

Annual report and accounts 2017/18

Human Tissue Authority

Annual report and accounts 2017/18

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Chief Executive's foreword

Looking at the changes in our regulatory landscape since the Human Tissue Authority (HTA) was established, the Authority came to the view during 2017 that the pace of innovation and the increasing complexity in our external environment necessitated a fundamental review of our strategy. In particular, we have observed novel uses of human tissue and new business models which bring new risks and challenges that were not anticipated when our enacting legislation was passed.

The aim of this review was to assess whether our strategy and regulatory approach continue to ensure public and professional confidence in the safe and ethical use of human tissue; the goal that remains our central purpose.

This exercise gave us considerable reassurance that the public and professionals think we are on the right track with our regulatory approach. As a result, the fundamentals of this approach, which have served the public and our licensed establishments well, will remain unchanged. At the same time, the review also identified a number of emerging issues that we need to address.

This year has been the first since we issued new Codes of Practice across our sectors. While these have been well received, there has over the same period been an increase in the number and severity of the shortfalls we find on inspection especially in the post-mortem sector. Although this has undoubtedly increased our workload we have as always found our stakeholders to be responsive to findings and jointly we have been able to ensure that organisations have a clear plan to rectify issues and return to regulatory compliance.

We have played a significant role in a number of policy developments associated with our role. During 2017/18 we were instrumental in the implementation of EU requirements associated with the coding and import of human tissues and cells. We also contributed to the government's consultation on opt-out consent for organ donation in England. There is more to do in the coming year on both of these developments, and we also anticipate having an increasing role to play in planning for the UK's exit from the EU in the sectors we regulate.

We continue to work closely with the public and our license holders. Over the past year we established a public advisory panel and extended our arrangements for high quality engagement with professional stakeholders. These initiatives aim to better inform and involve all interested parties to ensure that proposed regulatory developments will extend public and professional confidence.

This coming year will see us embark on our new three year strategy. We will continue to ensure we deliver the high quality regulation we have always provided whilst transforming the way in which we are structured and work; with the ambition of becoming a more agile, resilient and sustainable organisation by 2021.

The upcoming year will be a balancing of priorities as we transition between our previous and new strategies and lay the foundations for our new ways of working, including some structural changes that will support the delivery of our new vision.

It is perhaps opportune that as we embark on this new strategy, we do so with a new Chair. I would like to extend thanks to our outgoing Chair, Sharmila Nebhrajani, and welcome Nicola Blackwood to the organisation. I am confident that under her stewardship we will successfully deliver our organisational transformation programme, ensure we focus on our people and

stakeholders and continue to deliver high quality regulation in what will continue to be uncertain and challenging times.

A handwritten signature in black ink, appearing to read 'AM Smith', written in a cursive style.

Allan Marriott-Smith
Chief Executive

Performance

Overview

We are a Non-Departmental Public Body (NDPB) sponsored by the Department of Health and Social Care (DHSC), incorporated and domiciled in England. Our registered office is 151 Buckingham Palace Road, London, SW1W 9SZ. 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 and Social Care, 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 the purposes of 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 2017/18 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"> • deliver right-touch regulation and high quality advice and guidance • be consistent and transparent in our decision-making and regulatory action • deliver effective regulation of living donation • inform and involve people with a professional or personal interest in the areas we regulate • maintain our strategic relationships with other regulators operating in the health sector
Development – To make the right investment to continuously improve delivery	<ul style="list-style-type: none"> • reduce regulatory burdens where risks to public confidence are lowest • make it clearer how to achieve compliance with new and existing regulatory requirements • make continuous improvements to our systems and processes to minimise wasted or duplicated effort • take opportunities to better inform and involve the public
Deployment – To make the most effective use of people and resources in pursuit of our goals	<ul style="list-style-type: none"> • manage and develop our people in line with the People Strategy • ensure the continued financial viability of the HTA • provide a suitable working environment and effective business technology

Key issues in 2017/18

2017/18 was marked by a number of key achievements. Following the launch of our revised Codes of Practice, we began to inspect against our revised standards. We completed more than our target number of site visits and received good feedback from stakeholders on the quality of our inspections. We successfully implemented the requirements of the coding and import regulations for tissues and cells and have advised on a number of high profile policy developments, including the introduction of opt-out consent for organ donation in England. We also achieved positive results from our staff survey – which demonstrated that the HTA continues to have a highly engaged and motivated workforce despite the significant operational pressures we face.

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 and Social Care (DHSC) and highlighting the operational limitations the current legislation places on us as a regulator in a changing sector.

As scientific progress continues in the areas we regulate continues, 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 increasingly encounter issues that, although strictly outside of our statutory remit, have the potential to impact on public and professional confidence. In line with our core principles regarding best practice where we can offer advice and guidance we do so, but are conscious that there are areas where the public might expect us to have regulatory tools to intervene in these areas more directly. We continue to manage this as one of our five strategic risks.

Our revised Codes of Practice and Standards came into force on 1 April 2017. The additional clarity this has provided to stakeholders and our Regulatory Managers has been welcomed universally. Possibly as a result of the more prescriptive nature of the codes we have seen significant growth in the number of shortfalls identified during the inspection of licensed premises. This consequence of the new code has significantly increased the burden of inspection follow up work for our Regulation Managers and establishments and we will continue to monitor this area of increased activity over the coming year.

Two new EU Directives were brought into force this year. These amend and implement areas of the EU Tissues and Cells Directive with respect to coding and import of human tissues and cells for the Human Application sector. Implementation has proved challenging, placing additional pressure on our staff, who continued to deliver across the other areas in which we regulate. Between January and March 2018, we assessed the compliance of 21 establishments against the new import requirements. We were able to issue new import certificates for 21 establishments by 1 April 2018, when the regulations came into force.

In July 2017 we revised our fee structure to better reflect where our regulatory activity is undertaken. This was agreed by our Authority in November 2017 and fees were published in December 2017.

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 monitor the recruitment and retention of staff as one of our strategic risks, we have a good response to recruitment of new staff and are increasing training, role enrichment and flexibility to enhance retention.

