

# Annual report and accounts 2019/20

# Human Tissue Authority

## Annual report and accounts 2019/20

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# Chief Executive's foreword

During this, the second year of our three-year strategy, the HTA has made significant progress towards realising our vision of becoming a more agile, sustainable and resilient organisation. While limited resources have constrained us, there is growing evidence of excellent progress towards the achievement of this vision.

The events of the last few weeks of the business year required the HTA to complete a rapid move to full remote working, while undertaking core regulatory business and also making significant progress in development activities. This was achieved without any loss of business continuity.

Over the course of the year our regulatory oversight, the mainstay of our activity, continues to provide confidence to our stakeholders and the public in the sectors we regulate. We have undertaken more than 190 site visits this business year and although we continue to identify issues and areas for improvement, we are pleased that our stakeholders are responsive to findings and committed to returning to regulatory compliance.

We have continued to support wider Departmental and Government objectives, successfully delivering guidance and a Code of Practice ahead of the implementation of the Deemed Consent legislation later in May 2020 and providing continued support and advice to the Department as we prepared to leave the European Union.

Outside of our core regulatory work we have concentrated on implementing the first phase of our transformation programme. Ahead of our move to new offices in the next business year we have implemented a number of operational and system improvements to ensure we are ready for the future both in our response to the sectors we regulate and, in the systems, and processes our staff have available to support our delivery. We have implemented significant improvements to our IT infrastructure to support remote working and significantly enhanced our business planning and project management capability. In preparation for further improvements we have undertaken an in-depth review of our use of database and records management systems to inform the next stages of our transformation journey.

Our recent staff survey demonstrated the high levels of engagement and commitment from our staff and we will look to build on these excellent results over the coming year. As ever, for an organisation of our size, staff retention poses a risk to our operational capacity. We took some time this year to assess our approach to induction and how we assess and deliver the training and development needs across the organisation. The HTA continues to attract and retain hugely talented staff which contributes significantly to the organisation's reputation as a responsive and expert regulator.

In this transformational year we engaged in a number of workshops and events to revitalise our organisational Values to guide us over the coming years. Our new Values of Professionalism, Respect, Expertise and Agility are those that the whole organisation thought best reflected how we interact with stakeholders, the public and each other and help us in delivering our vision and strategy.

It is a tribute to all colleagues in the HTA, supported by the management team and the Board, that HTA is now in a stronger position and ready to face the challenges ahead. I would like to end by thanking them for all of their hard work over these past 12 months in delivering both our core business, an ambitious programme of change and responding to the challenges that the last few weeks of the business year have brought.



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

# Performance

# Overview

We are a Non-Departmental Public Body (NDPB) sponsored by the Department of Health and Social Care (DHSC), established and domiciled in England. Our registered office is 151 Buckingham Palace Road, London, SW1W 9SZ. We were established under the Human Tissue Act (HT Act) 2004 – which covers England, Wales and Northern Ireland – to regulate activities relating to the removal, storage, use and disposal of human tissue.

## What we do

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

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

## Our role:

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

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



## Our remit

- Removal, storage and use of human tissue and organs for a number of activities and scheduled purposes as set out in the Human Tissue Act 2004, such as post-mortem examination, anatomical examination, research, transplantation and public display.
- Procurement, testing, preservation, processing, storage, distribution, import and export of tissues and cells for use in patient treatment (human application).
- Donation, testing, characterisation, procurement, preservation, transport, transplantation and disposal of organs for transplantation.

Our remit under the Human Tissue Act 2004 extends to England, Wales and Northern Ireland; however, we also carry out some activities in relation to the approval of living organ donations on behalf of the Scottish Government. Our remit as the Competent Authority for the quality and safety of tissues, cells and organs used in transplantation extends to the whole of the UK.

We license approximately 855 premises across the six sectors that we regulate and publish standards and requirements that those working within the regulated fields must meet.

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

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

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

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

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

Below are our strategic aims for 2019-2022

Strategic Aims	High level objectives are to continue to:
<p>Delivery – To deliver the right touch and in line with the principles of better regulation and the Regulators’ Code.</p>	<ul style="list-style-type: none"> <li>• Deliver a right touch program of licensing, inspection and incident reporting, targeting our resources where there is most risk to public confidence and patient safety;</li> <li>• Deliver effective regulation of living donation</li> <li>• Provide high quality advice and guidance in a timely way to support professionals, Government and the public in matters within our remit;</li> <li>• Be consistent and transparent in our decision-making and regulatory action, supporting those licence holders who are committed to achieving high quality and dealing firmly and fairly with those who do not comply with our standards;</li> <li>• Inform and involve people with a professional or personal interest in the areas we regulate in matters that are important to them and influence them in matters that are important to us;</li> <li>• Maintain our strategic relationships with other regulators operating in the health sector.</li> </ul>
<p>Development – To ensure the HTA’s regulatory approach remains relevant, we actively prepare for the future.</p>	<ul style="list-style-type: none"> <li>• Use our data and information to provide real-time analysis, giving us a more responsive, sharper focus for our regulatory work and allowing us to target our resources effectively</li> <li>• Make continuous improvements to systems and processes to minimise waste or duplicated effort, or address areas of risk;</li> <li>• Provide an agile response to innovation and change in the sectors we regulate, making it clear how to comply with new and existing regulatory requirements</li> <li>• Begin work on implementing a future operating model, which builds agility, resilience and sustainability as an organisation.</li> </ul>
<p>Deployment – To make the most effective use of people and resources in pursuit of our goals</p>	<ul style="list-style-type: none"> <li>• Manage and develop our people in line with the People Strategy;</li> <li>• Ensure the continued financial viability of the HTA while charging fair and transparent licence fees and providing value for money;</li> </ul>

- Provide a suitable working environment and effective business technology, with due regard for data protection and information security;
- Plan and prioritise our resources to carefully balance activity across the organisation.

## Key issues in 2019/20

### COVID-19

The impact of COVID-19 has resulted in the HTA reviewing its ways of working, with all staff currently working remotely. This has led to the challenge of achieving oversight of the sectors we regulate whilst being unable to follow our usual process and practices.

The implementation of our Critical Incident planning process has enabled us to respond to situations quickly; notably in the administration and quick turnaround of emergency mortuary licence applications. Our usual regulatory oversight regime is being adapted to include desk-based assessment and the continued use of reporting mechanisms and establishment data.

At this time, we are working through the recovery phase of our plan and reviewing how and when we might return to usual regulatory activity.

### Organ Donation (Deemed Consent) Act 2019

Work on revisions to the Code of Practice F was completed reflecting feedback from the consultation that ended in the autumn of 2019. The Code will become live with commencement of the Organ Donation Deemed Consent Act in May 2020.

### Office relocation

The HTA is one of several ALBs that are relocating to Stratford. Construction of the site is ongoing and teams from across the ALBs have been created to look at various aspects of the project. This has required additional staff resource but is manageable. In addition, the impact of the move, including the financial impact, on our staff is being considered. A staff consultation was conducted and completed in February and the outcomes included arrangements for more flexible working and financial compensation to staff to cover additional travel costs. There is a risk that this move could affect staff retention. This is being mitigated with the introduction of a flexible working policy.

### EU Exit

Plans for no deal have been fully developed. This involved redeployment of Regulation Managers (impacting on our business as usual activity). This phase lasted until the beginning of October after which point, we stepped down our no deal plans. We continue to horizon scan for

emerging issues and liaise with DHSC to ensure that the correct resources can be put in place in the run up to and beyond the end of the transition period.

### Development Programme

The HTA is committed to a 2-year transformation programme where the benefits include improvements to systems and processes that facilitate a more targeted, risk based, approach to regulation. Additional funding from our reserves for this could not be secured, so the modest investments made in 2019/20 were made from within existing budgets. The HTA will undertake further work funded in the same way and linked to the office relocation in the coming year.

The risk of non-delivery of this programme could impact on the organisation both financially and reputationally. In mitigation, we continue to engage and communicate with staff. Where funds are available, small pieces of work are undertaken to improve our processes and systems. Examples include migration to Cloud services and moving to Office 365 which facilitates remote working and collaboration.

### Risks as at 31 March 2020

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

As at 31 March 2020, the HTA had six strategic risks:

Risk associated with Development	Mitigations
<ul style="list-style-type: none"> <li>Failure to regulate in a manner that maintains public safety and confidence and is appropriate</li> </ul>	<ul style="list-style-type: none"> <li>HTA Strategy clearly articulates HTA's regulatory model;</li> <li>Regulatory decision-making framework;</li> <li>Annual scheduled review of Strategy;</li> <li>Approved HTA Business Plan which identifies a balanced programme of regulatory activity and continuous improvement;</li> <li>Well established processes support our core regulatory business</li> <li>HTA People Strategy substantially amended and approved by the Authority</li> <li>Training and development of professional competence</li> <li>Specialist expertise identified at recruitment to ensure a broad range of knowledge is</li> </ul>

	<p>maintained across all sectors and developing areas;</p> <ul style="list-style-type: none"> <li>• Use of existing regulatory model to manage the outcomes from EU exit</li> </ul>
<ul style="list-style-type: none"> <li>• Inability to manage an incident that impacts upon the delivery of HTA strategic objectives.</li> </ul>	<ul style="list-style-type: none"> <li>• Critical incident response plans are regularly reviewed and communicated to staff who are trained annually;</li> <li>• Plan to develop and strengthen the relationship with Designated Individuals (DIs)</li> <li>• Media handling policy and guidance in place, including regular media training for key staff and Members with relevant scenarios, to supplement media releases and enquiries Standard Operating Procedures (SOPs);</li> <li>• IT security controls and risk management in place and Business Continuity is annually reviewed and tested.</li> </ul>
<ul style="list-style-type: none"> <li>• Failure to manage public and professional expectations of human tissue regulation in particular stemming from limitations in current legislation or misperception of HTA regulatory reach</li> </ul>	<ul style="list-style-type: none"> <li>• Log of issues with respect to the existing legislation is maintained and discussed with DHSC;</li> <li>• Active management of issues raised by the media and public;</li> <li>• Regular reporting to DHSC (Sponsors and Policy teams) on matters which risk public and professional confidence;</li> <li>• Legal advice is, and will continue to be, used to clarify regulatory powers and provide guidance where appropriate.</li> </ul>
<ul style="list-style-type: none"> <li>• Failure to utilise people, data and business technology capabilities effectively</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly reviewed set of people-related policies cover all dimensions of the employee lifecycle;</li> <li>• Revised People Strategy 2019-21</li> <li>• Regular review of organisational structure and job descriptions;</li> <li>• Established annual Performance Development Planning and regular 1 – 1 meetings with all staff and mid-year reviews;</li> <li>• IT systems protected and assurance received from third party suppliers that protection is up to date;</li> <li>• Staff training in key business systems</li> </ul>

	<ul style="list-style-type: none"> <li>• Data relating to establishments securely stored within our Customer Relationship Management system;</li> <li>• HTA Management Group (HTAMG) Development schedule in place.</li> </ul>
<ul style="list-style-type: none"> <li>• Insufficient, or ineffective management of financial resources</li> </ul>	<ul style="list-style-type: none"> <li>• Budget management framework exists to control, and review spend and take early action where necessary;</li> <li>• Financial projections, cash flow forecasting and monitoring are reviewed monthly by executive team;</li> <li>• Reserves policy and levels are reviewed frequently and reported to the executive team and Authority;</li> <li>• Internal audit and annual external audit of finance are undertaken each year;</li> <li>• Fee modelling which provides cost/income information for planning;</li> <li>• Credit control – debt recovery process in place.</li> </ul>
<ul style="list-style-type: none"> <li>• Failure to achieve the benefits of the HTA Development Programme</li> </ul>	<ul style="list-style-type: none"> <li>• SMT expertise in organisational change, programme and project management;</li> <li>• Procurement and contract management experience;</li> <li>• Established corporate governance and financial controls.</li> <li>• Existing mechanisms for engaging staff</li> </ul>

Against risk one, we have identified the risk of continuity as several of our Board Members are due to step down in the latter part of the 2020 business year. We are in constant contact with our Departmental Sponsors to ensure this risk is mitigated. The need to recruit to these posts becomes critical as the HTA enters a transitional period that sees not only the effects of Britain leaving the EU but also the impending relocation of the organisation in quarter three of the 2020/21 business year.

