

# Annual report and accounts 2018/19



# Human Tissue Authority

## Annual report and accounts 2018/19

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# Chief Executive's foreword

The past year has been the first under the three-year Strategy we launched in April 2018 which set out the HTA's aspirations over the three years through to 2021. It was developed following a comprehensive review of the extent to which we achieve our overall aim: that of protecting public and professional confidence in the use of human tissue.

Our renewed strategic focus on building agility, sustainability and resilience, when set alongside a number of political, operational and organisational challenges over the last 12 months has seen the HTA deliver significant progress against its goals within a budget and headcount that remain among the smallest of all arm's length bodies.

The number and severity of the shortfalls we find on inspection, especially in the post-mortem sector, has continued at the high levels we reported in the last business year. This places significant pressure on our organisational resources as we work with our licenced establishments to develop the appropriate actions to ensure they operate in line with our Codes of Practice. We continue to find our stakeholders to be responsive to findings and together, we have been able to ensure that organisations have clear plans to rectify issues and return to regulatory compliance.

We have worked with Department of Health and Social Care colleagues on many matters of significance to the public: the Private Members' bill on deemed consent became the Organ Donation (Deemed Consent) Act 2019, receiving royal assent on 15 March 2019. We have also been fully engaged with the Department's preparations ahead of leaving the European Union.

We have engaged closely with the public and our licence holders throughout this period. During the past year we held our first standalone conference for practitioners across all sectors and were pleased with both the attendance levels and the positive feedback the event received. We have provided training to Independent Assessors for living organ donation, and late this business year released a suite of learning materials and tests for Designated Individuals across all of our sectors to help improve knowledge and compliance. These initiatives aim to better inform and involve all parties interested in the regulatory environment and, we hope, will extend public and professional confidence in our regulated sectors.

At an organisational level, staff turnover and recruitment have continued to present management challenge, as has the introduction of updated systems and compliance procedures associated with the General Data Protection Regulation. This inevitably places a significant burden on a smaller number of core staff. However, we have been successful in recruiting a number of talented and highly qualified people to the organisation over the past year. I am, as ever, grateful for the commitment and knowledge of teams across the HTA who continue to ensure that we maintain the very highest standards and fulfil our regulatory responsibilities.

This coming year will, once again, be a busy and demanding year for the HTA. We will be working closely with professionals and stakeholders as we develop the Code of Practice to accompany the Organ Donation (Deemed Consent) Act 2019 – this will reflect our interpretation of the law and provide high level advice to those carrying out activities under the scope of the new legislation. The fundamental principle of consent is central to our work, and will continue to be the guiding principle underpinning our regulatory framework.

In addition to our statutory role, we are increasingly called upon to provide guidance on areas related to our remit, but not covered by existing legislation. This is particularly important in areas

of emerging technology and cutting-edge research. In order to maintain public confidence in the system, and to ensure we remain an effective regulator, we must reflect and react to the speed of change and innovation of science and technology across the areas we regulate.

We have a strong track record of working closely with partner organisations, and the positive feedback we have received from our licence-holders is testament to our collaborative approach.

Our dedicated and expert staff will drive and implement our strategy over the coming year. They are the key to our success, and we will strengthen our management focus on recruiting and retaining high quality staff who will deliver our core regulatory business alongside a challenging programme of change.



**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.

## What we do

Our overall goal is to maintain public confidence by ensuring that the removal, storage and use of human tissue and organs are undertaken safely and ethically, and with proper consent, in accordance with the provisions of the Human Tissue Act 2004, Human Tissue (Quality and Safety for Human Application) Regulations 2007 (as amended) and the Quality and Safety of Organs Intended for Transplantation Regulations 2012 (as amended).

We also have a role in maintaining professional confidence; by assuring that human material being used by professionals has been obtained with the proper consent and is managed with appropriate care.

## Our role:

- We license organisations that remove, store and use human tissue for certain activities under the Human Tissue Act 2004;
- We license organisations involved in preparing tissues and cells for use in patient treatment as required by the Human Tissue (Quality and Safety for Human Application) Regulations 2007 (as amended);
- We license organisations involved in organ donation and transplantation as required by the Quality and Safety of Organs Intended for Transplantation Regulations 2012 (as amended);
- We monitor and inspect or audit organisations to ensure they comply with our standards;
- We use our powers to take regulatory action where we identify non-compliance;
- We assess living organ donation applications to ensure donors are protected from duress or coercion, and that no reward is offered or given;
- We provide information, advice and guidance to the public and professionals about the nature and purpose of activities within our remit;
- We monitor developments relating to activities within our remit and advise Government on related issues.

In addition to our statutory role we are increasingly called upon to provide advice on areas related to, but not specified in, our legislation. This is particularly important in areas of emerging technology and cutting-edge research not originally envisaged when the Human Tissue Act was established.

Our remit under the Human Tissue Act 2004 extends to England, Wales and Northern Ireland; however, we also carry out some activities in relation to the approval of living organ donations on behalf of the Scottish Government. Our remit as the Competent Authority for the quality and safety of tissues, cells and organs used in transplantation extends to the whole of the UK. We license approximately 860 premises across the six sectors that we regulate and publish standards and requirements that those working within the regulated fields must meet.

Whilst the HTA has an influential role in superintending compliance and promoting good practice, public confidence in the use of human tissue cannot be safeguarded by the HTA alone. Public confidence is also dependent on individuals and organisations undertaking activities within the HTA's remit to act within the standards and requirements of the legislation.

Four **guiding principles** continue to drive our work and underpin our regulatory framework. They should be followed in dealing with human bodies, tissue and organs:

- *Consent* – and the wishes of the donor (or in some cases, their nominated representatives or relatives) are the primary consideration when removing, storing and using human tissue.
- *Dignity* – is paramount in the treatment of human bodies and tissue.
- *Quality* – must underpin the management of human bodies and tissue.
- *Honesty and openness* – are the foundation of communications in matters pertaining to the use of human tissue and bodies.

The Authority – the HTA's non-executive board – is currently made up of: a chair and nine Members who are appointed by the Secretary of State for Health and Social Care; one Member appointed by the Welsh Government's Cabinet Secretary for Health, Well-Being, and Sport and; one by the Minister for Health in Northern Ireland. The professional Members of our board come from medical and scientific backgrounds linked to our work, and the lay Members bring a wide range of business, commercial and public sector experience.

The board's primary role is to ensure that the HTA discharges its statutory responsibilities effectively. It achieves this by setting the HTA's strategic direction and providing both support and challenge to our Executive team, which is responsible for the delivery of these responsibilities on a day-to-day basis.

Below are our strategic aims for 2018-2021

Strategic Aims	High level objective are to continue to:
Delivery – To deliver the right mix of operational activity to maintain public and professional confidence	<ul style="list-style-type: none"> <li>• Deliver a right touch program of licensing, inspection and incident reporting, targeting our resources where there is most risk to public confidence and patient safety;</li> <li>• Deliver effective regulation of living donation</li> <li>• Provide high quality advice and guidance in a timely way to support professionals and the public</li> </ul>

	<p>in understanding the requirements of the legislation;</p> <ul style="list-style-type: none"> <li>• Be consistent and transparent in our decision-making and regulatory action, supporting those licence holders who are committed to achieving high quality and dealing firmly and fairly with those who do not comply with our standards;</li> <li>• Inform and involve people with a professional or personal interest in the areas we regulate in matters that are important to them and influence them in matters that are important to us;</li> <li>• Maintain our strategic relationships with other regulators operating in the health sector.</li> </ul>
Development – To make the right investment to continuously improve delivery and deployment	<ul style="list-style-type: none"> <li>• Use our data and information to provide a sharper focus for our regulatory work; allowing us to target our resources effectively</li> <li>• Make continuous improvements to our systems and processes to minimise waste or duplicated effort, or address areas of risk;</li> <li>• Provide an agile response to innovation and change in the sectors we regulate;</li> <li>• Begin work on implementing a future operating model, which builds agility, resilience and sustainability.</li> </ul>
Deployment – To make the most effective use of people and resources in pursuit of our goals	<ul style="list-style-type: none"> <li>• Manage and develop our people in line with the People Strategy;</li> <li>• Ensure the continued financial viability of the HTA while charging fair and transparent; licence fees and providing value for money;</li> <li>• Provide a suitable working environment and effective business technology, with due regard for data protection and cyber security;</li> <li>• Plan and prioritise our resources to carefully balance activity across the organisation.</li> </ul>

### Key issues in 2018/19

This year has seen a number of challenges and achievements. In common with many other organisations, the HTA was required to be compliant with the General Data Protection Regulation that came into force in May 2018. We have achieved this but recognise there will be further work to do as we undertake changes to our systems and processes over the next two years.

