



Health Research  
Authority

# Health Research Authority Annual Report and Accounts

2018/19

HC 2427



# **Health Research Authority Annual Report and Accounts 2018/19**

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**HC 2427**

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# The HRA annual report at a glance



**Teresa Allen, HRA Chief Executive**

“ 2018 has been a truly remarkable year and our staff and volunteers have worked tirelessly to make improvements which are already delivering the benefits which we set out to achieve. ”

A Research Transparency Strategy Group has been set up to develop a strategy in 2019.

We carried out a transparency in research survey and published the results.



We are pleased to report that our user satisfaction scores remain high at 78 per cent.



Two thirds of respondents said they make the findings of their studies public



while a quarter said they didn't know, or it didn't apply to them.



Just one respondent stated that they never make their findings public

We collaborated with the MHRA on the combined ways of working project to inform the new IRAS development and meet or align with future Clinical Trials Regulations requirements.

We continue to streamline our processes and make it easier to conduct research in the UK:

- reduced timelines for gaining study approval for REC studies have been maintained and targets have been achieved.
- timelines remain outside 15-day target although significant reductions achieved from previous year for non-REC studies
- new end to end integrated process developed and implemented from 1 April 2019.



**We approved 4,656 research studies**



**We processed 18,694 amendments to previously approved studies**

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Health Research  
Authority



Performance report

This section provides an overview of the Health Research Authority and our work. This includes our purpose, the key risks to the achievement of our objectives and a summary of some of the key activities we have undertaken in the past year to meet our five strategic aims. For more details about how we have delivered against our aims, please review the 'performance analysis' section.



## Chief Executive's introduction

I am delighted to be introducing this annual report which details the many achievements of the HRA during 2018/19. This year, our staff and volunteers have achieved a step change in our performance, delivering a robust regulatory approval service with shorter, more predictable timelines as well as working collaboratively with the research community to drive improvements throughout the research system. These developments have already started to create a more streamlined service across the UK and further improvements are anticipated during 2019/20 and beyond.

If you were to ask our staff what they will remember most from 2018/19 they are likely to tell you that it has been a year of significant change. Every person working with or for the HRA will have been affected by our service transformation programme and for some this has been a life-changing year. A number of these developments have been about modernisation or using technology as an enabler, but our main driver remains to improve our service, making it easier for research applicants, speeding up the process, so that more time can be spent recruiting patients on to studies.

More than 75 per cent of our staff are now working differently as we have introduced new roles and altered our service delivery model to provide a more integrated, streamlined and efficient experience to researchers. Our Research Systems team who look after IRAS and HARP, the two software packages that underpin the HRA approval process, have adopted the agile method of software development for the first phase of our new IRAS platform which supports the Combined Ways of Working (CWoW) programme which we are piloting with the Medicines and Healthcare Products Regulatory Agency (MHRA). This has allowed us to start developing software which is built around the needs of users and to work in partnership with others including the MHRA and National Institute for Health Research (NIHR) so that we can exchange information across new interfaces, improving communication, speeding up processing and delivering a single research approval outcome. We have moved all our staff onto Office 365, introduced digital solutions for managing expenses, pay-slips and booking leave. We have welcomed new colleagues from other public sector organisations to help us make best use of our office space and we now have a new Learning Management System (LMS) which offers an amazing range of courses many of which are freely available to the research community as well as staff and our volunteer community to help everyone to develop their skills and knowledge.

We operate within a dynamic and thriving Life Sciences Sector and are working collaboratively with colleagues across the devolved administrations to drive forward system improvements. This group has supported us to publish the UK Policy Framework and the Governance Arrangements for Research Ethics Committees, supported us to



introduce a new verification tool in IRAS and helped us launch the new Pharmacy and Radiation Assurance service. Our communications and guidance teams have been busier than ever as we have all worked our way through the changes brought about by General Data Protection Regulation (GDPR) and the preparations for our exit from the EU in addition to everything outlined above.

Our volunteer committee members have also been sharing their ideas on improvements that we could or should be making to support the ethical review of studies. In particular, making things easier for researchers to do responsible research, to ensure that research participants receive information that is clear and concise and helps them to understand what they are being asked to do when they join a study and encouraging best practice in public involvement in research.

2018 has been a truly remarkable year and our staff and volunteers have worked tirelessly to make improvements which are already delivering the benefits which we set out to achieve.

## Who we are and what we do

### Our role

The HRA was established in 2011 to streamline the regulation of health and social care research in the UK. With our core purpose of protecting and promoting the interests of patients and the public in health and social care research, we:

- make sure research is ethically reviewed and approved
- promote transparency in research
- give expert advice to researchers
- provide independent recommendations on the processing of identifiable patient information without consent, for research and non-research projects.

We work with other organisations in the UK to regulate different aspects of health and social care research, ensuring research approvals and oversight are streamlined and proportionate. We are England-focussed but, through our joint working with the devolved administrations of Scotland, Wales and Northern Ireland, lead the oversight of health and social care research on behalf of the UK.

We deliver our work from five locations in England: Bristol, Manchester, Newcastle, Nottingham and London and. Through the 65 Research Ethics Committees (RECs) in England and the Confidentiality Advisory Group (CAG), we review around 6,000 new research studies each year. This range of studies includes observational studies in care settings, tissue banks and research databases, to large, multi-centre clinical trials of new medicines and advanced therapeutics.

## Our people

Our 210 staff support our committees and advisory groups, provide specialist advice, guidance and learning to researchers about the ethics and governance of current and emerging areas of research, develop policy and effectively administer the organisation.

We could not operate without our network of around 1,000 volunteers. They serve on the Research Ethics Committees, the National Research and Ethics Advisory Panel, the Confidentiality Advisory Group and are part of our patient and public involvement network. All give their time freely to support health and social care research and the HRA's work. They make an invaluable contribution to our work, to research and to research participants.

The HRA is run by a board made up of our Chair, Professor Sir Jonathan Montgomery, our Chief Executive, Teresa Allen, two executive directors and four non-executive directors. The board gives strategic oversight, agrees high-level policy and ensures that the HRA is run effectively and efficiently.

## Our strategy

The HRA has a three-year strategy focussing on five key areas:

1. Championing health and social care research.
2. Making it easier to conduct high quality research in the UK.
3. Developing a pro-active, strategically focused organisation.
4. Capitalising on our technological developments.
5. Ensuring the HRA is governed effectively and provides value for the tax payer.

We published the strategy in 2017 and this Annual Report and Accounts covers the second year of the roadmap that we set out to achieve our goals. Some areas of work identified within the strategy have been achieved and others are being delivered as we approach our 2019/20 business year. Others are longer-term goals which will roll into our next strategic period.



Besides reviewing individual research studies to ensure that they are ethically sound, meet good research practice standards and the relevant legal requirements, we are increasingly focussing on research practice both upstream and downstream of the research approval process. That means making expectations clear to the research community, working across the research landscape to promote good research practice and monitoring performance during and after the life of the study.

**Making it easier to  
conduct high quality  
research in the UK**



The HRA was established to improve the research regulation environment, creating a streamlined approval process to help researchers develop high quality, well-prepared studies at lower cost. Over the past few years, we have established an integrated service to provide both ethics review of studies and assessment of legal compliance and reorganised our processes and structure to support that. We are now moving to a continuous improvement approach to ensure that our approvals process continues to be as fast and efficient as possible.

**Developing a pro-active,  
strategically focused  
organisation**



Collaboration is at the heart of how we work: we are part of a wider system of organisations within the research ecosystem and work with them to facilitate high quality research in the public interest. We want to make more of our external relationships and take opportunities for raising the visibility of the HRA so that people know what we stand for and how we can help.

**Capitalising on  
technological  
developments**



Our ambition is to be a data-driven, technology-enabled organisation. Digital advances continue to shape how the sector works and offers new opportunities. At the HRA we want to enhance the services we provide to the research community and meet future regulatory requirements. One way we plan to do this is by using technology to help us improve the service we offer for researchers and the wider research ecosystem.

**Ensuring the HRA is governed effectively and provides value for the tax payer**



Our people are the backbone of the HRA, providing expert advice and supporting an effective approvals service. We want to invest further in our people to ensure that they have opportunities for development and feel well supported to provide an excellent service to the research community. We need to do that – and perform our other functions – within strict budgets. We are working to ensure that our resources are carefully used and that we modernise our approaches to free up our staff to focus on the areas where they can add most value.

## Our achievements for the year

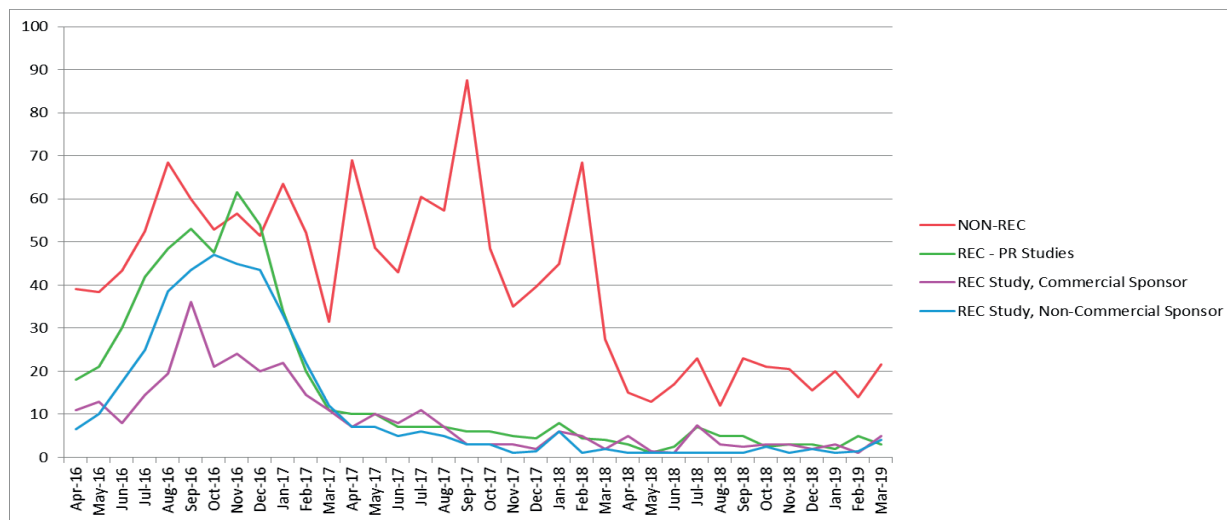
Much has been achieved at the HRA in this second year of our strategic plan. We have made good progress towards our strategic objectives guided through our service improvement and technology transformation programmes. Overall, we have provided approval for 4,656 research studies and of these, 3,960 required ethics review. We have also processed 18,694 amendments to previously approved studies.

It has also been a year of significant change for the HRA. More than 75% per cent of our people have been part of the organisational change processes to create structures that support new ways of working and a better service for researchers. Our refreshed approach will support an integrated research approval process providing a more predictable, streamlined and simpler service for the research community. The change has been wide-ranging and disruptive for our staff but despite this, our dedicated staff have delivered on key performance targets maintaining the good service they provide to researchers.

Notably, the full elapsed time for a valid application to receive HRA Approval once it has met Research Ethics Committee conditions has continued to be less than 10 days in most cases in 2018/19. This means that the introduction of HRA Approval has not only reduced the time taken to set up research studies, it has also created a more predictable service, providing researchers with greater certainty as to when they can recruit to studies and complete their planned research. In 2018/19 we have also been able to improve the timelines for studies that do not need research ethics approval. A more predictable and quicker service means more resources are dedicated to research, benefiting patients and the UK's health.

## HRA median approval timelines April 2016 – March 2019

(Time for meeting REC conditions to issuing HRA Approval (or from submission for non-REC studies.)



- **non-REC studies:** studies that do not need research ethics approval
- **REC-PR studies:** studies that require research ethics proportionate review
- **Full-REC, non-commercial studies:** non-commercial studies that require full research ethics
- **full-REC, commercial studies:** commercial studies that require full research ethics.

This graph shows the improvements to timelines achieved for HRA Approval. It demonstrates that the median number of calendar days it takes from final REC opinion to HRA approval has been maintained across different study types over the year. It also shows the improvement to timelines for non-REC studies.