Risks as at 31 March 2018

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 2018, the HTA had five strategic risks:

Risk associated with Development	Mitigations
<ul style="list-style-type: none"> Failure to regulate in a manner that maintains public safety and confidence and is appropriate 	<ul style="list-style-type: none"> HTA Strategy clearly articulates HTA's regulatory model Regulatory decision making framework Annual review of Strategy; approved Business Plan which identifies a balanced programme of regulatory activity and continuous improvement HTA People Strategy roadmap HTA quality management system containing decision making framework, policies and Standard Operating Procedures to achieve adherence to the regulatory model Training and development of professional competence
<ul style="list-style-type: none"> Inability to manage an incident that impacts upon the delivery of HTA strategic objectives. 	<ul style="list-style-type: none"> Critical incident response plans are regularly reviewed and communicated to staff who are trained annually Media handling policy and guidance in place, including regular media training for key staff and Members with relevant scenarios, to supplement media release and enquiries Standard Operating Procedure Policy and guidance in place for media and enquiries handling IT systems are in place and Business Continuity is annually reviewed and tested
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Log of issues with respect to the existing legislation is maintained and discussed with DHSC Active management of issues raised by the media and public Regular reporting to DHSC on matters which risk public and professional confidence

	<ul style="list-style-type: none"> • Legal advice is, and will continue to be, used to clarify regulatory powers and provide guidance where appropriate
<ul style="list-style-type: none"> • Failure to utilise people, data and business technology capabilities effectively 	<ul style="list-style-type: none"> • Regularly reviewed set of people-related policies cover all dimensions of the employee lifecycle • Established annual Performance Development Planning and regular 1 – 1 meetings with all staff and mid-year reviews • IT systems protected and assurance received from third party suppliers that protection is up to date • Staff training in key business systems • Data relating to establishments securely stored within our Customer Relationship Management system
<ul style="list-style-type: none"> • Insufficient, or ineffective management of financial resources 	<ul style="list-style-type: none"> • Budget management framework exists to control and review spend and take early action where necessary • Financial projections, cash flow forecasting and monitoring are reviewed monthly by executive team • Reserves policy and levels are reviewed frequently and reported to the executive team and Authority • Internal audit and annual external audit of finance are undertaken each year • Fee modelling which provides cost/income information for planning

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 and Social Care (DHSC) 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 DHSC.

Analysis of performance over the year

Performance indicators 2017/18

Performance indicators	Target 2017/18	Performance 2017/18	Target 2016/17	Performance 2016/17
Delivery				
Undertake a risk-based inspection/audit program	210 site visits	240	180 site visits	197
Take appropriate action for all regulatory non-compliance¹	100% of Corrective and Preventative Actions (CAPAs)	77%	100% of Corrective and Preventative Actions (CAPAs) implemented	100%
Make appropriately evidenced decisions to agreed quality standard	100% of non-panel cases turned around with 5 working days	100%	100% of non-panel cases turned around with 5 working days	100%
Answer enquiries in a timely manner	95% of enquiries answered within 10 working days	96%	95% of enquiries answered within 10 working days	95%
Deployment				
Manage all development options offered to staff and evaluate course to ensure quality delivery and learning effectiveness	80% of staff attending training courses agree that the skills/knowledge gained is useful	95%	80% of staff attending training courses agree that the skills/knowledge gained is useful	88%
Reduce attrition rates through improved selection and targeted measures to retain staff²	Attrition rate to be no more than 18%	23%	Attrition rate to be no more than 18%	25%

¹ The decrease from 100% in 2016/17 to 77% this year, was due to an increased number of shortfall and the complexity of issues that rose from the shortfalls and inspections more generally.

² This has always been a challenge and area of focus, however due to our size, the movement of one member of staff causes roughly 2% 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 to set our fees according to the regulatory workload and allocate our costs according to our activities as sets out in legislation.

Summary position as at 31 March 2018

		2017/18	2016/17
	Note	£'000s	£'000s
Income			
From devolved Governments		130	122
Licence fees		3,296	3,260
Other income	(a)	458	377
Total Income		3,884	3,759
Expenditure			
Staff costs		2,827	2,700
General administrative costs		1,779	1,835
Total expenditure		4,606	4,535
Net (expenditure)/income for the year	(b)	(722)	(776)

- (a) Other income in 2017/18 is made up of rental income from NHS Resolutions and seconded staff costs.
- (b) Net expenditure for the year reflects our financial position excluding the Grant-in-aid (GIA) funding received from Department of Health and Social Care. The table below reflects the revenue GIA received from DHSC, therefore the Net operating surplus for HTA.

Net (expenditure)/income for the year	(b)	(722)	(776)
Revenue Grant in Aid	(c)	800	801
Surplus for the year		78	25

- (c) GIA is treated as financing within statutory accounts and it is a requirement to report it this way. GIA is therefore excluded in the Statement of Comprehensive Net Expenditure (SoCNE) on page 51 within the financial statements and included in the Statement to Changes in Taxpayers Equity (SoCTE) on page 54.

Including the Resource GIA funding received from DHSC the HTA delivered a small operating surplus of £78k against operating expenditure of £4.6m. Our staff costs were 4.7% more than last year.

Licence fee income of £3.29m is 1.1% higher than our 2016/17 fee income, although 1.7% less than the £3.35m expected, due mainly to a reduction in the number of licenced establishments.

During 2017/18 the HTA managed income and expenditure to ensure drawdowns were kept to within the DHSC's cash allocation. The total available cash allocation for revenue and capital expenditure was £800,000 and £250,000 respectively, (2016/17 £801,000 and £100,000).

Supplier payments

The HTA is committed to the Better Payment Practice Code. We aim to pay suppliers within ten days of receipt of a valid invoice. No interest payments were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

HTA Target	2017/18	2016/17
90% of payments made within 10 days of receipt of undisputed invoice. (Better Payment Practice Code Target is 95% in 30 days)	1,123 invoices received of which 1,107 98.6% paid within 10 days	821 invoices received of which 814 99.2% paid within 10 days

Countering fraud and corruption

Whilst the HTA have suffered no losses, it is important that we have systems in place to mitigate any fraud. The HTA has an anti-fraud and bribery policy which it reviews annually and ensures staff are aware. The Director of Resources also has access to the DHSC Counter Fraud unit if ever required.