The Organ Donation (Deemed Consent) Bill 2017-19 was tabled as a Private Member's Bill. This Bill was subject to [Parliamentary processes](#) and received royal assent on 15 March 2019. As a result a new policy on the treatment of consent for organ donation will come in to force in the spring of 2020 and adults in England will be considered potential donors unless they have chosen to opt out or are statutorily excluded.

The new Act tasks the HTA with writing a Code of Practice which will set out advice and guidance to medical practitioners to support them in acting in line with the new law. It will reflect our current interpretation of the legislation and our advice on good practice.

We are collaborating closely with DHSC, NHSBT and other key professionals on drafting of the Code, with a public consultation to be held during the summer of 2019. The work on developing the Code will affect resources available elsewhere in the business.

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 we provide and publicly set out our guidance where we are able to 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 six strategic risks.

Further development work has been undertaken towards implementing the European Union Coding and Import Directives. Modifications to our licence application and variation process have been made and the associated guidance and governance documents updated.

Planning continues to ensure the necessary changes to national regulations can be made to maintain, from day one the import and export of organs, tissues and cells when the UK exits the EU.

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 have continued to 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; this year we have successfully run a large recruitment exercise to fill a number of Regulation Manager vacancies and have had significant success in attracting high calibre recruits to these roles. Moving forward we will continue to provide increased training, role enrichment and flexibility to enhance retention.

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## Risks as at 31 March 2019

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 2019, the HTA had six strategic risks:

Risk associated with Development	Mitigations
<ul style="list-style-type: none"> <li>Failure to regulate in a manner that maintains public safety and confidence and is appropriate</li> </ul>	<ul style="list-style-type: none"> <li>HTA Strategy clearly articulates HTA's regulatory model;</li> <li>Regulatory decision making framework;</li> <li>Annual review of Strategy; approved Business Plan which identifies a balanced programme of regulatory activity and continuous improvement;</li> <li>HTA People Strategy roadmap;</li> <li>HTA quality management system; containing decision making framework, policies and Standard Operating Procedures to achieve adherence to the regulatory model;</li> <li>Internal Audit of quality management system adequacy and adherence;</li> <li>Training and development of professional competence.</li> </ul>
<ul style="list-style-type: none"> <li>Inability to manage an incident that impacts upon the delivery of HTA strategic objectives.</li> </ul>	<ul style="list-style-type: none"> <li>Critical incident response plans are regularly reviewed and communicated to staff who are trained annually;</li> <li>Media handling policy and guidance in place, including regular media training for key staff and Members with relevant scenarios, to supplement media releases and enquiries Standard Operating Procedures (SOPs);</li> <li>IT security controls and risk management in place and Business Continuity is annually reviewed and tested.</li> </ul>
<ul style="list-style-type: none"> <li>Failure to manage public and professional expectations of human tissue regulation in particular stemming from limitations in current legislation or misperception of HTA regulatory reach</li> </ul>	<ul style="list-style-type: none"> <li>Log of issues with respect to the existing legislation is maintained and discussed with DHSC;</li> <li>Active management of issues raised by the media and public;</li> <li>Regular reporting to DHSC (Sponsors and Policy teams) on matters which risk public and professional confidence;</li> <li>Legal advice is, and will continue to be, used to clarify regulatory powers and provide guidance where appropriate.</li> </ul>

<ul style="list-style-type: none"> <li>• Failure to utilise people, data and business technology capabilities effectively</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly reviewed set of people-related policies cover all dimensions of the employee lifecycle;</li> <li>• Regular review of organisational structure and job descriptions;</li> <li>• Established annual Performance Development Planning and regular 1 – 1 meetings with all staff and mid-year reviews;</li> <li>• IT systems protected and assurance received from third party suppliers that protection is up to date;</li> <li>• Staff training in key business systems</li> <li>• Data relating to establishments securely stored within our Customer Relationship Management system;</li> <li>• HTAMG Development schedule in place.</li> </ul>
<ul style="list-style-type: none"> <li>• Insufficient, or ineffective management of financial resources</li> </ul>	<ul style="list-style-type: none"> <li>• Budget management framework exists to control and review spend and take early action where necessary;</li> <li>• Financial projections, cash flow forecasting and monitoring are reviewed monthly by executive team;</li> <li>• Reserves policy and levels are reviewed frequently and reported to the executive team and Authority;</li> <li>• Internal audit and annual external audit of finance are undertaken each year;</li> <li>• Fee modelling which provides cost/income information for planning;</li> <li>• Credit control – debt recovery process in place.</li> </ul>
<ul style="list-style-type: none"> <li>• Failure to achieve the benefits of the organisational transformation programme</li> </ul>	<ul style="list-style-type: none"> <li>• SMT expertise in organisational change, programme and project management;</li> <li>• Procurement and contract management experience;</li> <li>• Established corporate governance and financial controls.</li> </ul>

The sixth and final risk is a new risk that has been identified and stems from a review of our three year strategy for 2018 – 2021. The review identified a number of opportunities and challenges relating to the future operating environment that will require us to adapt as an organisation. The programme of work is expected to deliver benefits to the HTA and its stakeholders from improvements to systems and processes that facilitate a more targeted, risk-based, approach to regulation.

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

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### **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 (KPIs) 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. Our KPIs measure both financial and non-financial performance to provide a comprehensive view of our activities.

Each quarter a report is made to the Authority and DHSC providing assurance.

## Analysis of performance over the year

### Performance indicators 2018/19

Performance indicators	Target 2018/19	Performance 2018/19	Target 2017/18	Performance 2017/18
<b>Delivery</b>				
Undertake a risk-based inspection/audit program	200 site visits	222 site visits	210 site visits	240
Take appropriate action for all regulatory non-compliance <sup>1</sup>	100% of Corrective and Preventative Actions (CAPAs) implemented within 28 days	72%	100% of Corrective and Preventative Actions (CAPAs) implemented within 28 days	77%
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%
Respond to enquiries in a timely way	95% of enquiries answered within 10 working days	95%	95% of enquiries answered within 10 working days	96%
<b>Deployment</b>				
Reduce attrition rates through improved selection and targeted measures to retain staff <sup>2</sup>	Attrition rate to be no more than 18%	20%	Attrition rate to be no more than 18%	23%

<sup>1</sup> The change from 77% in 2017/18 to 72% this year was due to an increased number of shortfalls and the complexity of issues that rose from the shortfalls and inspections more generally.

<sup>2</sup> An improvement on the previous year. The recruitment campaign conducted earlier in the year has proved beneficial.