We have also worked hard to help researchers ‘get it right first time’ and have seen an improvement in the percentage of incomplete applications received for assessment, reduced from 30 per cent on average in the first six months of the year to 27 per cent in the last, a 10 per cent improvement in year and 15 per cent on last year. The introduction of the verification tool, providing automated validation checks in our research IT system has helped to reduce waste in the system further. Targeted communications across a variety of different methods including face-to-face meetings, regular tweets and updates in HRA Latest, as well as improved learning and development opportunities for the research community have all helped to achieve this improvement. We are pleased to report that our user satisfaction scores remain high at 78 per cent overall.

Service improvement has been delivered in parallel with our technology transformation programme. Early in the year we procured a technology partner for our new research IT systems platform to meet or align with future Clinical Trials Regulations, EU Exit contingencies and interoperability across the research system. At the heart of our programme has been strong user and stakeholder engagement. Our ambition is that the new system will be easier to use, will streamline current work processes, enhance quality and transparency and provide improved business intelligence of the research ecosystem. We are close to completing the first phase of this programme and are looking forward to iteratively expanding this development to support all research types as well as our own internal systems.

Supporting the UK-wide approvals process, we implemented the governance arrangements for Research Ethics Committees (GAfREC) in 2018, the result of many months collaborative work across the UK research ecosystem. We also provided programme leadership to the Four Nations Compatibility Programme for developments to

the UK research governance systems with the aim of simplifying and streamlining the research approval journey for studies that run across UK borders. This has resulted in e-submission of the IRAS form for all UK Nations and the development of a UK local information pack to provide consistent research study documentation for all participating NHS organisations across the UK which will be implemented in June 2019.

Research transparency is a priority for the HRA. During the year we launched a survey to better understand awareness of research transparency and inform our work. The results have been published and show 24 per cent awareness of the requirement to register and 80 per cent registration rate for clinical trials. The Science and Technology Select Committee published our response to their report on research transparency, setting out our commitment to drive improvements and we have set up a Research Transparency Strategy Group to take this work forward in 2019.

As part of our public involvement work, we published guidance, informed by feedback from ethics committees, to help researchers explain the difference public involvement has made to their applications for study approval and established several test beds to support the use and evaluation of this guidance. We have also developed a set of expectations for public involvement to support ethics committees and applicants which will be published early in 2019/20.

To help understand our impact and achievements we have developed metrics and benefit profiles which better reflect the end to end user experience of our service and are more closely aligned to our strategic aims. We have also developed our performance management and reporting systems to enhance these and ensure we drive our performance to meet our strategic aims and statutory requirements.

All this would not be possible without the invaluable contribution made by over 1,000 committee members who volunteer approximately 20,000 days each year to help protect and promote the interests of patients and the public in health and social care research. They give their time freely, as members of:

- the Research Ethics Committees (RECs)
- the National Research and Ethics Advisory Panel (NREAP)
- the Public and Patient Involvement Panel
- the Confidentiality Advisory Group (CAG).

## Our key issues and risks

Strategic objective	Key risks and issues
<b>Championing health and social care research</b>	<p>A greater focus on research transparency, driven by stakeholder and select committee scrutiny raising expectations on the HRA’s role in driving improvements.</p> <p>Our response to this has been well received by the sector and we are now developing a transparency strategy to begin to address the recommendations made although our ability to improve research transparency is very much dependent on resourcing.</p>

Strategic objective	Key risks and issues
<p><b>Making it easier to conduct high quality research in the UK</b></p>	<p>The complexity, scale and speed of our transformation programme, which includes our Service Improvement Programme and Research IT Systems development.</p> <p>Our Board focussed on driving programme delivery and addressing capacity risk to ensure the programme delivered on its objectives as well as ensuring key performance measures of our core services were maintained.</p> <p>The impact associated with the implementation of new Data Protection legislation.</p> <p>Our response was to deliver guidance, training and offer help with queries from the research community as well as ensuring our own corporate functions were prepared for the new requirements. The former has been well received by the research community and the latter received a moderate internal audit rating during the year.</p>
<p><b>Developing a proactive, strategically focused organisation</b></p>	<p>Uncertainty regarding any likely changes to the volume and quality of social care research being performed in England.</p> <p>We addressed this risk – how the HRA fulfils its statutory responsibility to protect and promote participants and potential participants in this type of research – by holding a social care research round table in July 2018 and agreeing a number of actions.</p>
<p><b>Capitalising on technological developments</b></p>	<p>The challenges and opportunities associated with the procurement, implementation and funding of new technology to replace our research IT system (new IRAS) improving user experience and meeting EU Exit, interoperability and spending review economies.</p> <p>We focused on strong programme governance, adopting an agile approach to development and ensuring extensive collaboration with key stakeholders. Internal audit provided additional assurance through targeted audits in this area.</p>
<p><b>Ensuring the HRA is governed effectively and provides value for money</b></p>	<p>Spending review requirements to provide real terms savings to the public purse balanced by the requirement to deliver on our statutory remit.</p> <p>£700k savings have been achieved over the past two year through our service improvement programme and 2018/19 financial performance was within resource limits set by the Department of Health and Social Care.</p>



## Performance analysis

We measure and monitor our performance using a balanced scorecard approach driven by our strategic aims. Key performance indicators and benefits, linked directly to our strategic aims, measure the impact our work has on the wider research ecosystem. These KPIs and benefits have been co-created with our user community who through various forms of engagement have helped develop our benefits profiles so that we can define and monitor the improvements to the system that make a difference to their work and ultimately outcomes for patients and the public.

At a high level, our KPIs provide assurance and performance information to our Board, Department of Health and Social Care (DHSC) and the wider research community. Internally, they drive continuous improvement for our operational teams. The way that we manage our performance and its relationship with risk and uncertainty is explained in more detail in our governance statement.

As a learning organisation, we regularly review and refine our performance management and reporting systems to ensure we continue to drive our performance in meeting our strategic aims and statutory requirements. Monthly operational KPIs reporting and monitoring, strategic quarterly performance reporting to our leadership team and Board combined with user satisfaction data and financial reporting all provide assurance and enable effective performance management. Individual staff objectives that complement and reflect these organisational objectives are developed during the annual appraisal process and monitored during regular one-to-ones between staff and their managers.

Our KPIs measure both financial and non-financial performance to provide a comprehensive view of our activities. Non-financial performance indicators include social matters such as how engaged our staff are and user satisfaction ratings.

## Performance scorecard

Strategic objective	Key deliverables and metrics
<b>Championing health and social care research</b>	<b>Pushing for greater research transparency</b>
<b>Why:</b> Research transparency is central to ethical research. It means registering research studies, making results public, giving access to data and feeding back the findings to participants. Openness about	<ul style="list-style-type: none"><li>• Transparency in Research survey completed and published.</li><li>• Paper on clinical trial registration submitted to British Medical Journal – establishing baseline for trial registration.</li><li>• Awareness of the requirement to register is 24% and registration rate for clinical trials is 80%.</li></ul>



<b>Strategic objective</b>	<b>Key deliverables and metrics</b>
individual studies promotes effective use of research funding and ensures that participants' time and commitment is not wasted.	<ul style="list-style-type: none"> <li>• Science and Technology Select Committee published the HRA's response to their report on research transparency, setting out our commitment to drive improvements.</li> <li>• Research Transparency Strategy Group set up to develop strategy in 2019.</li> </ul>
<b>Championing health and social care research</b>	<b>Promoting public involvement in research</b>
<p><b>Why:</b></p> <p>When researchers involve patients, service users and carers in the design of their research, they benefit from better recruitment and retention in the study – ultimately leading to better outcomes.</p>	<ul style="list-style-type: none"> <li>• Publication of guidance to help researchers better demonstrate what public involvement there has been in their research applications and the difference it has made.</li> <li>• Completion of a series of public involvement blogs on the HRA website about the new guidance in use from a range of perspectives.</li> <li>• A set of HRA public involvement expectations for research applications are in development.</li> <li>• Summary of results of analysis/impact monitoring of new public involvement guidance.</li> </ul>
<b>Making it easier to conduct high quality research in the UK</b>	<b>Streamlining processes for researchers</b>
<p><b>Why:</b></p> <p>We want the research approvals process to be as smooth and efficient as possible so that new studies can be set up quickly. This will maintain the UK as an attractive place to carry out research, to the benefit of patients and the health and care system.</p>	<ul style="list-style-type: none"> <li>• Reduced timelines for gaining study approval for REC studies have been maintained and targets have been achieved.</li> <li>• Non-REC studies – timelines remain outside 15-day target although significant reductions achieved from previous year.</li> <li>• New end to end integrated process developed and implemented from 1 April 2019.</li> <li>• Customer Charter published, 78% of customers scored overall service highly.</li> <li>• Continue to monitor data on predictable outcomes for different types of studies to inform our process development in this area.</li> </ul>
<b>Making it easier to conduct high quality research in the UK</b>	<b>Supporting researchers through their applications</b>
<p><b>Why:</b></p> <p>We want to enable researchers to do their job well; helping them think through the ethical aspects of their research, preparing a</p>	<ul style="list-style-type: none"> <li>• Delivered more than 9,000 person-hours of learning.</li> <li>• Over 3,900 unique users of eLearning, with 75% satisfaction.</li> </ul>

<b>Strategic objective</b>	<b>Key deliverables and metrics</b>
<p>good quality application for approval and being clear about what is expected of them. We also want to ensure that research ethics committees are consistent in their approach and provide good ethics advice to researchers.</p>	<ul style="list-style-type: none"> <li>• New Learning Management System implemented.</li> <li>• Applications with missing documentation for assessment reduced from 30% in first six months to 27% in last six months (average). Improvement of 15% from last year</li> <li>• Website achieved average 71% user satisfaction.</li> <li>• Published new blog series to support researchers.</li> </ul>
<p><b>Making it easier to conduct high quality research in the UK</b></p>	<p><b>Developing innovative and clear policy to support UK-based research</b></p>
<p><b>Why:</b> The UK Policy Framework for Health and Social Care Research sets out the principles for lawful and ethical research involving people, their tissue and their data. Our guidance and advice applies those principles to particular aspects of research to promote ethical research which promotes the interests of participants.</p>	<ul style="list-style-type: none"> <li>• Governance arrangements for Research Ethics Committees (GAfREC) harmonised and implemented.</li> <li>• UK-wide quality assurance procedure for Technical Assurance agreed.</li> <li>• Pharmacy Assurance – second phase of rollout announced, phase III oncology CTIMPs now being accepted.</li> <li>• New IRAS guidance published - ionising radiation exposures in research .</li> <li>• Model non-commercial agreement published.</li> </ul>
<p><b>Developing a pro-active, strategically focused organisation</b></p>	<p><b>Enhancing our strategic engagement and intelligence</b></p>
<p><b>Why:</b> We want to be responsive to researcher, patient and public need to enable improvements to the research process and ultimately add increased value to the research ecosystem.</p>	<ul style="list-style-type: none"> <li>• Successfully recruited our Chief Executive.</li> <li>• Successfully recruited three Non-Executive Directors.</li> <li>• HRA Board agreed an outline engagement strategy for key policy areas (data-driven technology, public involvement, transparency)</li> <li>• Reorganisation of HRA Approval and Policy and Engagement Directorates to better respond to the research community and patient and public need.</li> <li>• Executive team engaged externally with the research, health and social care community at least 20% of their time.</li> </ul>
<p><b>Developing a pro-active, strategically focused organisation</b></p>	<p><b>Increasing our visibility and external audience's understanding of us.</b></p>
<p><b>Why:</b> Our staff, Board members and volunteers are the public face of</p>	<ul style="list-style-type: none"> <li>• 4,357 subscribers opening HRA Latest external newsletter.</li> </ul>

