

# Annual report and accounts 2022/23

# Human Tissue Authority

## Annual report and accounts 2022/23

Presented to Parliament pursuant to Schedule 2(16) of the Human Tissue Act 2004.

Laid before the Welsh Parliament by Welsh Ministers pursuant to Schedule 2(16) of the Human Tissue Act 2004

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# Chief Executive's foreword

The Human Tissue Authority regulates the safe and consented use of human tissue and organs, with responsibilities across the UK. We license more than 950 establishments covering a broad range of medical, scientific, research and education settings. We advise Ministers and officials at the Department of Health and Social Care, devolved administrations, and the public and stakeholders in relation to our remit.

I am delighted to present the 2022/23 Annual Report and Accounts for the Human Tissue Authority. This is my first full year as Chief Executive and I am very proud of the work delivered with the dedication of my colleagues and the Board. With stretching targets and an ambitious business plan, we have sought to improve the effectiveness and efficiency of our current operations whilst reforming our approach to regulation. We have a keen focus on front-line regulation but also how we can most effectively support this work with our other essential activities.

At the start of this business year, in respect of reforming our approach to regulation, we took the bold decision to accelerate our regulatory reform by increasing our planned inspection target by 50%, from 140 in 2021/22 to 210 this year. As a result, we increased the coverage of the most at-risk areas whilst being more proportionate for those licence-holders with high levels of compliance. This more targeted, risk-based approach has been achieved within a similar cost base, through a wider range of more innovative inspection models. We are also trialling the use of self-assessment for low-risk establishments. I am pleased to note that in 2022/23 we have both reformed our approach and been successful in achieving the 210 target.

In parallel, to help reform our support activities and make them more resilient, we have also been working towards the creation of shared services across the Arm's Length Body (ALB) landscape. We already share a finance function with HFEA and, as a result of paving activity in 2022/23, CQC will start to provide HR shared services for us from 2023/24. We are also exploring IT shared services.

Other highlights from 2022/23 include:

- The HTA supported work to introduce deemed consent in Northern Ireland. The NI Assembly passed the Organ & Tissue Donation (Deemed Consent) Act (Northern Ireland) 2022 in February 2022, and it received Royal Assent on 30 March 2022. The Human Tissue Authority's Code of Practice has been revised and new deemed consent arrangements commenced on 1 June 2023.
- The HTA has continued to give full support to the Independent Inquiry into the offending of David Fuller at the Maidstone and Tunbridge Wells NHS Trust, and this has included the provision of documents, advice and evidence at the Inquiry this year.
- We published revised guidance for establishments to help them meet the standards in the Code of Practice for the post-mortem sector and followed this up at the end of January by publishing revised guidance on meeting standards in the Code of Practice for the anatomy sector.
- During 2022/23, we revised the forum for sector engagement. We now have a separate forum for each of the six sectors that we regulate (Human Application, Post-Mortem, Organ Donation & Transplantation, Research, Anatomy, and Public Display).

- We continue to grow and develop our engagement in social media and with the wider media, in support of our strategy as a modern, accountable regulator.

Our workforce remains our most important resource and during 2022/23 we experienced a period of significant staff turnover post-pandemic, but this reduced towards the end of the year. Our staff surveys attest that colleagues have remained positive and very committed to our work during the year, in which we have taken some collective time together to revisit our vision and mission and reaffirm our public service values.

We start 2023/24 with an ambitious new business plan. We intend to further reform our approach to regulation, whilst continuing to develop our systems, use of data and internal governance processes. We anticipate new demands for our advice and guidance and look forward to continuing to work in partnership with other health ALBs and collaborating with stakeholders.

As I have learned this year, the HTA is an ambitious organisation with real drive and determination to ensure that activities involving human tissue are carried out safely, ethically, and in the best interests of patients and donors. I am proud of our achievements this year and our plans to further improve how we conduct business over the coming year.



**Dr Colin Sullivan**  
**Chief Executive**

# Performance Report

# Overview

We are a Non-Departmental Public Body (NDPB) sponsored by the Department of Health and Social Care (DHSC), established and domiciled in England. Our registered office is 2 Redman Place, Stratford, London E20 1JQ. We were established under the Human Tissue Act (HT Act) 2004 – which covers England, Wales and Northern Ireland – to regulate activities relating to the removal, storage, use and disposal of human tissue.

## Our vision

- The safe and trusted use of human tissue.

## Our mission

- To be an **excellent regulator** for the use of human tissue with **consent and safety**, sustaining public and professional **confidence**, today and in the future.

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

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

## How we work:

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



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

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

## Our people

The HTA's non-executive Board – consists of a chair and twelve Members, 10 of which are appointed by the Secretary of State for Health and Social Care; one Member appointed by the Welsh Government's Cabinet Secretary for Health, Well-Being, and Sport and one by the Department of Health in Northern Ireland. Our Board members come from a diverse range of backgrounds including from the commercial sector, administration and academia/research, bringing a wide range of business, commercial and public sector experience.

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

The Board is supported by a Senior Management Team (SMT) of five who each have extensive experience within the public sector, and in particular regulation and health and social care. The SMT are in turn supported by a team of 58 staff who bring their experience ranging from scientific and medical backgrounds to commercial and business.

## Our values









Having revised HTA's vision and mission during 21/22, in 22/23 we have reviewed and refreshed our values as we seek to be more inclusive and further improve performance. The public service values we have chosen to describe our approach and we will strive to follow, can be summarised as: Collaboration, Openness, Respect and Excellence.



## Our Strategy

Our strategic approach is based on being clear about the risks we are regulating, and then being proportionate and targeted in response. In 2022/23 we developed the initial themes from our three-year strategy – delivery, development and deployment – into four strategic

objectives, taking a more ambitious stance. We will continue in this vein in 2023/24 as we conclude the current strategic plan and develop the next. We will be bold and ambitious as we focus on efficient delivery whilst striving to develop and innovate even further.

	<b>1. Strategic direction</b>
	Confirm the direction for the HTA as a sector leader and highly regarded regulator
	<b>2. Operational delivery</b>
	Be an excellent, modern accountable regulator – efficient and effective, performing and communicating well
	<b>3. People and capability</b>
	Ensure that we have the right people and financial resources to enable us to deliver our organisational goals
	<b>4. Moving forward</b>
	Modernise how we regulate with better use of data and analytics, more risk-based prioritisation and joint endeavours

## Performance summary

Ensuring human tissue and organs are handled with dignity, used with the proper consent of those involved, and stored safely, is at the heart of what we do at the Human Tissue Authority. We seek to be an excellent, modern, accountable and agile health regulator dealing proportionately with the different sectors we oversee today, whilst also preparing to meet the regulatory challenges of tomorrow.

In 2022/23, the HTA sought to modernise our approach to regulation whilst delivering a comprehensive licensing and inspection programme for the establishments we regulate. We significantly increased the number of inspections completed by some 50%, from a target of 140 in 21/22 to 210 in 22/23 with the same workforce. This approach, which both improved efficiency and increased assurance, and was achieved by taking a more proportionate approach with more bespoke inspections at establishments driven by their relative risk. In 2023/24, we will build on those foundations, being bolder and continuing to challenge ourselves to regulate the sectors we oversee yet more proportionately by deploying a different selection of regulatory tools and engaging with partners and stakeholders to work effectively together for the public good and to further reduce regulatory burden for the most compliant establishments. In preparation for 23/24, we have piloted a new approach to determining the profile of inspections and regulatory activity by drawing upon a number of different data sources to determine the relative risk of each sector.

At the start of the 2022/23 business year, we introduced a portfolio management process to our business planning. This process ensures the HTA business requirements are delivered in a transparent manner, optimising our resources and aligned with our core business principles and strategy. This way we can monitor the progress of all activities on an ongoing basis, ensure milestones are reached in a timely fashion, identify remedial action where appropriate and ensure investments the HTA has made result in their agreed benefits.

The process is managed by our Portfolio Manager who liaises with both the Executive Team and the Heads of Service, for further information, please see section on Performance Measurement.

## **Key issues in 2022/23**

### **Recruitment**

The end of the 2021/22 business year was a busy period for recruitment activity, and this continued into 2022/23. Indeed, the market became much more volatile during the early part of the business year. In particular data and technology roles became hard to fill with greater competition between organisations. As a public sector body, we are constrained in terms of the remuneration that can be offered but we have worked with the Board's Remuneration Sub-Committee to explore what is possible. A short term solution has been to engage staff on fixed term contracts. The response to this challenge has required us to become more agile in our approach to recruitment with line managers taking the lead with support from HR and moving the recruitment process at pace so as not to 'lose' the best candidates. As hybrid working is a more common model of contract than previously, we have also sought to maximise interest by advertising on a UK-wide basis.

### **Independent Inquiry surrounding the events at Maidstone & Tunbridge Wells NHS Trust**

The Independent Inquiry was established by the Secretary of State to investigate the events at Maidstone & Tunbridge Wells NHS Trust following the conviction of David Fuller in 2021. We have been actively supporting the Inquiry and in May 2022 we published the advice provided to the Secretary of State for Health and Social Care. In parallel, we have revised our guidance in relation to meeting the standards in our Codes of Practice for both the post mortem and anatomy sectors.

### **Improving efficiency and reducing risk by revising our approach to inspection**

As part of the Business Plan for 2022/23 which was approved by the Board at the end of 2021/22, we increased the number of inspections from 140 to 210 by adopting a greater variety of regulatory approaches, such as thematic inspections. This new target also linked into work currently underway on reviewing our approach to inspection and reintroducing regular data collection. The review required the use of external suppliers which were sourced via the Crown Commercial Service framework. This presented challenges due to the spend controls introduced in May 2021 which required submissions of business cases to Cabinet Office and the Department of Health and Social Care. This additional process caused delays in the tender process which could not commence until approval by the Cabinet Office was given, further impacting on timescales.

### **Data Security and Protection Toolkit (DSPT)**

The DSP Toolkit is one of several mechanisms in place to support Health and Social Care organisations managing data security and data protection risk. The DSP Toolkit allows organisations to measure their performance against the National Data Guardian's ten data security standards as well as supporting compliance with legal and regulatory requirements.

The introduction of this standard to HTA has involved significant resource. With recruitment difficulties in some key areas, it was not surprising that our assessment was deemed Limited in June 2022.

The DSPT approach which involves HTA making a self-assessment of how it meets the identified standards has been in place for several years. Initially, HTA was excluded from coverage due to its small-scale and limited capacity, but DSPT coverage has now been extended to include small organisations such as HTA.

The outcome of the June 2022 assessment was discussed at the Audit and Risk Assurance Committee (ARAC) in October 2022. The outcome of the independent validation of the 2021/22 assessment completed by GIAA identified the overall risk assessment across all 10 standards as unsatisfactory and the assurance level based on the confidence level of the Independent Assessor as marked as “limited”. This equates to 9 standards met, 5 standards partially met but 29 standards not met. HTA was hit with several concurrent challenges during the period of assessment including the loss of key staff and issues with the portal for submitting evidence, which resulted in not all evidence being available for assessment on time.

In response, during 22/23, HTA has made a concerted effort to remedy these issues:

- A high-level plan was implemented to improve compliance against each national standard
- SMT have had regular updates on DSPT progress.
- An Information Governance / Data Protection Lead has been appointed to coordinate the HTA’s DSPT 2022/23 assessment along with DSPT Leads.
- A Project Manager has been allocated to provide rigour and control to support the process.
- Regular Working Group meetings and check and challenge sessions have been held with DSPT Leads.

HTA has now been gathering evidence in readiness to complete the 2022/23 self-assessment by the 30 June deadline. In parallel, the Government Internal Audit Agency (GIAA) is currently conducting an independent internal audit evaluating 44 random assertions that span across all 10 standards, to assess the HTA compliance against the DSPT.

Indicative ratings (subject to GIAA validation) reflect a marked improvement from last year:

- 30 assertions are rated as ‘fully met’;
- 13 assertions are rated as ‘partially met’
- 0 assertions are rated as ‘not met’

ARAC were appraised of the indicative ratings for 22/23 from the current GIAA audit on 8 June 2023.

We have since received the final result of the audit which is an improvement to a ‘moderate’ rating with the final assertions being 35 rated as met; 9 partially met, with not met remaining as nil.

