UK Health Security Agency

UKHSA Annual Report and Accounts 2022-23

HC 97

UK Health Security Agency

Annual Report and Accounts 2022-23
For the year ending 31 March 2023

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About UK Health Security Agency

The UK Health Security Agency (UKHSA) prepares for and responds to infectious diseases, and environmental hazards, to keep all our communities safe, save lives and protect livelihoods. We provide scientific and operational leadership working with local, national, and international partners to protect the public's health and build the nation's health security capability. UKHSA is an executive agency, sponsored by the Department of Health and Social Care (DHSC).

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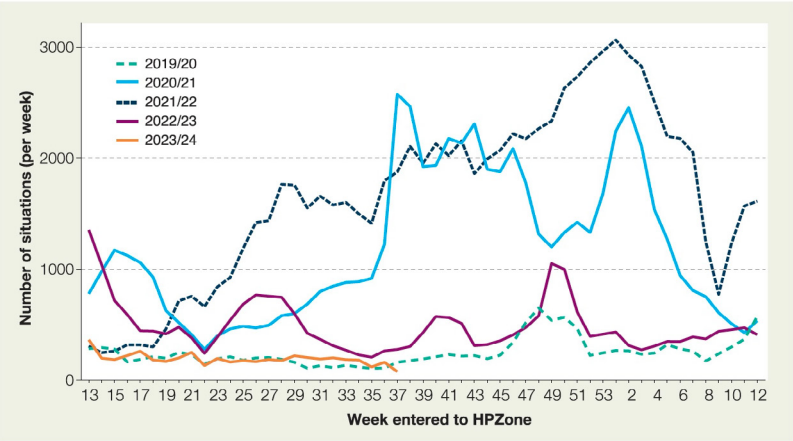
Correction:
Text currently reads:
Incorrect graph on page 55 – see below:

Chart two: Number of AIDS and HIV diagnosis and HIV related deaths across time

Baseline in 2019 and reduction targets by 2025



Notification data updated: as at midnight 13/09/2023
X–axis starts at the beginning of the financial year (from week 13 to week 12)

Text should read:
See below the correct graph:

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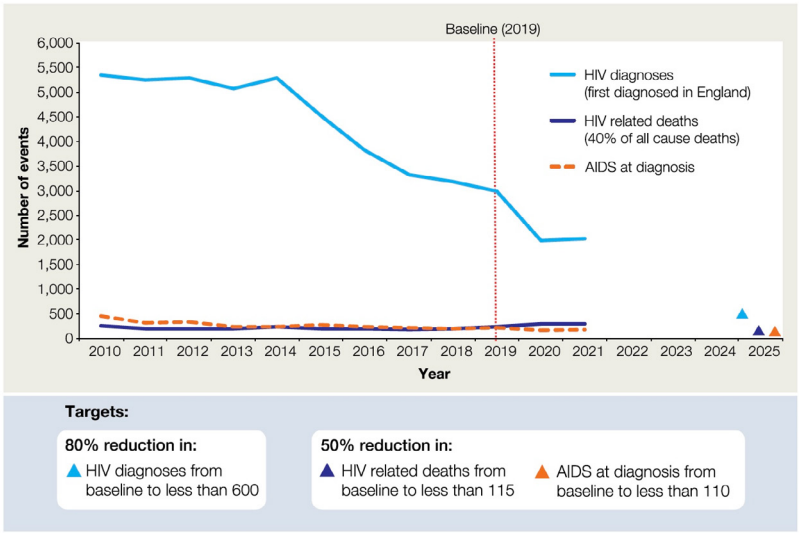


Date of correction: 31 January 2024

Contents

1 Performance report

Chair's Report

Welcome to UKHSA's second annual report, covering the period from 1 April 2022 to 31 March 2023. The year was one of extraordinary transition while maintaining consistently excellent delivery to counter a series of infectious disease outbreaks, the evolution of COVID-19, and other health hazards. I would like to set on record my thanks to the UKHSA teams for their sustained commitment and excellence in the face of such enormous change.

UKHSA started the financial year less than six months after its formation, sized to provide its central role in managing the Covid 19 pandemic at its peak. In the space of five months, consistent with the Living with Covid Strategy, the team seamlessly delivered the closure of the entire field testing and contact centre infrastructure, significantly rationalised the laboratory network, and downsized and reconfigured the organisation. All of this was done in a way that the infrastructure could be scaled up at an appropriate speed in the event of a further pandemic wave. The numbers

are stark: nearly 800 field sites, 13 laboratories, full time staff reduced from 18,000 at peak to below 6,700, and Covid Test and Trace expenditure reduced from an annual budget of c.£15bn to spend of £1.6bn. Within this major reconfiguration we have begun the process of upsizing and upskilling our core scientific, data and analytics and operational capability and capacity to better equip the organisation to meet current and future health threats. The opening of the Vaccine Development and Evaluation Centre and the Centre for Climate Health Security are key examples of these enhanced capabilities.

It has been notable how the UKHSA has steadily developed its relationships with a broad range of external partners and stakeholders including private sector pharmaceutical and medical technology companies, academic institutions, global peers such as the World Health Organisation. The Moderna collaboration is emblematic of the role UKHSA can play to improve the effectiveness of the global ecosystem to improve population health outcomes.

The year saw the progressive maturing of UKHSA as its four component organisations came together, including the former Vaccine Task Force now embedded within UKHSA as the Covid Vaccine Unit. Our capabilities in areas such as genomics, data analytics and surveillance, operational

response, vaccine evaluation and environmental risk have all moved forward.

The governance of UKHSA has moved to an established rhythm and structure. The Advisory Board has a full composition of talented individuals from diverse backgrounds and perspectives who are adding considerable value. We meet bi monthly in public and for additional workshops to support the Executive on strategy development. The four Board Committees are also fully functioning and provide quality time to engage on a wide range of strategic and operational matters. These are: Science and Research; People and Culture; Equalities, Ethics and Communities; Audit and Risk. I thank all of the Non Executive Members and especially the Committee Chairs for their time and contribution.

UKHSA is not without its challenges. As reported last year, the Comptroller and Auditor General disclaimed his audit opinions on the Accounts for 2021-22. A rigorous Finance and Control Improvement Programme was put in place to address the shortcomings, many of which were a direct consequence of establishing UKHSA mid financial year during a volatile pandemic context. Our Governance statement within the Accounts recognises the substantial progress made in resolving these issues across the organisation. A second disclaimed opinion is therefore a major

disappointment. As a result of post-year end changes relating to the Covid Vaccines Unit – which was transferred into UKHSA mid-year – and specifically a change in clinical vaccination policy in response to the new COVID variant, changes were made to the CVU vaccine demand forecasting model at a late stage which in turn meant it was not possible to provide full assurance on CVU balances within the time available. In combination with the roll-over impact of the 2021-22 disclaimer, the consequence of the issue relating to CVU has been another disclaimed opinion.

There is much to do to improve the employee proposition including securing more competitive remuneration structures and career progression opportunities. Our technology platforms and laboratory infrastructure are in urgent need of modernisation and replacement.

UKHSA has secured an acceptable provisional two year financial settlement from DHSC which should enable the organisation to move ahead with greater confidence. This enabled the development and publication of our three year strategy and priorities in July 2023, underpinned by key component strategies including those for Science and Technology. Communicating our vision, strategies, priorities and target outcomes to our colleagues and external stakeholders has been a central priority. Our objectives include improved value for

money; supporting the NHS, stimulating scientific development, protecting the economy, and ultimately driving up health outcomes with greater equity across all groups in society.

I was delighted to accept the invitation to continue as Chair of UKHSA for a further three years. I look forward to leading the Board, supporting Jenny and her team, and working with our many partners. I thank all of our team for their commitment, skill and adaptability, innovation and resilience in helping keep our country safe.

Ian Peters

Chair, UK Health Security Agency

Chief Executive's Report

It is a privilege to once again be introducing our Annual Report and reflecting on the developments and successes of UKHSA over the last year.

UKHSA is an organisation with opportunity to completely transform our approaches to health protection in the UK and globally, and to enable scientific development – UKHSA's own work and that of others in academia and in industry – to propel national and community preparedness to previously unimagined heights.

However, with a still relatively young organisation, and with such ambition, come challenges. I am fully cognisant that there is still much work to be done to enable the Agency to mature and to deliver the stretching goals that Ministers, Parliament and the public expect of us, and that we also expect of ourselves. But I am incredibly proud of what we have achieved and, most of all, of the dedication and determination of all of my colleagues who work at UKHSA and who have jointly realised our success to date.

The remit for the Agency is to provide strong national and international professional leadership of public health security and health protection

and grow the science on which these capabilities are founded. This includes developing a cohesive health protection response in communities across England including close collaboration with our devolved partner agencies across the UK; supporting and embedding effective clinical, scientific, and operational functions and capabilities in the public health system; and helping other countries to improve their own defences to better tackle health threats to the public which affect us all. The COVID-19 pandemic shone a light on the critical importance of effective health protection systems. Even as the dominance of that pathogen over our lives subsides, the cumulative risk of new and emerging infectious disease and environmental risk grows. Our work must continue at pace.

To fulfil that requirement, we have set out in our mission three overarching goals:

- we will prepare for - and where possible prevent - future health security hazards
- we will respond to health incidents that occur
- we will build the scientific, clinical, public health, analytical and operational capabilities needed to protect the country's health now and in the future

When I wrote the foreword for the 2021-22 Annual Report, COVID-19 was still at the forefront of our

minds and rightly the primary focus of the agency. The boundary between that year and this has been a notable period of transition for the organisation – looking backwards on our journey, embedding the strengths of our predecessor organisations and the learnings from the COVID-19 pandemic, but at the same time looking forwards, harnessing innovation in science and technology, building our health protection capabilities and proactively preparing for the hazards of the future.

The breadth and pace of organisational change has not abated through this year but I am pleased that this has put us in a stronger, more stable position for the future, and has been achieved while maintaining high standards of delivery for the public. Our teams have navigated this enormous change with sustained commitment and excellence. This has been essential to ensure we continue to have the operational capability and capacity to meet current and future health threats.

As part of the development of the Agency, I have also put a personal focus on maturing our corporate functions. In responding to the findings from the National Audit Office (NAO) relating to our 2021-22 Annual Report and Accounts, the Finance and Control Improvement Programme has been a major priority for me, and for the

Agency. We have since also welcomed Cindy Rampersaud to UKHSA as the chair of our Audit and Risk Committee, bringing with her a wealth of experience to support the continuing development of our governance and financial and risk management.

It is therefore disappointing to have received a further disclaimer of opinion from the NAO for the 2022-23 accounts. However, the cause of the two disclaimers is fundamentally different. The COVID Vaccine Unit was inherited by UKHSA during the course of the financial year and a specific issue relating to closing balances for the COVID vaccines budget, and a change in the model that underpinned them, meant that full assurance on CVU balances could not be provided in time for the statutory deadline of 31 January 2024. The absence of full assurance on CVU balances combined with the roll-forward impact of the 2021-22 disclaimer made a further disclaimer unavoidable.

We have consequently made the decision not to extend our accounts preparation and audit timetable beyond the statutory deadline in order to ensure timely reporting to Parliament, in the knowledge that this would result in the C&AG disclaiming his opinion. We nevertheless remain committed to providing sufficient appropriate evidence over these balances to the NAO as

part of the opening position for the 2023-24 accounts. But it is important to note that despite the disclaimer opinion there has been substantial progress made through the Finance and Control Improvement Programme to improve financial management and controls. We will now look to accelerate and embed the work of the programme over the coming financial year.

As noted above a critical change in 2022-23 was the transfer of key capabilities of the Vaccines Taskforce into UKHSA, to create the new COVID Vaccine Unit, which became a fully integrated part of the Agency in October 2022. Our commitment to taking forward learnings from the pandemic was further demonstrated a few short months later in December 2022 when the UK Government entered with Moderna into a Strategic Partnership for which UKHSA provides programme leadership. Close collaboration with a wide group of industry partners to deliver our life sciences ambitions and to build resilience is a vital part of our preparedness against future respiratory virus threats, including COVID-19. Those key partner insights, not only on the science of potential countermeasures but also the practical delivery of a product, critical supply chains and workforce capacity, are essential to planning for preparedness and maximum response capability in the UK.

2022 also saw us host the first UKHSA Conference, which is set to become an annual feature in the UK's health protection calendar. The event brought together experts from all across the health system in the UK and from overseas, including practitioners, academics, industry representatives, and other stakeholders to focus on the key challenges and opportunities ahead.

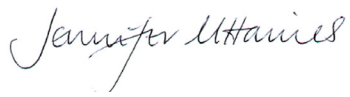
Building the agency, strengthening our partnerships, and focusing on operational excellence are all worthy endeavours. But we do not do them simply to fulfil a written remit or satisfy a performance parameter. We do them because it enables us to take actions that have meaningful, positive impacts on people's health on a daily basis, focussing support on those least able to help themselves, reducing inequalities in health protection outcomes, protecting livelihoods and improving quality of life, and saving lives.

Even as the threat of COVID-19 reduced, this has been a year of new and recurrent health security challenges. Alongside responding to a range of hazards at local, regional, and national level, the Agency was at the forefront of global efforts on the detection, assessment, and response to the first outbreak of Mpox (formerly monkeypox) outside known endemic areas of central and West Africa. This included the rapid rollout of a new vaccination campaign to protect those who were

at the highest risk of infection. Despite the early surge in infections, by the end of 2022-23 cases had fallen to a stable low level, and with around 95,000 eligible for vaccination in England by the end of March 2023, 69,000 first doses had been administered.

We have also closely monitored and responded to the detection of vaccine derived polio virus in wastewater samples in London and, with a focus in the same geography, we have sought to combat the growing and very real risk of large measles outbreaks, working closely with the NHS to deliver targeted vaccine catch-up to ensure that protection from these viruses and other childhood illnesses is as widespread as possible.

Paradigm shifts rarely progress in linear fashion. Growth in our science and development of our health protection system will move in uneven steps at times. But UKHSA has set out boldly yet realistically on that axis of opportunity for the nation's health protection and now steps forward with a full work programme ahead but based on solid foundations built in 2022-23.



Professor Dame Jenny Harries

Chief Executive, UK Health Security Agency

About Us

The UK Health Security Agency (UKHSA) prepares for and responds to infectious diseases, and environmental hazards, to keep all our communities safe, save lives and protect livelihoods.

We provide scientific and operational leadership working with local, national and international partners to protect the public's health and build the nation's health security capability.

UKHSA is an executive agency, sponsored by the Department of Health and Social Care (DHSC) and became operational from 1 October 2021.

Our purpose

UKHSA's mission is to prepare for, prevent and respond to health threats, save lives and protect livelihoods.

UKHSA is the nation's expert health security body, established to prepare for, prevent wherever possible and respond to health security hazards. We are a centre of scientific and operational excellence in health protection. We are a Category 1 responder alongside other organisations at the core of emergency response. In our work to protect health and prevent future ill health, we also provide services for and reduce costs for the NHS and other public services, and we minimise the impact

of health security hazards on livelihoods and the economy.

The hazards to health which UKHSA protects against are:

- infectious diseases (covering the main routes of transmission which can give rise to epidemics or pandemics: gastrointestinal; respiratory; sexual / blood-borne; touch; and vector-borne;)
- chemical, biological, radiological and nuclear hazards
- other environmental hazards, such as weather events
- health hazards that arise from disasters such as major fires or accidents

These hazards range in nature – from floods to new types of infectious disease; as well as in intensity – from common infections to life-threatening incidents; and in scale – from local outbreaks to global pandemics.

We use our public health, scientific, data, operational and policy capabilities to work locally, nationally and globally, collaborating and supporting system partners to protect health security and deliver better and more equitable health outcomes.

Our vision is that through our scientific and operational expertise, we aim to protect every person, community, business and public service from infectious diseases and environmental hazards, helping to create a safe and prosperous society.

Our organisation

UKHSA is an Executive Agency of the Department of Health and Social Care (DHSC), providing specialist and expert scientific and policy advice as part of delivering the Secretary of State for Health and Social Care's statutory duty to protect the nation's health. The agency is accountable to the public through ministers and Parliament.

While UKHSA has some UK-wide responsibilities, health protection in the UK is largely a devolved issue, meaning responsibility for the majority of health protection matters in Scotland, Wales and Northern Ireland rests with the devolved governments. UKHSA is responsible for the corresponding issues in England and works in partnership with the devolved governments across a wide range of issues, fostering collaboration and information sharing on common challenges, and recognising the cross-border nature of health threats. UKHSA also has a remit for the whole

of the UK for some reserved matters, such as preparing for and responding to the effects of radiation hazards on public health. UKHSA also supports the public health agencies of the devolved governments with regards to chemical hazards

An overview and organogram of the respective roles and responsibilities of the senior leadership team and our governance is available on gov.uk.

Our people

Our people are key to all we do. We remain focused on developing our people and our culture. As a newly formed organisation, we know we will only be able to deliver on our mission if we ensure our people are proud, purposeful and able to achieve their potential, delivering effectively and efficiently whilst offering true value for money.

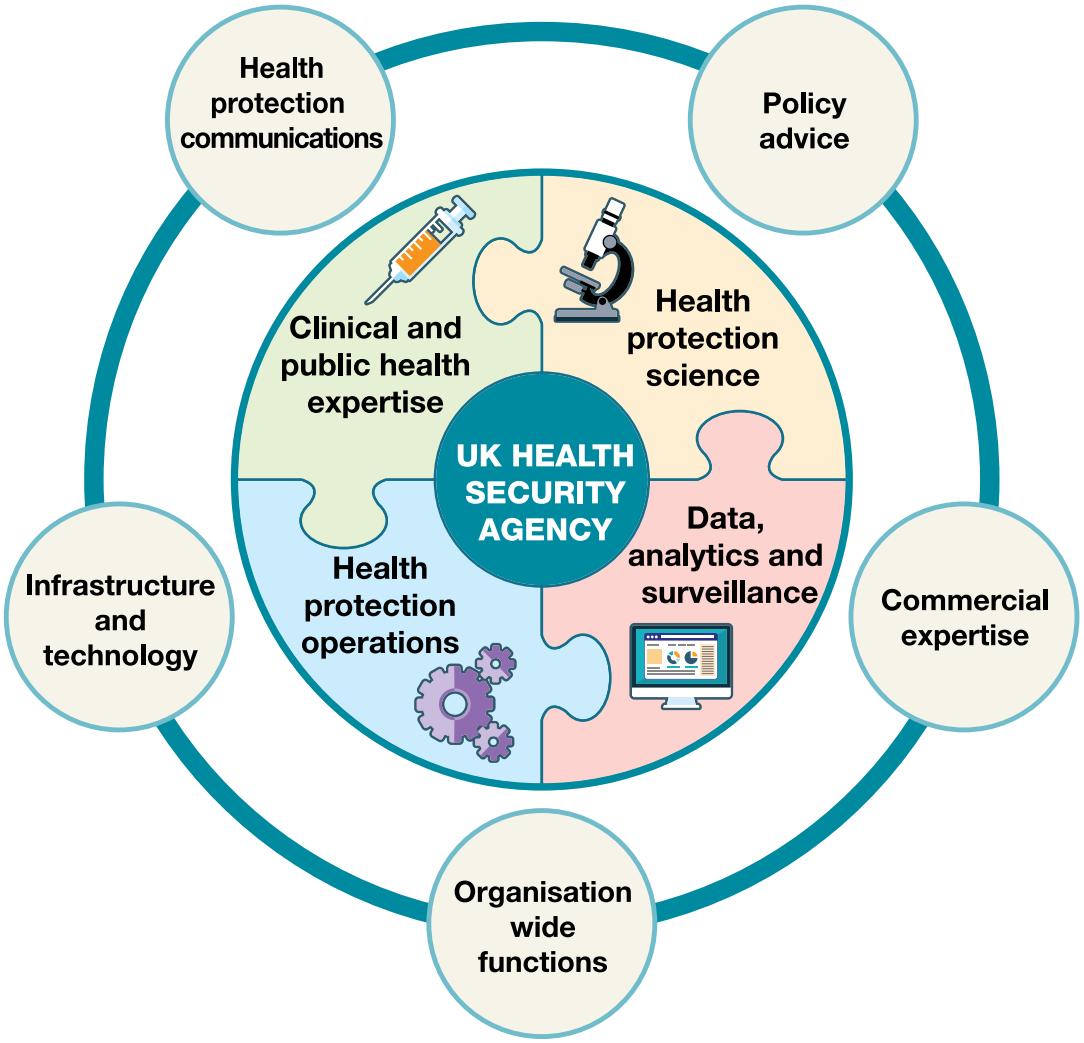
We strive to attract, recruit, develop and retain great people, with a blend of strengths and experience across our exciting portfolios and work hard to make the agency a place where everyone is proud to work. We will work to ensure our people are empowered to make a difference, feel valued and can build their careers whilst being advocates for our work in their communities.

Our values

Our values are to be impactful, insightful and inclusive. They help us deliver our mission, feel pride in our agency, have confidence in supporting each other and enable us to work together towards our vision and shaping our future. They help us set direction, engage our people and deliver results. Everything we do should enable everyone to thrive, growing our culture, building our capability and ensuring opportunity and equity for our people and communities. Through embedding our values in the way we make decisions, we raise our awareness of how we are working towards our vision and delivering against our mission.

Our capabilities

UKHSA brings together a unique collection of capabilities critical to the country's resilience against health security threats. Each capability is underpinned by UKHSA's expertise and infrastructure. We use these capabilities in combination to tackle both existing and emerging threats, flexing our capacity to enable UKHSA to mount an immediate response to health threats.



Clinical and public health expertise – Our public health experts and clinicians develop, deliver and evaluate health protection interventions. We work closely with local government and NHS teams at a local and national level, delivering expert clinical, scientific and epidemiological evidence and guidance and we work directly with the public. We advise across government through participating in numerous expert committees. We share our

expertise globally, engaging with global experts on emerging and recognised threats.

Health protection science – UKHSA employs world leading scientific experts, including epidemiologists, microbiologists, virologists, toxicologists and radiation protection scientists. We partner with industry and academia to accelerate ground-breaking research and translation into action in priority areas, advancing the UK's competitive advantage in life science innovation.

Health protection operations – UKHSA leads and delivers expert health protection services locally, nationally and globally to respond to infectious disease cases and outbreaks and other health security incidents, scaling our response according to the size of the threat and needs of the communities at risk. We lead the specialist response to public health incidents by managing cases and contacts and others at risk and providing tailored technical advice on outbreak management to partners locally, regionally, nationally and globally. Internationally, we advise on strengthening health protection in priority countries and regions and provide direct support, for example, through overseas deployment of the UK Public Health Rapid Support Team.

Data, analytics and surveillance expertise – UKHSA detects, tracks, analyses and interprets data, and develops forecasts on threats to health.

Data underpins our ability to make policy and operational decisions which are grounded in evidence. We safely and appropriately collect and generate valuable data, which in turn drives our evidence and insight, identifying groups at specific risk from harm. We have specialist analytic capabilities – including genomic sequencing capability – which we use to identify threats and rapidly inform responses on the ground. The insight from our data is recognised internationally and is used to support global evidence-based action to tackle health threats.

Cross-cutting capabilities

Policy advice – UKHSA advises across UK government on matters of health security globally and nationally, by using our expertise, evidence, insight and experience of delivering health protection responses, in support of health policy, national security and economic prosperity.

Health protection communications – our communications team ensures the public is supported to understand periods of heightened risk through announcements that warn and inform communities of outbreaks and how to respond to them, and builds our reputation as a trusted partner.

Commercial expertise – our commercial team underpins our ability to develop innovative partnerships with industry, brings market insights into our planning and ensures that we get best value from our investments.

Infrastructure and technology – UKHSA maintains unique capabilities and assets that are part of the country's critical national infrastructure. This includes our network of public health and specialist laboratories, which enable critical, cutting-edge work on genomics, diagnostics and rare pathogens.

Organisation-wide functions – UKHSA's work cannot be achieved without effective corporate functions such as finance, people, strategy, project management, legal, parliamentary and estates. For example, our finance team ensures we manage budgets responsibly and drives our income generation strategy, and our people team builds a diverse workforce with the critical skills we need to keep the public safe now and enables a pipeline for the skills we will need in the future.

UKHSA and the health protection system

Health security is complex and multidimensional, affecting many parts of everyday life. Many organisations play an important role in protecting the public's health. UKHSA plays a crucial role

in leading on preparedness and response but cannot deliver its mission alone. We work across government, and in partnership with the devolved governments, local government, the NHS and wider health system, academia, and industry to make sure we have the greatest impact possible.

UKHSA is a collaborative organisation that works with partners and stakeholders wherever they are. We perform our role in part by delivering services ourselves, such as the surveillance of infectious diseases. We also influence public health outcomes by working with and through others, and we build new capability to be better able to tackle the hazards to our health.

UKHSA works with global partners to strengthen global health security, protect the health of the UK's population and improve health inequalities. This includes participation in global initiatives, actively working with partner countries and deploying experts to tackle health threats at source.

UKHSA works nationally across the UK government, with the devolved administrations, and with partners in academia and industry to protect the public from hazards to health in England. Where appropriate and with agreement from the devolved nations we will also act on behalf of all four UK nations to support preparedness and response across the UK. We work with academia and industry to further evidence, better develop

guidance and support innovation in addressing health security hazards,

UKHSA provides leadership, coordination, expertise and support for preparedness and response at a regional and local level. UKHSA's regional teams respond to thousands of cases and incidents each year, as well as proactively working with partners to protect the public. This includes working with the NHS and other community partners, social care providers, local authorities, and local resilience fora members.

UKHSA has commercial partnerships with partners across the private, not-for-profit and public sectors. This gives us access to far greater capability, resources and innovation, enabling us to respond at pace and scale to the full range of health security challenges.

UKHSA works with the public, both with individuals and communities, to protect them from threats to their health. Our public health campaigns raise awareness and provide up-to-date information to the public, putting information into their hands to enable them to make informed decisions. Our local response teams work directly with people impacted by health threats. When responding to outbreaks, we work with communities who are most at risk to ensure our messaging is appropriate and targeted.

Our headquarters are in London, and we have laboratories and science campuses around the country, as well as nine regionally based health protection teams. Our network of scientific campuses at Colindale in London, Harwell in Oxfordshire, Porton Down in Wiltshire, Public Health microbiology laboratories and specialist radiation and chemicals teams across the country form an ecosystem that ensures our work is based on the best scientific evidence and makes an important contribution to life sciences and the ambitions for the UK to be a leader in science and innovation.

Performance summary

Welcome to the Annual Report and Accounts performance summary. In this section we provide a summary of the UK Health Security Agency as an organisation and our performance over the past year.

We aim to provide readers with a quick and accessible summary of our successes and challenges over the past year and provide a foundation for a deeper understanding of our benefit to the UK. More detail against each priority area is provided in the Performance analysis section from page 34.

UKHSA's strategic remit and priorities are set out in the letter from Maggie Throup to Professor Dame Jenny Harries, UKHSA chief executive published on 12 August 2022. This sets out the government's priorities for UKHSA for the period April 2022 to March 2023 and includes expectations for delivery across the 12 months. This report writes against these areas of delivery and lays out UKHSA's progress and achievements.

The remit letter did not include quantitative indicators and so these are not included within this report. Below is a summary of our three core priorities and a selection of achievements against each.

Priority one: Reduce harm from infectious disease and other health security hazards and achieve more equitable outcomes

In 2022-23 UKHSA assumed the relevant responsibilities of the COVID-19 Vaccine Task Force. The Autumn Booster campaign was one of the biggest operational rollouts of a winter vaccination programme undertaken in the UK. The campaign was a success with over 17 million COVID-19 boosters and over 20 million flu jabs administered. With this being the first winter of no restrictions since before the pandemic the high take up of vaccines helped reduce the impact of both viruses on the public and the NHS.

From April 2022, UKHSA started rapidly reducing its COVID-19 testing capabilities to meet the testing requirements of the Living with COVID strategy. An enormous task to wind down the COVID-19 infrastructure with more than 800 test sites and a network of 13 PCR testing labs were decommissioned over five months.

Acting as a system leader for chemical, biological, radiological, nuclear (CBRN) work we have responded to 25,300 incidents across the year, providing public health guidance and support to national and local government, media, and health partners. Our work has also supported events to continue and life to return to normal while risks to health are managed and reduced such as the Birmingham 2022 Commonwealth Games which proceeded with no significant health protection issues arising.

We continue to reduce vaccine preventable diseases by improving our immunisation programmes, building vaccine confidence and undertaking surveillance for outbreaks. We work at a local and global level to monitor attitudes to and address concerns about vaccines, to share ways of tackling barriers to uptake and to improve access. Through surveillance we have detected and responded to outbreaks of diseases such as polio. By working closely with partners, we targeted vaccination and delivered 370,000 doses

to those at risk, reducing the risk of transmission and protecting children from harm

UKHSA is committed to reducing and combating antimicrobial resistance in bacteria domestically and globally. We publish the English Surveillance Programme for Antimicrobial Use and Resistance (ESPAUR) report and have made significant inroads to improving outbreak detection. We can see progress with England exceeding the Government's National Action Plan goal to reduce prescribing of antibiotics by 15% by 2024.

