



**2021/22**

# **Annual Report and Accounts**





**Health Research Authority**

# **Annual report and accounts 2021/22**

**For the period 1 April 2021  
to 31 March 2022**

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7 of the Care Act 2014

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# Performance Report

This section provides an overview of the Health Research Authority and our work. This includes our purpose, what we do and a summary of our key activities over the past year, including our vital contribution to the COVID-19 pandemic, new services delivered to improve researcher experience and our work to better involve patients and the public in research. For more details about how we have delivered against our three strategic aims, please read the 'performance analysis' section.



# Chief Executive's introduction

This has been another remarkable and demanding year which began in the depths of the pandemic but has ended with some visible signs of recovery. I am exceptionally proud of the way that our committed and dedicated staff have worked to overcome these challenges and the great successes we've achieved.

Our rapid response to ensure that urgent COVID-19 research could get started quickly continued this year, including reviewing Preg-CoV (a new study funded by the Department of Health and Social Care looking at the best COVID-19 vaccine dose interval for pregnant people), which raised many ethical considerations about involving pregnant people in research.

We have taken the learning forward from our COVID-19 response to apply it to our standard urgent public health response and other rapid services.

As the UK moves beyond the restrictions of the pandemic we have looked towards our future ways of working. We've worked with our staff and listened to their ideas to ensure that our offices provide the right working environment as we return. We're also planning for how we can make the most productive use of our time in offices and working together in face-to-face meetings, while still keeping online ways of working when this is the most efficient.

Our committed Research Ethics Committee (REC) members who give their time generously, have continued to meet online to review research studies, enabling the HRA to operate efficiently and respond rapidly when needed. Our face to face REC development days have brought together committees to

develop skills, build relationships and work as a team with their REC. Members have heard about and discussed changes to ethics review and topical themes in health and social care research.

We have established our HRA Community Insight Group, a panel of REC, Confidentiality Advisory Group (CAG), and Public Involvement Network (PIN) members. This group is supporting our work to make sure that our volunteer community reflects the population that it serves and is always recognised for its crucial contribution to health and social care research.

High quality health and social care research must be transparent, we have continued work against our Make it Public strategy, which was launched in 2020 to ensure that trusted information about all health and social care studies is always made public. We have introduced streamlined registration for Clinical Trials of Investigational Medicinal Products (CTIMPs) and a new final report form to measure how well the research community is meeting its transparency responsibilities. In November 2021 we held our first Make it Public conference. Almost 600 people came together online to confirm their commitment to making research more transparent and to discuss how we should work together to continue to improve transparency practice.

At the end of 2021 we celebrated our tenth anniversary. It was an opportunity to look back over a decade of transforming the research governance landscape, take stock of how far we have come and plan for the future. The HRA was created in 2011 to streamline a complex and bureaucratic regulatory environment, stifling health research in the UK. Over half of applications to



the HRA are for research that will take place in multiple places. Applying to one, rather than multiple regional organisations for approval has reduced duplication.

Financially we've achieved significant efficiencies in the use of public money by being careful in our procurement and maintaining online ways of working. This has resulted in revenue savings for the year of over 10% of our budgeted expenditure. Balanced with growth across the organisation compared to the previous financial year of just under 20%.

It hasn't all be plain sailing though. We've had some difficulty in recruiting our full establishment. An area we've found it particularly difficult to get the right people is in technology roles.

Work continued last year to develop IRAS, the Integrated Research Application System, building a world-class hub for health and social care research in the UK. The first studies to benefit have been CTIMPs submitted through combined review, which brings together Research Ethics Committee review and Clinical Trials Authorisation from MHRA. Combined review halves the time it takes to get approval for new clinical trials compared to those going through the previous two

track system. However, the IRAS development has not been smooth and we have not made as much progress as we had hoped to by the end of this financial year.

I want to end this introduction by looking to the future. Working closely with public contributors (patients and the public who contribute to research) we have developed a new strategy that will guide us over the next three years. This strategy clarifies our social mission of always putting people first in research, while making it easy for the research community to do research we can all trust. You'll see more on that throughout this report and over the next three years as we really start to live the change that we want to see.





# What we do and who we are

## Our vision

Our vision is for high-quality health and social care research that improves people's health and wellbeing.

## Our mission

Our mission is to protect and promote the interests of patients and the public in health and social care research, working with partners across the UK.

We do that by providing expert advice and guidance to researchers and by reviewing research studies through 64 Research Ethics Committees in England, the Confidentiality Advisory Group and specialist review and assurance of research on behalf of NHS organisations.

## Our role

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

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



We review  
about **5,000**  
new research  
studies each  
year

We work with other organisations in the UK to regulate different aspects of health and social care research, ensuring research approvals and oversight are streamlined and proportionate. We are England-focussed but, through our joint working with the devolved administrations of Scotland, Wales and Northern Ireland, lead the oversight of health and social care research on behalf of the UK. We deliver our work from five locations in England: Bristol, London, Manchester, Newcastle and Nottingham as well as many home-based staff.

We review about 5,000 new research studies each year, ranging from observational studies in care settings, tissue banks and research databases, to large, multi-centre clinical trials of new medicines and advanced therapeutics. We also review around 8,000 substantial amendments to research studies and 8,500 minor amendments.

We develop and manage the national health and social care research digital application portal, IRAS, on behalf of partners across the UK. IRAS enables researchers to apply for research approvals from different regulators and review bodies.



# What we did



**4579** applications reviewed,  
made up of:

**4296** REC (Research Ethics Committee)  
and HRA Approval

**283** Pharmacy and radiation assurances



**3479** studies approved to start,  
made up of:

**3234** REC and HRA Approval

**245** Pharmacy and radiation assurances



**7259**  
amendments  
reviewed



**28** complaints and  
concerns about studies  
were investigated by  
the HRA



# How we did



**83%** applicants rate our overall service highly



The REC were very welcoming and showed a genuine interest in our study - it was a great opportunity to speak to an independent panel of people about the work we are doing and their comments, questions and suggestions were really helpful. ”



The staff were amazing. Really fast response time to any queries. They were also really clear in their explanations of sometimes complex processes. ”



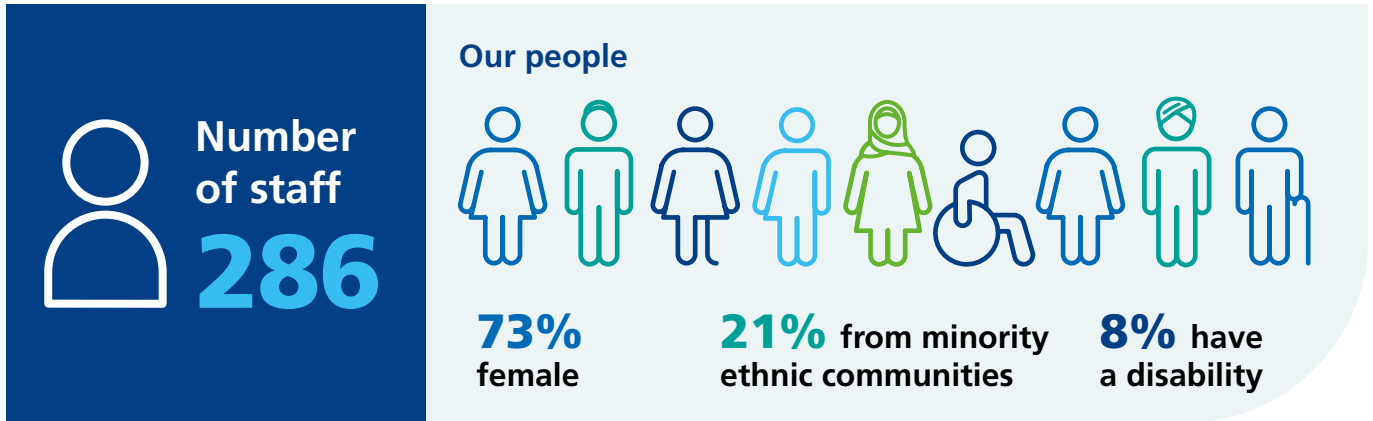
I love the e-booking system as I had trouble accessing the phone line booking in the past. This is just so much easier. ”



The REC meeting was excellent. The panel clearly understood our research and the importance of it. The letter confirming the outcome was sent quickly after the meeting. I appreciated the speed and efficiency with which everything was done. ”



# Who are we?



Public Involvement Network members



Research Ethics Committee members



Confidentiality Advisory Group members



Technical Assurance reviewers



Board members (including 3 non voting members)

## Inclusivity highlights



**Achieving Disability Confident Leader status** - one of only 2% of employers signed up to the Disability Confident Scheme to achieve this level



**Let's Talk About Diversity series** – eight themed sessions attracting 370 attendances, with 130 unique attendees at Let's Talk About Disability workshops



40 recruiting managers participated in **interview skills training** to address bias in recruitment

# How we work

Our 286 staff support our committees and advisory groups, provide specialist advice, guidance and learning to researchers about governance of current and emerging areas of research, develop policy and effectively administer the organisation.

We could not operate without the HRA Community - Research Ethics Committees members, Confidentiality Advisory Group members and Public Involvement Network members – who make an invaluable contribution to our work and the experience of people taking part in research so that findings can improve care. They give their time generously, and, for many of them, freely, enabling the HRA to operate efficiently and respond rapidly when needed.

To deliver our ambition to make it easier to do research that people can trust and ensure that health and social care research is conducted with and for everyone, it is important that we are informed by a range of insights and

experiences that reflect the population that we serve. We are working with our Community members to ensure that choosing to join the HRA Community and work with us is a positive experience that is open to everyone.

The HRA is run by a board made up of our Chair, Professor Sir Terence Stephenson, our Chief Executive, Dr Matt Westmore, two executive directors and four non-executive directors. Three executive directors attend the board as non-voting members. The rest of the executive committee attend board meetings, but do not have vote on matters arising. The board gives strategic oversight, agrees high-level policy and ensures that the HRA is run effectively and efficiently.

## How we work is as important as what we do. We:

- work in partnership with people and communities
- are collaborative, working across the system
- are consultative and inclusive
- are transparent about our activities, our finances and our decisions
- are targeted, focussing on where we add value
- are clear about our expectations
- take proportionate action where necessary.



# Public involvement in our work

The participation ladder below is based on one created by mental health activist and survivor Indigo Daya.

In May 2022 we asked the people involved in our work where our way of working fits on the ladder, to provide a snapshot of how we're currently working together and to help us think about how to do things in the future.

Co-produced	Co-designed	Engaged	Consulted	Informed	Excluded
<p>Planning and co-hosting an event with the Academy of Medical Sciences about 'The HRA at Ten'.</p> <p>Collaborating to review the way HRA works with public contributors when it recruits staff.</p> <p>Designing a <a href="#">shared commitment to public involvement</a> with other major health and social care research organisations.</p>	<p>Planning how to launch the new HRA three year strategy.</p> <p>Leading the advisory group that planned how to hear <a href="#">public perspectives on research ethics review</a>.</p> <p>Deciding HRA's individual commitments to championing public involvement in its decision-making.</p>	<p>Being part of the <a href="#">Advisory Group</a> shaping our Think Ethics work.</p> <p>Being part of the Make it Public research transparency campaign group.</p> <p>Helping to recruit HRA staff.</p> <p>Contributing to HRA event with Nuffield Council of Bioethics.</p> <p>Helping to shape the content and wording of new IRAS questions about public involvement in research.</p> <p>Being part of the community insight group to inform how HRA supports and values members.</p> <p>Taking part in workshops to prioritise ways to improve the information created for people considering taking part in research.</p>	<p>Developing the new HRA three year strategy.</p> <p>Contributing to the HRA Chief Executive's annual appraisal.</p> <p>Providing feedback on a learning module for researchers about how to write plain language summaries about research.</p> <p>Providing feedback on guidance for researchers about how to communicate study findings to research participants.</p> <p>Advising on website design.</p> <p>Providing feedback via a survey about being part of the HRA's Public Involvement Network.</p>	<p>HRA developed its webpages to share information with the public.</p>	<p>Leading the HRA as a Board member.</p> <p>Planning budgets and deciding priorities through the HRA business planning process.</p>



# Our strategy

Our strategy sets out how we aim to achieve our vision of high-quality health and social care research that improves people's health and wellbeing.

For 2021/22, our strategy and business plan focused on three key areas:



## Our Vision:

High quality health and social care research today, which improves everyone's health and wellbeing tomorrow.

## Our strategy focused on three key areas



Enable **high-quality research** which is in the interests of participants and carried out with patient and public involvement and high standards of transparency



Providing a **user-friendly and efficient service** which facilitates a strong research environment



Being a **knowledgeable, well-run organisation** that's true to its values



We plan our work to deliver our strategy and our statutory functions. We do this by preparing an annual business plan which is embedded throughout the organisation in our performance, people and risk management processes. These processes help ensure we successfully deliver on our strategic priorities and statutory functions. Importantly it helps our people understand their role in delivering our plans.

We have refreshed our strategy for 2022 to 2025, building on our achievements in this strategic period and providing strategic direction for the next three years.



## Making it easy to do research that people can trust



### Include

Health and social care research is done with and for everyone



### Accelerate

Research findings improve care faster because the UK is the easiest place in the world to do research that people can trust





# Our achievements for the year

This year we celebrated our 10th birthday and reflected on our many achievements over this past decade. We also recognised the many people who have helped make this possible and keenly look to the future to continue what we were set up to do, continually improve and support a better health and social care research environment.

This year's performance has been strong, building on the successes of the past ten years, learning from our experiences and driving forward improvements whilst always delivering quality services to enable great research.