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 in addition all-staff meetings are held at least every two months. Directorate team meetings are also held regularly. Members of staff can raise any issues with a member of the SMT during the weekly "SMT drop-in" session.

The HTA staff survey, last undertaken in December 2017 and next planned next for 2018/19, had participation rates of 81% (2016/17 88%), well above the Civil Service average of 67% (65% in 2016/17). 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 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 with the chair of the staff forum at least three times a year coinciding with ARAC meetings.

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 have 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. Ninety-five per cent 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 seven 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 2017/18 four members of staff benefitted from the scheme, in addition to the 21 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 and human rights

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 periodically monitor our performance in this area and will be publishing our updated Equal Opportunities Report early in the 2018/19 business year.

Disabled employees

We have a specific policy of inviting to interview any candidate with a disability who meets essential criteria. Support is provided for all staff who have, or develop, a disability including making any reasonable adjustments to the workplace or work processes and having advice available through the occupational health service.

An analysis of gender mix for the headcount as at 31 March 2018 is provided below. The figures exclude the Shared Director who is accounted for within the Human Fertilisation and Embryology (HFEA) and temporary staff.

Gender	Male	Female	Total 2017/18	Total 2016/17
Authority Members	7	5	12	12
Directors	2	1	3	3
Total staff (including Directors, excluding Members)	12	32	44	49*

* Last year (Male 14/Female 35)

None of the HTA staff who declare reports themselves as disabled. An analysis of other characteristics of all staff, as at 31 March 2018, is provided below.

Age range	2017/18	2016/17
< 34	17	18
35-44	16	20
45-54	8	7
>55	3	4

Ethnicity	2017/18	2016/17
White British	27	27
Other Ethnicity	17	22

Religion	2017/18	2016/17
Christian	13	16
Other Religions	3	5
Non-religious	27	18
Undisclosed	1	10

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 2017/18 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 building on Buckingham Palace Road. We share this space with NHS Resolution. Our landlords, the Department for Business, Energy &

Industrial Strategy – BEIS - 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.



Allan Marriott-Smith
Chief Executive
Accounting Officer

19 June 2018

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 2017/18 are set out below. Biographies for each can be found on our website.

Authority member	Type	Appointment start date	Appointment end date
Nicola Blackwood	Lay	13 March 2018	12 March 2021
Sharmila Nebhrajani OBE (Chair)	Lay	1 April 2014	11 March 2018 (re-appointed August 2016)
William Horne	Lay	1 August 2014	31 July 2020 (re-appointed May 2017)
Professor Andy Hall	Professional	20 October 2014	19 October 2020 (re-appointed August 2017)
Hossam Abdalla	Lay	20 October 2014	19 October 2020 (re-appointed August 2017)
Amanda Gibbon	Lay	20 October 2014	19 October 2020 (re-appointed August 2017)
Professor Anthony Warrens	Professional	20 October 2014	19 October 2020 (re-appointed August 2017)
Glenn Houston	Lay	5 May 2015	4 May 2021 (re-appointed March 2018)
Dr Lorna Williamson OBE	Professional	1 April 2016	31 March 2019
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 2017/18 are set out below.

Senior Management	Post
Allan Marriott Smith	Chief Executive
Richard Sydee ¹	Shared Director of Resources
Victoria Marshment (resigned 29 September 2017)	Director of Policy, Strategy and Communications
Hazel Lofty (interim appointment 2 October 2017)	Director of Policy, Strategy and Communications
Sarah Bedwell (resigned 31 December 2017)	Director of Regulation
Christopher Birkett (interim appointment 4 December 2017)	Director of Regulation

¹ Shared Director of Resources seconded 2.5 days a week from the Human Fertilisation and Embryology Authority (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 1.9 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 2017/18 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 The 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 DHSC, 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 DHSC has appointed 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 DHSC, and in Managing Public Money published by HM Treasury. I confirm that they are fair, balanced and understandable and provide the information necessary for stakeholders to assess the performance of the HTA.

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) 2017/18.

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.

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 2017/18.

During 2017/18 the Authority met its key performance indicators, with strong performance from the Board Executive, Board Committees and satisfactory outcomes from individual internal 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 2017/18.

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 2017/18 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 2017/18 a new Chair joined the Authority. Sharmila Nebhrajani OBE resigned her chairmanship on 11 March 2018 in order to take up a full-time role elsewhere and the Secretary of State appointed Nicola Blackwood to the role of HTA Chair from 13 March 2018. Six Authority Members were re-appointed for a further term. William Horne (May 2017), Professors Andrew Hall, Professor Anthony Warrens, Amanda Gibbon and Hossam Abdalla (August 2017) and Glenn Houston (March 2018).

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 and 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.

The Authority ensures that statutory functions are delivered appropriately, in line with the Harris review. It has a clear understanding of the statutory basis of work undertaken by the HTA, ensuring there is direction or clarification from the DHSC where required.

The HTA is committed to transparency and public accountability and therefore Authority agendas, papers and minutes are published on our website, along with other policies and reports.

The Authority met 5 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 DHSC also attend, and other HTA staff attend as required. Member attendance at ordinary Authority meetings in 2017/18 is listed below.

Authority Member	Number of meetings attended
Sharmila Nebhrajani OBE (Chair)	5/5
William Horne	5/5
Professor Andy Hall	4/5
Hossam Abdalla	5/5
Amanda Gibbon (ARAC Chair)	5/5
Professor Anthony Warrens	5/5
Glenn Houston	5/5
Dr Lorna Williamson OBE	4/5
Professor Penney Lewis	4/5
Dr Stuart Dollow	4/5
The Right Reverend Graham Usher	5/5
Professor Dame Sally Macintyre	4/5

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 2017/18.