## Deemed consent in Northern Ireland

During 22/23, the HTA has been working to support the introduction of deemed consent for organ donation to Northern Ireland. The NI Assembly passed the Organ & Tissue Donation (Deemed Consent) Act (Northern Ireland) 2022 in February 2022, and it received Royal Assent on 30 March 2022. We have revised the relevant Code of Practice (Code F) and subsequently, the Northern Ireland Department of Health has been preparing for the introduction of deemed consent. The Northern Ireland Public Health Agency has been rolling out a public awareness and education campaign. In the absence of the operation of the Northern Ireland Assembly, the legislation required to clarify which organs and tissues are covered by the provisions of the new law was approved by the UK Parliament on 22 February 2023. Deemed Consent was introduced in Northern Ireland from June 2023, which means all four UK countries have now adopted this approach.

## Risks as at 31 March 2023

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

As at 31 March 2023, the HTA had seven strategic risks:

ID	Risk	Key risks and issues	Risk severity at 31 March 2023
R1	There is a risk that we fail to regulate in a manner that maintains public safety and confidence	Key issue is what 'good' regulation should look like from the HTA's perspective compared to what our stakeholders believe we should be doing.	Medium
R2	There is a risk that we will be unable to manage an incident, event or issue impacting on the delivery of HTA objectives.	This risk looks at whether the HTA manages an incident linked to our objectives. An example of this would be the Fuller Inquiry or if someone has a concern or lack of confidence in a system which the HTA regulates and its management of an incident.	Medium
R3	There is a risk that we will fail to manage public and professional expectations of human tissue regulation in particular stemming from	The limitations of our current legislations and the misperceptions of our regulatory reach – people's understanding of what the HTA should be doing.	Medium



	limitations in current legislation or misperception of HTA regulatory reach.		
<b>R4</b>	Failure to adequately deliver the diverse, capable workforce the HTA requires or needs to fulfil its functions and objectives	This risk relates to our workforce and that we fail to have sufficient number of people who are not developed properly and utilise their capabilities effectively. Ensuring we have an adequate number of people to deliver our objectives who are suitably trained – in effect relates to our people strategy.	<b>High</b>
<b>R5</b>	There is a risk that the HTA has insufficient or ineffective management of its financial resources	The challenge of ensuring the HTA has sufficient funds and use our resources effectively and appropriately in line with Managing Public Money.	<b>Low</b>
<b>R6</b>	Failure to identify opportunities and achieve the benefits of transformation and continual change to support modernisation and improvement of the HTA.	This relates to challenges that delay or otherwise impact our reform agenda, not least, lack of and availability of people and financial investment, for example, recruitment difficulties for specialist skills impacting the development of IT shared services.	<b>High</b>
<b>R7</b>	Failure to optimise the safe use of existing and available digital data and technology	This risk relates to the risk of not using our data effectively and links to risk 6 above.	<b>High</b>

The strategic risk register is developed annually by the Senior Management Team (SMT) to ensure the strategic risks identified are aligned to the objectives and deliverables agreed within the annual business plan. These risks are then reviewed monthly at SMT, and the register is updated as required.

At the end of the 2022/23 business year, the HTA had seven strategic risks of which four have remained low-medium risk; one risk was raised to high during quarters two and three of the business year; two were rated as high and remain so at the end of the year.

Risks one and three ended the year rated as 'medium' and below tolerance. These risks are related because how we regulate impacts on how the public and professionals view our work. We are managing both these risks by ensuring a fit for purpose regulatory model, which comprises a mixture of proactive and targeted regulatory assessments, horizon-scanning and active engagement of professional stakeholders.

Risk two – an inability to manage an incident, has remained stable throughout the year. However, we tested our incident management response plans during the year which has resulted in a revamped Critical Incident Response Plan (CIRP) and an updated Business Continuity Plan.

Risk four is our 'people' risk and was re-cast at the start of the year with a narrower focus on the delivery of a diverse and capable workforce. This risk permeates all the other risk areas

as it relies on ensuring we have the staff to deliver our business objectives. This year was challenging in terms of recruitment. We faced a volatile market with higher than usual turnover following the Covid pandemic. In addition, we have found a number of specialist posts hard to fill. Also impacting on this risk is the current spend controls that require business cases to be submitted when recruiting contingent labour or professional consultancy. At the end of the year, we had one vacancy yet to be filled which is in IT.

Risk five is our financial risk of insufficient, or ineffective, management of financial resources. This risk remains above tolerance and has been accepted by the executive. During the 22/23 year, we saw an increasing underspend. Our proposals for the recruitment of external contractors and professional services support a significant piece of work around inspection review. This was delayed pending approval of our business case. Approval was granted but the delay increased the in-year underspend. Gaining access to surplus funds is an issue that has been raised with our sponsor Department.

Our penultimate risk, risk six – failure to achieve the benefits of the organisational transformation programme remains high and above tolerance. This risk focused on our programme of work and revised delivery plans for the 2022/23 business year. Whilst our plans have been developed, implementation of them is dependent on access to suitable expertise and approval for expenditure as mentioned at risk 5.

Our final risk, risk seven – failure to optimise the safe use of digital, data and technology also ended the year as ‘high’ and above tolerance. This risk relates to the IT elements that had previously been included in our people risk, risk four. It was separated and recast to provide more oversight of the increasing dependence on digital, data and technology for current and future operational success of the HTA. Resource continues to constrain progress in this area with key appointments under active recruitment. This risk will reduce with the successful recruitment of several key roles.

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## Going concern

The going concern basis of accounting for the HTA is adopted in consideration of the requirements set out in the International Accounting Standards as interpreted by HM Treasury’s Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements, where it is anticipated that the services they provide will continue in the future.

The HTA is funded by grant in aid provided by the Department of Health and Social Care who are funded through Parliament. Parliament has demonstrated its commitment to continue to fund DHSC for the foreseeable future and the DHSC fund the HTA through grant in aid in addition to funding from licence fees from both the private and public sector.

Our funding from DHSC has been agreed for the next year all be it adjusted in line with the reforms and efficiencies programme and our licence fees which are charged in line with statute and bring a guaranteed income. Licence fees are set in December each year, prior to billing our establishments in the April and September of the following year. We also hold over £1m in reserves which allows the HTA to continue its core operational activities.

The HTA is one of the arm's length bodies that will be subject to the public bodies review process. The date for the review dedicated to the HTA has not been confirmed.

Based on the above, the Board has reasonable expectation that it has adequate resources to continue in operational existence for a period of at least 12 months from the date the financial statements are authorised for issue. For this reason, the Authority and the Accounting Officer continue to adopt the going concern basis for preparing the financial statements.



# Performance analysis

## Measuring performance

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

A monthly management report is produced and shared with the SMT and Heads of Service. The report is management information used by the Heads of Service to view what work is in the pipeline and any workload pinch-points or risks to the business plan deliverables. The report is also designed to give SMT assurance that resources are being allocated correctly.

During quarters three and four, a portfolio management approach was embedded. The portfolio management process monitors progress of all activities on an ongoing basis, ensures milestones are reached in a timely fashion, identifies remedial action where appropriate and ensures investments made by HTA result in benefits.

Monthly portfolio SMT meetings take place to discuss current activities, milestones, project progress, current risks and the newly introduced KPIs.

Below are some of the KPIs reported to the Board in the 2022/23 business year.

## Analysis of performance over the year

### Business Plan Performance indicators 2022/23

#### Key Performance Indicators (KPIs)

Targets	22/23 End Year Position
Target – 210 Inspections covering all sectors	210
90% of draft inspection reports are submitted to Designated Individual (DI) for factual accuracy within 20 working days	89% (198/222)
90% of inspection/audit reports published on the HTA website within 10 weeks of substantive completion of inspection/audit	86% (185/214)
95% of enquiries are answered within 10 working days of receipt	92% (1208/1311)

90% of completed applications are processed within 90 working days of payment	<b>63% (19/30)</b>
100% of panel cases turned around in line with the quality criteria set out in the standard operating procedure, and within 10 working days	<b>99% (219/221)</b>
100% of non-panel cases turned around in line with quality criteria set out in the standard operating procedure, and within five working days	<b>100% (754/755)</b>

This was our first year after the Covid pandemic in which key performance indicators (KPIs) had been re-introduced. This challenged us when deciding where to pitch stretch targets and what to measure. The organisation performed well against the KPIs that were set, not least, in meeting a significantly increased target for the number of completed inspections. In light of the 2022/23 experience, we have concentrated on KPIs that focus on HTA performance and not on activity that can be dependent on other parties for completion. For example, the number of completed applications in 22/23 that were on time (63%) was determined by delays outside of our control. We either met or came very close to meeting all those KPIs which measured activity related solely to HTA inputs.

## Financial review

### Accounts preparation and overview

The HTA accounts consist of primary statements which provide summary information and accompanying notes. These statements consist of a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity.

The accounts were prepared according to the standards set out in the Government Financial Reporting Manual (FReM) issued by HM Treasury.

### How is the HTA funded?

HTA's revenue funding comes from two sources, around 20% is currently from grant in aid from the DHSC and the remaining 80% from licence fees from both the private and public sectors. We also receive non-cash cover for notional charges of depreciation and amortisation of our fixed assets.

Other income is largely generated from contributions from the Devolved Governments and recharges for staff seconded out of the organisation.

We have generated the income needed to cover the cost of the activities we licence and delivered within the budget set for the year.

We have a comprehensive fees model that enables us to set our fees according to the regulatory workload and allocate our costs according to our activities as set out in legislation.

**Summary position as at 31 March 2023**

		2022/23	2021/22
	Note	£'000s	£'000s
<b>Income</b>			
From devolved Governments		134	134
Licence fees		4,285	4,079
Other income	(a)	70	50
<b>Total Income</b>		<b>4,489</b>	<b>4,263</b>
<b>Expenditure</b>			
Staff costs		3,738	3,500
General administrative and non-cash costs		1,204	1,394
<b>Total expenditure</b>		<b>4,942</b>	<b>4,894</b>
<b>Net (expenditure) for the year</b>	(b)	<b>(453)</b>	<b>(631)</b>

- (a) Other income is seconded staff costs and income from an EU project released at the project's conclusion.
- (b) Net expenditure for the year reflects our financial position excluding the Grant-in-aid (GIA) funding received from Department of Health and Social Care. The table below reflects the revenue GIA received from DHSC, to arrive at the net operating surplus for HTA.

Net (expenditure) /income for the year	(b)	(453)	(631)
Revenue Grant in Aid	(c)	814	911
Ring-fenced RDEL	(d)	78	56
<b>Surplus for the year</b>		<b>439</b>	<b>336</b>

- (c) GIA is treated as financing within statutory accounts, and it is a requirement to report it this way. GIA is therefore excluded in the Statement of Comprehensive Net Expenditure (SoCNE) on page 61 within the financial statements and included in the Statement of Changes in Taxpayers Equity (SoCTE) on page 64.
- (d) In addition, the HTA received cover for its non-cash expenditure (depreciation and amortisation) of £78k. It is not cash and therefore the cover is not shown in the accounts.

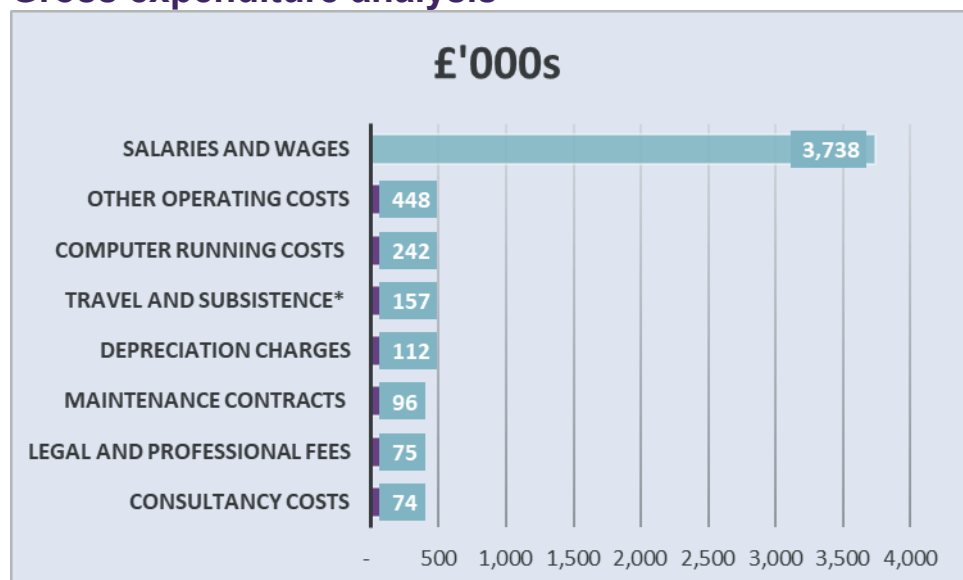
Against the above surplus our operating expenditure is £4.9m. Our staff costs in 2022/23 were at £3.7m which is 6.8% higher than last year and reflects the increase in whole-time equivalent staff employed.