This year, we reviewed 4,579 new research studies and 7,259 study amendments as well as transforming our services in collaboration with other regulators to significantly reduce research approval timelines. Combined review cut an average of forty days off the time to recruit the first research participant between 2018-2021 compared with the separate services. This service was developed hand in hand with the Medicines and Healthcare products Regulatory Agency (MHRA). It offers a more streamlined research approvals process for all Clinical Trials of Investigational Medicinal Products (CTIMPs) and is now our standard service for these applications. CTIMP applications represent 18% of the new research studies reviewed this year. In addition, we launched fast track ethics review, following a successful pilot in 2020, again offering quicker approvals where needed. We also widened our radiation assurance service to accept all studies involving ionising radiation exposures taking place in NHS and

HSC secondary care settings and put in place changes to how we support student research. These adjustments enable a more tailored approach for students offering relevant learning experiences of how modern health and social care research is conducted. The majority of students are at Masters level, and their supervisors are now signposted to more appropriate ways of getting research experience such as shadowing research teams, learning about the range of roles that support team science, or getting experience of public involvement.

We delivered our on our transparency aims through our Make it Public strategy, most notably by providing streamlined registration for clinical trials, making it easier for researchers to carry out transparent research. We collaborated with ISRCTN, a leading trial registry recognised by the World Health Organisation, to achieve this commitment. The new registration service was launched in January 2022. All CTIMPs applications submitted through combined review can be registered on the ISRCTN registry immediately when they are given full approval. This is free to trialists and reduces the burden on them. Reduced information is captured for deferrals and trials already registered on ClinicalTrials.gov do not need to register on ISRCTN to avoid unnecessary duplication.

We held our first Make it Public research transparency conference welcoming almost 600 attendees and launched our first research transparency annual report, updating on the progress we have made towards the vision laid out in our Make it Public strategy. We also implemented new reporting standards to improve transparency in research in line with our strategy.





We launched Think Ethics, aiming to make ethics review more innovative, efficient and trusted. This looks to build on many of the changes made in response to the Covid-19 pandemic and lessons learned in our day to day operations, supporting Research Ethics Committees with our fellow regulators in Northern Ireland, Scotland and Wales. We created an ethics review advisory group to support this work and also welcomed more than 120 Research Ethics Committee (REC) members from across the UK to participate in a webinar to discuss what is important to them about research ethics, what builds trust and what opportunities there are for improvement in the current system.

We embedded the move to virtual REC meetings, widening access opportunities for members and researchers.

We contributed to the government's Health and Social Care Bill as well as the Life Sciences Vision both of which will have implications for our future strategy. [The Future of UK Clinical Research Delivery: 2021 to 2022 Implementation Plan](#) was published and the HRA continues to play a central role in enabling UK research sector developments including our work leading strands of the Recovery, Resilience and Growth programme with DHSC in addition to our research systems transformation programme.

We embraced user research throughout our work to help improve our services and their future design. Activities benefiting from this approach included our research systems transformation and streamlining data driven research. We are keen to develop this discipline in 2022/23 and are building improvements into our delivery design as part of the next phase of our research systems transformation. This year we released new digital functionality improving the services we offer researchers, including functionality to support our combined review and refinements to the identity gateway in collaboration with National Institute for Health and Care Research (NIHR). We also put in place improvements to our digital booking service for REC meetings and moved our expense reimbursement processing to digital for our HRA Community.

Our HRA Community is the bedrock of our work. Over the past year we have established a Community Insight Group so that we can better listen to and act on what our Community tells us about their experiences, and invite their advice and challenge to inform the work that we are doing. They are helping shape work to improve their experience working with us and ensure that this is open to everyone, so that our work is informed by a range of insights and



experiences that reflect the population that we serve. This has included helping us to mark our tenth anniversary in a way that was meaningful to our Community and reflected their contribution, and helping shape our new campaign #StepForward to attract healthcare professionals to become Research Ethics Committee members and play a key role in making sure health and social care research is ethical and fair for patients.

We are always looking at what we can improve at the HRA, both in the services we provide and how we organise and deliver these. Our future ways of working programme supported our people to work well throughout the pandemic and delivered a framework of measures to help our people adjust to the changing landscape. Our flexible working policies have been refreshed to support our peoples' wish for improved worklife balance. We also successfully delivered on our estates strategy, closing our Nottingham office and moving to Equinox House, provided by NHS Supply Chain, offering a modern, flexible work environment. We published our equality diversity and inclusion strategy, developed a new three year people strategy and enabled our staff-led green team to create and propose a sustainability strategy for the HRA. Recognising the effect of the pandemic on people's mental wellbeing, we

piloted an organisational Mental Health First Aider resource to offer staff an additional safe confidential means of support – our MHFA group is now being expanded and being run as a long term arrangement. We are proud that our organisation has continued to build on its commitment to supporting our disabled staff by achieving Disability Leader status, the highest tier of the government's Disability Confident scheme. We have expanded our range of employee benefits to include provisions for paid volunteer leave and the option of buying or selling annual leave each year.

Delivering value is essential to our work. Many of the improvements we deliver result in efficiencies in delivery of health research and in the NHS as well as better care for patients and the public. We also look to create value and efficiencies in our operating model. This year we implemented an online ethics review model for full review. This new model has enabled a more accessible and user-friendly service but also released 5% year on year savings to HM Treasury.

**We have achieved much in this year and look forward to delivering a full programme of services and innovation activities in the year to come.**

## Speeding up approvals for clinical trials



**Combined review halves the time it takes to get approval**



**It cuts the time from application to recruiting a first patient by 40 days**



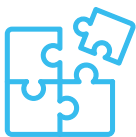
**We review 1000 of these studies every year**

# Performance analysis

We regularly monitor and evaluate our performance against our strategy, business plan and financial plan. We continuously refine our performance framework, using insights and knowledge gained to:



**deliver meaningful change for patients and the public**



**understand how our activities contribute to the delivery of our strategic plan and improve the researcher experience**



**support continuous improvement across all activities and the research landscape**



**enhance our ability to demonstrate value to the public purse.**

We set targets for our performance to help us understand how well we are doing and provide assurance to our Board, DHSC and the wider research community. Internally, these targets drive our operational delivery and strategic portfolio of change including programme activity and continuous improvement. The way that we manage our performance and its relationship with risk and uncertainty is explained in more detail in our governance statement, page 35.

As a learning organisation, we regularly review and refine our performance management and reporting systems to ensure we continue to deliver on our strategy ambition and statutory requirements.

Monthly operational performance metrics are collated and monitored by delivery teams focusing on continuous improvement and statutory compliance.

Every other month, we collate a strategic performance report for our executive team and Board. This, combined with user satisfaction data and financial reporting, provides assurance on how we are meeting our strategic ambition and highlights areas for focus and improvement.

Individual staff objectives that complement and support these organisational objectives are developed during the annual appraisal process and monitored throughout the year during regular one-to-ones between staff and their managers.

Our performance metrics monitor our achievements on both financial and non-financial activities to provide a comprehensive view of our work. Non-financial performance indicators include measures such as how engaged our staff are and user satisfaction ratings.

User satisfaction in our service delivery was maintained at high levels throughout the year, with an average score of **83% of researchers rating our service highly.**





## Strategic objective:

Enabling high-quality research which is in the interests of participants and carried out with patient and public involvement and high standards of transparency.

### Our work to achieve this falls into three areas:

- robust review of research underpinned by good practice in public involvement
- transparency and openness in research
- trustworthy use of patient data in research.

#### Objective:

**Robust review of research underpinned by good practice in public involvement**

#### Achievements:

- reviewed 5,016 applications to an English Research Ethics Committee, with 4,579 also requiring HRA Approval
- received 18,265 amendments including 7,259 substantial amendments requiring review
- came together with other influential health and social care leaders to sign up to a new shared commitment to improve public involvement in research

#### Objective:

**Transparency and openness in research**

#### Achievements:

- enabled all CTIMPs to be registered in a UK registry before a study begins, launching the new service in January 2022 in partnership with the World Health Organisation registry network ISRCTN
- established a campaign group working collaboratively with our communities to realise the Make it Public strategy vision
- held our first Make it Public transparency conference and launched our research transparency annual report

#### Objective:

**Trustworthy use of patient data in research**

#### Achievements:

- provided advice to the Secretary of State for Health and Social Care and NHS Digital and considered 142 applications to process identifiable patient data without consent
- provided an expedited service to advise on research relying on Regulation 3(4) of the Health Service (Control of Patient Information) Regulations 2002 (COPI Notice)
- with the MHRA, piloted streamlined and co-ordinated pathway for assessing medical device trials
- started trialling a new, more joined-up service for research studies that require review by both the Confidentiality Advisory Group and a Research Ethics Committee





## Strategic objective:

Providing a user-friendly and efficient service which facilitates a strong research environment.

### Our work to achieve this falls into three areas:

- streamlined research approval
- intuitive research management systems supported by clear guidance and learning
- consistency and collaboration across the UK.

#### Objective:

##### Streamlined research approval

#### Achievements:

- launched combined review for all CTIMPs, in partnership with MHRA, cutting an average of forty days off the time to recruit the first research participant compared with the separate services between 2018-2021
- embedded fast-track ethics review into our core service offering, reducing timelines by more than half
- developed a new online format for our REC meetings, widening access to the researcher community, reducing unnecessary business travel and supplemented by face to face development events for members
- explored public attitudes towards ethics review and what changes the public would like to see

#### Objective:

##### Intuitive research management systems supported by clear guidance and learning

#### Achievements:

- introduced a new online service enabling combined review for all CTIMPs, followed by a series of additional functionality delivering an end to end service
- updated the identity gateway for our research systems in partnership with National Institute for Health and Care Research (NIHR)
- supported 12,393 users of our learning management system, growing visits to the site to over 24,000

#### Objective:

##### Consistency and collaboration across the UK

#### Achievements:

- worked with our system partners such as MHRA and NIHR to shape the future across the UK health research ecosystem through the Recovery, Resilience and Growth programme and development of the Find, Recruit and Follow up service
- published in partnership with devolved administrations and research sector five new model agreements and clinical research organisation (CRO) adaptations removing duplication and simplifying study set up
- worked with NHS England, the NIHR Clinical Research Network and the devolved administrations to design a National Contract Value Review service to remove individual negotiations between companies and NHS Trusts





## Strategic objective:

Being a knowledgeable, well-run organisation that's true to its values.

### Our work to achieve this falls into three areas:

- a diverse organisation which includes and respects all
- skilled, high-performing people
- an organisation that makes good use of public funds.

#### Objective:

**A diverse organisation which includes and respects all**

#### Achievements:

- published our Equality, Diversity and Inclusion (EDI) Strategy, and recruited to a newly created role, EDI Manager, to support its delivery
- 87% of staff feel the HRA is committed to creating a diverse and inclusive workplace, an increase on 2021 of nine percentage points
- awarded Disability Confident Leader status under the Government Disability Confidence scheme. Only 2% of employers signed up to the scheme have achieved this level
- embedded a new, mandatory Equality Impact Assessment process at the design stage of all policies, projects and business changes

#### Objective:

**Skilled high-performing people**

#### Achievements:

- delivered a strong staff engagement score of 82% (2021: 86%), 15 percentage points better than the sector benchmark
- grew our staff by 24% to create greater capacity, resilience and grow our skills base to meet strategic priorities including digital, commercial, innovation and change and operational resilience
- developed our people strategy in consultation with staff to set our ambitions to support our people to thrive
- grew the number of people using our learning management system by 46% to 12,393

#### Objective:

**An organisation that makes good use of public funds**

#### Achievements:

- achieved efficiencies of 5% year on year by embracing digital to deliver our work moving to an online format for our Research Ethics Committees and reducing unnecessary travel where possible
- continued to work with NHS England to deliver effective digital infrastructure including introducing SharePoint enhancing our ability to work collaboratively and maintaining 75% satisfaction in digital services from our staff
- developed and published our sustainability strategy aiming to embed environmentally sustainable practices into our daily business, making sustainability the norm



# Our people

Our staff and Community members have continued to demonstrate an outstanding commitment to UK health and social care research. Together they have been tireless and innovative in their approach to respond to the demands of the COVID-19 pandemic during its second year while continuing to ensure that we can provide excellent services and supporting our ambitious transformation work to make it easier to do research that people can trust. Their contribution together ensures that we can deliver for the people that we serve.

We could not operate without the HRA Community - Research Ethics Committee members, Confidentiality Advisory Group members and Public Involvement Network members – who make an invaluable contribution to our work and the experience of people taking part in research so that findings can improve care. They give their time generously, and for many of them, freely, enabling the HRA to operate efficiently and respond rapidly when needed.

“ The committee and staff I spoke to over the phone to help with the application were absolutely brilliant - thank you so much. This was my first time submitting an ethics application and it was so nice to be told not to be apprehensive as the committee were there to help us. ”



To deliver our ambition to make it easier to do research that people can trust and ensure the health and social care research is conducted with and for everyone, it is important that we are informed by a range of insights and experiences that reflect the population that we serve. We are working with our Community members to ensure that choosing to join the HRA Community and work with us is a positive experience that is open to everyone.

Our HRA Community is the bedrock of our work. Over the past year we have established a Community Insight Group so that we can better listen to and act on what our Community tells us about their experiences, and invite their advice and challenge to inform the work that we are doing. They are helping shape work to improve their experience working with us and ensure that this is open to everyone, so that our work is informed by a range of insights and experiences that reflect the population that we serve. This has included helping us to mark our tenth anniversary in a way that was meaningful to our Community and reflected their contribution and helping shape our new campaign #StepForward to attract healthcare professionals to become Research Ethics Committee members and play a key role in making sure health and social care research is ethical and fair for patients.