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 enables the Authority to work directly with stakeholders to review 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 is 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 provides 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 2017/18. 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 and Social Care 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 February 2018, as part of a review of Authority member appointments to committees. Member attendance at ARAC meetings in 2017/18 is listed below.

ARAC member attended	Number of meetings
Amanda Gibbon (Chair)	3/3
William Horne	3/3
Professor Andy Hall	3/3

Glenn Houston	3/3
Dr Stuart Dollow	3/3
Dame Sally McIntyre ¹	0/1

In addition, the Chair of the Authority, Sharmila Nebhrajani, attended the May meeting

At the start of the 2017/18 year we welcomed a new Head of Internal Audit (HIA), Jeremy Nolan of the Government Internal Audit Agency. On appointment he undertook a thorough review of the historic Audit activity with the executive and ARAC and agreed a programme of work focusing on fundamental controls around Information Technology, Risk Management and Finance as the basis for his first year as HIA.

During 2017/18, 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. 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 twice in 2017 to agree the principles for the 2017 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)	2/2
Hossam Abdalla	1/2
Glenn Houston	2/2
Stuart Dollow	2/2

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.

Members have attended events for non-executive directors organised by the DHSC 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. However, none were held in 2017/18.

¹ Dame Sally McIntyre was temporarily appointed to the committee in February 2018 but was unable to attend this meeting

Effectiveness of the Authority

The HTA complies with the *Corporate Governance Code for Central Government Departments*. 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 normally assesses the performance of each member annually. DHSC forms a view on the effectiveness of the Authority by attending meetings and of the HTA's performance through quarterly accountability meetings. No significant issues have been raised.

ARAC makes a self-assessment of its performance annually. This was undertaken in February 2018 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 Value for money auditing and optimal deployment of resources and the NAO perspective on the risks emerging within the health sector.

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 the Member concerned 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 DHSC. To ensure compliance with the Framework Agreement agreed with DHSC the HTA ensures:

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

- that the HTA submits quarterly performance and risk reports to the timetable outlined by the DHSC 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 Freedom to Speak Up champion with whom staff can raise concerns. Contact details for the DHSC, 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 February 2018. It was also presented to operational and strategic risk owners at HTAMG, thereby providing refresher training.

In order to ensure proper procedures are consistently 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 2018 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. Two strategic risks are amber rated, the other three are yellow.

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

Failure to utilise our capabilities effectively is also an amber risk. This 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 2018/19. We will also develop plans for using our data better in 2018/19.

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 2017/18, we experienced significant turnover at both Head and Executive level, with two long serving Heads and two Directors leaving the HTA during the reporting year. Although we have successfully appointed replacements with exceptional qualifications and qualities it will take some time before we are able to fully utilise the capability of new recruits. In addition to the personal reasons individuals have for leaving, pay restrictions and pay levels at the HTA and the limited opportunities for progression are an ongoing cause of turnover. The HTA continues 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 yellow at the end of 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 maintain high standards of information security, including data protection. These include an information governance and cyber risk policy that applies to all staff, Members and contractors. Cyber security was reviewed in 2017/18 by internal audit who reported only limited assurance from their review. Six findings were reported for management attention, of which three were categorised as high risk in the report. Action has been initiated to address these issues. There were no reportable personal data losses in 2017/18.

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 DHSC 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 Financial Control, Cyber Security, Risk management and Governance and GDPR readiness. There have been 3 high priority recommendations in relation to cyber security and these have been remedied. The GDPR work was an Advisory review and we have used its recommendations to establish where immediate improvements are needed and key policies require updating. Feedback to the ARAC on our preparedness for GDPR takes place at meetings and via electronic communications.

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 2017/18”.

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 DHSC 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 2018 and up to the date of this report.



Allan Marriott-Smith
Accounting Officer
Human Tissue Authority

Date: 19 June 2018

Remuneration report

This report contains details on the remuneration of members of our Authority and the Executive for the year ended 31 March 2018. It is based upon the provisions contained within the Government Financial Reporting Manual 2017/18. 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 DHSC. 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 2017/18 and those benefits in kind that are subject to tax and national insurance.

Trade Unions

Under the Facility Time Publication Requirements Regulations of 2017, the HTA is required to disclose the number of staff, cost and time spent on facility time by an employee who is a relevant union official if it meets certain criteria.

The HTA does not have any staff who are members of any Trade Unions.

The Authority

Authority Member		2017/18			2016/17		
Name	Role/Type	Salary range	Expenses (to nearest £100)	Total	Salary range	Expenses (to nearest £100)	Total
		£'000s	£	£'000s	£'000s	£	£'000s
Sharmila Nebhrajani OBE ¹	Chair (Lay)	35-40	1,900	40-45	40-45	2,400	40-45
William Horne	Lay	5-10	3,100	10-15	5-10	2,900	10-15
Amanda Gibbon	Chair of ARAC (Lay)	10-15	0	10-15	10-15	0	10-15
Hossam Abdalla	Professional	5-10	0	5-10	5-10	0	5-10
Professor Andy Hall	Professional	5-10	2,200	10-15	5-10	3,300	10-15
Professor Anthony Warrens	Professional	5-10	100	5-10	5-10	0	5-10
Glenn Houston	Lay	5-10	3,500	10-15	5-10	4,100	10-15
Dr Lorna Williamson	Professional	5-10	200	5-10	5-10	100	5-10
Professor Penney Lewis	Lay	5-10	100	5-10	5-10	200	5-10
Dr Stuart Dollow	Professional	5-10	0	5-10	5-10	0	5-10
The Right Reverend Graham Usher	Lay	5-10	600	5-10	5-10	900	5-10
Professor Dame Sally Macintyre	Lay	5-10	1,300	5-10	5-10	2,000	5-10

¹ Sharmila Nebhrajani was succeeded by Nicola Blackwood for whom no salary/expenses were claimed in 2017/18

Members' expenses relate solely to their attendance at HTA committees, meetings and training events. Since our Authority members are located across the UK, the disparity in expenses paid to individual Authority members reflects their geographic location and the number of committees and meetings they have attended during 2017/18.