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

### Going concern

The impact of COVID-19 has resulted in the HTA reviewing its ways of working, with all staff currently working remotely. This has led to the challenge of achieving oversight of the sectors we regulate whilst being unable to follow our usual process and practices.

The implementation of our Critical Incident planning process has enabled us to respond to situations quickly; notably in the administration and quick turnaround of emergency mortuary licence applications. Our usual regulatory oversight regime is being adapted to include desk-based assessment and the continued use of reporting mechanisms and establishment data.

At this time, we are working through the recovery phase of our plan and reviewing how and when we might return to usual regulatory activity.

Based on the above and on our business planning and control procedures, the Authority has reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Authority continues to adopt the going concern basis for preparing the financial statements.

# Performance analysis

## Measuring performance

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

The HTA records achievement of key performance indicators monthly and reviews achievement and action needed at the HTA Management Group (HTAMG) meeting. Our KPIs detailed below measure non-financial performance to provide a comprehensive view of our activities.

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

## Analysis of performance over the year

### Performance indicators 2019/20

Performance indicators	Target 2019/20	Performance 2019/20	Target 2018/19	Performance 2018/19
<b>Delivery</b>				
Undertake a risk-based inspection/audit program	180 site visits	177 site visits <sup>1</sup>	200 site visits	222
Take appropriate action for all regulatory non-compliance <sup>1</sup>	100% of Corrective and Preventative Actions (CAPAs) implemented within 28 days	100% <sup>2</sup>	100% of Corrective and Preventative Actions (CAPAs) implemented within 28 days	72%
Make appropriately evidenced decisions to agreed quality standard	100% of non-panel cases turned around with 5 working days	100%	100% of non-panel cases turned around with 5 working days	100%
Respond to enquiries in a timely way	95% of enquiries answered within 10 working days	94% <sup>3</sup>	95% of enquiries answered within 10 working days	95%
<b>Deployment</b>				
Reduce attrition rates through improved selection and targeted measures to retain staff	Attrition rate to be no more than 18%	29% <sup>4</sup>	Attrition rate to be no more than 18%	20%

<sup>1</sup> 3 inspections were deferred due to the COVID-19 pandemic.

<sup>2</sup> 15/15 major and critical shortfalls

<sup>3</sup> Over the 2019/20 business year, there were periods of greater pressure on our enquiries system, such as around deadlines regarding the UK's exit from the EU, which saw a greater volume of more complex enquiries, affecting the overall percentage of cases closed within 10 days.

<sup>4</sup> An increase in the number of leavers compared to last year. Due to our size, a small movement in numbers causes a larger increase in percentages.



## Financial review

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

### Summary position as at 31 March 2020

		2019/20	2018/19
	Note	£'000s	£'000s
<b>Income</b>			
From devolved Governments		134	131
Licence fees		3,728	3,654
Other income	(a)	453	394
<b>Total Income<sup>5</sup></b>		<b>4,315</b>	<b>4,179</b>
<b>Expenditure</b>			
Staff costs		3,343	2,901
General administrative and non-cash costs		2,032	2,086
<b>Total expenditure<sup>5</sup></b>		<b>5,375</b>	<b>4,987</b>
<b>Net (expenditure)/income for the year</b>	(b)	<b>(1,060)</b>	<b>(808)</b>

(a) Other income is made up of rental income from NHS Resolution and seconded staff costs.

(b) Net expenditure for the year reflects our financial position excluding the Grant-in-aid (GIA) funding received from Department of Health and Social Care. The table below reflects the revenue GIA received from DHSC, to arrive at the Net operating surplus for HTA.

Net (expenditure) /income for the year	(b)	(1,060)	(808)
Revenue Grant in Aid	(c)	693	703
Pension contribution increase	(d)	129	0
Ring-fenced RDEL	(e)	198	178
<b>Surplus/(deficit) for the year</b>		<b>(40)</b>	<b>73</b>

(c) GIA is treated as financing within statutory accounts and it is a requirement to report it this way. GIA is therefore excluded in the Statement of Comprehensive Net Expenditure (SoCNE) on page 57 within the financial statements and included in the Statement to Changes in Taxpayers Equity (SoCTE) on page 60.

<sup>5</sup> Figures differ from financial statements due to rounding in both financial years

(d) This represents payments made to the NHS Pension Scheme by DHSC on the HTAs behalf.

(e) In addition, the HTA received cover for its non-cash expenditure (depreciation and amortisation) of £198k. It is not cash and therefore not shown in the accounts. Had it been, it would move us from the deficit of £178k to an operating deficit of £40k.

Against the above surplus our operating expenditure is £5.37m. Our staff costs at £3.3m were 15.2% more than last year due to the inclusion of the 6.3% increase in pension costs and close to a full complement of staff for a significant part of the year.

Income from contracts with customers (Licence fee income) of £3.7m is 2% higher than our 2018/19 fee income (just over £3.6m), but 2% below the budget.

During 2019/20 the HTA managed its income to ensure drawdowns were kept within the DHSC's cash allocation. The total available cash allocation for revenue and capital expenditure was £693,000 and £100,000 respectively, (2018/19 £703,000 and £100,000).

## Supplier payments

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

HTA Target	2019/20	2018/19
90% of payments made within 10 days of receipt of undisputed invoice. (Better Payment Practice Code Target is 95% in 30 days)	<b>813 invoices received of which 806 (99.1%) were paid within 10 days</b>	891 invoices received of which 887 (99.6%) were paid within 10 days

## Counter fraud and corruption

In January 2019 the Cabinet Office launched a revised Functional Standards for Counter Fraud Bribery and Corruption (GovS 013) and announced its extension to all Arm's Length Bodies (ALBs). These standards set expectations for the management of fraud, bribery and corruption risk in government organisations. The standards represent the minimum that organisations should have in place and will evolve over time. The Cabinet Office assesses the performance of organisations against these standards and assigns a maturity level indicating how sophisticated they are in their approach.

The HTA has conducted an initial assessment and believes itself to be on course for meeting the basic maturity level. In quarter three of 2019/20, work began to ensure we are able to meet the standards in full. A number of actions have been put in place which will increase staff awareness.

This includes review of the Counter Fraud Strategy, counter fraud online training, regular risk assessments and an Action Plan that is reviewed quarterly.

In the new business year, the results of the Cabinet Office assessment will be published in its Fraud Landscape Review.

## **Staff involvement and wellbeing**

The HTA keeps all members of staff informed about organisational, management and policy issues. There is a weekly briefing for all staff and in addition all-staff meetings are held at least every three months. Directorate team meetings are also held regularly. Members of staff can raise any issues with a member of the SMT during the weekly “SMT drop-in” session.

The HTA staff survey, last undertaken in November 2019, had participation rates of 88%, well above the Civil Service average of 62%. The HTA is committed to engaging staff and strives to maintain and build on high staff engagement and satisfaction scores from the staff survey year on year.

The HTA has a staff forum to ensure that all staff have their say and have an opportunity to raise issues, make suggestions and give opinions. The chair of the staff forum is also the staff Freedom to Speak Up champion, to provide a secure mechanism for staff to raise any concerns. An Authority Member, the chair of the Audit and Risk Assurance Committee (ARAC), also acts as a Freedom to speak up champion and meets with the chair of the staff forum at least three times a year coinciding with ARAC meetings.

This year has seen activity increase in preparation for our office relocation to Stratford increase. Staff were consulted on changes to their work patterns. The consultation on remote working commenced in quarter three of the financial year and completed in February 2020. Staff were given an opportunity to view the new offices and floor designs of the new offices were shared with all staff.

The HTA maintains an up-to-date health and safety policy and we set out our responsibilities in the Statement of Intent. The HTA has appointed first aiders and fire wardens and has online training modules and assessments to ensure staff are working in a safe environment that protects their health. No health and safety incidents were reported in the year.

In July of 2019, we trained and appointed our first Mental Health First Aiders (MHFAs) who act as a point of contact for any member of staff who is feeling or experiencing any form of mental health or emotional distress.

## **Learning and development**

The HTA actively promotes the development of staff by offering a wide range of corporate and specific training. Individual needs are set out in personal development plans and are met through training events, participation in projects, observing activities the HTA oversees and shadowing.

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

Our Career Investment Scheme launched over eight years ago, to assist staff members to obtain professional qualifications or undertake training to enhance their skills and knowledge to aid their career, continues to be used. In 2019/20 four members of staff benefitted from the scheme, in addition to the 32 previous beneficiaries since the scheme began. We also have access to the Civil Service Learning portal which provides training resources for public sector staff.

## **Equality Act 2010 – equality and diversity and human rights**

The HTA is committed to providing equal opportunities for all staff. Our aim is to ensure that all staff are aware that any form of discrimination against people, because of their race, disability, gender, gender identity, religion/belief, age, sexual orientation or any other protected characteristic is prohibited within the HTA, and to ensure that the Authority abides by the statutory regulations regarding human rights and discrimination. We periodically monitor our performance in this area with reports discussed at management meetings. Any new policies and those subject to review are considered from an equality impact assessment perspective.

### **Disabled employees**

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

An analysis of gender mix for the headcount as at 31 March 2020 is provided below. The figures exclude the Shared Director who is accounted for within the Human Fertilisation and Embryology (HFEA) and temporary staff.

