2017 ranged from £23,000 to £115,000 (2015/16 £23,000 to £115,000).

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

## Staff costs

The HTA is structured as follows: twelve Authority (Board) Members and an Executive of 49 staff. For 2016/17, the HTA staff costs were:

	Permanently employed staff	Members	Seconded Staff	Total 2016/17	Total 2015/16
	£	£	£	£	£
Wages and salaries	1,969,602	133,947	134,524	2,238,073	2,208,062
Social security costs	218,645	5,362	15,548	239,555	201,097
Pension costs	208,040	0	14,467	222,507	223,418
Subtotal	2,396,287	139,309	164,539	2,700,135	2,632,577
Less recoveries in respect of outward secondments	0	0	66,877	66,877	122,817
<b>Total net costs</b>	<b>2,396,287</b>	<b>139,309</b>	<b>97,662</b>	<b>2,633,258</b>	<b>2,509,760</b>

For 2016/17 contributions of £222,507 (2015/16, £223,418) were paid to the NHSPS at rates prescribed by HM Treasury. The current rate for the NHSPS is 14.3 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 outwardly seconded during the year was as follows.

	Permanently employed staff	Seconded Staff	Total 2016/17	Total 2016/17 (restated)
SCS <sup>1</sup>	3.0	0.80	3.80	3.80
Other	39.78	2.00	41.78	41.16
<b>Total</b>	<b>42.78</b>	<b>2.80</b>	<b>45.58</b>	<b>44.96</b>

<sup>1</sup> SCS refers to the Senior Civil Service pay bands. The seconded staff was Sue Gallone who left part-way through the year. Richard Sydee who replaced Sue is included within the HFEA's annual report.

Staff reported in the above table are only those directly employed by HTA. During the year, two staff were on secondment for part of their time: one to the HFEA for four days per week from April 2016 until September 2016, the other to the HFEA for approximately half of their time. As at 31 March 2017, the HTA employed 49 Wte staff (2015/16, 45).

## Expenditure on consultancy

During the year we spent £27,646 on consultancy services which we categorise as legal spend.

## Sickness and absences

During the year ended 31 March 2017 the total number of whole time equivalent days (Wte) lost to sickness absence was 332 days (2015/16 303 days). This small increase is due to tightening of our reporting procedures and proportionately in line with the overall increase in Wte we have seen this financial year. This information is disclosed in accordance with the *Government Financial Reporting Manual (FRM)*.

## Off-payroll assurance statement

The HTA seeks to ensure that any engagements of more than six months in duration, for more than a daily rate of £220, include contractual provisions that allow us to seek assurance regarding the income tax and National Insurance Contribution obligations of the person engaged, and to terminate the contract if that assurance is not provided. During 2016/17 there were no engagements of this nature.

## 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

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In 2016/17 HTA employer's contributions were £222,507, (2015/16 £223,418) at a rate of 14.3% 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 2017 is based on valuation data as 31 March 2016, updated to 31 March 2017 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 schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed 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 actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this ‘employer cost cap’ assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

Senior staff pensions – National Health Service Pension Scheme							
Name of Officer	Real increase in pension at age 60 (iii)	Pension at 31/03/2017 (vi)	CETV at 31/03/2017 (viii)	CETV at 31/03/2016 (ix)	Employee contributions and transfers-in (x)	Real increase in CETV as funded by employer 2016/17 (xi)	Real increase in CETV as funded by employer 2015/16 (xii)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Allan Marriott Smith	2.5-5.0	15.0-20.0	169	121	17	48	38
Sue Gallone <sup>1</sup>	0	0	0	0	0	0	0
Sarah Bedwell	0-2.5	5.0-10	100	75	12	25	19
Victoria <sup>2</sup> Marshment	0	0	0	42	0	0	5
Richard Sydee <sup>3</sup>	N/a	N/a	N/a	N/a	N/a	N/a	N/a

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

<sup>2</sup> Victoria Marshment left the scheme at the end of 2015/16. <sup>3</sup> Richard Sydee is a member of the Civil Service Pension Scheme and is accounted for with the financial statements of the HFEA

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report. Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated."