The Senior Management Team

Name	Position	Appointed	Until
Allan Marriott Smith	Chief Executive	6 July 2015	N/a
Richard Sydee ¹	Director of Resources	1 November 2016	N/a
Sarah Bedwell	Director of Regulation	30 October 2011	31 December 2017 (resigned)
Christopher Birkett (seconded) ²	Director of Regulation	4 December	31 March 2018
Victoria Marshment	Director of Policy, Strategy and Communications	15 February 2016	29 September 2017 (resigned)
Hazel Lofty (seconded) ²	Director of Policy, Strategy and Communications	2 October 2017	31 March 2018

¹Richard Sydee is the Shared Director and is seconded from the HFEA.

²Seconded posts which will continue beyond the reporting date

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

Later sections² 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 DHSC. The HTA have made awards each year to eligible staff who are performing satisfactory 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. 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 notice period of between one and twelve weeks in line with the Employment Rights Act 1996.

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 2017/18 (and none in 2016/17).

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 for 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

No benefits in kind were received by senior staff members in 2017/18 or 2016/17.

Senior Management remuneration

Senior Manager	Salary	Bonus	B-i-K	Pension Benefits ¹	Total	Salary	Bonus	B-i-K	Pension Benefits ¹	Total
	£000s	£000s	£	£000s	£000s	£000s	£000s	£	£000s	£000s
	2017/18					2016/17				
Allan Marriott-Smith	110-115 (Fte 115-120)	0	0	0	110-115 (Fte 115-120)	115-120	0	0	58	190-195
Sarah Bedwell	65-70 (Fte 90-95)	0	0	14	80-85 (Fte 90-95)	85-90	0-5	0	27	125-130
Christopher ⁴ Birkett	25-30 (Fte 85-90)	0	0	34	60-65 (Fte 85-90)	N/a	N/a	N/a	N/a	N/a
Victoria ² Marshment	40-45 (Fte 85-90)	0	0	0	40-45 (85-90)	85-90	0	0	0	85-90
Richard ³ Sydee	45-50 (Fte 90-95)	N/a	N/a	0	45-50 (Fte 90-95)	15-20 (Fte 90-95)	N/a	N/a	N/a	15-20 (Fte 90-95)
Hazel Lofty ⁴	40-45 (Fte 80-85)	0	0	29	65-70	N/a	N/a	N/a	N/a	N/a

¹ 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. The figures for 2016/17 have been restated to reflect updated guidance received from DHSC

² Victoria Marshment left the scheme at the end of 2015/16. ³ 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.

⁴ Staff were seconded into these roles part way through the year and this is reflected in the salary shown

Median pay and multiples

	2017/18 (£'000)	2016/17 (£'000)
	115 -120	115 - 120
Band of highest paid director's gross salary only	(full year equivalent)	(full year equivalent)
Median remuneration of staff	40.9	41.4
Ratio	2.87	2.83

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 2017/18, no employees received remuneration in excess of the highest paid director (2016/17, nil). Remuneration as at 31 March 2018 ranged from £23,000 to £118,000 (2016/17 £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 2017/18, the HTA staff costs were:

	Permanently employed staff	Members	Seconded Staff	Total 2017/18	Total 2016/17
	£	£	£	£	£
Wages and salaries	2,061,885	131,581	131,358	2,324,824	2,238,073
Social security costs	232,196	5,027	15,581	252,804	239,555
Pension costs	226,923	0	22,964	249,887	222,507
Subtotal	2,521,004	136,608	169,903	2,827,515	2,700,135
Less recoveries in respect of outward secondments	0	0	61,649	61,649	66,877
Total net costs	2,521,004	136,608	108,254	2,765,866	2,633,258

For 2017/18 contributions of £249,887 (2016/17, £222,507) were paid to the NHSPS at rates prescribed by HM Treasury. The current employer's rate for the NHSPS is 14.38 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 2017/18	Total 2016/17 (restated and rounded)
SCS	3	0	3	4
Other	41	3	44	42
Sub-total	44	3	47	46
Temporary staff	0	0	3	2
Total	44	3	50	48

Staff reported in the above table are only those directly employed by HTA. During the year, three staff were on secondment for part of their time: one to the Medicines and Healthcare Products Regulatory Agency (MHRA), one to DHSC from October 2017 until September 2018, the other to the HFEA for approximately half of their time. As at 31 March 2018, the HTA employed 48 WTE staff (2016/17, 49).

Expenditure on consultancy

During the year we spent £59,583 on consultancy services which includes legal fees.

Sickness and absences

During the year ended 31 March 2018 the total number of whole time equivalent days (Wte) lost to sickness absence was 110 days (2016/17 332 days). This information is disclosed in accordance with the *Government Financial Reporting Manual* (FReM).

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 £245, 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 2017/18 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. 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 2017/18 HTA employer's contributions were £249,887 (2016/17 £222,507) at a rate of 14.38% 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 scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) 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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. 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 employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. 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.

Pension Benefits – Senior Management Team

Name of Officer	Real increase in pension at age 60	Real increase in pension lump sum at age 60	Pension at 31/03/2018	Lump sum at age 60 at 31 March 2018	CETV at 31/03/2018	CETV at 31/03/2017	Real increase in CETV as funded by employer 2017/18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Allan Marriott Smith	0-2.5	N/a	15-20	N/a	168	169	(3)
Christopher Birkett	0-2.5	0-2.5	15-20	40-45	240	210	1
Sarah Bedwell	0-2.5	N/a	5-10	N/a	116	100	7
Victoria Marshment ¹	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Hazel Lofty	0-2.5	N/a	5-10	N/a	66	48	0
Richard Sydee ²	N/a	N/a	N/a	N/a	N/a	N/a	N/a

¹ Victoria Marshment left the scheme at the end of 2015/16. ² 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)

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: 19 June 2018

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 2018	31 March 2017
	£	£
Applications	45,553	53,700
Anatomy	88,675	84,046
Post Mortem	1,052,721	1,028,275
Public Display	18,742	17,300
Research	589,267	560,679
Human Application	1,254,586	1,244,450
Organ Donation/ Transplantation	246,700	271,688
Other income for licensing activities ¹	392,149	379,513
Total Licence fee income²	3,688,393	3,639,651
Costs allocated to licensing activities	(3,592,689)	(3,628,752)
Surplus/(Deficit) on activities	95,704	10,899

¹ Figure includes income from Devolved Governments, staff secondments and rental of excess office space.