Income from contracts with customers (licence fee income) of £4.3m is 5.1% higher than our 2021/22 fee income (just over £4m), and 3.4% higher than the budget. This increase is largely due to an increase in licences within the post mortem and human application sectors.

During 2022/23 the HTA ensured that drawdowns of grant in aid were kept within the DHSC's cash allocation. The total available cash allocation for revenue and capital expenditure was £966k and £100k respectively, (2021/22 £911k and £100k). In response to

the reform and efficiencies reviews that took place during quarter three of the 2022/23 business year, we surrendered £150k of grant in aid.

## Gross expenditure analysis



\*is net of provision

This graph shows where we have spent our funding during the last financial year. Our staff costs have always been a significant part of our spend and reflects the nature of what we do.

## Supplier payments

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

HTA Target	2022/23	2021/22
90% of payments made within 10 days of receipt of undisputed invoice.	<b>379 invoices received of which 329 (87%) were paid within 10 days</b>	502 invoices received of which 422 (83.6%) were paid within 10 days

We missed our target due to issues with invoices being received late and therefore impacting extended time to pay.

The HTA is committed to the Better Payment Practice Code and its target of 95% of payments made within 30 days.

BPPC Target	2022/23	2021/22
95% of payments made within 30 days of receipt of undisputed invoice.	<b>379 invoices received of which 379 (100%) were paid within 30 days</b>	502 invoices received of which 497 (99%) were paid within 30 days

## Staff involvement and wellbeing

The HTA keeps members of staff informed about organisational, management and policy issues. There is a weekly exchange call and all-staff days are held regularly, at least quarterly. We also hold regular in-person team meetings to bring staff together and facilitate discussions around the latest issues/news items that may impact on the HTA. These forums enable staff to have their say and be heard. The all-staff meetings have been well received. At the all-staff day in December 2022, staff participated in a discussion to revise the HTA values which shape the work of staff and their interaction with stakeholders. These revised core values can be summarised as: **C**ollaboration, **O**penness, **R**espect, **E**xcellence.

We continue to seek feedback using online surveys. Our bi-annual engagement survey had an 81% response rate. Most colleagues felt connected to the purposes of the HTA (89%) and the role they do (97%). Some 92% felt they had the freedom to carry out their objectives. Areas for further investigation were around coaching and development, feeling valued / recognised which had scores between 60% and 70% and communication, change management and leadership scoring significantly lower. During 2022/23, we have been working on these issues with the Health & Social Care Leadership Centre to improve our effectiveness.

Our focus on wellbeing is now fully established as a business-as-usual programme of events. Monthly themes have included items such as: understanding neurodiversity, dyslexia and autism and embracing diversity of thinking. The HTA maintains an up-to-date health and safety policy and we set out our responsibilities in the statement of intent. The HTA has appointed first aiders and fire wardens and has online training modules and assessments to ensure staff are working in a safe environment that protects their health. No health and safety incidents were reported in the year.

## Learning and development

Staff are encouraged to have personal development plans, and this remains an essential part of our appraisal process. We have 3 types of training programmes: corporate training including compliance training, role specific training and our career investment scheme.

We have a quarterly mandatory training programme which has included:

- Data protection
- Information security
- Fraud, bribery and corruption
- Managing stress

Our career investment scheme continues, with one staff member receiving support under this scheme in 2022/23.

Staff have also conducted training sessions called “Lunch and Learn,” sharing their expertise across the sectors we regulate and other areas of learning. Feedback is always sought from staff, with most attendees indicating that the skills and knowledge gained at such events are relevant to their roles.

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

The HTA is fully committed to equality of opportunity for both current and prospective employees, and in the recruitment of working group members. We expect everyone who works for the HTA or applies to work for the HTA or applies to join a group of external advisors are treated fairly and valued equally.

Our values hope to make it clear that we are committed to providing equal opportunities for all staff. Any form of discrimination against people, because of their race, disability, gender, gender identity, religion/belief, age, sexual orientation or any other protected characteristic is prohibited within the HTA, and we seek to ensure that the Authority abides by all statutory regulations regarding human rights and discrimination. We periodically monitor our performance in this area with reports discussed at management meetings. Any new policies, and those subject to review, are considered from an equality impact assessment perspective. We recognise that ensuring equality of opportunity and treatment is everybody's responsibility. Conscious that we are a small organisation in relation to some protected characteristic groupings, we have met with other Health ALBs to discuss how to share resources and initiatives to support equality diversity and inclusion (EDI) activity.

Our Chief Executive has chaired several meetings of the EDI Diversity Collective Forum for Redman Place which has representation from all ALBs on the 2<sup>nd</sup> Floor (CQC, HFEA, HRA, NICE, as well as the HTA). The purpose of this group is to encourage and enable us all to take advantage of scale and to share and adopt best practice across the network. There will also be an opportunity to join colleague support groups. This will enable the HTA to provide support across the protected characteristics.

### Disabled employees

We have a specific policy of inviting to interview any candidate with a disability who meets essential criteria. Support is provided for all staff who have, or develop, a disability including making any reasonable adjustments to the workplace or work processes and having advice available through the occupational health service. We keep abreast of any changes in the law or any tribunal rulings that may impact on our policies. The latest is the consideration of menopause symptoms as a disability. In order to ensure staff are aware and understand, we have conducted awareness sessions through our "lunch and learn" sessions.

Disability - of the 58 staff who declared, one reports themselves as disabled and 26 did not disclose. An analysis of other characteristics of all staff, as at 31 March 2023, is provided within the Remuneration and Staff Report on pages 48 - 49.

### Trade Unions

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

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

## Sustainability and environmental issues

The HTA occupies a small area of the 2<sup>nd</sup> floor of a shared building in London. Our landlords provide services and encourage behaviour that meets sustainability requirements, this includes recycling, energy efficiency and other facilities. All efforts to adapt our working environment to climate change are reliant on our landlord. Looking ahead we intend to collaborate with the other tenants on our floor to gather relevant data where possible. The table below is our starting point, and we intend to build upon this.

	2022-23	2022-23
Total tCO <sub>2e</sub> <sup>1</sup>	km travelled	Tonnes CO <sub>2e</sub>
Non-fleet	39,592	6.73
Public Transport – Flights	18,030	2.34
Public Transport – Rail	114,826	4.08

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

	2022-23	2021-22 <sup>2</sup>	2022-23	2021-22
Financial information	Rail	Rail	Air	Air
Expenditure	£51,505	£6,562	£7,824	£1,293
Number of transactions/flights	663	102	32	9

Staff and Members are encouraged to travel on HTA business in the most sustainable and cost-effective way. We are also a member of the Cycle to Work scheme, which provides tax efficient incentives and there are cycling facilities at our offices.



**Dr Colin Sullivan**  
**Chief Executive**  
**Accounting Officer**

**19 July 2023**

<sup>1</sup> The figures within the table have been extracted from data submitted to the DHSC as part of the Greening Government Commitment (GGC) reporting round.

<sup>2</sup> Due to the Covid-19 pandemic, travel was suspended for the first half of the year.

# Accountability Report



# Corporate governance report

## Directors' report

### The Board

Our Board consists of 12 Members (including the Chair) appointed through an open public process. At 31 March 2023 there were 9 Board Members with an additional member leaving in April 2022. Authority Members during 2022/23 are set out below. Biographies for each existing member can be found on our website.

Authority member	Role	Appointment start date	Appointment end date
<b>Lynne Berry CBE</b>	Chair of the Board	18 November 2019	17 November 2022 (extended to November 2025)
<b>Professor Deborah Bowman</b>	Board Member	4 January 2021	3 January 2024 (extended to January 2027)
<b>Tom Chakraborti</b>	Board Member	1 April 2022	31 March 2025
<b>Professor Gary Crowe</b>	Board Member ARAC Chair	1 September 2019	1 September 2022 (extended to September 2025)
<b>Helen Dodds</b>	Board Member	1 April 2022	31 March 2025
<b>Ellen Donovan</b>	Board Member	1 April 2021	31 March 2024
<b>Dr Andy Greenfield</b>	Board Member	1 April 2022	31 March 2025
<b>Dr Charmaine Griffiths</b>	Board Member	1 September 2019	31 August 2022 (term ended)
<b>Glenn Houston</b>	Board Member	5 May 2015	30 April 2022 (term ended)
<b>David Lewis</b>	Board Member	1 April 2022	31 March 2025

Member biographies are on the HTA website: <https://www.hta.gov.uk/about-hta/meet-our-board-and-executive-team>

## Senior Management Team

Our Chief Executive and Directors during 2022/23 and at 31 March 2023, are set out below.

Senior Management	Post
Dr Colin Sullivan	Chief Executive
Richard Sydee	Director of Resources (resigned 16 June 2023)
Nicolette Harrison	Director of Regulation
Louise Dineley	Director of Data, Technology and Development
John McDermott	Deputy Director for Performance and Corporate Governance (appointed 1 August 2022)

## Interests of Board Members and senior staff

The HTA maintains a register of interests. All Board members and staff declare any company directorships and other significant interests held by them or their close family and friends which may conflict with their HTA responsibilities.

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

Members also declare their interest in any items being discussed at Board and Audit, Risk and Assurance Committee (ARAC) meetings. The Chair decides whether there is a conflict of interest and whether the member concerned should remain involved in the discussion.

Members interests are published on our website <https://www.hta.gov.uk/about-hta/committees-and-working-groups/authority-board>

## Pensions

Pension benefits are provided by the National Health Service (NHS) Pension Scheme. The HTA recognises the contributions payable for the year. Full details are set out in the remuneration and staff report and note 1.11 to the accounts.

## Data incidents

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

## Our auditors

The Comptroller and Auditor General is the external auditor for the HTA's accounts. The external auditor's remuneration in 2022/23 was £36,000. No fees were incurred for non-audit work.

## Statement of the Authority and Accounting Officer's responsibilities

Under the Human Tissue Act 2004, the Secretary of State has directed the HTA to prepare for each financial year a statement of accounts 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 HTA and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

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

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

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

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

## **Accounts direction**

The Annual Accounts have been prepared and issued by the HTA, under directions given by the Secretary of State for Health and Social Care, with the approval of HM Treasury, in accordance with Schedule 2 (paragraph 16) of the Human Tissue Act 2004. The Accounts report the resources that have been used by the HTA to deliver its objectives. These Annual Accounts have been prepared in accordance with the guidance set out in the Financial Reporting Manual (FReM) 2022/23.

## **Authority statement**

The Senior Management team (SMT) of the HTA has inputted to this document. The Audit, Risk and Assurance Committee (ARAC), on behalf of the Authority, has reviewed the Annual Report and Accounts.

# Governance statement

## Scope of responsibility

The Accounting Officer has responsibility for maintaining a sound system of internal control that supports the achievement of the HTA's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to them. The Accounting Officer is also responsible for ensuring that the HTA is administered prudently and economically and that resources are applied efficiently and effectively.

## Governance framework

The HTA is an independent regulator established in 2005 following events in the 1990s that revealed incidents of removal and retention of human organs and tissue without consent. The legislation that established the HTA not only addressed this issue but also updated and brought together other laws that relate to human tissue and organs. The HTA was established by the Human Tissue Act 2004 as an arms length body of the Department for Health and Social Care and is overseen by a Board appointed by the DHSC Secretary of State, and with one member selected by the Health Minister of Wales and another by the Northern Ireland Department of Health.