## 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.



**Allan Marriott-Smith**  
**Accounting Officer**  
**Human Tissue Authority**

**Date: 22 June 2017**

# Parliamentary accountability and audit report

## Accountability (the details below are subject to audit)

### Fees charging and cost allocation

Our licence fees are set to recover the full cost incurred in the granting of licences and regulation. The table below shows the income from each sector, other income for licensing activities and the costs of licensing activities. The income shown is that which relates to licensable activities and therefore excludes an element of rent and income from secondments.

We confirm that we have complied with the cost allocation and charging requirements as set out in HM Treasury's guidance.



SECTOR	31 March 2017	31 March 2016
	£	£
Applications	53,700	53,650
Anatomy	84,046	82,515
Post Mortem	1,028,275	1,042,859
Public Display	17,300	16,083
Research	560,679	521,451
Human Application	1,244,450	1,227,156
Organ Donation/ Transplantation	271,688	273,150
Other income for licensing activities <sup>1</sup>	379,513	272,574
<b>Total Licence fee income<sup>2</sup></b>	<b>3,639,650</b>	<b>3,489,438</b>
Costs allocated to licensing activities	(3,628,752)	(3,335,708)
<b>Surplus/(Deficit) on activities</b>	<b>10,898</b>	<b>153,730</b>

<sup>1</sup> Figure includes income from Devolved Governments, staff and rental of excess space. Last year we allocated this income differently.

<sup>2</sup> This is the total income allocated to licensable activities and therefore differs from that on page 12

In addition, there are elements of our work that does not relate directly to the cost of regulating the sectors above. The DH accordingly contributes to the funding of these activities through the provision of Grant-in-aid.

### 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.

There were no losses or special payments made in 2016/17.

### Remote contingent liabilities

There were no remote contingent liabilities in 2016/17.

## **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 Human Tissue Authority (“the Authority”) for the year ended 31 March 2017 under the Human Tissue Act 2004. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, 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 and Staff Report and the Parliamentary Accountability Disclosures 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 the 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 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 2017 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Human Tissue Act 2004.; and the information given in Performance Report and Accountability 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures 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.

**Sir Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London,  
SW1W 9SP**

**Date 23 June 2017**

# Financial statements

**Human Tissue Authority**  
**Annual Report and Accounts 2016/17**

**Statement of Comprehensive Net Expenditure for the year ended 31 March 2017**

	Note	<u>31-Mar-17</u> £	<u>31-Mar-16</u> £
<b>Income from sale of goods and services</b>			
Income from licence fees	4	3,260,137	3,216,865
Other Income	4	499,391	348,959
<b>Total operating income</b>		<u>3,759,528</u>	<u>3,565,824</u>
<b>Expenditure</b>			
Purchase of goods and services	3	803,727	662,552
Staff costs	3	2,700,135	2,632,577
Depreciation and impairment charges	3	172,980	213,652
Other operating expenditure	3	858,301	633,780
		<u>4,535,143</u>	<u>4,142,561</u>
<b>Net Expenditure</b>		<u>775,615</u>	<u>576,737</u>

There are no items of expenditure that should be shown as Other Comprehensive Expenditure.

The notes on pages 49 to 61 form part of the accounts

**Human Tissue Authority  
Annual Report and Accounts 2016/17**

**Statement of Financial Position as at  
31 March 2017**

	Note	<u>31-Mar-17</u> £	<u>31-Mar-16</u> £
<b>Non-current assets:</b>			
Property, plant and equipment	5	460,362	608,490
Intangible assets	6	<u>153,641</u>	<u>154,503</u>
<b>Total non-current assets</b>		<b><u>614,003</u></b>	<b><u>762,993</u></b>
<b>Current assets:</b>			
Trade and other receivables	8	232,737	109,081
Cash and cash equivalents	9	<u>2,991,606</u>	<u>2,767,798</u>
<b>Total current assets</b>		<b><u>3,224,343</u></b>	<b><u>2,876,879</u></b>
<b>Total assets</b>		<b><u>3,838,346</u></b>	<b><u>3,639,872</u></b>
<b>Current liabilities</b>			
Trade and other payables	10	<u>301,720</u>	<u>228,631</u>
<b>Total current liabilities</b>		<b><u>301,720</u></b>	<b><u>228,631</u></b>
<b>Non-current assets plus net current assets</b>		3,536,626	3,411,241
<b>Assets less liabilities</b>		<b><u>3,536,626</u></b>	<b><u>3,411,241</u></b>
<b>Taxpayers' Equity</b>			
I&E Reserve		<u>3,536,626</u>	<u>3,411,241</u>
<b>Total</b>		<b><u>3,536,626</u></b>	<b><u>3,411,241</u></b>

The notes on pages 49 to 61 form part of the accounts and were signed on its behalf by:



(Signed) .....