² This is the total income allocated to licensable activities and therefore differs from that on page 15

In addition, there are elements of our work that do not relate directly to the cost of regulating the sectors above. The DHSC 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 2017/18.

Remote contingent liabilities

There were no remote contingent liabilities in 2017/18.

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

Opinion on financial statements

I certify that I have audited the financial statements of the Human Tissue Authority (“the Authority”) for the year ended 31 March 2018 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, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Authority’s affairs as at 31 March 2018 and of its net expenditure 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 regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom’. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council’s Revised Ethical Standard 2016. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Human Tissue Act 2004.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Human Tissue Act 2004;
- in the light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and the 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 Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date 21 June 2018

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

	Note	<u>31-Mar-18</u> £	<u>31-Mar-17</u> £
Income from sale of goods and services			
Income from licence fees	4	3,296,244	3,260,137
Other Income	4	588,114	499,391
Total operating income		<u>3,884,358</u>	<u>3,759,528</u>
Expenditure			
Purchase of goods and services	3	626,379	803,727
Staff costs	3	2,827,515	2,700,135
Depreciation and impairment charges	3	177,003	172,980
Loss on disposal of fixed assets	3	9,095	-
Other operating expenditure	3	966,284	858,301
		<u>4,606,276</u>	<u>4,535,143</u>
Net Expenditure		<u>721,918</u>	<u>775,615</u>

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

The notes on pages 55 to 66 form part of the accounts

Statement of Financial Position as at 31 March 2018

	Note	<u>31-Mar-18</u> £	<u>31-Mar-17</u> £
Non-current assets:			
Property, plant and equipment	5	436,561	460,362
Intangible assets	6	173,585	153,641
Total non-current assets		<u>610,146</u>	<u>614,003</u>
Current assets:			
Trade and other receivables	8	183,542	232,737
Cash and cash equivalents	9	3,411,837	2,991,606
Total current assets		<u>3,595,379</u>	<u>3,224,343</u>
Total assets		<u>4,205,525</u>	<u>3,838,346</u>
Current liabilities			
Trade and other payables	10	340,817	301,720
Total current liabilities		<u>340,817</u>	<u>301,720</u>
Non-current assets plus net current assets		3,864,708	3,536,626
Assets less liabilities		<u>3,864,708</u>	<u>3,536,626</u>
Taxpayers' Equity			
I&E Reserve		3,864,708	3,536,626
Total		<u>3,864,708</u>	<u>3,536,626</u>

The notes on pages 55 to 66 form part of the accounts

The financial statements on pages 51 to 54 were signed on behalf of the Human Tissue Authority by:



(Signed)

(Accounting Officer)

19 June 2018

Statement of Cash Flows for the year ended 31 March 2018

		31-Mar-18	31-Mar-17
		Total	Total
Note		£	£
Cash flows from operating activities			
		(721,918)	(775,615)
		177,003	172,980
		9,095	11,399
		49,195	(123,656)
		39,097	73,089
		(447,528)	(641,803)
Cash flows from investing activities			
		(110,301)	(2,160)
		(71,940)	(33,229)
		(182,241)	(35,389)
Cash flows from financing activities			
		1,050,000	901,000
		1,050,000	901,000
Net increase/(decrease) in cash and cash equivalents in the period			
		420,231	223,808
Cash and cash equivalents at the beginning of the period			
		2,991,606	2,767,798
Cash and cash equivalents at the end of the period			
		3,411,837	2,991,606

The notes on pages 55 to 66 form part of the accounts

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2018

	Note	I & E Reserve £
Balance at 1 April 2016		3,411,241
Changes in taxpayers' equity for 2016/17		
Retained surplus/(Deficit)		(775,615)
Total recognised Income and expense for 2016/17		(775,615)
Grant from parent (capital)		901,000
Balance at 31 March 2017		3,536,626
Changes in taxpayers' equity for 2017/18		
Retained surplus/(Deficit)		(721,918)
Total recognised Income and expense for 2017/18		(721,918)
Grant from parent	1.5	1,050,000
Balance at 31 March 2018		3,864,708

The notes on pages 55 to 66 form part of the accounts

Notes to the accounts

These notes form an integral part of and should be read in conjunction with the accompanying financial statements

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 2017-18 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 2018 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 on the going concern basis under the historical cost convention.

1.2 Accounting Policies and estimates

There are no changes to accounting policies arising from new IFRSs and any new or amended standards announced but not yet adopted. There are also no voluntary changes to accounting policies that have had an impact in these accounts.

The following Accounting policies have been applied to the accounts for 2017/18.

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 £5,000 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 2018 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 or 5 years
Refurbishment Costs	5 or 10 years

Intangible assets

Information Technology	5 years
Websites	3 years

1.3.1 Assets under Construction (Development expenditure)

These are the costs related to the upgrade of HTA systems whether that be the hardware or applications that are yet to be deployed.

1.4 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.

1.5 Government Grants and Grant-in-aid

Grant-in-aid (GIA) received is used to finance activities and expenditure which support the statutory and other objectives of the HTA. Grant-in-aid is treated as financing and credited to the income and expenditure reserve, because it is regarded as contributions from a controlling party.

1.6 Leases

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

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

1.7 Income

In 2017/18 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. Licences fees are charged for the financial year April through March reflecting regulatory activity being carried 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. 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. The provision covers the remaining amounts outstanding as at 31 March 2018. There are no other receivables that exceeded our credit period.

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 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.

1.13 IFRS disclosures Standards issued but not yet effective

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2017/18. The application of the Standards as revised would not have a material impact on the accounts in 2017/18, were they applied in that year.

IFRS 9 Financial instruments - we hold simple financial assets in the form of trade receivables, therefore the implementation of this standard will have no material impact. This will be effective from 1 January 2018.