<b>Strategic objective</b>	<b>Key deliverables and metrics</b>
<p>the HRA. We want to develop our approaches so that we make the most of our engagement and enhance external audience's understanding of what we do, what we stand for and where we can add value.</p>	<ul style="list-style-type: none"> <li>• 73,285 unique page views to the news pages on our website.</li> <li>• 3,868 Twitter followers.</li> <li>• HRA took part in Evidence Week for the first time and showed how MPs can ask the right questions</li> <li>• 45 staff members (21%) had an opportunity to interact outside their direct role at HRA, lower than last year, due to significant organisational change activity in year.</li> </ul>
<p><b>Capitalising on technological developments</b></p>	<p><b>Modernising our research application and monitoring systems</b></p>
<p><b>Why:</b> Following an independent review of our research technology systems in 2017, we agreed a transformation programme to deliver modern, intuitive systems, driven by user need and able to accommodate anticipated changes in the legislative landscape.</p>	<ul style="list-style-type: none"> <li>• Phase 1 (new IRAS) of our research IT systems transformation programme substantially delivered on Pegasystem platform.</li> <li>• Collaborated with MHRA on the combined ways of working (CWOW) project to inform the new IRAS development and meet or align with future Clinical Trials Regulations requirements.</li> <li>• Introduced a tool to allow applicants to upload videos as part of their research application.</li> </ul>
<p><b>Capitalising on technological developments</b></p>	<p><b>Understanding and supporting the important role of data</b></p>
<p><b>Why:</b> Data is changing the face of health and social care provision and is also a rich source for research that can take advantage of technology to analyse large data sets that hasn't previously been possible.</p>	<ul style="list-style-type: none"> <li>• Led the interpretation and implementation of GDPR for the health and care research sector.</li> <li>• Well-received GDPR guidance for researchers provided on HRA website.</li> <li>• Updated Code of Conduct for the use of data-driven healthcare technologies published, with signposting to HRA information.</li> <li>• Joint MHRA/HRA statement on electronic consent published in HRA Latest.</li> <li>• MORI report on public trust and confidence in collection and sharing of tissue and data produced in collaboration with HTA/NRC/Sciencewise.</li> </ul>
<p><b>Ensuring the HRA is governed effectively and provides value for money</b></p>	<p><b>Improving the effectiveness and efficiency of our internal processes</b></p>
<p><b>Why:</b> We will be able to meet our strategic and operational objectives in a lean spending review environment.</p>	<ul style="list-style-type: none"> <li>• Organisational change processes implemented across the HRA, impacting over 75% of our people and delivering 10% reduction in FTEs.</li> <li>• £700k savings achieved since 2017 to meet spending review requirements.</li> </ul>

Strategic objective	Key deliverables and metrics
	<ul style="list-style-type: none"> <li>• Implemented central approach to estates and facilities management.</li> <li>• New approach to REC accreditation and quality control successfully implemented.</li> <li>• Completed the Data Security and Protection Toolkit.</li> </ul>
<p><b>Ensuring the HRA is governed effectively and provides value for money</b></p>	<p><b>Understanding better the benefits and impact the HRA achieves and using technology more effectively to manage our work.</b></p>
<p><b>Why:</b> We will be able to better understand, monitor and report on our impact to the research community and value we provide to the public purse.</p> <p>Technology offers new opportunities to streamline our day to day processes and understand better our performance.</p>	<ul style="list-style-type: none"> <li>• Training delivered by Department of Health and Social Care (DHSC) on benefits realization and new webinar created.</li> <li>• Corporate benefits agreed and reported quarterly.</li> <li>• Audit and Risk Committee effectiveness assessment performed.</li> <li>• Active member of 'Future Services Programme' Board, managing the replacement of ICT infrastructure and associated contracts for the HRA and other health organisations.</li> <li>• Developed IT strategy and roadmap with a focus on enabling technology to streamline processes and gain efficiencies.</li> <li>• Rolled out Windows10, advance threat protection and Office 365 to all staff.</li> <li>• Implemented improved self-service functionality on the employee staff record system to all staff and electronic expenses.</li> </ul>

## Our People

This year we have asked much of our staff and volunteer members to help us achieve a more streamlined and integrated service for the research community. We have actively engaged with a wide range of stakeholders, including staff and volunteer members as part of our transformation programme, redesigning our services and embracing technology to better meet user requirements. Throughout this change programme our dedicated staff and volunteer members have delivered excellent customer service and have met all but a handful of the monthly performance targets despite this backdrop of significant organisational change and restructure.

While performance has been maintained, the process has, understandably had an impact on our people. Our approach, where we worked hard to explain the need for the organisational change and have actively engaged with our staff to design the new process has created a new structure which we believe will deliver an improved, integrated service for the research sector. Our staff understand the need for this change (92 per cent agreed with this statement in our annual staff engagement survey) and have worked hard throughout this time to deliver an excellent service to the research sector with 78 per cent of research applicants rating our service highly. However, overall staff engagement and morale has fallen this year based on our annual survey.

We know that high engagement enables people to be the best they can be at work, recognising that this can only happen if people feel respected, involved, heard well led and valued by those they work for and with. We are therefore committed to reversing this

trend and striving to achieve the target engagement score of 80 per cent. While our current score of 70 per cent is still better than the sector benchmark of 67 per cent, it is not at the level we believe we should be achieving. We take staff engagement very seriously and are committed to work with our staff to improve this score to achieve our target. Our people are our greatest asset and it is therefore essential that we listen to their feedback and put in place to steps reverse this trend. A full plan will be developed over the coming months and is expected to involve members of our staff forum who have already started feeding back more detailed information which will be used to prioritise and focus our actions.

## Financial review

Our accounts consist of primary statements (providing summary information about our income and expenditure in the year, our assets and liabilities at the end of the year and how we have managed our cashflows) and detailed notes to these statements. These accounts have been prepared based on the standards set out in the Government Financial Reporting Manual (FRoM) to give a true and fair view.

The HRA remained within agreed revenue and capital allocations for 2018/19 and our financial reporting targets were met throughout the year. Our total funding for the year was £16,532k (2017/18: £14,200k), of which:

- £14,596k (2017/18: £13,400k) was revenue funding, from the Department of Health and Social Care
- £1,936k (2017/18: £800k) was capital funding from the Department of Health and Social Care which includes £1,136k relating to research IT systems transformation.

Income received from cost sharing arrangements included:

- £186k from the devolved administrations for providing support and IT systems for the research ethics service
- £72k towards the costs of our London regional office from NHS Business Services Authority

Our total net expenditure for the year was £14,448k, (2017/18 £13,396k) resulting in an underspend on our committed revenue funding of £148k, 0.9%. This underspend relates specifically to transitional 'ring-fenced' funding for strategic workforce changes, achieved by reducing potential redundancy costs through actively redeploying staff into new and existing roles as well as carefully managing natural staff turnover.

Prudent financial management and improved strategic investment appraisal procedures meant that the HRA fully used our cash revenue resources on business as usual activities. This reflects the leaner spending review environment and also our widening strategic remit. We have made sure this year that we have invested all our resources to achieve value for the research community and ultimately, patients and the public.

Key activities funded this year:

- £6,991k (48 per cent) funded our core services including HRA Approval, the research ethics service and the confidentiality advisory service
- £2,084k (14 per cent) supported our research IT systems, including amortisation costs of £926k
- £1,174k (eight per cent) funded our chief executive office, policy activities, corporate governance and external engagement costs.

In addition, to our core statutory activities, we invested in specific strategic programmes:

- £685k on Research IT Systems transformation in addition to £1,498k capital costs
- £232k on IT infrastructure projects including the Future Services Programme (replacement of health IT infrastructure contract) and our upgrade to Windows 10 operating system including Advance Threat Protection and Office 365
- £73k on our service improvement programme.

During 2018/19 we implemented a number of workforce changes to create structures to support our new integrated approval service and ensure we achieve our strategic aims. Our workforce will reduce by 10 per cent in 2019/20. Staff costs in 2018/19 increased by £629k, seven per cent on 2017/18 due to:

- new agenda for change terms and conditions, £183k
- additional expertise and backfill secured to support the research IT systems development £398k
- additional redundancy payments arising from workforce changes £120k
- organisational change efficiencies £70k.

## Sustainability report

While the HRA may be exempt from formal reporting on a number of Green Government Commitments as it has less than 250 FTE staff, we are keen to demonstrate our commitment to the sustainability agenda.

We will have achieved 2014 Government Estates Strategy target for space utilisation ratio of 8 sqm / full-time equivalent (FTE) staff member by 2019/20. To achieve this target, we have shared space with other government bodies (NHS Business Services Authority and NHS Blood and Transplant) to improve utilisation and reduce costs. We also encourage our people to work from home two days per week where business requirements allow and provide all our people with laptops to support mobile working. The 2018 Government Estates Strategy sets an ambitious target of 6 sq m/FTE occupancy ratio for all new government hubs. We believe this is achievable for the HRA and as part of our 2019 estates strategy review, we will consider what steps we need to take to enable this reduction as we prepare for our inclusion in the government hub programme.

The HRA provides a national service including supporting 65 ethics committees located throughout England. Our people, staff and committee members, travel to deliver our services. Where possible, we encourage the use of public transport and actively promote the use of technology to collaborate and meet. Video conferencing is available in all our regional offices and all our staff are able to access Skype meetings from their dedicated laptops. The HRA regularly holds a variety of meetings 'virtually' the need to travel where it is practical to do so and also helping to support the health, safety and welfare of our people.

Looking forward, we will continue to be guided by the Cabinet Office's Smart Working – Code of Practice. We plan to embrace technology to improve our ability to collaborate and do more of our business without the need to travel. We are also keen to explore how we use technology to widen access to our services and aim to enable virtual attendance at 75 per cent of our ethics committee meetings by March 2020.

These factors taken together have and will continue to reduce costs as well as contribute to the reduction of the HRA's carbon footprint.

We have also moved to 84 per cent (2017/18 80 per cent) usage of recycled paper consolidating the significant improvement seen in recent years whilst also reducing paper use and postage costs following the launch in 2016 of our research ethics service portal which enables committee members to review their papers electronically.



**Teresa Allen**  
**Chief Executive**  
**Health Research Authority**  
**18 June 2019**



Health Research  
Authority



Accountability report





## Corporate governance report: Directors' report

### **Governance**

The HRA was established in December 2011 by Statutory Instrument signed by the authority of the Secretary of State for Health.

Our relationship with the Department of Health and Social Care (DHSC) acting on behalf of the Secretary of State is regulated by a Framework Agreement that sets out the respective roles and responsibilities of each party, the shared principles that underpin the relationship and the arrangements for ensuring that the DHSC is able to discharge its responsibilities as sponsor and in relation to accountability. It also explains the HRA's governance arrangements as well as clarifying the lines of accountability for its performance.

As an ALB, we work in close partnership with the DHSC to deliver its objectives. While the HRA is responsible for its operational decisions and the way in which it discharges its functions, the Framework Agreement helps to describe how the DHSC will assure itself of our performance without being involved in its day-to-day decision making.

The DHSC's Science, Research and Evidence Directorate act as Sponsors for the HRA and provide assurance to the Department's Permanent Secretary and the Secretary of State that it is meeting its obligations.

The HRA is governed by a Board that is its corporate decision-making body. It is composed of five non-executive directors (including the Chair, Professor Sir Jonathan Montgomery) and three executive directors (including the Chief Executive, Teresa Allen). Two further directors attend the Board. We are committed to openness and transparency with Board meetings held in public and papers and minutes available on our website.

### **Declaration of interests**

The HRA maintains a formal register of Board members' interests as set out in the Code of Accountability for the NHS. Board members are asked to confirm any declarations of interest at each Board meeting and at any time that changes take place. This includes any interests in relation to specific items on a Board agenda. Board members are also asked to declare any spouse / partner interests. The register, showing current declarations made by the Board, is updated on a regular basis and made available to the public on the HRA website at:

<https://www.hra.nhs.uk/about-us/governance/publication-scheme/list-and-registers/>

### **Remuneration to auditors**

The accounts have been prepared according to accounts direction of the Secretary of State, with approval of HM Treasury. The accounts have been audited by the Comptroller and Auditor General under the Care Act 2014 at the cost of £35,000. The audit certificate can be found on page 43.