(Accounting Officer)

22 June 2017

**Human Tissue Authority  
Annual Report and Accounts 2016/17**

**Statement of Cash Flows for the year ended  
31 March 2017**

	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>Total</b>	<b>Total</b>
<b>Note</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Net (Deficit)/Surplus after cost of capital and interest	(775,615)	(576,737)
Adjustment for depreciation and amortisation	3 172,980	213,652
Adjustment for loss/(gain) on disposal of property, plant and equipment	5 11,399	0
(Increase)/Decrease in trade and other receivables	8 (123,656)	(11,770)
Increase/(Decrease) in trade payables	10 73,089	(467,948)
<b>Net cash (outflow) inflow from operating activities</b>	<b>(641,803)</b>	<b>(842,803)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	5 (2,160)	(112,744)
Purchase of intangible assets	6 (33,229)	(113,114)
<b>Net cash outflow from investing activities</b>	<b>(35,389)</b>	<b>(225,858)</b>
<b>Cash flows from financing activities</b>		
Grants from parent department	901,000	904,000
<b>Net financing</b>	<b>901,000</b>	<b>904,000</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>	<b>223,808</b>	<b>(164,661)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,767,798</b>	<b>2,932,459</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,991,606</b>	<b>2,767,798</b>

The notes on pages 49 to 61 form part of the accounts

**Human Tissue Authority  
Annual Report and Accounts 2016/17**

**Statement of Changes in Taxpayers' Equity  
For the year ended 31 March 2017**

	<b>Note</b>	<b>I &amp; E Reserve £</b>
<b>Balance at 1 April 2015</b>		<b>3,083,978</b>
<b>Changes in taxpayers' equity for 2015/16</b>		
Retained surplus/(Deficit)		(576,737)
<b>Total recognised Income and expense for 2015/16</b>		<b>(576,737)</b>
Grant from parent (capital)		904,000
<b>Balance at 31 March 2016</b>		<b>3,411,241</b>
<b>Changes in taxpayers' equity for 2016/17</b>		
Retained surplus/(Deficit)		(775,615)
<b>Total recognised Income and expense for 2016/17</b>		<b>(775,615)</b>
Grant from parent	1.4	901,000
<b>Balance at 31 March 2017</b>		<b>3,536,626</b>

The notes on pages 49 to 61 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 2016-17 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Human Tissue Authority (HTA) for the purposes of giving a true and fair view has been selected. The particular policies adopted by the HTA for the year ended 31 March 2017 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 and estimates

There were no changes in accounting policies this year.

The following Accounting policies have been applied to the accounts for 2016/17.

#### 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 2017 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	4 years
Furniture and fittings*	3 and 5 years
Refurbishment Costs*	5 and 10 years

#### Intangible assets

Information Technology	5 years
Websites	3 years

\*Last year we capitalised furniture and refurbishment costs which related to our sub-tenants NHSLA. Our normal policy was to depreciate furniture and fittings and refurbishment costs over 3 and 10 years respectively. The 5 year term was added to account for the additions relating to NHSLA and equate to the length of their lease.

## Critical accounting judgements and key sources of estimation uncertainty

In the application of the HTA accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed annually. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods. There have been no critical judgements or key sources of uncertainty.

### 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 2017 we received Grant-in-aid from the Department of Health (DH) as follows:

Capital Grant-in-aid:	£100,000
Revenue Grant-in-aid:	<u>£801,000</u>
Total	<u>£901,000</u>

### 1.5 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 2016/17 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 may be recognised on an accruals basis when the goods or services are delivered or represent charges for staff seconded out.