IFRS 15 Revenue from contracts - management's assessment of each income stream against the five-step process has confirmed that the implementation of this standard will have no quantitative impact. This will be effective from 1 January 2018

IFRS 16 Leases replaces IAS 17 and is effective for the public sector from 1 January 2019. The new standard amends the accounting for lessees, removing the distinction between recognising an operating lease (off balance sheet) and a finance lease (on balance sheet). The new standard requires recognition of most leases which last more than 12 months to be recognised on balance sheet. The new standard will therefore impact on the Authority's operating leases which are disclosed in Note 11.

2. Analysis of Net Expenditure by Segment

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

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

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

3. Other Expenditure

	Notes	31-Mar-18 £	31-Mar-17 £
Staff Costs	3.1	2,827,515	2,700,135
Purchase of goods and services			
Computer running costs		228,459	232,137
Staff recruitment, training and welfare		60,636	139,236
Consultancy		21,172	2,706
Office and administration costs	(a)	23,136	92,048
Maintenance Contracts		43,519	37,637
Travel subsistence and hospitality		131,625	131,239
Conferences & Events		23,858	32,012
Stationery and publications		14,202	34,081
Auditors Remuneration	(b)	57,065	55,627
Provision for bad debts	(c)	(15,704)	19,358
Legal and professional fees		38,411	27,646
		<u>626,379</u>	<u>803,727</u>
Other operating costs			
Accommodation	(d)	884,484	723,452
Project Costs		56,165	85,831
Telecommunications		25,635	49,018
		<u>966,284</u>	<u>858,301</u>
Non-cash items			
Depreciation and amortisation		177,003	172,980
Loss/gain on disposal of non-current assets		9,095	-
		<u>186,098</u>	<u>172,980</u>
Total		<u>4,606,276</u>	<u>4,535,143</u>

Notes

(a) The Office and administration costs are lower this year due to the inclusion in 16/17 of the cost of developing our fees model.

(b) Audit fees	Internal	30,565	29,127
	External	<u>26,500</u>	<u>26,500</u>
		57,065	55,627

The External audit fee for 2017/18 is £26,500 (2016/17 £26,500).

(c) A reduction in provision for bad debts was made as only two accounts were uncollected as at 31 March 2018.

(d) Accommodation costs are the rent payments for 151 Buckingham Palace Road and in addition an accrual for potential value added tax (VAT) on the charges.

3.1 Staff numbers and related costs

Staff costs comprise:

	Permanently Employed Staff	Seconded Staff	Temporary Staff	Total	Total
	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-17
	£	£	£	£	£
Wages and salaries	2,175,893	131,358	17,573	2,324,824	2,238,073
Social security costs	237,223	15,581	0	252,804	239,555
Pension costs	226,923	22,964	0	249,887	222,507
Sub Total	<u>2,640,039</u>	<u>169,903</u>	<u>17,573</u>	<u>2,827,515</u>	<u>2,700,135</u>
Less recoveries in respect of outward secondments	0	61,649	0	61,649	66,877
Total net costs	<u>2,640,039</u>	<u>108,254</u>	<u>17,573</u>	<u>2,765,866</u>	<u>2,633,258</u>
Of which Members emoluments	136,608	0	0	136,608	139,309

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

For 2017/18 contributions of £249,887 (2016/17, £222,507) were paid to the NHS Pensions (NHSPS) at rates prescribed by the Treasury. The current rate for the NHSPS is 14.38 per cent of pensionable pay according to salary level.

Average number of persons employed

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

Number			31-Mar-18	31-Mar-17
	Permanently Employed Staff	Seconded Staff	Total	Total
Directly Employed	<u>44</u>	<u>3</u>	<u>47</u>	<u>46</u>
Subtotal	44	3	47	46
Temporary staff			<u>3</u>	<u>2</u>
Total			<u>50</u>	<u>48</u>

All staff are directly employed by HTA. During the year, three staff were on secondment for part of their time; one to the HFEA for two and a half days per week, one to the DH and one to the MHRA for a month. As at 31 March 2018 the HTA employed 44 Wte staff (2016/17, 46).

4. Income

	31-Mar-18	31-Mar-17
	£	£
Income from Activities:		
Licence Fee Income	3,296,244	3,260,137
Income from devolved administrations	129,964	122,376
	<u>3,426,208</u>	<u>3,382,513</u>
Other Income	458,150	377,015
	<u>3,884,358</u>	<u>3,759,528</u>

The HTA's remit is to regulate the removal, storage, use and disposal of human organs and tissue from the living and deceased. In accordance with section 16, schedule 3, paragraph 2 (4) (f) and paragraph 13 of the Human Tissue Act 2004, the HTA may grant licences to other organisations and charge fees for those licences.

4.1 Other Income

	31-Mar-18	31-Mar-17
	£	£
Other Income - Rent	396,501	310,138
Other Income - Outward secondees	61,649	66,877
	<u>458,150</u>	<u>377,015</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 £	Assets Under Construction £	Refurbishment Costs £	Total £
Cost or valuation					
At 1 April 2017	239,439	147,732	0	1,093,661	1,480,832
Additions	27,437	0	82,864	0	110,301
Disposals	(3,997)	0	0	0	(3,997)
At 31 March 2018	262,879	147,732	82,864	1,093,661	1,587,136
Depreciation					
At 1 April 2017	234,605	110,701	0	675,164	1,020,470
Charge for the year	9,662	9,455	0	113,320	132,437
Disposals	(2,332)	0	0	0	(2,332)
At 31 March 2018	241,935	120,156	0	788,484	1,150,575
Net book value at 31 March 2018	20,944	27,576	82,864	305,177	436,561
Net book value at 1 April 2017	4,834	37,031	0	418,497	460,362
Asset financing:					
Owned	20,944	27,576	82,864	305,177	436,561
At 31 March 2018	20,944	27,576	82,864	305,177	436,561
Cost or valuation					
At 1 April 2016	237,999	147,732	0	1,104,340	1,490,071
Additions	1,440	0	0	720	2,160
Disposals	0	0	0	(11,399)	(11,399)
At 31 March 2017	239,439	147,732	0	1,093,661	1,480,832
Depreciation					
At 1 April 2016	218,290	101,246	0	562,045	881,581
Charge for the year	16,315	9,455	0	113,119	138,889
Disposals	0	0	0	0	0
At 31 March 2017	234,605	110,701	0	675,164	1,020,470
Net book value at 31 March 2017	4,834	37,031	0	418,497	460,362
Net book value at 1 April 2016	19,709	46,486	0	542,295	608,490
Asset financing:					
Owned	4,834	37,031	0	418,497	460,362
Net book value at 31 March 2017	4,834	37,031	0	418,497	460,362