## Gender mix as at 31 March 2020

Gender	Male	Female	Total 2019/20	Total 2018/19
Authority Members	8	5	13	11
Directors	1	2	3	3
Total staff (including Directors, excluding Members) <sup>6</sup>	12	35	47	48

Of the 22 staff who declared, one reports themselves as disabled. An analysis of other characteristics of all staff, as at 31 March 2020, is provided below.

Age range	2019/20	2018/19
< 34	11	13
35-44	21	21
45-54	10	10
>55	5	4

Ethnicity	2019/20	2018/19
White British	29	30
Other Ethnicity	18	18

## Social, community, sustainability and environmental issues

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

During 2019/20 HTA staff have, on their own initiative, engaged in events to raise funds for charities. The HTA has supported staff in these endeavours.

The HTA occupies space within a multi tenanted building on Buckingham Palace Road. We share floor space with NHS Resolution. This co-habitation has enabled us to achieve the 2014 Government Estates Strategic target for space utilisation of 8 sqm / full-time equivalent (FTE) staff member.

<sup>6</sup> Last year (Male 11/Female 37)

Our landlords, the Government Property Agency, provide services and encourage behaviour that meets sustainability requirements. This includes recycling, energy efficiency and other facilities. HTA performance is not monitored separately.

Whilst the HTA may be exempt from formal reporting on a number of Greening Government Commitments, as it has fewer than 250 FTE staff, we still consider environmental and sustainability issues when procuring goods and services. Staff and Members are encouraged to travel on HTA business in the most sustainable and cost-effective way.

The HTA is a member of the Cycle to Work scheme, which provides tax efficient incentives for employees to use cycles to travel to work.

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

The HTA regulates organisations located throughout the United Kingdom. Our staff travel as part of their duties and where possible, we encourage the use of public transport.

During this extraordinary time of the COVID-19 pandemic The HTA has successfully relied on its technology to enable us to collaborate and conduct our business seamlessly.



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

**30 June 2020**

# Accountability

# Corporate governance report

## Directors' report

### The Authority

Our Authority is made up of 13 Members (including the Chair) appointed through an open public process. Authority Members during 2019/20 are set out below. Biographies for each can be found on our website.

Authority member	Type	Appointment start date	Appointment end date
<b>Lynne Berry OBE (Chair)</b>	Lay	18 November 2019	17 November 2022
<b>Nicola Blackwood (Chair)</b>	Lay	13 March 2018	12 March 2021 (resigned 9 January 2019)
<b>William Horne<sup>7</sup></b>	Lay	1 August 2014	31 July 2020 (re-appointed May 2017)
<b>Professor Andy Hall</b>	Professional	20 October 2014	19 October 2020 (re-appointed August 2017)
<b>Hossam Abdalla</b>	Lay	20 October 2014	19 October 2020 (re-appointed August 2017)
<b>Amanda Gibbon</b>	Lay	20 October 2014	19 October 2020 (re-appointed August 2017)
<b>Professor Anthony Warrens</b>	Professional	20 October 2014	19 October 2020 (re-appointed August 2017)
<b>Glenn Houston</b>	Lay	5 May 2015	4 May 2021 (re-appointed March 2018)
<b>Dr Lorna Williamson OBE</b>	Professional	1 April 2016	31 March 2022 (reappointed February 2019)
<b>Professor Penney Lewis</b>	Lay	1 April 2016	31 March 2022 (reappointed February 2019)
<b>Dr Stuart Dollow</b>	Professional	1 April 2016	31 March 2022 (reappointed February 2019)
<b>The Right Reverend Graham Usher</b>	Lay	1 April 2016	31 March 2022 (reappointed February 2019)
<b>Professor Dame Sally Macintyre</b>	Lay	5 May 2016	4 May 2019 (term ended)

<sup>7</sup> William Horne became acting Chair from 10 January to 18 November 2019



Authority member	Type	Appointment start date	Appointment end date
<b>Professor Gary Crowe</b>	Lay	1 September 2019	31 August 2022
<b>Dr Charmaine Griffiths</b>	Lay	1 September 2019	31 August 2022

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

## Senior Management Team

Our Chief Executive and Directors during 2019/20 are set out below.

Senior Management	Post
<b>Allan Marriott Smith</b>	Chief Executive
<b>Richard Sydee<sup>1</sup></b>	Director of Resources
<b>Louise Dineley (appointed 28 October 2019)</b>	Director of Data, Technology & Development
<b>Hazel Lofty (resigned 15 September 2019)</b>	Director of Regulatory Development
<b>Nicolette Harrison</b>	Director of Regulation

<sup>1</sup> Director of Resources is shared and seconded 2.5 days a week from the Human Fertilisation and Embryology Authority (HFEA)

## Interests of Authority Members and senior staff

The HTA maintains a Register of Interests. All Authority Members and staff declare any company directorships and other significant interests held by them or their close family and friends which may conflict with their HTA responsibilities. The register can be made available on request.

Members' interests are published on the HTA's website.

## Pensions

Pension benefits are provided by the National Health Service (NHS) Pension Scheme. The HTA recognises the contributions payable for the year. Full details are set out in the remuneration report and note 1.12 to the accounts.

## Data incidents

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

## Our auditors

The Comptroller and Auditor General is the external auditor for the HTA's accounts. The external auditor's remuneration in 2019/20 was £27,800. No fees were incurred for non-audit work.

## Statement of Accounting Officer's responsibilities

Under the Human Tissue Act 2004, the HTA is required to prepare a statement of accounts in the form and basis set out in the Accounts Direction for each financial year, in conformity with the Secretary of State's direction Schedule 2 (paragraph 16), detailing the resources acquired, held or disposed of during the year and the use of resources by the HTA during the year. The Annual Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the HTA, the income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- observe the Accounts Direction issued by DHSC, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and I take personal responsibility for the Annual Report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of the DHSC has appointed the Chief Executive as Accounting Officer for the Human Tissue Authority with responsibility for preparing the HTA's accounts and for transmitting them to the Comptroller and Auditor General.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances, for which the Accounting Officer is answerable, for keeping proper records and safeguarding the HTA's assets, are set out in the Accounting Officers' Memorandum, issued by the DHSC, and in Managing Public Money published by HM Treasury.

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

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

### **Accounts direction**

The Annual Accounts have been prepared and issued by the HTA, under directions given by the Secretary of State, with the approval of HM Treasury, in accordance with Schedule 2 (paragraph 16) of the HT Act. The Accounts report the resources that have been used by the HTA to deliver its objectives. These Annual Accounts have been prepared in accordance with the guidance set out in the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM) 2019/20.

### **Authority statement**

The Senior Management team (SMT) of the HTA and the ARAC, on behalf of the Authority, has reviewed the Annual Report and Accounts.

# Governance statement

## Introduction

This statement sets out the governance and control framework at the HTA and the risks to HTA performance. It explains how I have discharged my responsibility, as Accounting Officer, to manage and control the HTA's resources in 2019/20.

During 2019/20 the Authority met all but three of its key performance indicators (see page 17), with strong performance from the Board, Board Committees and satisfactory outcomes from individual internal audits. There have been some changes within the SMT, which have been managed with staff playing an interim role therefore providing continuity. This year some issues in relation to records management have been identified through the internal audit process and these are being addressed.

## Governance framework

### The Authority

The Authority (the HTA's statutory non-executive board) comprises 13 Members including the Chair who are appointed by the Secretary of State for Health and Social Care, with the exception of one Member appointed by the Welsh Government Cabinet Secretary for Health, Well-Being and Sport and one by the Minister of Health in Northern Ireland. Members are appointed for a three-year term of office initially. At the end of 2019/20 there were 12 Members plus the Chair who come from a variety of medical, scientific, legal, administrative and ethical backgrounds. This ensures that the Authority draws on a wide range of experience relevant to the governance of the HTA. By law, at least half must be lay Members.

In January 2019 the former Chair Nicola Blackwood resigned her post and the new Chair Lynne Berry OBE was appointed in November 2019. William Horne was acting Chair of the Authority during the interim period. There were no re-appointments during the year, however two new Authority Members were appointed in September 2019, Professor Gary Crowe and Dr Charmaine Griffiths.

The Authority's primary role is to ensure that the HTA's statutory responsibilities are met. It achieves this by setting the HTA's strategic direction and providing both support and challenge to an executive that is responsible for the discharge of these responsibilities on a day-to-day basis. At every meeting the Authority receives reports aligned with our strategic themes of Delivery, Development and Deployment and these include reports on our financial priorities and an updated assessment of strategic risk.

Over the year the Authority has considered a wide variety of issues. A particular focus in the year has been the consultation on the Code of Practice F: Donation of solid organs and tissue for transplantation which is now closed. Reports on other matters are provided on a periodic or as required basis. The Authority questions the executive and explores aspects of work with staff (for example Records Management) to assure themselves that they can rely on the quality of data

and information in the reports. The Authority has been satisfied with the quality and scope of the reports made. Authority Members also have an executive role in assessing applications for living organ donation for transplants and participating in the emergency out of hours on-call rota. The Authority reviewed its business continuity arrangements alongside the process.

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

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

The Authority met 5 times during the year, with one of those meetings being open to the public. The Chief Executive and Executive Directors (the SMT), attend Authority meetings. Representatives from the DHSC also attend, and other HTA staff attend as required. Member attendance at ordinary Authority meetings in 2019/20 is listed below.

Authority Member	Number of meetings attended
Lynne Berry OBE <sup>8</sup>	2/2
William Horne	5/5
Professor Andy Hall	4/5
Hossam Abdalla <sup>9</sup>	2/5
Amanda Gibbon (ARAC Chair)	5/5
Professor Anthony Warrens	5/5
Glenn Houston	4/5
Dr Lorna Williamson OBE	5/5
Professor Penney Lewis	5/5
Dr Stuart Dollow	5/5
The Right Reverend Graham Usher	4/5
Professor Dame Sally Macintyre <sup>10</sup>	1/1
Professor Gary Crowe	3/3
Dr Charmaine Griffiths <sup>11</sup>	0/3

<sup>8</sup> Lynne Berry joined the HTA after the November meeting

<sup>9</sup> Hossam Abdalla was unavailable to attend three meetings due to ill health

<sup>10</sup> Term ended May 2019

<sup>11</sup> Unable to attend meetings due to prior commitments

## Committees and groups

The Authority is supported in its work by Committees and groups involving Members. Committees review the work of the HTA and make decisions or recommend a decision to the full Authority where necessary. Groups include stakeholders and provide input to emerging strategies and approaches. The following committees and groups were in place in 2019/20.

Committees of Members:

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

Groups consisting of Members with external stakeholder representation:

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

Having external stakeholder representation on groups enables the Authority to work directly with stakeholders to review developing issues and advise the Executive. These discussions improve Member understanding of operational activity which enhances the Authority's ability to scrutinise the actions of the Executive. Groups also provide Members and stakeholders with the chance to contribute views to the early stages of significant regulatory policy development, resulting in better decision making.