## 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 set out in legislation.

### Summary position as at 31 March 2019

	Note	2018/19 £'000s	2017/18 £'000s
<b>Income</b>			
From devolved Governments		131	130
Licence fees		3,654	3,296
Other income	(a)	394	458
<b>Total Income<sup>1</sup></b>		<b>4,179</b>	<b>3,884</b>
<b>Expenditure</b>			
Staff costs		2,901	2,827
General administrative and non-cash costs		2,086	1,779
<b>Total expenditure<sup>1</sup></b>		<b>4,987</b>	<b>4,606</b>
<b>Net (expenditure)/income for the year</b>	(b)	<b>(808)</b>	<b>(722)</b>

(a) Other income is made up of rental income from NHS Resolution 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, to arrive at the Net operating surplus for HTA.

Net expenditure)/income for the year	(b)	(808)	(722)
<b>Revenue Grant in Aid</b>	(c)	<b>703</b>	<b>800</b>
<b>Ring-fenced RDEL</b>	(d)	<b>178</b>	<b>0</b>
<b>Surplus/(deficit) for the year</b>		<b>73</b>	<b>78</b>

(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 54 within the financial statements and included in the Statement to Changes in Taxpayers Equity (SoCTE) on page 57.

<sup>1</sup> The total income and expenditure figures do not cast to the SoCNE on page 54 due to rounding.

(d) In addition to the cash GIA, the HTA received cover for its non-cash expenditure (depreciation and amortisation) of £178k. It is not cash and therefore not shown in the accounts. Had it been, it would move us from the deficit of £105k to an operating surplus of £73k.

Against the above surplus our operating expenditure is £4.99m. Our staff costs at £2.9m were 2.6% more than last year due to successful recruitment rounds throughout the year.

Income from contracts with customers (Licence fee income) of £3.65m is 10.86% higher than our 2017/18 fee income, and on a par with the budget.

During 2018/19 the HTA managed its income to ensure drawdowns were kept within the DHSC's cash allocation. The total available cash allocation for revenue and capital expenditure was £703,000 and £100,000 respectively, (2017/18 £800,000 and £250,000).

## 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	2018/19	2017/18
90% of payments made within 10 days of receipt of undisputed invoice. (Better Payment Practice Code Target is 95% in 30 days)	891 invoices received of which 887 <b>99.6%</b> paid within 10 days	1,123 invoices received of which 1,107 <b>98.6%</b> 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 of it. The Director of Resources is able to access 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 three 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 for in 2019, had participation rates of 81%, well above the Civil Service average of 67%. 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 Assurance 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.

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. This year has seen a significant investment in staff training events that has been welcomed across the organisation. Feedback is always sought from staff via evaluation forms, with most attendees indicating that the skills and knowledge gained at such events is relevant to their roles.

Our Career Investment Scheme launched over eight 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 2018/19 seven members of staff benefitted from the scheme, in addition to the 25 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 with reports discussed at management meetings.

## 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 2019 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 2018/19	Total 2017/18
Authority Members	7	4	11	12
Directors	1	2	3	3
Total staff (including Directors, excluding Members)	11	37	48	44

\* Last year (Male 12/Female 32)

None of the HTA staff who declare report themselves as disabled. An analysis of other characteristics of all staff, as at 31 March 2019, is provided below.

Age range	2018/19	2017/18
< 34	13	17
35-44	21	16
45-54	10	8
>55	4	3

Ethnicity	2018/19	2017/18
White British	30	27
Other Ethnicity	18	17

Religion	2018/19	2017/18
Christian	10	13
Other Religions	8	3
Non-religious	27	27
Undisclosed	3	1

## 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 2018/19 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 Government Property Agency - provide services and encourage behaviour that meets sustainability requirements. This includes recycling, energy efficiency and other facilities. HTA performance is not monitored separately.

Whilst the HTA may be exempt from formal reporting on a number of Greening Government Commitments as it has fewer than 250 FTE staff, we still consider environmental and sustainability issues when procuring goods and services. Staff and Members 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**

**20 June 2019**

# Accountability

# Corporate governance report

## Directors' report

### The Authority

Our Authority is made up of 12 Members (including the Chair) appointed through an open public process. Authority members during 2018/19 are set out below. Biographies for each can be found on our website.

Authority member	Type	Appointment start date	Appointment end date
<b>Nicola Blackwood (Chair)</b>	Lay	13 March 2018	12 March 2021 (resigned 9 January 2019)
<b>William Horne (Interim Chair)</b>	Lay	1 August 2014	31 July 2020 (re-appointed May 2017)
<b>Professor Andy Hall</b>	Professional	20 October 2014	19 October 2020 (re-appointed August 2017)
<b>Hossam Abdalla</b>	Lay	20 October 2014	19 October 2020 (re-appointed August 2017)
<b>Amanda Gibbon</b>	Lay	20 October 2014	19 October 2020 (re-appointed August 2017)
<b>Professor Anthony Warrens</b>	Professional	20 October 2014	19 October 2020 (re-appointed August 2017)
<b>Glenn Houston</b>	Lay	5 May 2015	4 May 2021 (re-appointed March 2018)
<b>Dr Lorna Williamson OBE</b>	Professional	1 April 2016	31 March 2022 (reappointed February 2019)
<b>Professor Penney Lewis</b>	Lay	1 April 2016	31 March 2022 (re-appointed February 2019)
<b>Dr Stuart Dollow</b>	Professional	1 April 2016	31 March 2022 (reappointed February 2019)
<b>The Right Reverend Graham Usher</b>	Lay	1 April 2016	31 March 2022 (reappointed February 2019)
<b>Professor Dame Sally Macintyre</b>	Lay	5 May 2016	4 May 2019 (term ended)

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 2018/19 are set out below.

Senior Management	Post
Allan Marriott Smith	Chief Executive
Richard Sydee <sup>1</sup>	Director of Resources
Hazel Lofty (appointed 9 April 2018)	Director of Regulatory Development
Nicolette Harrison (appointed 4 June 2018)	Director of Regulatory Delivery
Christopher Birkett (interim appointment 4 December 2017 to 30 June 2018)	Director of Regulation

<sup>1</sup> Director of Resources is shared and 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 1.11 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 2018/19 was £26,500. No fees were incurred for non-audit work.



## Statement of Accounting Officer's responsibilities

Under the Human Tissue Act 2004, the HTA is required to prepare a statement of accounts in the form and basis set out in the Accounts Direction 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, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, I as the Accounting Officer am required to comply with the requirements of 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;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and I take personal responsibility for the Annual Report and accounts and the judgements required for determining that it is fair, balanced and understandable.

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. As Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the HTA's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

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.

### **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 (FRoM) 2018/19.

### **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 2018/19.

During 2018/19 the Authority met its key performance indicators, with strong performance from the Board, Board Committees and satisfactory outcomes from individual internal audits. There have been some changes within the SMT, which have been managed with staff playing an interim role therefore, providing continuity. This year some issues in relation to records management have been identified, through the internal audit process and these are being addressed.

## 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 and Social Care, with the exception of one Member appointed by the Welsh Government Cabinet Secretary for Health, Well-Being and Sport and one by the Minister in Northern Ireland. Members are appointed for a three-year term of office initially. At the end of 2018/19 there were 10 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.

In January 2019 the Chair Nicola Blackwood resigned her post which has been filled on an interim basis by William Horne until a new Chair is appointed. Four Authority Members were re-appointed for a further term in February 2019:- Dr Stuart Dollow, Professor Penney Lewis, the Right Reverend Graham Usher and Dr Lorna Williamson OBE.

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 Cyber Security) 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 2018/19 is listed below.