The HRA demonstrated that we were able to innovate at pace in response to the pandemic. We have continued to innovate our services in 2021/22 embedding fast-track review in our core service offering and creating further improvements by launching combined review in collaboration with MHRA. These successes continue to be reflected in strong user satisfaction results which saw a peak of 90% scoring the HRA at 7/10 or above in October 2021. Our target measure of 75% was exceeded throughout the year. Interactions with our staff scored particularly highly, with an average satisfaction rate of 9/10.

As we moved through the second year of the pandemic, we continued to create opportunities for our staff to stay connected and to focus attention on people's wellbeing and support. We looked ahead and developed our future ways of working framework to ensure our staff were supported and had clear parameters to work as Covid-19 restrictions started to lift and we were able to plan a return to our office locations.



I enjoy my role here immensely and every time I answer the phone, I remember that I am probably the first person at the HRA they speak with. I want to make their contact with us a positive, professional experience. I am proud of the work we do to make our country a world class leader in research. ”



We are an organisation that values investing in supporting, engaging with and listening to our staff. We want them to work in a healthy, compassionate, inclusive environment, enabling staff to work collaboratively as they provide an excellent service and develop and grow as their career progresses.

We believe this investment in our people delivers significant benefits: our annual staff survey continues to show high levels of staff satisfaction and strong commitment to the organisation.

The overall staff engagement score is impressive at 82%, 15% above the public sector benchmark. This score is important with strong links between staff engagement levels and organisational productivity. The survey also showed 95% of staff are committed to helping the organisation be successful.

We also run ad-hoc surveys in the year to check-in on our staff's well-being, feelings about returning to office spaces and responses to our future ways of working plans to help inform our hybrid working arrangements.

In terms of staff engagement activities, we have an active staff forum and have built productive relationships with our trade union partners, Unison and Managers In Partnership, through our work on the Joint Negotiating Committee.

During this year we invested in learning to develop our capabilities in targeted areas including policy, digital, project, programme, benefits, change management and continuous improvement. We also provided learning support for our Equality Diversity and Inclusion work (see page 57). We ran over 45 virtual sessions for staff learning on relevant topics.

Our online training has been particularly important during this pandemic, which has seen over 24,400 visits to our training site, supporting over 12,300 users. In addition, we have delivered 71 virtual learning sessions attended by our community members and researchers.

We have several staff led initiatives which aim to further enhance the HRA as a great place to work:

- **Equality, Diversity and Inclusion** – we want everyone at the HRA to feel welcomed and supported at work (further detail on our work here is included on page 57).
- **Ways of working** – we have an attractive and flexible approach to working, enabled by policies, technology and a culture that supports staff to work well, wherever that might be. This remains a priority as we come out of the pandemic, so that we can continue to provide a great working environment for all our people work well.
- **Mental Health** – we piloted an organisational resource of trained Mental Health First Aiders available to give immediate support to staff who have struggled or been in distress.

There is always more we can do to maintain our commitment to our people. We strive each year to create an environment for them to be the best they can be, supported professionally and personally in delivering high-quality services.



The overall staff engagement score is impressive at 82%, **15% above the public sector benchmark.**

# Financial review

Our accounts consist of primary statements (providing summary information about our income and expenditure in the year, our assets and liabilities at the end of the year, and how we have managed our cashflows) and detailed notes to these statements.

These accounts have been prepared based on the standards set out in the Government Financial Reporting Manual (FRM) to give a true and fair view.

We remained within our agreed revenue and capital allocations for 2021/22. Total funding from the government for the year was £24,719k (2020/21: £18,221k), of which:

- £21,954k (2020/21: £16,199k) was revenue funding, from the Department of Health and Social Care
- £2,765k (2020/21: £2,022k) was capital funding from the Department of Health and Social Care.

Income received from cost sharing arrangements included:

- £349k (2020/21: £286k) from the devolved administrations for providing support and IT systems for the research ethics service
- £37k (2020/21 £35k) towards the costs of our Manchester regional office from HS2.

Our total net expenditure for the year was £19,290k (2020/21: £16,199k) resulting in an underspend on our committed revenue funding of £2,665k, 12%.

More details of our expenditure are as follows:

- £5,512k (28%) funded our core services including HRA Approval, confidentiality advice service and technical assurances
- £1,544k (8%) funded our chief executive office, policy and engagement activities and corporate governance
- £1,629k (8%) related to depreciation of core infrastructure costs such as laptop costs and amortisation of our digital research systems
- £614k (3%) funded our premises, facilities management and estates development activities.

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

- £3,960k revenue and £1,147k capital costs on HRA Digital research systems transformation including streamlining services across the research ecosystem
- £321k on Think Ethics, including the launch of fast track ethics review
- £596k on building capacity to support DHSC on Recovery, Resilience and Growth programme
- £301k on Make it Public our research transparency programme including launch of streamlined registration on a UK registry for applications processed through combined review.





We were able to release **5% year on year savings** to the public purse.

We take great care to plan our activities well. Our business planning process looks to invest our resources in a way that best achieves our strategic and statutory priorities, efficiently and economically. As part of this process in 2021/22, we identified gaps in our internal skills and capabilities that were needed to deliver our business plan including our research systems transformation programme and supporting DHSC Recovery, Resilience and Growth programme. To address this, we increased our workforce by 24%, including growing our pool of change and innovation specialists, enhancing our digital and cyber skills, building internal commercial expertise, increasing our public involvement capacity as well as supporting a more resilient operational service model.

This growth has been balanced by efficiencies achieved through service improvement including moving our research ethics review service online and significantly reducing our estates footprint. These among many other innovation and change initiatives meant we were able to release 5% year on year savings to the public purse. At the same time, we

have maintained service quality, keeping high levels of user experience and achieving over 97% of our statutory timelines for CTIMPs of medicinal products.

Cash balances decreased as planned in year to correct for the increase in cash balances last year. Last year's balances were unusually high due to a challenging forecasting environment from the pandemic and a longer approval timeframe for our research systems business case than previously anticipated. In addition, the announcement of the third lockdown in England meant plans to reintroduce face to face meetings were curtailed to meet government guidelines, reducing planned expenditure in that year.



# Key issues and risks



## Strategic objective:

Enabling high-quality research which is in the interests of participants and carried out with patient and public involvement and high standards of transparency

### Key risk and issues: Delivery of transformed and improved research systems

A new and improved research system has the potential to meet the requirements of the health research community and make the UK an attractive place to conduct research. A significant risk to this is whether the HRA has sufficient capacity to deliver a complex programme with multiple connections and dependencies across various organisations. The development of a highly effective, people centric, streamlined, quality research application system is a key factor in making the UK an attractive place to conduct research. Our inability to do so would have a significant impact on researcher and patient experience, our

service delivery and ability to innovate at pace, sector intelligence and ultimately the HRA and UK's reputations.

We have recruited a talented and experienced Chief Digital Transformation Officer to lead our digital programme. We have also strategically reviewed the first phase of the programme, learning from this phase to inform our proposed 'to-be' architecture, delivery approach and refreshed roadmap. The HRA Board has approved this approach which offers the best opportunity to deliver the programme benefits whilst managing the programme risks and offering value to the public purse.



## Strategic objective:

Enabling high-quality research which is in the interests of participants and carried out with patient and public involvement and high standards of transparency

### Key risk and issues: Delivery of business plan objectives

There is a risk that the HRA is not able to secure and deploy resources and capabilities to deliver our ambitious strategic programmes working alongside DHSC, MHRA and the research sector together with our regulatory activity. The risk is specifically related to our capacity to move at pace to deliver all necessary capabilities and capacity to achieve our business plan objectives.

The HRA business and financial planning process identified areas where additional skills and capacity were required to support

the delivery of business plan objectives. We set aside financial allocation to invest in this additional capacity and have streamlined our recruitment approval process to reduce timelines. Our end to end recruitment process is also under-review to improve efficiency and timelines. In addition, our people strategy includes strategic workforce planning and will work with Directors to identify key roles, skills and expertise as well as a plan to deliver these. A three-year strategic plan has been developed to aid this strategic workforce planning.





## Strategic objective:

Being a knowledgeable, well-run organisation that's true to its values

### Key risk and issues: Diversity of the Board, Directors and senior management

There is a risk that the HRA makes decisions that do not take account of a diverse range of views and undermines its effectiveness in meeting its public sector equality duty. The HRA has very low representation from individuals with protected characteristics at Board and senior management level and is not representative of society.

The HRA is committed to providing a service which promotes human rights, equality and diversity and does not discriminate against any staff, potential staff, members, partners, service users or anyone that deals with us in any way. The HRA has developed an Equality, Diversity and Inclusion (EDI) strategy, with

support from staff led interest groups, and has appointed an Equality, Diversity and Inclusion Manager to help deliver this strategy.

The Board has undertaken EDI training and learning and development events have been held with senior managers and staff. Whilst decisions concerning the recruitment and appointment of Non-Executive Directors and the Chief Executive are undertaken by the Cabinet Office, and outside the HRA's control, other staff positions are managed internally and recruiting managers have completed interview skills training to help consider fairness and consistency when recruiting.



## Strategic objective:

Enabling high-quality research which is in the interests of participants and carried out with patient and public involvement and high standards of transparency

### Key risk and issues: HRA loses the trust of research participants and the public

There is a risk of an adverse event resulting from a Research Ethics Committee (REC) decision, the conduct of a research study, or from lack of public involvement / influence. This, along with poor research practice or the HRA failing to perform its statutory function would negatively impact the reputation of the HRA. This would result in fewer participants choosing to take part in research.

The HRA has robust procedures in place with RECs constituted in accordance with Governance Arrangements for RECs with clear standard operating procedures,

training requirements and accreditation measures to ensure consistent quality in decision making.

The HRA's transparency strategy is promoted across the research landscape supporting the HRA's role to facilitate safe and ethical research. Work is underway to update the HRA's governance structure to create space and opportunity for patients, service users, carers and members of the public to bring their lived experience to influence the work of the HRA and become a key part in how the HRA makes decisions.



# Sustainability report

The HRA is committed to environmental sustainability and achieving net zero. To help make this happen, our green team has developed our first sustainability strategy.

This staff led group consulted, engaged and collaborated to set out and gain agreement for our sustainability goals for the next few years. We look forward to delivering on this ambitious strategy in 2022/23, embedding environmentally sustainable practices into our daily business, making sustainability the norm.

We work in partnership with our colleagues at DHSC and our own green team, to improve our environmental performance across many different indicators. Our approach has been to focus on staff led initiatives alongside strategic commitments set out in our estates strategy and now sustainability strategy to deliver significant, lasting change.

We continue to build on our successes, learning from our experiences and from our health community of sustainability leaders. Our focus this year has been to report on our [Greening Government Commitments](#) and establish a baseline of data to track our performance in future years.

We have also confirmed a permanent move to online Research Ethics Committee meetings complemented by occasional face to face member development days to enable team cohesion. This change in operating model has significantly reduced our reliance on business travel and has also reduced researcher travel (although not reported in these numbers). In addition, we continue to embrace digital working rolling out SharePoint to enable virtual collaboration and a desk booking system across all our offices to improve utilisation of our workspaces.



This year our travel costs are at 42% of 2019/20 levels **saving £410k.**

Following our commitment to going paperless in 2020, we have reduced our paper usage by 95% and ensured all paper used is from recycled sources. This has been achieved through a change of operational model (a wholesale move to digital meeting papers using digital platforms) and reduction in printer availability (reducing by 90%).

The 2018 Government estates strategy set a new ambitious target of 6 sqm per fulltime equivalent (FTE) occupancy ratio for all new government hubs, 25% better than the existing 8 sqm/FTE target for all government buildings. The HRA has achieved 4 sqm/FTE this year, with a significant move to homeworking contracts, enabled by investment in our digital capabilities, reduction of our estate footprint and a growth in staff numbers.

Looking forward, our estates energy usage is expected to be substantially lower than pre-pandemic levels. We now occupy less space in more energy efficient buildings such as government hubs or shared health spaces. This includes our London office based in Stratford which has excellent environmental credentials, awarded 'Outstanding' by BREAM, one of the world's most highly recognised industry standards for best practice in design and construction.

**Dr Matthew Westmore**  
**Chief Executive**

Health Research Authority

11 October 2022



# Accountability Report





# Corporate governance report: Directors' report

## Governance

The HRA was formed in 2011, and later in accordance with the provisions of the Care Act 2014, the HRA was established as an executive non-departmental public body (NDPB) sponsored by the Department of Health and Social Care (DHSC) on 1 January 2015.

Our relationship with the DHSC, acting on behalf of the Secretary of State, is regulated by a Framework Agreement. This sets out the respective roles and responsibilities of each organisation, the shared principles that underpin our relationship and the arrangements for ensuring that the department is able to fulfil its responsibilities as sponsor and in relation to accountability.

The Framework Agreement also explains our governance arrangements, how we are accountable for our performance and how DHSC measures our performance without being involved in our day-to-day decision-making.

The DHSC's Science, Research and Evidence Directorate acts as our sponsor and provides assurance to the department's Permanent Secretary and the Secretary of State that we're meeting our obligations.

We're governed by a Board that is our corporate decision-making body. It is made up of five non-executive directors and three executive directors. Three non-voting directors also attend the Board. We are committed to openness and transparency with Board meetings held in public, and papers and minutes available on our website.

## Declaration of interests

The HRA maintains a formal register of Board members' interests as set out in the Code of Accountability for the NHS. Board members are asked to confirm any declarations of interest at each Board meeting and at any time that changes take place. This includes any interests in relation to specific items on a Board agenda.