## Statement of accounting officer's responsibilities

Under the Care Act 2014, Section 109 (Schedule 7, paragraph 20) the Secretary of State has directed the HRA to prepare a financial statement of accounts for each year in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the HRA and of its income and expenditure, statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual issued by HM Treasury and in particular to:

- observe the Accounts Direction issued by the Secretary of State, with the approval of HM Treasury, including the relevant accounting and disclosure requirements and apply sensible 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
- confirm that the Accounting Officer takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

The Accounting Officer of the DHSC has designated the Chief Executive, Teresa Allen as Accounting Officer of the HRA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the HRA's assets, are set out in Managing Public Money published by the HM Treasury. Accounting Officer responsibilities have been undertaken by the Chief Executive for the full reporting period.

As far as the Chief Executive is aware, there is no relevant audit information of which the entity's auditors are unaware and the Chief Executive has taken all the steps that they ought to have taken to make them aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

## Governance statement

This Governance Statement sets out the framework utilised by the HRA to regulate its activities and to ensure delivery of its functions and objectives. In addition to setting out the governance structure, it outlines;

- the way in which performance is managed and reviewed
- the risk management processes

- the process for setting Directors Remuneration.

The HRA complies with the requirements of HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice (2017) insofar as they relate to public bodies.

The Accounting Officer has responsibility for maintaining a sound system of internal control that supports the achievement of the HRA's policies, aims and objectives, whilst safeguarding public funds and its assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned in HM Treasury: Managing Public Money.

For the year ended 31 March 2019 Teresa Allen was the Accounting Officer. The Accounting Officer is accountable for the discharge of functions to the Authority's Board and ensuring appropriate arrangements are in place for the appropriate discharge of all statutory functions attached to the HRA.

The Accounting Officer is also accountable to the Secretary of State at the DHSC. This line of accountability is managed through a Framework Agreement between the DHSC and the HRA, an Annual Accountability Review with the Minister through quarterly reviews with officials at the DHSC and close working on a day-to-day basis between HRA staff and those in the DHSC Sponsor Branch.

## **Governance Structure**

The Board membership attendance over the period was as follows:

Professor Sir Jonathan Montgomery (Chair) (attended six out of six meetings),

- Graham Clarke (NED) (6/6),
- Dr Allison Jaynes-Ellis (NED) (left HRA 31 December 2019) (3/4),
- Professor Deirdre Kelly (NED) (left HRA 31 December 2019) (4/4),
- Professor Nalin Thakkar (NED) (left HRA 31 December 2019) (3/4),
- Richard Cooper (NED) (joined HRA 01 February 2019) (1/1)
- Professor Andrew George (NED) (joined HRA 01 January 2019) (1/2)
- Dr Nicole Mather (NED) (joined HRA 01 January 2019) (2/2)
- Teresa Allen (Executive Director) (6/6),
- Ian Cook (Executive Director) (6/6),
- Karen Williams (Executive Director) (6/6),
- Dr Janet Messer (Director – Non-voting) (5/6),
- Juliet Tizzard (Director – Non voting) (6/6)

Key areas of business considered by the Board, in addition to standing items over the reporting period such as performance reporting (including financial analysis) and risk management, include:

- the governance and regular monitoring of the Transformation Programme (including the Service Improvement Programme and the Research IT Systems Programme to deliver the new Integrated Research Application System (IRAS))
- arrangements to put in place simple, streamlined and standardised operational processes for the research community to support compliance with the General Data Protection Regulations and maximise consistency for sponsors and sites
- consideration of the HRA's own corporate preparedness for the General Data Protection Regulations
- review of the HRA's continued work on improving research transparency to protect and promote patients' and the public interest in research and consideration of recommendations from the House of Commons Science and Technology Committee – Research Integrity: Clinical Trials Transparency

- social care research and the HRA's role in its governance and approval
- consideration of findings from deep dives undertaken by the HRA Audit and Risk Committee, in particular, research IT system procurement process and EU Exit preparedness.

The Board is committed to improving its performance and effectiveness with seminars often held prior to the main Board meeting. Topics covered in these seminars include:

- 2018/19 performance metrics
- proportionate governance of evaluation of quality improvement projects
- Board effectiveness
- stakeholder engagement to support strategic delivery
- development of HRA's Strategic Risk Register
- House of Commons Science and Technology Committee – Research Integrity: Clinical Trials Transparency findings and the HRA's Transparency Strategy
- Government Communication Headquarters (GCHQ) Certified Cyber Security Board Briefing.

The Board reviews a key performance indicator report on a quarterly basis. The report provides the Board with an overview of the status of the HRA Business Plan 2018/19 deliverables as well as detailed management information relating to these objectives.

In addition to the strategic risk register, corporate level risks and their mitigation and management are considered via the HRA corporate risk register on a quarterly basis by the Board. The Board has the opportunity to consider potential future risks and ensure these are captured on the register with the mitigations detailed appropriately and the strategic and reputational impacts discussed fully.

Declaration of interests are declared and formally recorded and all Board members' expenses are published.

The Board has two sub committees; the Audit and Risk Committee and the Pay and Remuneration Committee.

### **Audit and Risk Committee**

The HRA Audit and Risk Committee has continued to deliver its role to advise the HRA's Accounting Officer and the HRA Board on risk management, corporate governance and assurance arrangements in the HRA.

The HRA Audit and Risk Committee has met five times in the year to 31 March 2019. The Committee membership attendance over the period was:

- Graham Clarke (Chair, NED) (5/5),
- Professor Deirdre Kelly (NED) (3/4),
- Professor Nalin Thakker (NED) (3/4),
- Marc Taylor (Audit and Risk Committee member) (4/5)
- Richard Cooper (1/1)
- Professor Andrew George (1/1)

In addition, individuals from the HRA, Health Group Internal Audit and the National Audit Office were invited and regularly attended the committee.

One inquorate meeting was held (01/08/2018) however any recommendations made at the meeting were ratified, out of session via correspondence, by a quorate Audit & Risk Committee.

This year, the Audit and Risk Committee reviewed and approved the annual report and accounts, as well as the Committee's terms of reference, audit manual and audit timetable. The Committee regularly reviews the HRA corporate risk register, internal and external audit reports, corporate gift and hospitality reports, single tender actions and loss and compensation reports.

New developments this year that the Committee reviewed and supported include:

- the review of the findings from an emergency incident exercise testing the HRA's response to a ransomware scenario
- the HRA's preparedness for EU Exit
- the development of the HRA's strategic risk register
- the development of the HRA's new research IT system.

The committee reviewed its effectiveness in September 2018 with findings largely positive and an improvement from the previous year. Improvements in the way the committee meetings are held alongside a greater focus regarding risk at meetings was noted.

## **Pay and Remuneration Committee**

The membership of the Pay and Remuneration Committee is made up of the Chair and NEDs. The business conducted by the Pay and Remuneration Committee over the period includes:

- i. Advising the Board about appropriate remuneration and terms of service for the Chief Executive and any Directors on Very Senior Managers Terms and Conditions of Service to ensure they are fairly rewarded for their individual contribution to the Authority, having proper regard to the Authority's circumstances and performance and to the provisions of any national arrangements for such staff including:
  - a. all aspects of salary (including any performance-related elements/bonuses);
  - b. provisions for other benefits, including pensions and cars;
  - c. arrangements for termination of employment and other contractual terms.
- ii. Having oversight in relation to remuneration and terms of service for those directors and other staff who are covered under Agenda for Change terms and conditions who are direct line reports of the Chief Executive.
- iii. Proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate, advise on and oversee appropriate contractual arrangements for such staff.
- iv. Consideration of the requirements including interview panel for the substantive recruitment to the HRA's Chief Executive post.

The committee met five times in the reporting period in order to deliver its functions for the HRA. The Chief Executive is normally invited to attend the committee unless discussions relate to the remuneration and terms of services of the Chief Executive.

## **HRA Senior Leadership Team**

The Senior Leadership Team (SLT) is the senior executive decision-making body of the HRA responsible for managing HRA business within agreed objectives, resources and according to the HRA / DHSC framework agreement and standing orders. The SLT is accountable to the Chief Executive.

The SLT is responsible for ensuring an effective bridge from executive to Board business and the formulation of HRA strategy.

The SLT has delegated responsibility to the Leadership Team (LT) for the management of day to day, routine corporate business within agreed objectives, resources and according to the HRA / DHSC framework agreement and standing orders.

## **Effectiveness**

The system of performance monitoring in place throughout the year is designed to ensure appropriate delegation and segregation of duties. The following sections describe the operation.

## **The risk and control framework and capacity to handle risk**

The HRA Board has overall responsibility for risk management throughout the HRA. Its responsibilities include:

- agreeing the risk management policy
- assigning a responsible senior manager for risk management
- ensuring risk management processes are effective and embedded throughout the work of the HRA
- reviewing significant programme, strategic and operational / project risks
- reviewing critical risk management activities / controls and their verification.

Current responsibilities are as follows:

- ensuring appropriate risk management systems are in place: Chief Executive, Director of Finance, Procurement & Estates, Head of Corporate Governance and Risk
- scheduling and facilitating Internal Audit activities: Director of Finance, Procurement & Estates
- regularly reviewing and following-up risk management activities with all parties. This will include ensuring the verification / assurance of risk management activities and key controls/contingencies: Head of Corporate Governance and Risk
- writing the Governance Statement: Chief Executive, Director of Finance and Head of Corporate Governance & Risk
- ensuring the appropriate risk structure is in place including the Audit and Risk Committee: Head of Corporate Governance and Risk
- monitoring risk performance. As part of the routine progress reports the Audit and Risk Committee receives information on the risk performance in terms of the current risk profile, risk management activity performance, and implementation and verification of risk management controls and contingencies: Head of Corporate Governance and Risk.

The HRA aims to maximise the impact of its operations within the resources available to it. In so doing it aims to manage risks at all levels in the organisation from the top strategic level to the bottom operational / project levels without dampening innovation, including the projects delivered by partner organisations. This requires consideration of a full cross section of risks to the organisation including; reputational risks, financial risks, organisational risks, health and safety risks and risks to the achievement of the organisation's objectives.

Each directorate holds its own risk register and reviews it on a regular basis. Any significant risks are subsequently escalated to the Leadership Team for discussion and further escalation to the Board, Audit and Risk Committee and DHSC sponsor team as required.

In addressing issues relating to risk, the HRA seeks to be as transparent and open as possible and, through this approach, aims to identify and address those areas where

there is a need for improvement in the risk management processes and / or controls and contingencies.

The Audit and Risk Committee reviews and ensures that systems are in place to ensure effective risk management. The Internal Audit function forms part of the review process and provides assurance on the risk management process and advises the Audit and Risk Committee accordingly.

The Audit and Risk Committee also undertakes regular risk 'deep dives' into specific areas to better understand the issues. NEDs who are not formal members of the Committee are invited to attend for this part of the meeting. The Audit and Risk Committee undertook the following 'deep dives' during this reporting period:

- the HRA's preparedness for EU Exit and the introduction of the EU Clinical Trials Regulation
- the HRA's internal preparedness for GDPR and the HRA's role in developing GDPR guidance for the wider research community
- an evaluation of the HRA's new research IT system procurement exercise
- a consideration of the workload pressures affecting staff and an assessment of progress from the 2017 staff survey action plan
- the HRA's strategic risk register.

## Quality Assurance

The HRA has given careful consideration to the requirements and coverage of the best practice guide 'The Aqua Book' produced by the working group set up following the Macpherson recommendations, as well as direct discussions with the modelling oversight committee within DHSC. With the endorsement of that committee we have confirmed that the HRA does not operate any business-critical models. We have sought separate views on our broader quality assurance processes and to the extent they are able to comment, the modelling oversight committee has observed that the processes appear thorough and well developed. We are therefore fully compliant with the Macpherson recommendations.

## Information Governance

The HRA has an established Information Governance structure:

- the Board has designated the Director of Finance, Procurement and Estates as Senior Responsible Information Officer (SIRO) with responsibility for the system of safeguarding and protecting personally identifiable, confidential and sensitive data
- the Information Governance Lead is also the Director of Finance, Procurement and Estates
- Ian Cook, Director of Transformation and Corporate Services is the Caldicott Guardian
- NHS Business Services Authority provides Data Protection Officer services for the HRA (Chris Gooday 1 June 2018 – 31 March 2019; Chris Dunn from 1 April 2019)
- Directors and managers are Information Asset Owners (IAOs) as appropriate.