6. Intangible Assets

	Information Technology	Websites	Assets Under Construction	Total
	£	£	£	£
Cost or valuation				
At 1 April 2017	1,091,263	58,350	0	1,149,613
Additions	0	0	71,940	71,940
Disposals	(11,008)	0	0	(11,008)
At 31 March 2018	1,080,255	58,350	71,940	1,210,545
Amortisation				
At 1 April 2017	957,105	38,867	0	995,972
Charged in year	28,008	16,558	0	44,566
Disposals	(3,578)	0	0	(3,578)
At 31 March 2018	981,535	55,425	0	1,036,960
Net book value at 31 March 2018	98,720	2,925	71,940	173,585
At 1 April 2017	134,158	19,483	0	153,641
Asset financing:				
Owned	98,720	2,925	71,940	173,585
At 31 March 2018	98,720	2,925	71,940	173,585
Cost or valuation				
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
At 31 March 2017	1,091,263	58,350	0	1,149,613
Amortisation				
At 1 April 2016	941,589	20,292	0	961,881
Charged in year	15,516	18,575	0	34,091
At 31 March 2017	957,105	38,867	0	995,972
Net book value at 31 March 2017	134,158	19,483	0	153,641
Net book value at 1 April 2016	9,631	33,558	111,314	154,503
Asset financing:				
Owned	134,158	19,483	0	153,641
Net book value at 31 March 2017	134,158	19,483	0	153,641

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 DHSC. 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 2018 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 2018 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

Credit risk

The HTA receives most of its income from licence fees from within both the NHS and non-NHS market. 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.

The aged debtor report for NHS and non-NHS receivables at the 31 March 2018 was:

	31/03/2018
	£
Not past due	1,346
Past due 0-30 days	0
Past due 31 days	320

Foreign currency risk

There were no foreign currency transactions conducted by the HTA during the period ended 31 March 2018. There was therefore no significant foreign currency risk during the year.

Financial assets

By category	Receivables and other financial assets
	31-Mar-18
	£
Assets per Statement of Financial Position	
Licence fee debtors (net of provisions)	1,666
Other receivables	181,876
Cash at bank and in hand	3,411,837
Total at 31 March 2018	3,595,379
Licence fee debtors (net of provisions)	10,227
Other receivables	222,510
Cash at bank and in hand	2,991,606
Total at 31 March 2017	3,224,343

The cash balances as at 31 March 2018 carried a floating rate.

Financial liabilities

By category	Other financial liabilities
	31-Mar-18
	£
Liabilities per Statement of Financial Position	
Trade payables	7,134
Other payables	11,635
Accruals	322,048
Total at 31 March 2018	340,817
Trade payables	10,909
Other payables	8,708
Accruals	282,103
Total at 31 March 2017	301,720

As at 31 March 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-18 £	31-Mar-17 £
Amounts falling due within one year:		
Trade receivables - Licence fee debtors	5,320	29,585
Provisions for bad debts	(3,654)	(19,358)
Other Receivables	22,936	25,058
Prepayments and accrued Income	158,940	197,452
	<u>183,542</u>	<u>232,737</u>

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 2016	2,767,798
Net change in cash and cash equivalent balances	<u>223,808</u>
Balance at 31 March 2017	2,991,606
Net change in cash and cash equivalent balances	<u>420,231</u>
Balance at 31 March 2018	3,411,837

	31-Mar-18 £	31-Mar-17 £
The following balances were held at:		
Commercial banks	2,774,238	1,927,054
Government Banking Services	637,599	1,064,552
	<u>3,411,837</u>	<u>2,991,606</u>

10. Trade payables and other current liabilities

	31-Mar-18 £	31-Mar-17 £
Amounts falling due within one year		
Trade payables	7,134	10,909
Other payables	11,635	8,708
Accruals	322,048	282,103
	<u>340,817</u>	<u>301,720</u>

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.

Total future minimum lease payments			31-Mar-18	31-Mar-17
	Buildings	Other	Total	Total
	£	£	£	£
Payable:				
Not later than one year	458,584	2,022	460,606	385,034
Later than one year not later than five years	917,168	301	917,469	1,153,463
Total	1,375,752	2,323	1,378,075	1,538,497

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.

Total payments made under leases in 2017/18 were £849,094

11.2 Sub-lease receipts recognised as revenue

Total future minimum lease receivables	31-Mar-18	31-Mar-17
	£	£
Receivable:		
Not later than one year	310,138	310,138
Later than one year not later than five years	620,276	930,414
Total rental revenue	930,414	1,240,552

12. Contingent liabilities

There are no contingent liabilities.

13. Related party transactions

The DHSC is regarded as a related party and had various transactions totalling £1,105,002 with the HTA during the year. This mainly related to grant-in-aid of £1,050,000, £23,575 for a member of staff seconded to DHSC and £31,427 for the provision of Internal Audit Services. Of this £1,423 are accruals. At 31 March 2018 the HTA owed the DHSC £1,423 and the DHSC 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 £206,639 (2016/17 £244,874) 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 2018 was £Nil (2016/17 £Nil for licence fees paid).

The NHS Resolutions occupies part of our office space and had transactions totalling £396,491 (2016/17 £310,138).

HFEA - transactions totalled £99,497 (2016/17 £103,645) and were mainly for fees charged for shared resources and 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 2017/18 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 the Certificate and Report of the Comptroller and Auditor General.