Board members are also asked to declare any spouse / partner interests. The register, showing current declarations made by the Board, is updated on a regular basis and made available to the public on the HRA website at:



[www.hra.nhs.uk/about-us/governance/publication-scheme/list-and-registers/](http://www.hra.nhs.uk/about-us/governance/publication-scheme/list-and-registers/)

## Remuneration to auditors

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

The audit certificate can be found on page 63.



# Statement of accounting officer's responsibilities

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

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

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

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

The Accounting Officer of the DHSC has designated the HRA Chief Executive as Accounting Officer of the HRA. 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 for safeguarding the HRA's assets, are set out in Managing Public Money published by the HM Treasury. As far as the Chief Executive is aware, there is no relevant audit information of which the entity's auditors are unaware and the Chief Executive has taken all the steps that they ought to have taken to make them aware of any relevant audit information and to establish that the entity's auditors are aware of that information.



# Governance statement

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

- the way in which performance is managed and reviewed
- the risk management processes
- the process for setting directors' remuneration.

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

The Accounting Officer has responsibility for maintaining a sound system of internal control that supports the achievement of the HRA's policies, aims and objectives, whilst safeguarding public funds and its assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned in HM Treasury: Managing Public Money. The Accounting Officer is accountable for the discharge of functions to the Authority's Board and ensuring appropriate arrangements are in place for the appropriate discharge of all statutory functions attached to the HRA.

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

## Governance Structure

The Board membership attendance over 2021-2022 was as follows:

- **Professor Sir Terence Stephenson**  
Chair (6/6)
- **Richard Cooper**  
Non Executive Director (6/6)
- **Professor Andrew George**  
Non Executive Director (6/6)
- **Dr Nicole Mather**  
Non Executive Director (6/6)
- **Neelam Patel**  
Non Executive Director (6/6)
- **Dr Matt Westmore**  
Executive Director (6/6)
- **Ian Cook**  
Executive Director (5/6)
- **Karen Williams**  
Executive Director (6/6)
- **Dr Janet Messer**  
Director – non-voting (6/6)
- **Juliet Tizzard**  
Director – non-voting (6/6)
- **Kurt Weideling**  
Director – non-voting (0/2)  
(left the HRA July 2021)
- **Helen Ainsbury**  
Director – non-voting (3/3)  
(joined the HRA August 2021,  
left the HRA February 2022)
- **Ian Robinson**  
Director – non-voting (1/1)  
(joined the HRA January 2022)



# HRA governance structure

## Secretary of State (SoS) for Health & Social Care

AO accountable via Framework Agreement with Department of Health & Social Care to SoS.



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

- development of the HRA's three year strategic plan for 2022-2025, which resulted in Board approval of the new strategy in May 2022
- development of the HRA's business plan for 2022-23, which resulted in Board approval of the new plan in May 2022
- review and approval of the HRA's external communication strategy which sets out how the communications team will focus its strategic resource to deliver maximum benefit
- approval of the HRA's patient and public involvement shared commitment statement which will help embed public involvement in all health and social care research
- regular updates on the work conducted by the HRA Audit and Risk Committee review and discussion of actions from board effectiveness review
- review and approval of strategic and key operational risks which supports the Board's duty of delivering an effective risk management strategy and framework for the HRA
- preparations for the HRA's 10-year anniversary celebration of achievements
- review and approval of annual reports relating to the delivery of the Research Ethics Service in England and the Confidentiality Advisory Group
- an annual review of complaints, feedback and information received
- review of the annual staff survey findings and management response
- regular feedback from staff forum representatives on staff morale and matters affecting staff
- a review of key HRA achievements over the year and key messages for stakeholders
- review and approval of financial reports throughout the year formed from ledger data, the accuracy of which is confirmed annually following review of audit findings

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

- an away day focusing on the strategic direction of the organisation, innovation plans and team building
- an update on the transformation programme; past, present and future
- an update on Think Ethics
- Equality, Diversity and Inclusion: unconscious bias training
- an update regarding the Confidentiality Advisory Group with attendance from the Group Chair
- staff survey 2021 findings and feedback from staff forum representatives
- a review of the effectiveness of the HRA Board

A board effectiveness review internally facilitated including a questionnaire based on the Financial Reporting Council guidance for Boards and Board Committees was conducted in January 2022 and discussed at the Board seminar. The findings from the review were fundamentally positive, concluding that the Board has open and honest communication, with appropriate consideration of relevant matters with robust challenge by both the non-executive directors and executive directors. Several recommendations for further consideration were identified and approved at the March 2022 Board which include:

- expanding the representation at Board meetings to be more representative of our key stakeholders potentially including wider representatives from the research community and patients and the public
- discussing a variety of topics which relate to the wider research environment with more frequent attendance by external stakeholders
- identifying further ways to improve transparency and accessibility of Board papers, Board meetings and the organisation's decision making.



The Board reviews performance at each meeting. The strategic performance report provides the Board with an overview of the status of the HRA Business Plan 2021/22 deliverables as well as management information relating to these objectives, such as strategic risks, and developments in the external environment.

The Board considers both strategic and operational risk, their mitigation and management, regularly. This year our strategic risk register was redeveloped and refreshed following an extensive piece of work to consider the risks of the organisation with input from Board members and the Audit and Risk Committee. The Board also considers potential future risks and ensures these are captured on the register with the mitigations detailed appropriately and the strategic and reputational impacts discussed fully. The system of risk management can only manage it to a reasonable level and not completely eliminate risk.

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

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



## Audit and Risk Committee

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

The HRA Audit and Risk Committee has met five times in the year to 31 March 2022. The Committee membership attendance over the period was:

- Richard Cooper (Chair, NED), (5/5)
- Professor Andrew George (NED), (5/5)
- Neelam Patel (NED), (3/4)
- Marc Taylor (Audit and Risk Committee independent member), (5/5)
- Maurice Goddard (Audit and Risk Committee independent member), (2/2) (joined September 2021; left May 2022)

In addition, individuals from the HRA and Government Internal Audit Agency, were invited and regularly attended the Committee. The National Audit Office and KPMG, as external auditors for the HRA, also attended each meeting.

This year, the Audit and Risk Committee reviewed and approved the annual report and accounts for 2020/21 as well as reviewing the HRA corporate and strategic risk registers on a quarterly basis, the internal and external audit reports, corporate gift and hospitality reports, single tender actions and loss and compensation reports.

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

- a refresh to the HRA's strategic risk register and risk appetite statement which will provide clarity to HRA staff and other stakeholders regarding how key risks will be managed by the HRA
- a review of the HRA's fraud position
- approval of the HRA's information governance annual report which provides assurance that information governance issues and risks are being managed effectively

- a review of the Cabinet Office accessibility audit of the HRA website
- a discussion on the sector wide risks with the potential to affect the health and research community which allowed the Committee to consider what impact these risks may have on the HRA and whether the management of these risks by the HRA was appropriate
- a discussion on the HRA's sustainability strategy which will support future plans to embed sustainability across the HRA
- a discussion on the impact of the International Financial Reporting Standard (IRFS) 16 (accounting for leases) on the HRA.

The Audit and Risk Committee also undertakes regular 'deep dives' into specific areas to better understand the issues affecting the HRA. The Committee undertook the following 'deep dives' during this reporting period:

- the potential impact of the comprehensive spending review on the HRA
- complaints, third party complaints, whistleblowing and raising concerns received by the HRA and how these are handled.

The Audit and Risk Committee reviewed its effectiveness in February 2022 with a Committee discussion, based on the five good practice principles from the HM Treasury Audit and Risk Assurance Committee Handbook. The Committee has agreed to alternate each year between completing a questionnaire based on the above principles individual and having a Committee discussion.

The findings were largely positive with open and transparent discussions held, and constructive challenges made, with members having a good understanding of the objectives, priorities and risks of the organisation.



## Pay and Remuneration Committee

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

- advising the Board about appropriate remuneration and terms of service for the Chief Executive and any directors on Executive and Senior Managers pay arrangements. This is to ensure they are fairly rewarded for their contribution and includes:
  - all aspects of salary (including any performance-related elements/bonuses)
  - provisions for other benefits, including pensions
- arrangements for termination of employment and other contractual terms
- proper calculation and scrutiny of termination payments taking into account national guidance as well as advising on and overseeing appropriate contractual arrangements for such staff
- consideration of the requirements, including review of job descriptions, for executive director recruitment.

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

## HRA Executive Committee

The Executive Committee is the senior executive decision-making body responsible for managing our business within agreed objectives, resources and according to the HRA / DHSC Framework Agreement and standing orders. The Executive Committee is accountable to the Chief Executive.

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

The Executive Committee has delegated responsibility to the individual directors for the management of day-to-day corporate business, and to the Portfolio Delivery Group for the management of key programmes and projects. These are within agreed objectives, resources and according to the HRA / DHSC Framework Agreement and standing orders.

## Effectiveness

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





# The risk and control framework and capacity to handle risk



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

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

Current responsibilities are as follows:

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

We aim to maximise the impact our operations have within our resources. By doing this we aim to manage risks at all levels from strategic level to the operational / project levels without stopping innovation, including projects delivered by partner organisations.

This requires considering a full cross section of risks to the organisation including; reputational risks, financial risks, organisational risks, health and safety risks and risks to the achievement of the organisation's objectives. The Audit and Risk Committee reviewed a refreshed risk appetite statement in February 2022 which, will be considered for approval at the May 2022 Board meeting.

The HRA strategic risk register captures the high-level significant risks which could impact on the delivery of the HRA's strategic objectives. This is reviewed at each Audit and Risk Committee and regularly at the Board. A snapshot of the strategic risks is included with the HRA's strategic performance report. Also, each directorate, and individual governance teams and programme boards hold their own risk registers and review these on a regular basis. Any significant risks are subsequently escalated to the leadership team for discussion and further escalation to the Board, Audit and Risk Committee and DHSC sponsor team as required.

A risk engagement framework has been developed this year to further support the risk culture of the organisation. Teams and Directorates regularly review risks and the engagement framework will support the identification of risks as part of the business planning process but also throughout the year. The engagement framework will also share the risk appetite from the Board with staff and look at what assurance is in place to address key risks affecting the organisation. The risk engagement framework will also ensure there is appropriate risk related training of staff and the sharing of feedback and good practice throughout the year.



In addressing issues relating to risk, we seek to be as transparent and open as possible and identify and address those areas where there is a need for improvement in the risk management processes and / or controls and contingencies.

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

## Quality Assurance

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

## Information Governance

The HRA has an established Information Governance structure:

- the Board has designated the Deputy Chief Executive & Director of Finance as Senior Information Risk Owner (SIRO) with responsibility for the system of safeguarding and protecting personally identifiable, confidential and sensitive data
- the information governance lead is also the Deputy Chief Executive & Director of Finance
- Jonathan Fennelly-Barnwell, Deputy Director of the Approvals Service is the Caldicott Guardian
- Stephen Tebbutt, Head of Corporate Governance and Risk is the Data Protection Officer
- Directors and managers are Information Asset Owners (IAOs) as appropriate.

The Information Governance Steering Group (IGSG) is a formal sub-committee of the Executive Committee. Its purpose is to coordinate, supervise and direct the work of others to ensure we maintain a coordinated approach to information governance. It meets four times a year and implements organisational and managerial structures that support proper consideration of information governance issues to sustain continual improvement.



Data security risks are managed and monitored within the overall risk management framework, the HMG Security Policy Framework, overseen by the information governance lead and IGSG to ensure security threats are followed up and appropriately managed. We are committed to the 10 steps to cyber security and the National Data Guardian's Data Security Standards. No data security incidents have been reported to the ICO during the year. The HRA has created additional roles to support its cyber resilience, notably a Security Architect position and Cyber Security Lead. A new monitoring report is now received by IGSG, the Cyber Security Assurance Report, which provides assurance that cyber security controls are sufficient to prevent current and future information security threats.

Key Information Governance developments overseen by the IGSG this year include:

- securing Office 365 accreditation following the completion of the Exchange on-line, clinical risk assessment
- data cleansing of HRA records with over 60% of the HRA's total information records being reviewed and destroyed or archived. This work forms part of a key programme to move documents from our shared drive and an online collaborative tool to SharePoint. This programme is in progress and is due to be completed in 2022/23. An external provider, Cognizant, has been engaged to support this work with workshops and training events to support staff during this transition
- A review of our data sharing agreements has taken place to ensure these remain fit for purpose. Following external legal advice in relation to The Over-volunteering Prevention System (TOPS) our privacy notice has been updated to make clear to participants regarding the collection of potentially sensitive health information.

All information assets and associated systems are identified and included in an Information Asset Register and are subject to annual information asset assessments. These assessments inform the Corporate and Information Risk Registers and help ensure we conform to data protection legislation. We have also completed the Data Security and Protection Toolkit this year and met all mandatory requirements.

## The system of internal control

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control, which has been in place for the period 1 April 2021 to 31 March 2022, and up to the date of approval of the annual report and accounts, in accordance with HM Treasury guidance.

The Executive Committee, which I lead, reviews and monitors progress with other management groups providing input as required. These include Recruitment Panel and management groups specifically for the information systems we provide, and major programmes or steering groups for significant projects.

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

Our business plan for 2021/22 has been developed and approved by the Board which sets out our clear purpose and business objectives.



Our controls assurance and risk management processes are closely aligned to the twin objectives of maintaining ongoing activities and managing significant transformation issues.