### 1.8 Employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

### 1.9 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.

## **1.10 Receivables**

The HTA provides for bad debts on an individual establishment basis. This year a provision of £19,358 was provided (2015/16 £Nil).

## **1.11 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.

## **1.12 IFRSs, amendments and interpretations in issue but not yet effective, or**

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2016/17. The application of the Standards as revised would not have a material impact on the accounts in 2016/17, were they applied in that year.

- IFRS 9 Financial Instruments. Effective for reporting periods beginning on or after 1 January 2018
- IFRS 15 Revenue from contracts with customers. Effective for reporting periods beginning on or after 1 January 2018.

## **1.13 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.

**Human Tissue Authority  
Annual Report and Accounts 2016/17**

### 3. Other Expenditure

	Notes	31-Mar-17 £	31-Mar-16 £
<b>Staff Costs</b>	Remuneration report pg 35	2,700,135	2,632,577
<b>Purchase of goods and services</b>			
Computer running costs		232,137	231,070
Staff recruitment, training and welfare		139,236	128,058
Consultancy		2,706	2,581
Office and administration costs	(a)	92,048	28,821
Maintenance Contracts		37,637	29,170
Travel subsistence and hospitality	(b)	131,239	75,843
Conferences & Events		32,012	29,473
Stationery and publications		34,081	28,601
Auditors Remuneration	(c)	55,627	54,504
Provision for bad debts		19,358	0
Legal and professional fees		27,646	54,431
		<u>803,727</u>	<u>662,552</u>
<b>Other operating costs</b>			
Accommodation		723,452	548,370
Project Costs		85,831	61,586
Telecommunications		49,018	23,824
		<u>858,301</u>	<u>633,780</u>
<b>Non-cash items</b>			
Depreciation and amortisation		172,980	213,652
Loss/gain on disposal of plant and equipment		-	-
		<u>172,980</u>	<u>213,652</u>
<b>Total</b>		<u><b>4,535,143</b></u>	<u><b>4,142,561</b></u>

#### Notes

(a) The increase in Office and administration costs is due to the inclusion in 16/17 of the cost of developing our fees model.

(b) Travel, subsistence and hospitality costs increase on 15/16 is due to increased inspection activity and the travel of costs of the Authority in attendance at meetings and workshops on behalf of the HTA.

(c) Audit fees	Internal	29,127	27,004
	External	26,500	27,500
		<u>55,627</u>	<u>54,504</u>

The External audit fee for 2016/17 is £26,500 (2015/16 £26,000. The additional £1,500 related to prior year charges).

**Human Tissue Authority  
Annual Report and Accounts 2016/17**

**4. Income**

	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>£</b>	<b>£</b>
	<u>                    </u>	<u>                    </u>
Income from Activities:		
Licence Fee Income	3,260,137	3,216,865
Income from devolved administrations <sup>1</sup>	122,376	115,387
	<u>3,382,513</u>	<u>3,332,252</u>
Other Income	377,015	233,572
	<u><b>3,759,528</b></u>	<u><b>3,565,824</b></u>

<sup>1</sup>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.

**4.1. Other Income**

	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>£</b>	<b>£</b>
	<u>                    </u>	<u>                    </u>
Other Income - Rent	310,138	110,756
Other Income - Outward secondees	66,877	122,816
	<u>377,015</u>	<u>233,572</u>

Other income - outward secondees relates to three members of staff who worked for other organisations part-time.