Priority two: Prepare for future health security hazards so that our health, society, public services, and economy are less impacted

In June 2021, the Prime Minister announced that a new Centre for Pandemic Preparedness would be set up to act as a world-leading hub for all aspects of pandemic preparedness. The centre is established within UKHSA and has recently taken on the role of the UK's Secretariat for the 100 Day Mission, with responsibility to co-ordinate and champion the UK's progress in this major pandemic preparedness initiative. This will enable us to identify, assess and mitigate the impact of future pandemics and strengthen the global response.

UKHSA has played a key role in the development of the International Pathogen Surveillance network. This is a new global network of pathogen genomic expertise, hosted by the WHO Hub for Pandemic and Epidemic Intelligence, to accelerate progress on the deployment of pathogen genomics and improve public health decision-making.

UKHSA leads the New Variant Assessment Platform. It aims to deploy the UK's unique sequencing and virus assessment capabilities to help other countries respond to coronavirus (COVID-19) and strengthen global health security. We also continue to develop genomic analysis which has allowed for rapid identification of the root cause of health threats and more focused intervention where they occur.

Priority three: Strengthen health security capability to improve the effectiveness of our local, national, and global response

UKHSA works at a local, national, and global level to promote and strengthen health security capabilities.

At a local level we provided expert guidance and support. Examples include targeting polio vaccinations within London in response to outbreaks and advice and guidance such as during the intense heat experienced in Summer 2022. We

provided advice and guidance to local authorities and the media on how to support and protect vulnerable individuals during the extreme weather. This has continued and expanded in 2023-24 with the publication of the Adverse Weather and Health Plan.

At a national level we continue surveillance and monitoring of risks to health security. In 2022 UKHSA was the first to detect the outbreak of Mpox (monkeypox) and we acted to alert national and global health partners. We worked to secure vaccines to control further transmission and a year on case numbers have fallen dramatically.

Globally we have expanded and deepened the UK's role in health security and play a leading role on the global stage. We work with the World Health Organisation (WHO), European Centre for Disease Prevention and Control (ECDC), the US Centre for Disease Control and Prevention (US CDC) and other public health agencies to identify emerging threats and prepare for and prevent health threats before they reach the UK.

Performance analysis

The Health Security Agency is the United Kingdom's permanent, standing capacity to prepare for, prevent and respond to threats to health. Since our creation we have by necessity

dedicated a significant proportion of our time and expertise towards responding to COVID-19. Our work also includes threats to health from vaccine preventable diseases, outbreaks of infections, chemical, nuclear or biological dangers and developing local and global networks for health security.

As the nation's expert dedicated health security agency, we deliver our responsibility to safeguard the nation's health through our priorities as set out in our remit letter.

Reduce harm from infectious disease and other health security hazards and achieve more equitable outcomes.

UKHSA aimed to reduce the harm from threats to health, including COVID-19, by ensuring effective emergency preparedness, resilience, response and the ability to flex capacity where required in response to health emergencies, including infectious diseases and other health hazards.

Prepare for future health security hazards so that our health, society, public services and economy are less impacted.

UKHSA aimed to strengthen pandemic preparedness to ensure that it becomes embedded within national security structures so that the

country is well positioned to respond to all threats to health. UKHSA will learn lessons from and build on the legacy of the response to COVID-19, while delivering a resilient and scalable infrastructure to protect against future pandemics, and health threats, including waves of COVID-19.

Strengthen health security capability to improve the effectiveness of our local, national and global response.

UKHSA looked to deepen the UK's role in global health security through playing a leading role on the global stage and fulfilling international responsibilities.

Following our first complete year of operation this section will look at our performance against the remit letter which set out the government's priorities for UKHSA for the period April 2022 to March 2023. As the remit letter did not include quantitative indicators or targets, our analysis of performance is qualitative against these priorities.

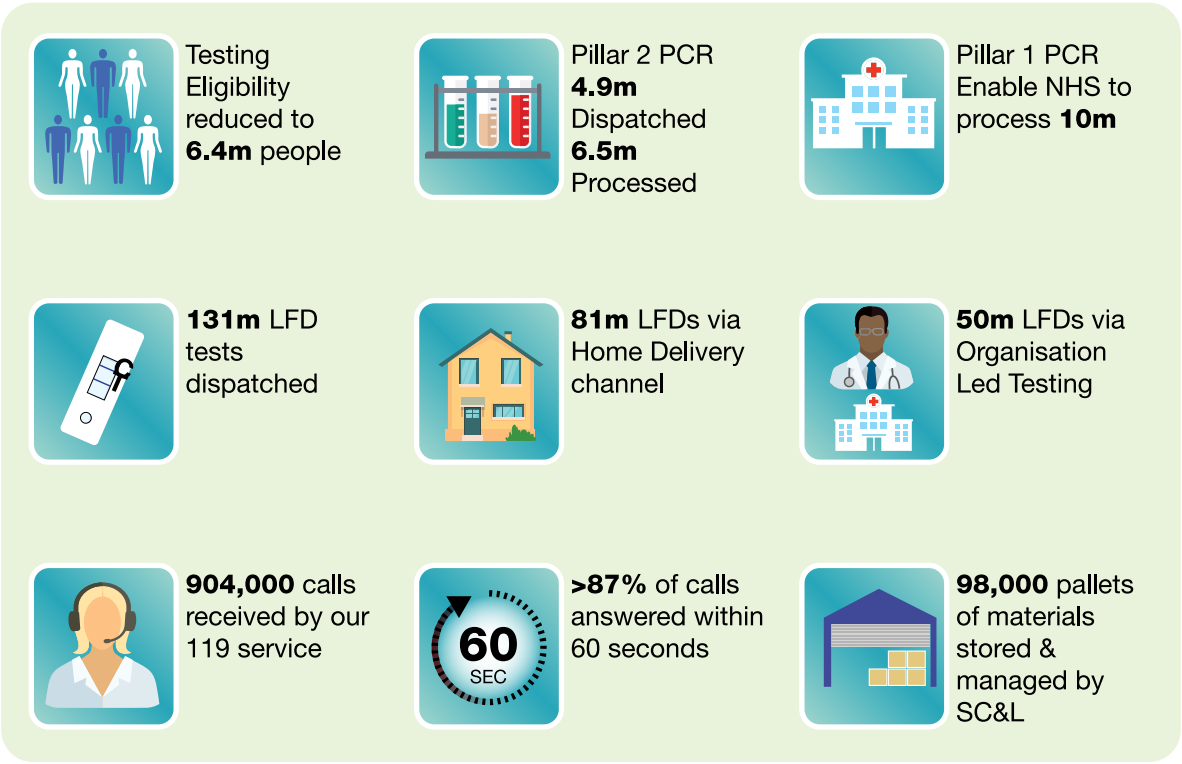
Reduce harm from infectious disease and other health security hazards and achieve more equitable outcomes.

UKHSA will look to reduce the harm from threats to health, including COVID-19, by ensuring effective emergency preparedness, resilience, response, and the ability to flex capacity where required in response to health emergencies, including infectious diseases and other health hazards.

COVID-19: Testing 2022-23

During the 2022-23 financial year UKHSA focused testing on protecting the vulnerable in our communities. This meant testing the elderly, immunosuppressed, and those eligible for vital antiviral treatments, all of whom were more likely to suffer critical clinical outcomes from COVID-19 infection.

NHS staff who cared for vulnerable patients and Adult Social Care staff caring for residents were also eligible for testing. This meant that 6.4 million people were eligible for testing in England after the introduction of Living with COVID.



During the year we processed 6.5 million PCR tests, including samples for surveillance studies, and dispatched 131 million LFDs. This was significantly below the previous year's volumes where Test & Trace and UKHSA processed 94 million PCR tests and dispatched 1.9 billion LFDs across the UK.

From April 2022 UKHSA rapidly reduced its COVID-19 testing capabilities to meet the testing requirements for the Living with COVID strategy. More than 800 test sites and a network of 13 PCR testing labs were decommissioned over five months.

800 Test sites decommissioned in 5-months

13 labs reduced to 2 plus 2 resilience labs

Digital journey rescaled to eligible population

Over the course of the year general demand for testing reduced which resulted in a higher residual LFD stock than planned. This was mostly caused by reducing prevalence and quicker reductions in asymptomatic testing policy than expected. This meant UKHSA carried higher stock in to 2022-23 and did not incur planned procurement costs to replenish LFD stocks. For context, UKHSA procured approximately 2 billion LFDs in the 2021-22 financial year and zero in 2022-23.

The lower than anticipated test volumes helped towards a budget underspend of £587million for core COVID-19 activities in 2022-23.

COVID-19: Vaccines

In October 2022 UKHSA assumed the relevant responsibilities of the COVID-19 vaccine task force. This is alongside our continued role providing guidance and analysis to leaders in government and health system to guide policy and decision making.

Autumn 2022 saw one of the biggest operational rollouts of a winter vaccination programme undertaken in the UK, with over 30 million people eligible for one or both flu and COVID-19 booster. With this being the first winter of no restrictions since before the pandemic it was vital to achieve a high take up of vaccines to reduce the impact of both viruses on the public and the NHS.

UKHSA coordinated the communications campaign to encourage take up and reached over 95% of all adults. Managing the supply and distribution of COVID-19 vaccines, all required vaccine stock had been received into UKHSA and NHS warehouses and was subsequently drawn down into the Nations for distribution and administering. During the campaign which UKHSA contributed to, over 20 million flu jabs and over 17 million COVID-19 boosters were given.

UKHSA has worked with strategic partners and in December cemented a 10-year partnership with Moderna in a major boost for vaccines and research in the UK. This partnership will secure supplies of COVID-19 vaccines against future demands and includes the potential to develop vaccines targeting a range of other illnesses, such as flu and RSV. It is a major boost for UK health research and will see UKHSA working with Moderna to ensure early vaccine development, supporting the G7 mission to get from variant to

vaccine in 100 days. Developing vaccines on UK shores means it will be able to scale up production rapidly in the event of a health emergency, significantly boosting our ability to respond to future pandemics.

To support decision making across the health care system, UKHSA published regular reports on COVID-19 and other infectious diseases such as the weekly vaccine surveillance report. Using data from a variety of sources, including the COVID-19 infection survey, the results of which have provide vital weekly data on virus positivity levels across the UK, details on new variants, the characteristics of those who had the virus and their antibody levels and details of long COVID-19 prevalence. This has helped develop an understanding of COVID-19 and inform government decision-making throughout the pandemic.

National risks and response planning

As part of our role as a health system leader we plan for and respond to a wide array of health threats. These include chemical, biological, radiological, and nuclear (CBRN) threats. We help prepare the UK for the highest priority threats and risks to national security where we lead work on ensuring the UK has the right capabilities and resources to respond in a range of scenarios.

We maintain incident response and contingency laboratory capacity to enable a rapid response in the event of an incident. There is more to do in this space however as we have faced challenges recruiting to specialist roles and in meeting the volume of recruitment. Nevertheless, through redeployment and upskilling our existing workforce we have maintained a strong incident response capability across 2022-23 with partners in industry supporting us into 2023-24.

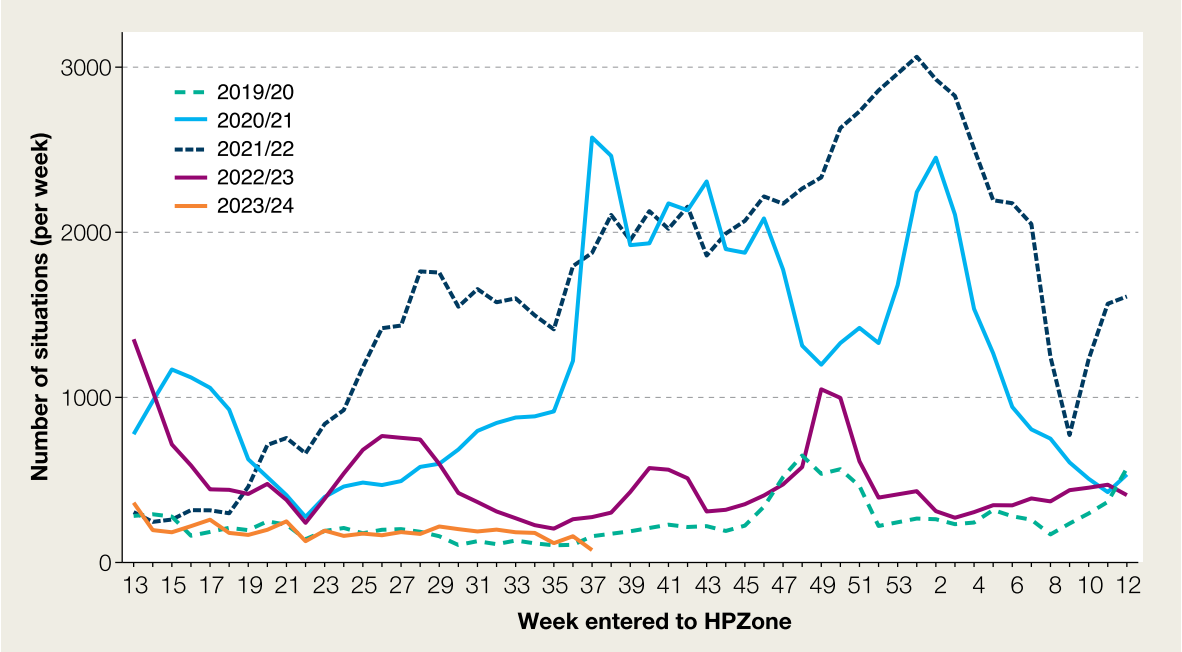
Across 2022-23, UKHSA provided public health guidance and support to national and local government, media, and health partners in response to health risks or in preparation for events. UKHSA West Midlands successfully delivered the response for the Birmingham 2022 Commonwealth Games, held across the West Midlands over July and August. Despite the additional challenges of Mpox (monkeypox) and COVID-19, the in-depth planning and preparation over the previous four years and the responsive, adaptable, innovative approaches of the team, ensured that no significant health protection issues arose. The Government health protection and health security mandate for the Games was clearly met and exceeded. Our expert guidance and advice have enabled events to continue and life to return to normal while continuing to manage and

reduce the health risks and impact from threats such as COVID-19.

Responding to health incidents to reduce their spread and impact on health, regional teams within UKHSA managed 25,300 incidents in 2022-23 compared to 12,668 managed in 2019/20 by our predecessor organisation, the year prior to the pandemic (Chart one). These cover a huge range of hazards to health with the two most common being reports of acute respiratory infections and gastrointestinal infections.

Chart one: Number of health incidents notified to UKHSA (and previously Public Health England) across financial years

Notification data as at 13 September 2023 & x-axis shows week number from first week of financial year



Vaccinations, immunisations, and response to health emergencies

UKHSA works to reduce vaccine preventable diseases by continuing to improve our surveillance and immunisation programmes and building vaccine confidence. We work both locally and globally, such as with the World Health Organisation (WHO), United Nations Children's Fund (UNICEF) and Vaccine Safety Network (VSN), to monitor attitudes to and address concerns

about vaccines, to share ways of tackling barriers to uptake and to improve access.

UKHSA liaised with the WHO, the European Centre for Disease Prevention and Control (ECDC) and the US Centre for Disease Control and Prevention (US CDC) to share reports and horizon scan for incoming threats, rumours, and issues as part of our business-as-usual activity and ongoing disease surveillance and emergency preparedness.

It is essential to maintain high uptake of vaccines such as for Measles and Polio at the national, regional, and local levels to reduce the risk of spread and outbreaks of the disease. In June 2022 UKHSA declared a national enhanced incident after polio virus was persistently detected in London sewage. We worked closely with the NHS, the Joint Committee for Vaccination and Immunisation (JCVI), the MHRA and WHO on the investigation and response. The aim was to prevent cases of paralysis and interrupt transmission of poliovirus in the community. A London-wide catch-up campaign targeted at children aged under five was initiated and an urgent supplementary polio booster campaign was launched targeting children aged under ten in London. By January 2023, 370,000 vaccine doses had been administered and with fewer polio detections in the sewage the focus shifted to un-vaccinated children.

To determine whether the virus is spreading in other areas we expanded this surveillance to areas outside of the capital covering large parts England. The virus has not been detected outside of the capital by any surveillance, though we continue to monitor. In the capital, surveillance is required to continue for a minimum of one year following last detection which means it will currently continue until late 2023.

Health surveillance and data exploitation

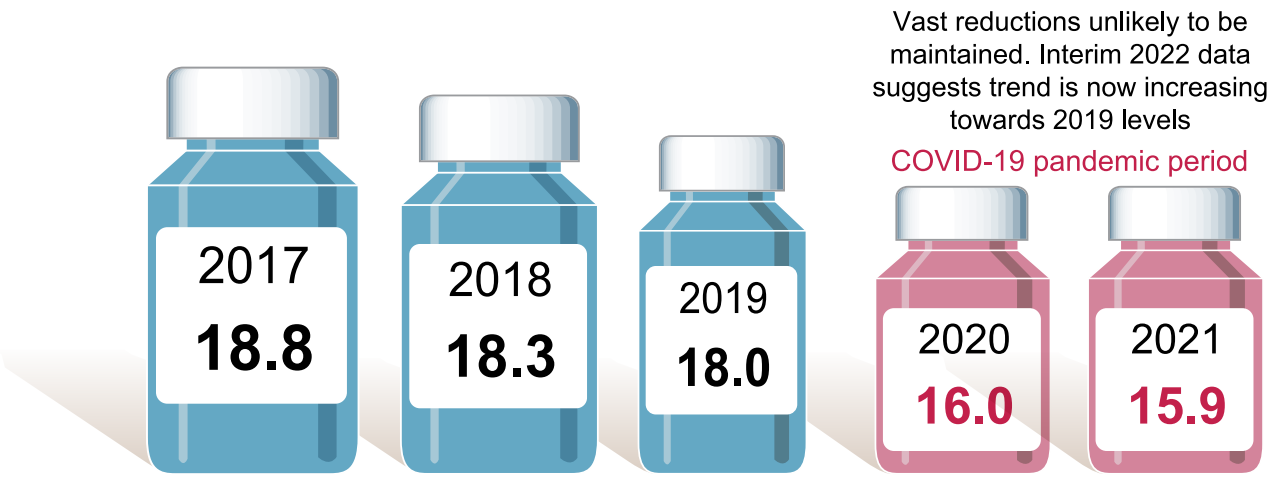
UKHSA continues to review its surveillance capabilities and has worked with partners to report on the Laboratory Surveillance landscape. We have used the recommendations from our Laboratory Surveillance Discovery and our Surveillance System Gap Analysis to provide an implementation plan for a programme of transformation, strengthening and simplification of the UKHSA surveillance landscape. This has informed our 2023-24 and 2025-26 spending review bids for the delivery of a Laboratory Operational Information System to replace multiple production environments for laboratory data to improve our use and capture of data to aid surveillance.

Antimicrobial resistance

UKHSA is committed to reducing and combating antimicrobial resistance in bacteria domestically and globally. We published the ninth English Surveillance Programme for Antimicrobial Use and Resistance (ESPAUR) report in November 2022 during World Antimicrobial Awareness Week. This report showed that the estimated total number of severe antibiotic resistant infections in England rose by 2.2% in 2021, compared to 2020. This is equivalent to 148 severe antibiotic resistant infections a day in 2021, although antibiotic resistant infections are at lower levels than before the pandemic. Total consumption of antibiotics has also declined, falling 15% between 2017 to 2021 compared to year on year increases previously, though this reduction is unlikely to be maintained and interim data suggests usage will return to closer to the 2019 position.

Infographic one: Total Consumption of antibiotics continued to decline

Daily Defined Dose per 1,000 inhabitants per day



This means that England has exceeded the Government's National Action Plan goal to reduce prescribing by 15% by 2024 from a 2014 baseline. However, unless we continue to use antibiotics appropriately and continue to drive down infections overall, the trend may not be sustained.

The task of improving outbreak detection is ongoing with significant progress made in 2022-23. UKHSA made significant inroads to moving our services over to Whole Genome Sequence based methods. We have created a plan of work to develop the genomic workflows initially for typing of Healthcare Associated Infection outbreaks. UKHSA also established the IPC, Outbreaks and antimicrobial Stewardship (IOS) team, providing

multidisciplinary support for healthcare associated incidents and outbreaks. This team has led incident response to several national outbreaks and supported UKHSA regional teams, the NHS and stakeholders in incident and outbreak investigation and mitigation. Improved communications with, and across, healthcare organisations and Devolved Administrations have been realised through partnership working in incident response.

Air pollution, weather, and climate change

In 2022-23 UKHSA responded to a surge in demand for support from local authorities and the media. This was to help produce guidance and support in managing the extreme heat in summer and on heating and the effects of cold weather in winter. This guidance has helped inform and protect the public during extreme weather and periods of high energy costs.

Alongside this work we published the Adverse Weather and Health Plan shortly after the end of the financial year in April 2023. This builds on existing measures taken by the UK government, its agencies, NHS England, and local authorities to outline where different sectors and organisations can work together to deliver the best outcomes possible during adverse weather.

The UK recorded its warmest year on record in 2022 with temperatures more than 40°C recorded for the first time. In Autumn 2022 UKHSA established a Centre for Climate and Health Security which brings together all of UKHSA's activity to protect health from the effects of climate change and provides a focus for our partnerships with academia, local and national government and other public sector organisations. The Centre is now leading UKHSA's climate health activity, providing a focus for partnerships and collaborations with academia, local authorities, and other public sector organisations.

We also recently published the Health Effects of Climate Change, a landmark report produced periodically and last published in 2012. The report aims to bring together the latest UK climate change projections and an assessment of the range of health risks across a range of areas such as air pollution, vector borne disease (for instance diseases spread by mosquitoes and ticks) and the effects of temperature on our health.

Case study: Centre for Climate and Health Security

Across the world, climate change poses one of the greatest health security threats we face, potentially impacting the air we breathe, the quality and availability of our food and water, the risk of infectious diseases and wider impacts on our mental health and wellbeing.

In Autumn 2022 UKHSA established a Centre for Climate and Health Security which brings together all of UKHSA's activity to protect health from the effects of climate change and provides a focus for our partnerships with academia, local and national government and other public sector organisations.

Crucially, the Centre will offer scientific advice and support to ensure that the impacts of climate change are considered and embedded in the design and delivery of climate change policies.

Ever since our vision for the centre first formed, we have worked closely with partners to shape its offer including running a range of meetings and focus groups which bring together local government and health professionals from every part of the country.

And during 2023 the Centre has delivered a range of important work to help the system prepare for and adapt to our changing climate.

In May the Centre published our first Adverse Weather and Health Plan as part of our commitment under the Government's National Adaption Programme for the UK, to bring together and improve existing information on weather and health.

The plan is underpinned by a range of evidence, guidance and support materials for professionals and the public, information on Weather-Health alerts (heat and cold), developed in collaboration with the Met Office and a series of 'action cards' advising the NHS, social care organisations and professionals about the actions they should take to keep the public healthy and safe under different levels of alert.

We also recently published Health Effects of Climate Change, a landmark report produced periodically and last published in 2012. This brought together the latest UK climate change projections and an assessment of the range of health risks.

Across a range of chapters covering topics such as air pollution, vector borne disease (for instance diseases spread by mosquitoes and ticks) and the effects of temperature on our health, the report provided information relevant to policy makers and the research community.

Looking forward, over the coming year the centre will deliver a range of further work which will help policy and decision makers protect our communities.

This includes an online hub for climate evidence, a local authority risk assessment toolkit to help local government professionals map and respond to the health impacts of climate change using an all-hazards approach and a suite of climate health metrics and indicators to help professionals track, measure and analyse the impact of climate change across a variety of public health areas.

Sexually transmitted infections and Mpox (monkeypox)

UKHSA monitors sexually transmitted infections in England and works with local partners to inform public health action. The 2022 to 2025 HIV Action Plan for England published in December 2021 committed to achieving the UNAIDS targets of ending new HIV transmissions, AIDS diagnoses and HIV-related deaths in England by 2030. In December 2022, UKHSA published the first edition of the HIV Action Plan monitoring and evaluation framework. This first report measured progress towards achieving England's long-term commitment to the 2030 UNAIDS targets and specifically focused on the interim ambitions of

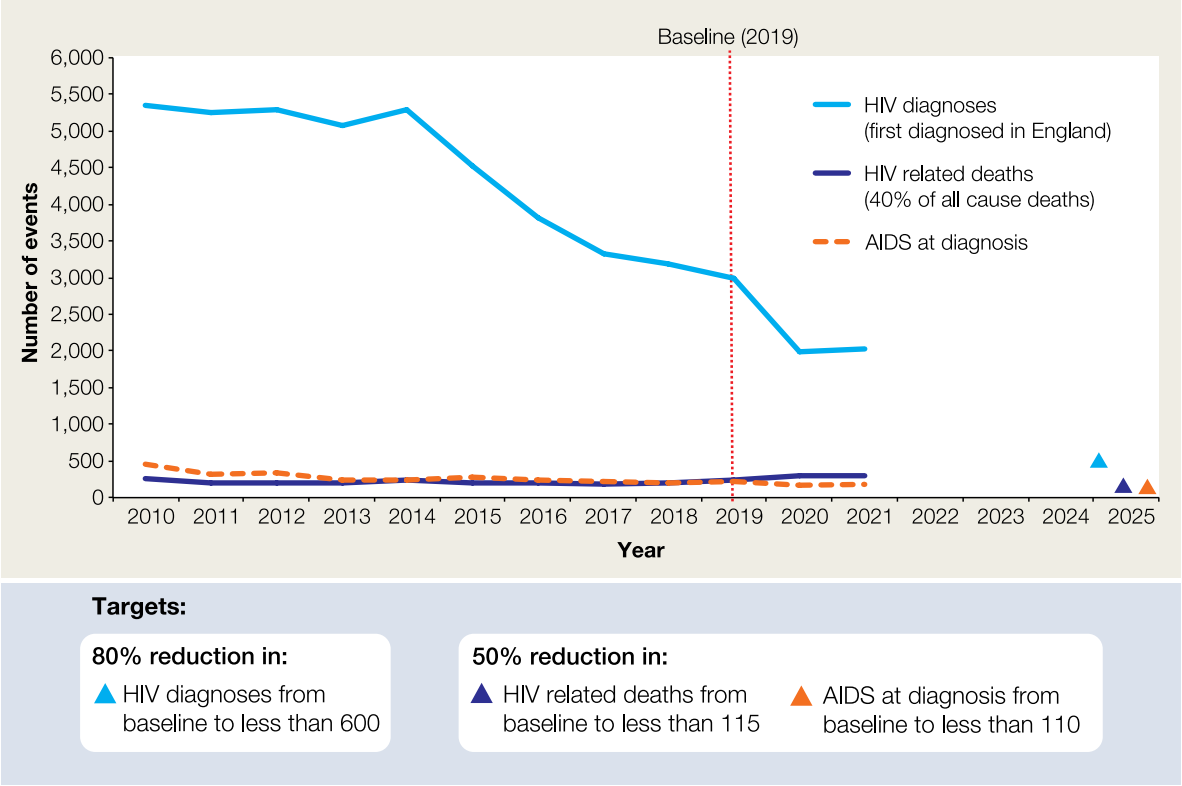
the HIV Action Plan between 2019 and 2025 to reduce;

- new HIV transmissions by 80%
- AIDS diagnoses by 50%
- HIV-related and preventable deaths by 50%

Our report notes that there is much to celebrate in the progress made to end new HIV transmissions with under 4,500 people living with undiagnosed HIV infection and extremely high levels of antiretroviral therapy coverage and viral suppression despite the challenging backdrop of the COVID-19 pandemic (chart two).

Chart two: Number of AIDS and HIV diagnosis and HIV related deaths across time

Baseline in 2019 and reduction targets by 2025



Note: HIV preventable deaths are estimated by applying 40% to the overall number of deaths (as per Croxford S et al). A definition of HIV related, and preventable deaths is being developed.

Yet, progress towards these targets is uneven across different population groups. We have seen a sustained fall in new HIV diagnoses in gay, bisexual and other men who have sex with men. This is in the context of high numbers of HIV testing for this group and reflects a fall in

incidence. We are not seeing the same pattern amongst heterosexual men and women with the estimated number of undiagnosed HIV infections plateauing. The number having a HIV test remains below pre-COVID-19 levels and we are seeing an increasing number of late HIV diagnoses. To realise our ambition to reduce new HIV transmission we need to address these health inequalities through the HIV care pathway. The next edition of the HIV Action Plan monitoring and evaluation framework will focus on these health inequalities.

In 2022 we were the first in the world to detect the 2022 Mpox (monkeypox) outbreak. We acted immediately to alert global health partners, control further transmission and secure vaccines for those at highest risk in the UK. In 2022, there were 3,732 confirmed and highly probable Mpox (monkeypox) cases reported in the UK. In 2023 up to the end of March just 9 new cases were reported. Vaccination has played a crucial role in protecting people from the virus and reducing case numbers. A review of Mpox (monkeypox) cases in England and vaccination uptake data between 4 July to 3 November 2022 indicated that a single MVA-BN vaccine dose provides around 78% protection against Mpox (monkeypox) 14 days after being vaccinated. People who were eligible but have not yet received two doses of the vaccine were encouraged to come forward and book their

first and second dose to maintain our progress in protecting against this disease.

Case study: Mpox (monkeypox)

The UK was the first in the world to detect the 2022 Mpox (monkeypox) outbreak, acting immediately to alert global health partners, control further transmission and secure vaccines for all those at highest risk in the UK.

UKHSA's surveillance was integral to this quick response, confirming that among the first cluster of cases identified in London were infections with no travel links to a country where Mpox (monkeypox) is endemic. Cases were soon identified across Europe and the Americas leading to the WHO declaring a public health emergency of international concern.