The DHSC Permanent Secretary nominates a Senior Departmental Sponsor (SDS) who acts as the HTA's designated, consistent point of contact within the Department. The SDS acts as the link at executive level between the HTA and the senior officials of the Department and Ministers. The SDS also supports the Permanent Secretary in holding the HTA to account and in providing assurance on its performance.

A Departmental sponsor team supports the SDS by undertaking the principal day-to-day liaison between the Department and the HTA.

## Our board (The Authority)

The Board is responsible for setting strategic direction and risk appetite of the organisation and is the ultimate decision-making body for matters of HTA wide strategic, regulatory or reputational significance. Effective governance facilitates the delivery of HTA's purpose and strategy. The Board is committed, through its governance framework, to appropriate decision making at the correct level within the HTA making sure there is accountability, long term added value and fulfilling our purpose of furthering the interests of our sponsor department and stakeholders.

The Board (the HTA's statutory non-executive board) comprises 12 members including the Chair who are appointed by the Secretary of State for Health and Social Care, with the exception of one member appointed by the Welsh Government Cabinet Secretary for Health, Well-Being, and Sport and one by the Department of Health in Northern Ireland. Members are initially appointed for a three-year term of office.

We currently have 8 appointed members, with 4 vacancies, one of which is the member for Northern Ireland.

Details of Board members and Committee attendance are below.

Board members	Board Meetings	Audit, Risk and Assurance Committee	Remuneration Committee
Lynne Berry (Chair)	3 (4) <sup>3</sup>	N/a	2 (2)
Professor Gary Crowe (Audit, Risk and Assurance Chair)	4 (4)	3 (3)	N/a
Glenn Houston <sup>4</sup>	0 (4)	N/a	N/a
Dr Charmaine Griffiths <sup>5</sup>	2 (2)	N/a	N/a
Professor Deborah Bowman	3 (4)	N/a	2 (2)
Ellen Donovan	4 (4)	N/a	2 (2)
Helen Dodds	4 (4)	3 (3)	N/a
Dr Andy Greenfield	4 (4)	N/a	N/a
Tom Chakraborti	4 (4)	N/a	N/a
David Lewis	3 (4)	3 (3)	2 (2)

The Board is advised by the Executive Directors who are: Chief Executive; Director of Resources; Director of Regulation; Director of Data, Technology and Development; and Deputy Director for Performance and Corporate Governance.

The Board met 4 times during 2022/23 and one of these meetings was open to the public with Board papers made available on our website. Going forward, there will be 5 meetings a year. The Board monitors and reviews the organisation's performance regularly, based on the management information briefings and commentaries which the Executive provides.

### Biographies of board members

Biographies of our board members are available at <https://www.hta.gov.uk/about-hta/our-board-and-committees/authority-board/meet-our-board-and-executive-team>

### Board Administration

The administration of the Board is the responsibility of the Deputy Director for Performance and Corporate Governance, supported by the Private Office Lead and Board Secretary, who maintains and keeps up to date the main procedures and policies of the Board, corporate records and terms of reference of the Board Committees. The Deputy Director for Performance and Corporate Governance also maintains the HTA's Corporate Governance Framework.

<sup>3</sup> The figures within brackets are the number of meetings the member was eligible to attend.

<sup>4</sup> Glenn Houston's term ended in April 2022, therefore did not attend any meetings

<sup>5</sup> Dr Charmaine Griffiths resigned from the Board on 31 August 2022

## Board and committee performance

### Quality of information used by the Board

Papers were received by Board members one week in advance of set meetings. Three of the meetings during 2022/23 were in-person (with scope for dialling in) and a fourth meeting was virtual. Going forward, the Board has stated they wish to maintain in-person meetings for these quarterly Board meetings. The Board meetings were efficiently chaired, where challenge and discussion were encouraged. Board papers have followed a standard template to ensure they are comprehensive, taking account of all dependencies such as finance, risk, digital requirements, presentation and handling. The creation of Board papers goes through a detailed process, which has been reviewed and enhanced. This involves the initial development of “skeleton” papers which set out the structure and purpose of the paper. Initial proposals are then fashioned by the executive into first and final drafts. This process undertaken by SMT provides robust papers and has enabled Board members to make sound decisions.

### Board discussions

During the 2022/23 business year, the Board discussed a range of different issues and received updates on various pieces of work including:

- Operational delivery specifically updates on the number of inspections and other milestones; a revised data overview providing details of incidents and Corrective and Preventative Action (CAPA) plans. The latter are used to address shortfalls identified on inspection.
- Performance including financial performance information with a focus on outstanding licence fees and risks;
- HTA fee review and proposals for the 23/24 business year;
- Communication and engagement strategy which was approved in Q1 of this business year;
- Updates were presented on the Fuller Independent Inquiry and the advice that had been provided to the Secretary of State for Health and Social Care;
- Impact of the spend controls on expenditure for consultancy, professional services and contingent labour;
- Updates on the DSPT (Data Security and Protection Toolkit) audit and progress towards providing evidence;
- Updated framework agreement between the Department of Health and Social Care and the HTA (June 2022);
- Deemed consent in Northern Ireland – the outcome of the public consultation on proposed changes to Code of Practice F, Part two. Changes to this code were agreed by the Board at the end of the 2021/22 business year;
- Horizon scanning; engaging the Board in this process and the issues which emerge from work conducted;



- Strategic risks which were redefined and a review of the Board's risk appetite statement;
- Shared services – updates on progress for HR and IT and prospective partners;
- Progress on our organisational development work with the HSC Leadership Centre (the programme is designed to improve our delivery and organisational effectiveness);
- Digital, data and technology updates and the impact that recruitment challenges are having on delivery of a shared service model, also linked to the DSPT work and audits;
- Updates on our development programme – key issues discussed centred around the lack of specialist resource and its impact, the Board agreed that the programme would be paused to enable a review of the current focus and structure of the programme;
- Recruitment and retention challenges currently faced including feedback from the engagement survey;
- Agreement of the business plan for the 2023/24 business year;
- Updates from the Audit, Risk and Assurance Committee and the Remuneration Committee and their activities

### **Audit, Risk and Assurance Committee (ARAC)**

The Audit, Risk and Assurance Committee is made up of four board members and provides an independent view to the Chief Executive and the Board of the organisation's internal controls, operational effectiveness, governance and risk management. This includes an overview of internal and external audit services, risk management and counter-fraud activities. The committee is authorised to investigate any activity within its terms of reference and to seek any information that it requires from any employee. It is able to seek legal or independent professional advice and secure the attendance of external specialists.

The committee met three times during 2022/23. At each of these meetings, the committee received a number of standing agenda items. These include declarations of any identified fraud or losses, including any data losses and updates on strategic risks.

During the year, the committee also received reports on several other appropriate matters within its terms of reference. These included internal audit plans and reports, cyber security updates and dashboards; an update on progress of the Data Security and Protection Toolkit (DSPT) assessments and responses; risk management policy including an amended risk appetite statement; critical incident and business continuity and disaster recovery plans.

The committee reviewed the HTA's counter-fraud arrangements, in the context of the Cabinet Office counter-fraud framework and reviewed the counter-fraud strategy and fraud risk assessments, to satisfy itself that appropriate arrangements are in place. In addition, the committee received an update on the work being progressed in respect of Functional Standards – those that are applicable to the HTA and agreed the proportionate approach being taken.

In 2022/23 the ARAC received internal audit reports that covered the areas detailed below:



- Living organ donation - providing an independent view on the effectiveness of the HTA's living organ donation approvals process, and robustness of our own internal reviews undertaken in response to a current case.
- Record to Report financial process – providing assurance over the adequacy and effectiveness of the Record to Report processes in operation.
- Records Management - providing assurance that HTA's records management policies and procedures are sufficient to ensure compliance with its statutory obligations.
- Data Security Protection Toolkit (DSPT) - Assessing of data security and protection risk; an assessment as to the veracity of the HTA's self-assessment/DSP Toolkit submission.
- Performance Measurement - Assessing the adequacy of the performance reporting arrangements in place within the HTA and the extent to which they support delivery of the strategic plan.

Recommendations to deliver remedial actions and new improvements from each of these reports have been agreed between Internal Audit and SMT, and progress against completion of these recommendations is monitored collectively by SMT on a monthly basis through our newly introduced portfolio management process. As a result, during 22/23 we have notably reduced the number of outstanding recommendations and the time to completion.

## Remuneration Committee (RemCo)

As with most remuneration sub-committees, the HTA RemCo has traditionally had a remit restricted to overseeing the remuneration of the Chief Executive and HTA staff. However, early in the financial year at its May 2022 meeting, the Board agreed to widen the remit of RemCo. This has been expanded to include both the remuneration strategy and also to be a forum for discussion on wider "people" issues. The latter area being advisory for the CEO, who has executive responsibility, rather than decision-making.

The committee membership includes four members including the Chair of the Board, but RemCo is chaired by a separate member. The committee met three times in 2022/23.

## Senior Management Team

The HTA Senior Management Team (SMT) is led by the Chief Executive Dr Colin Sullivan (Accounting Officer) who is responsible for delivery in line with policy direction set by the Board. The Chief Executive is supported by three directors and a deputy director, as detailed below:

Richard Sydee (appointed November 2016) <sup>6</sup>	<b>Director of Resources</b>
Nicolette Harrison (appointed June 2018)	<b>Director of Regulation</b>
Louise Dineley (appointed November 2019)	<b>Director of Data, Technology and Development</b>
John McDermott (appointed August 2022)	<b>Deputy Director for Performance &amp; Corporate Governance</b>

<sup>6</sup> Richard Sydee was seconded to the HTA from the HFEA for 50% of his time.

The SMT are the decision-making body of the HTA, responsible for leading and delivery of the HTA's strategic aims and objectives. The SMT are supported by eight Heads of Service and collectively are responsible for the day-to-day corporate business.

In addition, the Heads of Service meet every two weeks as the Business Delivery Team (BDT) with these meetings covering discussion of tactical matters and strategic issues, prior to escalation to the SMT. Main areas of focus include the development and delivery of the annual business plan and the associated resources deployment and risk management.

## Corporate Governance

We have a framework agreement with the DHSC which defines the critical elements of our relationship with them. The way in which we work with the DHSC, and how we both discharge our accountability responsibilities effectively, is outlined in the agreement. The Senior Departmental Sponsor (SDS) at the DHSC meets with the CEO for a formal accountability meeting every quarter and informally during the year. The SDS also meets with the Chair on a regular basis and agrees and monitors delivery against her annual objectives. In addition, SMT members meet with other DHSC officials at quarterly intervals, and as issues require. Representatives from the DHSC are also present as observers at Board meetings of the Authority and at the Audit, Risk and Assurance Committee.

The operational objectives that help us deliver our corporate strategy are set out in the annual business plan. Drafts of this document are shared with the DHSC in advance. DHSC have approved the business plan and quarterly monitoring information is also submitted to them. Along with meetings with the SDS and other officials at the DHSC, this provides assurance that the delivery of objectives is on track.

Our system of corporate governance complies with the requirements of the 'Corporate governance in central Government departments: code of good practice<sup>7</sup>,' in so far as they relate to ALBs. It is designed to ensure that sufficient oversight of operational matters is held by our Board and Audit, Risk and Assurance Committee, while allowing for clear accountability and internal control systems at Executive level. The HTA is compliant against the provisions of the code with the following exceptions:

- 4.7 – in place of the Permanent Secretary, the HTA Chair and Chief Executive share this responsibility.
- 4.11 – in place of the Board Secretary, the HTA Chair and Chief Executive and the Private Office Lead take responsibility and
- 5.5 – the Head of Internal Audit only attends the Audit, Risk and Assurance Committee meetings.

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<sup>7</sup> <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

## Performance Management

Our performance management framework links closely to risk management. It includes periodic reporting at different levels of granularity in performance packs to the Board, the SMT and some of our committees.

This performance reporting covers:

- financial and non-financial information, key risks and issues, and an assessment of delivery against strategic commitments;
- business plan delivery at both corporate and operational levels;
- other work, such as delivery of specific projects and programmes.

Our performance framework has undergone a complete re-vamp post COVID-19. We have introduced an enhanced portfolio management process as part of a revised performance framework. Key performance indicators and individual performance indicators have also been changed in line with the portfolio approach to performance measurement and management.