Authority Member	Number of meetings attended
Nicola Blackwood	4/4
William Horne	5/5
Professor Andy Hall	4/5
Hossam Abdalla	2/5
Amanda Gibbon (ARAC Chair)	5/5
Professor Anthony Warrens	5/5
Glenn Houston	4/5
Dr Lorna Williamson OBE	5/5
Professor Penney Lewis	5/5
Dr Stuart Dollow	5/5
The Right Reverend Graham Usher	4/5
Professor Dame Sally Macintyre	5/5

### 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 2018/19.

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 and Fees 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 and Fees 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 and Fees 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 2018/19. 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. Member attendance at ARAC meetings in 2018/19 is listed below.

ARAC member attended	Number of meetings
Amanda Gibbon (Chair)	3/3
William Horne <sup>2</sup>	2/3

<sup>2</sup> William Horne is currently not a member of the Committee whilst acting Chair of the Authority

Professor Andy Hall	3/3
Glenn Houston	3/3
Dr Stuart Dollow	3/3

In addition, the Chair of the Authority, Nicola Blackwood, attended the June meeting

Our internal auditors are the Government Internal Audit Agency who are in the second year of their appointment with the HTA. The Head of Internal Audit (HIA), Jeremy Nolan oversaw the programme of audit work which focused on Cyber Security, Key Regulatory Processes, Records Management, Stakeholder Engagement and General Data Protection Regulation.

During 2018/19, 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 2019, 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 2018 to agree the principles for the 2018 pay award. The Chief Executive, the Director of Resources and the Head of HR attend the Remuneration Committee as appropriate. Members and their attendance are as follows:

Member	Number of meetings attended
Nicola Blackwood (Chair)	2/2
Hossam Abdalla	1/2
Glenn Houston	2/2
Penney Lewis	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. There was one meeting which was hosted by National Audit Office and this was attended by Stuart Dollow (ARAC Member) on behalf of the Chair of ARAC.

## 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 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 2019 and *resulted in a positive evaluation* against the NAO Audit Committee checklist with some recommendations in relation to succession planning as a result of members' terms ending and a review of the timetable of meetings. Training sessions are scheduled at the end of ARAC meetings to aid understanding of current topics. The ARAC members conducted a session with HTA staff to create awareness of its role within the HTA.

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 and ARAC 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, the possibility of new risks emerging 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. In the new business year the Risk Management Policy will undergo a significant review alongside the Strategic Risk Register. Training on management of risk will also be conducted to ensure existing and new Heads of function are aware of both the policy and process.



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. During the last quarter of the 2018/19 business year a detailed review of the governance structure around our policies commenced. There is also training and oversight by line managers.

This framework has been in place in the HTA for the year ended 31 March 2019 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 six strategic risks, five which have been present for some time and the sixth newly added in the latter part of the 2018/19 business year. The focus causes and effects and seriousness of the original five risks have varied. The sixth risk relates to benefits achieved from the impending organisational transformation programme. Two strategic risks are amber rated, the other four are yellow<sup>3</sup>.

The first amber risk is failure to manage expectations of regulation, which has been assessed 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 also continue to communicate our remit to stakeholders and the public and advise where appropriate. There is ongoing dialogue with DHSC and stakeholders about emerging issues and we provide clear lines to the media when necessary. Communicating on an issue which is not within remit but which may adversely impact on public confidence is challenging. The number of perimeter issue shows no sign of decreasing.

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. During the year we have identified a lack of consistency in the way staff follow inspection processes. We are mitigating against this by improving our induction procedures and providing training to all staff on report writing. There has been significant progress with delivering our People Strategy, with more activities planned in 2019/20. We will also develop plans for using our data better in 2019/20 which is incorporated into the Transformation programme. In the last quarter of the year we carried out a test of our Critical Incident Plan with lessons learnt papers tabled at the meeting of ARAC.

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<sup>3</sup> Used in risk prioritisation. Risks are scored and fall into one of four groups (Primary, Contingency, House-keeping and Negligible). The Amber risk falls into the Contingency group which means immediate action is taken and are regularly monitored. The yellow risk (house-keeping group) are monitored by management.

Previously staff turnover and capacity were a key contributory factor to several of the strategic risks, in particular our ability to carry out our statutory remit. During 2018/19 the appointment of a number of new highly qualified and experienced Regulation Managers (RMs) increased our capacity and strengthened our regulatory capability. These new recruits have completed their induction training and are now being fully deployed. 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 and the new risk of failure to achieve the benefits of the organisational transformation programme 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. There were no reportable personal data losses in 2018/19

A Cyber Security audit was carried out in 2018/19 by internal audit. The audit was a follow-up to the Cyber Security review conducted in November 2017. Following the 2017 review six recommendations were made (3 high level and 3 medium level). The follow-up audit sought to determine progress on implementation of the recommendations and assess whether controls and processes were strengthened. Of the six, five were successfully implemented with one high-level recommendation still outstanding. This recommendation relates to systems and processes around staff joiners and leavers.

Last year an internal audit review of GDPR preparedness was conducted with a follow-up audit undertaken in February 2019. The follow-up audit provided assurance that we have robust and

effective governance and risk management arrangements in place and these demonstrates our high level of compliance with GDPR. We received a moderate assurance rating for this audit and are actively addressing with ARAC the outstanding recommendations and associated actions.

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 its internal auditors to review the areas of GDPR compliance, Cyber Security (as mentioned above), Key Regulatory processes, Stakeholder Engagement and Records Management. There have been 3 high priority recommendations in relation to cyber security and these have been remedied. The Records Management audit provided limited assurance in this area, with 5 high level recommendations. We acknowledge the importance of these recommendations and action is already underway to ensure we resolve these issues in the early part of the 2019/20 business year.

Where high, 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 2018/19".

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 2019 and up to the date of this report.



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

**Date: 20 June 2019**

# Remuneration report

This report contains details on the remuneration of members of our Authority and the Executive for the year ended 31 March 2019. It is based upon the provisions contained within the Government Financial Reporting Manual 2018/19. 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 2018/19 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 employ any staff who devote time to a trade union.

## The Authority (Audited)

Authority Member		2018/19			2017/18		
Name	Role/Type	Salary range	Expenses (to nearest £100) <sup>4</sup>	Total	Salary range	Expenses (to nearest £100)	Total
		£'000s	£	£'000s	£'000s	£	£'000s
Nicola Blackwood <sup>5</sup>	Chair (Lay)	30-35	0	30-35	N/a	N/a	N/a
Sharmila Nebhrajani OBE	Chair (Lay)	N/a	N/a	N/a	35-40	1,900	40-45
William Horne <sup>6</sup>	Lay	15-20	3,200	15-20	5-10	3,100	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	2,000	5-10	5-10	2,200	10-15
Professor Anthony Warrens	Professional	5-10	100	5-10	5-10	100	5-10
Glenn Houston	Lay	5-10	3,200	10-15	5-10	3,500	10-15
Dr Lorna Williamson	Professional	5-10	200	5-10	5-10	200	5-10
Professor Penney Lewis	Lay	5-10	200	5-10	5-10	100	5-10
Dr Stuart Dollow	Professional	5-10	0	5-10	5-10	0	5-10
The Right Reverend Graham Usher	Lay	5-10	700	5-10	5-10	600	5-10

<sup>4</sup> 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 2018/19.

<sup>5</sup> Nicola Blackwood resigned her post on 9 January 2019

<sup>6</sup> William Horne became acting Chair from 10 January 2019

Professor Dame Sally Macintyre	Lay	5-10	2,200	10-15	5-10	1,300	5-10
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## The Senior Management Team

Name	Position	Appointed	Until
Allan Marriott Smith	Chief Executive	6 July 2015	N/a
Richard Sydee <sup>7</sup>	Director of Resources	1 November 2016	N/a
Nicolette Harrison	Director of Regulatory Delivery	4 June 2018	N/a
Christopher Birkett (seconded) <sup>8</sup>	Director of Regulation	4 December 2017	30 June 2018
Hazel Lofty	Director of Regulatory Development	8 April 2018	N/a

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

These details are shown in accordance with the Financial Reporting Manual (FReM). 'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation

## Staff remuneration policy

The HTA provides for staff salaries to be uplifted annually in August. Any uplifts are in line with HM Treasury pay guidance and approved by 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

<sup>7</sup> Richard Sydee is shared with the HFEA and is seconded to HTA 2.5 days per week.