By summer 2022, the UK was reporting a high of 350 cases per week, mostly among gay, bisexual and men who have sex with men (GBMSM). UKHSA responded quickly to test and confirm suspected cases, and launched what was to be a successful awareness campaign and vaccination programme.

Working with JCVI and the NHS, we made vaccination available to everyone considered to be at highest risk of infection. To maximise availability

of vaccine stocks we recommended and rolled-out the intradermal method of vaccine delivery where possible. This allowed clinics to use around one fifth of the dose per patient compared with that of the standard vaccination technique.

During the peak of the incident, we ran a weekly communications check-in with stakeholders including Prepster, LGBT Foundation and other organisations. We engaged with these groups to help tailor our messaging towards at-risk communities and to identify relevant touchpoints and opportunities to amplify guidance on symptoms and when to seek clinical advice, prevention behaviours and the vaccination offer. We developed a suite of materials in-house including digital assets, videos featuring spokespeople, posters and leaflets for distribution to at-risk venues including sex-on-premises locations.

We ran a competition for Sexual Health organisations seeking funding for innovation in their field: each community based, voluntary sector organisation was awarded up to £30,000 as part of a £200,000 fund.

Following a sustained reduction in case numbers, in March 2023 we announced that the vaccine programme would be wound down with final doses to be given at the end of July 2023. The news was well received by stakeholders, many of whom

shared positive reactions to the success of the programme on social media.

Prepare for future health security hazards so that our health, society, public services, and economy are less impacted.

UKHSA will strengthen pandemic preparedness to ensure that it becomes embedded within national security structures so that the country is well positioned to respond to all threats to health. UKHSA will learn lessons from and build on the legacy of the response to COVID-19, while delivering a resilient and scalable infrastructure to protect against future pandemics, and health threats, including waves of COVID-19.

Centre for Pandemic Preparedness

In June 2021, the Prime Minister announced that a new Centre for Pandemic Preparedness (CPP) would be set up to act as a world-leading hub for all aspects of pandemic preparedness. The decision was made to locate the Centre within UKHSA and since then we have been working with partners to help build and coordinate a network of expertise across government, academia, and the private sector to provide high quality scientific evidence.

This will enable us to identify, assess and mitigate the impact of future pandemics and strengthen the global response. Within UKHSA the Centre for Pandemic Preparedness (CPP) translates evidence and lessons learned from the pandemic and science into practical actionable interventions that can help combat future pandemics. We review and monitor our preparedness into existing threats such as avian influenza and develop scenario plans. This informs our cross-agency work on ensuring the UK is prepared for future pandemics.

CPP has informed several global facing activities, including on the Global Health Framework and supporting the 100 Days Mission through co-hosting a domestic secretariat with UKHSA Science Group. CPP has been supporting HMG engagement with the World Health Organisation Pandemic Accord by linking to technical expertise and operational rationale from across UKHSA, while also ensuring the priorities and objectives of the 100 Days Mission are worked into the key priority policy areas.

CPP convened the UK Government working group for the WHO's International Pathogen Surveillance Network. This included coordinating the response to the draft conceptual approach and supporting Professor Dame Jenny Harries in her role as co-chair of the Implementation Coordination Group.

The CPP Strategy team worked closely with DHSC to co-design a new pandemic preparedness portfolio; an umbrella programme for all activity within health and social care to prepare for the risk of a future pandemic. The CPP has been working with experts across UKHSA to ensure that any gaps identified in pandemic preparedness are addressed in the development of our pandemic preparedness programmes which we are delivering jointly with DHSC, as well as informing business as usual capabilities across the system and future priorities for research.

The UK 100 Days Mission Secretariat coordinated input from across government into the International Pandemic Preparedness (IPP) Secretariat's 2022 100 Days Mission Implementation Report. Annual implementation reports are prepared to review and celebrate progress made in support of the 100 Days Mission and to direct future efforts toward the highest impact areas.

Along with DHSC and NHSE, CPP have led UKHSA's work to undertake an enhanced preparedness sprint to understand how our pandemic capabilities could be deployed in the event of significant human cases of H5N1. This has assessed diagnostics, PPE, vaccine stockpiles, contact tracing and surveillance capabilities. Key action areas are being taken forward to support overall pandemic preparedness alongside lessons

learned from the COVID-19 pandemic to ensure that COVID-19 capabilities are prepared for future use in a pandemic emergency scenario.

CPP collaborated with a team from Kings College London, working with University of Liverpool, to scope and map evidence gaps in pandemic preparedness research. The aim of the project has been to identify gaps and to analyse literature to extract research topics or questions which may be suitable either for further evidence review or, in some instances, to prioritise for research. The project has considered three topics: surveillance & risk assessment, diagnostics & testing, and clinical countermeasures.

In December 2022, the Centre for Pandemic Preparedness undertook work to determine what the UK's standing PCR requirements should be in the event of a future pandemic, alongside opportunities to ramp-up if needed.

Health security and intelligence

The New Variant Assessment Platform (NVAP) is led by UKHSA. It aims to deploy the UK's unique sequencing and virus assessment capabilities to help other countries respond to coronavirus (COVID-19) and strengthen global health security. NVAP continues to expand its work and is now supporting 18 countries and territories, nine with

bilateral agreements to improve early detection of variants, putting the world in a stronger position to respond to newly emerging variants of SARS-CoV-2.

Investigations led by UKHSA, Public Health Scotland, Public Health Wales and Public Health Agency Northern Ireland found a link between reported cases of salmonella poisoning across the UK and Kinder-branded products. UKHSA's genomic analyses of bacteria from salmonella identified cases driven by the same source. This allowed UKHSA to identify and trigger a global recall of Kinder-branded products after genomics revealed a cluster of antibiotic-resistant Salmonella infections linked to a chocolate factory in Belgium. This work allowed far more rapid identification of the root cause and focused intervention. Keeping children and the public safe and limiting the scale of the economic impact by requiring only those products affected to be recalled.

Case study: Using our genomics capabilities to detect, identify and stop an international salmonella outbreak linked to Kinder-branded chocolate products

In February 2022, a cluster of cases of salmonella was identified by UKHSA using routine whole genome sequencing (WGS). The discovery was worrying; most cases were found in children under five, who are more vulnerable to severe outcomes from salmonellosis, and the number of reports escalated rapidly.

UKHSA initiated and led a UK-wide multi-agency, multi-disciplinary Incident Management Team to investigate. We notified the international community of the outbreak in the UK and shared the details of the Salmonella outbreak strain for comparison. Matching cases were quickly detected in at least four other countries, confirming an international outbreak

Analysis of the data, including interviews with the families of the cases, indicated a strong association between consumption of Kinder-branded chocolate products and cases of Salmonella infection. UKHSA worked closely with other public health agencies in the UK and Republic of Ireland to link the source of the outbreak to a production facility in Belgium. The chocolate products were

first recalled in the UK and Ireland, and UKHSA worked alongside the Food Standards Agency (FSA) to communicate this to the public. UKHSA provided advice for consumers on symptoms of infection, selfcare and when to access healthcare services.

UKHSA data and analysis, and discovery of the association with Kinder-branded products was used by other European countries in their epidemiological investigations, and key in informing the multi-country response.

This was the largest and most widely disseminated chocolate-related outbreak on record with 455 cases identified in 17 countries across the world, 113 of which were reported in the UK. Our ability to undertake this high-resolution typing of Salmonella in the UK using WGS as part of routine surveillance enabled rapid detection and resolution of this outbreak, critically in the run-up to Easter, when chocolate consumption would increase considerably, thereby preventing further cases of a serious disease.

The UKHSA response to this outbreak shows how we can use our capabilities of genomic sequencing and proactive robust surveillance to work with partners to deliver effective national and international outbreak response and rapid

interventions to ensure outbreaks are stopped quickly and prevent the spread of disease.

Strengthen health security capability to improve the effectiveness of our local, national, and global response.

UKHSA will look to deepen the UK's role in global health security through playing a leading role on the global stage and fulfilling international responsibilities.

Across prepare and respond we have shown examples of how UKHSA is working with global, national local partners in health security to improve our capabilities. This includes working with other nations to share UK expertise in sequencing through the New Variant Assessment Platform and sharing information on strains identified through genomics with food produced internationally that could affect health.

Our work with global public health agencies allows us to horizon scan, identify emerging threats and improving health literacy to prepare us for and prevent health threats before they reach the UK

Equalities and health equity

UKHSA is committed to seeing reductions in health inequality by ensuring our efforts benefit everyone

in society, but above all provide a focus of support for those with greatest need and at greatest risk.

Health threats impact people in different ways, and often disproportionately impact certain groups. Therefore, we must sensitively and effectively address the specific needs of the people and communities at greatest risk. We work closely with DHSC including the Office for Health Improvement and Disparities (OHID), the NHS and other government departments to support partners through provision of evidence, data and advice on how to achieve more equitable outcomes in infectious disease and environmental hazards.

UKHSA has set a cross cutting goal to 'achieve more equitable outcomes'; and aims to reduce health inequality over the lifetime of the UKHSA 3-year strategic plan. To do this, UKHSA is delivering specific projects aimed at supporting vulnerable people, implementing a strategic multi-year approach to health equity, and building our understanding and data for high-risk groups and setting.

A key focus for 2022-23 has been to establish an organisational approach to contributing to more equitable health security outcomes, focused on the development of the UKHSA Health Equity for Health Security Strategy; meeting UKHSA's first set of PSED objectives; and building an inclusive and diverse workforce.

Health equity for health security strategy

The strategy, published in June 2023, was developed over the course of 2022-23, in collaboration with teams across UKHSA; partners in the wider health system including Office for Health Improvement and Disparities and NHS England, and the voluntary and community sector. The strategy establishes a number of key performance indicators to assess UKHSA's progress in ensuring that our services benefit all communities and provide health security for all.

Meeting UKHSA's legal duties

UKHSA has a legal duty to pay due regard to the Public Sector Equality Duty (PSED) under the Equality Act 2010, and to tackle health inequalities under the Health and Social Care Act 2012. UKHSA set out a number of objectives to demonstrate progress and the first annual report covering the 2022-23 financial year has been published in Oct 23. The objectives and activity reflect UKHSA's position as a new organisation still establishing its organisational approach to embedding consideration of equalities and health equity.

In the 2022-23 year, UKHSA has focused on embedding an understanding and promote awareness of the Public Sector Equality Duty

(PSED) and health inequalities in everything we do, using these insights to improve the way we design and deliver our functions and products, and procure and commission from others, working with partners to ensure services are equitable and reduce health inequalities for everyone we serve.

This has included using learning from our past equality impact assessments to inform how we develop and deliver our work on reducing health inequalities and have rolled out a toolkit, training and other resources to support colleagues in considering the potential impact on inequalities in their work.

Building a diverse and inclusive workforce

We recognise that a workforce that reflects the diverse nature of our population is more likely to enable UKHSA to succeed in its ambitions. We aim to nurture and sustain an inclusive and respectful culture and working environment that values and respects diversity and where everyone can thrive, achieve their potential, and advance their careers. We will continue to invest in a talented workforce that represents the diversity of the working population.

From our inception as a new organisation, we have continued to build a truly diverse workforce and a culture of openness and inclusivity, where

difference drives innovation to meet the needs of our workforce and communities we serve. We have developed and shared data on staff diversity, promoted inclusive recruitment practices and grown the staff networks, with these being championed at the highest level in UKHSA

Financial review

Accounts direction

The financial statements contained within this annual report and accounts relate to the financial year ending 31 March 2023. They have been prepared in accordance with the Accounts Direction given by HM Treasury under section 7(2) of the Government Resources and Accounts Act 2000.

Accounts preparation and overview

The accounts set out on page 287 onwards consist of primary statements that provide summary information and accompanying notes. They comprise a Statement of Comprehensive Net Expenditure (SoCNE), a Statement of Financial Position (SoFP), a Statement of Cash Flows (SoCF) and a Statement of Changes in Taxpayers' Equity (SoCTE). The accounts were compiled according to the standards set out in the Government Financial Reporting Manual (FReM) issued by HM Treasury, which is adapted from International Financial Reporting Standards (IFRS). The accounts have been prepared on a going concern basis as outlined in Note 1 to the financial statements.

As detailed in the governance statement, UKHSA has made significant progress in improving its

high level governance arrangements and financial controls. However, the organisation had an assurance gap over its opening balances as a result of prior year disclaimer, and also a lack of assurance on in-year transactions, into which those opening balances release. As a result it was essential for the NAO to obtain assurance over all closing balances to avoid a further disclaimer. A series of late post balance sheet events meant that this was not possible, and as a result UKHSA's accounts are again disclaimed in 2022-23. Management have completed significant assurance work over the balances and are satisfied that the accounts are true and fair.

Our funding regime – budget analysis

Funding for revenue and capital expenditure was received through the parliamentary supply process as Parliamentary funding and allocated within the main DHSC estimate. We also received significant additional income from services provided to customers.

Funding in the year ending 31 March 2023

For 2022-23, the funding limit set by DHSC for non-ring fenced RDEL was £3.8 billion which included £1.9 billion of COVID-19 funding, £0.8 billion for the COVID Vaccine Unit (CVU) and

£0.7 billion for Vaccines and Countermeasures Response (VCR).

COVID-19 budgets and the associated outturns reduced significantly compared to the prior year as UKHSA downsized and reconfigured its COVID-19 operations consistent with the Living with COVID-19 Strategy.

Financial performance against budget

In the year ending 31 March 2023, UKHSA achieved its financial targets by managing resources in line with the budgets set and allocated by DHSC. UKHSA's outturn was an underspend of £1.1 billion (2021-22 £1.1 billion) on a total revenue non-ring-fenced operating budget of £3.8 billion (2021-22: £8.1 billion).

UKHSA undertook a wide range of operational activities. Variations within each category of activity are expected and financial performance within each category was reported to UKHSA's management throughout the period. The underspend can be expressed as being 28% (2021-22 :13%) of the operating activities budget of £3.8 billion.

In terms of interpreting the financial results and comparing to prior period, it should be noted that UKHSA was only operational in 2021-22 for 6 months, while 2022-23 financials are for a full twelve months. In addition to this, in terms of the

COVID-19 activities, the budgets were significantly reduced during 2022-23 as a result of reduced testing and other workload.

Financial control was achieved across the organisation through budgetary allocations, which were flexed during the period as required and depending on public health priorities. Financial performance was monitored through high level reports to the DHSC and the UKHSA Executive Committee, and by detailed reports to senior management teams and individual budget holders.

UKHSA's financial outturn was supported by external operational income earned from trading activities, royalties and research funding.

UKHSA operates in a challenging and ever-changing environment. However, UKHSA remains well placed to continue to manage its resources and deliverables in line with anticipated future funding settlements. Expenditure is reviewed continually as part of the efficient management of the organisation.

Operating expenditure continued to be largely funded by Parliamentary funding from DHSC. A commercial strategy supported the organisation in continuing to deliver income at sustainable levels, recognising that at least some of this was driven by market demand.

Due to different funding streams, UKHSA reports separately on Core funded activities, COVID-19 funded activities, COVID Vaccine Unit (CVU) funded activities, Vaccines and Countermeasures Response, and Capital (excluding CVU and Vaccines) funded activities. The following tables provide a summary of UKHSA's financial performance for the year showing a high-level breakdown for each of these areas.

Core Budgets

The financial performance for core activities was as follows. The underspend against these budgets of £101.4 million resulted primarily from increased royalty income compared to that budgeted and lower than planned workforce levels. These underspends particularly related to front-line scientific and clinical areas where there was a transition to permanent staffing from the shorter term staffing requirements during the pandemic. Recruitment campaigns continued throughout the financial year to fill vacant posts.

Core Budgets	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)	Budget 2021-22 (£m)	31/3/22 Outturn (£m)	Variance (£m)
Core activities – admin	155.0	119.0	36.0	9.6	31.5	(21.9)
Core activities – programme	309.5	244.1	65.4	66.9	39.2	27.7
Total Core Budgets	**464.5**	**363.1**	**101.4**	**76.5**	**70.7**	**5.8**

COVID-19 Budgets

The financial performance for COVID-19 activities was as follows. The underspend against these budgets of £587 million resulted primarily from demand and cost drivers being lower than in the original assumptions for the testing programme. In particular, the demand level for, and the reduced unit costs of, lateral flow devices were a driver for lower spend than in the original assumptions for the testing programme, together with the timing of decisions on the decommissioning of testing sites and laboratory capacity.

COVID-19 Budgets	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)	Budget 2021-22 (£m)	31/3/22 Outturn (£m)	Variance (£m)
COVID-19 – admin	45.0	28.6	16.4	394.2	120.8	273.4
COVID-19 – programme	1,854.0	1,283.8	570.2	7,466.5	6,692.3	774.2
Total COVID-19	**1,899.0**	**1,312.4**	**586.6**	**7,860.7**	**6,813.1**	**1,047.6**

COVID Vaccine Unit (CVU) Budgets

From 1 October 2022, the responsibility for purchasing COVID-19 vaccines has transferred into UKHSA as the COVID Vaccine Unit. Prior to this, vaccines were receipted for distribution and recognised as an increase to the balance sheet on receipt and a decrease on issue. The budget was formally delegated on 31 March 2023. Formal

delegation of the budget was only received in March. This was after a process to agree the transfer of balances and confirmation of the budget utilised by sender organisations up to September 2022. Due to the potential risk involved in mid-year transfers the process was not completed to the same timescale as the transfer of responsibility for procuring vaccines.

Budgets were underspent by £193 million, mainly as a result of policy decisions to use vaccine stocks in the 2023/24 autumn and winter campaigns which had previously expected to be impaired in 2022-23. UKHSA orders vaccines with significant lead times. On receipt of the vaccine if it is no longer expected to be issued then it is impaired. The budget for 2022-23 expected a significant impairments to take place however due to policy change the a significantly lower level of impairment was required in 2022-23.

COVID Vaccine Unit (CVU) Budgets	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)	Budget 2021-22 (£m)	31/3/22 Outturn (£m)	Variance (£m)
COVID Vaccine Unit - admin	11.6	4.5	7.1	-	-	-
COVID Vaccine Unit – programme	653.4	522.4	131.0	-	-	-

COVID Vaccine Unit (CVU) Budgets	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)	Budget 2021-22 (£m)	31/3/22 Outturn (£m)	Variance (£m)
COVID-19 Vaccines Received and Issued (Net non-cash gains and losses on donation)	141.1	141.1	0.0	(167.0)	(178.2)	11.2
CVU Capital	(28.8)	(84.5)	55.7	-	-	-
Total CVU	**777.3**	**583.5**	**193.8**	**(167.0)**	**(178.2)**	**11.2**

Vaccines and Countermeasure Response Budgets

The financial performance for Vaccines budgets is shown separately as follows. Responsibility for the policy, strategy and managing the budget for 2022-23 for these areas rested with DHSC, however UKHSA controlled inventory and therefore accounted for inventory during the year.

Vaccines Budgets	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)	Budget 2021-22 (£m)	31/3/22 Outturn (£m)	Variance (£m)
Non-COVID-19 Vaccines and Countermeasures	548.2	490.1	58.1	344.1	297.5	46.6
COVID-19 Vaccines Distribution Programme	32.4	34.7	(2.3)	29.0	25.3	3.7
COVID-19 Medicines	44.2	53.4	(9.2)	2.2	3.0	(0.8)
Vaccine Deployment Capital	14.2	13.8	0.4	4.6	(0.9)	5.5
VCR Capital	29.3	23.3	6.0	0.0	(27.2)	27.2
Total Vaccines	**668.3**	**615.3**	**53.0**	**379.9**	**297.7**	**82.2**

Capital Budgets (excluding those for CVU and Vaccines above)

The financial performance for the remaining capital budgets are shown as follows. The negative spend against COVID-19 capital reflects reduced levels of inventory. HMT has prescribed budgeting treatment for COVID-19 inventory where on purchase it scores to capital budgets and when consumed a capital credit is generated with a corresponding resource hit. As such where consumption or impairment of test and trace inventory is higher than forecast, a lower capital spend is realised.

The underspend in core budgets resulted mainly from slippage against planned Technology projects. In particular, Technology projects to move existing hosting platforms to a cloud-based solution were delayed in to 2023-24.

Capital Budgets (Excluding CVU and Vaccines)	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)	Budget 2021-22 (£m)	31/3/22 Outturn (£m)	Variance (£m)
COVID-19	(140.0)	(354.8)	214.8	509.5	(473.5)	983.0
Core Capital	135.7	100.6	35.1	111.1	53.4	57.7
Total Capital	**(4.3)**	**(254.2)**	**249.9**	**620.6**	**(420.1)**	**1,040.7**

RDEL and CDEL Summary

The above analysis of financial performance may be restated in terms of resource and capital departmental expenditure limits (RDEL and CDEL)

In terms of non-ring fenced RDEL and CDEL (the activities described above) these may be summarised as follows:

Category	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)	Budget 2021-22 (£m)	31/3/22 Outturn (£m)	Variance (£m)
Non-ring fenced RDEL	3,794.4	2,921.9	872.5	8,145.5	7,031.4	1,114.1
CDEL	10.4	(301.7)	312.1	625.2	(448.2)	1,073.4

The financial performance for ring-fenced RDEL spend is as follows. Ring-fenced RDEL relates to depreciation, amortisation and some impairments and the overspend relates to the impairment of inventory.

Ring-fenced-RDEL	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)	Budget 2021-22 (£m)	31/3/22 Outturn (£m)	Variance (£m)
Ring-Fenced RDEL	322.0	638.2	(316.2)	275.3	304.9	(29.6)

The financial performance for Annually Managed Expenditure (AME) spend is as follows. AME relates to impairments of inventory due to market price movements and to movements in provisions.

In particular there was a significant decrease in provision for vaccines previously impaired but issued and a reversal of an impairment moving vaccines back to inventory for planned autumn and winter campaigns in the 2023-24 financial year.

Annually Managed Expenditure	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)	Budget 2021-22 (£m)	31/3/22 Outturn (£m)	Variance (£m)
Annually Managed Expenditure	300.0	(349.3)	649.3	300.0	224.1	75.9

The financial performance information above forms the basis of the Statement of Comprehensive Net Expenditure.

These tables are not a replica of the Statement of Comprehensive Net Expenditure reported in the accounts. The headings used in this table reflect the categories of ring-fenced expenditure agreed with our parent department, DHSC.

The tables present UKHSA's figures in £ millions. The financial statements and notes in the main accounts report in £ thousands. Some minor rounding differences may therefore appear when any one grouping of figures is compared.

Relationships with Suppliers

We were committed to the Better Payment Practice Code, the policy being to pay suppliers within 30 days of receipt of a valid invoice. We established the following internal targets:

- 75% to be paid within 10 days of receipt of a valid invoice
- 95% to be paid within 30 days of receipt of a valid invoice

Our system reports did not exclude invoices held due to supplier disputes therefore payment would have been slightly faster than the statistics recorded below when excluding disputed invoices.

For the year ending 31 March 2023, 66% and 68% of supplier bills (by value and volume respectively) were paid within 10 days (2021-22: 44% and 26%) and 87% and 82% within 30 days (2021-22: 78% and 60%).

For the first two quarters of 2022-23, UKHSA were continuing to clear an invoice backlog due to the implementation of an ERP system in 2021-22. This impacted on the average prompt payments result for year ending 31 March 2023. As at March 2023, 91% of supplier bills were being paid within 30 days and 77% in 10 days.

Payment Period in Days	0 to 5	6 to 10	11 to 30	Over 30	Total
Value of invoices (£'000s)	2,254,656	848,033	965,068	618,593	4,686,350
Percentage	48.11%	18.10%	20.59%	13.20%	100.00%
Number of invoices	46,860	13,722	12,343	15,530	88,455
Percentage	52.98%	15.51%	13.95%	17.56%	100.00%

Note: Prompt payment 2021-22 date used was invoice date. The 2022-23 date used was the date that the invoice was received by Accounts Payable.

Exposure to liquidity and credit risk

Since UKHSA's net revenue resource requirements were mainly financed through Parliamentary funding, the organisation was not exposed to significant liquidity risks. In addition, most of our partners and customers were other public sector bodies, which means there was no deemed credit risk. The debt associated with the Managed Quarantine Service (MQS) (a function that transferred to UKHSA from DHSC on 1 April 2022) was the exception to this, where debt was owed from passengers who entered the UK during the pandemic and were subject to managed quarantine services. A significant expected credit loss transferred to UKHSA by absorption alongside

the associated MQS debt balance (see financial statements Note 13 for further details). UKHSA had procedures in place to regularly review credit levels. For those organisations that were not public sector bodies, UKHSA had policies and procedures in place to ensure credit risk was kept to a minimum.

Pensions costs for current staff

The treatment of pensions liabilities and relevant scheme details are set out in the Remuneration and staff report.

Assets and liabilities

UKHSA experienced significant movements across its balance sheet between 31st March 2022 and 31st March 2023 as a result of its changing circumstances, in particular absorption transfers and the wind-down of many of its COVID-19 operations.

Within assets, one key movement related to 'Other non-current assets' which is made up primarily of prepayments for COVID-19 vaccines, which has increased by £145million from £0.02 million to £145 million in the current year as a result of the transfer in of the COVID Vaccine Unit. Inventories has decreased in the current year, primarily as a result of decreasing stocks held by test and trace (from £361 million to £24 million, a decrease of £337 million), as testing has wound down.

Within liabilities, trade payables has decreased by £1.7 billion, primarily as a result of reduced values held in accruals. In 2021-22 accruals contained significant values relating to COVID-19. In 2022-23 COVID-19 budgets have decreased significantly and UKHSA has seen a corresponding decrease in year-end accruals. This is to some degree offset by £130 million of Covid-19 Vaccine Unit accruals, which are held within UKHSA balances following its absorption transfer into the organisation in FY 2022-23. UKHSA's provisions balance has also moved significantly between 31 March 2022 and 31 March 2023, increasing by £211M. This is driven by onerous contract provisions relating to contractual commitments to the receipt of inventory in the future by the COVID-19 Vaccine Unit where we estimate the inventory will not be used.

The entire balance sheet is available to review within the statutory accounts in this document and is also accompanied by significant explanatory notes which follow later in the accounts.

Efficiency measures and delivering value for money

UKHSA participated fully in the government's governance controls and transparency rules. Expenditure and procurement controls are embedded throughout UKHSA's business-as-

usual processes and complement operational management.

Hosted services

During 2022-23, UKHSA continued to provide a range of support services to Porton Biopharma Ltd, an investment inherited from Pubic Health England (PHE). These services formed part of an overall charge from UKHSA for corporate overheads. The income and expenditure transactions for Porton Biopharma Ltd processed by UKHSA did not form part of the UKHSA accounts.

Porton Biopharma Ltd

Porton Biopharma Ltd (PBL) was formed on 1 April 2015, as a spin-out company undertaking pharmaceutical development and production processes. PBL is a company limited by shares, with 100% of the shares being owned by the Secretary of State for Health and Social Care. In turn, the Ministers have directed that the operational relationship with PBL should now be through UKHSA (previously through PHE). The company is based at Porton Down, within the facility formerly owned by PHE.

Audit services and costs

The Comptroller and Auditor General is head of the National Audit Office (NAO) and is appointed as the external auditor of UKHSA under section 7 of the Government Resources and Accounts Act 2000. The auditor's remuneration for the year ending 31 March 2023 was £650,000 (2021-22: £401,000). This is a notional fee.

The internal audit function has been provided by Health Group Internal Audit Service, part of the Government Internal Audit Agency (GIAA) under a non-statutory engagement to provide an independent review of the systems of governance, risk management and internal control.

Sustainable development and environmental management

This report describes our first full year of sustainability reporting requirements, for the 2022-23 financial year, and will be used as our baseline reference. This is designed to align with financial reporting years. As this is our baseline year, prior year comparatives are not provided in line with HM Treasury Sustainability Reporting Guidance that prior period comparative information should not go beyond the baseline year.

Preliminary analysis indicates that UKHSA's total reportable carbon emissions for the year 2022-23, are 9,246 tCO_2e inclusive of our site at Harlow. In line with Greening Government Commitment requirements, we are reporting on our owned estate of 86,042m^2 and on an establishment of an average of 6,148 full-time equivalent posts.

As approved by DEFRA, the emissions data for our Harlow site will be shown separately, whilst it's under construction.

The data in this report comprise Scope 1, 2 and 3 carbon emissions from our reportable and for completion also our non-reportable sites, including emissions related to water usage and waste. Non-reportable sites are those offices, and or laboratories, that are reported separately by the premise's landlord. UKHSA generates some of its

energy from photovoltaic renewable sources, these energy figures are also included in the reportable total.

Over the last year our reportable business travel emissions have been 432 tCO_2e.

We have our own mandatory e-learning training programme on sustainable development, which 2,830 members of staff have completed to date. This bespoke training provides our staff with a good understanding of sustainable development in UKHSA and encourages them to act in a sustainable manner by considering their impact on the environment.

Our draft Sustainable Development Management Strategy (SDMS), which is our main strategy document for sustainable development for the organisation identifies the direct connection to the UN Sustainable Development Goals (SDG's), with each section highlighting how our work in a specific area aligns to one or more of the SDG's. It also identifies how we will work to be operationally Net Zero Carbon across our estate. There were no significant environmental incidents to report last year.

Greenhouse gas emissions

The following data shows the GGC data for UKHSA's 2022-23 operations.