As Chief Executive, I am assured that the arrangements in place for internal control are robust and fit for purpose, and subject to ongoing review for any lessons learned and continuous improvement.

## Annual reviews of committee effectiveness

The Board undertook an effectiveness review in January 2023 based upon the National Audit Office questionnaire which follows HM Treasury's corporate governance in central government departments code of good practice.

The questionnaire was grouped under headings of:

- Board Ethos and Approach
- Organisation of Board Meetings
- Risk Management
- Relationship with the Executive and key stakeholders and
- Other reflections

In March 2023, the Board discussed the results and agreed an action plan to cover development areas for improvement.

The ARAC undertook its effectiveness review at its meeting in January 2023 using the National Audit Office Audit and Risk Assurance Committee effectiveness tool, and the feedback will be discussed at its next meeting which is in June 2023.

## Risk Management

Our system of internal risk management gives assurance that the risks we face when exercising our statutory functions are managed appropriately and mitigated against proportionately.

The HTA manages risk through the use of risk registers. These include the strategic register managed by the Senior Management Team and directorate operational risk registers, where risks are owned by the Heads of Service. At programme and project level, risk logs are maintained. The strategic risk register is currently presented to the Board at each meeting. The Audit and Risk Assurance Committee monitors the key risks to achieving our strategic objectives.

## Risk process

Our principal risks in 2022/23 are disclosed in the performance report under risks affecting delivery of our objectives on pages 14-15. The process to identify these risks involves horizon scanning by the executive on an annual basis, and escalations as appropriate throughout the year.

## Information security and whistleblowing

The Senior Information Risk Owner (SIRO) is responsible for managing information risk on behalf of the Accounting Officer and the Board, and for providing the necessary assurance.

Any data recorded on the HTA's digital platforms are subject to specific legislative provisions, the Data Protection Act 2018 (DPA) and Freedom of Information (FOI) Act 2000. User access is strictly controlled, and trial logs are kept for security checks and audit purposes. Requests for information are handled in full compliance with both the Data Protection Act and the Freedom of Information Act.

Any operational requirements to deviate from the HTA security policy regarding data security require SIRO agreement,

There were 4 potential data breaches reported for investigation, one of which was reported to the Information Commissioners Office (ICO) and is included in the SIRO report which is presented to the Audit, Risk and Assurance Committee at the June meeting.

## Counter fraud

The HTA fraud control framework is designed to minimise the risk of fraud and includes a counter fraud policy and strategy with key outputs. This complies with the requirements of the Cabinet Office Functional Standards for Counter Fraud and sets out the HTA's approach with an action plan for the year.

During quarter three of the 2022/23 business year a desktop review was conducted by the Department of Health and Social Care Anti-Fraud Unit (DHSC AFU). Of the 12 standards, eight were rated as met with four being partially met. The partially met related to our action plan, outcome-based metrics, fraud risk assessment and fraud awareness training. A plan

will be put in place in quarter two of the new business year that focuses on strengthening the areas raised in the desktop review.

During 2022/23, we continued to make submissions to the Cabinet Office in compliance with the Government Functional Standards for Counter Fraud (GovS013). In addition, risk assessments are carried out bi-annually and our action plan continues to evolve to address areas of weakness identified.

We have engaged with the National Fraud Initiative (NFI) data-matching exercise which is conducted annually. The NFI is an exercise which matches electronic data within and between public and private sector bodies to prevent and detect fraud. As part of this national exercise, the NFI provides creditor payment and payroll screening and has developed a range of tests to identify duplicate payments for staff who are claiming pay from more than one organisation. There are financial benefits from this exercise, and it also helps to improve the efficiency of an organisation's creditor payment and payroll systems.

## Whistleblowing

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

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

During the 22/23 year, there have been no cases progressed under the HTAs whistleblowing arrangements.

## Functional standards

The functional standards are designed to promote consistent and coherent working within government organisations. During 2022/23, the HTA identified the appropriate functional standards that were applicable, and plans are in place to enable it to monitor and evaluate compliance against them. There are 14 standards of which nine are applicable to the HTA.

## Pensions

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

## Internal audit

The HTA uses the Government Internal Audit and Assurance service, which is accountable to the Accounting Officer (Chief Executive). The service operates to Public Sector Internal Audit Standards and submits regular reports, which include the Head of Internal Audit's annual independent opinion on the adequacy and effectiveness of the arrangements for risk management, and control and governance, together with recommendations for improvement.

The annual report from the Head of Internal Audit reflects well on the organisation and she provided an annual opinion of 'moderate' on the adequacy and effectiveness of the framework of governance, risk management and control. This gives the Accounting Officer additional assurance that the HTA is managed well.

## Review of effectiveness

As Accounting Officer, I place reliance on the internal system of control. These include but are not limited to:

- oversight by the Board and its sub-committees including the Audit and Risk Assurance Committee;
- the work and opinions provided by GIAA our internal auditors;
- senior managers within the organisation, who had responsibility for the development and maintenance of the system of internal control, and
- regular reporting to the Executive Team on performance and risk management.

I have noted the GIAA's annual report, which in accordance with the Public Sector Internal Audit Standards, concludes that the HTA "has maintained an adequate system of governance, risk management and internal control": She has arrived at this opinion through:

- Conducting a detailed risk-based internal audit needs assessment, from which she has prioritised activity over a three-year planning period to design an internal audit strategy and annual operational plan;
- All audits conducted during 2022/23;
- Monitoring the implementation of internal audit recommendations throughout the year.



**Dr Colin Sullivan**  
**Accounting Officer**  
**Human Tissue Authority**

**Date: 19 July 2023**



# Remuneration and Staff Report

The remuneration and staff report provides details of the remuneration (including any non-cash remuneration) and pension interests of board members and the directors who regularly attend board meetings.

## Audit

Specific areas of the remuneration and staff report are audited by the HTA's external auditors. These sections are labelled 'Subject to audit'.

## Senior staff remuneration

The remuneration of the chairman and non-executive directors is set by the Secretary of State for Health and Social Care. The salaries of the staff employed on NHS conditions and terms of service are subject to direction from the Secretary of State for Health and Social Care.

The remuneration of the chief executive and all executive senior managers (ESMs) is first subject to independent job evaluation and then approved by HTA's remuneration committee with additional governance oversight from the DHSC remuneration committee. Any salary in excess of £150,000 requires both Secretary of State and DHSC remuneration committee approval. The remuneration of the executives and senior managers is detailed in the table on pages 43 - 44.

Information on HTA's remuneration policy can be found on pages 41 - 42 and the membership of the remuneration committee can be found on page 34 within the annual governance statement and has not been audited.

## Performance appraisal

A personal objective-setting process that is aligned with the business plan is agreed with each member of staff annually and all staff are subject to an annual performance appraisal. The approach was further bolstered in 22/23 with the introduction of 360-degree feedback from peers and other stakeholders.

## Policy on duration of contracts, notice periods and termination payments

### Terms and conditions: non-executive directors and chairman

Below are the terms and conditions for the chairman and non-executive directors.

### Statutory basis for appointment

The chairman and non-executive directors of non-departmental public bodies (NDPBs) hold a statutory office under the Health and Social Care Act 2012. Their appointment does not create any contract for services or of service between them and the Secretary of State for Health and Social Care or between them and the HTA.

## **Employment law**

The appointments of the chairman and non-executive directors of the HTA are not within the jurisdiction of employment tribunals. There is also no entitlement for compensation for loss of office through employment.

## **Reappointments**

The chairman and non-executive directors are eligible for reappointment at the end of their period of office, which is currently 3 years, but they have no right to be reappointed. The Department of Health and Social Care (DHSC) will have a view as to who should be appointed to the office.

## **Termination of appointment**

A chairman or non-executive director may resign by giving notice in writing to the Secretary of State for Health and Social Care, otherwise their appointment will terminate on the date set out in their appointment letter unless terminated earlier in accordance with schedule 2 to the Human Tissue Act.

## **Remuneration**

Under the Act, the chairman and non-executive directors are entitled to be remunerated by the HTA for as long as they hold office.

## **Benefits in kind**

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

Information regarding travel and subsistence claimed by Authority Members and senior management is published on the HTA's website -<https://www.hta.gov.uk/about-hta/transparency/workforce-and-expenses-information> .

## **Conflict of interests**

The Code of Conduct for Board Members of Public Bodies published by the Cabinet Office applies to NDPB boards. The Code requires chairs and board members to declare, on appointment, any business interests, positions of authority in a charity or voluntary body in health and social care, and any connection with bodies contracting for NHS services. These must be entered into the HTA's register of interest, which is available to the public. Any changes should be declared as they arise.



## Terms and conditions of the HTA executive team

### Basis of appointment

All executive directors and other directors who are members of the executive team, are appointed on a permanent basis under a contract of service at an agreed annual salary with eligibility to claim allowances for travel and subsistence costs, at rates set by HTA, for expenses incurred on its behalf.

### Termination of appointment

Directors who are members of the executive team have to give three months' notice. There is no need for provision for compensation included in the HTA's annual accounts for the early termination of any executive director's contract of service in 2022/23.

### Terms and conditions of HTA staff

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

Members of staff in Bands 1 – 3 (Assistants, Officers and Managers) are required to give the HTA eight weeks' notice for termination of contract. Members of staff in Bands 4 (Heads of Service), Bands 5 (Deputy Directors) and ESM (Directors) are required to give three months' notice. The HTA is required to give the notice period of between one and twelve weeks in line with the Employment Rights Act 1996.

Termination payments are made only in appropriate circumstances and may arise where staff are not required to work their notice period. Three payments were made in 2022/23 (and nil in 2021/22).

Single total figure of remuneration – Board members' (subject to audit)								
Name of Board member	2022/23				2021/22			
	Salary in bands of £5'000	Non-cash benefits total to nearest £100	Pension Benefits to the nearest £1000	Total	Salary in bands of £5'000	Non-cash benefits total to nearest £100	Pension Benefits to the nearest £1000	Total
	£'000's	£	£'000's	£'000's	£'000's	£	£'000's	£'000's
Lynne Berry, Chair	40-45	0	0	40-45	40-45	0	0	40-45
Professor Deborah Bowman	5-10	0	0	5-10	5-10	0	0	5-10
Tom Chakraborti	5-10	0	0	5-10	N/a	N/a	N/a	N/a
Professor Gary Crowe, ARAC Chair	10-15	1,100	0	10-15	10-15	0	0	10-15
Helen Dodds	5-10	100	0	5-10	N/a	N/a	N/a	N/a
Ellen Donovan	5-10	800	0	5-10	5-10	0	0	5-10
Dr Andy Greenfield	5-10	300	0	5-10	N/a	N/a	N/a	N/a
Dr Charmaine Griffiths <sup>8</sup>	0-5 (Fye 5-10)	0	0	0-5	5-10	0	0	5-10
Glenn Houston <sup>9</sup>	0-5 (Fye 5-10)	0	0	0-5	5-10	0	0	5-10
David Lewis	5-10	100	0	5-10	N/a	N/a	N/a	N/a

<sup>8</sup> Dr Charmaine Griffiths resigned from the Board on 31/8/2022

<sup>9</sup> Glen Houston's term ended on 30/04/2022

**Single total figure of remuneration – Executive Team (subject to audit)**

Name of Officer	2022/23					2021/22				
	Salary in bands of £5'000	Bonuses in bands of £5'000	Non-cash benefits total to nearest £100	Pension Benefits to the nearest £1000	Total	Salary in bands of £5'000	Bonuses in bands of £5'000	Non-cash benefits total to nearest £100	Pension Benefits to the nearest £1000	Total
	£'000's	£'000's	£	£'000's	£'000's	£'000's	£'000's	£	£'000's	£'000's
Dr Colin Sullivan	135-140	0	0	31,000	165-170	30-35(Fye 135-140)	0	300	8,000	40-45(Fye 140-145)
Louise Dineley	95-100	0	0	11,000	105-110	95-100	0	0	27,000	120-125
Nicolette Harrison,	100-105	0	0	25,000	125-130	95-100	0	0	25,000	120-125
John McDermott <sup>10</sup>	55-60 (Fye 85-90)	0	0	25,000	80-85	N/a	N/a	N/a	N/a	N/a
Richard Sydee <sup>11</sup>	45-50 (Fte 95-100)	0	0	0	45-40	45-50 (Fte 95-100)	0	0	22,000	70-75

**PENSION COSTS**

Past and present employees are covered by the provisions of 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

<sup>10</sup> John McDermott joined the HTA 1 August 2022

<sup>11</sup> Richard Sydee was 0.5Fte as he worked for the HFEA for 50% of his time.

suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 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 actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

<b>Pension Benefits – Executive Team (subject to audit)</b>								
Name of Officer	Real increase in pension at age 60 (a)	Real increase in pension lump sum at age 60 (b)	Total accrued Pension at 31/03/23 (c)	Lump sum at age 60 at 31/03/23 (d)	CETV at 31/03/23 (e)	Real increase in CETV as funded by employer 2022/23 (f)	CETV at 31/03/22 (g)	Employers contribution to stakeholder pension
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Dr Colin Sullivan	2.5-5	0	0-5	N/a	48	20	9	0
Louise Dineley	0-2.5	0	35-40	0	603	11	562	0
Nicolette Harrison	0-2.5	0	5-10	N/a	144	19	108	0
John McDermott	0-2.5	0	10-15	N/a	122	10	101	0
Richard Sydee	0-2.5	0	40-45	80-85	725	(23) <sup>12</sup>	667	0

### 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

<sup>12</sup> Taking account of inflation, the CETV funded by the employer has decreased in real terms

beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 2008.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023 and this guidance will be used in the calculation of 2023-24 CETV figures.