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

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

If weaknesses are identified, these are reported to the Audit and Risk Committee and an action plan agreed with management to implement the recommendations agreed as part of this process. During the year, no significant internal control matters were identified.

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

## Head of Internal Audit Opinion 2021/22

“ In accordance with the requirements of the UK Public Sector Internal Audit Standards, I am required to provide the Accounting Officer with my annual opinion of the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

My overall opinion is that I can give Moderate assurance to the Accounting Officer that the HRA has had adequate and effective systems of control, governance and risk management in place for the reporting year 2021/22. ”

## Compliance with NHS Pension Scheme Regulations

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



**Dr Matthew Westmore**  
**Chief Executive**

Health Research Authority  
11 October 2022

# Remuneration and staff report

## Remuneration Policy

The Chair and Non-Executive Director Board members are remunerated in line with DHSC guidance that applies to all NHS bodies. Details of the senior managers' remuneration, given in the following tables, with one exception, is set and reviewed in line with the DHSC guidance Pay Framework for Executive and Senior Managers (ESM) in Arms' Length Bodies. Senior managers employed under the

ESM framework are under stated contracts of employment on terms and conditions as set out by NHS Employers. Pay for one Executive Director employed and contained in the report is set and reviewed in line with Agenda for Change terms and conditions. All those contained in the senior managers' remuneration table below are subject to annual appraisals on their performance.

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

### Non-Executive Directors

Name and Title of Directors	Year-ended (31 March)	Salaries and Allowances				Total (bands of £5,000) £000
		Salary (bands of £5,000) £000	Other Remuneration (bands of £5,000) £000	(**) All Pension related benefits (bands of £2,500) £000		
<b>Professor Sir Terence Stephenson</b> , Chair - Note 1	<b>2022</b>	<b>45 - 50</b>	<b>0</b>	<b>0</b>	<b>45 - 50</b>	
	2021	45 - 50	0	0	45 - 50	
<b>Richard Cooper</b> , Non-Executive Director and Audit Chair (from 01/04/2021)	<b>2022</b>	<b>10 - 15</b>	<b>0</b>	<b>0</b>	<b>10 - 15</b>	
	2021	5 - 10	0	0	5 - 10	
<b>Professor Andrew George</b> , Non-Executive Director	<b>2022</b>	<b>5 - 10</b>	<b>0</b>	<b>0</b>	<b>5 - 10</b>	
	2021	5 - 10	0	0	5 - 10	
<b>Dr Nicole Mather</b> , Non-Executive Director	<b>2022</b>	<b>5 - 10</b>	<b>0</b>	<b>0</b>	<b>5 - 10</b>	
	2021	5 - 10	0	0	5 - 10	
<b>Neelam Patel</b> , Non-Executive Director (from 01/04/2021)	<b>2022</b>	<b>5 - 10</b>	<b>0</b>	<b>0</b>	<b>5 - 10</b>	
	2021	0	0	0	0	
<b>Graham John Clarke</b> , Non-Executive Director and Audit Chair (left 31/03/2021)	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	2021	10 - 15	0	0	10 - 15	

Note 1 - The HRA does not reimburse Professor Sir Terence Stephenson directly. His remuneration is paid by The University College London and then recharged to the HRA on a cost-recovery only basis.

(\*\*) The value of pension benefits accrued during the year is calculated on the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights. The value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual

## Directors

Salaries and Allowances					
Name and Title of Directors	Year-ended (31 March)	Salary (bands of £5,000) £000	Other Remuneration (bands of £5,000) £000	(**) All Pension related benefits (bands of £2,500) £000	Total (bands of £5,000) £000
<b>Dr Matthew Westmore,</b> Chief Executive (from 22/02/2021) - Note 2	<b>2022</b>	<b>130 - 135</b>	<b>0</b>	<b>27.5 - 30</b>	<b>160 - 165</b>
	2021	10 - 15 *(130 - 135)	0	0 - 2.5	10 - 15 *(130 - 135)
<b>Teresa Allen,</b> Chief Executive (left 21/02/2021) - Note 2	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2021	90 - 95 *(95 - 100)	5 - 10	0	95 - 100 *(100 - 105)
<b>Helen Ainsbury,</b> Interim Chief Digital Transformation Officer (from 04/08/2021 to 11/02/2022) - Note 4	<b>2022</b>	<b>105 - 110</b> <b>*(260 - 265)</b>	<b>0</b>	<b>0</b>	<b>105 - 110</b> <b>*(260 - 265)</b>
	2021	0	0	0	0
<b>Ian Cook,</b> Director of Transformation and Corporate Services - Note 3	<b>2022</b>	<b>165 - 170</b>	<b>0</b>	<b>0</b>	<b>165 - 170</b>
	2021	90 - 95	0	10 - 12.5	105 - 110
<b>Dr Janet Messer,</b> Director of Approvals Service	<b>2022</b>	<b>95 - 100</b>	<b>0</b>	<b>30 - 32.5</b>	<b>130 - 135</b>
	2021	90 - 95	0	22.5 - 25	115 - 120
<b>Ian Robinson,</b> Chief Digital Transformation Officer (from 24/01/2022) - Note 4	<b>2022</b>	<b>20 - 25</b> <b>*(110 - 115)</b>	<b>0</b>	<b>2.5 - 5</b>	<b>25 - 30</b> <b>*(115 - 120)</b>
	2021	0	0	0	0
<b>Juliet Tizzard,</b> Director of Policy and Partnerships	<b>2022</b>	<b>100 - 105</b>	<b>0</b>	<b>25 - 27.5</b>	<b>130 - 135</b>
	2021	100 - 105	0	25 - 27.5	130 - 135
<b>Kurt Weideling,</b> Chief Digital Transformation Officer (from 02/11/2020 to 29/08/2021) - Note 4	<b>2022</b>	<b>45 - 50</b> <b>*(110 - 115)</b>	<b>0</b>	<b>10 - 12.5</b>	<b>55 - 60</b> <b>*(120 - 125)</b>
	2021	45 - 50 *(110 - 115)	0	10 - 12.5	55 - 60 *(120 - 125)
<b>Karen Williams,</b> Deputy Chief Executive and Director of Finance, Procurement and Estates	<b>2022</b>	<b>115 - 120</b>	<b>5 - 10</b>	<b>27.5 - 30</b>	<b>150 - 155</b>
	2021	115 - 120	0	27.5 - 30	145 - 150

Note 2 - During 2020/21 Teresa Allen was employed as Chief Executive on a fixed term basis until 21 February 2021, while the HRA undertook recruitment for a permanent full time Chief Executive. Dr Matthew Westmore was appointed as permanent full time Chief Executive from 22 February 2021.

Note 3 - During 2021/22 a compulsory redundancy was approved for Ian Cook, Director of Transformation and Corporate Services due to organisational changes. The redundancy cost and associated employers national insurance cost have been accrued within the staff costs expenditure line of the financial statements. The redundancy cost excluding associated employers national insurance cost has also been disclosed in the exit packages note within the staff report section of the annual report. The redundancy cost of £67k is included within the 'Salary' section of the remuneration table above. Ian Cook left the HRA on 06/04/2022.

Note 4 - During 2021/22 Helen Ainsbury was employed as Interim Chief Digital Transformation Officer from 4 August 2021 to 11 February 2022 while the HRA undertook recruitment for a permanent full time Chief Digital Transformation Officer. Helen Ainsbury was employed via an agency as a temporary off-payroll worker. Ian Robinson was appointed as permanent full time Chief Digital Transformation Officer from 24 January 2022.

\* denotes full year equivalent

(\*\*) The value of pension benefits accrued during the year is calculated on the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights. The value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

## Directors

Pension Benefits year-ended 31 March 2022				
Name and Title	Real Increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2022 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5,000)
	£000	£000	£000	£000
<b>Dr Matthew Westmore,</b> Chief Executive	0 - 2.5	0 - 2.5	0 - 5	0 - 5
<b>Dr Janet Messer,</b> Director of Approvals Service	0 - 2.5	0 - 2.5	25 - 30	35 - 40
<b>Ian Robinson,</b> Chief Digital Transformation Officer (from 24/01/2022)	0 - 2.5	0	0 - 5	0
<b>Juliet Tizzard,</b> Director of Policy and Partnerships	0 - 2.5	0	5 - 10	0
<b>Kurt Weideling,</b> Chief Digital Transformation Officer (to 29/08/2021)	0 - 2.5	0	0 - 5	0
<b>Karen Williams,</b> Deputy Chief Executive and Director of Finance, Procurement and Estates	0 - 2.5	0	10 - 15	0

Pension Benefits year-ended 31 March 2022				
Name and Title	Cash Equivalent Transfer Value at 1 April 2021	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2022	Employer's contribution to stakeholder pension
	£000	£000	£000	£000
<b>Dr Matthew Westmore,</b> Chief Executive	15	9	43	0
<b>Dr Janet Messer,</b> Director of Approvals Service	432	30	477	0
<b>Ian Robinson,</b> Chief Digital Transformation Officer (from 24/01/2022)	0	0	5	0
<b>Juliet Tizzard,</b> Director of Policy and Partnerships	80	13	107	0
<b>Kurt Weideling,</b> Chief Digital Transformation Officer (to 29/08/2021)	11	5	23	0
<b>Karen Williams,</b> Deputy Chief Executive and Director of Finance, Procurement and Estates	113	15	145	0

Ian Cook left the NHS Pension Scheme during 2020/21 and therefore in line with reporting guidance, no pension benefit disclosures have been presented in the table above.





## Cash Equivalent Transfers

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 2008.

## Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement).

## Pay Ratio Information (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director / member in their organisation against the 25th percentile, median and 75th percentile of remuneration

of the organisation's workforce. Total remuneration is further broken down to show the relationship between the highest paid director's salary component of their total remuneration against the 25th percentile, median and 75th percentile of salary components of the organisation's workforce.

The banded annualised remuneration of the highest paid director / member in the Health Research Authority in the financial year 2021-22 was £260k-£265k (2020-21, £130k-£135k). The relationship to the remuneration of the organisation's workforce is disclosed in the below table.

The increase in the banded remuneration of the highest paid director is due to an Interim Chief Digital Transformation Officer (CDTO) being employed via an agency as a temporary off-payroll worker, from 4 August 2021 to 11 February 2022, while the HRA undertook recruitment for a permanent full time CDTO. The salary received by the interim CDTO during the period has a mid-point of £107,500, however, using the annualised full time equivalent salary, the Interim CDTO received a higher mid-point remuneration (£262,500) than the Chief Executive (£132,500), who was the second highest paid director. In 2020-21 the highest paid director was the Chief Executive.

		Year	
		2021 -22	2020 -21
	Highest paid director mid point	<b>£262,500</b>	£132,500
	25th percentile total remuneration and salary	<b>£25,655</b>	£24,907
<b>25th Percentile</b>	Total remuneration ratio	<b>10.2 : 1</b>	5.3 : 1
	Salary ratio	<b>10.2 : 1</b>	5.3 : 1
	50th percentile total remuneration and salary	<b>£34,172</b>	£33,176
<b>Median (50th Percentile)</b>	Total remuneration ratio	<b>7.7 : 1</b>	4.0 : 1
	Salary ratio	<b>7.7 : 1</b>	4.0 : 1
	75th percentile total remuneration and salary	<b>£45,839</b>	£44,503
<b>75th Percentile</b>	Total remuneration ratio	<b>5.7 : 1</b>	3.0 : 1
	Salary ratio	<b>5.7 : 1</b>	3.0 : 1



All ratios are showing a significant increase from 2020-21 due to the doubling of the highest paid director's total remuneration and salary from 2020-21 to 2021-22 as explained above.

In the previous year, the Chief Executive's total remuneration and salary was used as the highest paid director. If this remuneration

and salary had been used to calculate the 2021/22 tables, the ratios would have shown a slight decrease from 2020-21. This is due to the Chief Executive's salary remaining fixed over the 2 years, whereas Agenda for Change contracts received a pay award during 2021-22. The table below shows the effect of using the Chief Executive's total remuneration and salary as the highest paid director.

		Year	
		2021 -22	2020 -21
	Highest paid director mid point	<b>£132,500</b>	£132,500
	25th percentile total remuneration and salary	<b>£25,655</b>	£24,907
<b>25th Percentile</b>	Total remuneration ratio	<b>5.2 : 1</b>	5.3 : 1
	Salary ratio	<b>5.2 : 1</b>	5.3 : 1
	50th percentile total remuneration and salary	<b>£34,172</b>	£33,176
<b>Median (50th Percentile)</b>	Total remuneration ratio	<b>3.9 : 1</b>	4.0 : 1
	Salary ratio	<b>3.9 : 1</b>	4.0 : 1
	75th percentile total remuneration and salary	<b>£45,839</b>	£44,503
<b>75th Percentile</b>	Total remuneration ratio	<b>2.9 : 1</b>	3.0 : 1
	Salary ratio	<b>2.9 : 1</b>	3.0 : 1

## Remuneration range

In 2021-22, 0 (2020-21, 2) employees received remuneration in excess of the highest paid director / member. For 2020-21 these employees received remuneration from £140k-£160k.

For all employees remuneration ranged from £20k to £265k (2020-21 £22k-£160k).