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

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

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

The ARAC met three times in 2019/20. The Chief Executive, the Director of Resources, the Head of Finance and Governance, the HTA's external and internal auditors and a representative of the Department of Health and Social Care attend meetings. Other Directors and staff are asked to

attend to discuss particular risk areas that the ARAC wishes to explore, or other topics depending on the ARAC's business. The ARAC's terms of reference outline the support this body provides to the Accounting Officer (the Chief Executive) throughout the year, in particular, providing scrutiny to support the agreement of the Governance Statement. Member attendance at ARAC meetings in 2019/20 is listed below.

ARAC member attended	Number of meetings
Amanda Gibbon (Chair)	3/3
William Horne <sup>12</sup>	3/3
Professor Andy Hall	3/3
Glenn Houston	2/3
Dr Stuart Dollow	3/3

In addition, the Chair of the Authority, Lynne Berry, and Professor Gary Crowe attended the January meeting and Dr Charmaine Griffiths observed at the October ARAC meeting.

Our internal auditors are the Government Internal Audit Agency who are in the third year of their appointment with the HTA. The Head of Internal Audit (HIA), Jeremy Nolan, oversaw the programme of audit work which focused on Critical Incidents, Business Continuity Planning, Utilisation of Capabilities, Payroll and Expenses and Anti-Fraud.

During 2019/20, ARAC reviewed strategic risks at each meeting, approved or noted (as appropriate) updated policies on an annual cycle, took reports of audit findings from external and internal auditors and reviewed the HTA's progress in implementing audit recommendations. In January 2020, ARAC held their annual meeting in private with external and internal auditors to assure themselves there were no other matters of which they should be aware of

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

Member	Number of meetings attended
William Horne (Chair)	2/2
Hossam Abdalla	1/2
Glenn Houston	2/2
Penney Lewis	2/2

<sup>12</sup> William Horne was not a member of the Committee whilst acting Chair of the Authority till the end of October

Authority Members may also chair and participate in HTA conferences, events, and workshops for stakeholders; participate in working groups covering the work of the Directorates and provide advice to the executive. The Welsh Member has also liaised with the Welsh Government.

The Chair of ARAC also attends networking meetings of audit committee chairs. In November 2019, Amanda Gibbon attended the Government Internal Audit Agency (GIAA) event with Bill Horne.

## Effectiveness of the Authority

The HTA complies with the *Corporate Governance Code for Central Government Departments*. Members' terms and conditions include adherence to the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership, and these are demonstrated in Authority meetings.

The Chair of the Authority assesses the performance of each member annually. DHSC forms a view on the effectiveness of the Authority by attending meetings and of the HTA's performance through quarterly accountability meetings. No significant issues have been raised.

ARAC makes a self-assessment of its performance annually. This was undertaken in June 2019 and resulted in a positive evaluation against the NAO Audit Committee checklist with some recommendations in relation to succession planning as a result of members' terms ending and a review of the timetable of meetings. Training sessions are scheduled at the end of ARAC meetings to aid understanding of current topics. The ARAC members attended a training session on International Financial Reporting Standards: Leases (IFRS 16) conducted by the National Audit Office. This was to facilitate the Members understanding of how the updated standard affected the HTA's balance sheet.

Potential conflicts of interest are managed by all Authority Members, and staff, declaring in a register of interests any company directorships and other significant interests held by them or their close family and friends which may conflict with their HTA responsibilities.

Members also declare their interest in any items being discussed at Authority and ARAC meetings. The Chair decides whether there is a conflict of interest and whether the Member concerned should remain involved in the discussion.

## The executive

The executive implements the policy and strategic goals set by the Authority. It is led by the SMT consisting of the Chief Executive and three Directors.

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



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

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

- the provision of the HTA's strategic and business plans for approval by the DHSC
- that the HTA submits quarterly performance and risk reports to the timetable outlined by the DHSC and other returns (e.g. finance and headcount) as required
- participation in quarterly accountability reviews held between the HTA's SMT and the senior department sponsor

## Whistleblowing arrangements

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

As well as line management and HR channels, the HTA has both a staff and Authority Member Freedom to Speak Up champion with whom staff can raise concerns. The Authority Member is the Chair of ARAC who meets the staff member before each ARAC meeting to review what has been discussed at staff forum meetings and give the staff Freedom to Speak Up champion an opportunity to discuss any concerns that she or any other staff member may have. Contact details for the DHSC, National Audit Office (NAO) and the Whistleblowing Helpline are also provided.

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

## The control framework

The HTA understands the importance of risk management and internal control. All Members of the Authority and the executive have responsibility for risk management.

The Authority is ultimately responsible for overseeing management of the HTA's strategic risks. The Authority is supported by the ARAC and monitors risks through reports from the executive and quarterly updates of the strategic risk register. The Chief Executive is responsible for providing leadership for management of risk within the organisation, supported by the Director of Resources, and all members of the SMT are responsible for managing the strategic risks that may impact the delivery of policies and objectives in their areas of work. Heads of functions

manage the operational risks to the delivery of their areas of work and are required to report to the HTAMG on how they manage/mitigate particular risks.

There is an ongoing process designed to:

- identify and prioritise the risks to the achievement of HTA policies and aims and objectives
- evaluate the likelihood of those risks being realised, the possibility of new risks emerging, and the impact should they be realised
- manage them efficiently, effectively and economically

The HTA Risk Management Strategy and Policy set out the principles and approach to managing risk at the HTA. In quarter three of the business year, a significant review of the Risk Management Policy alongside the Strategic Risk Register commenced. Training on management of risk has now been deferred to the early part of 2020/21 to ensure existing and new Heads of function are aware of both the policy and process.

In order to ensure proper procedures are consistently followed, the control framework also includes policies and standard operating procedures that are reviewed and updated regularly. During the 2019/20 business year a detailed review of the governance structure around our policies continued. There is also training and oversight by line managers.

This framework has been in place in the HTA for the year ended 31 March 2020 and up to the date of approval of the Annual Report and Accounts and accords with HM Treasury guidance. The framework will continue to be refined and enhanced in order to ensure the HTA meets best practice for an established public body. The HTA will build on advice from our external and internal auditors as well as other professional sources to ensure it remains fit for purpose to meet the changing nature of our business.

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

## Risk assessment

The HTA has six strategic risks, five of which have been present for some time and the sixth was newly added in the latter part of the 2018/19 business year. The focus, causes and effects and seriousness of the original five risks have varied. The sixth risk relates to benefits achieved from the impending development programme which was formerly the transformational programme. However, progress on this programme has been slowed down while other areas of the business take priority and as a result of current DHSC policy which has resulted in our being unable to secure agreement to use our reserves to fund the programme. Four strategic risks are amber rated, and two are yellow<sup>13</sup>.

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<sup>13</sup> Used in risk prioritisation. Risks are scored and fall into one of four groups (Primary, Contingency, House-keeping and Negligible). The Amber risk falls into the Contingency group which means immediate action is taken and are regularly monitored. The yellow risk (house-keeping group) are monitored by management.

The first amber risk is failure to regulate appropriately, which had been a yellow risk till February but was raised in March as the Coronavirus pandemic took hold. The risk became amber as we felt that COVID-19 could limit our ability to undertake our statutory inspection regime within the Human Application sector and limit oversight of other sectors.

The second amber risk is failure to manage expectations of regulation, which has been assessed at that level throughout the year. This risk arises through the public's expectation of the HTA's regulatory reach, and where these expectations may be at variance with our remit under the current legislation. We continue to communicate our remit to stakeholders and the public and advise where appropriate. There is ongoing dialogue with DHSC and stakeholders about emerging issues and we provide clear lines to the media when necessary. Communicating on an issue which is not within remit, but which may adversely impact on public confidence is challenging. The rate of growth in the number of perimeter issues shows no sign of decreasing.

Failure to utilise our capabilities effectively is also an amber rated risk. This risk concerns how we deploy our staff and use data and business technology. We are mitigating against this risk through the appointment of a Regulation Manager dedicated to training, learning and development. The release of some funding from the resolution of a longstanding VAT issue has enabled us to support smarter working initiatives and improved data use. A recent internal audit highlighted areas of focus that arose from a skills audit mapped against our capability needs and documented handover processes. We are addressing these by identification of training needs from our PDP process and development of handover checklists capturing role specific key deliverables. We have also revised our People Strategy which has been approved by the Authority.

Failure to achieve the benefits of the HTA Development Programme as mentioned above is at amber and had been throughout the year. Assessing this risk as amber reflects aspects of the programme such as those related to IT that could have significant impact on the business should service be disrupted. Also, the impact of the office move will be reflected within this risk. Finally, the effect of COVID-19 on this risk has been logged in the new business year and will be managed through the ALB programme Board.

The remaining strategic risks are failure to manage an incident and insufficient financial resource and were all rated yellow at the end of the financial year.

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

## Pensions

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

Scheme records are accurately updated in accordance with the timescales detailed in regulations.

## Data security

In accordance with our responsibilities under Schedule 2 (paragraph 16) of the HT Act and the provisions of the Human Tissue (Quality and Safety for Human Application) Regulations 2007, the HTA has in place various robust and specific arrangements to maintain high standards of information security, including data protection. These include an information governance and cyber risk policy that applies to all staff, Members and contractors. There were no reportable personal data losses in 2019/20

A Cyber Security follow-up audit was carried out in 2018/19 by internal audit. Recommendations from the original audit in 2017 of which there were six, were followed up. As of this year, only one recommendation remains outstanding which relates to the systems and permissions around staff changes. Whilst a manual process exists which is robust and can be demonstrated, we intend to automate the process as part of the wider development programme.

Last year an internal audit review of GDPR preparedness was conducted with a follow-up audit undertaken in February 2019. The follow-up audit provided assurance that we have robust and effective governance and risk management arrangements in place, and they demonstrate our high level of compliance with GDPR. We received a moderate assurance rating for this audit and have addressed with ARAC the outstanding recommendations and associated actions. There is one outstanding recommendation from this audit that was deferred as it is part of the Records Management work being undertaken and relates to the records retention document policy.

The internal audit review of our Records Management undertaken last year made eight recommendations, of which five were high priority. These were the finalisation of a records management policy, the linking of the policy to the Information Asset Register, the development of a risk assessment methodology, the provision of training for staff and the appointment of a Departmental Records Officer. The remainder related to retention of records and led to an overall opinion of Limited Assurance. Of the eight recommendations, three are outstanding and have been deferred to be picked up as part of the development and upgrading of our existing Records Management system and are considered at present a low priority.