### 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 (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 in the Human Tissue Authority in the financial year 2022-23 was £135k-£140k (2021-22, £135k-£140k). The relationship to the remuneration of the organisation's workforce is disclosed in the table below:

		Financial Year	
		2022-23	2021-22
	Remuneration banding for highest paid individual	£135,000 to £140,000	£135,000 to £140,000
25 <sup>th</sup> Percentile	25 <sup>th</sup> percentile total remuneration and salary	£43,100	£43,128
	Total remuneration ratio	3.19 : 1	3.19 : 1
	Salary only	£42,000	£43,128
	Salary only ratio	3.27 : 1	3.19 : 1
Median	50 <sup>th</sup> percentile total remuneration and salary	£46,128	£46,000
(50 <sup>th</sup> Percentile)	Total remuneration ratio	2.98 : 1	2.99 : 1
	Salary only	£45,000	£46,000
	Salary only ratio	3.06 : 1	2.99 : 1
75 <sup>th</sup> Percentile	75 <sup>th</sup> percentile total remuneration and salary	£51,007	£59,426
	Total remuneration ratio	2.70 : 1	2.31 : 1
	Salary only	£49,352	£59,426
	Salary only ratio	2.79 : 1	2.31 : 1

The highest paid individual for this comparison was the Chief Executive. There has been very little change in the median remuneration of staff since last year. There has been a

significant reduction in the 75<sup>th</sup> percentile from 2021/22 to 2022/23, this is attributable to the reduction in temporary staff in 2022/23. We are a London-based small expert organisation whose work requires scientific and other professional or graduate-level skills. Consequently, median pay remains higher than that for a number of other public sector bodies.

In 2022/23, 0 (2021/22, 1) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £25,000 to £135,000 (2021/22 £25,000 to £192,000). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include the employer pension contributions and the cash equivalent transfer value of pensions.

The figures compared to prior year, have changed in the above table due to pay awards and an increase in staff at a higher pay band.

### Percentage change in remuneration of the highest paid director (subject to audit)

Director	2022/23	2021/22	Change
Salary and allowances	£137,500	£137,500	N/a
Performance pay	None	None	N/a

The table above shows the change in the mid-point of the salary band of the highest paid director and their performance pay. In 2022/23 there were no pay awards or performance related pay.

The table below shows the average percentage change from the previous financial year in respect of HTA staff.

Staff	2022/23	2021/22	Change
Salaries and allowances	£47,967	£54,163	(11.4%)
Performance pay	£48,555	£54,163	(10.4%)

In line with Cabinet Office pay policy, HTA staff received a pay award ranging from 2.5% to an average flat award of £1,300 during the reporting year.

There has been no change in the highest paid director's salary, against which there has been a 11.4% decrease in staff salaries (excluding pay awards) and 10.4% decrease in salaries including performance pay, due to a decrease in the number of fixed term contract appointments.

### Analysis of staff costs (subject to audit)

The HTA is structured as follows: nine Authority Members including the Chair and an Executive of 58 staff. For 2022/23, the HTA staff costs were:

	Permanently employed staff	Members	Seconded Staff	Temporary staff	Total 2022/23	Total 2021/22
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Wages and salaries	2,485	106	201	114	<b>2,906</b>	2,799
Social security costs	304	5	18	0	<b>327</b>	266
Pension costs	471	0	34	0	<b>505</b>	435
<b>Subtotal</b>	<b>3,260</b>	<b>111</b>	<b>253</b>	<b>114</b>	<b>3,738</b>	<b>3,500</b>
Less recoveries in respect of outward secondments	0	0	(63)	0	<b>(63)</b>	(50)
<b>Total net costs</b>	<b>3,260</b>	<b>111</b>	<b>190</b>	<b>114</b>	<b>3,675</b>	<b>3,450</b>

For 2022/23 all contributions were paid to the NHSPS at rates prescribed by HM Treasury. In October 2022, there was a change in employee contribution rates, which saw some rates reduce. These new contribution rates are expected to be amended again later in 2023. Details can be found on NHS Business Services Authority's website [Cost of being in the Scheme | NHSBSA](#). The current employer's rate for the NHSPS is 20.68% of pensionable pay according to salary level.

### Average number of persons employed (subject to audit)

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

	Permanently employed staff	Seconded Staff	Total 2022/23	Total 2021/22
SCS	3	0	3	3
Other	50	2	52	43
<b>Total staff</b>	<b>53</b>	<b>2</b>	<b>55</b>	<b>46</b>

Staff reported in the above table are only those directly employed by the HTA. During the year, two staff members were on secondment to the HFEA for approximately half of their time. As at 31 March 2023, the HTA employed 58 Wte staff (2021/22, 45.5). The total number of contract (temp) staff in 2022/23 was 1 (2021/22, 5).

### Staff Turnover

Staff turnover was 30.5% (2021/22, 15%).

## Gender mix as at 31 March 2023

An analysis of gender mix for the headcount as at 31 March 2023 is provided below. The figures exclude the shared Director who is accounted for within the Human Fertilisation and Embryology Authority (HFEA) and temporary staff.

Gender	Male	Female	Total 2022/23	Total 2021/22
Authority Members	3	6	9	9
Directors	1	2	3	3
Total staff (including Directors and excluding Authority Members) <sup>13</sup>	19	39	58	48

Below are additional statistics around the mix of HTA staff

## Staff mix according to age as at 31 March 2023

Age range	2022/23	2021/22
18-29	1	4
30-39	13	21
40-49	31	13
50-59	8	7
60+	5	14

## Staff mix according to ethnicity

Ethnicity	2022/23	2021/2022
White British	30	26
Asian [Indian]	2	4
Asian [Other]	1	0
Asian [Pakistani]	1	0
Black [African]	2	1
Black [Caribbean]	1	0
White [European]	1	3
White [Irish]	1	2

<sup>13</sup> Last year (Male 14/Female 31)



White [Other]	2	2
Undefined	17	7
TOTAL	58	45

## Time in service

Age range	2022/23
0 – 4 years	36
5 – 9 years	13
10 – 19 years	9

There is no comparative data for 2021/22.

## Sickness and absences

During the year ended 31 March 2023 the total number of whole-time equivalent days (Wte) lost to sickness absence was 98 days (2021/22 143 days). This information is disclosed in accordance with the Financial Reporting Manual (FRoM).

## Consultancy expenditure

For the year ended 31 March 2023 the HTA spent £149,846 on consultancy services which includes legal fees, technical consultancy and HR consultancy (2021/22 £444,338)

## Off-payroll assurance statement

The HTA seeks to ensure that any engagements of more than six months in duration, for more than a daily rate of £245, include contractual provisions that allow us to seek assurance regarding the income tax and National Insurance Contribution obligations of the person engaged, and to terminate the contract if that assurance is not provided.

For all new off-payroll engagements, or those that reached six months duration, as at 31 March 2023, for more than £245 per day and that last for longer than six months. There were no staff who met this criteria.

For all new off-payroll engagements, or those that reached six months duration, between 1 April 2022 and 31 March 2023, for more than £245 per day and that last for longer than six months are detailed overleaf.

Number of existing engagements as of 31 March 2023	1
Of which....	
No. assessed as caught by IR35	1
No. assessed as not caught by IR35	0
No. engaged directly (via PSC contracted to department) and are on the department payroll	0

No. of engagements reassessed for consistency/assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consultancy review	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023.

<b>No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year</b>	<b>3</b>
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or senior officials with significant responsibility,” during the financial year.	3

### Exit packages (subject to audit)

Exit package cost band	No. of compulsory redundancies	Cost of compulsory redundancies	No. of other departures	Cost of other departures	Total number of exit packages	Total cost of exit packages	No. of departures where special payments have been made	Cost of special payment element included in exit packages
		£	#	£	#	£	#	£
Less than £10,000	0	0	3	13,500	3	13,500	0	0
£10,00-£25,000	0	0	0	0	0	0	0	0
£25,001-£50,000	0	0	0	0	0	0	0	0
£50,001-£100,000	0	0	0	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0	0	0	0
£150,001-£200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>13,500</b>	<b>3</b>	<b>13,500</b>	<b>0</b>	<b>0</b>

Type of Other Departures	No. of Agreements	Total value of Agreements £000s
Voluntary redundancies including early retirement contractual costs		
Mutually agreed resignations (MARS0 contractual costs)		
Early retirements in the efficiency of the service contracts		
Contractual payments in lieu of notice	3	13.5
Exit payments following Employment Tribunals or court orders		
Non-contractual payments requiring HMT approval		
<b>Total</b>	<b>3</b>	<b>13.5</b>

Exit costs in this note are accounted for in full in the year of departure.

There were no exit packages in 2021-22 and therefore the tables above have not been presented for the previous year

# Parliamentary accountability and audit report

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

### Fees charging and cost allocation

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

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

SECTOR	31 March 2023	31 March 2022
	£'000s	£'000s
Applications	106	102
Anatomy	118	112
Post-Mortem	1,277	1,280
Public Display	19	20
Research	778	762
Human Application	1,642	1,486
Organ Donation/ Transplantation	344	317
Other income for licensing activities <sup>14</sup>	114	107
<b>Total Income from contracts with Customers<sup>15</sup></b>	<b>4,398</b>	<b>4,185</b>
Costs allocated to licensing activities	(4,011)	(3,938)
<b>Surplus/(Deficit) on activities</b>	<b>387</b>	<b>247</b>

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

### Losses and special payments

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

There were no losses or special payments of £300,000, either individually or in aggregate, made in 2022/23.

### Remote contingent liabilities

As at 31 March 2023, the HTA did not have any remote contingent liabilities (2021/22: none)



**Dr Colin Sullivan**  
**Accounting Officer**  
**Human Tissue Authority**

**Date: 19 July 2023**

<sup>14</sup> Figure includes income from Devolved Governments and EU income from previous projects

<sup>15</sup> This is the total income allocated to licensable activities and therefore differs from that on page 20.

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT, THE NORTHERN IRELAND ASSEMBLY AND THE SENEDD CYMRU

### Opinion on financial statements

I certify that I have audited the financial statements of the Human Tissue Authority for the year ended 31 March 2023 under the Human Tissue Act 2004.

The financial statements comprise the Human Tissue Authority's

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the twelve months 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 UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Human Tissue Authority's affairs as at 31 March 2023 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Human Tissue Act 2004 and Secretary of State directions issued thereunder.

### Opinion on regularity

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

### Basis 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 and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 am independent of the Human Tissue 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 Human Tissue 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 Human Tissue 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 Authority and 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 Human Tissue 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 the information included in the Annual Report but does not include the financial statements or my auditor's certificate. 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.

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 Human Tissue Act 2004.