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

## Percentage change from the previous financial year in respect of the highest paid director

	2021-22	2020-21
Salary and allowances	<b>98.1%</b>	3.9%
Performance pay and bonuses	<b>0.0%</b>	0.0%

## Average percentage change from the previous financial year in respect of all employees (excluding highest paid director)

	2021-22	2020-21
Salary and allowances	<b>-1.7%</b>	0.9%
Performance pay and bonuses	<b>-4.8%</b>	-52.7%



The increase in the salary and allowances of the highest paid director is due to an Interim Chief Digital Transformation Officer (CDTO) being employed via an agency as a temporary off-payroll worker, from 4 August 2021 to 11 February 2022, while the HRA undertook recruitment for a permanent full time CDTO. The salary received by the interim CDTO during the period has a mid-point of £107,500, however, using the annualised full time equivalent salary, the Interim CDTO received a higher mid-point remuneration (£262,500) than the Chief Executive (£132,500), who was the second highest paid director. In 2020-21 the highest paid director was the Chief Executive.

Where the Chief Executive had been the highest paid director, as in the previous financial year, then the table below shows the ratios that would apply.

### Percentage change from the previous financial year in respect of the highest paid director

	2021-22	2020-21
Salary and allowances	<b>0.0%</b>	3.9%
Performance pay and bonuses	<b>0.0%</b>	0.0%

### Average percentage change from the previous financial year in respect of all employees (excluding highest paid director)

	2021-22	2020-21
Salary and allowances	<b>-2.5%</b>	0.9%
Performance pay and bonuses	<b>-4.5%</b>	-52.7%

The HRA does not make performance pay or bonuses payments to staff on Agenda for Change contracts. Staff on Executive and Senior Managers (ESM) contracts can be awarded non-consolidated performance related pay award at the discretion of the Pay and Remuneration Committee. Details of these payments can be found in the Remuneration Report. During 2019-20, two Executive Directors received non-consolidated performance related pay awards, whereas in 2020-21 and 2021-22 one Executive Director received a non-consolidated performance related pay award. The impact of this reduction in the value of the non-consolidated performance related pay award was a 52% reduction when taking the average, based on number of total employees.

Staff on Agenda for Change terms and conditions received a 3% pay award during 2021-22. For substantive staff, the median pay has remained broadly stable. This is due to the pay award being offset by a change in the pay bandings composition between the reporting dates, with a significant number of staff recruited in year being to roles on pay bands below the median. Overall, the average salary in respect of all employees (substantive and temporary) has seen a decrease of 1.7% compared to 2021-22. As the median pay for substantive staff has remained broadly stable, this decrease is largely driven by a decrease in the number of temporary agency staff present at the reporting date compared to the prior year.



## Staff Report

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

There were three exit packages agreed during the period 1 April 2021 to 31 March 2022 (2020-21 £nil). The table below shows the exit packages agreed.

Exit package cost band	Year to end 31 March 2022					
	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
	Whole Numbers	£	Whole Numbers	£	Whole Numbers	£
Less than £10,000	0	0	0	0	0	0
£10,000 - £25,000	1	17,550	0	0	1	17,550
£25,001 - £50,000	0	0	0	0	0	0
£50,001 - £100,000	1	66,667	1	68,215	2	134,882
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
<b>Totals</b>	<b>2</b>	<b>84,217</b>	<b>1</b>	<b>68,215</b>	<b>3</b>	<b>152,432</b>

Redundancy and other departure costs have been paid in accordance with the provisions of Agenda for Change. The table above shows the total cost of exit packages agreed and accounted for in 2021-22 (2020-21 £nil), of which exit costs of £17,550 were paid in 2021-22, the year of departure (2020-21 £nil). The other departure costs agreed of £68,215 relates to voluntary redundancy. The costs are the amounts due to the individuals and do

not include the employers' national insurance contribution on the payments which are included within the social security costs in the staff note. Additional costs of agreed early retirements are met by the HRA and not by the NHS pension scheme. Ill health retirement costs are met by the NHS pension scheme and are not included in this table. There are no redundancy payments that are special payments.

## Analysis of staff costs (subject to audit)

	Year to end 31 March 2022			Year to end 31 March 2021
	Permanently employed	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	9,421	959	<b>10,380</b>	8,077
Social security costs	1,011	0	<b>1,011</b>	783
Employer contributions to NHSPA	1,866	0	<b>1,866</b>	1,453
Redundancies / notice	152	0	<b>152</b>	0
<b>Total</b>	<b>12,450</b>	<b>959</b>	<b>13,409</b>	<b>10,313</b>

The costs and average numbers of staff include the costs of staff employed by other organisations that are recharged to the HRA. These are included within the 'Other' column.

These figures include social security costs and employer contributions to the NHS Pensions Authority (NHSPA).

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

	Year to end 31 March 2022			Year to end 31 March 2021
	Total Number	Permanently Employed Staff Number	Other Number	Total Number
<b>Total</b>	<b>261</b>	<b>254</b>	<b>7</b>	<b>213</b>

Staff turnover was 11.5% during 2021/22 (2020/21: 5.9%). (Unaudited)



## Retirements due to ill health

This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the year. There were no such retirements in the year to 31 March 2022 (£nil 2020/21). This information has been supplied by NHS Pensions Authority.

## Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes.

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

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022,

is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury, have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

### b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.



## Off payroll engagements

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

**Table 1: For all off-payroll engagements as of 31 March 2022, for more than £245 (see note 1) per day:**

	Number
Number of existing engagements as of 31 March 2022	5
The number that have existed for less than 1 year at the time of reporting	5
The number that have existed for between 1 and 2 years at the time of reporting	0
The number that have existed for between 2 and 3 years at the time of reporting	0
The number that have existed for between 3 and 4 years at the time of reporting	0
The number that have existed for 4 or more years at the time of reporting	0

Note 1 - The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant.

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

**Table 2: For all off-payroll engagements between 1 April 2021 and 31 March 2022, for more than £245 (see note 1) per day:**

	Number
Number of temporary off-payroll workers engaged between 1 April 2021 and 31 March 2022	15
Of which:	
Number not subject to off-payroll legislation (see note 2)	14
Number subject to off-payroll legislation and determined as in-scope of IR35 (see note 2)	0
Number subject to off-payroll legislation and determined as out of scope of IR35 (see note 2)	1
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which, number of engagements that saw a change to IR35 status following review	0

Note 1 - The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant.

Note 2 - A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Department must undertake an assessment to determine whether that worker is in-scope of Intermediaries legislation (IR35) or out-of-scope for tax purposes.

**Table 3: For any off-payroll engagements of board members, and / or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022:**

	Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year	1
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements	12



## Consultancy expenditure

For the year ended 31 March 2022, the HRA did not have any spend on consultancy (2020/21: £347,300).

## Sickness absence data

Statistics Produced by HSCIC from Electronic Staff Record (ESR) Data Warehouse

Quarterly Sickness Absence Publications	Monthly Workforce Publication	Average Sick Days per FTE
Average FTE 2021	FTE-Days Lost to Sickness Absence	
240	1,358	5.7

Source: NHS Digital – Sickness Absence Publication - based on data from the ESR Data Warehouse

### Period covered: January – December 2021

- Data items: ESR (Employee Self Service - the system we use for time and attendance management) does not hold details of normal number of days worked by each employee. (Data on days lost and days available produced in reports are based on a 365-day year).
- The number of FTE-days lost to sickness absence has been estimated by multiplying the estimated FTE-days available by the average sickness absence rate.
- The average number of sick days per FTE has been estimated by dividing the estimated number of FTE-days sick by the average FTE.
- Sickness absence rate is calculated by dividing the sum total sickness absence days (including non-working days) by the sum total days available per month for each member of staff).





## Other employee matters

### Equality, Diversity and Inclusion (EDI)

We know the HRA is working at its best when our people feel they belong and are valued for who they are, and that they see this borne out in their daily experience of the organisation. The appointment of an EDI Manager in May 2021 has enabled us to accelerate our activity to proactively consider equality and integrate an inclusive, anti-discriminatory approach into all areas of our work.

In 2021/22, we have

- continued to engage our staff-led interest groups in steering the implementation of our EDI strategic priorities
- embedded a new, mandatory Equality Impact Assessment process at the design stage of all policies, projects and business changes
- joined the Stonewall Diversity Champion scheme
- delivered a suite of activities to support trans inclusivity, including a Trans Equality Policy and supporting guidance, Trans Awareness sessions and guidance on the use of personal pronouns
- undertaken a robust analysis of demographic and recruitment data, enabling us to target our resources in the areas where they will have the most impact
- created well-attended opportunities for learning about different characteristics through our 'Let's Talk' series of informal workshops, covering disability, neurodiversity, race, trans identities and mental health
- invested in external expertise to support organisational and individual learning about bias in shortlisting and interviewing, and developed an action plan for Fairness and Inclusion in HRA Recruitment
- rolled out the NHS Rainbow Badges and Lanyards scheme to show support for LGBTQ+ inclusion
- agreed a calendar of diversity celebrations with our staff-led interest groups, ensuring resourcing can be in place to adequately amplify the importance of these dates, internally and externally
- developed an agreed set of Respect principles which will underpin a planned Dignity and Respect policy and be supported by a range of learning opportunities
- adopted the Halo Code, which celebrates Black hair worn in all styles in the workplace
- been awarded Disability Confident Leader status under the Government Disability Confidence scheme. Only 2% of employers signed up to the scheme have achieved this level
- trained a group of menopause champions to support menopause awareness in the workplace.



## Equality information for staff

	31 March 2022 Number	31 March 2022 %	31 March 2021 Number	31 March 2021 %
<b>Gender</b>				
Female	210	73.43%	172	76%
Male	76	26.57%	55	24%
<b>Grand Total</b>	<b>286</b>	<b>100.00%</b>	<b>227</b>	<b>100%</b>

<b>Ethnic Origin (Grouped)</b>				
Asian or British Asian	24	8.39%	19	9%
Black or Black British / Mixed / Other ethnic group	22	7.69%	21	9%
Not Stated / Undefined	13	4.55%	10	4%
White	227	79.37%	177	78%
<b>Grand Total</b>	<b>286</b>	<b>100.00%</b>	<b>227</b>	<b>100%</b>

<b>Disabled</b>				
No	245	85.66%	199	88%
Not Declared / Undefined	17	5.94%	10	4%
Yes	24	8.39%	18	8%
<b>Grand Total</b>	<b>286</b>	<b>100.00%</b>	<b>227</b>	<b>100%</b>

<b>Age</b>				
21-25	20	6.99%	11	5%
26-35	92	32.17%	74	33%
36-45	88	30.77%	74	33%
46-55	54	18.88%	42	18%
56-75	32	11.19%	26	11%
<b>Grand Total</b>	<b>286</b>	<b>100.00%</b>	<b>227</b>	<b>100%</b>

	31 March 2022				31 March 2021			
	Male	%	Female	%	Male	%	Female	%
Directors	3	50%	3	50%	3	50%	3	50%
Other senior managers	21	37%	36	63%	11	28%	28	72%
Employees	52	23%	171	77%	41	23%	141	77%
<b>Total</b>	<b>76</b>	<b>27%</b>	<b>210</b>	<b>73%</b>	<b>55</b>	<b>24%</b>	<b>172</b>	<b>76%</b>



We publish gender pay gap information showing the difference in average earnings between women and men. The results for 2021 show that the average hourly rate is 6% higher for men with the median being 10% higher (2020 average hourly rate 8.3% higher and median 12.4% higher). This does not mean that men get paid more than women for doing the same job, the NHS pay grade structure and employment practices we use mean this isn't possible. However, pay progression is tied to length of service, so some additional analysis on the intersection of length of service and gender will be completed to understand how this impacts our gender pay gap. The lower average pay for women reflects the fact that there are proportionately fewer women in more highly paid roles such as senior manager and technology roles compared to men. The organisation is committed to supporting opportunities for women in senior roles, and continues to work to close the gender pay gap.

We are pleased that women are well represented across the workforce but appreciate more can be done to address this gap. We will be taking action, through the Board and the staff forum, to help reduce this difference.

We publish diversity information on our website at:



[www.hra.nhs.uk/about-us/governance/equality-and-diversity/](http://www.hra.nhs.uk/about-us/governance/equality-and-diversity/)

Our gender pay gap data is also published on the gov.uk website:



[gender-pay-gap.service.gov.uk](http://gender-pay-gap.service.gov.uk)



## Health, safety and welfare

We embrace health, safety and welfare as an integral part of our culture. We are committed to the fundamental right of all employees to work in a safe and healthy environment and to a holistic approach to identifying and mitigating associated risks.

Managers and staff are supported by comprehensive health, safety and welfare arrangements including an Estates Strategy Group which incorporates our Health, Safety & Welfare Committee (HS&WC), comprehensive policies and procedures and access to expert advice. We encourage our employees to report accidents or instances of work-related ill health so we can identify trends and to inform our health and safety performance. We are pleased to report that we have had no reportable incidents, the same as last year. The HS&WC is satisfied that if an incident were to occur it would be known immediately and reported. No reports under Reporting Injuries, Diseases and Dangerous Occurrences Regulations 2013 have been made.

## Trade union recognition

The HRA has in place a well-established and embedded staff forum and a formal partnership agreement with Unison and Managers In Partnership. The Joint Negotiating Committee has met formally four times. During the year four members of staff (4 FTE) were union officials at the HRA.