GREENHOUSE GAS EMISSIONS		2022-23
SCOPE 1 + 2		
Non-financial indicators (tCO_2)	Natural gas [5]	1,115
	Natural gas (non-reportable sites)	1,486
	Fuel oil	336
	Process emissions	253
	Fugitive emissions (F-Gas)	95
	Mains electricity (non-reportable sites)	1,048
	Mains electricity (Scope 2 + Scope 3) [5]	3,813
	Owned/leased vehicles	34
	Renewable electricity	158
Related energy consumption (kWh)	Natural gas	6,121,391
	Natural gas (non-reportable sites)	8,157,870
	Fuel oil	1,326,322
	Process emissions [2]	1,389,758
	Mains electricity (non-reportable sites)	5,018,914
	Mains electricity (Scope 2 + Scope 3)	18,254,071
	Renewable electricity [4]	755,106
Related consumption ($kgCO_2$)	Fugitive emissions (F-Gas) [4]	95,076
Related Scope 1 travel (km)	Owned/leased vehicles	201,381
Financial indicators (£)	Natural gas	393,020
	Fuel oil [1]	145,568
	Owned/lease vehicles (fuel/i-expenses)	21,507
	Fugitive emissions (F-Gas) [3]	1,471
	Mains electricity (reportable)	3,428,904
	Renewable electricity [4]	92,059
Total Emissions Scope 1 + 2 (tCO_2)		**5,647**
Total gross emissions from non-reportable sites Scope 1 + 2 (tCO_2)		**2,535**
Renewable Energy tCO_2		**158**

1 Fuel oil only calculated for reportable sites

2 Process emissions from the Porton incinerator

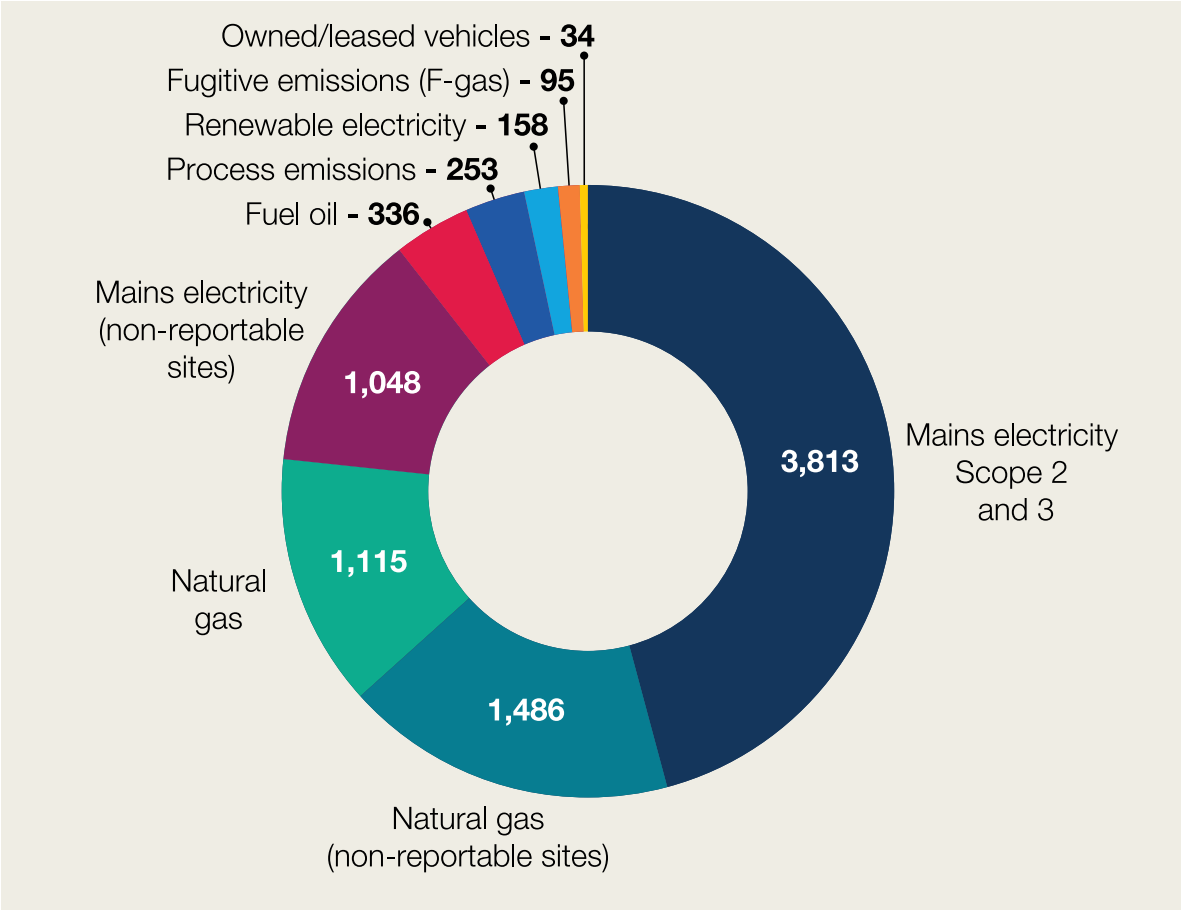
3 F-Gas costs from UKHSA's major owned sites are absorbed as part of the service contract.

4 Renewable energy from Porton, Chilton and Colindale PV

5 Harlow data is reported separately

UKHSA's Scope one and two carbon emissions by source in 2022-23

Emissions in tCO_2



Scope 1 and 2 emissions for UKHSA Harlow, are detailed below.

UKHSA HARLOW GREENHOUSE GAS EMISSIONS		2022-23
Non-financial indicators (tCO_2)	Natural gas	0
	Mains electricity	290
Related energy consumption (kWh)	Natural gas	0
	Mains electricity	1,387,281
Financial indicators (£)	Natural gas	0
	Mains electricity	319,810
Total Gross Emissions		**290**

Water consumption

The reportable usage of water for the estate was 71,796 m3. A further 12,258 m3 being used by our non-reportable sites, which is estimated due to the lack of metering.

Water		2022-23
SCOPE 3 (Water)		
Non-financial indicators (m3)	Water from office estate (reportable)*	0
	Water from whole estate (reportable) [excluding office estate] **	71,796
	Total for reportable estate (m3)	71,796
	Water from office estate (non-reportable) *	12,258
	Water from whole estate (non-reportable) [excluding office estate]	7,730
	Total for non-reportable estate (m3)	19,988
Financial indicators (£)	Water supply costs**	**192,188**

*Estimated usage

**Cost from our owned estate only

Our non-reportable estate is a mixture of office and laboratory facilities, which makes it difficult to differentiate their water usage into any meaningful datasets. Water that was consumed at offices and laboratories embedded in tenanted, non-reportable, accommodation was estimated using a recognised benchmarking algorithm. The water supply to our major sites was monitored and measured, and therefore the pattern of daily usage is known to our facilities teams.

Below is the data we have collated for the UKHSA Harlow site.

WATER (Harlow)		2022-23
Non-Financial Indicators (m3)	Water usage	5,313
Financial Indicators (£)	Water supply costs	19,106

The main use of water at this site is for the continued works being undertaken onsite. It should be noted that water usage during construction is expected to be significant.

Waste

UKHSA's total waste figure for 2022-23 was 708 tonnes. Non-hazardous waste sent to landfill, from across our owned estate, was some 18 tonnes this year. Approximately 6 tonnes of ICT waste have been processed by Computer Disposals Limited (CDL) who have been engaged to recycle and reuse, wherever possible, all redundant ICT equipment. We also have measures in place to calculate the amount of food waste we dispose of, which was approximately 18 tonnes. We are working closely with our FM providers to reduce the amounts of Consumer Single Use Plastic (CSUP) procured. We purchased 359,289 items of CSUP last year.

Due to the nature of the work carried out across our estate, a significant quantity of hazardous

waste is produced, and controls are in place to manage this. The majority of this waste is sent for incineration, in compliance with government guidelines.

Initiatives have been introduced to reduce waste at all locations, covering both offices and laboratories. Contractors working at UKHSA sites are constantly reminded about their obligation to reduce their waste wherever possible, in line with UKHSA's waste policy and the associated management arrangements.

Waste	**2022-23**
SCOPE 3 (Waste)	
Non-financial indicators (tonnes)	
Waste recycled externally (non-ICT equipment)	189
Waste reused externally (non-ICT equipment)	18
Waste recycled externally (ICT equipment)	2
Waste reused externally (ICT equipment)	4
Waste composted or sent to anaerobic digestion (food waste)	18
Waste incinerated with energy recovery	329
Waste incinerated without energy recovery (clinical waste)	145
Totals	
Total waste not sent to landfill	686
Total waste sent to landfill deemed non-hazardous	18
Total waste sent to landfill deemed hazardous (including clinical waste) *	4
Total waste	**708**

The top half of the table may not correspond with the bottom half as a result of rounding differences

Financial Indicators (£)	2022-23
Waste recycled externally (non-ICT equipment) £	88,536
Waste reused externally (non-ICT equipment)	0
Waste recycled externally (ICT equipment)	0
Waste reused externally (ICT equipment)	0
Waste composted or sent to anaerobic digestion	10,677
Waste incinerated with energy recovery	270,395
Waste incinerated without energy recovery (clinical waste)	174,174

Totals	2022-23
Total non-hazardous waste sent to landfill £	543,782
Total landfill waste deemed hazardous (including clinical waste)	6,533
Total landfill waste deemed hazardous (including clinical waste)*	2,989
Total waste (£)	**553,304**

* Not reportable under GGC reporting requirements

Waste (Harlow)

The estimated general waste from the Harlow site for 2022-23 is shown below. The site's general waste is disposed of via an incinerator with energy recovery. It is anticipated that when construction starts there will be large amounts of waste, and soils, produced during the redevelopment of this site, which will be reused or recycled during the construction phase of this ongoing project.

WASTE (Harlow)		2022-23
Non-Financial Indicators (kg's)	Waste usage	7,210
Financial Indicators (£)	Waste costs	4,445

Paper usage

Paper usage for 2022-23 was 2617 reams of A4 equivalent paper, of which 72% was recycled. As this is our baseline year of reporting there is no reduction target against which to measure.

Business travel

Since the end of the COVID-19 pandemic, there has been a gradual return of our non-laboratory staff to their normal base of operations. The UKHSA baseline carbon emissions for business travel in 2022-23 is 432 tCO_2e, this is highlighted in the table below. UKHSA will continue to introduce new initiatives for reducing travel emissions by reducing the number of journeys we make whilst looking for less carbon-intensive ways of working. We are currently reviewing our fleet/lease vehicles to identify how many meet the government's ULEV protocol.

Business travel		2022-23
Non-financial indicators (tCO_2)	Personal car	222
	Domestic flights	21
	Rail (UK)	103
	Taxi	3
	Bus/coach/PTR	0.1
	Hire car	82
	Underground	0.1
	Total	**431**
Related Scope 3 travel (km)	Personal car	1,312,565
	Domestic flights	922,876
	Rail (UK)	2,936,906
	Taxi	18,211
	Bus/coach/PTR1	1,402
	Hire car1	484,227
	Underground1	1,850
	Total	**5,678,037**
Financial indicators (£)	Personal car	261,398
	Domestic flights	31,395
	Rail (UK)	899,284
	Taxi	40,467
	Bus/coach/PTR	3,346
	Hire car	84,249
	Underground	8,409
	Total	**1,328,548**
Other business travel (km)	Short-haul international average	922,876
	Long-haul international average	4,595,007
(Economy class)	Rail: Eurostar	39,673
Total	**Total Gross Emissions Scope 3 Business Travel (tCO_2)**	**431**
	Total Financial Cost Scope 3 Business Travel (£)	**1,328,548**
	Total Other Financial Cost, not covered in Scope 3 (£)	**608,191**

1 Figures calculated using our own conversion table

Other activities (including biodiversity)

We will play an active role with the DHSC on sustainable development of the estate. UKHSA will be implementing the governments smarter working strategy and consolidating parts of its leased estate into the governments' central hub. We are in the process of developing our operational Net Zero Carbon reduction plan with the ambition to be carbon neutral for our owned estate by 2035. These strategies in turn, will lead to a total reduction of our carbon footprint.

UKHSA has no properties within SSSI or AONB boundaries, although it is planned that where we believe we may have an impact on the local biodiversity (for example, due to planned building works etc.) biodiversity assessments will be made to understand any impact on the local flora and fauna as part of the planned project works, and control measures put in place.

We are currently in the process of putting reporting systems in place, especially with commercial colleagues, to report on our impact from the procurement of ICT and digital. Details of which have been given to DEFRA as part of the narrative around our STAR report for this year.

We have developed a Nature Recovery Plan, for use by our estates teams, which describes the procedure for managing ecological assets

on the UKHSA estate if there are any planned construction, demolition or refurbishment projects, or the installation of utilities on site. This document also outlines the maintenance regime that should be carried out on the known ecological assets on site to maintain or improve their ecological value.

In particular we will:

- identify and take opportunities to integrate biodiversity considerations into all relevant service areas and functions, and ensure that biodiversity is protected
- enhance biodiversity across our estate, with a defined planting scheme in line with current statutory obligations as a minimum
- provide a pollinator friendly habitat across our estate
- ensure biodiversity considerations are in all relevant development projects and, or programmes
- recognise the potential of, and take action to deploy nature-based solutions, including to mitigate our own, and the country's, carbon emissions
- raise awareness to all members of staff about biodiversity issues

- demonstrate a commitment, and contribution, to reporting against our Nature Recovery Plan as part of the Greening Government Commitment's (GGC's), and where appropriate, demonstrate progress against key biodiversity indicators and targets

Sustainable procurement

UKHSA's commercial department, supported by internal stakeholders, and utilising the Government Buying Standards, and relative Government Procurement Policy Notes (PPN's), seeks to use its buying power to positively impact key public health and social agendas. This work is underpinned by our commitment to the Social Value Act 2012 and the Modern Slavery Act 2015.

UKHSA has put in place a range of drivers to embed sustainability and social value into all of its procurement activity. Key achievements to note this year; the procurement team have all completed the Cabinet Office's Social Value Training and are now actively including Social Value considerations into tenders using the CCS templates. The team will continue to work with its key strategic suppliers on their sustainability activities.

UKHSA is working closely with its FM partners, and our procurement category specialists to reduce the amount of CSUP as part of their contract. We have

already seen a great deal of plastic replaced with alternatives, especially in our restaurant areas. We are also working with our suppliers to report on the amounts of CSUP that are procured.

UKHSA works closely with the DHSC Health Family and Cabinet Office to learn and share best practice. Training courses are being developed for commercial staff across UKHSA involved in developing specifications and managing contracts, so that our purchases can positively support UKHSA's social and public health agenda.

Climate change

UKHSA has continued to work with colleagues from the DHSC, NHS England and the Greener NHS team to identify high-level health objectives under the auspices of the second National Adaptation Programme (2018-2023). We have recently undertaken a Climate Change Risk Assessment for our Estate, which feeds into our ongoing estates adaptation plan that sets out a range of actions to ensure our estate will continue to operate should any climate change disaster befall us. This plan has been communicated to all relevant staff and is highlighted in our draft SDMS.

UKHSA is continuing to support its commitment in the National Adaptation Programme to develop an adverse weather and health plan:

- conducting a systematic literature review on interventions to reduce heat related harms to health to inform the development of the adverse weather and health plan and related climate adaptation recommendations
- commissioned behavioural insights research to inform attitudes and behaviours in relation to the risks associated with heat and cold; the outputs of this are being used to support the development of tailored public messages to improve the effectiveness of the early warning systems for hot and cold weather

Governance

The commitment to UKHSA's sustainability aspirations, obligations and legal requirements are laid out in UKHSA's draft SDMS. This enables the organisation to demonstrate true leadership and highlights the ambition to be an exemplar organisation with regards sustainability in the health sector.

Sustainable Development has implications for all aspects of UKHSA's business. The organisation's various senior management teams therefore have a responsibility to implement the requirements of the draft SDMS through local business plans. Doing so will enable UKHSA to measure performance, help achieve a better understanding of our impact

on the environment and to prioritise medium and longer-term activities.

It will also help to refine and target advice to others on matters such as climate change and the UN's Sustainable Development Goals (SDGs), and will strengthen the ways in which the organisation works across the healthcare spectrum.

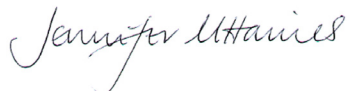
Sustainable Development Goals

SDGs are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity ratified by the United Nations. UKHSA contributes to progress against many of the Targets across a range of Goals including health and wellbeing, climate change, inequality, innovation and sustainable consumption.

UKHSA aims to:

- use the SDGs as a tool to drive and co-ordinate our health in all policies across government
- emphasise the importance of wider determinants of health to DHSC
- encourage the responsibility of SDGs to transfer to Cabinet Office
- move the organisation forward in delivering progress against health-related targets

- engage with local government and encourage consideration of implementing interventions in line with the SDGs using a place-based approach
- work with ONS to support a comparable approach to measurement to be able to use the data as an instrument for advocacy



Professor Dame Jenny Harries

Accounting Officer

21 January 2024

2. Accountability report

The purpose of the Accountability report is to meet key accountability requirements to Parliament. It is comprised of four key sections:

- statement of Accounting Officer's responsibilities
- governance statement
- remuneration and staff report
- parliamentary accountability and audit report

Statement of Accounting Officer's responsibilities

Under the Accounts Direction given by HM Treasury in accordance with section 7(2) of the Government Resources and Accounts Act 2000, UKHSA is required to prepare accounts in the form and on the basis set out in the Accounts Direction. The accounts were prepared on an accruals basis and must give a true and fair view of the state of affairs of UKHSA and of its net expenditure, application of resources, changes in taxpayers' equity and the cash flow statement for the financial year.

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

- observe the Accounts Direction given by HM Treasury, including the relevant accounting and disclosure requirements
- 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 financial statements
- prepare the financial statements on a going concern basis

The Accounting Officer for Department of Health and Social Care (DHSC) has appointed me as the Accounting Officer for UKHSA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding UKHSA's assets, are set out in Managing Public Money published by HM Treasury.

I can confirm that, as far as I was aware, there was no relevant audit information of which UKHSA's auditors were unaware, and 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 UKHSA's auditors were aware of that information.

I can confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance statement

UKHSA's arrangements have been designed to comply with requirements for specific sectors and jurisdictions governed by the relevant authorities. UKHSA's overarching governance arrangements have been designed with reference to the good practice set out in the government's Corporate Governance in Central Government Departments: Code of Good Practice, modified as appropriate for its circumstances. UKHSA aligns its risk management processes to the 'Orange Book'.

UKHSA's governance structures were developed and implemented in accordance with the requirements of the Framework Document with the DHSC and annual remit letter from Ministers, which, taken together, set out its duties and functions.

Governance

UKHSA is an Executive Agency of the Department of Health and Social Care. The framework document sets out, amongst other things: the broad governance framework within which UKHSA and DHSC operate; UKHSA's core responsibilities; the governance and accountability framework between the roles of DHSC and UKHSA (including the role of the Chief Medical Officer); and the relationship with other parties such as the NHS, other arm's length bodies (ALBs), local government and the devolved administrations. Our purpose, role and priorities are set out fully on page 18 of these annual report and accounts.

Accountability summary

As Chief Executive and Accounting Officer, I am responsible for safeguarding the public funds for which I have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of UKHSA. In addition, I am required to ensure that UKHSA is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of Managing Public Money. These responsibilities include those outlined below and those that are

set out in the accounting officer appointment letter issued to me by the principal accounting officer of the department.

My responsibilities for accounting to Parliament and the public include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any guidance and directions issued by the Secretary of State
- preparing and signing a governance statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual reports and accounts
- ensuring that effective procedures for handling complaints about UKHSA in accordance with parliamentary and health service ombudsman's principles of good complaint handling are established and made widely known within UKHSA and published on its website
- acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the department, HM Treasury and the Cabinet Office
- ensuring that as part of the above compliance I am familiar with and act in accordance with:

- the framework document
- any delegation letters
- any elements of any settlement letter issued to the department that is relevant to the operation of UKHSA
- any separate settlement letter that is issued to UKHSA from the department
- ensuring they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding compliance with any conditions arising from the above documents
- giving evidence, normally with the Principle Accounting Officer (PAO), when summoned before the public accounts committee on UKHSA's stewardship of public funds

My particular responsibilities to DHSC include:

- establishing, in agreement with the department, UKHSA's strategic and business plans in light of the department's wider strategic aims and agreed priorities
- informing the department of progress in helping to achieve the department's policy objectives in so far as they relate to UKHSA functions and duties, and in demonstrating how resources are being used to achieve those objectives

- ensuring that timely and sufficiently detailed forecasts and monitoring information on performance and finance are provided to the department on a periodic basis; that the department is notified promptly if overspends or underspends are likely, and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the department in a timely fashion

The Chair of the UKHSA advisory board and all non-executive members are appointed by the Secretary of State for Health and Social care. The chair is responsible for leading the board in the delivery of its responsibilities and additionally:

- ensuring that UKHSA's affairs are conducted with probity, including by monitoring and engaging with appropriate governance arrangements
- ensuring that policies and actions support the responsible minister's wider strategic policies and that, where appropriate, these policies and actions shall be clearly communicated and disseminated throughout UKHSA

The Chair has the following leadership responsibilities in support of the chief executive who holds formal responsibility for UKHSA:

- developing and maintaining a diverse and high-performing non-executive board team, helping to foster collaborative relationships at all levels within UKHSA, with the department, across government and devolved administrations, and with other key stakeholders
- establishing sound governance for the agency including through ensuring effective non-executive leadership of UKHSA's ARC and establishing and maintaining other committees and sub-committees as needed
- supporting and informing the evolution of UKHSA's organisational and strategic design and development, including through assisting the Chief Executive to develop a leadership model to recruit, build and retain UKHSA's top talent
- formulating the board's strategies and ensuring that the board, in reaching decisions, takes proper account of guidance provided by the responsible minister or the department
- supporting the chief executive's accountability relationship with the department, and providing advice, support and challenge to UKHSA executive team in delivering the priorities set out in UKHSA's annual business plan

- supporting the chief executive in promoting the efficient and effective use of staff and other resources, and ensuring that the appropriate organisational culture, values, behaviours and capability are in place to enable UKHSA to fulfil its function and deliver its mission
- delivering high standards of regularity and propriety, including that UKHSA adheres to good financial principle as set out in HMT's Managing Public Money and the Cabinet Office's Partnerships between departments and Arm's Length Bodies: Code of Good Practice

The DHSC senior departmental sponsor is responsible for agreeing the objectives for and reviewing the contribution of the UKHSA Chair. During 2022-23 this has been supplemented by a 360 degree review of the Chair which was facilitated by a non-executive member of the Board and was provided as input to the DHSC sponsor. The Chair has their own section in this annual report in which they have set out their independent view on the working of UKHSA on page 6.

During 2022-23, UKHSA's governance arrangements have been reviewed by the Government Internal Audit Agency in follow up reviews to the Corporate Governance Audit in 2021-22. The follow up review found that UKHSA

has made significant progress in its governance arrangements, and the part-2 follow up provided moderate assurance and confirmed that all actions had been closed from the original report. A further review into UKHSA's governance arrangements by GIAA will take place in quarter four, 2023/24

UKHSA Advisory Board

The appointment of the non-executive members of the UKHSA Advisory Board concluded in April 2022 with the appointment of the Chair of the Audit and Risk Committee completed in April 2023. All non-executive members of the Advisory Board received an induction which along with relevant reading material included meetings with key senior UKHSA staff, and visits to the main scientific sites. The first informal meeting of the Advisory Board took place in May 2022. This was an introductory session which considered ways of working and consideration of the draft terms of reference.

A strategy day was held in June 2022. This allowed Advisory Board members to input into the developing UKHSA Strategy.

The first formal, public meeting of the Advisory Board took place on 29 September 2022. The Advisory Board then met a further three times in public throughout 2022-23, in line with the Framework Document with DHSC. All Advisory Board papers are published on gov.uk in advance of the meeting.

As set out in its Terms of Reference the Advisory Board provide advice, challenge and support to the Chief Executive and Executive team on the development and delivery of UKHSA's priorities.

The Advisory Board

receives standing reports from the Chief Executive, finance and its committees at every meeting. In addition, specific issues that were considered by the Advisory Board in 2022-23 included:

- the development of UKHSA's strategy
- the development of UKHSA's people strategy
- UKHSA's role in the Commonwealth Games public health response
- the development of UKHSA's science strategy
- the development of UKHSA's data strategy
- UKHSA's local, national and international relationships
- preparedness for health threats from infectious disease
- the development of UKHSA's global strategy;
- the implementation of the people delivery plan
- UKHSA's workforce
- preparedness for chemical, radiological and nuclear threats
- UKHSA achievements for 2022-23

The following served on the UKHSA Advisory Board in 2022-23

Ian Peters

Chair of the UKHSA Advisory Board.

Appointed from 1 April 2021 for a two-year term. Ian's term was extended by the Secretary of State for a further three years from 1 April 2023.

He has previously held roles as Chair of Barts Health NHS Trust, Chief Executive of British Gas and Managing Director of NatWest Small Business Services.

Jennifer Dixon

Non-Executive member of the Advisory Board, member of the Science and Research Committee and member of the Equalities, Ethics and Communities Committee.

Appointed from 25 April 2022 for a two-year term.

CEO of The Health Foundation, trained in medicine and previously held multiple policy, public health and national regulatory roles.

Jon Friedland

Non-Executive member of the Advisory Board, Chair of the Science and Research Committee and member of the People and Culture Committee.

Appointed from 25 April 2022 for a three-year term.

Deputy Vice-Chancellor (Research and Enterprise), St. George's, University of London who is a clinically trained infectious diseases academic with previous experience on JCVI and with the MHRA including as Vice-Chair on the Commission for Human Medicines.

Graham Hart

Non-Executive member of the Advisory Board, Chair of the Equalities, Ethics and Communities Committee and member of the Science and Research Committee.

Appointed from 25 April 2022 for a two-year term.

A social and behavioural scientist with expertise in sexual health and HIV.

Mark Lloyd

Non-Executive member of the Advisory Board, member of the Equalities, Ethics and Communities Committee and member of the People and Culture Committee.

Appointed from 25 April 2022 for a three-year term.

CEO of Local Government Association, experienced in integrating national, regional and local services to deliver better outcomes for communities and residents.

Sir Gordon Messenger

Non-Executive Member of the Advisory Board, member of the Audit and Risk Committee and Chair of the People and Culture Committee.

Appointed from 24 April 2022 for a three-year term.

Ex-Vice Chief of Defence Staff with experience in contingency planning, crisis management and leadership.

Simon Blagden

Associate Non-Executive member of the Advisory Board and member of the Audit and Risk Committee.

Appointed from 25 April 2022 for a two-year term.

Former Chair of Fujitsu Telecommunications Europe, with a career in ICT and digital transformation.

Marie Gabriel

Associate Non-Executive member of the Advisory Board and member of the Equalities, Ethics and Communities Committee.

Appointed from 25 April 2022 for a two-year term.

Current Integrated Care System Chair; previous non-executive experience in acute, mental health and commissioning.

Raj Long

Associate Non-Executive member of the Advisory Board, member of the Equalities, Ethics and Communities Committee and member of the Science and Research Committee.

Appointed from 25 April 2022 for a two-year term.

Raj has a professional career in medicines and vaccines development, regulation, and access in private and public health, including supporting the WHO and a non-executive director of the MHRA Board.

Professor Dame Jenny Harries Chief Executive Officer

Appointed UKHSA Chief Executive from 1 April 2022 (permanent appointment).

Jenny brings a wealth of public health knowledge and expertise gained from working in the NHS and local government at local, regional and national levels. She played central roles in the UK's response to COVID-19, Ebola, Zika, monkeypox, MERS and the Novichok attacks.

Prior to joining UKHSA as its Chief Executive, career highlights include: Deputy Chief Medical Officer for England; Regional Director for the South of England at Public Health England (PHE) and PHE's Deputy Medical Director; Joint Director of Public Health, for Norfolk County Council and NHS Norfolk and Waveney; Joint Director of Public Health, NHS Swindon and Swindon Borough Council; and Local Director of Public Health, Monmouthshire Local Health Board and Public Health Consultant Lead for the South-East Wales Regional Commissioning Unit.

Jenny has also been a member of the Joint Committee on Vaccination and Immunisation since 2007; a member of the Expert Advisory Group on the NHS Constitution and has worked in policy, evaluation and clinical roles in Pakistan, Albania, India and New Zealand.

Andrew Sanderson

Director General, Finance, Commercial and Corporate Services

Appointed from 18 October 2022 (temporary appointment).

Reappointed as Chief Financial Officer from 1 June 2023.

Prior to joining UKHSA Andrew was a Finance Director and board member in the Foreign, Commonwealth and Development Office (FCDO). His previous job was as Director of Financial Planning at the Department of Health. Before that he worked in a variety of finance and policy roles in the Department of Health, HM Treasury and the Department for Work and Pensions. He is a CIPFA-qualified accountant.

Scott McPherson

Director General, Strategy, Policy and Programmes

Appointed from 18 October 2022 (permanent appointment).

Scott was Director General of the Crime Police and Fire Group (CPFG) from November 2017 to February 2020. He was previously acting Director General for Justice and Courts Policy in the Ministry of Justice and has over 20 years' experience in a wider variety of roles across government.