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

- Human Tissue Act 2004; 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 Human Tissue Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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

- Adequate accounting records have not been kept by the Human Tissue Authority or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; 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 is 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 Authority and Accounting Officer for the financial statements**

As explained more fully in the Statement of Authority and Accounting Officer's Responsibilities, the Authority and Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation, and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Human Tissue Authority from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are

prepared in accordance with Secretary of State directions made under the Human Tissue Act 2004;

- ensuring that the Annual Report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Human Tissue Act 2004; and
- assessing the Human Tissue 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 Human Tissue 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 Human Tissue Act 2004.

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, I:

- considered the nature of the sector, control environment and operational performance including the design of the Human Tissue Authority's accounting policies.
- inquired of management, the Human Tissue Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Human Tissue Authority's policies and procedures on:
  - identifying, evaluating, and complying with laws and regulations;



- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Human Tissue Authority's controls relating to the Human Tissue Authority's compliance with the Human Tissue Act 2004 and Managing Public Money;
- inquired of management, the Human Tissue Authority's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with 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 Human Tissue Authority for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, 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.

I obtained an understanding of the Human Tissue Authority's framework of authority and other legal and regulatory frameworks in which the Human Tissue Authority operates. I focused 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 Human Tissue Authority. The key laws and regulations I considered in this context included the Human Tissue Act 2004, Managing Public Money, employment law, pensions legislation and tax legislation.

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

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Authority and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud 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 expenditure and income 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.

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 I identify during my audit.

### **Report**

I have no observations to make on these financial statements.

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

**Date: 20 July 2023**

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

# **Financial statements**

## Statement of Comprehensive Net Expenditure for the twelve months ended 31 March 2023

	Note	<u>2022/23</u> £'000s	<u>2021/22</u> £'000s
<b>Income from sale of goods and services</b>			
Revenue from contracts with customers	4	(4,285)	(4,079)
Other Operating income	4	(204)	(184)
<b>Total operating income</b>		<u>(4,489)</u>	<u>(4,263)</u>
<b>Expenditure</b>			
Purchase of goods and services	3	884	1,078
Staff costs	3.1	3,738	3,500
Depreciation, amortisation and impairment charges	3	24	7
Depreciation of Right of Use Asset	3	85	0
Movement of Provision	3	(25)	(25)
Other operation expenditure	3	229	334
Lease expense	3	7	0
<b>Total operating expenditure</b>		<u>4,942</u>	<u>4,894</u>
<b>Net Expenditure</b>		<u>453</u>	<u>631</u>

There are no items of expenditure that should be shown as Other Comprehensive Expenditure. All items of income and expense arise from continuing activities.

Notes 1 to 14 on pages 65 to 80 form part of these financial statements.

## Statement of Financial Position as at 31 March 2023

	Note	<u>31-Mar-23</u> £'000s	<u>31-Mar-22</u> £'000s
<b>Non-current assets:</b>			
Property, plant and equipment	5	110	42
Right of Use Asset	5	642	0
Intangible assets	6	0	0
<b>Total non-current assets</b>		<u>752</u>	<u>42</u>
<b>Current assets:</b>			
Trade and other receivables	8	176	358
Cash and cash equivalents	9	4,611	4,078
<b>Total current assets</b>		<u>4,787</u>	<u>4,436</u>
<b>Total assets</b>		<u>5,539</u>	<u>4,478</u>
<b>Current liabilities</b>			
Trade and other payables	10	743	706
Lease liability	11	114	0
Provisions	12	0	25
<b>Total current liabilities</b>		<u>857</u>	<u>731</u>
<b>Total assets less current liabilities</b>		<u>4,682</u>	<u>3,747</u>
<b>Non-current liabilities</b>			
Lease liability	11	574	0
<b>Total Non-current liabilities</b>		<u>574</u>	<u>0</u>
<b>Total assets less total liabilities</b>		<u>4,108</u>	<u>3,747</u>
<b>Taxpayers' Equity</b>			
I&E Reserve		<u>4,108</u>	<u>3,747</u>
<b>Total equity</b>		<u>4,108</u>	<u>3,747</u>

Notes 1 to 14 on pages 65 to 80 form part of these financial statements.

The financial statement were signed on behalf of the Human Tissue Authority by:

(Signed)  
Dr Colin Sullivan  
Accounting Officer



19 July 2023

## Statement of Cash Flows for the twelve months to 31 March 2023

	Note	<u>2022/23</u> £'000s	<u>2021/22</u> £'000s
<b>Cash flows from operating activities</b>			
Net operating expenditure	SoCNE	(453)	(631)
Adjustment for depreciation and amortisation	3	112	56
Interest paid on Lease Liabilities	3	7	0
Movement in Lease Liabilities		22	
Decrease/(Increase) in trade and other receivables	8	182	(184)
(Decrease) in provision	12	(25)	(25)
Increase/(Decrease) in trade payables	10	37	(101)
<b>Net cash (outflow)/inflow from operating activities</b>		<u>(118)</u>	<u>(885)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(95)	(19)
<b>Net cash outflow from investing activities</b>		<u>(95)</u>	<u>(19)</u>
<b>Cash flows from financing activities</b>			
Grants from sponsor department	1.7	814	911
Repayment of Lease liabilities		(68)	0
<b>Net financing</b>		<u>746</u>	<u>911</u>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<u>533</u>	<u>7</u>
<b>Cash and cash equivalents at the beginning of the period</b>	9	4,078	4,071
<b>Cash and cash equivalents at the end of the period</b>		<u>4,611</u>	<u>4,078</u>

Notes 1 to 14 on pages 65 to 80 form part of these financial statements.

## Statement of Changes in Taxpayers' Equity For the twelve months ended 31 March 2023

	Note	<b>I&amp;E Reserve</b>
		<b>£'000s</b>
<b>Balance at 1 April 2021</b>		3,467
<b>Changes in taxpayers' equity for 2021/22</b>		
Net Expenditure		(631)
<b>Total recognised Income and expense for 2021/22</b>		(631)
Grant from sponsor department		911
<b>Balance at 31 March 2022</b>		<b>3,747</b>
<b>Balance at 1 April 2022</b>		
<b>Changes in taxpayers' equity for 2022/23</b>		
Net Expenditure		(453)
<b>Total recognised Income and expense for 2022/23</b>		(453)
Grant from sponsor department		814
<b>Balance at 31 March 2023</b>		<b>4,108</b>

Notes 1 to 14 on pages 65 to 80 form part of these financial statements.

## Notes to the accounts

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

### 1. Statement of accounting policies

These financial statements have been prepared pursuant to the Human Tissue Act 2004, Schedule 2 (paragraph 16) and in accordance with the Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Human Tissue Authority (HTA) for the purposes of giving a true and fair view has been selected. The particular policies adopted by the HTA for the year ended 31 March 2023 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Going concern

The going concern basis of accounting for the HTA is adopted in consideration of the requirements set out in the International Accounting Standards as interpreted by HM Treasury's Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements, where it is anticipated that the services they provide will continue in the future.

#### 1.2 Accounting convention

The accounts have been prepared under the historical cost convention.

#### 1.3 Non-current assets

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

All property, plant and equipment and intangible assets held by the HTA at 31 March 2023 are carried in the Statement of Financial Position at depreciated historical cost. The depreciated or amortised historical cost is used as a proxy for fair value, for the classes of assets listed below, since the useful life over which the asset class is depreciated or amortised is considered to be a realistic reflection of the consumption of that asset class. Depreciation and amortisation are provided on a monthly basis from the date of deemed economic benefit, at rates calculated to write off the costs of each asset evenly over its expected useful life.



## Plant and Equipment

Information Technology	4 years
Furniture and fittings	3 or 5 years
Refurbishment Costs	5 or 10 years
Right of Use Assets (Leases)	Lease term

## Intangible assets

Information Technology	5 years
Websites	3 years

### 1.4 Assets under Construction (Development expenditure)

These are the costs related to the upgrade of HTA systems whether that be the hardware or applications that are yet to be deployed. These assets are not depreciated. They are depreciated from the point they come into use.

### 1.5 Impairments

The simplified approach to impairment, in accordance with IFRS 9, measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (stage 1).

For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2).

An assessment of all of the HTA's financial assets has resulted in movement in the value of the impairment of receivables. In carrying out the assessment of licence fee debtors, account is taken of the sector, economic climate (past and future) and previous losses and the impact of COVID-19. A default loss rating is applied to debts aged over a period of 28, 42 and 56 days.

DHSC provides a guarantee of last resort against debts of its arm's length bodies and NHS bodies and as such the HTA does not recognise stage 1 or 2 losses against these bodies.

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

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

IFRS 9: expected credit losses (ECL) – an impairment review was conducted where historical debtor information, current economic climate, profile of the sector is taken into account. A weighting is applied to each debt according to the number of days outstanding. This results in a

provision (expected credit loss) for these outstanding amounts. Excluded from this review are NHS debtors (see note 1.5).

IFRS 16: determining whether a contract contains a lease. The HTA exercises judgement in determining whether a contract is, or contains, a lease and whether the contract conveys the right to control the use of an identified asset in exchange for consideration. In making this judgement, the HTA assess whether the contract, in substance, grants the HTA the right to direct the use of the identified asset and allows the HTA to receive substantially all of the economic benefits associated with the use of the identified asset for the lease term.

## 1.7 Government Grants and Grant-in-aid

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

## 1.8 Leases

### Operating leases as the lessee

The HTA prior to the transition of IFRS 16 would have applied IAS 17 'Leases' up to March 2022, recognising leased assets as operating leases. Where the risks and rewards of ownership were not transferred substantially to the lessee (HTA), were classed as Operating leases.

Rentals payable under operating leases, were expensed on a straight-line-basis over the lease term.

### 1.8a Leases from 1 April 2022

The HTA adopted IFRS 16 'Leases' from the 1 April 2022. IFRS 16 represents a significant change in lessees accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introducing a single lessee accounting model. IFRS 16 requires recognition of assets and liabilities for all leases in the Statement of Financial Position (SoFP), with exemption given to low value leases and short-term leases, i.e. those with terms of less than 12 months. The adoption of the standard results in the recognition of a right-of-use asset, representing a right to use the underlying leased asset, and a lease liability, representing an obligation to make lease payments.

Leases previously classified as operating leases: the HTA has adopted IFRS 16 on the cumulative catch-up basis as mandated in the FReM, and therefore the cumulative impact on previous years has been recognised within reserves. As such the prior year comparative information has not been restated.

**Measurement of right-of-use asset on transition** - the right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the SoFP immediately before the date of initial applications.

**Subsequent measurement** - right-of-use assets are measured in line with the class of Property, Plant and Equipment (PPE) asset to which the lease relates. The cost model for IFRS 16 is used as a proxy for valuation.

**Depreciation of right-of-use assets** - these are depreciated on a straight-line basis from commencement date to the earlier of the end of:

- useful life of the right-of-use asset
- assessed as the same as the class of PPE asset to which the lease relates or
- the Lease term.

**Measurement of lease liability** - is measured at the present value of the remaining lease payments using the incremental borrowing rate at the date of initial application. The incremental borrowing rate is either the interest rate implicit in the lease or the HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined.

**Subsequent measurement** - lease liability is remeasured to reflect changes to the lease payment. The HTA remeasures the lease liability by discounting the revised lease payments using a revised discount rate if there are changes in: the lease term or future lease payments resulting in a change in the index rate used to determine these future lease payments, including a change to reflect changes in market rental rates following a market rent review. The HTA remeasures the lease liability to reflect those revised lease payments only when there is a change in the cash flow (will happen when the adjustment to the lease payments take effect).

## 1.9 Income

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

There is a contractual arrangement between the HTA and its establishments as per IFRS 15 and the 5-step model. The underlying legislation is deemed to enforce contractual obligations on both parties, and thus these arrangements are viewed as contracts under IFRS 15. Performance obligations exist between the HTA and its establishments, where the establishments are obligated to comply with certain standard conditions and in return the HTA will grant them a licence for a fixed period of 1 year.

A transaction price (licence fee) is chargeable which is different for each type of licence. Licences fees are charged for the financial year April through March reflecting regulatory activity being carried out. We recognise this income in the financial year it is invoiced, this being over a period at which the performance obligation (the work undertaken by HTA to grant a licence) is satisfied.

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

### **1.10 Employee benefits**

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

### **1.11 Pensions**

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

### **1.12 Financial assets**

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

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

### **1.13 Financial liabilities**

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

## 1.14 Cash and cash equivalents

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

## 1.15 IFRS issued but not yet effective

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2022/23. The application of the Standards as revised would have a material impact on the accounts in 2022/23, were they applied in that year.