<sup>8</sup> Seconded to Director of Regulation post to cover period recruiting to this post

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 2018/19 (and none in 2017/18).

## 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](http://www.hta.gov.uk)

No benefits in kind were received by senior staff members in 2018/19 or 2017/18.

## Senior Management remuneration (Audited)

Senior Manager	2018/19					2017/18				
	Salary £000s	Bonus £000s	B-i-K £	Pension Benefits <sup>9</sup> £000s	Total £000s	Salary £000s	Bonus £000s	B-i-K £	Pension Benefits £000s	Total £000s
Allan Marriott-Smith	115-120	0-5	0	50.0-52.5	165-170	110-115 (Fte 115-120)	0	0	0	110-115 (Fte 115-120)
Sarah Bedwell <sup>10</sup>	N/a	N/a	N/a	N/a	N/a	65-70 (Fte 90-95)	0	0	12.5-15.0	80-85 (Fte 90-95)
Nicolette Harrison	75-80 (Fte 90-95)	0	0	12.5-15.0	90-95 (Fte 90-95)	N/a	N/a	N/a	N/a	N/a
Christopher Birkett <sup>11</sup>	60-65 (Fte 90-95)	0	0	0	60-65 (Fte 90-95)	25-30 (Fte 85-90)	0	0	32.5-35	60-65 (Fte 85-90)

<sup>9</sup>The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less the contributions made by the individual.

<sup>10</sup> Sarah Bedwell left the HTA in December 2017

<sup>11</sup> Staff were seconded into these roles part way through the year and this is reflected in the salary shown



Richard <sup>12</sup> Sydee	45-50 (Fte 90-95)	0	0	N/a	45-50 (Fte 90- 95)	45-50 (Fte 90-95)	N/a	N/a	N/a	45-50 (Fte 90- 95)
Hazel Lofty	90-95	0	0	65-67.5	155-160	40-45 (Fte 80-85)	0	0	27.5-30.0	65-70 (Fte 80- 85)
Victoria Marshment <sup>13</sup>	N/a	N/a	N/a	N/a	N/a	40-45 (Fte 85-90)	0	0	0	40-45 (Fte 85- 90)

The factors used to calculate CETV increased on 29 October 2018. This has affected the calculation of the real increase in CETV.

### Median pay and multiples (Audited)

Band of highest paid director's gross salary only	2018/19 (£'000)	2017/18 (£'000)
	115 -120 (full year equivalent)	115 - 120 (full year equivalent)
Median remuneration of staff	43.0	40.9
Ratio	2.73	2.87

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 including temporary staff.

The highest paid Director for this comparison was the Chief Executive. The increase in the median remuneration of staff and subsequent reduction in the ratio is due in part to recruitment of new staff members towards the higher end of the pay-band for managers. 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 2018/19, no employees received remuneration in excess of the highest paid director (2017/18, nil). Remuneration as at 31 March 2019 ranged from £23,000 to £119,000 (2017/18 £23,000 to £118,000).

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.

<sup>12</sup> Richard Sydee is seconded to the HTA from the HFEA for 2.5 days a week and this is reflected above. His full salary and pension are accounted for by the HFEA

<sup>13</sup> Victoria Marshment left the HTA in September 2017

## Staff costs (Audited)

The HTA is structured as follows: twelve Authority Members including the Chair and an Executive of 49 staff. For 2018/19, the HTA staff costs were:

	Permanently employed staff	Members	Seconded Staff	Temporary staff	Total 2018/19	Total 2017/18
	£	£	£	£	£	£
Wages and salaries	2,061,447	134,424	151,598	27,240	<b>2,374,709</b>	2,324,824
Social security costs	230,055	5,522	17,632	0	<b>253,209</b>	252,804
Pension costs	247,476	0	25,900	0	<b>273,376</b>	249,887
<b>Subtotal</b>	<b>2,538,978</b>	<b>139,946</b>	<b>195,130</b>	<b>27,240</b>	<b>2,901,294</b>	<b>2,827,515</b>
Less recoveries in respect of outward secondments	0	0	(91,403)	0	<b>(91,403)</b>	(61,649)
<b>Total net costs</b>	<b>2,538,978</b>	<b>139,946</b>	<b>103,727</b>	<b>27,240</b>	<b>2,809,891</b>	<b>2,765,866</b>

For 2018/19 all contributions 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 (Audited)

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 2018/19	Total 2017/18
SCS	3	0	3	3
Other	43	2	45	44
<b>Total staff</b>	<b>46</b>	<b>2</b>	<b>48</b>	<b>47</b>
Temporary staff	0	0	1	3

Staff reported in the above table are only those directly employed by the HTA. During the year, two staff were on secondment: one to the DHSC until February 2019, the other to the HFEA for approximately half of their time. As at 31 March 2019, the HTA employed 50 WTE staff (2017/18, 48).

### **Expenditure on consultancy**

During the year we spent £159,011 on consultancy services which includes legal fees, technical consultancy and HR consultancy.

### **Sickness and absences**

During the year ended 31 March 2019 the total number of whole time equivalent days (Wte) lost to sickness absence was 112 days (2017/18 110 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 2018/19 there were no engagements of this nature.

### **Staff pensions**

Since 1 December 2009, employees have been 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 NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In 2018/19 HTA employer's contributions were £273,376 (2017/18 £249,887) 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 2019, 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 recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

## Pension Benefits – Senior Management Team (Audited)

Name of Officer	Real increase in pension at age 60 (a)	Real increase in pension lump sum at age 60 (b)	Pension at 31/03/2019 (c)	Lump sum at age 60 at 31 March 2019 (d)	CETV at 31/03/2019 (e)	Real increase in CETV as funded by employer 2018/19 (f)	CETV at 31/03/2018 (g)	Employers contribution to stakeholder pension
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£,000
Allan Marriott Smith	2.5-5.0	N/a	15-20	N/a	240	50	168	0
Christopher Birkett	0-2.5	-2.5-0	15-20	40-45	285	1	240	0
Nicolette Harrison	0-2.5	N/a	0-5	N/a	20	6	0	0
Hazel Lofty	2.5-5.0	N/a	10-15	N/a	139	67	58 <sup>14</sup>	0
Richard Sydee <sup>15</sup>	N/a	N/a	N/a	N/a	N/a	N/a	N/a	0

The factors used to calculate a CETV increased on 29 October 2018. This affects the calculation of the real increase in CETV but does not affect the real increase in pension benefits.

### Cash equivalent transfer value (CETV)

Column (f) 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

<sup>14</sup> Figures re-stated due to updated information

<sup>15</sup> Richard Sydee is a member of the Civil Service Pension Scheme and is accounted for with the financial statements of the HFEA

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: 20 June 2019**

# 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 2019	31 March 2018
	£	£
Applications	64,610	45,553
Anatomy	93,000	88,675
Post Mortem	1,151,567	1,052,721
Public Display	20,175	18,742
Research	639,820	589,267
Human Application	1,394,968	1,254,586
Organ Donation/ Transplantation	290,270	246,700
Other income for licensing activities <sup>16</sup>	347,325	392,149
<b>Total Income from contracts with Customers<sup>17</sup></b>	<b>4,001,735</b>	<b>3,688,393</b>
Costs allocated to licensing activities	(3,934,911)	(3,592,689)
<b>Surplus/(Deficit) on activities</b>	<b>66,824</b>	<b>95,704</b>

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 of £300,000, either individually or in aggregate, made in 2018/19.