The Director of Resources holds the role of Senior Information Risk Owner (SIRO). This is one of the requirements to strengthen controls around information security set out in the report of the Data Handling Review, which was carried out in 2008 for the Cabinet Office. The SIRO makes an annual report of compliance with the requirements for protecting information and an assessment of information risk management to the Accounting Officer and the ARAC which contributes to this Statement.

Historically the HTA has conducted the annual review of its arrangements against the Cabinet Office's mandatory requirements using the Security Policy Framework and 10 steps to cyber security and reports compliance to the ARAC and DHSC. This year we used the National Cyber Security Centre (NCSC) Minimum Cyber Security Standard to assess compliance. The overall

assessment from the SIRO is that there are no areas of non-compliance that put information security at risk and that there are appropriate processes in place to minimise the risk to our information.

### **Accounting Officer Responsibilities and assurance**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the executive directors within the organisation who have responsibility for the development and maintenance of the internal control framework, risk management reports and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of the reviews of the effectiveness of the system of internal control by the Authority's ARAC and appropriate plans to address any weaknesses and ensure continuous improvement of the system are in place.

Following an immediate internal review, an instance of mandate fraud was identified in October 2019. Although the funds were ultimately fully recovered, we did report the incident to the DHSC Anti-Fraud unit. We have implemented a number of changes to protect against this type of fraudulent activity in the future and the Internal Audits of our Anti-Fraud Controls and Payroll & Expenses processes that were undertaken after this event have been reviewed and provided further recommendations to enhance our control regime. Two of the recommendations were implemented immediately which saw a change to how payroll changes are requested and by what means.

During the year, the HTA engaged its internal auditors to review the areas of Business Continuity Planning, Critical Incidents, Utilisation of Capabilities, Payroll and Expenses and Anti-Fraud. Internal Audit made 2 high priority recommendations in relation to Payroll and Expenses and the Anti-Fraud audits and these have been implemented. We received moderate assurance from both the Payroll and Anti-Fraud audits but recognize there is further work around communication of changes relating to payroll and the provision of further awareness of anti-fraud measures for staff. These are actively being addressed.

Where high, medium or low priority recommendations have been made I am assured that appropriate action plans are in place and good progress is being made against the agreed actions. The Head of Internal Audit has concluded that they can give "moderate assurance to the Accounting Officer that the HTA has had adequate and effective systems of control, governance and risk management in place for the reporting year 2019/20".

From this, internal audit's annual opinion of moderate assurance, and the other sources stated on the risk registers (Authority reports, reviews with staff and feedback from DHSC and stakeholders), I am confident that the necessary assurances have been gained over the key areas, as set out above.

This enables me to confirm that the HTA's systems are effective and working, to ensure that we have fulfilled and continue to fulfill our remit and our objectives.

There have been no significant internal control problems in the HTA up to 31 March 2020 and up to the date of this report.



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

**Date: 30 June 2020**

# Remuneration report

This report contains details on the remuneration of members of our Authority and the Executive for the year ended 31 March 2020. It is based upon the provisions contained within the Government Financial Reporting Manual 2019/20. It also provides an analysis of staff and sickness absence data.

## Audit

Specific areas of the Remuneration report are audited by NAO, the HTA's external auditors. These sections cover salary and pension data in the tables, non-cash benefits and amounts payable to third parties for services of senior staff.

## Salary and benefits in kind of Authority Members

Members of the Authority receive an annual remuneration that is agreed by the Secretary of State for Health. This remuneration does not include any pension entitlements. Any increase or change to the remuneration is notified to the HTA by its sponsor department, the DHSC. Members also receive travel and subsistence expenses which are deemed a benefit in kind (see later section).

Overleaf are the payments made to Members in the financial year 2019/20 and those benefits in kind that are subject to tax and national insurance.

## Trade Unions

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

The HTA does not employ any staff who devote time to a trade union.

## The Authority (Audited)

Authority Member		2019/20			2018/19		
Name	Role/Type	Salary range	Expenses (to nearest £100) <sup>14</sup>	Total	Salary range	Expenses (to nearest £100)	Total
		£'000s	£	£'000s	£'000s	£	£'000s
Lynne Berry OBE	Chair (Lay)	15-20 Fte (40-45)	0	15-20 (Fte 40-45)	N/a	N/a	N/a
Nicola Blackwood <sup>15</sup>	Chair (Lay)	N/a	N/a	N/a	30-35	0	30-35
William Horne <sup>16</sup>	Lay	25-30	3,500	30-35	15-20	3,200	15-20
Amanda Gibbon	Chair of ARAC (Lay)	10-15	0	10-15	10-15	0	10-15
Hossam Abdalla	Professional	5-10	0	5-10	5-10	0	5-10
Professor Andy Hall	Professional	5-10	3,000	10-15	5-10	2,000	5-10
Professor Anthony Warrens	Professional	5-10	0	5-10	5-10	100	5-10
Glenn Houston	Lay	5-10	2,700	10-15	5-10	3,200	10-15
Dr Lorna Williamson	Professional	5-10	400	5-10	5-10	200	5-10
Professor Penney Lewis	Lay	5-10	0	5-10	5-10	200	5-10
Dr Stuart Dollow	Professional	5-10	0	5-10	5-10	0	5-10
The Right Reverend Graham Usher	Lay	5-10	500	5-10	5-10	700	5-10
Professor Dame Sally Macintyre	Lay	0-5	0	0-5	5-10	2,200	10-15
Professor Gary Crowe	Lay	0-5	1,000	5-10	N/a	N/a	N/a
Dr Charmaine Griffiths	Lay	0-5	0	0-5	N/a	N/a	N/a

<sup>14</sup> Members' expenses relate solely to their attendance at HTA committees, meetings and training events. Since our Authority members are located across the UK, the disparity in expenses paid to individual Authority members reflects their geographic location and the number of committees and meetings they have attended during 2019/20.

<sup>15</sup> Nicola Blackwood resigned her post on 9 January 2019

<sup>16</sup> William Horne became acting Chair from 10 January 2019 to November 2019



## The Senior Management Team

Name	Position	Appointed	Until
Allan Marriott Smith	Chief Executive	6 July 2015	N/a
Richard Sydee <sup>17</sup>	Director of Resources	1 November 2016	N/a
Nicolette Harrison	Director of Regulatory Delivery	4 June 2018	N/a
Hazel Lofty	Director of Regulatory Development	8 April 2018	Resigned 15 September 2019
Louise Dineley	Director of Data, Digital and Technology	28 October 2019	N/a

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

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

These details are shown in accordance with the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM). 'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

### Staff remuneration policy

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

### Duration of contract, notice periods and termination payments on contracts of employment

Members of staff in Bands 1 – 2 (Assistants and Officers) are required to give the HTA six weeks' notice for termination of contract. Members of staff in Bands 3 – 4 (Managers and Heads) and Directors are required to give three months' notice. The HTA is required to give the notice period of between one and twelve weeks in line with the Employment Rights Act 1996.

<sup>17</sup> Richard Sydee is shared with the HFEA and is seconded to HTA 2.5 days per week.

Termination payments are made only in appropriate circumstances and may arise where staff are not required to work their notice period. No payments were made in 2019/20 (and nil in 2018/19).

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HMRC as a taxable emolument. The HTA has agreed a PAYE Settlement Agreement (PSA) with HMRC for taxable emoluments of HTA Authority Members. This covers travel and subsistence.

Information regarding travel and subsistence claimed by Authority Members and senior management has been published on the Authority's website [www.hta.gov.uk](http://www.hta.gov.uk)

No benefits in kind were received by senior staff members in 2019/20 or 2018/19.

## Senior Management remuneration (Audited)

Senior Manager	Salary	Bonus	B-i-K	Pension Benefits	Total	Salary	Bonus	B-i-K	Pension Benefits	Total
	£000s	£000s	£	£000s	£000s	£000s	£000s	£	£000s	£000s
	2019/20					2018/19				
Allan Marriott-Smith <sup>19</sup>	110-115	0-5	0	12.5-15	130-135	115-120	0-5	0	50-52.5	165-170
Nicolette Harrison	95-100	0-5	0	22.5-25	120-125	75-80 (Fte 90-95)	0	0	12.5-15	90-95 (Fte 90-95)
Christopher Birkett <sup>20</sup>	0	0	0	0	0	60-65 (Fte 90-95)	0	0	0	60-65 (Fte 85-90)
Richard <sup>21</sup> Sydee	45-50 (Fte 90-95)	0	0	N/a	45-50 (Fte 90-95)	45-50 (Fte 90-95)	N/a	N/a	N/a	45-50 (Fte 90-95)

<sup>18</sup>The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less the contributions made by the individual.

<sup>19</sup> Represents earnings which takes into account unpaid leave and is therefore lower than contractual salary (see note 22).

<sup>20</sup> In 2018/19, staff were seconded into these roles part way through the year and this is reflected in the salary shown.

<sup>21</sup> Richard Sydee is seconded to the HTA from the HFEA for 2.5 days a week and this is reflected above. His full salary and pension are accounted for by the HFEA

Hazel Lofty	45-50 (Fte 90-95)	0	0	0	45-50 (Fte 90- 95)	90-95	0	0	65-67.5	155-160
Louise Dineley	40-45 (Fte 90-95)	0	0	0-2.5	40.0- 45.0 (Fte 90- 95)	N/a	N/a	N/a	N/a	N/a

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

## Median pay and multiples (Audited)

	2019/20 (£'000)	2018/19 (£'000)
<b>Band of highest paid director's gross salary only</b>	<b>120 -125<sup>22</sup></b> <b>(full year equivalent)</b>	<b>115 - 120</b> <b>(full year equivalent)</b>
Median remuneration of staff	45.0	43.0
Ratio	2.72	2.73

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

The highest paid Director for this comparison was the Chief Executive. The increase in the median remuneration of staff and subsequent reduction in the ratio is due in part to recruitment of new staff members towards the higher end of the pay-band for managers. We are a London-based small expert organisation whose work requires scientific and other professional or graduate-level skills. Consequently, median pay remains higher than that for a number of other public sector bodies.

In 2019/20, no employees (2018/19, 0) received remuneration in excess of the highest paid director. Remuneration ranged from £25k to £115-£120k.