Percentage time	Number of employees
0%	0
1-50%	4
51-99%	0
100%	0

### Percentage of staff costs spent on union facility activities

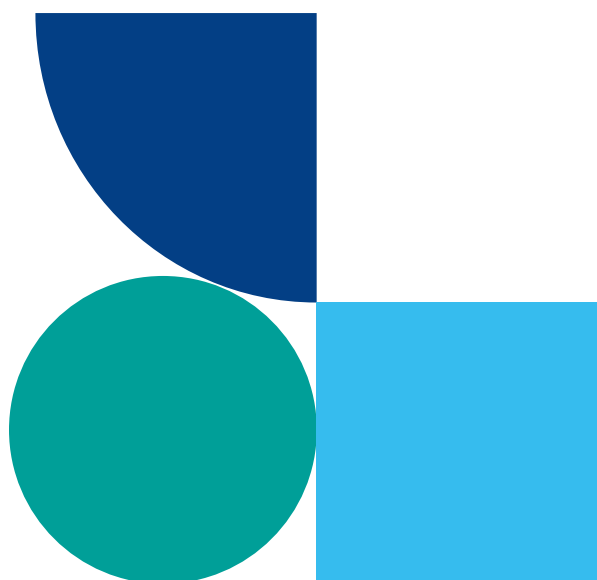
Total cost of union facility activities	£4,963
Total staff costs	£13,499,000
Percentage of total staff costs spent on union facility activities	0.04%

### Paid trade union activities

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

Past and present employees of the HRA are covered by the provisions of the NHS Pensions Scheme. Page 54 of the annual report presents how pension liabilities have been treated.





# Parliamentary Accountability and Audit Report

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

## Remote Contingent Liabilities

There are no known material remote contingent liabilities.

## Regularity of Expenditure: Losses and Special Payments

For the year-ended 31 March 2022 the Health Research Authority incurred 4 losses totalling £29,864 (2020-21 £nil). No special payments were made during the year.



**Dr Matthew Westmore**  
**Chief Executive**

Health Research Authority

11 October 2022

# Audit Opinion



# 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 Health Research Authority for the year ended 31 March 2022 under the Care Act 2014.

The financial statements comprise the Health Research Authority's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Health Research Authority's affairs as at 31 March 2022 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Care Act 2014 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law 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 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Health Research Authority in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Health Research Authority's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Health Research Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Health Research Authority is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Care Act 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Care Act 2014; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.





## Matters on which I report by exception

In the light of the knowledge and understanding of the Health Research Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Health Research Authority 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## 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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Health Research Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Health Research Authority will not continue to be provided in the future.

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Care Act 2014.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

## Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations,



including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Health Research Authority's accounting policies, key performance indicators and performance incentives.
- Inquiring of management, the Health Research Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Health Research Authority's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Health Research Authority's controls relating to the Health Research Authority's compliance with the Care Act 2014, and Managing Public Money.
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Health Research Authority for

fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Health Research Authority's framework of authority as well as other legal and regulatory frameworks in which the Health Research Authority operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Health Research Authority. The key laws and regulations I considered in this context included the Care Act 2014, Managing Public Money, employment law, pensions legislation and tax legislation.

### **Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.



I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### Other auditor's responsibilities

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.

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.

## Report

I have no observations to make on these financial statements.

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

12 October 2022

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 2022

	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<b>Administration</b>			
<b>Expenditure</b>			
Staff Costs	4	13,501	10,404
Amortisation and Depreciation	4	1,629	1,218
Other Expenditure	4	4,546	4,898
		<b>19,676</b>	<b>16,520</b>
<b>Income</b>			
Income from Activities	5	(386)	(321)
		<b>(386)</b>	<b>(321)</b>
<b>Net Expenditure for the period</b>		<b>19,290</b>	<b>16,199</b>

The notes on pages 73 to 86 form part of these accounts.



## Statement of financial position as at 31 March 2022

	Notes	As at 31 March 2022 £'000	As at 31 March 2021 £'000
<b>Non Current Assets</b>			
Information Technology Assets	6.1	290	350
Intangible Assets	6.2	4,757	5,166
<b>Total non-current assets</b>		<b>5,047</b>	<b>5,516</b>
<b>Current assets</b>			
Trade and Other Receivables	7	694	249
Cash and Cash Equivalents	8	4,057	5,191
<b>Total current assets</b>		<b>4,751</b>	<b>5,440</b>
<b>Total Assets</b>		<b>9,798</b>	<b>10,956</b>
<b>Current Liabilities</b>			
Trade and Other Payables	9	2,460	2,659
Other Liabilities	9	512	431
<b>Total current liabilities</b>		<b>2,972</b>	<b>3,090</b>
<b>Non-current assets less net current liabilities</b>		<b>6,826</b>	<b>7,866</b>
<b>Assets less liabilities</b>		<b>6,826</b>	<b>7,866</b>
<b>Taxpayers' Equity</b>			
General Fund		6,826	7,866
<b>Total Taxpayers' Equity</b>		<b>6,826</b>	<b>7,866</b>

The notes on pages 73 to 86 form part of these accounts.

The financial statements on pages 69 to 72 were signed on behalf of the Health Research Authority by:



**Dr Matthew Westmore**  
**Chief Executive**

Health Research Authority  
11 October 2022



## Statement of cash flows for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<b>Cash flows from operating activities</b>			
Net expenditure for the period after interest		(19,290)	(16,199)
Adjustments non cash transactions	4	1,629	1,218
(Increase) / decrease in trade and other receivables	7	(445)	29
Increase in trade payables	9	241	203
Loss on disposal of property, plant & equipment		7	21
<b>Net cash (outflow) from operating activities</b>		<b>(17,858)</b>	<b>(14,728)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant, property and equipment	6.1 & 9	(109)	(72)
Purchase of intangible assets	6.2 & 9	(1,417)	(2,092)
<b>Net cash (outflow) from investing activities</b>		<b>(1,526)</b>	<b>(2,164)</b>
<b>Cash flows from financing activities</b>			
Net Parliamentary funding		18,250	18,620
<b>Net financing</b>		<b>18,250</b>	<b>18,620</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(1,134)</b>	<b>1,728</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>5,191</b>	<b>3,463</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>8</b>	<b>4,057</b>	<b>5,191</b>

The notes on pages 73 to 86 form part of these accounts.



## Statement of changes in taxpayers' equity for the year ended 31 March 2022

	General Fund £'000	Total Reserves £'000
<b>Balance as at 31 March 2020</b>	<b>5,445</b>	<b>5,445</b>
Net Expenditure to 31 March 2021	(16,199)	(16,199)
<b>Total recognised income and expenditure for the year</b>	<b>(16,199)</b>	<b>(16,199)</b>
Parliamentary funding for resources to 31 March 2021	18,620	18,620
<b>Total Parliamentary Funding from Department of Health and Social Care</b>	<b>18,620</b>	<b>18,620</b>
<b>Balance as at 31 March 2021</b>	<b>7,866</b>	<b>7,866</b>
Net Expenditure to 31 March 2022	(19,290)	(19,290)
<b>Total recognised income and expenditure for the year</b>	<b>(19,290)</b>	<b>(19,290)</b>
Parliamentary funding for resources to 31 March 2022	18,250	18,250
<b>Total Parliamentary Funding from Department of Health and Social Care</b>	<b>18,250</b>	<b>18,250</b>
<b>Balance as at 31 March 2022</b>	<b>6,826</b>	<b>6,826</b>

The notes on pages 73 to 86 form part of these accounts.





# Notes to the Accounts

## 1. Accounting Policies

These financial statements have been prepared in line with directions issued by the Secretary of State, under the Care Act 2014 and in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Health Research Authority has been selected for the purpose of giving a true and fair view. The particular policies adopted by the Health Research Authority are described below. They have been applied consistently in dealing with items considered material in relation to the accounts. There have been no revisions of estimation techniques.

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

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

### 1.1 Going Concern

The Department of Health and Social Care (DHSC) has confirmed funding of HRA will continue and next year's funding has been agreed and there is a strong presumption for the continued provision of the HRA's

services as detailed in the Care Act 2014 for a minimum period of 12 months from the date the annual accounts are authorised for issue. It is therefore considered appropriate to prepare the 2021/22 financial statements on a going concern basis.

### 1.2 Accounting Conventions

This account is prepared under the historical cost convention. This is in accordance with directions issued by the Secretary of State for Health and Social Care and approved by HM Treasury.

### 1.3 Income

Operating income is income which relates directly to the operating activities of the authority. It principally comprises fees and charges for services provided to the Devolved Administrations, as well as income from the government apprenticeship fund and other NHS and non NHS organisations.

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The FReM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. Where revenue received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.



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

## 1.4 Taxation

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

## 1.5 Tangible assets - Property, Plant and Equipment

### (a) Capitalisation

Tangible assets which are capable of being used for more than one year are capitalised when:

- individually have a cost equal to or greater than £5,000; or
- collectively have a cost of at least £5,000 and an individual cost of more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Second hand IT assets are capitalised at cost, which represents market value, and may be below the thresholds for capitalising new IT assets.

### (b) Valuation

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

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

### (c) Depreciation

The HRA Information Technology Assets comprises of Tangible Information Technology and Furniture and Fittings. The Information Technology comprises of laptops and servers; Furniture and Fittings comprise of agile dividers and air conditioning units at our offices. The expected useful life of the assets are assessed as being different due to the changes in technology advancements, and the lease length of the buildings, and so are depreciated over different economic lives as follows:

	Years
Tangible Information Technology	5
Laptops	4
Furniture & Fittings	3 - 4

### (d) Assets under construction

Assets are held under construction where furniture and fittings are not yet in use, and where laptops have not been built to specification and distributed to staff for their use.

## 1.6 Intangible Assets

### (a) Capitalisation

Intangible assets are capitalised initially at cost.

### (b) Valuation

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

### (c) Amortisation

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



The HRA intangible assets comprise of software licences for the learning management system and the licence fee for the current IRAS. The development expenditure relating to the HRA's research systems is currently grouped under information technology. The estimated lives of these assets have been assessed and are set out below. They are amortised on a straight line basis over the estimated life of the asset.

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

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

#### (d) Assets under construction

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

#### (e) Impairment

An annual review is undertaken of all assets to consider any changes in the useful economic life. Impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses.

### 1.7 Significant accounting policies and material judgements

Estimates and the underlying assumptions are reviewed annually by the organisation's senior management based on historical experience and other factors considered relevant. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The HRA performed an annual valuation review of IRAS to assess whether there was a need for the asset to be impaired. Following a review of the strategy for replacement of the Authority's IT assets a decision has been

made to withdraw investments that have been made from use at an earlier date and so the assessment considered whether it was still anticipated the benefits to be realised would exceed the costs that had been capitalised. The outcome of the assessment was that there was no requirement for an impairment given the level of benefit expected to be realised by the HRA over the next three years, and that the carrying value of the asset on the Statement of Financial Position represented a fair valuation of the asset. This assessment was presented to and approved by the Audit and Risk Committee of the HRA.

IRAS development costs have been accounted for on the basis of 80% capital and 20% revenue due to the contractual arrangements in place and external benchmarks. Internal staff costs have been assessed based on the average time spent on the programme in the year and charged to the cost of the development. Externally sourced development costs relating to replacement of IRAS and in house programme management costs have been capitalised 100% while the system is under construction.

### 1.8 Cash and cash equivalents

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

### 1.9 Employee benefits

#### Short term employee benefits

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

#### Retirement benefit costs

Past and present employees are covered by the provisions of the two NHS Pensions Schemes. The schemes are an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the



direction of the Secretary of State, in England and Wales. The schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities.

Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as they become due.

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

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

## 1.10 Leases

### Operating leases as the lessee

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. All HRA leases are assessed to be operating leases.

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

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

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

### Operating leases as the lessor

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

## 1.11 Financial Instruments

### Financial assets and financial liabilities recognition

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

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

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

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

#### 1.11.1 Classification and measurement

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



### 1.11.2 Impairment of financial assets

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

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

### 1.11.3 De-recognition

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

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

## 1.12 IFRS disclosure

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

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

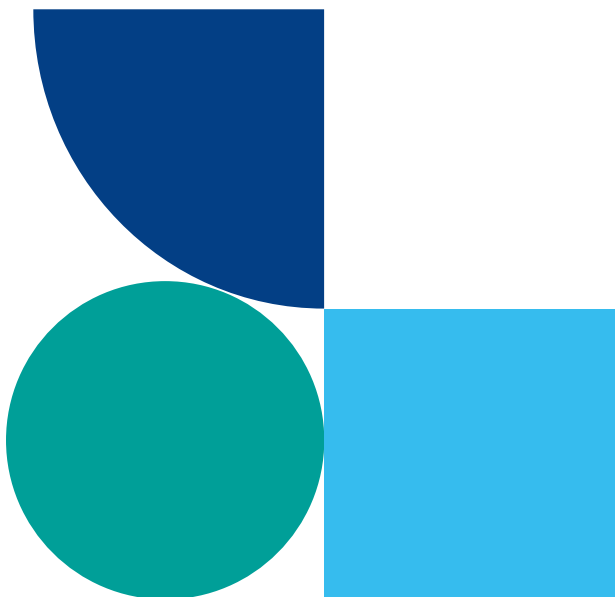
## IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The HRA will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the HRA will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the general fund at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the HRA's incremental borrowing rate. The HRA's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 0.95% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the HRA will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.



## Estimated Impact of Applying IFRS 16 in 2022/23

The HRA has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive net expenditure and capital additions as follows:

	Total £'000s
<b>Estimated impact on 1 April 2022 statement of financial position</b>	
Additional right of use assets recognised for existing operating leases	1,371
Additional lease obligations recognised for existing operating leases	(1,394)
Changes to other statement of financial position line items	23
<b>Net impact on net assets on 1 April 2022</b>	<b>0</b>
<b>Estimated in year impact in 2022/23</b>	
Additional depreciation on right of use assets	(224)
Additional finance costs on lease liabilities	(12)
Leases rentals no longer charged to operating expenditure	218
Other impact on income / expenditure	0
<b>Estimated impact on statement of comprehensive net expenditure in 2022/23</b>	<b>(18)</b>
<b>Estimated increased in capital additions for new leases commencing in 2022/23</b>	<b>0</b>

All of the above relate to lease of office space. The HRA has no vehicle or equipment leases that fall under the scope of IFRS 16.