### Remote contingent liabilities

There were no remote contingent liabilities in 2018/19.

<sup>16</sup> Figure includes income from Devolved Governments, staff secondments and rental of excess office space.

<sup>17</sup> This is the total income allocated to licensable activities and therefore differs from that on page 17.



## 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 2019 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 2019 and of 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.

### Conclusions relating to going concern

We are required to 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 for a period of at least twelve months from the date of approval of the financial statements. 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. I have nothing to report in these respects.

### **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;
- 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 Human Tissue Act 2004 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 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.

**Gareth Davies**  
**Comptroller and Auditor General**

**Date 21 June 2019**

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 2019

	Note	<u>31-Mar-19</u> £	<u>31-Mar-18</u> £
<b>Income from sale of goods and services</b>			
Revenue from contracts with customers	4	3,654,410	3,296,244
Other Operating Income	4	<u>525,559</u>	<u>588,114</u>
<b>Total operating income</b>		<u>4,179,969</u>	<u>3,884,358</u>
<b>Expenditure</b>			
Purchase of goods and services	3	893,144	626,379
Staff costs	3	2,901,294	2,827,515
Depreciation, amortisation and impairment charges	3	187,231	177,003
(Gain)/Loss on disposal of fixed assets	3	(1,350)	9,095
Reversal of accrued income	3	86,254	
Other operating expenditure	3	<u>921,065</u>	<u>966,284</u>
<b>Total operating expenditure</b>		<u>4,987,638</u>	<u>4,606,276</u>
<b>Net (Income)/Expenditure</b>		<u>807,669</u>	<u>721,918</u>

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

Notes 1 to 14 form part of these financial statements

## Statement of Financial Position as at 31 March 2019

	Note	<u>31-Mar-19</u> £	<u>31-Mar-18</u> £
<b>Non-current assets:</b>			
Property, plant and equipment	5	319,848	436,561
Intangible assets	6	<u>145,378</u>	<u>173,585</u>
<b>Total non-current assets</b>		<u><b>465,226</b></u>	<u><b>610,146</b></u>
<b>Current assets:</b>			
Trade and other receivables	8	480,944	183,542
Cash and cash equivalents	9	<u>3,448,075</u>	<u>3,411,837</u>
<b>Total current assets</b>		<u><b>3,929,019</b></u>	<u><b>3,595,379</b></u>
<b>Total assets</b>		<u><b>4,394,245</b></u>	<u><b>4,205,525</b></u>
<b>Current liabilities</b>			
Trade and other payables	10	<u>634,206</u>	<u>340,817</u>
<b>Total current liabilities</b>		<u><b>634,206</b></u>	<u><b>340,817</b></u>
<b>Total assets less current liabilities</b>		3,760,039	3,864,708
<b>Total assets less total liabilities</b>		<u><b>3,760,039</b></u>	<u><b>3,864,708</b></u>
<b>Taxpayers' Equity</b>			
I&E Reserve		<u>3,760,039</u>	<u>3,864,708</u>
<b>Total equity</b>		<u><b>3,760,039</b></u>	<u><b>3,864,708</b></u>

The notes on pages 58 to 70 form part of the accounts

The financial statements on pages 54 to 70 were signed on behalf of the Human Tissue Authority by:



(Signed) .....  
Allan Marriott-Smith

(Accounting Officer)

20 June 2019

## Statement of Cash Flows for the year ended 31 March 2019

		<b>31-Mar-19</b>	<b>31-Mar-18</b>
		<b>Total</b>	<b>Total</b>
<b>Note</b>		<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
		(807,669)	(721,918)
		175,841	177,003
		3,102	0
		(1,350)	9,095
		(297,402)	49,195
		293,389	39,097
		<u>(634,089)</u>	<u>(447,528)</u>
<b>Cash flows from investing activities</b>			
		(30,063)	(110,301)
		(3,960)	(71,940)
		1,350	0
		<u>(32,673)</u>	<u>(182,241)</u>
<b>Cash flows from financing activities</b>			
		703,000	1,050,000
		<u>703,000</u>	<u>1,050,000</u>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>			
		<u>36,238</u>	<u>420,231</u>
<b>Cash and cash equivalents at the beginning of the period</b>			
		3,411,837	2,991,606
<b>Cash and cash equivalents at the end of the period</b>			
		<u><u>3,448,075</u></u>	<u><u>3,411,837</u></u>

The notes on pages 58 to 70 form part of the accounts



## Statement of Changes in Taxpayers' Equity For the year ended 31 March 2019

	Note	I & E Reserve <u>£</u>
<b>Balance at 1 April 2017</b>		<b>3,536,626</b>
<b>Changes in taxpayers' equity for 2017/18</b>		
Retained surplus/(Deficit)		<u>(721,918)</u>
<b>Total recognised Income and expense for 2017/18</b>		<b><u>(721,918)</u></b>
Grant from sponsor department		<u>1,050,000</u>
<b>Balance at 31 March 2018</b>		<b><u>3,864,708</u></b>
<b>Changes in taxpayers' equity for 2018/19</b>		
Retained surplus/(Deficit)		<u>(807,669)</u>
<b>Total recognised Income and expense for 2018/19</b>		<b><u>(807,669)</u></b>
Grant from sponsor department	1.7	<u>703,000</u>
<b>Balance at 31 March 2019</b>		<b><u>3,760,039</u></b>

The notes on pages 58 to 70 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 2018-19 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 2019 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 changes to accounting policies arising from IFRS 9 and 15. The effect of introduction of the standards have a minimal impact on these financial statements.

There are 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 2018/19.

#### 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 2019 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

#### 1.4 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. These assets are not depreciated.

#### 1.5 Impairments

IFRS 9 requires the recognition of impairments on a forward looking expected credit loss model. HMT has interpreted the provisions in the standard for calculating the expected credit loss to mandate the use of the simplified approach. This means that loss allowance at initial recognition is equal to the lifetime expected credit loss.

An assessment of all of the HTA's financial assets has resulted in movement in the value of the impairment of receivables. In carrying out the assessment of licence fee debtors, account is taken of the sector, economic climate (past and future) and previous losses. A default rating (weighted) is applied to debts aged over period of 28, 42 and 56 days. An impairment for expected credit loss of £11,390 was charged to the SoCNE.

### 1.6 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 period.

Due to an ongoing dispute between the tenants of our office accommodation at 151 Buckingham Palace Road and the leaseholders (recently transferred to Government Property Agency) we have reviewed the accrued income due to us through a sub-lease arrangement we hold with another tenant. The dispute is based around the addition of a VAT element which tenants had believed was already contained within the agreed charge.

The sub lease arrangement assumes a direct pass through of all costs based on the proportion of the space provided to the tenant. Recent correspondence has highlighted that our tenant is unlikely to agree to meet the VAT element of our sub lease arrangement, which has led to us impairing the existing income accrual. The sum of £147k has been debited to the Statement of Net Expenditure.

### 1.7 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.

### 1.8 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 to expenditure.

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.

### 1.9 Income

IFRS 15 - Revenue from contracts with customers came into force for accounting periods beginning on or after 1 January 2018. It supersedes IAS 18 - Revenue. The standard is prescriptive as to what constitutes a contract. Assessment of the impact of IFRS 15 was carried out and was found to have very little impact on how we recognise income.

Our main source of income takes the form of fees for licences from establishments who have human tissue on their premises and fixed fees from devolved administrations, for work on policies and transplants.