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

<sup>22</sup> Represents the contractual full-time salary

## Staff costs (Audited)

The HTA is structured as follows: thirteen Authority Members including the Chair and an Executive of 51 staff. For 2019/20, the HTA staff costs were:

	Permanently employed staff	Members	Seconded Staff	Temporary staff	Total 2019/20	Total 2018/19
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Wages and salaries	2,315	131	114	67	<b>2,627</b>	2,375
Social security costs	259	5	14	0	<b>278</b>	253
Pension costs	414	0	24	0	<b>438</b>	273
<b>Subtotal</b>	<b>2,988</b>	<b>136</b>	<b>152</b>	<b>67</b>	<b>3,343</b>	<b>2,901</b>
Less recoveries in respect of outward secondments	0	0	(47)	0	<b>(47)</b>	(91)
<b>Total net costs</b>	<b>2,988</b>	<b>136</b>	<b>105</b>	<b>67</b>	<b>3,296</b>	<b>2,810</b>

For 2019/20 all contributions were paid to the NHSPS at rates prescribed by HM Treasury. The current employer's rate for the NHSPS is 20.68% of pensionable pay according to salary level. However, this year, 3.8% of the increase was centrally funded, with the balance (2.5%) funded through a reduction in our grant-in-aid

## Average number of persons employed (Audited)

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

	Permanently employed staff	Seconded Staff	Total 2019/20	Total 2018/19
SCS	3	0	3	3
Other	46	1	47	45
<b>Total staff</b>	<b>49</b>	<b>1</b>	<b>50</b>	<b>48</b>
<b>Temporary staff</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

Staff reported in the above table are only those directly employed by the HTA. During the year, one staff member was on secondment to the HFEA for approximately half of their time. As at 31 March 2020, the HTA employed 47 WTE staff (2018/19, 50).

### **Expenditure on consultancy**

During the year we spent £210,513 on consultancy services which includes legal fees, technical consultancy and HR consultancy.

### **Sickness and absences**

During the year ended 31 March 2020 the total number of whole-time equivalent days (Wte) lost to sickness absence was 143 days (2018/19 112 days). This information is disclosed in accordance with the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM).

### **Off-payroll assurance statement**

The HTA seeks to ensure that any engagements of more than six months in duration, for more than a daily rate of £245, include contractual provisions that allow us to seek assurance regarding the income tax and National Insurance Contribution obligations of the person engaged, and to terminate the contract if that assurance is not provided. During 2019/20 there were no engagements of this nature.

### **Staff pensions**

Since 1 December 2009, employees have been covered by the provisions of the National Health Service (NHS) Pension Scheme.

### **NHS pension scheme**

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

In 2019/20 HTA employer's contributions were £294,991 (2018/19 £273,376) at a rate of 14.38% of pensionable pay. This excludes the 6.3% increase as detailed in the staff costs section.

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 GAM 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 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant GAM 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 to 20.6%, and the Scheme Regulations were amended accordingly.

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

## Pension Benefits – Senior Management Team (Audited)

Name of Officer	Real increase in pension at age 60 (a)	Real increase in pension lump sum at age 60 (b)	Pension at 31/03/2020 (c)	Lump sum at age 60 at 31 March 2020 (d)	CETV at 31/03/2020 (e)	Real increase in CETV as funded by employer 2019/20 (f)	CETV at 31/03/2019 (g)	Employers contribution to stake holder pension
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£,000
Allan Marriott Smith	0-2.5	N/a	20-25	N/a	269	6	240	0
Nicolette Harrison	0-2.5	N/a	0-5	N/a	47	13	20	0
Hazel Lofty	-2.5-0	N/a	5-10	N/a	107	0	139	0
Richard Sydee <sup>23</sup>	N/a	N/a	N/a	N/a	N/a	N/a	N/a	0
Louise Dineley	0-2.5	-2.5-0	30-35	65-70	513	0	487	0

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

### Cash equivalent transfer value (CETV)

Column (f) reflects the increase in cash equivalent transfer value effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A cash equivalent transfer value is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the staff member's accrued benefits and any contingent spouse's pension payable from the scheme. A cash equivalent transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity, to which disclosure applies. The cash equivalent transfer value figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the National Health Service Pension Scheme /Principal Civil Service Pension Scheme arrangements and for which, the Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed.

<sup>23</sup> Richard Sydee is a member of the Civil Service Pension Scheme and is accounted for with the financial statements of the HFEA

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

Cash equivalent transfer values are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, as advised by the actuary to the Principal Civil Service Pension Scheme.

### The real increase in the value of the CETV

This takes account of the increase in accrued pension due to inflation and contributions paid by the officer and are calculated using common market valuation factors for the start and end of the period.



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

**Date: 30 June 2020**



# Parliamentary accountability and audit report

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

### Fees charging and cost allocation

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

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

SECTOR	31 March 2020	31 March 2019
	£'000s	£'000s
Applications	84	65
Anatomy	98	93
Post-Mortem	1,174	1,152
Public Display	22	20
Research	671	640
Human Application	1,382	1,395
Organ Donation/ Transplantation	298	290
Other income for licensing activities <sup>24</sup>	473	347
<b>Total Income from contracts with Customers<sup>25</sup></b>	<b>4,202</b>	<b>4,002</b>
Costs allocated to licensing activities	(4,233)	(3,935)
<b>Surplus/(Deficit) on activities</b>	<b>(31)</b>	<b>67</b>

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

### Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

There were no losses or special payments of £300,000, either individually or in aggregate, made in 2019/20.

### Remote contingent liabilities

There were no remote contingent liabilities in 2019/20.

<sup>24</sup> Figure includes income from Devolved Governments and rental of excess office space.

<sup>25</sup> This is the total income allocated to licensable activities and therefore differs from that on page 18.

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

### **Opinion on financial statements**

I certify that I have audited the financial statements of the Human Tissue Authority (“the Authority”) for the year ended 31 March 2020 under the Human Tissue Act 2004. The financial statements comprise: The Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers’ Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Human Tissue Authority’s affairs as at 31 March 2020 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Human Tissue Act 2004 and Secretary of State directions issued thereunder.

### **Opinion on regularity**

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council’s Revised Ethical Standard 2016. I am independent of the Human Tissue 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Human Tissue Authority’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Human Tissue Authority have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Human Tissue Authority's ability to continue to adopt the going concern basis.

### **Responsibilities of the Accounting Officer for the financial statements**

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Human Tissue 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Other Information**

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

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Human Tissue Act 2004;
- in the light of the knowledge and understanding of the Human Tissue Authority and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

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

**Date: 2 July 2020**

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

# **Financial statements**

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Note	<u>2019/20</u> £	<u>2018/19</u> £
<b>Income from sale of goods and services</b>			
Revenue from contracts with customers	4	3,727,964	3,654,410
Other Operating Income	4	<u>587,097</u>	<u>525,559</u>
<b>Total operating income</b>		<u>4,315,061</u>	<u>4,179,969</u>
<b>Expenditure</b>			
Purchase of goods and services	3	918,760	893,144
Staff costs	3.1	3,342,708	2,901,294
Depreciation, amortisation and impairment charges	3	294,198	187,231
(Gain)/Loss on disposal of fixed assets	3	825	(1,350)
Provision expense	3	120,060	-
Reversal of accrued income	3	-	86,254
Other operating expenditure	3	<u>698,435</u>	<u>921,065</u>
<b>Total operating expenditure</b>		<u>5,374,986</u>	<u>4,987,638</u>
<b>Net (Income)/Expenditure</b>		<u>1,059,925</u>	<u>807,669</u>

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

Notes 1 to 14 form part of these financial statements



## Statement of Financial Position as at 31 March 2020

	Note	<u>31-Mar-20</u> £	<u>31-Mar-19</u> £
<b>Non-current assets:</b>			
Property, plant and equipment	5	203,946	319,848
Intangible assets	6	<u>91,195</u>	<u>145,378</u>
<b>Total non-current assets</b>		<u><b>295,141</b></u>	<u><b>465,226</b></u>
<b>Current assets:</b>			
Trade and other receivables	8	413,637	480,944
Cash and cash equivalents	9	<u>3,696,467</u>	<u>3,448,075</u>
<b>Total current assets</b>		<u><b>4,110,104</b></u>	<u><b>3,929,019</b></u>
<b>Total assets</b>		<u><b>4,405,245</b></u>	<u><b>4,394,245</b></u>
<b>Current liabilities</b>			
Trade and other payables	10	763,421	634,206
Provisions	12	<u>40,020</u>	<u>0</u>
<b>Total current liabilities</b>		<u><b>803,441</b></u>	<u><b>634,206</b></u>
<b>Total assets less current liabilities</b>		3,601,804	3,760,039
<b>Non-current liabilities</b>			
Provisions	12	<u>80,040</u>	<u>0</u>
<b>Total Non-current liabilities</b>		<u><b>80,040</b></u>	<u><b>0</b></u>
<b>Total assets less total liabilities</b>		<u><b>3,521,764</b></u>	<u><b>3,760,039</b></u>
<b>Taxpayers' Equity</b>			
I&E Reserve		<u>3,521,764</u>	<u>3,760,039</u>
<b>Total equity</b>		<u><b>3,521,764</b></u>	<u><b>3,760,039</b></u>

Notes 1 to 14 form part of these financial statements

The financial statements on pages 57 to 60 were signed on behalf of the Human Tissue Authority by:



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

30 June 2020

## Statement of Cash Flows for the year to 31 March 2020

		2019/20	2018/19
		<u>Total</u>	<u>Total</u>
Note		<u>£</u>	<u>£</u>
<b>Cash flows from operating activities</b>			
Net operating expenditure	SoCNE	(1,059,925)	(807,669)
Adjustment for depreciation and amortisation	3	214,270	175,841
Adjustments for non-cash transactions	3.1	128,650	3,102
Adjustment for loss/(gain) on disposal of property, plant and equipment and adjustment to accruals	3	825	(1,350)
(Increase)/Decrease in trade and other receivables	8	67,307	(297,402)
Increase/(Decrease) in provision	12	120,060	0
Increase/(Decrease) in trade payables	10	129,215	293,389
<b>Net cash (outflow) inflow from operating activities</b>		<u>(399,598)</u>	<u>(634,089)</u>
<b>Cash flows from investing activities</b>			
Purchase of non-financial assets	5	(45,060)	(30,063)
Purchase of intangible assets	6	-	(3,960)
Proceeds of disposal of non-financial assets		50	1,350
<b>Net cash outflow from investing activities</b>		<u>(45,010)</u>	<u>(32,673)</u>
<b>Cash flows from financing activities</b>			
Grants from sponsor department	1.8	693,000	703,000
<b>Net financing</b>		<u>693,000</u>	<u>703,000</u>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>			
		<u>248,392</u>	<u>36,238</u>
<b>Cash and cash equivalents at the beginning of the period</b>			
	9	3,448,075	3,411,837
<b>Cash and cash equivalents at the end of the period</b>		<u><b>3,696,467</b></u>	<u><b>3,448,075</b></u>

Notes 1 to 14 form part of these financial statements

## Statement of Changes in Taxpayers' Equity For the year ended 31 March 2020

	Note	I & E Reserve <u>£</u>
<b>Balance at 1 April 2018</b>		<b>3,864,708</b>
<b>Changes in taxpayers' equity for 2018/19</b>		
Retained surplus/(Deficit)		<u>(807,669)</u>
<b>Total recognised Income and expense for 2018/19</b>		<b>(807,669)</b>
Grant from sponsor department		<u>703,000</u>
<b>Balance at 31 March 2019</b>		<b><u>3,760,039</u></b>
<b>Changes in taxpayers' equity for 2019/20</b>		
Retained surplus/(Deficit)		<u>(1,059,925)</u>
<b>Total recognised Income and expense for 2019/20</b>		<b>(1,059,925)</b>
Grant from sponsor department	1.8	<u>821,650</u>
<b>Balance at 31 March 2020</b>		<b><u>3,521,764</u></b>

Notes 1 to 14 form part of these financial statements

## Notes to the accounts

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

### 1. Statement of accounting policies

These financial statements have been prepared pursuant to the Human Tissue Act 2004, Schedule 2 (paragraph 16) and in accordance with the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM). The accounting policies contained in the GAM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the GAM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Human Tissue Authority (HTA) for the purposes of giving a true and fair view has been selected. The particular policies adopted by the HTA for the year ended 31 March 2020 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Going concern

Based on normal business planning and control procedures, the Authority has reasonable expectation that the HTA has adequate resources to continue in operation for the foreseeable future. For this reason, the Authority continues to adopt the going concern basis for preparing the financial statements (please see Annual Report page 15).