## 5. Property, Plant and Equipment

	Information Technology Hardware £	Furniture & Fittings £	Refurbishment Costs £	Total £
<b>Cost or valuation</b>				
At 1 April 2016	237,999	147,732	1,104,340	1,490,071
Additions	1,440	0	720	2,160
Adjustment	0	0	(11,399)	(11,399)
<b>At 31 March 2017</b>	<b>239,439</b>	<b>147,732</b>	<b>1,093,661</b>	<b>1,480,832</b>
<b>Depreciation</b>				
At 1 April 2016	218,290	101,246	562,045	881,581
Charge for the year	16,315	9,455	113,119	138,889
Disposals	0	0	0	0
<b>At 31 March 2017</b>	<b>234,605</b>	<b>110,701</b>	<b>675,164</b>	<b>1,020,470</b>
<b>Net book value at 31 March 2017</b>	<b>4,834</b>	<b>37,031</b>	<b>418,497</b>	<b>460,362</b>
Net book value at 1 April 2016	19,709	46,486	542,295	608,490
<b>Asset financing:</b>				
Owned	4,834	37,031	418,497	460,362
<b>At 31 March 2017</b>	<b>4,834</b>	<b>37,031</b>	<b>418,497</b>	<b>460,362</b>
<b>Cost or valuation</b>				
At 1 April 2015	230,941	108,650	1,045,928	1,385,519
Additions	7,058	47,274	58,412	112,744
Disposals	0	(8,192)	0	(8,192)
<b>At 31 March 2016</b>	<b>237,999</b>	<b>147,732</b>	<b>1,104,340</b>	<b>1,490,071</b>
<b>Depreciation</b>				
At 1 April 2015	205,728	108,650	457,298	771,676
Charge for the year	12,562	788	104,747	118,097
Disposals	0	(8,192)	0	(8,192)
<b>At 31 March 2016</b>	<b>218,290</b>	<b>101,246</b>	<b>562,045</b>	<b>881,581</b>
<b>Net book value at 31 March 2015</b>	<b>19,709</b>	<b>46,486</b>	<b>542,295</b>	<b>608,490</b>
Net book value at 1 April 2015	25,213	0	588,630	613,843
<b>Asset financing:</b>				
Owned	19,709	46,486	542,295	608,490
<b>Net book value at 31 March 2016</b>	<b>19,709</b>	<b>46,486</b>	<b>542,295</b>	<b>608,490</b>

## 6. Intangible Assets

	Information Technology	Websites	Assets Under Construction	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2016	951,220	53,850	111,314	1,116,384
Additions	28,729	4,500	0	33,229
Adjustments/Transfers	111,314	0	(111,314)	0
<b>At 31 March 2017</b>	<b>1,091,263</b>	<b>58,350</b>	<b>0</b>	<b>1,149,613</b>
<b>Amortisation</b>				
At 1 April 2016	941,589	20,292	0	961,881
Charged in year	15,516	18,575	0	34,091
<b>At 31 March 2017</b>	<b>957,105</b>	<b>38,867</b>	<b>0</b>	<b>995,972</b>
<b>Net book value at 31 March 2017</b>	<b>134,158</b>	<b>19,483</b>	<b>0</b>	<b>153,641</b>
At 1 April 2016	9,631	33,558	111,314	154,503
<b>Asset financing:</b>				
Owned	134,158	19,483	0	153,641
<b>At 31 March 2017</b>	<b>134,158</b>	<b>19,483</b>	<b>0</b>	<b>153,641</b>
<b>Cost or valuation</b>				
At 1 April 2015	967,096	52,050	0	1,019,146
Additions	0	1,800	111,314	113,114
Disposals	(15,876)	0	0	(15,876)
<b>At 31 March 2016</b>	<b>951,220</b>	<b>53,850</b>	<b>111,314</b>	<b>1,116,384</b>
<b>Amortisation</b>				
At 1 April 2015	879,310	2,892	0	882,202
Charged in year	78,155	17,400	0	95,555
Disposals	(15,876)	0	0	(15,876)
Reclassification	0	0	0	0
<b>At 31 March 2016</b>	<b>941,589</b>	<b>20,292</b>	<b>0</b>	<b>961,881</b>
<b>Net book value at 31 March 2016</b>	<b>9,631</b>	<b>33,558</b>	<b>111,314</b>	<b>154,503</b>
Net book value at 1 April 2015	87,786	49,158	0	136,944
<b>Asset financing:</b>				
Owned	9,631	33,558	111,314	154,503
<b>Net book value at 31 March 2016</b>	<b>9,631</b>	<b>33,558</b>	<b>111,314</b>	<b>154,503</b>

## **6.1 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.



## **7. 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 2017 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 2017 within the Royal Bank of Scotland 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

There were no foreign currency transactions conducted by the HTA during the period ended 31 March 2017. There was therefore no significant foreign currency risk during the year.