The HRA has 2 agreements for rent of office space that do not fall within IFRS16 definition of a lease. These agreements have been reviewed in detail and do not meet the IFRS 16 definition of a lease as whilst there may be identified assets in the agreements, the lessors are considered to have substantive rights to substitute the assets throughout the period of use. The substitution rights are considered substantive as the lessors have both the practical ability to substitute for alternative assets throughout the period of use and the lessors would be likely to benefit economically from exercising their rights to do so. Also the HRA would be unable to prevent the lessors from exercising their substitution rights. Under the current IAS 17 Leases

standard, these agreements are recognised as operating leases, with the annual expenditure recognised within the statement of comprehensive net expenditure. Following the implementation of IFRS 16 this expenditure will continue to be recognised within the statement of comprehensive net expenditure, although it will no longer be classified as operating lease expenditure, as IFRS 16 removes that classification. This expenditure is not included in the figures above as the note is showing the impact of agreements which are deemed as leases under IFRS 16.

### IFRS17 Insurance Contracts

The Standard has not yet been adopted by the FReM, therefore early adoption is not permitted. This Standard is unlikely to have a material impact on the HRA financial statements.



## 2. Analysis of Net Expenditure by segment

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

## 3. Staff numbers and related costs

The tables for the staff numbers and staff costs and other related costs are included on page 53 within the staff report of the Remuneration report section and also included within note 4 of the annual accounts.

## 4. Expenditure

The Health Research Authority costs all relate to Administration costs:

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Non-executive members' remuneration		92	91
Other salaries and wages		10,380	8,077
Social Security Costs		1,011	783
Pension Costs		1,866	1,453
Redundancies and notice not worked		152	0
<b>Total Staff Costs</b>		<b>13,501</b>	<b>10,404</b>
Supplies and Services - general		246	258
Establishment expenses		326	386
Transport and moveable plant		1	0
Premises and fixed plant		3,852	4,144
Auditors' remuneration: (*) Audit fees		43	41
Miscellaneous		71	48
Loss on disposal of assets		7	21
<b>Total Other Expenditure</b>		<b>4,546</b>	<b>4,898</b>
Capital: Depreciation	6.1	118	68
Amortisation	6.2	1,511	1,150
<b>Total Depreciation and Amortisation</b>		<b>1,629</b>	<b>1,218</b>
<b>Total expenditure</b>		<b>19,676</b>	<b>16,520</b>

(\*) The Audit Fee for the period to the 31 March 2022 is £43,000 (period to 31 March 2021 £41,000).

The Authority did not make any payments to External Auditors for non audit work.



## 4.1 Better Payment Practice Code - measure of compliance

	2021-22 Number	2020-21 Number
Total Non-NHS trade invoices paid in the year	1,273	1,537
Total Non-NHS trade invoices paid within target	1,222	1,395
Percentage of Non-NHS trade invoices paid within target	96.0	90.8
Total NHS trade invoices in the year	97	103
Total NHS trade invoices paid within target	92	99
Percentage of NHS trade invoices paid within target	94.8	96.1

	2021-22 Value £'000	2020-21 Value £'000
Total Non-NHS trade invoices paid in the year	5,776	5,838
Total Non-NHS trade invoices paid within target	5,647	5,820
Percentage of Non-NHS trade invoices paid within target	97.8	99.7
Total NHS trade invoices paid in the year	1,501	1,399
Total NHS trade invoices paid within target	1,501	1,399
Percentage of NHS trade invoices paid within target	100.0	100.0

## 5. Operating revenue

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<b>Administration</b>		
Fees & charges to external customers	37	35
Income received from Scottish Parliament	179	144
Income received from National Assembly for Wales	109	88
Income received from Northern Ireland Assembly	61	50
Income received from other Departments	0	4
<b>Total Administration revenue</b>	<b>386</b>	<b>321</b>





## 6. Non-current assets

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

	Information Technology £'000	Furniture & Fittings £'000	Assets under construction £'000	Total £'000
Cost or Valuation at 1 April 2021	309	41	135	485
Additions - purchased	1	43	20	64
Transfers	135	0	(135)	0
Disposals	(30)	0	0	(30)
<b>Gross cost as at Year ended 31 March 2022</b>	<b>415</b>	<b>84</b>	<b>20</b>	<b>519</b>
<b>Depreciation</b>				
Accumulated depreciation at 1 April 2021	135	0	0	135
Charged during the year	100	18	0	118
Depreciation on disposal	(24)	0	0	(24)
<b>Accumulated depreciation as at Year ended 31 March 2022</b>	<b>211</b>	<b>18</b>	<b>0</b>	<b>229</b>
Net book value as at Year ended 31 March 2021	174	41	135	350
<b>Net book value as at Year ended 31 March 2022</b>	<b>204</b>	<b>66</b>	<b>20</b>	<b>290</b>

The disposal relates to older model laptops which were no longer supported by our third party IT infrastructure provider.

	Information Technology £'000	Furniture & Fittings £'000	Assets under construction £'000	Total £'000
Cost or Valuation at 1 April 2020	265	0	97	362
Additions - purchased	54	41	115	210
Transfers	77	0	(77)	0
Disposals	(87)	0	0	(87)
<b>Gross cost as at Year ended 31 March 2021</b>	<b>309</b>	<b>41</b>	<b>135</b>	<b>485</b>
<b>Depreciation</b>				
Accumulated depreciation at 1 April 2020	133	0	0	133
Charged during the year	68	0	0	68
Disposals	(66)	0	0	(66)
<b>Accumulated depreciation as at Year ended 31 March 2021</b>	<b>135</b>	<b>0</b>	<b>0</b>	<b>135</b>
Net book value at 31 March 2020	132	0	97	229
<b>Net book value as at Year ended 31 March 2021</b>	<b>174</b>	<b>41</b>	<b>135</b>	<b>350</b>

## 6.2 Intangible assets

	Assets under construction £'000	Software licences £'000	Information technology £'000	Total £'000
Gross Cost at 1 April 2021	237	591	9,161	9,989
Additions - purchased	92	0	1,010	1,102
Transfers	(237)	0	237	0
<b>Gross cost as at Year ended 31 March 2022</b>	<b>92</b>	<b>591</b>	<b>10,408</b>	<b>11,091</b>
<b>Amortisation</b>				
Accumulated amortisation at 1 April 2021	0	591	4,232	4,823
Charged during the year	0	0	1,511	1,511
<b>Accumulated amortisation as at Year ended 31 March 2022</b>	<b>0</b>	<b>591</b>	<b>5,743</b>	<b>6,334</b>
Net book value as at Year ended 31 March 2021	237	0	4,929	5,166
<b>Net book value as at Year ended 31 March 2022</b>	<b>92</b>	<b>0</b>	<b>4,665</b>	<b>4,757</b>

	Assets under construction £'000	Software licences £'000	Information technology £'000	Total £'000
Gross Cost at 1 April 2020	265	591	7,321	8,177
Additions - purchased	237	0	1,575	1,812
Transfers	(265)	0	265	0
<b>Gross cost as at Year ended 31 March 2021</b>	<b>237</b>	<b>591</b>	<b>9,161</b>	<b>9,989</b>
<b>Amortisation</b>				
Accumulated amortisation at 1 April 2020	0	574	3,099	3,673
Charged during the year	0	17	1,133	1,150
<b>Accumulated amortisation as at Year ended 31 March 2021</b>	<b>0</b>	<b>591</b>	<b>4,232</b>	<b>4,823</b>
Net book value as at 31 March 2020	265	17	4,222	4,504
<b>Net book value as at Year ended 31 March 2021</b>	<b>237</b>	<b>0</b>	<b>4,929</b>	<b>5,166</b>



## 7. Trade Receivables

Amounts falling due within one year

	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Contract Receivables: Invoiced	138	1
Contract Receivables: Not Yet Invoiced/Non Invoice	221	0
Expected credit loss allowance	(1)	0
Other receivables	141	114
Prepayments	195	134
<b>Trade and other receivables</b>	<b>694</b>	<b>249</b>

## 8. Cash and Cash equivalents

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<b>Opening balance</b>	5,191	3,463
Net change in period	(1,134)	1,728
<b>Total</b>	<b>4,057</b>	<b>5,191</b>
<b>Comprising:</b>		
Held with office of Government Banking Service	4,057	5,191
<b>Balance at year end</b>	<b>4,057</b>	<b>5,191</b>

## 9. Trade Payables and other current liabilities

Amounts falling due within one year

	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Trade payables	845	434
Accruals	1,321	1,572
Capital payables	294	653
<b>Trade and other payables</b>	<b>2,460</b>	<b>2,659</b>
Other taxation and social security	302	270
Other Current Liabilities	210	161
<b>Other Current Liabilities</b>	<b>512</b>	<b>431</b>
<b>Total Trade Payables and other current liabilities</b>	<b>2,972</b>	<b>3,090</b>

## 10. Capital Commitments

At 31 March 2022, the HRA had no capital commitments (31 March 2021: £nil).

## 11. Commitments under leases

### Operating leases

The HRA has leases for offices in London, Nottingham, Bristol, Manchester and Newcastle. During 2021/22 the HRA moved into new premises in Nottingham. Total future minimum lease payments under these operating leases are given in the table below. As at the 31 March 2022, the lease for the

Bristol office had not been signed but as the HRA is occupying the building, the future rental costs for the period of the lease are included within this note. On the 1st April 2022, the HRA will adopt IFRS 16, which will move a number of these operating leases onto the balance sheet.

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<b>Obligations under operating leases comprise:</b>		
<b>Buildings</b>		
Not later than one year	374	219
Later than one year and not later than five years	1,439	634
Later than five years	691	589
	<b>2,504</b>	<b>1,442</b>

### Operating Lease Income

The HRA entered into a lease with HS2 from the 26 April 2019 relating to the rental of floor space within the area occupied by the HRA at the Manchester Office. The end date of the lease is 11 June 2022.

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<b>Income under operating leases comprise:</b>		
<b>Buildings</b>		
Not later than one year	1	7
Later than one year and not later than five years	0	1
	<b>1</b>	<b>8</b>



## 12. Other financial commitments

The HRA entered into a five year contract on 1 July 2017 with SBS for the provision of financial and accounting and payroll services, which is due to expire on 30 June 2022. A one year extension to the contract has been agreed, which will expire on the 30 June 2023. At 31 March 2022, the HRA is in the final year of its contract for the provision of the maintenance and helpdesk contract provision for HARP and IRAS which are key to the delivery of the HRA's statutory obligation. This is to support the transition to the new IRAS being developed.

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Not later than one year	312	976
Later than one year and not later than five years	57	346
	<b>369</b>	<b>1,322</b>

## 13. Losses and special payments

The details of the HRA losses and special payments can be found on page 61 in the Parliamentary Accountability and Audit report section of the annual report.

## 14. Contingent Assets

As at the 31 March 2022, the HRA is awaiting a decision regarding the case to recover VAT on the development costs of new IRAS for any suppliers used, which was submitted to HMRC during 2020-21. The HRA has provided for the VAT within the accounts whilst awaiting a decision from HMRC.

## 15. Related Party Transactions

The HRA is an NDPB established by order of the Secretary of State for Health and Social Care.

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

The HRA has considered materiality in line with the group accounting manual guidelines for agreeing creditor and debtor balances (£300k) and has used the same threshold for income and expenditure balances (£300k).

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

## 16. Events after the reporting period

The Accounting Officer authorised these financial statements for issue on 12 October 2022.



## 17. Financial Instruments

### Financial risk management

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

### Financial Assets

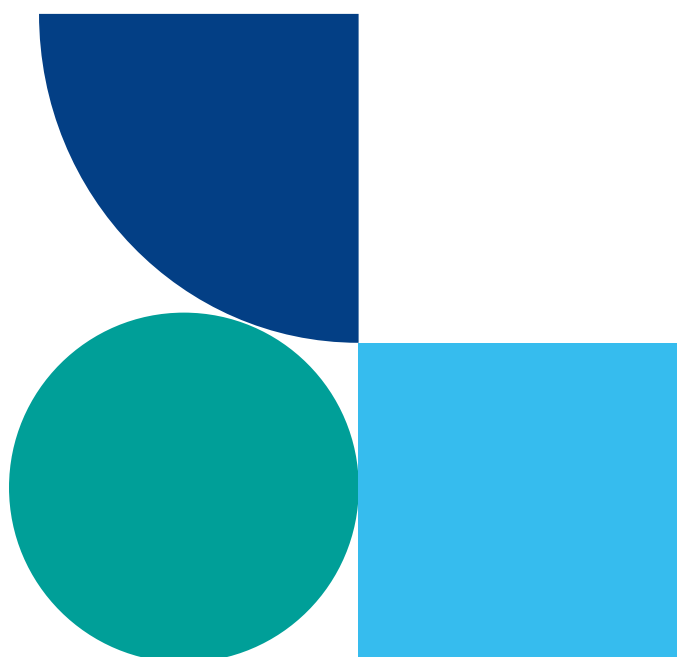
The HRA operates primarily within the NHS market and receives the majority of its income from DHSC and Devolved Administrations. IFRS 9 requires the HRA to adopt a lifetime credit loss model to its financial assets. The HRA has applied this model to its trade receivables (excluding NHS receivables) and assessed its credit loss value as at the 31st March 2022 to be £1,306 (31 March 2021 £nil).

### Financial Liabilities

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

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

	£000
Not past due	1,129
Past due 0-30 days	10
Past due 31-120 days	0
More than 121 days	0







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