#### 1.2 Accounting convention

The accounts have been prepared under the historical cost convention.

#### 1.3 Accounting Policies and estimates

The following Accounting policies have been applied to the accounts for 2019/20.

#### 1.4 Non-current assets

Non current assets are property, plant and equipment and intangible assets including the costs of acquiring or developing computer systems and software. Only items or groups of related items costing £5,000 or more are capitalised. Items costing less are treated as revenue expenditure in the year of acquisition.

All property, plant and equipment and intangible assets held by the HTA at 31 March 2020 are carried in the Statement of Financial Position at depreciated (property, plant and equipment) or amortised (intangible assets) historical cost. The depreciated or amortised historical cost is used as a proxy for fair value, for the classes of assets listed below, since the useful life over which the asset class is depreciated or amortised is considered to be a realistic reflection of the consumption of that asset class. Depreciation and amortisation are provided on a monthly basis from the date of deemed economic benefit, at rates calculated to write off the costs of each asset evenly over its expected useful life.

#### Plant and Equipment

Information Technology	4 years
Furniture and fittings	3 or 5 years
Refurbishment Costs	5 or 10 years

#### Intangible assets

Information Technology	5 years
Websites	3 years

#### 1.5 Assets under Construction (Development expenditure)

These are the costs related to the upgrade of HTA systems whether that be the hardware or applications that are yet to be deployed. These assets are not depreciated.

#### 1.6 Impairments

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

An assessment of all of the HTA's financial assets has resulted in movement in the value of the impairment of receivables. In carrying out the assessment of licence fee debtors, account is taken of the sector, economic climate (past and future) and previous losses. A default rating (weighted) is applied to debts aged over period of 28, 42 and 56 days. An impairment for expected credit loss of £79,928 was charged to the SoCNE.

### 1.7 Critical accounting judgements and key sources of estimation uncertainty

In the application of the HTA accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed annually. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future period.

### 1.8 Government Grants and Grant-in-aid

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

### 1.9 Leases

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

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

### 1.10 Income

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

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

Other income received by HTA relates to rental income and seconded staff. Income is recognised on an accruals basis, with the performance obligation deemed to be the point at which these goods or services are delivered.

### 1.11 Employee benefits

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

### 1.12 Pensions

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

### 1.13 Financial assets

Financial assets are recognised when HTA becomes party to the financial instrument contract or, in the case of contract receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

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

### 1.14 Financial liabilities

Financial liabilities are recognised on the statement of financial position when HTA becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been paid or expired.

### 1.15 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents would be investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 1.16 IFRS issued but not yet effective

The Treasury FReM (as adopted by the DHSC GAM) does not require the following Standards and Interpretations to be applied in 2019/20. The application of the Standards as revised would not have a material impact on the accounts in 2019/20, were they applied in that year.

IFRS 16 Leases replaces IAS 17 and is effective for the public sector from 1 April 2021. The new standard amends the accounting for lessees, removing the distinction between recognising an operating lease (off balance sheet) and a finance lease (on balance sheet). The new standard requires recognition of most leases which last more than 12 months to be recognised on balance sheet. The known effect of applying IFRS 16 has not been applied as it is unlikely to have an effect as our lease term ends when IFRS 16 comes into force for FReM bodies.

The HTA has one operating lease see note 11.1, for the occupation of its premises at 151 Buckingham Palace Road. This lease will come to an end in November 2020 when the HTA re-locates. The lease is therefore less than 12 months and will have no impact on the Statement of Finance Position. The new lease is likely to have a material impact on the accounts.

### 1.17 Provisions

Provisions are recognised when the HTA has a present legal or constructive obligation as a result of a past event, it is probable that the HTA will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

## 2. Analysis of Net Expenditure by Segment

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

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

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

### 3. Other Expenditure

	Notes	2019/20 £	2018/19 £
<b>Staff Costs</b>	3.1	3,342,708	2,901,294
<b>Purchase of goods and services</b>			
Computer running costs	(a)	416,509	304,315
Staff recruitment, training and welfare		145,186	134,965
Consultancy		15,538	50,199
Office and administration costs		42,823	40,806
Maintenance Contracts		52,404	50,973
Travel subsistence and hospitality		102,887	144,568
Conferences & Events		32,754	30,359
Stationery and publications		21,947	25,285
Auditors Remuneration	(b)	65,878	46,068
Provision for bad debts		-	(3,654)
Legal and professional fees	(c)	<u>22,834</u>	<u>69,260</u>
		918,760	893,144
<b>Other operating costs</b>			
Accommodation	(d)	578,182	823,272
Project Costs		90,636	68,077
Telecommunications		<u>29,617</u>	<u>29,716</u>
		698,435	921,065
<b>Non-cash items</b>			
Depreciation and amortisation	5,6	214,270	175,841
Expected credit losses	8	79,928	11,390
(Gain)/Loss on disposal of non-current assets		825	(1,350)
Reversal of accrued income		-	86,254
Provision provided/(released) in year	12	<u>120,060</u>	<u>-</u>
		415,083	272,135
<b>Total</b>		<b><u>5,374,986</u></b>	<b><u>4,987,638</u></b>

#### Notes

(a) Computer running cost include costs incurred for cloud-based working which is part of the Development Programme (formerly the Transformation Programme)

(b) Audit fees	Internal	38,078	19,568
	External	<u>27,800</u>	<u>26,500</u>
		65,878	46,068

(c) Legal costs are lower due to requirement for legal advice being low this year

(d) Accommodation costs include the rent payments for 151 Buckingham Palace Road. Resolution of a VAT issue has resulted in reversal of accruals impacting on the reduction in spend.

### 3.1 Staff numbers and related costs

Staff costs comprise:

	Permanently Employed Staff	Members	Seconded Staff	Temporary Staff	Total	Total
	£	£	£	£	2019/20 £	2018/19 £
Wages and salaries	2,315,135	131,081	113,660	67,250	2,627,126	2,374,709
Social security costs	258,547	5,172	13,987	0	277,706	253,209
Pension costs	413,961	-	23,915	0	437,876	273,376
Sub Total	2,987,643	136,253	151,562	67,250	3,342,708	2,901,294
Less recoveries in respect of outward secondments	0	0	(46,753)	0	(46,753)	(91,403)
Total net costs	<u>2,987,643</u>	<u>136,253</u>	<u>104,809</u>	<u>67,250</u>	<u>3,295,955</u>	<u>2,809,891</u>

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

For 2019/20 contributions of £294,991 (2018/19, £273,376) were paid to the NHS Pensions (NHSPS) at rates prescribed by the Treasury. The current rate for the NHSPS is 20.68% of pensionable pay according to salary level. The HTA paid 14.38% with the remaining 6.3% (£128,650) funded in part by a reduction of our grant-in-aid drawn down and centrally by the DHSC.

#### Average number of persons employed

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

Number			2019/20	2018/19
	Permanently Employed Staff	Seconded Staff	Total	Total
Directly Employed	49	1	50	48
Subtotal	<u>49</u>	<u>1</u>	<u>50</u>	<u>48</u>
Temporary staff			<u>1</u>	<u>1</u>
Total			<u>51</u>	<u>49</u>

All staff are directly employed by HTA. During the year, one staff was on secondment for part of their time to the HFEA for two and a half days per week. As at 31 March 2020 the HTA employed 47 Wte staff (2018/19, 49).



**4. Income**

	Note	<u>2019/20</u>	<u>2018/19</u>
		<u>£</u>	<u>£</u>
Revenue from contracts:			
Licence Fee Income		3,727,964	3,654,410
Income from devolved administrations		<u>133,571</u>	<u>131,081</u>
		3,861,535	3,785,491
Other Operating Income	4.1	<u>453,526</u>	<u>394,478</u>
		<b><u>4,315,061</u></b>	<b><u>4,179,969</u></b>

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

**4.1 Other Operating Income**

	<u>2019/20</u>	<u>2018/19</u>
	<u>£</u>	<u>£</u>
Other Income - Rent	406,773	303,075
Other Income - Outward secondees	<u>46,753</u>	<u>91,403</u>
	453,526	394,478

Other income - outward secondees relates to a single member of staff who worked for another organisation part-time.