There is a contractual arrangement between the HTA and its establishments as per IFRS 15 and the 5-step model. The underlying legislation is deemed to enforce contractual obligations on both parties, and thus these arrangements are viewed as contracts under IFRS 15. Performance obligations exist between the HTA and its establishments, where the establishments are obligated to comply with certain standard conditions and in return the HTA will grant them a licence for a fixed period of 1 year. A transaction price (licence fee) is chargeable which is different for each type of licence. Licences fees are charged for the financial year April through March reflecting regulatory activity being carried out. We recognise this income in the financial year it is invoiced, this being the point in time at which the performance obligation (the work undertaken by HTA to grant a licence) is satisfied.

Other income received by HTA relates to rental income and seconded staff. Income is recognised on an accruals basis, with the performance obligation deemed to be the point at which these goods or services are delivered. Following our assessment of all income streams against the new criteria, there has been no adjustment to the accounts for the cumulative effect of applying IFRS 15.

### 1.10 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.

### 1.11 Pensions

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

### 1.12 Receivables

Receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets. The HTA's receivables comprise of cash at bank and in hand, NHS Receivables, prepayments and accrued income.

In addition to the above, recognition of impairments on an expected loss basis for financial assets is required. We are mandated to use the simplified approach which means recognition of lifetime expected credit losses are charged to the SoCNE.

### 1.13 Financial Instruments

The HTA's financial assets 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. The HTA has simple financial assets/liabilities in the form of contract receivables and contract payables.

Under IFRS 9 a new approach to classification and measurement of financial assets and liabilities was introduced. Under the new classification, our receivables are classified according to how they are subsequently measured in this case at amortised cost using the 'business model test'.

### 1.14 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.

### 1.15 IFRS issued but not yet effective

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2018/19. 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 16 Leases replaces IAS 17 and is effective for the public sector from 1 January 2020. 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 know effect of applying IFRS 16 has not been applied as it is unlikely to have an effect as our lease term ends when IFRS 16 comes into force for FReM bodies.

## 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 DHSC, its sponsoring body, are applied in pursuit of these objectives.

### 3. Other Expenditure

	Notes	31-Mar-19 £	31-Mar-18 £
<b>Staff Costs</b>	3.1	2,901,294	2,827,515
<b>Purchase of goods and services</b>			
Computer running costs		304,315	228,459
Staff recruitment, training and welfare		134,965	60,636
Consultancy		50,199	21,172
Office and administration costs	(a)	40,806	23,136
Maintenance Contracts		50,973	43,519
Travel subsistence and hospitality		144,568	131,625
Conferences & Events		30,359	23,858
Stationery and publications		25,285	14,202
Auditors Remuneration	(b)	46,068	57,065
Provision for bad debts	(c)	(3,654)	(15,704)
Legal and professional fees		69,260	38,411
		<u>893,144</u>	<u>626,379</u>
<b>Other operating costs</b>			
Accommodation	(d)	823,272	884,484
Project Costs		68,077	56,165
Telecommunications		29,716	25,635
		<u>921,065</u>	<u>966,284</u>
<b>Non-cash items</b>			
Depreciation and amortisation		175,841	177,003
Impairments		11,390	0
(Gain)/Loss on disposal of non-current assets		(1,350)	9,095
Reversal of accrued income	(e)	86,254	-
		<u>272,135</u>	<u>186,098</u>
<b>Total</b>		<u><b>4,987,638</b></u>	<u><b>4,606,276</b></u>

#### Notes

(a) The Office and administration costs are higher this year due to the inclusion bad debts written off totalling £30,280.

(b) Audit fees	Internal	19,568	30,565
	External	26,500	26,500
		<u>46,068</u>	<u>57,065</u>

The External audit fee for 2018/19 is £26,500 (2017/18 £26,500).

(c) Provision has been released as no longer needed.

(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.

(e) Relates to VAT not expected to be paid see note 1.6

**3.1 Staff numbers and related costs**

Staff costs comprise:

	<b>Permanently Employed Staff 31-Mar-19 £</b>	<b>Seconded Staff 31-Mar-19 £</b>	<b>Temporary Staff 31-Mar-19 £</b>	<b>Total 31-Mar-19 £</b>	<b>Total 31-Mar-18 £</b>
Wages and salaries	2,195,871	151,598	27,240	2,374,709	2,324,824
Social security costs	235,577	17,632	0	253,209	252,804
Pension costs	<u>247,476</u>	<u>25,900</u>	<u>0</u>	<u>273,376</u>	<u>249,887</u>
Sub Total	2,678,924	195,130	27,240	2,901,294	2,827,515
Less recoveries in respect of outward secondments	0	91,403	0	91,403	61,649
Total net costs	<u><u>2,678,924</u></u>	<u><u>103,727</u></u>	<u><u>27,240</u></u>	<u><u>2,809,891</u></u>	<u><u>2,765,866</u></u>
Of which Members emoluments	139,946	0	0	139,946	136,608

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

For 2018/19 contributions of £273,376 (2017/18, £249,887) 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-19	31-Mar-18
	<b>Permanently Employed Staff</b>	<b>Seconded Staff</b>	<b>Total</b>	<b>Total</b>
Directly Employed	<u>46</u>	<u>2</u>	<u>48</u>	<u>47</u>
Subtotal	46	2	48	47
Temporary staff			<u>1</u>	<u>3</u>
Total			<u><u>49</u></u>	<u><u>50</u></u>

All staff are directly employed by HTA. During the year, two staff were on secondment for part of their time; one to the HFEA for two and a half days per week and one to the DHSC full-time. As at 31 March 2019 the HTA employed 49 Wte staff (2017/18, 44).

**4. Income**

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>£</b>	<b>£</b>
Revenue from contracts:		
Licence Fee Income	3,654,410	3,296,244
Income from devolved administrations	131,081	129,964
	<u>3,785,491</u>	<u>3,426,208</u>
Other Income	394,478	458,150
	<u><b>4,179,969</b></u>	<u><b>3,884,358</b></u>

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

**4.1 Other Operating Income**

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>£</b>	<b>£</b>
Other Income - Rent	303,075	396,501
Other Income - Outward secondees	91,403	61,649
	<u>394,478</u>	<u>458,150</u>

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

## 5. Property, Plant and Equipment

	Information Technology Hardware £	Furniture & Fittings £	Assets Under Construction £	Refurbishment Costs £	Total £
<b>Cost or valuation</b>					
At 1 April 2018	262,879	147,732	82,864	1,093,661	1,587,136
Additions	5,135	0	24,928	0	30,063
Disposals	(40,978)	0	0	0	(40,978)
Reclassifications and transfers	79,762	0	(82,864)	0	(3,102)
<b>At 31 March 2019</b>	<b>306,798</b>	<b>147,732</b>	<b>24,928</b>	<b>1,093,661</b>	<b>1,573,119</b>
<b>Depreciation</b>					
At 1 April 2018	241,935	120,156	0	788,484	1,150,575
Charge for the year	20,899	9,455	0	113,320	143,674
Disposals	(40,978)	0	0	0	(40,978)
Reclassifications and transfers	0	0	0	0	0
<b>At 31 March 2019</b>	<b>221,856</b>	<b>129,611</b>	<b>0</b>	<b>901,804</b>	<b>1,253,271</b>
<b>Net book value at 31 March 2019</b>	<b>84,942</b>	<b>18,121</b>	<b>24,928</b>	<b>191,857</b>	<b>319,848</b>
Net book value at 1 April 2018	20,944	27,576	82,864	305,177	436,561
<b>Asset financing:</b>					
Owned	84,942	18,121	24,928	191,857	319,848
<b>At 31 March 2019</b>	<b>84,942</b>	<b>18,121</b>	<b>24,928</b>	<b>191,857</b>	<b>319,848</b>
<b>Cost or valuation</b>					
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)
<b>At 31 March 2018</b>	<b>262,879</b>	<b>147,732</b>	<b>82,864</b>	<b>1,093,661</b>	<b>1,587,136</b>
<b>Depreciation</b>					
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)
<b>At 31 March 2018</b>	<b>241,935</b>	<b>120,156</b>	<b>0</b>	<b>788,484</b>	<b>1,150,575</b>
<b>Net book value at 31 March 2018</b>	<b>20,944</b>	<b>27,576</b>	<b>82,864</b>	<b>305,177</b>	<b>436,561</b>
Net book value at 1 April 2017	4,834	37,031	0	418,497	460,362
<b>Asset financing:</b>					
Owned	20,944	27,576	82,864	305,177	436,561
<b>Net book value at 31 March 2018</b>	<b>20,944</b>	<b>27,576</b>	<b>82,864</b>	<b>305,177</b>	<b>436,561</b>