Susan Hopkins

Chief Medical Adviser

Appointed from 25 May 2022 (permanent appointment).

As Chief Medical Advisor Susan leads the Clinical and Public Health Group whose objective is to

provide professional health security, clinical and public health leadership. Susan is also a Professor of Infectious Diseases and Health Security at University College London and continues to work clinically as a consultant in Infectious Diseases and Microbiology at the Royal Free London NHS Foundation Trust.

Previous roles include: Public Health England, Deputy Director of the National Infection Service; Public Health England, Incident Director and subsequently National Strategic Response Director for COVID-19 from 2020 to 2022; and NHS Test and Trace, Chief Medical Advisor from September 2020 to September 2021.

Isabel Oliver

Chief Scientific Officer Transition Lead

Appointed from 1 October 2021 (temporary appointment).

Previously, Isabel was Director National Infection Service from April 2020 having held other roles previously in PHE. Isabel was also co-director of the National Institute for Health Research Health Protection Research Unit on behavioural Science

and Evaluation at the University of Bristol and Senior Medical Advisor to the NHS Test and Trace Programme.

After a few years of working in acute hospital medicine, Isabel developed an interest in public health and epidemiology. Isabel completed the public health specialist training in the South-West in 2004 and after 4 years working as a regional epidemiologist, she took up the post of Regional Director of the Health Protection Agency in the South-West. In 2013 she moved to Public Health England (PHE). Isabel led the Field Service of PHE with teams across England responsible for the surveillance, investigation and control of infectious diseases and the health effects from exposure to environmental hazards. Between 2019 and 2020 Isabel was Director of Research, Translation and Innovation in PHE.

Thom Waite

Deputy Chief Medical Officer, Department of Health and Social Care

Dr Thomas Waite is the Deputy Chief Medical Officer leading on health protection. His role covers emergency response and preparedness, infectious

diseases, environmental hazards, vaccines and therapeutics.

Thom is a consultant epidemiologist and completed his clinical and public health training in south Wales. He is a graduate of the European Programme for Interventional Epidemiology Training and has postgraduate qualifications in public health, medical toxicology and medical education.

Thom has a wide range of experience dealing with outbreaks and environmental emergencies in the UK and overseas.

UKHSA Advisory Board attendance 1 April 2022 to 31 March 2023

Details of attendance at UKHSA Advisory Board meetings is included in the table below. In addition, UK CMOs, representatives from DHSC sponsorship team and other senior UKHSA staff attend UKHSA Advisory Board meetings.

UKHSA Advisory Board	
Ian Peters	7/7
Jennifer Dixon	6/7
John Friedland	6/7
Graham Hart	7/7
Mark Lloyd	7/7
Sir Gordon Messenger	6/7
Simon Blagden*	5/7
Raj Long*	6/7
Marie Gabriel*	4/7
Professor Dame Jenny Harries	7/7
Susan Hopkins	7/7
Isabel Oliver	7/7
Scott McPherson	7/7
Andrew Sanderson	7/7

* Associate member of the UKHSA Advisory Board. Associate members are invited to attend all meetings, however their attendance is not mandatory.

Register of interests

UKHSA maintains a register of interests for Board and ExCo members to ensure potential conflicts of interest can be identified and, where appropriate, managed in a transparent fashion. This is published on gov.uk. Similarly, a process is in place across the organisation to manage the same for staff employed by UKHSA.

Audit and Risk Committee (ARC)

The UKHSA Audit and Risk Committee provides a wide ranging and important oversight role in areas including the quality of financial reporting, systems of internal control, governance, and risk management arrangements of an organisation.

The appointment of non-executive members of the Advisory Board, from whom membership of the ARC is drawn, concluded in April 2022. The recruitment of a permanent Audit and Risk Committee Chair was concluded in April 2023 with the appointment of Cindy Rampersaud. Cindy chaired her first UKHSA Audit and Risk Committee in June 2023. Ian Peters chaired the Audit and Risk Committee while this process was completed, with written agreement from DHSC.

Audit and Risk Committee attendance 1 April 2022 to 31 March 2023

The ARC met five times throughout 2022/2023 and details of attendance is included in the table below. In addition, the Chief Executive, Director General, Finance, Commercial and Corporate Services and representatives from the Government Internal Audit Agency and National Audit Office routinely attend ARC meetings.

Audit and Risk Committee	
Ian Peters	5/5
Sir Gordon Messenger	4/5
Simon Blagden	4/5

The terms of reference for the Audit and Risk Committee are in line with the best practice as set out in HM Treasury guidance. The ARC covered the following items during 2022-23:

- scrutiny of the refreshed Strategic Risk Register
- overview of governance arrangements across UKHSA, including incident reporting
- standard updates on organisational progress against Internal Audit Actions and approval of the Internal Audit Plan
- finance updates, including a review of the refreshed Standing Financial Instructions
- scrutiny on the development of the UKHSA Annual Report and Accounts 2021-22, including oversight of the Finance and Control Improvement Plan
- update on the Serious Untoward Incident following Immensa
- UKHSA's technology infrastructure and resilience
- UKHSA staffing and ramp down programme
- UKHSA's Counter Fraud Strategy

- development of UKHSA's commercial arrangements and governance
- transition of the Vaccine Taskforce to UKHSA (from 1 October 2022)
- cyber security
- health and safety
- the Finance and Control Improvement Plan
- reports from the Government Internal Audit Agency
- reports from the National Audit Office

UKHSA Advisory Board Committees

In addition to the Audit and Risk Committee, the UKHSA Advisory Board is supported by the following committees, as set out in the Framework Document with the Department of Health and Social Care. Each Committee has a terms of reference which are published and available on gov.uk and the Advisory Board receives a report, including minutes at its meetings:

Science and Research Committee

The Committee, chaired by Prof. Jon Friedland, provides advice to the UKHSA Advisory Board on strategic aspects of its scientific work including: the development and implementation of the UKHSA science strategy in response to new and emerging

challenges and ensuring that UKHSA science and research has greatest impact on health outcomes.

Science and Research Committee	
Jon Friedland (Chair)	3/3
Graham Hart	3/3
Jennifer Dixon	3/3
Raj Long	3/3
Isabel Oliver (Executive Lead)	3/3
Susan Hopkins	2/3
Steven Riley	3/3

People and Culture Committee

The Committee, chaired by Sir Gordon Messenger, assists the UKHSA Advisory Board by giving advice on UKHSA's strategies and plans for talent management; succession planning; capability building; performance management; and incentives and rewards. It also advises on whether the organisation's people related processes are effective in helping UKHSA achieve its goals.

People and Culture Committee	
Sir Gordon Messenger	2/2
Jon Friedland	2/2
Mark Lloyd	2/2
Jac Gardner (Executive Lead)	2/2
Professor Dame Jenny Harries	2/2

Equalities, Ethics and Communities Committee

The Committee, chaired by Prof. Graham Hart, assists the UKHSA Advisory Board by giving advice on UKHSA's ambition to reduce health inequalities and engage with communities. It will also be a source of advice for ethical decision making in the field of health security.

Equalities, Ethics and Communities Committee	
Graham Hart (Chair)	2/2
Jennifer Dixon	2/2
Marie Gabriel	2/2
Mark Llyod	2/2
Raj Long	2/2
Susan Hopkins (Executive Lead)	2/2
Scott McPherson	2/2
Oliver Munn	2/2

Advisory Board Effectiveness

Following the first year of its operation, the Advisory Board and its Committees have undertaken a review of their effectiveness. In the main this found that the Advisory Board had made an effective start to its work and was working in line with the Framework Document with the Department of Health and Social Care, the government's Corporate Governance in Central Government

Departments: Code of Good Practice and their respective Terms of Reference. The findings, along with proposed recommendations were reported to the Advisory Board at its meeting on 19 July 2023.

Positive feedback included:

a) all members felt that they could contribute fully and independently;

b) the relationship between the Advisory Board and committees worked well, and helped by cross-membership across the Advisory Board and its committees;

c) the dynamic between the non-executives and executive was positive and constructive;

d) meetings were well structured and chaired, with good quality papers, allowing for sufficient consideration of complex issues;

e) the non-executives brought diverse expertise and wider perspectives from a range of sectors; and

f) the executive pro-actively engaged with non-executives in the development of strategies in different areas.

Consistent throughout the feedback was the recognition that 2022-23 had not only been a developmental year for the Advisory Board and its committees but also that it had been operating

in challenging circumstances for the organisation due to high levels of volatility, including significant workforce ramp down, the move to its future operating model, and the uncertainty over medium-term funding.

The following areas for future development were identified:

Constructive challenge

While there was broad agreement that the Advisory Board provides adequate strategic advice and support to the executive, more constructive challenge and direct questioning from non-executive colleagues would be welcomed to effectively use their range of expertise in helping UKHSA fully realise its ambitions. This also included consideration of UKHSA's performance by the Advisory Board and how non-executives could most appropriately provide support and challenge in this respect and provide external perspectives to support UKHSA's development.

As the Advisory Board is not fiduciary, it was recognised that this finding could be addressed both through the formal meetings, where appropriate, but also by more informal discussion and personal support and coaching, with the agreement of both the executive and non-executives.

Topic management

While agendas of the Advisory Board and its committees covered most matters within their terms of reference, there were some areas that required deeper review and long-term planning for future meetings in either committee or the Board.

For example, the Equalities, Ethics and Communities Committee findings highlighted that committee members wished to cover ethics. This was considered as a topic in the April 2023 meeting and would be scheduled on the forward look in future.

Similarly for the Audit and Risk Committee (ARC), more focus was suggested on risk quantification, risk management, risk appetite, fraud risks, and evaluating the effectiveness of the mitigations and control with risk owners. This will also support the ARC in providing sufficient challenge to the executive.

Timing of discussions

Responses suggested that the Advisory Board be leveraged more at the early stages of developing work to help shape approach rather than only critiquing those that are nearing completion. Timing of engagement would be important to maximise the non-executives' skills, expertise,

and perspectives in shaping and developing plans and work programmes. If adopting this approach, it was recognised that early ideas would need to be thought out in sufficient detail for the non-executives' interventions to be effective.

Supporting the talent pipeline

To ensure that the Advisory Board had access to a broad and representative range of input and to help with individual development, it was proposed that the Executive Committee support those colleagues who are earlier in their career through presenting to or attending the Advisory Board.

External partnerships

The feedback highlighted that there was more to do to consider how UKHSA is viewed by partners, including end-users, local and central government, academia and private sector. Additionally, that focus is needed on sharing of intelligence and co-creation of strategy, and evaluation of these working relationships. Building external relationships is critical for UKHSA to achieve its mission.

Advisory Board ways of working

The findings also set out a number of practical points which would support the more effective

operation of the Advisory Board and its committees in the coming year, these included recommendations on sharing of materials and informal working with the Executive Committee.

The Advisory Board agreed that the findings and recommendations would be developed into an action plan an progress reviewed at future Advisory Board meetings.

Executive governance

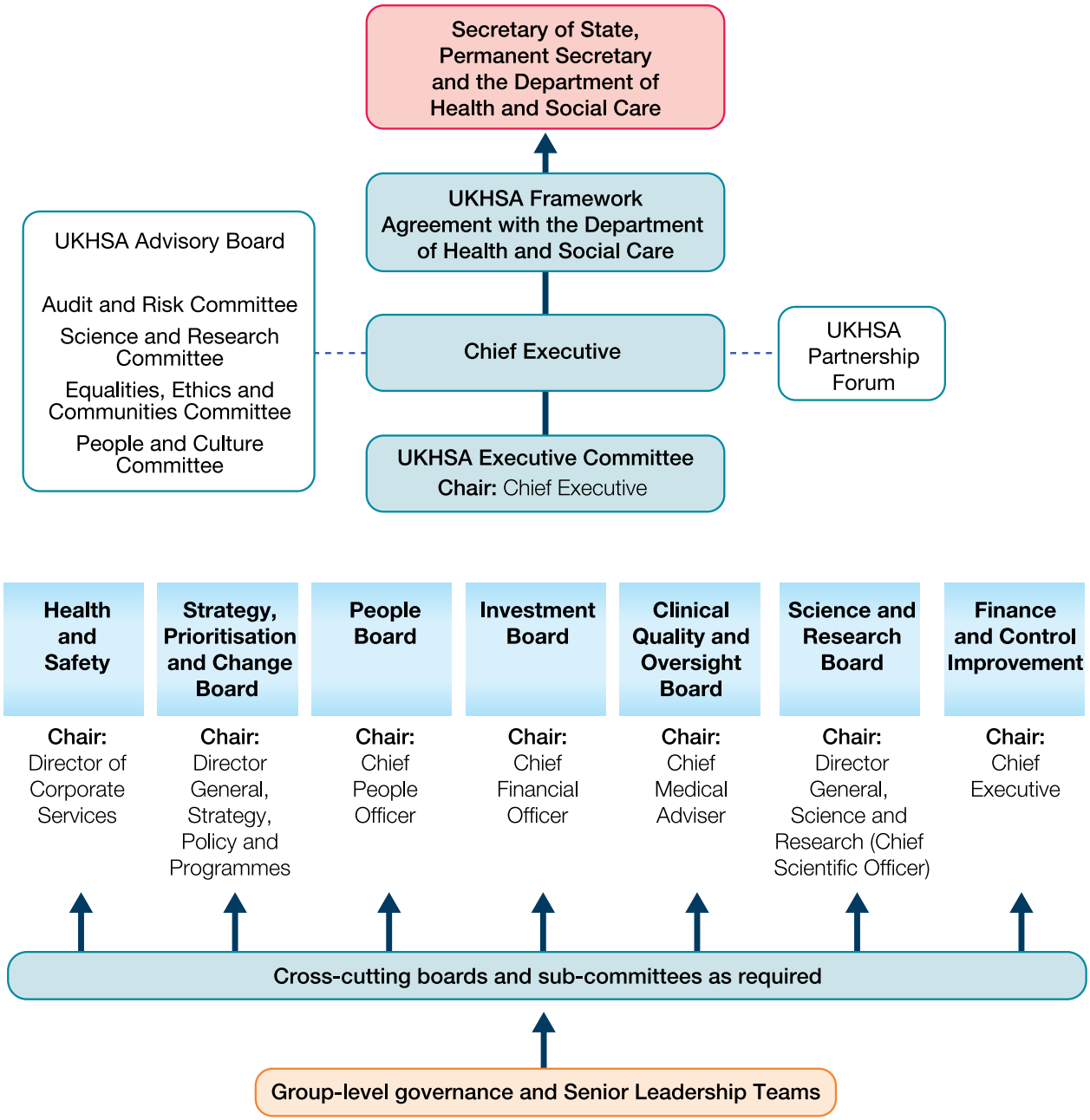
As Chief Executive, I am responsible for the leadership and management of UKHSA, delivery of its objectives, putting in place appropriate governance arrangements and regularly reviewing them. The high-level governance arrangements that were in UKHSA in place in 2022-23 are shown in the diagram overleaf:

The Executive Committee, which I chair, meets at least 3 times a month with stand-up meetings also taking place to ensure visibility on key strategic and operational issues. Membership of ExCo during the reporting period is set out in the attendance table later in this statement and in detail in the remuneration report elsewhere in these annual report and accounts.

ExCo is the primary mechanism for supporting me as Chief Executive as Accounting Officer and the focus of UKHSA's governance. Amongst its

responsibilities is the approval and monitoring of UKHSA's revenue and capital budgets, agreement of priorities and the design and structure of the organisation. It also considers organisation performance in depth, taking over the function of the Operations and Performance Board. ExCo and its committees will be undertaking a review of its effectiveness during 2023/24.

Key governance groups, for example on health equity, finance and people routinely report to the Executive Committee.


Secretary of State, Permanent Secretary and the Department of Health and Social Care
UKHSA Framework Agreement with the Department of Health and Social Care
UKHSA Advisory Board
Audit and Risk Committee
Science and Research Committee
Equalities, Ethics and Communities Committee
People and Culture Committee
Chief Executive
UKHSA Partnership Forum
UKHSA Executive Committee
Chair: Chief Executive
Health and Safety
Chair: Director of Corporate Services
Strategy, Prioritisation and Change Board
Chair: Director General, Strategy, Policy and Programmes
People Board
Chair: Chief People Officer
Investment Board
Chair: Chief Financial Officer
Clinical Quality and Oversight Board
Chair: Chief Medical Adviser
Science and Research Board
Chair: Director General, Science and Research (Chief Scientific Officer)
Finance and Control Improvement
Chair: Chief Executive
Cross-cutting boards and sub-committees as required
Group-level governance and Senior Leadership Teams

Executive Committee attendance 1 April 2022 to 31 March 2023

Executive Committee	
Professor Dame Jenny Harries	34/40
Lee Bailey	33/40
Sarah Collins	32/40
Jac Gardner	34/40
Susan Hopkins	32/40
Scott McPherson	36/40
Oliver Munn	36/40
Isabel Oliver	34/40
Steven Riley	31/40
Andrew Sanderson	38/40
Philippa Harvey*	17/21
Chris Coupland**	20/20
Paul Cain***	17/18
Adam Wheelwright****	10/15

* Philippa Harvey joined UKHSA on 3 October 2022

** Chris Coupland joined UKHSA on 10 October 2022

*** Paul Cain left UKHSA on 31 August 2022

**** Adam Wheelwright left UKHSA on 31 August 2022

Executive Governance Groups

The following Governance Groups reported to ExCo in 2022-23:

Science and Research

Considers all matters relating to UKHSA science and research, ensuring UKHSA scientific and research functions are of consistent high quality and operate to agreed standards and processes providing direction, challenge and approval when required.

Clinical Quality & Oversight

Oversees the clinical governance activity being delivered within UKHSA and provide assurance that the mechanisms, activity, and planning are acceptable and provide assurance on compliance with regulatory standards relating to clinical quality, patient safety, safeguarding and public sector duty of equality.

Strategy and Change

Oversees the development of UKHSA's strategy and business plans and to provide oversight and scrutiny of UKHSA's change portfolio, including the prioritisation of the programmes and projects against the strategy, and their subsequent

performance management through the delivery lifecycle with a focus on value for money.

Investment Boards

Scrutinises business cases to ensure they represent VfM and are aligned to relevant government policy on all spend. Boards include:

Investment Board: SCS3 chaired board to review all high value spend exceeding Commercial Spending Controls and Arm's Length Bodies' Financial Delegations with representation from the Devolved Administrations as appropriate.

Approvals Board: SCS1 chaired board to review mid-level spend exceeding £2 million and within the UKHSA commercial and financial delegations.

UKHSA Professional Services Board: SCS1 chaired board to approve all professional services and contingent labour spend exceeding the Cabinet Office Spend Controls. These also require DHSC Commercial Assurance approval, DHSC Finance approval, DHSC Ministerial approval and either Cabinet Office disclosure or approval, depend on the threshold.

Offline Approvals: central co-ordination and senior level approval of non-contentious cases valued between £10,000 and £2 million.

UKHSA External Income Board: SCS1 chaired board to approve income generating contracts and proposals over £500,000.

People

Provides strategic decision-making and oversight in relation to people policies and practices. This includes the attraction, recruitment and retention of key talent and skills to UKHSA, driving employee engagement, leadership, learning and development, total reward and ensuring a high performing and inclusive culture.

Health and Safety

Ensures the organisation's health and safety and associated risk and compliance arrangements are suitable and sufficient, and meet UKHSA's statutory obligations and agreed strategy. This Committee has been key in ensuring the smooth transfer of governance arrangements for our scientific work with high hazard pathogens, which by design have adopted those previously developed over many years.

Finance and Control Improvement

To oversee the Finance and Control Improvement Plan. This Board was established to address

the issues with financial control and high-level governance arrangements that were identified during the 2021-22 accounts preparation and audit process.

Planning and performance

The DHSC Senior Departmental Sponsor chaired quarterly Sponsorship Accountability Meetings (SAM) attended by the Chief Executive and other UKHSA and DHSC directors. SAM sessions fulfil the requirement set out in the UKHSA Framework Agreement and Cabinet Office guidance for Executive Agencies. The focus of the meetings are on strategic issues and any issues of delivery that the sponsor wished to bring to this meeting, including compliance with the framework agreement. Issues covered include:

- public health risk and issues
- financial performance including in-year and year-end performance against budgetary controls, based on the monthly reporting system
- governance and risk management, including a review of UKHSA's Strategic Risk Register
- the relationship between UKHSA and any other key issues identified in delivery of DHSC's strategic objectives

Other processes in place include:

- the Permanent Secretary's annual appraisal of the Chief Executive's performance, taking account of feedback from UKHSA's Advisory Board
- Select Committee hearings
- regular contact between DHSC's sponsor team and UKHSA

System of internal control and its purpose

As Accounting Officer, the Chief Executive has responsibility for maintaining a sound system of internal control that supported the achievement of UKHSA's policies, aims and objectives. In doing so, the Chief Executive must safeguard the public funds and assets in accordance with the responsibilities assigned to her in Managing Public Money and the Accounting Officer Appointment Letter.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of UKHSA's policies, aims and objectives
- evaluate the likelihood of those risks happening and the impact should they be realised
- manage risks effectively, efficiently and economically

Risk and control framework

The Chief Executive is accountable for the overall risk management activity in the organisation. In discharging these responsibilities she is assisted by the following Directors:

The Interim Chief Scientific Officer, who had delegated responsibility for managing the risks associated with the national laboratories at Chilton, Colindale, Porton Down and other infection service functions. She also had delegated responsibility for the governance of research activity carried out by UKHSA.

The Chief Medical Adviser had delegated responsibility for managing UKHSA's emergency response function (including the national UKHSA response to COVID-19); clinical and quality governance, medical revalidation (supported by her Responsible Officer team) and the Caldicott Guardian function.

The Director General Data, Analytics and Surveillance, who as the organisation's senior

information risk owner (SIRO), had delegated responsibility for the organisation's information governance arrangements and advising the Chief Executive of any serious control weaknesses concerning information risk and governance.

The Chief Financial Officer, who had delegated responsibility for managing financial risk and assisted the Chief Executive in ensuring that the organisation's resources were managed efficiently, economically and effectively. He also had delegated responsibility for managing the development and implementation of strategic and corporate risk management and health and safety, in particular, that appropriate health and safety policies and procedures relevant to UKHSA's operation were in place together with governance and assurance systems to facilitate compliance with relevant legislation.

The Chief People Officer had delegated responsibility for managing people related risk across UKHSA.

The Communications Director had delegated responsibility for communications.

Capacity to handle risk

UKHSA has in place a risk management policy, procedures and guidance describing risk management roles and responsibilities, risk

identification techniques, risk mitigation strategies and risk scoring. All relevant risk management documentation and tools are available to staff through the UKHSA intranet, which included an agreed approach to risk identification and management.

UKHSA aimed to minimise adverse outcomes such as harm, loss or damage to the organisation, its people or property, or those who received its services, through adequate supervision and training, appropriate delegation, continuous review of processes and the environment, and the sharing of lessons learnt and best practice.

Electronic incident management and investigation systems were used to manage adverse incidents, with lessons-learnt reports being shared through email and UKHSA's intranet. The main system used continues to be Trackwise to ensure continuity of critical health and safety reporting in UKHSA's laboratories.

Capturing and responding to risk information

UKHSA had a structure in place for reporting risk at an operational (sub - Group), tactical (Group, or major cross Group level) and strategic (UKHSA wide) level. There is a process in place to escalate and de-escalate risks as appropriate between the hierarchies.

The UKHSA Strategic Risk Register (SRR) has continued to be developed over the past year and been reviewed quarterly by the Executive Committee, Audit and Risk Committee and the Senior Accountability Meeting with DHSC. It is made up of the most significant strategic risks identified by the Executive Committee in a “top down” objective led exercise, with a “bottom up” process operating in groups and directorates, escalating risks for inclusion when a strategic, corporate level response is needed. ExCo and the Audit and Risk Committee both request and receive deep dive reviews into specific risks, providing an opportunity to engage directly with risk and mitigation owners to better understand the nature of the risk and effectiveness of the controls in place.

The Corporate risk management team supports roll-out of UKHSA’s approach to risk management, identifying cross-cutting operational risks through the Risk Leads Group that it co-ordinates, and, where necessary, provided support to adverse incident management and investigation. Through the Risk Leads Group, it has reviewed group risk registers and provides feedback to improve the quality of risk information.

UKHSA has in place an adverse incident and serious untoward incident management policy

and procedure to provide a formal mechanism for reporting and learning from incidents. One Serious Untoward Incident was declared in the reporting period, which related to patient treatment for TB being impacted by an incorrect laboratory result.

A detailed review of the adverse incident and serious untoward incident policy is currently underway and will be completed during 2023/24.

There were no personal data related incidents that were reported to the ICO during 2022-23.

UKHSA principal risks 2022-23 included:

Principal risk		Impact and Mitigation
People Risk Owner Chief People Officer	Workforce: Capacity and Capability There is a risk that UKHSA may not be able to recruit and retain an appropriately skilled and diverse workforce to fully deliver its remit.	Impact • may impact on delivery in areas dependent on specialised and hard to recruit staff, for example financial controls, accounts, cyber, science, data, technology and programme delivery Mitigation • pay business case to be developed. • introduction of streamlined recruitment processes
People Risk Owner Chief People Officer	People: Motivation, Development and Culture There is a risk that UKHSA will not be able to motivate its workforce, maintain and improve morale. This will have an adverse impact on organisational resilience.	Impact • harder to work across the organisation, fragmented working • potential industrial action • impact of cost of living for junior staff Mitigations • robust staff survey action plans to be put in place • development of reward strategy and employee value proposition

Principal risk		Impact and Mitigation
Finance Risk Owner Chief Financial Officer	Finance: Future Funding Uncertainty Due to the challenging economic and fiscal environment, there is a risk that UKHSA does not secure the level of funding or receives late notification of its budget settlement, with an adverse impact on UKHSA's ability to deliver its strategic priorities and remit.	Impact • inability to stabilise the workforce • unable to transition to transition to an enduring value for money model • unable to establish enduring pandemic capabilities Mitigations • business planning process • ongoing discussions with DHSC
Finance Risk Owner Chief Financial Officer	Finance: Immature Financial Management and Controls Due to UKHSA organisational immaturity, inherited accounting practices and continued people and money system adoption there are identified weaknesses and areas for improvements in some areas of UKHSA's financial management and controls.	Impact • further reputational loss • adverse future audits • heightened risk of fraud • comprised ability to demonstrate value for money Mitigations • finance and Control Improvement Programme established • budget holder training implemented across UKHSA

Principal risk		Impact and Mitigation
Commercial Risk Owner Chief Commercial Officer	Commercial and Contract Management There is a risk that UKHSA may have issues with supply chain or contract failures and disputes.	Impact • this could affect the delivery of critical health security functions to the public and finances • loss of UKHSA reputation Mitigations • commercial re-set programme established • implementation of spend controls • strengthened governance arrangements
Information Governance Risk Owner Director General – Data, Analytics and Surveillance	Information Governance There is a risk of critical confidential information or sensitive data assets being compromised lost or wrongly disclosed by inappropriate use of data, breach or non-compliance due to non-authorised use of data, data breaches, data loss or accidental disclosure, through staff or system errors.	Impact • UKHSA's ability to collect, process and share data lawfully and safely • enforcement action by ICO • loss of public trust in UKHSA Mitigations • compliance review of existing policies and procedures • data Protection Security Toolkit submission

Principal risk		Impact and Mitigation
Cyber Risk Owner Director General – Data, Analytics and Surveillance	Cyber Security There is a risk that from a failure to comply with HMG functional standards and associated policies, weaknesses and or gaps in UKHSA cyber controls causes a material cyber security breach, leading to a loss of confidentiality, integrity and availability of systems and information.	Impact • any combination of operational, regulatory, contractual and reputation damage to UKHSA • recovery and remediation efforts will divert resources from delivering better health outcomes Mitigations • incident response exercises • development of cyber delivery plans
Technology Risk Owner Chief Technology Officer	Information Technology and Infrastructure There is a risk that UKHSA's network of technology systems, assets, and site infrastructure may not be sufficiently resilient, or otherwise vulnerable to power outages.	Impact • UKHSA unable to deliver critical health protection functions Mitigations • implementation of Colindale incident remediations • Big Rocks programme, and implementation of key projects to strengthen UKHSA's ICT resilience

Principal risk		Impact and Mitigation
Science Risk Owner Chief Scientific Officer	Science Strategy and Delivery UKHSA will be unable to maintain scientific capabilities that will be needed for response to pandemics, CRN and other major incidents.	Impact • UKHSA unable to deliver critical health protection functions Mitigations • review of science pay and implementation of outcomes • partnering with corporate teams to develop working relationships and efficiencies, including recruitment and commercial
Preparedness Risk Owner Director General – Health Protection Operations	Pandemic Preparedness There is a risk that insufficient maintenance of policy capacity and unclear boundary responsibilities with DHSC and the Cabinet Office results in a lack of leadership and co-ordination.	Impact • insufficient pace and scale of pandemic response • loss of political and societal confidence Mitigations • UKHSA and DHSC to set up a joint pandemic preparedness programme • developing the evidence base to identify key research and knowledge gaps

Principal risk		Impact and Mitigation
Vaccines Risk Owner Director, Covid Vaccines Unit	COVID-19 Vaccines There is a risk that UKHSA fails to ensure availability of the right COVID-19 vaccines at the right time and at the right scale to respond to the evolving pandemic, and vaccine escape for severe diseases in particular.	Impact • UKHSA unable to deliver critical health protection functions • loss of political and societal confidence Mitigations • close working with vaccine manufacturers and regulators • application on lessons learned both nationally and internationally
Health and Safety Risk Owner Chief Scientific Officer	Staff and Public Safety There is a risk that a low frequency, high impact incident involving biological agents occurs at one of UKHSA's high containment bio-safety facilities.	Impact • adverse impact on human and animal health and the environment Mitigations • review and respond to requirements raised by safety regulators and security advisors • development of a strategic assessment management plan for the scientific estate • investment projects developed for existing estate • recruitment to senior leadership roles in the Science Group • refreshed governance arrangements

Principal risk		Impact and Mitigation
Reputation Risk Owner Director General – Strategy, Policy and Programmes	There is a risk that UKHSA's reputation is impacted adversely due to negative criticism for past actions/current performance arising from the COVID-19 public inquiry process.	Impact • loss of political and societal confidence Mitigations • development of UKHSA Public Inquiry Communications and Engagement Strategy. • provision of legal advice by the Government Legal Department

Health and safety

The UKHSA Health and Safety Policy Statement, signed by the Chief Executive, commits to protecting UKHSA's staff and others from harm and to reduce the risk to their health, safety and wellbeing as far as reasonably practicable. UKHSA undertakes a wide range of activities in its scientific work with a variety of different risks. A number of specific policies are in place to specify the standard to be achieved in the management of these different risks.