The Information Governance Steering Group (IGSG) is a formal sub-committee of the Leadership Team. Its purpose is to coordinate, supervise and direct the work of others, as appropriate, to ensure the HRA maintains a coordinated approach to Information Governance. It meets four times annually and implements organisational and managerial structures that support appropriate consideration of Information Governance issues to sustain continual improvement.

Data security risks are managed and monitored within the overall risk management framework, the HMG Security Policy Framework, overseen by the Information Governance Lead and IGSG to ensure security threats are followed up and

appropriately managed. The HRA is also committed to the 10 Steps to Cyber Security and, where appropriate, the National Data Guardian's Data Security Standards.

The key risks the IGSG has addressed this year include:

- corporate non-compliance of data protection legislation
- EU Exit preparedness, particularly uncertainty about the type of EU Exit and the impact on data flows between countries
- staff inadvertently accessing confidential information which they are not authorised to view
- under-reporting of information governance security incidents
- HRA staff may not be properly trained in information governance.

The IGSG is content that these risks are being appropriately managed and mitigated to an acceptable level.

All information assets and associated systems are identified and included in an Information Asset Register and are subject to annual information asset assessments. These assessments inform the Corporate and Information Risk Registers and help ensure the HRA conforms to Data Protection legislation. The HRA has also completed the Data Security and Protection Toolkit this year for the first time and has met all mandatory requirements.

### **The system of internal control**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control, which has been in place in the HRA for the period 1 April 2018 to 31 March 2019 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The Senior Leadership Team, led by myself, reviews and monitors progress with other management groups providing input as required. These include a recruitment control panel and management groups specifically for the information systems we provide and major programmes (HRA Approval, Transformation Board, Service Improvement Programme) or steering groups for significant projects.

Senior managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The assurance framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed and this aspect of the Authority's activities has been subject to external review.

A Business Plan for 2019/20 has been developed and approved by the Board which sets out a clear purpose and business objectives for the HRA. Our controls assurance and risk management processes are closely aligned to the twin objectives of maintaining on-going activities and managing significant transformation issues.

Reports are provided to the Board on a quarterly basis on achievements and progress against the objectives and plans, and this report includes risks and controls in place to mitigate them.

The effectiveness of the system of internal control has been, and continues to be, subject to review by our internal auditors who, in liaison with HRA management, plan and carry out a programme of work that has been approved by the Audit and Risk Committee which external audit attends, to review the design and operation of the systems of internal control.



Where weaknesses are identified, these are reported to the Audit and Risk Committee and an action plan agreed with management to implement the recommendations agreed as part of this process.

The Head of Internal Audit provides me with an opinion, in accordance with Public Sector Internal Audit Standards, on the overall adequacy and effectiveness of the HRA's risk management, control and governance processes.

#### **Head of Internal Audit Opinion 2018/19**

"My overall opinion is that I can give moderate assurance to the Accounting Officer that the HRA has had adequate and effective systems of control, governance and risk management in place for the reporting year 2018/19".

### **Compliance with NHS Pension Scheme Regulations**

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 the Scheme rules and that member pension scheme records are accurately updated in accordance with the timescales detailed in regulations.

### **Summary**

The HRA has delivered a substantial programme of work this year to enable achievement of our strategy and a step change in the approval and management of health and social care research. Collaboration with others is at the heart of all we do to ultimately make the UK a great place to do research while building confidence and participation in health and social care research and so improve the nation's health. Core services have been maintained with key performance indicators achieved. The HRA has demonstrated the effective delivery of governance requirements with all key corporate governance functions being managed effectively, robustly and efficiently.



**Teresa Allen**  
**Chief Executive**  
**Health Research Authority**  
**18 June 2019**



## Remuneration and staff report

### Remuneration Policy

The Chair and Non-Executive Director Board members are remunerated in line with DHSC guidance that applies to all NHS bodies. Details of the senior managers' remuneration, given in the following tables, with one exception, is set and reviewed in line with the DHSC guidance 'Pay Framework for Executive and Senior Managers in Arms' Length Bodies'. Senior managers employed under the ESM framework are under stated contracts of employment on terms and conditions as set out by NHS Employers. Pay for one Executive Director employed and contained in the report is set and reviewed in line with Agenda for Change terms and conditions. All those contained in the senior managers' remuneration table below are subject to annual appraisals on their performance.

### Remuneration and Pension for Directors (subject to audit)

#### Non-Executive Directors

Name and Title of Directors	Year	Salaries and Allowances		
		Total salary (bands of £5,000)	All Pension related benefits (bands of £2,500)	Total Remuneration (bands of £5,000)
		£000	£000	£000
Professor Sir Jonathan Montgomery, Chairman	<b>Year-ended 31 March 2019</b>	<b>45 - 50</b>	<b>0</b>	<b>45 - 50</b>
	Year-ended 31 March 2018	45 - 50	0	45 - 50
Allison Jaynes-Ellis, Non-Executive Director (left 31/12/2018)	<b>Year-ended 31 March 2019</b>	<b>5 - 10</b>	<b>0</b>	<b>5 - 10</b>
	Year-ended 31 March 2018	5 - 10	0	5 - 10
Graham John Clarke, Non-Executive Director and Chair of the Audit and Risk Committee	<b>Year-ended 31 March 2019</b>	<b>10 - 15</b>	<b>0</b>	<b>10 - 15</b>
	Year-ended 31 March 2018	10 - 15	0	10 - 15
Deirdre Kelly, Non-Executive Director (left 31/12/2018)	<b>Year-ended 31 March 2019</b>	<b>5 - 10</b>	<b>0</b>	<b>5 - 10</b>
	Year-ended 31 March 2018	5 - 10	0	5 - 10
Nalin Thakker, Non-Executive Director (left 31/12/2018)	<b>Year-ended 31 March 2019</b>	<b>5 - 10</b>	<b>0</b>	<b>5 - 10</b>
	Year-ended 31 March 2018	5 - 10	0	5 - 10
Richard Cooper, Non-Executive Director (started 01/02/2019)	<b>Year-ended 31 March 2019</b>	<b>0 - 5</b>	<b>0</b>	<b>0 - 5</b>
Andrew George, Non-Executive Director (started 01/01/2019)	<b>Year-ended 31 March 2019</b>	<b>0 - 5</b>	<b>0</b>	<b>0 - 5</b>
Nicole Mather, Non-Executive Director (started 01/01/2019)	<b>Year-ended 31 March 2019</b>	<b>0 - 5</b>	<b>0</b>	<b>0 - 5</b>

## Directors

Name and Title of Directors	Year	Salaries and Allowances		
		Total salary (bands of £5,000)	All Pension related benefits (bands of £2,500)	Total Remuneration (bands of £5,000)
		£000	£000	£000
Teresa Allen, Chief Executive (Note 1)	<b>Year-ended 31 March 2019</b>	<b>120 – 125</b>	<b>90 – 92.5</b>	<b>210 - 215</b>
	Year-ended 31 March 2018	120 – 125 (110 – 115)*	250 – 252.5	370 - 375
Ian Cook, Director of Transformation & Corporate Services	<b>Year-ended 31 March 2019</b>	<b>90 - 95</b>	<b>20 - 22.5</b>	<b>110 - 115</b>
	Year-ended 31 March 2018	90 - 95	20 - 22.5	110 - 115
Janet Messer, Director of Approvals Service	<b>Year-ended 31 March 2019</b>	<b>90 – 95</b>	<b>22.5 - 25</b>	<b>115 - 120</b>
	Year-ended 31 March 2018	85 - 90	52.5 - 55.0	140 - 145
Karen Williams, Director of Finance, Procurement and Estates	<b>Year-ended 31 March 2019</b>	<b>105 – 110</b>	<b>25 – 27.50</b>	<b>130 – 135</b>
	Year-ended 31 March 2018	95 - 100	0	95 - 100
Juliet Tizzard, Director of Policy (from 02/01/2018)	<b>Year-ended 31 March 2019</b>	<b>100 – 105</b>	<b>22.5 - 25</b>	<b>130 - 135</b>
	Year-ended 31 March 2018	25 – 30 (100 - 105)*	0	25 - 30
Janet Wisely, Chief Executive (until 01/08/2017, Note 2)	Year-ended 31 March 2018	40 – 45 (130 – 135)*	15 – 17.5	60 - 65
Joan Kirkbride, Director of Operations (left 23/08/2017, Note 3)	Year-ended 31 March 2018	130 – 135 (90 – 95)	32.5 – 35	165 - 170
Tom Smith, Director of Quality, Guidance and Learning (left 01/05/2017)	Year-ended 31 March 2018	5 – 10 (60 – 65)*	0	5 - 10

\* denotes full year equivalent

**Note 1:** Teresa Allen, Chief Executive, was seconded to the Health Research Authority from NHS Blood and Transplant on a full-time basis until 31 July 2017, from when Teresa became an HRA member of staff. Teresa's salary was increased to recognise her role as the HRA's Interim Chief Executive, backdated to the start of her appointment at the HRA. The arrears paid upon her transfer to the HRA, are included in the table above. Details of Teresa's remuneration are not included within the Annual Report of NHS Blood and Transplant.

**Note 2:** Janet Wisely stepped down as Chief Executive on 31 July 2017 due to an unexpected and life changing health situation. She continued to be employed by the HRA, until 30 June 2018 and remained on full pay until she left. The remuneration she received after ceasing to be a Director has not been included in the table above.

**Note 3:** As part of the HRA executive restructure in 2017, Joan Kirkbride was made redundant and decided to take early retirement. Joan received a redundancy payment of £94,314 and a further payment of £65,905 was made to NHS Pensions for the capitalisation costs of early retirement, in accordance with the NHS Pension scheme. The total cost of both payments was £160,219 and this is disclosed within the exit-packages table.

## Directors

Name and Title	Pension Benefits year-ended 31 March 2019			
	Real Increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2500)	Total accrued pension at pension age at 31 March 2019 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5,000)
	£000	£000	£000	£000
Teresa Allen, Chief Executive	2.5 – 5.0	12.5 – 15	50 – 55	150 - 155
Ian Cook, Director of Transformation & Corporate Services (*)	0 - 2.5	0	5 - 10	0
Janet Messer, Director of Approvals Service	0 – 2.5	0 - 2.5	15 - 20	35 - 40
Karen Williams, Director of Finance, Procurement and Estates (*)	0 - 2.5	0	0 - 5	0
Juliet Tizzard, Director of Policy (*)	0 – 2.5	0	0 – 5	0

Name and Title	Pension Benefits (continued) year-ended 31 March 2019				
	Cash Equivalent Transfer Value at 31 March 2019	Cash Equivalent Transfer Value at 31 March 2018	Real Increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension	Total pension entitlement at 31 March 2019 (Bands of £5,000)
	£000	£000	£000	£000	£000
Teresa Allen, Chief Executive	1,249	1,014	187	0	200 - 205
Ian Cook, Director of Transformation & Corporate Services (*)	89	56	19	0	5 - 10
Janet Messer, Director of Approvals Service	352	285	46	0	55 - 60
Karen Williams, Director of Finance, Procurement and Estates (*)	52	23	14	0	0 - 5
Juliet Tizzard, Director of Policy (*)	28	5	9	0	0 - 5

**Notes: (\*)** NHS Pensions did not provide a lump sum figure for senior managers who only have membership in the 2015 or 2008 section, unless they chose to move their 1995 section benefits under the Choice option.

## Cash Equivalent Transfers

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV 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 disclosures applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. The total entitlement will increase from one year to the next, by virtue of staff having an additional year's service.

In certain circumstances, the extra service accrued may not be sufficient to offset the inflation increase, in which case, in real terms the pension value can reduce and are therefore shown as negative values. The CETV figures 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. CETVs are calculated within the guidelines and framework prescribed by the Institute of Faculty of Actuaries.

## Fair pay disclosures (subject to audit)

The relationship between the remuneration of our highest-paid director and the median remuneration is 4.14, a slight decrease on last year of 14%. This is due to a decrease in the Chief Executive's salary and increase in the median salary resulting from a nationally agreed reformed agenda for change pay structure.