**6. Intangible Assets**

	Information Technology	Websites	Assets Under Construction	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2018	1,080,255	58,350	71,940	1,210,545
Additions	0	0	3,960	3,960
Adjustments/Transfers	75,900	0	(75,900)	0
<b>At 31 March 2019</b>	<b>1,156,155</b>	<b>58,350</b>	<b>0</b>	<b>1,214,505</b>
<b>Amortisation</b>				
At 1 April 2018	981,535	55,425	0	1,036,960
Charged in year	30,117	2,050	0	32,167
<b>At 31 March 2019</b>	<b>1,011,652</b>	<b>57,475</b>	<b>0</b>	<b>1,069,127</b>
<b>Net book value at 31 March 2019</b>	<b>144,503</b>	<b>875</b>	<b>0</b>	<b>145,378</b>
At 1 April 2018	98,720	2,925	71,940	173,585
<b>Asset financing:</b>				
Owned	144,503	875	0	145,378
<b>At 31 March 2019</b>	<b>144,503</b>	<b>875</b>	<b>0</b>	<b>145,378</b>
<b>Cost or valuation</b>				
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)
<b>At 31 March 2018</b>	<b>1,080,255</b>	<b>58,350</b>	<b>71,940</b>	<b>1,210,545</b>
<b>Amortisation</b>				
At 1 April 2016	957,105	38,867	0	995,972
Charged in year	28,008	16,558	0	44,566
Disposals	(3,578)	0	0	(3,578)
<b>At 31 March 2018</b>	<b>981,535</b>	<b>55,425</b>	<b>0</b>	<b>1,036,960</b>
<b>Net book value at 31 March 2018</b>	<b>98,720</b>	<b>2,925</b>	<b>71,940</b>	<b>173,585</b>
Net book value at 1 April 2017	134,158	19,483	0	153,641
<b>Asset financing:</b>				
Owned	98,720	2,925	71,940	173,585
<b>Net book value at 31 March 2018</b>	<b>98,720</b>	<b>2,925</b>	<b>71,940</b>	<b>173,585</b>

The gross cost of our Customer Relationship Management(CRM) system is £1,118k and its Net book value is £137k. The CRM is an internally generated asset.

## 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 2019 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 2019 within the Royal Bank of Scotland bank account and Barclays commercial current account, which are not interest bearing. Interest on cash balances are set by the banks. The HTA is therefore not exposed to significant interest-rate risk.

### Credit risk

The HTA receives most of its income from licence fees 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 2019 was:

	£'000s
Not past due	0
Past due 0-28 days	71
Past due 29 days	179

### Foreign currency risk

There were no foreign currency transactions conducted by the HTA during the period ended 31 March 2019. There was therefore no significant foreign currency risk during the year.

## Financial assets

By category	Receivables and other financial assets
	<u>31-Mar-19</u>
Assets per Statement of Financial Position	£
Trade receivables (net of provisions)	238,330
Other receivables	242,614
Cash at bank and in hand	3,448,075
<b>Total at 31 March 2019</b>	<b><u>3,929,019</u></b>
Trade receivables (net of provisions)	1,666
Other receivables	181,876
Cash at bank and in hand	3,411,837
<b>Total at 31 March 2018</b>	<b><u>3,595,379</u></b>

The cash balances as at 31 March 2019 carried a floating rate.

## Financial liabilities

By category	Other financial liabilities
	<u>31-Mar-19</u>
Liabilities per Statement of Financial Position	£
Trade payables	48,242
Other payables	11,239
Accruals	574,725
<b>Total at 31 March 2019</b>	<b><u>634,206</u></b>
Trade payables	7,134
Other payables	11,635
Accruals	322,048
<b>Total at 31 March 2018</b>	<b><u>340,817</u></b>

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-19	31-Mar-18
	£	£
<b>Amounts falling due within one year:</b>		
Trade receivables (contracts with customers)	249,720	5,320
Impairments for credit losses	(11,390)	(3,654)
Other Receivables	9,941	22,936
Prepayments and accrued Income	232,673	158,940
	<b><u>480,944</u></b>	<b><u>183,542</u></b>

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

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

**9. Cash and cash equivalents**

	£
Balance at 31 March 2017	2,991,606
Net change in cash and cash equivalent balances	<u>420,231</u>
Balance at 31 March 2018	3,411,837
Net change in cash and cash equivalent balances	<u>36,238</u>
Balance at 31 March 2019	3,448,075

	31-Mar-19	31-Mar-18
	£	£
The following balances were held at:		
Commercial banks	3,082,227	2,774,238
Government Banking Services	365,848	637,599
	<b><u>3,448,075</u></b>	<b><u>3,411,837</u></b>

**10. Trade payables and other current liabilities**

	31-Mar-19	31-Mar-18
	£	£
<b>Amounts falling due within one year</b>		
Trade payables	48,242	7,134
Other payables	11,239	11,635
Accruals	574,725	322,048
	<b><u>634,206</u></b>	<b><u>340,817</u></b>

The cash balances as at 31 March 2019 carried a floating rate.

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.

A Memorandum of Terms of Occupation (MOTO) exists between the HTA and the Government Property Agency (GPA) for rental of space at 151 Buckingham Palace Road. The lease runs till March 2021.

<b>Total future minimum lease payments</b>	<b>Buildings</b>	<b>Other</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>£</b>	<b>£</b>	<b>Total</b>	<b>Total</b>
			<b>£</b>	<b>£</b>
Payable:				
Not later than one year	458,338	2,367	460,705	460,606
Later than one year not later than five years				
	458,338	2,238	460,576	917,469
<b>Total</b>	<b>916,676</b>	<b>4,605</b>	<b>921,281</b>	<b>1,378,075</b>

Total payments made under leases in 2018/19 were £860,780 (2017/18, £849,094)

#### 11.2 Sub-lease receipts recognised as revenue

<b>Total future minimum lease receivables</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>£</b>	<b>£</b>
Receivable:		
Not later than one year	303,174	310,138
Later than one year not later than five years		
	303,174	620,276
<b>Total rental revenue</b>	<b>606,348</b>	<b>930,414</b>

## 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 £771,270 with the HTA during the year. This mainly related to grant-in-aid of £803,000 (of which £703,000 was drawn down), £46,627 for a member of staff seconded to DHSC and £19,568 for the provision of Internal Audit Services. At 31 March 2019 the HTA owed the DHSC £4,512 for internal audit services and the DHSC owed the HTA £8,693 relating to secondment.

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

NHSBT – transactions totalled £216,685 (2017/18 £206,639) 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 2019 was £850 (2017/18 £Nil for licence fees paid) and HTA has accrued £53,640 due to NHSBT.

The NHS Resolution occupies part of our office space and had transactions totalling £303,174 (2017/18 £396,491).

HFEA - transactions totalled £107,682 (2017/18 £99,497) 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 2018/19 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.



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