UKHSA's strategic health and safety aim is to strive for excellent health and safety standards, and these arrangements are overseen by the Health and Safety Committee, chaired by the Director of Corporate Affairs. In partnership with staff side members, the Health and Safety Committee has focused on ensuring appropriate follow-up of actions from UKHSA's internal proactive

performance monitoring and any recommendations made by the Health and Safety Executive (HSE) as part of its planned intervention plan. In addition, incidents with high or major actual or potential impact were reviewed and acted on, with lessons identified and disseminated across the organisation in a timely way.

UKHSA had in place a range of health and safety standards, with processes to ensure suitable and sufficient assessment of activities which implement control measures to prevent and reduce risks in order to protect staff from harm and ill health. UKHSA's health and safety policies are supported by staff health and safety handbooks and guidance documents. These cover a number of specific areas of risks and are complemented by specific information, guidance, training and competency assessment.

The second annual meeting with the HSE to review health and safety performance through their planned and reactive inspections during 2022-23 was held in April 2023, which was attended by the Chair of the UKHSA Advisory Board together with the Interim Chief Scientific Officer, Interim Director General Finance, Commercial and Corporate Services, Director of Corporate Services and senior operational scientific staff.

The HSE highlighted the following UKHSA strengths:

- our commitment to Health and Safety and Biocontainment
- maintaining safety performance during rapidly changing and challenging landscape
- our positive outlook with regards to Health and Safety (engagement and relationship)
- transparent approach and attitude during interventions
- UKHSA undertake detailed internal investigations in response to incidents
- engagement of Senior Leadership via annual review meetings

We also discussed the following challenges and areas for continuous improvement:

- to continue with our pro-active outlook with regards to health and safety to further drive-up performance
- the transition from PHE to UKHSA
- management of multiple workstreams, priorities and projects
- Science Hub – strategic decisions/ focus of priorities

- investment in critical existing infrastructure, equipment and plant maintained across the UKHSA estate to ensure continued operational safety
- implementation of internal recommendations/ investigation outputs and HSE enforcement actions

Financial governance framework

UKHSA had in place a financial governance framework, with policies and procedures to ensure compliance with the requirements of Managing Public Money, International Accounting Standards, EU Procurement Legislation, government spending controls and internal approval levels. During the pandemic, controls were adjusted to reflect the operating conditions, reflecting the need to buy from limited markets or at short notice; the normal controls and thresholds were reintroduced from 1 July 2022

Preventing fraud, corruption, bribery and theft

UKHSA introduced robust measures to combat fraud, bribery, corruption and theft – the key focus being on prevention, but also ensuring that issues arising are dealt with effectively.

One of the main ways UKHSA has mitigated the risk of fraud is with a move away from the use

of contingent labour to the use of permanent staff. There has also been an end to eligibility-based payments from the Test and Trace Support Payment (TTSP) scheme which has ceased and which carried a heightened risk of fraud.

In addition, Counter Fraud training is mandatory for all staff, with new starters expected to have completed it in their first two days working for the organisation.

The Anti-Fraud Team provides regular reporting to UKHSA Audit and Risk Committee and has an in-house investigation capacity and is actively seeking to add investigation tools to the techniques used to greatly assist with several more sensitive enquiries.

As we build the new and permanent Anti-Fraud Team our first area of focus has been to undertake an Enterprise level Fraud Risk Assessment which will aim to identify key fraud risk areas across the Agency. This will inform the need or thematic and detailed Fraud Risk Assessments. This will form the first step to UKHSA meeting the Government Functional Standard GovS013: Counter Fraud.

It is estimated that the detected loss from fraud in 2022-23 was £386,000 with a further £834,000 recovered and an estimated £365,000 of fraud was prevented. The amount recovered related to the Managed Quarantine Service (MQS). UKHSA inherited the liability for the scheme and the

outstanding debt in April 2022 after the programme had closed

Whistleblowing

UKHSA has the appropriate formal arrangements in place for colleagues to raise whistleblowing concerns. No whistleblowing concerns were raised during the 2022-23 financial year. In addition, we promote the raising of other concerns through a programme of ongoing activities and the launch of an HR Casework team. Led by a Freedom to Speak Up (FTSU) Guardian, we also have a trained network of 30 FTSU champions across UKHSA to whom colleagues can raise and discuss concerns. FTSU awareness is delivered to all new colleagues as part of their onboarding programme and also forms part of our Effective Manager programme. Other activities to promote opportunities to 'Speak Up' include a FTSU session with the CEO at our all-colleague communication event 'UKHSA live' in January 2023, blog articles on our intranet, and regular awareness sessions delivered across Directorates. Regular updates on the progress and impact of FTSU activity are provided to senior leaders, including reporting to ExCo. We use data analysis and insight to target bespoke interventions where a need is identified.

Assurance

Assurance is defined in the HM Treasury guidance for assurance frameworks as: "... an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organisation."

UKHSA adopted the 'Three Lines' model for assurance, to ensure a range of activities at all levels that could provide reassurance and evidence of good practice as well as an assessment of delivery confidence. This model was in the early stage of implementation during the reporting year.

Under the first line, management at all levels have primary ownership, responsibility, and accountability for identifying, assessing, and managing risks. Their activities create and/or manage the risks that can facilitate or prevent an organisation's objectives from being achieved. The first line 'own' the risks and are responsible for execution of the organisation's response to those risks through executing internal controls on a day-to-day basis and for implementing corrective actions to address deficiencies. Managers design, operate and improve processes, policies, procedures, activities, devices, practices, or other conditions and/or actions that maintain and/or modify risks and supervise effective execution. To ensure compliance and watch for control failures

adequate managerial and supervisory controls are put in place, supported by routine performance and compliance information.

The second line role includes functions and activities that monitor and support the implementation of effective risk management practices and enable the reporting of adequate risk related information up and down the organisation. The second line supports management by bringing expertise, process excellence, and monitoring alongside the first line to help ensure that risks are effectively managed. At UKHSA, we have a range of specialist teams supporting management that provide these controls, including Health & Safety, Information Governance / data compliance and Programme and Project delivery 'gateway' reviews.

In respect to the third line, an independent internal audit function provided by Government Internal Audit Agency (GIAA) provides an objective evaluation of how effectively the organisation assesses and manages its risks, including the design and operation of the 'first and second lines'. It considers all elements of the risk management framework, including all risk and control activities in its scope. GIAA are working with UKHSA to continually improve its control environment as the Agency continues to mature.

Also sitting in the organisation's third line are a range of other sources of assurance that support

an organisation's understanding and assessment of its management of risks and its operation of controls, including:

- the Health and Safety Executive, who provide external reviews of our health, safety, and wellbeing practices in our areas of highest risk
- the Infrastructure and Projects Authority (IPA), who arrange and manage independent expert assurance reviews of major government projects that provide critical input to HM Treasury business case appraisal and financial approval points

Other sources of independent external assurance may include independent inspection bodies, such as the Information Commissioner's Office, external system accreditation reviews/certification (e.g., ISO, UKAS), and HM Treasury/Cabinet Office/ Parliamentary activities that support scrutiny and approval processes.

Government Functional Standards

UKHSA aims to adhere to public best practice and guidance outlined in the Government functional standards.

Functions enable excellence and consistency in the delivery of policy and services across government.

They form a framework for collaboration across organisational boundaries and support efficient and effective delivery of public services. Functional standards are set by each function to provide direction and advice for people working in and with the UK government. They bring together and clarify what needs to be done, and why, for different types of functional work. The standards are a resource to help accounting officers and senior leaders meet the requirements of Managing Public Money.

UKHSA aims to adhere to the published good practice and official guidance. Since early 2022 UKHSA has been undertaking self-assessments of our adherence to the Standards.

The following assessment against the standards was carried out in 2022-23, with actions and improvement plans identified:

Standard	Lead	Outcome
GovS 002: **Project Delivery**	Director General, Strategy, Policy and Programmes	In development Progress is being led by the central portfolio office with oversight by the Strategy and Change Board.
GovS 003: **Human Resources**	Chief People Officer	In development Improvement plans are in progress. Further assessments and reporting of progress will continue to take place with oversight by the People Board.

Standard	Lead	Outcome
GovS 004: **Property**	Chief Financial Officer	In development The Property Board is being used to monitor progress against the standard. Improvement plans cover both the corporate and scientific estates.
GovS 005: **Digital, Data and Technology**	Director General, Data Analytics and Surveillance and Chief Technology Officer	This was assessed by a GIAA internal audit report. Outcome: “limited”
GovS 006: **Finance**	Chief Financial Officer	In development Improvement plans are in progress. Progress is overseen by the Finance and Control Improvement Board.
GovS 007: **Security**	Chief Financial Officer	Assessment to take place in 2023/24 through the Departmental Security Healthcheck
GovS 008: **Commercial**	Director Commercial	In development
GovS 010: **Analysis**	Director General, Data Analytics and Surveillance	In development The framework is in use and there are good levels of awareness.
GovS 011: **Communication**	Director Comms	A self-assessment checklist has been developed using the standard. This will be incorporated into the communications strategy which is due to be published in 2023/24.

Standard	Lead	Outcome
GovS 013: **Counter Fraud**	Chief Financial Officer	In development Improvement plans are in progress. Progress is overseen by the Finance and Control Improvement Board
GovS 014: **Debt**	Chief Financial Officer	In development Improvement plans are in progress. Progress is overseen by the Finance and Control Improvement Board
GovS 015: **Grants**	Chief Financial Officer	In development Improvement plans are in progress. Progress is overseen by the Finance and Control Improvement Board

Internal Audit arrangements

As part of the Government Internal Audit Agency (GIAA), the Head of Internal Audit's team is fully independent and remains free from interference in determining the scope of internal audits, in performing its work throughout the year, and in communicating results to management and the UKHSA Audit and Risk Committee (ARC). The Head of Internal Audit (HOIA) has direct access to the Accounting Officer and meets regularly with her senior team.

The HOIA has provided the Chief Executive and Accounting Officer with an overall Limited opinion on the framework of governance, risk management

and internal control within the United Kingdom Health Security Agency (UKHSA) for the 2022-23 financial year. The definition of a Limited opinion is that 'There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective

In their report, GIAA recognised that a significant amount of work had been undertaken to address the issues that had contributed to the previous year's Limited assurance opinion with activities ongoing. There is a positive trajectory of travel with improved arrangements for corporate governance and strategic risk management. However fully embedding effective governance, risk management and internal control arrangements in a new and complex organisation formed from three disparate organisations, together with a lack of certainty over future funding during 2022-23, was expected to take time and a Limited assurance opinion for 2022-23 was anticipated and reported to ARC at an early stage in the year as the outcomes of audits started to be reported.

The HOIA opinion had regard to the challenging environment in which the organisation continues to operate. The outcomes of internal audit work have fed into the assurance opinion include the following (wording taken from the GIAA annual report):

- in relation to GIAA's assessment of UKHSA's Governance arrangements, overall, they saw a significant improvement during 2022-23 with all actions from the 2021-22 audit of Corporate Governance having been implemented by 31 March 2023. An advisory Board was established during the year and held its first meeting on 29 September 2022. An Audit and Risk Committee (ARC) was also established early in the financial year and held its first meeting on 11 July 2022. The ARC was chaired on an interim basis, in agreement with the Department of Health & Social Care (DHSC), UKHSA's sponsor department, by the Chair of UKHSA's advisory Board. Whilst this does not represent best practice, it did enable an ARC and report to operate during quarters 2, 3 and 4. Through GIAA attendance at ARC it was observed that there was effective challenge and discussions over the organisation's strategic risks, financial position and year-end external audit position. ARC demonstrated its commitment to ensuring that the organisation responded appropriately to agreed actions arising from internal audit reviews and helped establish a culture of regular oversight of these by UKHSA management

- following our second follow up of the Corporate Governance audit we issued an opinion of ‘Moderate Assurance’. This reflected that the advisory Board was meeting regularly and fulfilling the role as set out in the government code of good practice for Corporate Governance in Central Government Departments
- from our internal audit work undertaken during 2022-23, we identified that there is still a need for further improvements in the wider area of organisational governance. Examples included a lack of clear roles and responsibilities both corporately across Groups and teams and at an individual level where we were not always able to verify that key activities had been formally tasked to staff. Staff members continued to do what they had always done in the absence of instructions to the contrary and audit reports reflected that this presented risks of both duplication of effort and gaps where assumptions may be being made about tasks being done elsewhere in the organisation.

- other themes identified under the governance heading included gaps in the frameworks of policies and procedures leading to a risk of non-compliance with key expectations, laws and regulations. This combined with a lack of robust second line / management assurances could also mean that instances of non-compliance may not be identified and addressed.

- through our attendance at the Finance and Control Improvement Board and the MaPS Programme Board (implementation of the HR functionality within the Money and People IT System), we have observed that there is appropriate senior leadership, commitment and oversight of these two programmes of work, with detailed action plans in place to address issues arising in year resulting in the accounts disclaimer applied by the National Audit Office. We have advised management and ARC through various discussions to ensure that there is sufficient focus on the quality and effectiveness of the actions implemented from these change programmes alongside the organisational ambitions to implement actions at pace and improve the position in relation to the outcome of the audit of the accounts. There should be an equal focus on securing improved internal controls and financial management information as on securing improved outcomes in respect of the external auditor's judgment

- in the area of risk management, we confirmed that all actions from the 2021-22 audit of Risk Management had been implemented. This has led to strengthened arrangements at the level of corporate risk management, with appointments having been made to key posts in the Corporate Services Risk Management team during the year, strengthened links with the DHSC risk management team and a fundamental top-down review of the Strategic Risk Register (SRR) by ExCo during the year.
- the SRR was reported to ARC at its meetings in October, November and March and we have observed the positive engagement from ARC with discussions taking place around the number and profiling of strategic risks according to their risk ratings, the format of the SRR as well as discussions about risk descriptions and the identified mitigations
- areas for further strengthening risk management and moving through the stages of maturity have been identified through our internal audit work, particularly at the level of operational risk registers where recommended improvements included ensuring that arrangements align with corporate risk management policy and procedures, and ensuring risk mitigations and further actions are clearly set out.

- on the effectiveness of internal controls and compliance with required controls, there remains much work to do to embed an effective control framework. Our assessment of the design of control processes has found that controls are not consistently incorporated into systems and processes. For example, in several areas whilst actions and activities had been identified as needing to be done, these were not being captured, documented assigned to named postholders and assigned dates for delivery. In the absence of documented workplans / action plans, management's ability to monitor and report on delivery in support of achieving UKHSA's agreed priorities is limited. Specifically, actions identified from lessons learned activities had either not been captured and documented or not tasked to individuals to implement, and where a programme of change had been initiated early in the year, there remained no action plan to deliver this at year-end.

- audits of key systems including staff Onboarding, Purchase to Pay, Cyber Security (Patch Management), Spend Controls and Workforce identified gaps in the design and implementation of controls, including the need for cleansing of data within systems and implementation of the correct processes for undertaking checks as part of the onboarding of new staff. Several recommendations from the 2021-22 audit of 'Conflict of Interest', designed to ensure relevant declarations are being made and managed, had not been implemented by the year-end, and timescales for these have been amended to later in 2023/24. Several are now overdue by more than 12 months from the original planned implementation date.

The GIAA report concluded that there remains much for UKHSA to do to reach a satisfactory baseline of governance, risk management and internal controls. There had been improvements in some areas following audits from 2021-22 and management's own improvement plans.

The full list of GIAA reports in 2022-23 were as follows:

- Dysport Royalties . . . . . .Substantial
- Testing Ramp down . . . . . .Moderate
- Corporate Governance follow up part 2 . . . . . Moderate
- Chemical and Radiological Incident Response . Moderate
- Data Security & Protection Toolkit . . . . .Limited
- Clinical Governance . . . . . .Limited
- Purchase to Pay . . . . . .Limited
- Compliance with HR Policies . . . . . .Limited
- Corporate Governance follow up part 1 .Limited
- Cyber risk (security patching) . . . . . .Limited
- IT Infrastructure (recovery arrangements) Limited
- Health & Safety . . . . . .Limited
- Income Generation . . . . . .Limited
- Onboarding (staff checks) . . . . . .Limited
- UKHSA Workforce (MaPS Payroll Implementation) . . . . . .Limited
- Cabinet Office Spend Controls . . . . . .Limited
- Pandemic preparedness . . . . . .Limited
- Laboratories . . . . . .Limited
- Strategic and Business Planning and Performance Management . . . . . Unsatisfactory

Key control challenges

2022-23 Disclaimer

As described below, UKHSA has put in place significant improvements in response to the issues that led to the disclaimed audit opinion in 2021-22. This led to a substantially smoother and more assured accounts process. However, a new area of complexity arose through the mid-year transfer of the Covid Vaccine Unit (CVU) from DHSC into UKHSA, and its audit.

That audit has taken longer than expected, as a result of the requirement for increased audit scrutiny; post-balance sheet events that required vaccine usage estimates to be updated, including as late as December; and complications flowing from a change of the model the CVU used to forecast vaccine demand. As the work to assure the covid vaccine balances associated with this new function remained ongoing in January 2024, UKHSA has taken the decision to accept a disclaimer to ensure its 2022-23 ARA is published by 31 January 2024 statutory laying deadline. The cause of the 2022-23 disclaimer is very different to the prior year's disclaimer in that it relates to the roll-forward impact of the 2021-22 disclaimer and a specific issue over providing full assurance on CVU balances in time for the statutory deadline. UKHSA remains committed to providing sufficient

appropriate audit evidence over these balances (as part of the 2023-24 audit of opening balances).

Following the disclaimed audit opinion in 2021-22, both UKHSA and the NAO determined their respective focuses should be placed on the closing balances. This reflected the roll forward impact of the prior year assurance gap on opening balances and the in-year income and expenditure into which those opening balances release.

For existing areas of UKHSA's finances, UKHSA provided evidence for closing balances, by the statutory deadline. Alongside this, UKHSA inherited significant new balances relating to covid vaccine contracts when the Covid Vaccine Unit was transferred into UKHSA from DHSC in October 2022.

The accounting for this area requires a forward-looking estimate of the number of Covid vaccines that will be surplus (from both the 75m vaccines held in stock at 31 March 2023 and the 57m doses the government was contractually committed to buy later in 2023 and 2024). If vaccines are not expected to be used, they must be impaired or treated as an onerous provision. UKHSA has therefore had to estimate the number of vaccines that would be used, by making estimates of expected use over vaccination campaigns which had yet to be decided. Actual future vaccine usage will depend on epidemiology and vaccination

policy decisions, so estimates contain inherent uncertainty.

These estimates had to be updated in light of events after the end of the financial year. In particular, the emergence of a new COVID variant in August 2023 led to revised clinical vaccination policy to accelerate and rephase the Autumn 2023 COVID vaccination campaign. A further challenge was that the transfer of the CVU from DHSC into UKHSA – a much smaller organisation – resulted in a highly significant increase in the level of precision required for measuring COVID vaccine balances. This has taken longer than expected because the changes in vaccination policy, resulted in a change to expected vaccine use and the model that forecasts vaccine demand.

Due to the assurance gap rolling forward from the 2021-22 disclaimer, and the fact that CVU balances materially impact three areas of the closing balances (inventory, prepayments and onerous contract provisions), it is not possible to achieve anything other than a disclaimed account without finalising the audit of CVU. In the context that final CVU balances reflecting data from the Autumn campaign were based on an updated model and only fully available in December, the NAO confirmed that this would not be possible by the statutory deadline. Consequently, UKHSA agreed with its auditors that the 2022-23 accounts

should be disclaimed in order to ensure they are laid by the statutory deadline of 31st January. Work on the CVU balances continues, and UKHSA expects to be able to provide sufficient appropriate evidence to the NAO to give assurance over the opening balances for the 2023-24 accounts and therefore ensure that UKHSA remains on track to move towards a clean audit opinion as soon as possible.

Finance and Control Improvement Programme: Moving on from the 2021-22 Disclaimer

Historic challenges and the 2021-22 Disclaimer

As detailed in UKHSA's 2021-22 Governance Statement, there were several factors that made producing UKHSA's first Annual Report and Accounts (ARA) in 2021-22, and evidencing those accounts were free from material misstatement, challenging.

Those factors stemmed from UKHSA having been created from a complex organisational merger, delivered at pace, which brought together functions from predecessor organisations who were themselves heavily impacted by the scale and pace of the pandemic response. Upon its inception UKHSA experienced competing organisation-wide demands of responding to the pandemic, particularly the surge response to the Omicron

wave from December 2021, and later the need to deliver one of the largest spending cuts ever asked of a public service organisation, a £12 billion reduction in test and trace funding from April 2022. As a result, over the critical weeks before and after the 2021-22 financial year-end, when the whole finance team would normally prioritise producing accurate accounts, the overriding priority was to ramp down spending and contracts.

Related challenges included:

- UKHSA inheriting pre-existing assurance gaps, including in relation to stockpile goods and inventory; and NHS Test and Trace transactions and balances requiring a greater level of management assurance in the context of UKHSA, as a significantly smaller organisation, than in DHSC

- the inherited decision to implement a new finance system in October 2021 was highly risky for a brand-new entity going through such a degree of organisational change. Whilst deploying the new system was strategically the right approach, certain shortcomings in its configuration and in how well UKHSA's workforce, which experienced significant turnover during the period, was trained to use the system, hindered the accounts preparation and audit processes. In particular, system issues made the production of certain financial reconciliations difficult, and in some areas UKHSA struggled to produce records and populations from the finance system which reconciled back to the financial statements as a result
- considerable workforce churn and reliance on temporary workers, both in finance and the wider agency, due to the new and/or transient nature of certain pandemic related functions, with around half of the finance function on temporary contracts or loans. This contributed to gaps in UKHSA's ability to provide sufficient appropriate audit evidence for certain transactions and balances, as knowledge transfer was difficult in places

- significant uncertainty about UKHSA's future size and funding made it difficult to stabilise the organisation including challenges hiring permanent staff, including senior staff, given the lack of security of tenure
- the competing demand of having to produce PHE's 2020/21 and closure accounts alongside producing the first UKHSA account, the latter requiring entirely new processes and the inherited intricacies of opening balance transfers and COVID-19 accounting

These factors, which are discussed in more detail in UKHSA's 2021-22 Governance Statement, contributed to a set of problems with financial control and the accuracy of the accounts, where UKHSA was not able to provide sufficient, appropriate evidence to support transactions and balances. As a result, the Comptroller and Auditor General (C&AG) disclaimed his regularity and true and fair opinions in relation to UKHSA's 2021-22 financial statements.

Based on the C&AG's Report, these challenges and their resultant impact on DHSC's 2021-22 ARA, into which UKHSA's financial position consolidates, were discussed at a Public Accounts Committee (PAC) hearing on 20 March 2023 where the PAC

took evidence from DHSC and UKHSA on the Department's 2021-22 ARA.

Following this difficult inception and recognising the significance of the matters that led to the disclaimed audit opinions, UKHSA was committed to improving its financial controls and high-level governance arrangements as quickly as possible. Below, we describe the significant progress that have been made to this end in a relatively short period of time alongside our plans to deliver and embed further improvements going forward.

Finance and Control Improvement Programme (F&CIP)

Since the inception of UKHSA, its finance function has been delivering an improvement agenda aimed at enhancing financial controls and embedding Governance Finance Function best practices into all finance systems and processes. Whilst many improvements had already been implemented as an integral part of this improvement agenda and the preparation of the 2021/22 accounts, the experience of preparing those accounts highlighted a need to significantly accelerate the pace of change. Whilst the primary aim of the improvement agenda is to reap the organisational benefits that arise from operating effective financial controls, UKHSA is also committed to restoring external

confidence in its financial management through working toward the removal of the disclaimer from 2023-24 onwards.

We recognised improving the identified control weaknesses would be challenging, not least because UKHSA's 2021/22 ARA was laid on 26 January 2022, only 2 months prior to 2022-23 financial year-end. As such, the time available to implement our ambitious plans was limited and we recognised, with 10 months of the financial year already elapsed, that some issues could not be fully addressed retrospectively. In addition, 2022/23 brought with it new challenges such as the implementation of IFRS 16 and the transfer in of the COVID Vaccine Unit, the latter of which (in combination with the impact of the prior year disclaimer) has resulted in the 22/23 disclaimer as a result of the challenges previously detailed.

Before the 2021/22 UKHSA ARA was laid, we created a detailed action plan to address the issues that had resulted in the disclaimer. The plan looked systematically across a wide variety of areas including systems, business process, central finance processes, HR and payroll processes including workforce, accounts preparation processes and ways of working. It covered both areas where there were known problems to fix and areas where there may not have been issues but where further assurance was required. Whilst

the outcome of the control issues impacted the preparation and audit of the ARA, the action plan recognised that addressing their underlying cause goes far beyond a central finance or accounts preparation response, with input required from across the UKHSA business.

The action plan was delivered through a formal programme, the Finance and Control Improvement Programme (F&CIP). An oversight board was created to provide governance and monitoring, which meets monthly to assure progress, monitor risk, and advise. The board is chaired by the Chief Executive and includes representatives from DHSC, HMT and the Government Internal Audit Agency.

Whilst the F&CIP is very much ongoing, we are pleased with the improvements delivered in a short period of time. The first two phases of the programme prioritised enhancements that would facilitate the production of quality accounts and enable UKHSA to provide sufficient, appropriate evidence for all transactions and balances within the financial statements.

The prior year disclaimer results in an unavoidable lack of assurance over the 2022-23 opening balances and the 2022-23 in-year movements into which these opening balances release over time. As such, we therefore prioritised ensuring the material accuracy of the 2022-23 closing balance sheet position, where there was scope for

positive audit conclusions. Our approach to quality assuring the 2022-23 closing balance sheet was adopted in the knowledge it would provide some management assurance over the opening position and the subsequent in-year transactions that bring us to that closing position. It would also highlight issues in both the opening position and the in-year transactions that bridge the two, and in doing so help build a comprehensive understanding of issues that will prove invaluable when we seek to demonstrate the material accuracy of our opening and closing balance sheets, and all in-year transactions from 2023-24 onwards.

The C&AG has been able to conclude that the Remuneration and Staff Report has been properly prepared in accordance with HM Treasury's Financial Reporting Manual and agrees to underlying records. We have also been able to provide supporting records and an audit trail for remuneration details and pension entitlements disclosed for Executive Committee members in 2021-22 (some of which have been restated accordingly). This has enabled the C&AG to reach a conclusion on the preparation of the Remuneration and Staff Report. UKHSA has received a disclaimed opinion in relation to the true and fair and regularity opinion over the 2022-23 accounts and their prior year comparators. The aim in the current year had been to achieve a limitation of scope, with a positive assurance over

the closing balances for 2022-23, but this has not been possible as a result of the large Covid Vaccine Unit absorption transfer and its audit, as previously discussed. UKHSA continues to work with the NAO to provide assurance over the final, material, unaudited CVU balance and to ensure this is achieved in time for its use within the 2023-24 audit.

The F&CIP has led to numerous improvements, including many relating to areas of significant concern reported in the 2021-22 UKHSA ARA; these are discussed below.

High-level governance arrangements

Whilst some compensating high-level governance arrangements were in place, during 2021-22 UKHSA did not have a board or an Audit and Risk Committee. As reported earlier in this Governance Statement, the appointment of the non-executive members of the UKHSA Advisory Board concluded in April 2022 with the appointment of a permanent Chair of the Audit and Risk Committee completed in April 2023, with all non-executive members of the Advisory Board receiving a comprehensive induction.

The Advisory Board and the Audit and Risk Committee met formally for the first time in June 2022 and July 2022 respectively, meaning formal high-level governance arrangement were operating

as intended for most of the financial year. Following the first year of its operation, the Advisory Board and its Committees have undertaken a review of their effectiveness. In the main this found that the Advisory Board had made an effective start to its work and was working in line with the Framework Document with the Department of Health and Social Care, the government's Corporate Governance in Central Government Departments: Code of Good Practice and their respective Terms of Reference.