	As at 31 March 2019	As at 31 March 2018
Band of highest paid director's total remuneration (£000's) annualised	120 – 125	130 – 135
Lowest pay range	15 – 20	15 – 20
Median total	29,608	27,635
Remuneration ratio	4.14	4.79

In 2018/19, 1 employee (2017/18, 0) received remuneration in excess of the highest-paid director. Remuneration ranged from £165k to £170k (2017/18 £0).

## Staff Report

### Early retirements and redundancies (subject to audit)

Year to 31 March 2019						
Exit package cost band	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
	WHOLE NUMBERS	£	WHOLE NUMBERS	£	WHOLE NUMBERS	£
Less than £10,000	0	0	5	30,535	5	30,535
£10,000 - £25,000	1	19,988	0	0	1	19,988
£25,001 - £50,000	1	29,982	0	0	1	29,982
£50,001 - £100,000	1	55,789	3	222,423	4	278,212
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
<b>Totals</b>	<b>3</b>	<b>105,759</b>	<b>8</b>	<b>252,958</b>	<b>11</b>	<b>358,717</b>

Exit package cost band	Year to 31 March 2018		
	Number of compulsory redundancies	Number of other departures agreed	Total cost of exit packages by cost band (£)
<£20,001	0	3	24,896
£20,001 - £40,000	2	0	74,010
£40,001 - £100,000	0	0	0
£100,001 - £150,000	0	0	0
£150,001 - £200,000	1	0	160,219
£200,001 - £250,000	0	0	0
£250,001 - £300,000	0	0	0
£300,001 - £350,000	0	0	0
<b>Total number and cost of exit packages</b>	<b>3</b>	<b>3</b>	<b>259,125</b>

Redundancy and other departure costs have been paid in accordance with the provisions of Agenda for Change. Exit costs in this note are the full costs of departures agreed in the year. Additional costs of agreed early retirements are met by the HRA and not by the NHS pension scheme. Ill health retirement costs are met by the NHS pension scheme and are not included in this table.

## Analysis of staff costs (subject to audit)

	Year to 31 March 2019			Year to 31 March 2018
	Permanently employed	Others	Total	Total
	£000	£000	£000	£000
Salaries and wages	7,051	468	7,519	7,099
Social security costs	769	0	769	726
Employer contributions to NHSPA	963	0	963	921
Redundancies / notice	358	0	358	234
<b>Total</b>	<b>9,141</b>	<b>468</b>	<b>9,609</b>	<b>8,980</b>

The costs and average numbers of staff include the costs of staff employed by other NHS bodies that are recharged to the Health Resource Authority. These are included within the 'Other' column. These figures include social security costs and employer contributions to the NHSPA.

## The average number of persons employed during the period (subject to audit)

	Year to 31 March 2019			Year to 31 March 2018
	Total Number	Permanently Employed Staff Number	Other Number	Total Number
<b>Total</b>	<b>210</b>	<b>198</b>	<b>12</b>	<b>207</b>

## Retirements due to ill health

This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the year. There were one such retirement in the year to 31 March 2019 £52,655 (£0 2017/18). This information has been supplied by NHS Pensions.

## Pension costs

Past and present employees are covered by the provisions of the two NHS pension schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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 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 2019, is based on valuation data at 31 March 2018, updated to 31 March 2019 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 per cent 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.



## Off payroll engagements

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, the Health Research Authority must publish the following tables of information on their highly paid and / or senior off-payroll engagements.

<b>Table 1: For all off-payroll engagements as at 31 March 2019, for more than £245 per day and that last longer than six months:</b>	
	Number
Number of existing engagements as of 31 March 2019	5
Of which:	
for less than one year at the time of reporting	4
for between one and two years at the time of reporting	1
for between 2 and 3 years at the time of reporting	-
for between 3 and 4 years at the time of reporting	-
for 4 or more years at the time of reporting	-

The HRA can confirm that all existing off-payroll engagements have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and where necessary, that assurance has been sought.

<b>Table 2: For all new off-payroll engagements between 1 April 2018 and 31 March 2019, for more than £245 per day and that last longer than six months:</b>	
	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	4
Of which:	
assessed as caught by IR35	-
assessed as not caught by IR35	4
engaged directly (via PSC contracted to department) and are on the departmental payroll	-
engagements reassessed for consistency / Assurance purposes during the year	-
engagements that saw a change to IR35 status following the consistency review	-

<b>Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019:</b>	
	Number
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements.	<b>10</b>

### Consultancy expenditure

The Health Research Authority spent £6,759 on VAT consultancy work relating to the Research IT Systems development for the year-ended the 31 March 2019 (2017/18: £196,800, for market assessment and procurement support for the Research IT Systems development).

### Sickness Absence Data

<b>Statistics Produced by HSCIC from Electronic Staff Record (ESR) Data Warehouse</b>		
Quarterly Sickness Absence Publications	Monthly Workforce Publication	
Average FTE 2018 202	FTE-Days Lost to Sickness Absence 1,147	Average Sick Days per FTE 5.7
Source: NHS Digital – Sickness Absence Publication - based on data from the ESR Data Warehouse		
<b>Period covered: January – December 2018</b>		
Data items: ESR does not hold details of normal number of days worked by each employee. (Data on days lost and days available produced in reports are based on a 365-day year.)		
The number of FTE-days lost to sickness absence has been estimated by multiplying the estimated FTE-days available by the average sickness absence rate.		
The average number of sick days per FTE has been estimated by dividing the estimated number of FTE-days sick by the average FTE.		
Sickness absence rate is calculated by dividing the sum total sickness absence days (including non-working days) by the sum total days available per month for each member of staff).		

## Other Employee Matters

### Diversity and Inclusion

The HRA promotes equality and integrates an anti-discriminatory approach into all areas of its work by:

- ensuring that barriers to accessing services and employment are identified and removed
- being committed to ensuring that all its practices are carried out in a fair
- reasonable and consistent manner, promoting human rights and equality and diversity
- not discriminating against any staff, potential staff, members, partners, service users or anyone that deals with the HRA in any way.

This ensures that anyone that deals with the HRA will receive equitable treatment whether they are receiving a service, providing a service, applying for a job, tendering for a contract or any other relationship.

To build on our 2017/18 substantial rating for an audit assessing our compliance with equality and diversity best practice in the workplace as defined by Equality and Human Rights Commission (EHRC) we have committed in our business plan to developing an Equality and Diversity Strategy for the HRA in 2019/20.

The Board's Audit and Risk Committee (ARC) is also pleased to note that there had not been any allegations of discrimination against anyone with protected characteristics since the HRA's inception.

The HRA is committed to ensuring equality of opportunity for all disabled staff and we promote a culture that enables staff with disabilities to participate fully in working life and are registered as a Disability Confident employer. In 2018/19 we agreed to develop a disability leave policy and created a working group to take this forward. We anticipate that this policy, now in draft, will be approved and piloted in 2019/20.

### Equality information for staff

Gender	31 March 2019 Number	31 March 2019 %	31 March 2018 Number	31 March 2018 %
Female	149	76%	155	74%
Male	47	24%	55	26%
<b>Grand Total</b>	<b>196</b>	<b>100%</b>	<b>210</b>	<b>100%</b>
Ethnic Origin (Grouped)	31 March 2019 Number	31 March 2019 %	31 March 2018 Number	31 March 2018 %
Asian or British Asian	18	9%	17	8%
Black or Black British / Mixed / Other ethnic group	17	9%	20	9%
Not Stated/Undefined	11	6%	14	7%
White	150	76%	159	76%
<b>Grand Total</b>	<b>196</b>	<b>100%</b>	<b>210</b>	<b>100%</b>

Disabled	31 March 2019 Number	31 March 2019 %	31 March 2018 Number	31 March 2018 %
No	171	87%	180	85%
Not Declared / Undefined	14	7%	19	9%
Yes	11	6%	11	6%
<b>Grand Total</b>	<b>196</b>	<b>100%</b>	<b>210</b>	<b>100%</b>

Age	31 March 2019 Number	31 March 2019 %	31 March 2018 Number	31 March 2018 %
21-25	9	5%	12	6%
26-35	63	32%	74	35%
36-45	57	29%	58	28%
46-55	45	23%	40	19%
56-75	22	11%	26	12%
<b>Grand Total</b>	<b>196</b>	<b>100%</b>	<b>210</b>	<b>100%</b>

	31 March 2019				31 March 2018			
	Male	%	Female	%	Male	%	Female	%
Directors	1	20%	4	80%	1	17%	5	83%
Other senior managers	12	34%	23	66%	13	35%	24	65%
Employees	34	22%	122	78%	41	25%	126	75%
<b>Total</b>	<b>47</b>	<b>24%</b>	<b>149</b>	<b>76%</b>	<b>55</b>	<b>26%</b>	<b>155</b>	<b>74%</b>

The HRA publishes gender pay gap information showing the difference in average earnings between women and men. The results for 2018 show that the average hourly rate is 7.9% higher for men with the median being 13.3%. This does not mean that men get paid more than women for doing the same job as this is highly unlikely given the NHS pay grade structure and employment practices the HRA uses. What it does show however is that the lower average pay for women reflects the fact that there are proportionately fewer women in management roles compared to men.

The HRA is pleased that women are well represented across the workforce but appreciates that more can be done to address this gap and will be taking work forward through the Board and the Staff Forum actions to help reduce this difference.

We publish diversity information on our website at:

<https://www.hra.nhs.uk/about-us/governance/equality-and-diversity/>

Our gender pay gap data is also published on the Gov.uk website: <https://gender-pay-gap.service.gov.uk>

## Health, safety and welfare

The HRA embraces health, safety and welfare as an integral part of its culture. It is committed to pursuing the fundamental right of all employees to work in a safe and healthy environment and is committed to a holistic approach to identifying and mitigating associated risks.

Managers and staff are supported by comprehensive health, safety and welfare arrangements including an active Health, Safety & Welfare Committee (HS&WC), comprehensive policies and procedures and access to expert advice.

We encourage our employees to report accidents or instances of work-related ill health to highlight trends and inform health and safety performance. We are pleased to report that we have had no reportable incidents, down from one last year. The HS&WC is satisfied that if an incident were to occur it would be known immediately and reported. No reports under Reporting Injuries, Diseases and Dangerous Occurrences Regulations 2013 have been made.

### Trade union recognition

The HRA has in place a well-established and embedded Staff Partnership Forum. In April 2018 we reached a formal partnership agreement with Unison and Managers in response to our 2017 staff engagement survey where staff expressed a strong level of interest in union recognition. The Joint Negotiating Committee has met formally three times along with a number of other occasions to discuss organisational change processes. During the year 4 members of staff (3.6 FTE) were union officials at the HRA.

Percentage time	Number of employees
0%	1
1-50%	3
51-99%	0
100%	0

Percentage of staff costs spend on union facility activities	
Total cost of union facility activities	£2.8k
Total staff costs	£9,609k
Percentage of total staff costs spent on Union facility activities	0.03%

Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	100%

### Pension Liabilities

Past and present employees of the HRA are covered by the provisions of the NHS Pensions Scheme. Page 35 of the annual report presents how pension liabilities have been treated.



## Parliamentary accountability and audit report

This section provides other information disclosed in the public interest and is subject to audit.

### **Remote Contingent Liabilities**

There are no known material remote contingent liabilities.

### **Regularity of Expenditure: Losses and Special Payments**

For the year-ended 31st March 2019, the HRA had no losses and special payments to report. (£0 2017/18)

**Teresa Allen**  
**Chief Executive**  
**Health Research Authority**  
**18 June 2019**

## 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 Health Research Authority for the year ended 31 March 2019 under the Care Act 2014. 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 Health Research Authority's affairs as at 31 March 2019 and of the net expenditure for the year then ended
- the financial statements have been properly prepared in accordance with the Care Act 2014 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 Health Research 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

I am 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 Health Research Authority's ability to continue as a going concern for a period of at least 12 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 Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are 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 Care Act 2014.

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 Health Research 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 Board and the Accounting Officer are 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 Care Act 2014
- in the light of the knowledge and understanding of the Health Research Authority and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report
- the information given in Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns
- I have not received all of the information and explanations I require for my audit
- 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**

**Date 25 June 2019**

**Comptroller and Auditor General**

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

The NHS logo, consisting of the letters 'NHS' in a bold, white, sans-serif font, enclosed within a white rectangular border.