## 5. Property, Plant and Equipment

	Information Technology Hardware £	Furniture & Fittings £	Assets Under Construction £	Refurbishment Costs £	Total £
<b>Cost or valuation</b>					
At 1 April 2019	306,798	147,732	24,928	1,093,661	1,573,119
Additions	45,060	0	0	0	45,060
Disposals	(16,816)	0	0	0	(16,816)
Reclassifications and transfers	24,928	0	(24,928)	0	0
<b>At 31 March 2020</b>	<b>359,970</b>	<b>147,732</b>	<b>0</b>	<b>1,093,661</b>	<b>1,601,363</b>
<b>Depreciation</b>					
At 1 April 2019	221,856	129,611	0	901,804	1,253,271
Charge for the year	38,187	9,455	0	113,320	160,962
Disposals	(16,817)	0	0	1	(16,816)
<b>At 31 March 2020</b>	<b>243,226</b>	<b>139,066</b>	<b>0</b>	<b>1,015,125</b>	<b>1,397,417</b>
<b>Net book value at 31 March 2020</b>	<b>116,744</b>	<b>8,666</b>	<b>0</b>	<b>78,536</b>	<b>203,946</b>
Net book value at 1 April 2019	84,942	18,121	24,928	191,857	319,848
<b>Asset financing:</b>					
Owned	116,744	8,666	0	78,536	203,946
<b>At 31 March 2020</b>	<b>116,744</b>	<b>8,666</b>	<b>0</b>	<b>78,536</b>	<b>203,946</b>
<b>Cost or valuation</b>					
At 1 April 2018	262,879	147,732	82,864	1,093,661	1,587,136
Additions	5,135	0	24,928	0	30,063
Disposals	(40,978)	0	0	0	(40,978)
Reclassifications	79,762	0	(82,864)	0	(3,102)
<b>At 31 March 2019</b>	<b>306,798</b>	<b>147,732</b>	<b>24,928</b>	<b>1,093,661</b>	<b>1,573,119</b>
<b>Depreciation</b>					
At 1 April 2018	241,935	120,156	0	788,484	1,150,575
Charge for the year	20,899	9,455	0	113,320	143,674
Disposals	(40,978)	0	0	0	(40,978)
Reclassifications	0	0	0	0	0
<b>At 31 March 2019</b>	<b>221,856</b>	<b>129,611</b>	<b>0</b>	<b>901,804</b>	<b>1,253,271</b>
<b>Net book value at 31 March 2019</b>	<b>84,942</b>	<b>18,121</b>	<b>24,928</b>	<b>191,857</b>	<b>319,848</b>
Net book value at 1 April 2018	20,944	27,576	82,864	305,177	436,561
<b>Asset financing:</b>					
Owned	84,942	18,121	24,928	191,857	319,848
<b>Net book value at 31 March 2019</b>	<b>84,942</b>	<b>18,121</b>	<b>24,928</b>	<b>191,857</b>	<b>319,848</b>

## 6. Intangible Assets

	Information Technology	Websites	Assets Under Construction	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2019	1,156,155	58,350	0	1,214,505
Additions	0	0	0	0
Disposals	0	(58,350)	0	(58,350)
<b>At 31 March 2020</b>	<b>1,156,155</b>	<b>0</b>	<b>0</b>	<b>1,156,155</b>
<b>Amortisation</b>				
At 1 April 2019	1,011,652	57,475	0	1,069,127
Charged in year	53,308	0	0	53,308
Disposals	0	(57,475)	0	(57,475)
<b>At 31 March 2020</b>	<b>1,064,960</b>	<b>0</b>	<b>0</b>	<b>1,064,960</b>
<b>Net book value at 31 March 2020</b>	<b>91,195</b>	<b>0</b>	<b>0</b>	<b>91,195</b>
Net book value at 1 April 2019	144,503	875	0	145,378
<b>Asset financing:</b>				
Owned	91,195	0	0	91,195
<b>At 31 March 2020</b>	<b>91,195</b>	<b>0</b>	<b>0</b>	<b>91,195</b>
<b>Cost or valuation</b>				
At 1 April 2018	1,080,255	58,350	71,940	1,210,545
Additions	0	0	3,960	3,960
Adjustments/Transfers	75,900	0	(75,900)	0
<b>At 31 March 2019</b>	<b>1,156,155</b>	<b>58,350</b>	<b>0</b>	<b>1,214,505</b>
<b>Amortisation</b>				
At 1 April 2018	981,535	55,425	0	1,036,960
Charged in year	30,117	2,050	0	32,167
<b>At 31 March 2019</b>	<b>1,011,652</b>	<b>57,475</b>	<b>0</b>	<b>1,069,127</b>
<b>Net book value at 31 March 2019</b>	<b>144,503</b>	<b>875</b>	<b>0</b>	<b>145,378</b>
Net book value at 1 April 2018	98,720	2,925	71,940	173,585
<b>Asset financing:</b>				
Owned	144,503	875	0	145,378
<b>Net book value at 31 March 2019</b>	<b>144,503</b>	<b>875</b>	<b>0</b>	<b>145,378</b>

The gross cost of our Customer Relationship Management(CRM) system is £1,118k and it's Net book value is £86k. The CRM is an internally generated asset and has a remaining useful life of two years.

## 7. Financial instruments

IFRS 7 Financial Instruments Disclosure requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Financial instruments play a much more limited role in creating or changing risk at the HTA than would be typical of the listed companies to which IFRS 7 mainly applies. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the HTA in undertaking activities.

### Liquidity risk

The HTA receives the majority of its income from annual licence fees payable by establishments mainly in the public sector. Other revenue resource requirements are financed by a grant from the DHSC. These, together with a robust debt recovery, cash flow forecasting and payment process, ensure that the HTA is not exposed to significant liquidity risk.

### Market and interest rate risk

At 31 March 2020 the HTA's financial liabilities carried nil rates of interest. The HTA's financial assets relate to receivables and cash balances held at 31 March 2020 within the Royal Bank of Scotland bank account and Barclays commercial current account, which are not interest bearing. Interest on cash balances are set by the banks. The HTA is therefore not exposed to significant interest-rate risk.

### Credit risk

The HTA receives most of its income from licence fees from within both the NHS and non-NHS market. It has in place and operates a fit for purpose credit control policy and, where applicable, provides for the risk of debts not being discharged by those establishments it licenses. The HTA is therefore not exposed to significant credit risk.

The aged debtor report for NHS and non-NHS receivables at the 31 March 2020 was:

	£'000s
Not past due	266
Past due 0-28 days	0
Past due 29 days	158

### Foreign currency risk

There were no foreign currency transactions conducted by the HTA during the period ended 31 March 2020. There was therefore no significant foreign currency risk during the year.

## Financial instruments held by the HTA

### By category

### Receivables and other financial assets

	<u>31-Mar-20</u>
	£
<b>Financial assets measured at amortised cost</b>	
Contract receivables (net of provisions)	332,402
Other receivables	81,235
Cash at bank and in hand	3,696,467
<b>Total at 31 March 2020</b>	<b>4,110,104</b>
Contract receivables (net of provisions)	238,330
Other receivables	242,614
Cash at bank and in hand	3,448,075
<b>Total at 31 March 2019</b>	<b>3,929,019</b>

### Financial liabilities

### By category

### Other financial liabilities

	<u>31-Mar-20</u>
	£
<b>Financial liabilities measured at amortised cost</b>	
Contract payables	40,020
Other payables	6,703
Accruals	716,698
<b>Total at 31 March 2020</b>	<b>763,421</b>
Contract payables	48,242
Other payables	11,239
Accruals	574,725
<b>Total at 31 March 2019</b>	<b>634,206</b>

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

### Fair values

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

**8. Trade receivables and other current assets**

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	£	£
<b>Amounts falling due within one year:</b>		
Contract receivables (contracts with customers)	423,720	249,720
Impairments for credit losses	(91,318)	(11,390)
Other Receivables	6,882	9,941
Prepayments and contract assets	74,353	232,673
	<u><b>413,637</b></u>	<u><b>480,944</b></u>

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

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

**9. Cash and cash equivalents**

	£
Balance at 31 March 2019	3,448,075
Net change in cash and cash equivalent balances	<u>248,392</u>
Balance at 31 March 2020	3,696,467

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	£	£
The following balances were held at:		
Commercial banks	3,363,556	3,082,227
Government Banking Services	<u>332,911</u>	<u>365,848</u>
	<u><b>3,696,467</b></u>	<u><b>3,448,075</b></u>

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

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	£	£
<b>Amounts falling due within one year</b>		
Contract payables	40,020	48,242
Other payables	6,703	11,239
Accruals	<u>716,698</u>	<u>574,725</u>
	<u><b>763,421</b></u>	<u><b>634,206</b></u>

The cash balances as at 31 March 2020 carried a floating rate.

There are no creditors falling due after one year.

## 11. Commitments under leases

### Operating leases

#### 11.1 Operating Lease Payments

Commitments under operating leases to pay rentals during the year following the year of these accounts are given below, analysed according to the period in which the lease expires.

A Memorandum of Terms of Occupation (MOTO) exists between the HTA and the Government Property Agency (GPA) for rental of space at 151 Buckingham Palace Road. The lease expires at the point at which the HTA vacates the premises, currently expected to be November 2020.

<b>Total future minimum lease payments</b>	<b>Buildings</b>	<b>Other</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>£</b>	<b>£</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Payable:				
Not later than one year	458,338	2,484	460,822	460,705
Later than one year not later than five years	0	0	0	460,576
<b>Total</b>	<b>458,338</b>	<b>2,484</b>	<b>460,822</b>	<b>921,281</b>

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

<b>Total future minimum lease receivables</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>£</b>	<b>£</b>
Receivable:		
Not later than one year	367,790	303,174
Later than one year not later than five years	0	303,174
<b>Total rental revenue</b>	<b>367,790</b>	<b>606,348</b>

## 12. Provisions

### Total future minimum lease payments

	Office Relocation(Travel) £	Total £
Balance at 1 April 2019	0	0
Provided in year	120,060	120,060
Provisions utilised in year	0	0
Release of provision for the period	0	0
<b>Balance at 31 March 2020</b>	<b><u>120,060</u></b>	<b><u>120,060</u></b>

### Analysis of expected timing of cashflows

	Office Relocation(Travel) £	Total £
Not later than one year	40,020	40,020
Later than one year and not later than five years	80,040	80,040
	<b><u>120,060</u></b>	<b><u>120,060</u></b>

The provision provided this year reflects the cost of additional travel the HTA has committed to reimburse its staff over a three year period as a result of the office relocation. It is expected that the provision will be released equally each year, however this may change when the next annual review takes place.

The relocation of HTA to new offices is a constructive obligation under IAS 37. The HTA has consulted its staff and expects there to be a transfer of economic benefits. The estimate of the provision is based upon a percentage of staff who currently are not working flexibly. The provision will be reviewed at an appropriate point in the 2020/21 financial year.

### 13. Related party transactions

The DHSC is regarded as a related party and had various transactions totalling £998,843 (2018/19 £771,270) with the HTA during the year. This mainly related to grant-in-aid of £921,650 (of which £693,000 was drawn down). The remaining balance was non-cash grant-in-aid to cover increased pension costs of £128,650 and Capital grant-in-aid of £100,000. £38,078 was for the provision of Internal Audit Services. At 31 March 2020 the HTA owed the DHSC £1,486 for internal audit services and contributions to Civil Service HR.

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

NHSBT – transactions totalled £275,871 (2018/19 £216,685) and were fees for the provision of licences in the human application and post mortem sectors and invoices for the provision of assisted functions to the HTA. The balance outstanding as at 31 March 2020 was £Nil (2018/19 £850 for licence fees paid).

The NHS Resolution occupies part of our office space and had transactions totalling £406,973 (2018/19 £303,174).

HFEA - transactions totalled £113,859 (2018/19 £107,682) and were mainly for fees charged for shared resources and seconded staff during this financial year.

The HTA has also had material transactions with the Government Property Agency (GPA) throughout the year.

During 2019/20 no Authority Member or senior manager or other related parties undertook any material transactions with the HTA.

### 14. Events after the reporting period

In accordance with the requirements of International Accounting Standard 10, reports after the accounting period are considered up to the date the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.