In response to the control weaknesses identified in the prior year, and as mentioned previously, a Finance and Control Improvement Board was established, which is chaired by the Chief Executive and reports into the UKHSA Executive Committee. This Board was established to oversee the F&CIP and in doing so address the issues with financial control and high-level governance arrangements that were identified during the 2021-22 accounts preparation and audit process.

UKHSA Staffing

As the C&AG reported in 2021-22, the delay in establishing formal governance arrangements reflected a fragility in UKHSA's staffing. There was also significant uncertainty about UKHSA's future size and funding, which was not resolved until the

end of 2021-22, and then only for one year. This made it difficult to stabilise the organisation and created challenges hiring permanent staff, including senior staff, given the lack of security and tenure.

In 2022-23 UKHSA had greater certainty over its future size and funding and made significant progress in stabilising its workforce including reducing its reliance on contractors and other temporary workers. UKHSA's finance function was subject to a formal restructure by consultation in 2022-23. The finance operating model and structure was re-designed, in line with government good practice, facilitating the continued journey to build a diverse function with the capacity, capability and stability to drive rapid improvement.

Accounts preparation timetable

In 2021-22 it took significantly longer than normal for UKHSA to close its financial records, and with slippage against the planned reporting timetable, with the 2021-22 ARA being laid shortly before the statutory deadline on 26 January 2023. In 2022-23, our primary focus has been on embedding quality in our financial reporting, and ensuring all transactions and balances recorded in the financial statements are supported by sufficient appropriate evidence. While the 2022-23 accounts have been disclaimed, we continue to work with the NAO to

facilitate their obtaining assurance over the opening CVU balances for 2023-24.

We set a realistic timetable for the preparation of our 2022-23 ARA and, subject to some agreed revisions, stuck to it. Despite allocating significant time for data cleansing, management review of the accounts and the resolution of issues, we were still able to achieve a significantly improved timetable compared with the prior year. This was delivered alongside the competing demands of delivering over 150 individual improvement actions grouped into 17 themes as part of the F&CIP, implementing IFRS 16 and overseeing the transfer in of the COVID Vaccine Unit (CVU) on 1 October 2022. All these were vital to ensuring management were assured that UKHSA statutory reporting was materially accurate, in spite of the increased complexity of UKHSA accounts.

Other areas of significant accounting complexity associated with UKHSA's accounts include accounting for test and trace inventory and elements of the wind down of the NHS Test and Trace function, and the valuation of investments, land and buildings and intellectual property. We produced our first draft 2022-23 ARA, to support internal management review processes, on 26 May 2023, and with a fully supported and largely complete draft ARA presented for audit on 20 June 2023 (of substantially higher quality than the

equivalent product provided in September of the prior year). Our priority going forward is to enhance in-year financial management and controls so that we can produce accurate and fully supported financial statements but with a reduced need for central data cleansing exercises, and in some instances retrospective correction of errors, as embedding quality at source across all transaction and balances is the only way to achieve substantial and sustainable further timetable improvements. We are confident a significant timetable improvement can be delivered in 2023-24 and have made detailed plans to this end.

Covid Vaccine Unit (CVU)

The COVID Vaccine Unit, which was transferred into UKHSA from DHSC on 1 October 2022, is responsible for procuring and distributing covid vaccines to support the country's vaccination programme. The transfer involved close collaboration across an array of stakeholders to ensure both the accuracy of the balances transferred and the application of correct accounting treatments for vaccine inventory going forward. The work of CVU had transferred through multiple organisations and there was a need to assure there was an adequate audit trail behind all historic transactions and balances.

CVU holds the contracts for purchase of the country's supplies of vaccines against Covid-19. Currently most of these contracts are legacy contracts which required significant up-front commitments to facilitate their manufacture. These contracts were for very large volumes of vaccines, ordered at a time when it was anticipated that there might need to be ongoing vaccination of the entire population. Since then, government vaccination policy has changed to focus on people most at risk from Covid, and the volumes of vaccines required have fallen. To maximise the use of taxpayers' funds, negotiation with suppliers was completed by UKHSA and the receipt of a significant proportion of these doses was delayed. This enabled the doses to be used across more campaigns and therefore ensure as many doses as possible are administered.

As a result of this, UKHSA holds highly material balances relating to Covid Vaccines. These are made up of a combination of year end stock, prepayments for future inventory and onerous contract provisions for inventory we are obligated to purchase but do not expect to use. The value of each of these accounting balances is impacted by estimates of future inventory usage, as accounting standards require us to value inventory we do not expect to use at nil value, whether this is inventory held at year-end or which we are contractually

obligated to purchase in future. This requires material accounting estimates and judgements. In order to calculate these numbers, UKHSA models the expected future demand, and calculates the expected number of doses which will not be used accordingly. This model is primarily operational, with its secondary use driving accounting calculations.

This model was originally coded within programming languages (i.e. SQL/Python). Given its significant technical complexity, it was supported by detailed technical documentation. It involved a variety of judgements around expected uptake and therefore vaccine use in future spring and autumn campaigns. It was supported by a backup model held in excel for validation purposes.

The majority of these judgements remained the same throughout the period after year end, including those relating to expected vaccine volumes administered in Spring and Autumn 2024 and to wastage. However, some judgements were materially influenced after the year end by clinical decisions on the Autumn 2023 Covid vaccination programme, which evolved in response to changing variants. For example, in August a new Covid variant arrived (BA2.86). This resulted in a policy shift in relation to the autumn campaign, bringing forward the start date and making a rapid switch to the newest version of the vaccine.

This was assessed to be a post-balance sheet adjusting event. Because this affected anticipated future vaccine usage, it required a change to the demand model (though did not change supply). At this time, the expert staff member who could make significant changes to the Python model had left the organisation, and CVU were in the process of recruiting. Given time was of the essence, it was deemed appropriate to switch to the backup Excel model, which serves the same purpose. As the models had historically been validated against each other CVU were confident this would be an effective solution. This change was overseen by the CVU's formal weekly governance process.

While Finance Business Partners were informed of this, as required to update their accounting, this information was not passed on to the financial accounts team, because the core methodology of the model remained consistent, in spite of the change of model format. The staff involved were unaware that this change would impact the audit, and the financial accounts team did not know to ask beyond confirming the methodology of the model remained unchanged. They were therefore unable to inform the NAO. This resulted in a delay to the supply of the Excel model to the NAO. Increased briefing of all staff even tangentially involved in the audit is planned to ensure that this does not happen again. Further details of how CVU

has impacted the 2022-23 audit and subsequent disclaimer are supplied in the first section of the statement.

In response to concerns from the NAO in December, UKHSA commissioned a report on both the Excel and Python models from the DHSC analytical function, to gain an independent (though retrospective) view of the model's technical consistency and efficacy of application. The aim of the independent review was to assess the compliance with the principles and recommendations of the 2013 Macpherson review (on the quality assurance of government models) and of guidance within the Aqua book (government guide to production of quality analysis). The review assessed governance arrangements in place since transfer into UKHSA. This review was generally positive about the CVU governance process, noting that the oversight of the modelling was strong. The review was conducted at pace, and the reviewer highlighted some limitations, noting that no review can mitigate all risks, and for example emphasising that it had not been possible to check the mechanics of the Python model or confirm with empirical evidence that it aligned with the Excel model. Also, while data flows were checked where possible, it would not normally be part of this sort of review to seek further validation of data received from elsewhere.

Given those limitations, the review found that “the model itself passed a direct technical review as part of this process; updates to demand modelling were overseen by the aggregate demand review; a direct review of the excel model showed the inputs described by the modelling team present in the model, and referenced appropriately within the model.” He made a recommendation that “found that the structure of the model was not perfect and was slightly more difficult to follow than it should be, but this did not impact on function.” UKHSA will review this and update it the next time the model requires a significant change.

The Excel model did not have a separate accompanying technical guide. As requested by the NAO, UKHSA has now prepared a technical guide for the excel model, which was also supplied to DHSC. As recommended by the C&AG, UKHSA will review and improve processes to ensure that best practice requirements are met.

Separately, during additional reviews following post balance sheet events, UKHSA management identified that a single cell error in an accounting spreadsheet had resulted in a material error in relation to Covid-19 vaccine prepayments and onerous contracts. Given the extremely large size of the CVU balances in relation to UKHSA as a relatively small organisation, UKHSA will therefore

ensure an additional layer of management review is introduced at an earlier stage.

The model was updated for a final time in December; at this point the Autumn campaign was essentially complete, and so actual data rather than forecasts were used. This ensured the accounts were updated to the most accurate available position (as required by the accounting standards) but did inevitably bring further delay and material adjustments to the value. The late post balance sheet events, as described above, and consequent changes to our accounts have resulted in it not being possible to provide required assurance of these balances in advance of the 31st January statutory deadline. UKHSA will continue to work with the NAO to facilitate the audit of these balances in relation to the audit of the 2023-24 opening balances. Please see the first section of this governance statement for the details of how this has contributed to the 2022-23 accounts disclaimer.

Accounts preparation processes and adequacy of accounting records

During 2021-22, UKHSA encountered difficulties in ensuring there were adequate accounting records to support the transactions and balances reflected in the accounts. This does not necessarily mean

those transactions and balances were incorrect, rather that in some instances it was challenging to locate or interpret the supporting records in the time available. Improved staffing continuity and stability alongside a suite of improvements, including a system change to enforce the centralised retention of journal evidence on our finance system and training and improved guidance for staff around what good looks like in terms of supporting evidence for financial transactions and balances, has made a big difference. With the specific exception of CVU (where audit work will continue, aiming to facilitate assurance over 2023-24 opening balances), we are pleased that we were able to provide sufficient appropriate audit evidence for 2022-23 transactions and balances sampled by the NAO.

Where it was value adding to the users of our ARA to do so, for example in relation to the remuneration details and pension entitlements of Executive Committee members disclosed in the 2021-22 Remuneration and Staff Report, we continued to locate accounting records relating to items disclosed in the 2021-22 ARA after its publication. This has allowed us to confirm, and where necessary correct, the accuracy of these disclosures, restating prior period comparators in our 2022-23 ARA where necessary. For other transactions and balances, we have sought greater

management assurance over the accuracy of the opening position and 2022-23 in-year transactions through focusing on the material accuracy of the resultant 31 March 2023 closing balance sheet. This involved extensive data review and cleansing exercises prior to submitting the draft account for audit on 20 June 2023, to gain assurance over the material accuracy of our closing balance sheet.

An integral part of our 2022-23 accounts preparation approach has been to systematically review data quality throughout the ARA, and we have taken a no-stone-unturned approach to identifying and resolving issues. Where material inaccuracies in 2021-22 disclosures were identified, we have generally corrected these by restating our prior period comparatives, as whilst this has no impact on the audit opinion it provides the best quality information for users of our ARA.

Through our review of the account and the data feeding into it, we are confident our F&CIP is having the desired impact on the quality of our transactions and balances and the evidence that supports them. This gave us greater internal assurance over areas such as test and trace inventory consumption, manual journals, and bank reconciliations, which were identified as areas of concern in the prior year.

When reviewed, some of our 2022-23 closing balances, in particular accruals, accrued income

and goods received not invoiced, contained higher levels of error than we would like. We had already assessed these balances as being at high risk of error, and as part of our F&CIP extensive central review and data quality testing, and where necessary error correction, was undertaken accordingly prior to the draft account being presented for external audit.

This was unavoidable in a year when 10 months had elapsed before we laid our prior year ARA and could therefore give the acceleration of our improvement agenda our full attention. However, we recognise that this level of retrospective review and data cleansing, whilst effective in achieving the desired quality outcome, is undesirable both from an in-year financial management and year-end timetable perspective. As discussed later in this Governance Statement, embedding quality at source, i.e., at the point every accounting transaction is posted, is now the focus of our improvement programme, this being essential to significantly improve the timeliness of our statutory accounts going forward. Achieving this aim will be a progressive multi-year journey, not least because with a January 2024 certification date for our 2022-23 ARA, the majority of this financial year has already elapsed.

Critical elements of the system of internal control including bank reconciliations and inventory management

In 2021-22 weaknesses were identified in relation to the operation of certain key financial controls/ disciplines, including retention of transactional evidence (discussed above), bank reconciliations and routine cleansing of purchase orders and goods received not invoiced (GRNI). Extensive cleansing of purchase orders and GRNI was undertaken as part of our 2022-23 year-end accounts closure and is now scheduled as a routine task going forward.

Whilst UKHSA has always performed daily bank reconciliations, in 2021-22 a small number of issues, including data errors and issues with the recording of migrated data, prevented us from placing full reliance on the automated bank reconciliation functionality available in the system. In response we adopted a belt and braces approach. In addition to the automated process, individual bank payments were reconciled to corresponding general ledger entries retrospectively using a manual matching and investigation process. This ensured our bank was reconciled to the penny throughout 2021-22 with no areas of uncertainty. In addition, comparing the manual and automated bank reconciliations was used as a mechanism to investigate and understand the

issues with the on-system functionality, greatly accelerating the resolution of these issues. Whilst this mitigated the risk, a dual bank reconciliation process is inefficient, and we are pleased to confirm that the issues which hindered our reliance on the automated tool are now fully resolved, with the 31 March 2023 bank reconciliation performed solely on system which now consistently produces the expected result.

In 2022-23 we made significant improvements to our accounts preparation processes which are now more streamlined and with a more transparent and easier to follow audit trail behind each transaction and balance. We also invested significant time and effort into improving the operational and finance processes relating to our inventory and stockpiled goods.

In 2021-22, a deliberate and risk-assessed decision was taken not to perform additional period-end stock counts over £794 million of NHS Test and Trace inventory and £254 million of stockpiled goods transferred from DHSC and PHE respectively on 1 October 2021. At the point of transfer to UKHSA, concerns over COVID transmission and disrupting global supply of life saving products at a critical and time sensitive point meant additional counts of this inventory (over and above the standard counts routinely performed at other points) were not feasible. The safety of

employees, suppliers and the public at large was paramount in this regard. The 2022-23 year-end stock counts were completed successfully, performed close to financial year-end and with low levels of discrepancy observed. This has validated our conclusion that not introducing additional stock counts in the prior year, whilst resulting in a technical assurance gap over the completeness and accuracy of the inventory at the point of transfer, was low risk, and with full assurance now in place over the completeness of all inventory and stockpiled goods in the 2022-23 closing balance sheet.

In his Report on UKHSA's 2021-22 ARA, the C&AG confirmed that UKHSA did not provide records to support inventory consumption transactions. In 2022-23 we significantly improved the quality of the record keeping relating to Test and Trace inventory transactions and balances, an area of historic weakness. This work was completed through an extensive number of actions within the F&CIP, which ranged from the organisation of full stock counts as noted above, to review of proof of delivery to ensure we could evidence receipt of goods. Furthermore, the team conducted an end-to-end process review of consumption, including a full population reconciliation of LFD dispatches via our small orders route, and sample level reviews of our large order route. Finally, reviews of forecast

use and inventory valuation were conducted, ensuring that the value of the stocks on the balance sheet was commensurate with market value and likelihood of use.

UKHSA inherited pre-existing assurance gaps relating to NHS Test and Trace inventory and Public Health England stockpiled goods from predecessor organisations, which made an accounts qualification in 2021-22 both expected and unavoidable. Because UKHSA is significantly smaller than DHSC, a much higher standard of accuracy and management assurance has been needed on Test and Trace, as the amounts are far larger relative to the size of the organisation. Even with this higher degree of scrutiny, UKHSA is confident we have achieved improved levels of assurance over Test and Trace inventory.

Enterprise Resource Planning (ERP) system

The creation of UKHSA was accompanied by the implementation of a new finance system in October 2021. Adopting the new system was strategically the right approach, but the timing was risky given wider organisational change, and certain system issues hindered the 2021-22 accounts preparation and audit processes.

Significant improvements have been implemented since the ERP system went live to ensure that

transactions can be fully reconciled back to the financial statements and that records and populations can be obtained from the ERP system in support of our financial statements. As the issues that hampered the production and audit of our 2021-22 ARA are now largely addressed, the focus of our system improvement programme has shifted towards enhancements that will reduce manual workarounds and promote efficiency and best practice.

Next Steps

UKHSA acknowledges the seriousness of the disclaimed audit opinion in 2021-22 and the factors that have resulted in a further (though very different type of) disclaimer in 2022-23. We have recognised that the path to a clean ('unqualified') audit opinion would be multi-year. With significant focus/investment and the support of HM Treasury and our Sponsor Department, we committed to an ambitious plan of improvements, and we are pleased with the progress made in improving our financial controls and high-level governance arrangements in such a short period of time. This has been achieved despite significant competing priorities and ongoing challenges including IFRS 16 implementation, the need to account for complex in-year transfers of functions and the ongoing organisation-wide demands arising from

implementing Government's Living With COVID Strategy.

This promising start has helped us to better understand the nature of our financial control weaknesses and data quality challenges and is a solid foundation for further improvements. We envisage our F&CIP will run for another 18-24 months, not least as we are very aware some of our data quality challenges were overcome in 2022-23 by retrospective central interventions, including extensive data quality reviews and error correction. The next phases of our improvement programme build on this positive start and the lessons learned in both 2021-22 and 2022-23 by ensuring enhancements to data quality occur at the point of source posting of accounting transactions, reducing the need for retrospective corrections to achieve the desired outcome in terms of accuracy. It also focuses on efficiency, removing manual workarounds and embedding best practices in a lasting and sustainable way. This will take time and significant changes to ways of working, but we are committed to building on the achievements of 2022-23 in this regard.

This aspiration will be achieved iteratively and progressively, not least as we are already 10 months into the 2023-24 financial year, and it will be assisted by the extensive work already undertaken to cleanse historic accounting balances

including those received from predecessor organisations. Accurate recording of all financial transactions from the outset is essential both to improve in-year financial management, but also to ensure a swift and efficient financial year-end. Producing our statutory accounts significantly earlier is a key aim for 2023-24 onwards. A close working relationship with DHSC has been formalised further after the balance sheet date with the DHSC Director General of Finance taking on an oversight role in relation to UKHSA. This change will further support UKHSA's Accounting Officer and the continued progress of the F&CIP.

There are also new challenges for 2023-24, including the aim of providing full assurance over opening, in-year and closing balances. To support this, further audit work on CVU will continue, aiming to secure assurance over the 2023-24 opening balances.

Whilst the early phases of the F&CIP were understandably focused on improving key financial controls and addressing issues that were hindering the preparation and audit of our financial statements, as UKHSA matures and stabilises, both as an organisation and a finance function, the scope of the F&CIP broadens. In addition to translating short term fixes into sustainable enhancements to financial processes and controls where this is necessary, the programme is now

focused on financial management improvements, embedding best practice, and ensuring broader alignment with DHSC Transformation and the Government Finance Function Strategy 2022-25. We have already significantly improved levels of adherence to the Government Finance Function's functional standards, with a target to achieve near full compliance by March 2024. Our aim is to continue improving the maturity of the finance function and our financial controls across the organisation with improved assurance of adherence to required standards.

Remuneration and staff report

This report details the policy on the appointment, appraisal and remuneration of members of the Executive Committee for the year ended 31 March 2023

Accountability

The accountability arrangements for the Pay Committee and People and Culture Committee of the Advisory Board are set out in the Governance Statement elsewhere in the annual report.

Appointment and appraisal of non-executive Advisory Board members

Non-executive Advisory Board members are appointed by the Secretary of State for Health and Social Care for a defined term. The appraisal process for the Chair was conducted by UKHSA's current senior departmental sponsor, the DHSC Director General for Global Public Health.

Remuneration of non-executive Advisory Board members

The table below lists all non-executive members who served on the Advisory Board during the year ended 31 March 2023. The date of their appointment is accompanied by the total

remuneration due to each individual during their tenure in post for the year ended 31 March 2023. Their terms of office are set out in the biographies in the Governance Statement elsewhere in the annual report.

Audited table

	Date of appointment	Total salary, fees and allowances 2022-23 £'000	Total salary, fees and allowances 2021-22 £'000[1] (Restated)
Ian Peters[1]	1 April 2021	60-65	60-65
Jennifer Dixon	25 April 2022	5-10	-
Jon Friedland	25 April 2022	5-10	-
Graham Hart	25 April 2022	5-10	-
Mark Lloyd	25 April 2022	5-10	-
Sir Gordon Messenger	25 April 2022	5-10	-
Simon Blagden[2]	25 April 2022	-	-
Raj Long	25 April 2022	0-5	-
Marie Gabriel	25 April 2022	0-5	-

1 Ian Peters was paid by UKHSA from 1 November 2021. Prior to this date, salary paid by DHSC in relation to this role. 2021-22 has been restated to include the amount paid by DHSC

2 Simon Blagden has elected not to take a salary

The remuneration of the executive members of the Advisory Board is set out in the audited table on page 215.

Appointment and appraisal of Executive Committee members

We followed the provisions of the Constitutional Reform and Governance Act 2010, which requires that Civil Service appointments are made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise. The members of the Executive Committee held employment contracts that were open-ended with notice periods of three months, except for the Chief Executive, who has a six-month notice period.

Early termination by UKHSA, other than for misconduct, would result in the individual receiving compensation in accordance with Civil Service or NHS terms and conditions. Compensation for loss of office would be decided in line with DHSC and HM Treasury guidelines.

Performance was assessed against agreed objectives and a set of core management skills and leadership qualities. The Chief Executive's appraisal was conducted by the DHSC Permanent Secretary, taking into account feedback from the Chair of the Advisory Board.

The number of individuals by gender serving on the Executive Committee as at 31 March 2023 six

males (50%) and six females (50%) – (31 March 2022 : ten males (67%) and five females (33%))

The overall gender profile of the UKHSA workforce is 65% female and 35% male (2021-22 : 66% female and 34% male)

The following tables show the profile by grade and gender:

	Men		Women		Total	
Number	**2022-23**	**2021-22**	**2022-23**	**2021-22**	**2022-23**	**2021-22**
Directors	19	22	14	14	33	36
Senior Civil Servants	150	174	163	192	313	366
Other Staff	1,725	2,072	3,282	4,132	5,007	6,204
All	1,894	2,268	3,459	4,338	5,353	6,606

	Men		Women	
%	**2022-23**	**2021-22**	**2022-23**	**2021-22**
Directors	57.6%	61.1%	42.4%	38.9%
Senior Civil Servants	47.9%	47.5%	52.1%	52.5%
Other Staff	34.4%	33.4%	65.5%	66.6%
All	35.4%	34.3%	64.6%	65.7%

Remuneration of Executive Committee members, year ending 31 March 2023

The table below lists all persons who served on the Executive Committee in the year ended 31 March 2023 and the total remuneration during their tenure on the Committee during the year ended 31 March 2023

Audited table

	Start date on committee	Date of completion of term on executive committee (otherwise ongoing member at year end)	Total salary, fees and allowances Year ended 31 March 2023* Bands of £5,000	Bonus payments Bands of £5,000	Pension benefits to the nearest £1,000	Total remuneration Bands of £5,000
Professor Dame Jenny Harries[1]	1 Apr 2021		180 - 185	-	-	180 - 185
Lee Bailey	1 Oct 2021		125 - 130	-	49,000	170 - 175
Paul Cain[6]	2 Dec 2021	30 Sep 2022	65 - 70	-	-	65 - 70
Sarah Collins[2]	1 Jan 2022		130 - 135	5 - 10	60,000	200 - 205
Chris Coupland[9]	10 Oct 2022		70 - 75	-	28,000	95 - 100
Jac Gardner	11 Apr 2022		125 - 130	-	49,000	175 - 180
Susan Hopkins[3,4]	1 Oct 2021		170 - 175	-	45,000	215 - 220
Philippa Harvey[8]	1 Oct 2022		45 - 50	-	47,000	90 - 95
Scott McPherson	1 Oct 2021		135 - 140	-	(11,000)	125 - 130
Isabel Oliver[4]	1 Oct 2021		170 - 175	-	49,000	220 - 225
Steven Riley[5]	1 Oct 2021		115 - 120	-	30,000	145 - 150
Andrew Sanderson	18 Oct 2021		125 - 130	-	81,000	205 - 210
Adam Wheelwright[1,7]	1 Oct 2021	31 Aug 2022	65 - 70	-	-	65 - 70
Oliver Munn	7 Mar 2022		105 - 110	5 - 10	31,000	145 - 150

1 These members opted out of the pension scheme therefore no pension benefits in 2022-23

2 Sarah Collins was seconded from the Cabinet Office

3 Susan Hopkins was seconded from Royal Free Hospital

4 The remuneration for these members includes a Clinical Excellence Award

5 Steven Riley was seconded from Imperial College

6 Paul Cain's annual equivalent salary was in the band £130,000 - £135,000

7 Adam Wheelwright's equivalent annual salary was in the band £165,000 - £170,000

8 Philippa Harvey's equivalent annual salary was in the band £90,000 - £95,000

9 Chris Coupland's equivalent annual salary was in the band £145,000 - £150,000

Remuneration of Executive Committee members, year ending 31 March 2022

The table below lists all persons who served on the Executive Committee in the year ended 31 March 2022 and the total remuneration during their tenure on the Committee during the year ended 31 March 2022

	Restated Start date on Executive Committee	Date of completion of term on executive committee (otherwise ongoing member at year end)	Restated Total salary, fees and allowances Year ended 31 March 2022* Bands of £5,000	Restated Bonus payments Bands of £5,000	Restated Pension benefits to the nearest £1,000	Restated Total remuneration Bands of £5,000	Restated Annual Equivalent Salary Bands of £5,000
Professor Dame Jenny Harries[2]	1 Apr 2021		180 - 185[8]	5 - 10[8]	-	185 - 190	180 - 185[8]
Rachel Allsop[3]	1 Nov 2021		85 - 90	-	-	85 - 90	205 - 210
Shona Arora[1]	1 Oct 2021	31 Mar 2022	45 - 50[8]	-	293,000[8]	335 - 340[8]	90 - 95[8]
Lee Bailey	1 Oct 2021		60 - 65	-	24,000	85 - 90	120 - 125
Paul Cain	2 Dec 2021		55 - 60	-	-	55 - 60	175 - 180
Sarah Collins	1 Jan 2022		25 - 30[8]	-	11,000[8]	35 - 40[8]	105 - 110[8]
Mark Driver	18 Nov 2021	25 Nov 2021	0 - 5	-	1,000	0 - 5	105 - 110
Mark Hewlett	1 Oct 2021	6 Mar 2022	95 - 100	-	-[8]	95 - 100[8]	220 - 225
Susan Hopkins[4]	1 Oct 2021		95 - 100[8]	-	43,000	140 - 145[8]	175 - 180[8]
Faran Johnson	1 Oct 2021	31 Oct 2021	10 - 15	-	5,000	15 - 20	155 - 160
Anthony Keeling	1 Oct 2021	12 Nov 2021	20 - 25	-	-[8]	20 - 25	195 - 200
Sidonie Kingsmill[7]	1 Oct 2021	31 Mar 2022	50 - 55	-	25,000	75 - 80	125 - 130
Scott McPherson[7]	1 Oct 2021		55 - 60	-	15,000	70 - 75	135 - 140
Isabel Oliver[1]	1 Oct 2021		85 - 90	-	29,000[8]	110 - 115[8]	170 -175[8]
Steven Riley[5]	1 Oct 2021		55 - 60[8]	-	5,000[8]	60 - 65[8]	115 - 120[8]
Jacqui Rock[6]	1 Oct 2021	31 Dec 2021	50 - 55	-	-	50 - 55	210 - 215
Andrew Sanderson	18 Oct 2021[8]		50 - 55	-	54,000	105 - 110[8]	120 - 125
Donald Shepherd	1 Oct 2021	17 Nov 2021	15 - 20	-	6,000	20 - 25	120 - 125
Alex Sienkiewicz	1 Oct 2021	31 Mar 2022	60 - 65	-	24,000	80 - 85	120 - 125
Adam Wheelwright	1 Oct 2021		100 - 105	-	-[8]	100 -105[8]	200 -205
Hamza Yusuf	1 Oct 2021	17 Nov 2021	10 - 15 [8]	-	5,000	15 - 20[8]	90 - 95
Oliver Munn	7 Mar 2022		5 - 10	-	2,000	5 - 10	90 - 95

*Salary shown relates to length of time spent on committee

1 The remuneration of Shona Arora and Isabel Oliver include an element relating to their Clinical Excellence Awards

2 Professor Dame Jenny Harries opted out of pension therefore no pension benefits are showing 2021-22

3 Rachel Allsop was a contractor – the salary is calculated based on the day rate agreed and no pension contribution was paid

4 Susan Hopkins was seconded from the Royal Free Hospital

5 Steven Riley was seconded from Imperial College – the salary disclosed reflects the 90% of his salary that is recharged UKHSA

6 Jacqui Rock was with UKHSA on a loan agreement from Cabinet Office

7 Sidonie Kingsmill and Scott McPherson joined UKHSA payroll from 1 November and payroll costs from 1 November are included in table above. Equivalent annual salary shown is the annual salary on appointment

8. These cells have been updated to reflect corrections to data reported in the 2021-22 report

Compensation for loss of office

No payment of compensation for loss of office was made to any member of the Advisory Board or Executive Committee during the year ended 31 March 2023 (this was also the case in 2021-22)

Remuneration policy

The pay of senior civil servants is set by the Prime Minister following advice from the Review Body on Senior Salaries.

Most UKHSA Directors are employed on senior civil service terms and conditions however where the role requires some are employed on Medical and Dental terms and conditions. Pay for Doctors' and Dentists' in the NHS is set by the Prime Minister and Secretary of State for Health and Social Care following independent advice from the Review Body on Doctors' and Dentists' remuneration.