Health Research  
Authority



Financial statements

**Statement of comprehensive net expenditure for the year to 31 March 2019**

	Notes	Year to 31 March 2019	Year to 31 March 2018
		£'000	£'000
<b>Administration</b>			
<b>Expenditure</b>			
Staff Costs	4	9,696	9,068
Amortisation and Depreciation	4	974	670
Other Expenditure	4	4,041	3,901
		<u>14,711</u>	<u>13,639</u>
<b>Income</b>			
Income from Activities	5	263	243
		<u>263</u>	<u>243</u>
<b>Net Expenditure for the period</b>		<u>14,448</u>	<u>13,396</u>

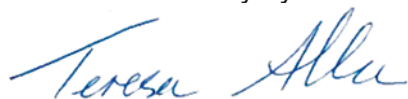
The notes on pages 51 to 63 form part of these accounts.

## Statement of financial position as at 31 March 2019

	Notes	As at 31 March 2019	As at 31 March 2018
		£'000	£'000
<b>Non-current assets</b>			
Information Technology Assets	6.1	186	140
Intangible Assets	6.2	<u>2,752</u>	<u>1,838</u>
<b>Total non-current assets</b>		<u>2,938</u>	<u>1,978</u>
<b>Current assets</b>			
Trade and other receivables	7	276	185
Cash and cash equivalents	8	<u>1,992</u>	<u>957</u>
<b>Total current assets</b>		<u>2,268</u>	<u>1,142</u>
<b>Total assets</b>		<u>5,206</u>	<u>3,120</u>
<b>Current liabilities</b>			
Trade and other payables	9	2,178	1,651
Other liabilities	9	<u>2</u>	<u>2</u>
<b>Total current liabilities</b>		<u>2,180</u>	<u>1,653</u>
<b>Non-current assets less net current liabilities</b>		<u>3,026</u>	<u>1,467</u>
<b>Assets less liabilities</b>		<u>3,026</u>	<u>1,467</u>
<b>Taxpayers' equity</b>			
<b>General fund</b>		3,026	1,467
<b>Total Taxpayers' Equity</b>		<u>3,026</u>	<u>1,467</u>

The notes on pages 51 to 63 form part of these accounts.

The financial statements on pages 47 to 50 were signed on behalf of the Health Research Authority by:



**Chief Executive**

18 June 2019

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

	Notes	Year to 31 March 2019	Year to 31 March 2018
		£'000	£'000
<b>Cash flows from operating activities</b>			
Net expenditure for the period after interest		(14,448)	(13,396)
Adjustments amortisation and depreciation	4	974	670
Decrease/(Increase) in trade and other receivables	7	(91)	13
Increase in trade payables	9	527	660
Loss on disposal of property, plant & equipment		0	0
<b>Net cash (outflow) from operating activities</b>		<b>(13,038)</b>	<b>(12,053)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant, property and equipment	6.1	(66)	(73)
Purchase of intangible assets	6.2	(1,868)	(723)
<b>Net cash (outflow) from investing activities</b>		<b>(1,934)</b>	<b>(796)</b>
<b>Cash flows from financing activities</b>			
Net Parliamentary funding		16,007	10,310
<b>Net financing</b>		<b>16,007</b>	<b>10,310</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		1,035	(2,539)
<b>Cash and cash equivalents at the beginning of the period</b>		957	3,496
<b>Cash and cash equivalents at the end of the period</b>	8	<b>1,992</b>	<b>957</b>

The notes on pages 51 to 63 form part of these accounts.

## Statement of changes in Taxpayers' Equity for the year to 31 March 2019

	General Fund £'000	Total Reserves £'000
<b>Balance as at 31 March 2017</b>	<b>4,553</b>	<b>4,553</b>
Net Expenditure to 31 March 2018	(13,396)	(13,396)
<b>Total recognised income and expenditure for the year</b>	<b>(13,396)</b>	<b>(13,396)</b>
Parliamentary funding for resources to 31 March 2018	10,310	10,310
<b>Total Parliamentary Funding from Department of Health and Social Care</b>	<b>10,310</b>	<b>10,310</b>
<b>Balance as at 31 March 2018</b>	<b>1,467</b>	<b>1,467</b>
Net Expenditure to 31 March 2019	(14,448)	(14,448)
<b>Total recognised income and expenditure for the year</b>	<b>(14,448)</b>	<b>(14,448)</b>
Parliamentary funding for resources to 31 March 2019	16,007	16,007
<b>Total Parliamentary Funding from Department of Health and Social Care</b>	<b>16,007</b>	<b>16,007</b>
<b>Balance as at 31 March 2019</b>	<b>3,026</b>	<b>3,026</b>

The notes on pages 51 to 63 form part of these accounts.

## Notes to the Accounts

### 1. Accounting policies

These financial statements have been prepared in line with directions issued by the Secretary of State, under the Care Act 2014 and in accordance with the 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 Health Research Authority has been selected for the purpose of giving a true and fair view. The particular policies adopted by the Health Research Authority are described below. They have been applied consistently in dealing with items considered material in relation to the accounts. There have been no revisions of estimation techniques.

Accruals are estimated based on available documentation, advice from management and from information gained from similar previous events and are the best estimate at the date of these financial statements.

Asset useful economic lives are reviewed at least annually. The basis for estimating useful economic life include experience of previous similar assets, the condition and performance of the asset and the knowledge of technological advances and obsolescence.

#### 1.1 Accounting conventions

This account is prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to the business by reference to current costs. This is in accordance with directions issued by the Secretary of State for Health and approved by HM Treasury.

#### 1.2 Income

The transition to IFRS 15 has been completed in accordance with paragraph C3 (b) of the standard, applying the standard retrospectively recognising the cumulative effects at the date of initial application (nil effect).

In the adoption of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows:

- as per paragraph 121 of the standard the HRA will not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less
- the HRA is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the standard where the right to consideration corresponds directly with value of the performance completed to date
- the FReM has mandated the exercise of the practical expedient offered in C7(a) of the Standard that requires the HRA to reflect the aggregate effect of all contracts modified before the date of initial application.

The main source of funding is Parliamentary grant from the Department of Health and Social Care, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which it is received.

Operating income is income which relates directly to the operating activities of the authority. It principally comprises fees and charges for services provided to the Devolved Administrations, as well as income from NHS and non-NHS organisations. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.

The value of the benefit received when the HRA accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

### 1.3 Taxation

The Authority is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

### 1.4 Tangible assets - Property, Plant and Equipment

#### (a) Capitalisation

Information Technology asset which are capable of being used for more than one year are capitalised when:

- individually have a cost equal to or greater than £5,000
- collectively have a cost of at least £5,000 and an individual cost of more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control
- second-hand IT assets are capitalised at cost, which represents market value, and may be below the thresholds for capitalising new IT assets.

#### (b) Valuation

Information technology assets are capitalised initially at cost. They are carried on the Statement of Financial Position at cost net of depreciation and impairment, or at depreciated replacement cost where materially different.

These assets have not been revalued in the accounts due to their low value and short economic life.

#### (c) Depreciation

The HRA Information Technology Assets comprise of video conference equipment, which make up the Tangible Information Technology, and laptops. The expected useful life of the assets are assessed as being different due to the changes in technology advancements and so are depreciated over different economic lives as follows:

	Years
Tangible Information Technology	5
Laptops	4



#### **(d) Assets under construction**

Assets are held under construction where the assets have not been built to specification and distributed to staff for their use.

### **1.5 Intangible Assets**

#### **(a) Capitalisation**

Intangible assets are capitalised initially at cost.

#### **(b) Valuation**

Intangible assets are carried in the Statement of Financial Position at cost net of amortisation and impairment, or at amortised replacement cost where materially different. These assets have not been revalued in the accounts due to their short economic life.

#### **(c) Amortisation**

All intangible assets, with the exception of those under construction, are amortised over their expected useful economic life. Amortisation is charged on each individual component of intangible assets.

The HRA Intangible assets comprise of software licences for the e-learning system and the licence fee for the current IRAS system. The development expenditure relating to the HRA Research Information Systems are currently grouped under Information Technology. The estimated lives of these assets have been assessed and are set out below. They are amortised on a straight-line basis over the estimated life of the asset.

Purchased computer software licences are amortised over the shorter of the term of the licence and their useful economic lives.

	Years
Software Licences	3 - 5
Bespoke Software licence	3 - 7
Intangible Information Technology	5 - 7

#### **(d) Assets under construction**

Assets are held under construction where development work has been undertaken but further work is required to bring the assets into use

#### **(e) Impairment**

An annual review is undertaken of all assets to consider any changes in the useful economic life. Impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. The new economic lives are not reflected in the section above, but information is disclosed in note 6.2.

### **1.6 Cash and cash equivalents**

Cash is the balance held with the Government Banking Service. The Health Research Authority does not hold any petty cash.

### **1.7 Employee benefits**

#### **Short term 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 and

employee records support this.

## **Retirement benefit costs**

Past and present employees are covered by the provisions of the two NHS Pensions Schemes. The schemes are 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 schemes 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, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Authority commits itself to the retirement, regardless of the method of payment.

## **1.8 Leases**

### **Operating leases as the lessee**

All leases are classified as operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Where arrangements are in place that imply a lease arrangement the costs have been charged as an expense on a straight-line basis and disclosed as part of note 11.

Contingent rentals are recognised as an expense in the period in which they are incurred.

### **Operating leases as the lessor**

Rental income from operating leases is recognised as income on a straight-line basis over the term of the lease.

## **1.9 Financial instruments**

Financial assets and financial liabilities recognition.

Financial assets and financial liabilities arise where the Health Research Authority is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. This definition of a contract includes legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as tax by ONS.

This includes the purchase or sale of non-financial items, such as goods and services, which are entered into in accordance with normal requirements of the Health Research Authority and are recognised when, and to the extent which, performance occurs, i.e. when receipt or delivery of the goods or services is made.

The Authority's receivables comprise of cash at bank, NHS and Non-NHS receivables, prepayments, accrued income and other receivables.

The Authority's financial liabilities comprise: NHS Payables, other payables and accruals.

### **1.9.1 Classification and measurement**

After initial recognition, financial assets and financial liabilities are measured at amortised cost. These are assets and liabilities which are held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables and rights and obligations under lease arrangements.

### **1.9.2 Impairment of financial assets**

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets the Authority recognises an allowance for expected credit losses.

The Authority adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses.

### **1.9.3 De-recognition**

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Authority has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

## **1.10 IFRS disclosure**

IFRS's, amendments and interpretations in issue but not yet effective or adopted

The following is a list of changes to IFRS that have been issued but which were not effective in the reporting period:

IFRS 16 Leases  
IFRS 17 Insurance Contracts  
IFRIC 23 Uncertainty over Income Tax Treatments.

The HRA is still quantifying the impact of the implementation of IFRS 16, which becomes effective from 1 April 2020, but do not anticipate that this will be material. The other IFRS changes would have no material impact on the HRA financial statements.

## **2. Analysis of Net Expenditure by segment**

The Health Research Authority currently reports the financial information to the Board as one segment and therefore no segmental analysis is disclosed.

## **3. Staff numbers and related costs**

The tables for the staff numbers and staff costs and other related costs are included on page 35 within the staff report of the Remuneration report section and also included within note 4 of the annual accounts.

## 4. Expenditure

The Health Research Authority costs all relate to Administration costs:

	Note	Year to 31 March 2019 £'000	Year to 31 March 2018 £'000
Non-executive members' remuneration		87	88
Other salaries and wages		7,519	7,099
Social Security Costs		769	726
Pension Costs		963	921
Redundancies and notice not worked		358	234
<b>Total Staff Costs</b>		<b>9,696</b>	<b>9,068</b>
Supplies and Services - general		354	371
Establishment expenses		1,084	996
Transport and moveable plant		6	5
Premises and fixed plant		2,523	2,446
Auditors' remuneration: (*) Audit fees		35	35
Miscellaneous		39	48
<b>Total Other Expenditure</b>		<b>4,041</b>	<b>3,901</b>
Capital: Depreciation	6.1	20	16
Amortisation	6.2	954	654
<b>Total Depreciation and Amortisation</b>		<b>974</b>	<b>670</b>
<b>Total expenditure</b>		<b>14,711</b>	<b>13,639</b>

(\*) The Audit Fee for the period to the 31 March 2019 is £35,000 (period to 31 March 2018 £35k). The Authority did not make any payments to External Auditors for non audit work.