## Financial assets

<b>By category</b>	<b>Receivables and other financial assets</b>
	<b>31-Mar-17</b>
	£
<b>Assets per Statement of Financial Position</b>	
Licence fee debtors (net of provisions)	10,227
Other receivables	222,510
Cash at bank and in hand	2,991,606
<b>Total at 31 March 2017</b>	<b>3,224,343</b>
Licence fee debtors (net of provisions)	13,988
Other receivables	95,093
Cash at bank and in hand	2,767,798
<b>Total at 31 March 2016</b>	<b>2,876,879</b>

The cash balances as at 31 March 2017 carried a floating rate.

## Financial liabilities

<b>By category</b>	<b>Other financial liabilities</b>
	<b>31-Mar-17</b>
	£
<b>Liabilities per Statement of Financial Position</b>	
Trade payables	10,909
Other payables	8,708
Accruals	282,103
<b>Total at 31 March 2017</b>	<b>301,720</b>
Trade payables	1,410
Other payables	792
Accruals	226,429
<b>Total at 31 March 2016</b>	<b>228,631</b>

As at 31 March 2017 none of the HTA's liabilities carried a floating rate of interest.

## Fair values

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

## 8. Trade receivables and other current assets

	31-Mar-17 £	31-Mar-16 £
<b>Amounts falling due within one year:</b>		
Trade receivables - Licence fee debtors	29,585	13,988
Provisions for bad debts	(19,358)	0
Other Receivables	25,058	24,713
Prepayments and accrued Income	197,452	70,380
	<b>232,737</b>	<b>109,081</b>

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

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

## 9. Cash and cash equivalents

	£
Balance at 31 March 2015	2,932,459
Net change in cash and cash equivalent balances	(164,661)
Balance at 31 March 2016	2,767,798
Net change in cash and cash equivalent balances	223,808
Balance at 31 March 2017	2,991,606

	31-Mar-17 £	31-Mar-16 £
The following balances were held at:		
Commercial banks	1,927,054	1,165,554
Government Banking Services	1,064,552	1,602,244
	<b>2,991,606</b>	<b>2,767,798</b>

## 10. Trade payables and other current liabilities

	31-Mar-17 £	31-Mar-16 £
<b>Amounts falling due within one year</b>		
Trade payables	10,909	1,410
Other payables	8,708	792
Deferred Income	0	6,850
Accruals	282,103	219,579
	<b>301,720</b>	<b>228,631</b>

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

There are no creditors falling due after one year.

## **11. Commitments under leases**

### **Operating leases**

#### **11.1 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-17</b>	<b>31-Mar-16</b>
	<b>£</b>	<b>£</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Payable:				
Not later than one year	381,948	3,086	385,034	218,546
Later than one year not later than five years	1,145,844	7,619	1,153,463	862,869
<b>Total</b>	<b><u>1,527,792</u></b>	<b><u>10,705</u></b>	<b><u>1,538,497</u></b>	<b><u>1,081,415</u></b>

The HTA has accepted an increase in its rent that has been back-dated to April 2016. This has affected the costs incurred in years two to five onwards

## **12. Contingent liabilities**

There is a possibility that the HTA in addition to other ALB's who inhabit 151 Buckingham Palace Road, may be liable to VAT on a rent review that was back-dated to April 2016. The contingent sum may be £76,390.

## **13. Related party transactions**

The DH is regarded as a related party and had various transactions totalling £938,993 with the HTA during the year. This mainly related to grant-in-aid of £901,000 and £37,993 for the provision of Internal Audit Services. Of this £2,866 are accruals. At 31 March 2017 the HTA owed the DH £2,866 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 £244,874 (2015/16 £162,181) 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 2017 was £Nil (2015/16 £Nil for licence fees paid).

The NHSLA occupy part of our office space and had transactions totalling £310,138 (2015/16 £102,514).

HFEA - transactions totalled £103,645 (2015/16 £128,272) and were mainly for fees charged for three seconded staff during this financial year.

The HTA has also had material transactions with the Department for Business, Energy & Industrial Strategy (BEIS) throughout the year.

During 2016/17 no Authority Member or senior manager or other related parties undertook any material transactions with the HTA.

## **14. 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.

ISBN 978-1-4741-4641-8



9 781474 146418