IFRS 17 - Insurance Contracts - applicable for accounting periods beginning on or after 1 January 2021. This Standard has not yet been adopted by the FReM which is expected to be from April 2025. The HTA does not have any assets or liabilities recognised as insurance contracts, and therefore this standard will have no impact on the HTA's financial statements.

## 1.16 Provisions

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

The amount recognised as a provision is the best estimate of expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where the expenditure does not materialise or the best estimate crystallises, the provision is released.

## 2. Analysis of Net Expenditure by Segment

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

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

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

### 3. Other Expenditure

	Notes	2022/23 £000's	2021/22 £000's
<b>Staff Costs</b>	3.1	3,738	3,500
<b>Purchase of goods and services</b>			
Computer running costs		242	329
Staff recruitment, training and welfare		115	142
Consultancy		74	323
Office and administration costs		16	28
Maintenance Contracts		96	90
Travel subsistence and hospitality		157	37
Conference & Events		5	0
Stationery and publications		22	18
Auditors Remuneration	(a)	82	83
Legal and professional fees		75	28
		<u>884</u>	<u>1,078</u>
<b>Other operating costs</b>			
Accommodation		169	165
Project costs		55	162
Telecommunications		7	7
Bad Debt Write Offs		(2)	0
		<u>229</u>	<u>334</u>
<b>Non-cash items</b>			
Depreciation and amortisation	5.6	112	56
Movement in impairment for expected credit loss	8	(3)	(49)
Lease interest		7	0
Provision provided/(released) in year		(25)	(25)
		<u>91</u>	<u>(18)</u>
<b>Total</b>		<u><b>4,942</b></u>	<u>4,894</u>
<b>Notes</b>			
(a) Audit fees	Internal	46	53
	External	36	30
		<u>82</u>	<u>83</u>

### 3.1 Staff numbers and related costs

#### Staff costs comprise:

	2022/23	2021/22
	£000's	£000's
Wages and salaries	2,906	2,799
Social security costs	327	266
Pension costs	505	435
Sub Total	<u>3,738</u>	<u>3,500</u>
Less recoveries in respect Of outward secondments	<u>(63)</u>	<u>(50)</u>
Total net costs	<u>3,675</u>	<u>3,450</u>

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

For 2022/23 contributions of £471,147 (2021/22, £405,629) were paid to the NHS Pensions (NHSPS) at rates prescribed by HM Treasury. The current rate for the NHSPS is 20.68% of pensionable pay according to salary level.

#### Average number of persons employed

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

	2022/23	2021/22
	Total	Total
Directly Employed	<u>53</u>	<u>46</u>
Total WTE staff	<u>53</u>	<u>46</u>
Temporary staff	<u>1</u>	<u>5</u>
Total	<u>54</u>	<u>51</u>

During the year, two staff were on secondment for part of their time to the HFEA for two and a half days per week. As at 31 March 2023 the HTA employed 58 Wte staff (2021/22, 45.5).

The number of contractors engaged during the year was 1.

## 4. Income

### Income comprises:

	Note	2022/23 £000's	2021/22 £000's
Revenue from contracts:			
Licence Fee income		(4,285)	(4,079)
Income from Devolved administrations		(134)	(134)
Sub Total		<u>(4,419)</u>	<u>(4,213)</u>
Other Operating Income	4.1	<u>(70)</u>	<u>(50)</u>
Total Income		<u><b>(4,489)</b></u>	<u><b>(4,263)</b></u>

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

### 4.1 Other operating Income

	2022/23 £000's	2021/22 £000's
Other income – Outward secondees	(63)	(50)
Other income – Miscellaneous	<u>(7)</u>	<u>0</u>
Total	<u><b>(70)</b></u>	<u><b>(50)</b></u>

Other income – outward secondees relates to two members of staff who worked for another organisation part-time.



## 5. Property, Plant and Equipment

	Right of Use asset - property	Information Technology Hardware	Assets Under Construc- tion	Total	Of which Leases within the DHSC Group £000's
	£000's	£000's	£000's	£000's	£000's
<b>Cost or valuation</b>					
At 1 April 2022	0	135	9	144	0
Additions	0	95	0	95	0
Disposals	0	0	0	0	0
Adjustments	727	0	0	727	727
Transfers	0	9	(9)	0	0
<b>At 31 March 2023</b>	<b>727</b>	<b>239</b>	<b>0</b>	<b>966</b>	<b>727</b>
<b>Depreciation</b>					
At 1 April 2022	0	102	0	102	0
Charge for the year	85	27	0	112	85
<b>At 31 March 2023</b>	<b>85</b>	<b>129</b>	<b>0</b>	<b>214</b>	<b>85</b>
<b>Net book value at 31 March 2023</b>	<b>642</b>	<b>110</b>	<b>0</b>	<b>752</b>	<b>642</b>
Assets owned by the HTA	0	110	0	110	0
Assets leased by the HTA	642	0	0	642	642
<b>Net book value at 1 April 2022</b>	<b>0</b>	<b>33</b>	<b>9</b>	<b>42</b>	<b>0</b>
<b>Cost or valuation</b>					
At 1 April 2021	0	125	0	125	0
Additions	0	10	9	19	0
Disposals	0	0	0	0	0
Adjustments	0	0	0	0	0
Transfers	0	0	0	0	0
<b>At 31 March 2022</b>	<b>0</b>	<b>135</b>	<b>9</b>	<b>144</b>	<b>0</b>
<b>Depreciation</b>					
At 1 April 2021	0	70	0	70	0
Charge for the year	0	32	0	32	0
<b>At 31 March 2022</b>	<b>0</b>	<b>102</b>	<b>0</b>	<b>102</b>	<b>0</b>
<b>Net book value at 31 March 2022</b>	<b>0</b>	<b>33</b>	<b>9</b>	<b>42</b>	<b>0</b>
<b>Net book value at 1 April 2021</b>	<b>0</b>	<b>55</b>	<b>0</b>	<b>55</b>	<b>0</b>

All assets are owned by the HTA

## 5a. Carrying value of right of use assets split by counterparty

	£000's
Leased from DHSC	642
Leased from NHS England group	0
Leased from NHS Providers	0
Leased from Executive Agencies	0
Leased from Non-Departmental Public Bodies	0
Leased from other group bodies	0
<b>Total</b>	<b>642</b>

## 6. Intangible Assets

	Information Technology £000's	Total £000's
<b>Cost or valuation</b>		
At 1 April 2022	1,132	1,132
<b>At 31 March 2023</b>	<b>1,132</b>	<b>1,132</b>
<b>Amortisation</b>		
At 1 April 2022	1,132	1,132
<b>At 31 March 2023</b>	<b>1,132</b>	<b>1,132</b>
<b>Net book value at 31 March 2023</b>	<b>0</b>	<b>0</b>
Net book value at 1 April 2022	0	0
All assets are owned by the HTA		

The gross cost of our Customer Relationship Management (CRM) system is £1,132k and its net book value is nil. The CRM is an internally generated asset and came to the end of its useful life in March 2022. It will remain on the fixed asset register as decisions around requirements going forward are made.

<b>Cost or valuation</b>		
At 1 April 2021	1,132	1,132
<b>At 31 March 2022</b>	<b>1,132</b>	<b>1,132</b>
<b>Amortisation</b>		
At 1 April 2021	1,108	1,108
Charge for the year	24	24
<b>At 31 March 2022</b>	<b>1,132</b>	<b>1,132</b>
<b>Net book value at 31 March 2022</b>	<b>0</b>	<b>0</b>
Net book value at 1 April 2021	24	24

## 7. Financial instruments

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

### Liquidity risk

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

### Market and interest rate risk

At 31 March 2023, the HTA's financial liabilities carried nil rates of interest. The HTA's financial assets relate to receivables and cash balances held at 31 March 2023 within the Royal Bank of Scotland bank account and Barclays commercial current account, which are not interest bearing. Interest on cash balances are set by the banks. The HTA is therefore not exposed to significant interest-rate risk.

### Credit risk

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

The aged debtor report for NHS and non NHS receivables at the 31 March 2023 was:

	<b>£000's</b>
Accounts not past due	0
Past due 0-28 days	4
Past due 29 plus days	113

### Currency risk

The HTA is principally a domestic organisation with the great majority of transactions, assets and liabilities being UK and sterling based. HTA has no overseas operations. HTA therefore has low exposure to currency rate fluctuations.

## Financial instruments held by the HTA

### By category

	<b>Receivables and other financial assets</b>
	<b>31 March</b>
	<b>£'000s</b>
<b>Financial assets measured at amortised cost</b>	
Contract receivables (net of provisions)	84
Other receivables	4
Cash at bank and in hand	4,611
<b>Total at 31 March 2023</b>	<b>4,699</b>
Contract receivables (net of provisions)	273
Other receivables	4
Cash at bank and in hand	4,078
<b>Total at 31 March 2022</b>	<b>4,355</b>

## Financial liabilities

### By category

	<b>Other financial liabilities</b>
	<b>31 March</b>
	<b>£'000s</b>
<b>Financial liabilities measured at amortised cost</b>	
Contract payables	39
Other payables	18
Accruals	686
<b>Total at 31 March 2023</b>	<b>743</b>
Contract payables	9
Other payables	21
Accruals	676
<b>Total at 31 March 2022</b>	<b>706</b>

As at 31 March 2023 none of the HTA's liabilities carried a floating rate of interest.

## Fair values

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

## 8. Trade receivables and other current assets

	31-Mar-23 £000's	31-Mar-22 £000's
<b>Amounts falling due within one year</b>		
Contract receivables	117	309
Impairment for credit losses	(33)	(36)
Other Receivables	4	4
Prepayments	88	81
Contract assets	0	0
	<u>176</u>	<u>358</u>

### Amounts falling due after more than one year

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

## 9. Cash and cash equivalents

	£000's
Balance at 1 April 2022	4,078
Net change in cash and cash equivalent balances	533
Balance at 31 March 2023	<u>4,611</u>

	31-Mar-23 £000's	31-Mar-22 £000's
The following balances were held at:		
Commercial banks	4,565	3,799
Government Banking Services	46	279
	<u>4,611</u>	<u>4,078</u>

The cash balances as at 31 March 2023 carried a floating rate.

## 10. Trade payables and other current liabilities

	31-Mar-23 £000's	31-Mar-22 £000's
<b>Amounts falling due within one year</b>		
Contract payables	39	9
Other payables	18	21
Accruals	686	676
	<u>743</u>	<u>706</u>

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

## 11. Commitments under leases

### Lease commitments by maturity

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

Total future minimum lease payments	Right to Use Assets (Lease) £000's	31-Mar-23 Total £000's
<b>Payable:</b>		
Not later than one year	114	114
Later than one year, not later than five years	364	364
Later than five years	235	235
Less interest element	(25)	(25)
Present value of obligations	<b>688</b>	<b>688</b>

## 12. Provisions

	2022/23 Off Relocation (Travel) £000's	2021/22 Off Relocation (Travel) £000's
<b>Balance at 1 April 2022</b>		
Provided in year	25	50
Provisions utilised in year	0	0
Release of provision for the period	(25)	(25)
<b>Balance at 31 March 2023</b>	<b>0</b>	<b>25</b>

## 13. Related party transactions

During the period none of the Department of Health and Social Care Ministers, HTA Board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the HTA.

The Department of Health and Social Care is regarded as a related party. During the year HTA 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, including:

**Organisations**

NHS Blood and Transplant (NHS BT)  
Human Fertilisation and Embryology Authority (HFEA)  
Care Quality Commission (CQC)

Below are a list of individuals that the Department of Health and Social Care identifies as meeting the definition of Related Parties as set out in IAS 24 (Related Party Transactions) and are therefore deemed to be related parties of the HTA who are within the Departmental Group.

**Ministers**

The Rt Hon Steve Barclay MP  
Lord Markham

Below are details of our Board Members who are regarded as related parties as they have interests in establishments that hold an HTA licence.

**Board Members**

Lynne Berry	University of Westminster
Helen Dodds	Vertex Pharmaceuticals UK and Ireland
Dave Lewis	Poole Hospital

**14.Events after the reporting period**

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

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