### 4.1 Better Payment Practice Code – measure of compliance

	2018-19 Number	2018-19 Number
Total Non-NHS trade invoices paid in the year	3,402	3,425
Total Non-NHS trade invoices paid within target	3,379	3,369
Percentage of Non-NHS trade invoices paid within target	99.3	98.4
Total NHS trade invoices in the year	193	220
Total NHS trade invoices paid within target	188	216
Percentage of NHS trade invoices paid within target	97.4	98.2

## 5. Operating revenue

	Year to 31 March 2019 £'000	Year to 31 March 2018 £'000
<b>Administration</b>		
Fees & charges to external customers	5	0
Income received from Scottish Parliament	94	100
Income received from National Assembly for Wales	59	66
Income received from Northern Ireland Assembly	33	39
Income received from other Departments	72	38
<b>Total Administration revenue</b>	<b>263</b>	<b>243</b>

2018/19 is the first year of applying IFRS15 – revenue from contracts with customers. As part of the transition, the Health Research Authority is required to apply the standard to the closing balances as at 31 March 2018 and recognise the difference as an adjustment to the opening balances.

The Health Research Authority has completed the transition work to identify the contracts which are within scope of IFRS15, and the majority of the revenue is received from the Devolved Administrations on a cross charging arrangement using the Barnett Formula, and so is outside of scope. The remainder of the revenue did fall within scope, but all performance obligations had been delivered by the end of the reporting date.

## 6. Non-current assets

### 6.1 Tangible assets – property, plant and equipment

	Information Technology £'000	Assets under construction £'000	Total £'000
Cost or Valuation at 1 April 2018	129	73	202
Additions - purchased	66	0	66
Transfers	73	(73)	0
<b>Gross cost as at Year to 31 March 2019</b>	<b>268</b>	<b>0</b>	<b>268</b>
<b>Depreciation</b>			
Accumulated depreciation at 1 April 2018	62	0	62
Charged during the year	20	0	20
<b>Accumulated depreciation as at Year to 31 March 2019</b>	<b>82</b>	<b>0</b>	<b>82</b>
Net book value as at Year to 31 March 2018	67	73	140
<b>Net book value as at Year to 31 March 2019</b>	<b>186</b>	<b>0</b>	<b>186</b>

	Information technology	Assets under construction	Total
	£'000	£'000	£'000
Cost or Valuation at 1 April 2017	67	62	129
Additions - purchased	0	73	73
Transfers	62	(62)	0
<b>Gross cost as at Year to 31 March 2018</b>	<b>129</b>	<b>73</b>	<b>202</b>
<b>Depreciation</b>			
Accumulated depreciation at 1 April 2017	46	0	46
Charged during the year	16	0	16
<b>Accumulated depreciation as at Year to 31 March 2018</b>	<b>62</b>	<b>0</b>	<b>62</b>
Net book value at 31 March 2017	21	62	83
<b>Net book value as at Year to 31 March 2018</b>	<b>67</b>	<b>73</b>	<b>140</b>

## 6.2 Intangible assets

	Assets under construction	Software licences	Information technology	Total
	£'000	£'000	£'000	£'000
Gross Cost at 1 April 2018	111	591	3,534	4,236
Additions - purchased	1,500	0	368	1,868
Transfers	(111)	0	111	0
<b>Gross cost as at Year to 31 March 2019</b>	<b>1,500</b>	<b>591</b>	<b>4,013</b>	<b>6,104</b>
<b>Amortisation</b>				
Accumulated amortisation at 1 April 2018	0	432	1,966	2,398
Charged during the year	0	125	829	954
<b>Accumulated amortisation as at Year to 31 March 2019</b>	<b>0</b>	<b>557</b>	<b>2,795</b>	<b>3,352</b>
Net book value as at Year to 31 March 2018	111	159	1,568	1,838
<b>Net book value as at Year to 31 March 2019</b>	<b>1,500</b>	<b>34</b>	<b>1,218</b>	<b>2,752</b>

The HRA intangible assets consist mainly of developed expenditure relating to our two research IT systems, HARP and IRAS. The costs in the tables above all relate to these two systems. The asset under construction costs relate mainly to the development of a replacement system, New IRAS, for the current IRAS system. The HRA continued to develop the IRAS system until the end of June to meet the system requirements that were needed, from this point no further development work has been capitalised. Development work on the New IRAS system commenced in July 2018.

The amortised charge in the year of £829k for Information Technology includes £54k of additional depreciation as a result of revising the economic life of the HARP system to the 31st March 2021. Any future development expenditure for HARP will be depreciated on a straight-line basis to 31 March 2021.

	<b>Assets under construction</b>	<b>Software licences</b>	<b>Information technology</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Gross Cost at 1 April 2017	64	540	2,909	3,513
Additions - purchased	111	51	561	723
Transfers	(64)	0	64	0
<b>Gross cost as at Year to 31 March 2018</b>	<b>111</b>	<b>591</b>	<b>3,534</b>	<b>4,236</b>
<b>Amortisation</b>				
Accumulated amortisation at 1 April 2017	0	324	1,420	1,744
Charged during the year	0	108	546	654
<b>Accumulated amortisation as at Year to 31 March 2018</b>	<b>0</b>	<b>432</b>	<b>1,966</b>	<b>2,398</b>
Net book value as at 31 March 17	64	216	1,489	1,769
<b>Net book value as at Year to 31 March 2018</b>	<b>111</b>	<b>159</b>	<b>1,568</b>	<b>1,838</b>

## 7. Trade receivables

Amounts falling due within one year

	<b>As at 31 March 2019 £'000</b>	<b>As at 31 March 2018 £'000</b>
Trade Receivables NHS	<b>66</b>	8
Trade Receivables Non NHS	<b>4</b>	10
Contract Receivables: Invoiced	<b>58</b>	0
Expected credit loss allowance	<b>(2)</b>	0
Other receivables	<b>40</b>	50
Accrued income and prepayments	<b>110</b>	117
<b>Trade and other receivables</b>	<b>276</b>	185

## 8. Cash and Cash equivalents

	Year to 31 March 2019 £'000	Year to 31 March 2018 £'000
Opening balance	957	3,496
Net change in period	1,035	(2,539)
<b>Total</b>	<b>1,992</b>	<b>957</b>
<b>Comprising:</b>		
Held with office of Government Banking Service	1,992	957
Balance at year end	<b>1,992</b>	<b>957</b>

## 9. Trade payables and other current liabilities

### Amounts falling due within one year

	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Trade payables	516	358
Accruals and deferred income	1,662	1,293
Contract Liabilities	0	0
<b>Trade and other payables</b>	<b>2,178</b>	<b>1,651</b>
Other taxation and social security	2	2
<b>Other Current Liabilities</b>	<b>2</b>	<b>2</b>
<b>Total Trade Payables and other current liabilities</b>	<b>2,180</b>	<b>1,653</b>

## 10. Capital Commitments

At 31 March 2019, the HRA exercised the option to extend the contract for the development of the HARP and IRAS systems for a further year, which is key to the delivery of the HRA's statutory obligations. During the year, the HRA also entered into a contract with a company to start developing the New IRAS system, of which there remains a capital commitment. The total capital commitment as at 31 March 2019 is £440,133.

## 11. Commitments under leases

### Operating leases

The Health Research Authority entered into a new MOTO agreement with the Department of Health and Social Care for offices at Skipton House in London during 2018-19. The MOTO was for the period 1 April 2018 to 20 December 2021. The HRA also have leases for offices in Nottingham, Bristol, Manchester and Newcastle.



Total future minimum lease payments under these operating leases are given in the table below:

	Year to 31 March 2019 £'000	Year to 31 March 2018 £'000
<b>Obligations under operating leases comprise:</b>		
<b>Buildings</b>		
Not later than one year	423	350
Later than one year and not later than five years	617	405
	<u>1,040</u>	<u>755</u>

## Operating Lease Income

The HRA had an implied lease through a Civil Estate Occupancy Agreement with NHS Business Services Authority from 13 September 2017 relating to the rental of floor space within the area occupied by the HRA at Skipton House. NHS Business Services Authority vacated the space during this financial year.

	Year to 31 March 2019 £'000	Year to 31 March 2018 £'000
<b>Income under operating leases comprise:</b>		
<b>Buildings</b>		
Not later than one year	0	23
Later than one year and not later than five years	0	0
	<u>0</u>	<u>23</u>

## 12. Other financial commitments

The Health Research Authority entered into a five-year contract on 1 July 2017 with SBS for the provision of financial and accounting and payroll services. The annual cost of the contract is £154,434 and the contract expires on 30 June 2022. At 31 March 2019, the HRA is in the second year of a three-year contract for the provision of a managed service platform for the HARP and IRAS systems, which are key to the delivery of the HRA's statutory obligations. There is an option to extend this contract for one year.

During the financial year, the HRA, as part of the development for the New IRAS system, entered into a two-year contract for the platform licence fees, which are essential to enable the system to be built.

The HRA exercised its option to extend for a further year the contract for the maintenance and helpdesk of the HARP and IRAS systems, together with the development of the HARP system, which is key to the delivery of the HRA's statutory obligations.

	Year to 31 March 2019 £'000	Year to 31 March 2018 £'000
Not later than one year	841	266
Later than one year and not later than five years	421	599
	<u>1,262</u>	<u>865</u>

### **13. Losses and special payments**

For the year-ended 31 March 2019, the HRA had no losses and special payments to report. (£0 2017/18)

### **14. Contingent Assets**

During 2018/19 the HRA submitted a case to HMRC to recover the VAT on the development costs of the new IRAS system. As at 31 March 2019, a decision had not been received from HMRC due to their uncertainty around the application of the criteria for recovery of VAT for IT services. HMRC has confirmed that they are at advance negotiations with their policy team to come up with a resolution to this and that once a resolution is confirmed they will assess HRA's application.

### **15. Related Party Transactions**

The Health Research Authority is an NDPB established by order of the Secretary of State for Health.

The Department of Health and Social Care is regarded as a controlling related party. During the year the Health Research Authority has had a significant number of material transactions with the Department, and with other entities for which the department is regarded as the parent department.

The Health Research Authority has considered materiality in line with the manual for accounts guidelines for agreeing creditor and debtor balances (£100k) and for income and expenditure balances the same threshold has been used (£100k).

No Board member, key manager or other related parties has undertaken any material transactions with the Health Research Authority during the year.

### **16. Events after the reporting period**

The Accounting Officer authorised these financial statements for issue on 25 June 2019.

### **17. Financial Instruments**

#### **Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. As the cash requirements of the Authority are met through Parliamentary Funding, financial instruments play a more limited role in creating risk that would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Health Research Authority's expected purchase and usage requirements and the Health Research Authority is therefore exposed to little credit, liquidity or market risk.

#### **Financial assets**

The Health Research Authority operates primarily within the NHS market and receives the majority of its income from DHSC and Devolved Administrations. IFRS 9 requires the HRA to adopt a lifetime credit loss model to its financial assets. The HRA has applied this model to its trade receivables (excluding NHS receivables) and assessed its credit loss value as at 31 March 2019 to be £1,926 (31 March 2018 £1,385). As required under IFRS9, the HRA applied the credit loss model to the opening balances and assessed that there was no change to the bad debt provision provided for as at the 31 March 2018, as a result of applying the new standard.

## Financial liabilities

The Health Research Authority operates within both the NHS and non-NHS market for the supplies of goods and services. The organisations financial liabilities mainly consist of these short-term trade creditors and accruals relating to the purchase of non-financial items. The exposure to financial liability risk is therefore minimal.

The aged creditor report for NHS and non-NHS payables at the reporting date was:

	<b>£000</b>
Not past due	469
Past due 0-30 days	41
Past due 31-120 days	2
More than 121 days	4









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