The review bodies take a variety of factors into consideration when formulating its recommendations. These include:

- the need to recruit, retain and motivate suitably able and qualified people
- regional or local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving public services, including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target
- the evidence it receives about wider economic considerations and the affordability of its recommendations

The review bodies websites contain further information about their work.

All salary decisions for senior appointments within UKHSA are made following the HM Treasury guidance for approval of senior pay and salary controls for senior civil servants. Any salary increases or performance related payments are applied in line with the relevant government guidance for senior civil service or medical and dental terms and conditions as appropriate.

The Executive Committee remuneration package consisted of a salary and pension contributions. In determining the package, UKHSA had regard to pay and employment policies elsewhere within the Civil Service and NHS as well as the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.

Non-executive Advisory Board members

Non-executive members' remuneration is not performance related and is determined by the Secretary of State for Health and Social Care. The remuneration package is subject to review by the Secretary of State and no changes have been notified to us.

Payments to a third party for services of Executive Committee members

There were no payments to a third party for services of Executive Committee members in this period.

Salary, fees and allowances

Salary, fees and allowances cover both pensionable and non-pensionable amounts and include any allowances or other payments to the extent they are subject to UK taxation. They do not include amounts that are simply a reimbursement of expenses directly incurred in the performance of an individual's duties. Expenses paid to Executive Committee members are published quarterly in arrears on gov.uk/ukhsa.

Benefits in kind

During the year ending 31 March 2023, no benefits in kind (2021-22 - £ nil) were made available to any non- executive Advisory Board member or any Executive Committee member.

Pension entitlements

The Executive Committee are members of the Civil Service or NHS pension schemes. Details of both pension schemes, including benefits payable,

are included below. The pension entitlements of Executive Committee members who were in post at the year ending 31 March 2023 are shown in the table on the following page.

Cash equivalent transfer values

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the member. It is worked out using common market valuation factors for the start and end of the period.

Pension entitlements of Executive Committee members, year ending 31 March 2023

Audited table

	Real increase in pension and related lump sum at pension age* Bands of £2,500	Accrued pension at pension age as at 31/3/2023 Bands of £5,000	Cash Equivalent Transfer Value at 31 March 20231 To nearest £1,000	Cash Equivalent Transfer Value at 31 March 2022 To nearest £1,000	Real increase in Cash Equivalent Transfer Value* To nearest £1,000
Professor Dame Jenny Harries[2]	-	-	-	-	-
Lee Bailey	2.5 - 5	20 - 25	300	252	26
Paul Cain[3]	-	-	-	-	-
Sarah Collins	2.5 - 5.0	25 - 30	288	246	24
Chris Coupland	0 - 2.5	0 - 5	23	0	17
Jac Gardner	2.5 - 5	0 - 5	36	0	27
Susan Hopkins	2.5 - 5 plus lump sum of 0 - 2.5	45 - 50 plus a lump sum of 65 - 70	735	657	35
Philippa Harvey	2.5 - 5	35 - 40	480	432	30
Scott McPherson	0 - 2.5 plus lump sum of 0	55 - 60 plus a lump sum of 100 - 105	939	864	(27)
Isabel Oliver	2.5 - 5 plus lump sum of 0 - 2.5	60 - 65 plus a lump sum of 110 - 115	1,171	1,064	50
Steven Riley[5]	0-2.5 plus lump sum of 2.5 - 5.0	10 -15 plus a lump sum of 40 - 45	197	287	(103)
Andrew Sanderson	2.5 - 5 plus lump sum of 2.5 - 5	45 - 50 plus a lump sum of 80 - 85	763	636	52
Adam Wheelwright[4]	-	-	-	-	-
Oliver Munn	0 - 2.5	5 - 10	53	35	10

* Pension calculations are based on dates on executive committee shown in remuneration table above

1 CETV values for Exco members who joined during the year are as at the date they joined

2 Professor Dame Jenny Harries opted out of the pension scheme.

3 Paul Cain was a member of a defined contribution partnership scheme with Legal & General. The employer contributions to the scheme in the year amounted to £9,423

4 Adam Wheelwright left the Civil Service Pension Scheme with less than two years of qualifying service, therefore there are no safeguarded benefits to report

5 Steven Riley was employed by Imperial College and a member of the USS pension scheme. This is a hybrid scheme of which the defined benefit element values are disclosed in the table above. There is also a defined contribution element of the scheme, for which the employer pension contributions in the year totalled £11,063

Pension entitlements of Executive Committee members, year ending 31 March 2022

Audited table

	Restated Total accrued pension and lump sum at pension age at 31 March 2022 Bands of £5,000	Restated Real increase in pension and lump sum at pension age* Bands of £2,500	Restated Cash Equivalent Transfer Value at 31 March 2022* To nearest £1,000	Restated Cash Equivalent Transfer Value at 31 March 2021 To nearest £1,000	Restated Real increase in Cash Equivalent Transfer Value* To nearest £1,000
Professor Dame Jenny Harries[2]	-	-	-	-	-
Shona Arora	65 - 70 plus lump sum of 170 - 175	12.5 - 15.0 plus lump sum of 35.0 - 37.5[5]	1,476	867	295
Lee Bailey	20 - 25	0 - 2.5	252	235	12
Paul Cain[1]	-	-	-	-	-
Sarah Collins	20 - 25	0 - 2.5	242	228	4
Mark Driver	20 - 25	0 - 2.5	305	304	1
Mark Hewlett[3]	-[5]	-[5]	-[5]	-[5]	-[5]
Susan Hopkins	40 - 45 plus a lump sum of 65 - 70[5]	2.5 - 5.0 plus lump sum of 2.5 - 5.0[5]	657	564	34
Faran Johnson	15 - 20	0 - 2.5	213	209	3
Anthony Keeling[3]	-[5]	-[5]	-[5]	-[5]	-[5]
Sidonie Kingsmill	15 - 20	0 - 2.5	230	204	12
Scott Mcpherson	50 - 55 plus lump sum of 95 - 100	0 - 2.5	864	822	4
Oliver Munn	0 - 5	0 - 2.5	35	33	1
Isabel Oliver	55 - 60 plus lump sum of 105 - 100	0 - 2.5 plus lump sum of 0 - 2.5[5]	1,064	979	28
Steven Riley[4]	10 - 15 plus a lump sum of 35 - 40[5]	0 - 2.5 plus lump sum of 0 - 2.5[5]	287[5]	256[5]	12[5]
Andrew Sanderson	40 - 45 plus lump sum of 70-75	2.5 - 5.0[5] plus lump sum of 2.5 - 5	636	573	38
Donald Shepherd	15 - 20	0 - 2.5	193[5]	189[5]	3
Alex Sienkiewicz	15 - 20	0 - 2.5	214	198	11
Adam Wheelwright[3]	-[5]	-[5]	-[5]	-[5]	-[5]
Hamza Yusef	5 - 10	0 - 2.5	77	75	1

* Pension calculations are based on dates on executive committee shown in remuneration

table above

1 Paul Cain was a member of a defined contribution partnership scheme with Legal & General. The employer contributions in the year to this scheme amounted to £8,798

2 Professor Dame Jenny Harries opted out of the pension scheme.

3 These members left the pension scheme with less than two years of service, therefore there are no safeguarded benefits to disclose

4 Steven Riley was employed by Imperial College and a member of the USS pension scheme. This is a hybrid scheme of which the defined benefit element values are disclosed in the table above. There is also a defined contribution element of the scheme, for which the employer pension contributions in the year totalled £4,178

5 These cells have been updated to reflect corrections to data reported in the 2021-22 report

Pension scheme participation

Our staff are mainly covered by the Civil Service Pension Schemes and the National Health Service Pension Scheme (NHSPS) described below.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha

sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below).

All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of

service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate in 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

These schemes are unfunded, defined benefit schemes covering civil servants. The schemes are not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they were defined contribution schemes: the cost to the Agency of participating in a scheme is taken as equal to

the contributions payable to the scheme for the accounting period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that

part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

The employee contribution rates in 2022-23 were as follows:

Full time pay range	Contribution Rate
Up to £23,100	4.60%
£23,101 - £56,000	5.45%
£56,001 - £150,000	7.35%
£150,001 and above	8.05%

The NHS Pension Scheme (NHSPS)

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

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

a) Accounting valuation

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

Employer contributions

We have accounted for our employer contributions to these schemes as if they were defined contribution schemes. UKHSA's contributions were as follows:

	Year ending 31/3/23 £'000	Year ending 31/3/22 £'000
Civil Service Pension Schemes	51,227	32,524
The NHSPS	6,945	3,904
Total contributions	58,172	36,428

For 2023-24, we expect the contributions to the Civil Service Pension Scheme to be £51.8 million and contributions to the NHS scheme to be £9.3 million.

Reporting of civil service and other compensation schemes – exit packages

Audited table

Year ending 31 March 2023

	2022-23			2021-22		
Exit package cost band	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**
< £10,000	5	1[1]	6	2	-	2
£10,000-£25,000	9	1[2]	10	1	-	1
£25,000-£50,000	3	-	3	1	-	1
£50,000-£100,000	1	2[3]	3	-	-	-
£100,000-£150,000	-	-	-	-	-	-
£150,000-£200,000	-	1[4]	1	-	-	-
£200,000 and over	-	-	-	-	-	-
Total number of exit packages	**18**	**5**	**23**	**4**	**-**	**4**
Total resource cost (£'000)	**324**	**371**	**695**	**53**	**-**	**53**

1 This payment was in respect of an efficiency termination

2 This payment was in respect of an ill health retirement. There was an additional accrued superannuation liability of £20,273 in respect of this individual

3 These payments were in respect of voluntary exits

4 This payment was in respect of a voluntary redundancy

Senior civil service staff by band

The table below shows a breakdown of staff employed on (SCS) terms and conditions as at 31 March 2023:

Unaudited table

Bands	At 31 March 2023	At 31 March 2022
SCS1	95	132
SCS2	23	30
SCS3	2	3
SCS4	1	1
Total	**121**	**166**

Average number of persons employed

The average number of staff employed for 2022-23 was 6,885 (the equivalent number for 2021-22 was 8,417 which is a restated value compared to the published 2021-22 annual report and accounts and now includes an average of 2,350 off-payroll contractor staff for the months from October 2021 to March 2022).

Audited table

Year ending 31 March 2023

	2022-23			2021-22 (Restated) [2,3]		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Directly employed	3,585	1,694[1]	5,279	3,376	2,691[1,3]	6,067
Off-payroll	-	1,606	1,606	-	2,350[2]	2,350[2]
Total	**3,585**	**3,300**	**6,885**	**3,376**	**5,041**	**8,417**

1 The "Others" column for Directly Employed includes fixed term, bank staff and those on maternity leave and career breaks.

2 Off-payroll numbers were not disclosed in this table in error in 2021-22 and the prior year figures have been restated to include them ensuring comparability with 2022-23.

3 In 2021-22, the 3,026 directly employed 'Other' staff (individuals on fixed term contracts) were incorrectly categorised as 'Other' rather than 'Directly employed'. The categorisation within the note is now clearer, distinguishing between individuals who are 'Directly employed' and those who are 'Off-payroll'. The figure of 3,026 has been recategorised in 2021-22 to correctly reflect these individuals were directly employed by UKHSA, ensuring comparability with their categorisation in 2022-23.

Comparison of median pay to highest earning

director's remuneration (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid Executive Committee director in their organisation and the median remuneration of the organisation's workforce at the median and at the 25th and 75th percentiles.

The banded remuneration of the highest paid director in the financial year 2022-23 was £180,000 to £185,000 (2021-22: £200,000 – £205,000), This was 4.4 times (2021-22: 5.4 times (restated)) the median remuneration of the workforce which was £41,169 (2021-22:£37,452). 6.0 times (2021-22: 7.1 times (restated)) the 25th percentile remuneration of the workforce, which was £30,219 (2021-22 £28,588) and 3.4 times (2021-22:3.9 times (restated)) the 75th percentile remuneration of the workforce, which was £54,271 (2021-22: £52,324).

The percentage change in respect to our highest paid director is minus 10%, the average percentage change in respect of all employees taken as a whole is 10%.

	2022-23	2021-22 (Restated)
Band of highest paid Director (£'000)	180 - 185	200 - 205
Median remuneration (£)	41,169	37,452
Of which: salary component (£)	40,876	37,452
Ratio	4.4	5.4
25th percentile pay (£)	30,219	28,588
Of which: salary component (£)	29,739	28,588
Ratio	6.0	7.1
75th percentile pay (£)	54,271	52,324
Of which: salary component (£)	53,921	52,324
Ratio	3.4	3.9

The median pay ratios have therefore decreased for 2022-23.

UKHSA has implemented the Civil Service Pay Remit guidance 2022-23 and the SCS Pay Practitioners' Guidance 2022-23 in full, so salary changes on an individual level have been consistent with this guidance.

In 2022-23, six (2021-22 :one) employees received remuneration in excess of the highest paid director The remuneration across our workforce ranged from £18,926 to £239,210 (2021-22 £18,185-£233,840)

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

The average salary of the Department's highest paid Executive Committee director has decreased slightly on last year, owing to the highest paid director in 2021-22 leaving.

The average salary of the Department has increased by 10%, from £46,239 in 2021-22 to £50,891 in 2022-23. A contributing factor was the change in the workforce grade composition.

The average performance bonus per FTE has increased from £7 in 2021-22 to £420 in 2022-23 and this results from UKHSA becoming operational in October 2021 and as such, only half a financial year was available to run award panels. Discretionary bonuses were also less of a priority for UKHSA business areas in 2021-22 as the organisation was being set up and budgets were being established. The figure for 2022-23 reflects the increased frequency of award panels, and an additional six months in which awards could be made. The highest paid director did not receive a bonus.

Sickness absence

For the year ended 31 March 2023, the total number of whole time equivalent (WTE) days lost to sickness absence was 47,446 days (for the 6 months ending 31 March 2022: 29,574 days), an average of 7.1 working days (for the 6

months ending 31 March 2022: 3.2 days) and a sickness absence rate of 3.7% per staff WTE per year (2021-22 2.1%). It should be noted that the percentage absence figure is higher than reported to the Cabinet Office (2.9%), which is based on absence in working days; the figure above is based on total absence in calendar days.

The annual staff turnover for the year to 31 March 2023 was 15.7% (2021-22 :13.6%). The majority of this consisted of fixed term posts coming to an end.

Staff policies

UKHSA is a Disability Confident Leader and we guarantee an interview for all applicants who declare to have a disability and who meet the essential criteria of the job role. Additional information is also provided for all applicants on how to complete an application form. In order to provide a level playing field, we work individually with candidates to provide any requested adjustments or support during the recruitment process.

UKHSA is committed to supporting all staff during their period of employment. By working closely with the individual, we can ensure that the appropriate reasonable adjustments are made and that the staff member has the right access to training.

The provision of appropriate training and learning and development opportunities for all of our staff is key to UKHSA. All staff have the opportunity to build their skills and capabilities to enable them to deliver their roles effectively and maximise their personal and professional development. Managers are expected to ensure consistency and equity of access and opportunity in line with the learning and professional development policy.

We develop all our employment-related polices in partnership with recognised trade unions.

Business Appointment Rules

As a Civil Service organisation, UKHSA are bound by the Cabinet Office Business Appointment Rules, which apply to civil servants intending to take up an appointment or employment after leaving the civil service. The approval process for applications under the rules differ depending on seniority. Individuals are asked to make sure they highlight any applications to the HR Admin as part of the leavers process. For more information Government's Business Appointment Rules for Civil Servants and associated ACOBA guidance can be found here.

Consultancy spend

Based on the following Cabinet Office definition:

The provision to management of objective advice and assistance relating to strategy, structure, management or operations of an organisation in pursuit of its purposes and objectives. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time- limited. Consultancy often includes the identification of options with recommendations, or assistance with the implementation of solution but typically not delivery of business as usual activity.

Total UKHSA spend in the year ending 31 March 2023 was £9.3 million (2021-22: £10.0 million)

Off-payroll engagements

The following table shows all off-payroll engagements as of 31 March 2023, with a value of more than £245 per day and that last for longer than six months:

Unaudited table

	31/3/23	31/3/22 (Restated)
Number of existing engagements as of 31 March	159	-
for less than one year at the time of reporting	24	-
for between one and two years at the time of reporting	135	-

	31/3/23	31/3/22 (Restated)
for between two and three years at the time of reporting	-	-
for between three and four years at the time of reporting	-	-
for four or more years at the time of reporting	-	-

The prior year figures have been restated to reflect that UKHSA had only been operational for six months at 31 March 2022 and as such there were no off-payroll engagements with the entity that had lasted for longer than six months at that point in time.

The following table shows all temporary off-payroll engagements, for the year ending 31 March 2023.

Unaudited table

Off-payroll engagement	2022-23	2021-22 (Restated)
Number of temporary off-payroll workers engaged between 1 April and 31 March	3,131	3,624[1]
Number not subject to off-payroll legislation	3,112	3,620[1]
Number subject to off-payroll legislation and determined as in-scope of IR35	11	2
Number subject to off-payroll legislation and determined as out of scope of IR35	8	2
Number of engagements reassessed for consistency or assurance purposes during the year	19	117
Number of engagements that saw a change to IR35 status following the consistency review	0	2

1 These numbers are re-stated for 6 months

ending 31/3/22 when only 4 off-payroll workers were disclosed on the basis that there were 4 off-payroll workers subject to off-payroll legislation.

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

	2022-23	2021-22
Number of off-payroll engagements of board members, and/ or senior officers with significant financial responsibility, during the financial year	-	-
Total number of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year This figure includes both on payroll and off-payroll engagements	14	22

Trade Union (Facility Time publication Requirements) Regulations 2017

The table below contains information on facility time taken by UKHSA trade union representatives

Unaudited table

	2022-23	2021-22
Number of representatives	48	52
FTE	47	48
Number of representatives spending zero % on facility time	15	23
Number of representatives spending more than 0% but less than 50 % on facility time	33	29
Total cost of facility time	£82,388	£31,301
% of total pay bill	0.02	0.01

We both recognise and value the work done by our Trade Union representatives and wholly support our partnership working framework through which we can achieve better outcomes for our people.

Staff engagement

4,026 UKHSA staff (4,097 staff in October 2021) responded to the Civil Service People Survey in September and October 2022. Our Engagement Index was 56% (in October 2021 the equivalent value was 60%).

Auditable and non-auditable elements of this report

The tables in this remuneration and staff report specified as audited have been subject to audit and are referred to in the Certificate and Report of the Comptroller and Auditor General to the House of Commons. The Auditor General's opinion is included within his certificate and report on pages 258 to 286.

Parliamentary accountability and audit report

Remote contingent liabilities - audited

UKHSA has the following remote contingent liabilities: UKHSA maintains a stockpile of medical countermeasures for responding to Chemical, Biological, Radiological and Nuclear (CBRN) incidents. Some of these products are unlicensed because no licensed alternatives are available in the UK. Similarly, UKHSA also holds stocks of unlicensed anti-venoms and anti-toxins. If any recipients were to suffer an adverse reaction to using these products UKHSA would be liable. The associated contingent liability is unquantifiable. UKHSA also holds remote contingent liabilities relating to contract disputes, primarily relating to contracts let in response to the COVID-19 pandemic. Contingent liabilities under IAS37 are disclosed in Note 17 to the accounts.

Liabilities in respect of contractual obligations

UKHSA holds contractual liabilities in respect of redundancy payments and entitlements and it also holds liabilities in respect of commercial contract obligations. These liabilities include contractual indemnities the Department has entered into as part of its response to COVID-19. UKHSA has provided a letter of comfort to local authorities

participating in the COVID-19 Community Testing Programme, offering a route to manage potential clinical negligence claims, should they arise in the course of testing conducted by local authorities.

Fees and charges - audited tables

An analysis of the services for which a fee is charged where the full cost is over £1 million or is otherwise material in the context of the financial statements is as follows:

Year ending 31 March 2023

	Income £'000	Full Cost £'000	Surplus/ (Deficit) £'000	Details of financial objective £'000	Details of performance against the financial objective £'000
Clinical Microbiology	47,578	76,063	(28,485)	Charges for pathology tests, mostly to the NHS.	Met: broadly in line with internal targets
Supplies of cell cultures and related services	5,341	4,666	675	Supplies of cell cultures and related services	Met: broadly in line with internal targets
Vaccine Evaluation and External Quality Assurance Schemes	4,593	6,345	(1,752)	Charges for the evaluation of new vaccines and for quality control standards	Met: broadly in line with internal targets

	Income £'000	Full Cost £'000	Surplus/ (Deficit) £'000	Details of financial objective £'000	Details of performance against the financial objective £'000
Intellectual Property Management	62,888	0	62,888	Receipts from royalties on intellectual property, mostly earned on end sales of Dysport	Met: broadly in line with internal targets
Commercial radiation services	11,180	24,761	(13,581)	Charges for various radiation services	Met: broadly in line with internal targets
Total	**131,580**	**111,835**	**19,745**		
Income that is not subject to fees and charges disclosure	201,915				
Total income (note 5)	**333,495**				

Year-ending 31 March 2022 (Restated)

The income shown in the table below relates to the six months that UKHSA was operational from 1 October 2021 to 31 March 2022.

	Income £'000	Full Cost £'000	Surplus/ (Deficit) £'000	Details of financial objective £'000	Details of performance against the financial objective £'000
Clinical Microbiology	21,108	29,986	(8,878)	Charges for pathology tests, mostly to the NHS.	Met: broadly in line with internal targets
Supplies of cell cultures and related services	2,907	2,332	575	Supplies of cell cultures and related services	Met: broadly in line with internal targets
Vaccine Evaluation and External Quality Assurance Schemes	3,929	1,415	2,514	Charges for the evaluation of new vaccines and for quality control standards	Met: broadly in line with internal targets
Intellectual Property Management	20,649	2	20,647	Receipts from royalties on intellectual property, mostly earned on end sales of Dysport	Met: broadly in line with internal targets
Commercial radiation services	6,103	5,265	838	Charges for various radiation services	Met: broadly in line with internal targets
Total	**54,696**	**39,000**	**15,696**		
Income that is not subject to fees and charges disclosure[1]	87,368				

	Income £'000	Full Cost £'000	Surplus/ (Deficit) £'000	Details of financial objective £'000	Details of performance against the financial objective £'000
Total income (note 5)	**142,064**				

1 Income that is not subject to fees and charges disclosure has been restated from £95,363,000 to £87,368,000 to ensure 'Total income' agrees to Note 5.

Some of our staff involved in income generating work are also required to work on core research and public health activities during the year.

This note has not been provided for IFRS8 purposes.

Losses and special payments

Losses statement – audited Year ending 31 March 2023

	2022-23 Number	2022-23 £'000	Restated 2021-22 Number	Restated 2021-22 £'000
Monetary losses	-	-	-	-
Loss of accountable stores	1	2,000	1	5
Fruitless payment	9	5,508	5	65,798
Constructive loss	8	268,666	12	102,439
Claims waived or abandoned	19	70	-	-
Total	**37**	**276,244**	**18**	**168,242**

2022-23 Details of cases over £300,000

Description	Category	2022-23 £m
T&T (now UKHSA) entered into a contract to purchase fixed assets and consumables to supply the Rosalind Franklin Laboratory (RFL). Changes to the UKHSA strategy resulted in not all contracted goods being required. To minimise losses a contract variation was agreed and a cancellation fee of £25.3 million paid.	Constructive loss	25.30
UKHSA suffered a constructive loss of £127.6 million as a result of COVID-19 vaccine expiry due to lower than expected use of vaccines compared to those planned for during purchasing.	Constructive loss	127.56
UKHSA suffered a constructive loss of £28.7 million as a result of lower than expected consumption of LFD inventory resulting in date expiry of this inventory.	Constructive loss	28.70
UKHSA suffered a constructive loss of £15.7 million as a result of lower than expected consumption of flu vaccine resulting in the date expiry of this vaccine.	Constructive loss	15.72
UKHSA suffered a constructive loss of £52.0 million as a result of lower than expected consumption of supportive care medicines resulting in their date expiry.	Constructive loss	51.99
UKHSA suffered a constructive loss of £12.6 million as a result of lower than expected consumption of PCR inventory resulting in the obsolescence of this inventory.	Constructive loss	12.55
In the spring and summer of 2020, DHSC entered into contracts for the supply of LFDs amounting to £15.3 million from a new supplier. The supplier was unable to gain approval for the home test kits and as such DHSC cancel its outstanding orders. In full and final settlement UKHSA paid £6.3 million (including VAT) to meet costs incurred by the supplier in preparatory works.	Constructive loss	6.27

Description	Category	2022-23 £m
The demand for PCR tests did not materialise to the level of demand anticipated at the height of the COVID-19 pandemic, and this meant that the National Testing programme was left with a surplus of PCR test kits. Due to various challenges including withdrawal of MHRA approval and limited shelf life, in FY 22-23 £0.6 million of PCR test kits and components have been deemed unsuitable for use, redistribution or resale.	Constructive loss	0.58
DHSC ordered funnels and LAMP tubes from an NHS Supply Chain framework supplier. The orders were subsequently cancelled due to changes in testing, negating the need for the products. The cancelled orders have resulted in a payment of £0.7 million to the supplier.	Fruitless payment	0.71
T&T (now UKHSA) claimed VAT back for invoices paid before the transfer of T&T to UKHSA. It was established an overclaim of £52.0 million existed, and UKHSA has therefore paid corresponding interest on the overclaim to HMRC, totalling £2.6 million	Fruitless payment	2.61
UKHSA did not give adequate notice to a supplier in terminating a contract, resulting in a fruitless payment of £2.1 million relating to costs incurred by that supplier on termination.	Fruitless payment	2.10
Testing inventory suffered a loss of £2.0 million of accountable stores in the year when sprinklers damaged stock.	Loss of accountable stores - Other causes	2.00

UKHSA has reviewed losses and special payments disclosed in the prior year and has restated them to ensure the categorisation aligns with managing public money guidelines. In addition management review has established three additional items should have been included and disclosed in the prior year losses and special payment note. These have also been included in the restated 2021-22

figures, and the associated details are provided below.

2021-22 Losses over £300,000 not previously disclosed

Description	Category	2021-22 £m
The demand for PCR tests did not materialise to the level of demand anticipated at the height of the COVID-19 pandemic, and this meant that the National Testing programme was left with a surplus of PCR test kits. Due to various challenges including withdrawal of MHRA approval and limited shelf life, in FY 2021-22 £14.1 million of PCR test kits and components have been deemed unsuitable for use, redistribution or resale.	Constructive Loss	14.13
UKHSA suffered a constructive loss of £34.9 million as a result of lower than expected consumption of flu vaccine resulting in the date expiry of this vaccine.	Constructive Loss	34.85
UKHSA suffered a constructive loss of £8.8 million as a result of lower than expected consumption of supportive care medicines resulting in their date expiry.	Constructive Loss	8.79

Special payments – audited Year ending 31 March 2023

	2022-23 Number	2022-23 £'000	Restated 2021-22 Number	Restated 2021-22 £'000
Extra-contractual	4	4,956	-	-
Extra statutory / extra regulatory	-	-	-	-
Compensation payments	2	24	2	3
Ex gratia payments	4	17	2	7
Special Severance payment	-	-	-	-
Total	**10**	**4,997**	**4**	**10**

2022-23 Details of special payment cases over £300,000

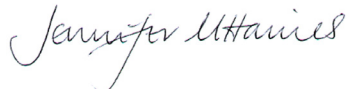
Extra-contractual payments

Extra contractual payment to Roche Diagnostics Ltd £1.95 million

NHS Hospitals supplied with various COVID-19 reagents, consumables and equipment by Roche. The total value of these orders exceeded the agreed contract value by £1.95 million - correspondingly more goods were received.

Extra contractual payment to Medacs £2.78 million

A payment of £2.78 million was made to MedAcs to pay the cost of retention payments made to staff. This had been agreed to in the contract but the financial value did not include these payments. As such an extra-contractual payment was made for these.



Professor Dame Jenny Harries

Accounting Officer

21 January 2024

The Certificate of the Comptroller and Auditor General to the House of Commons

Disclaimer of opinion on financial statements

I certify that I was appointed to audit the financial statements of the UK Health Security Agency for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the UK Health Security Agency'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 year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

I do not express an opinion on the financial statements of the UK Health Security Agency. Because of the significance of the matters described in the Basis for disclaimer of opinions section of my certificate, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Disclaimer of opinion on regularity

I do not express an opinion on the regularity of the transactions recorded in the financial statements of the UK Health Security Agency. Because of the significance of the matters described in the Basis for disclaimer of opinions section of my certificate, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion about whether, in all material aspects, 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 disclaimer of opinions

I have been unable to conclude my audit in a number of key areas. The inability to conclude my audit has been driven by the following:

Impact of the disclaimer issued in respect of the prior year financial statements

In 2021-22 I disclaimed my audit opinion as I was unable to conclude my audit in a number of key areas which included but were not limited to: inventory, accruals, expenditure, and journal entries. I have been unable to obtain sufficient appropriate audit evidence that these matters have been resolved at the point of completion of my audit. Consequently, I have been unable to determine whether any adjustments to opening balances at 1 April 2022 were necessary or whether there is any consequential effect on the Statement of Comprehensive Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023.

My opinion on the current period's financial statements is also affected by the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Covid Vaccine Unit Balances and Model

The Covid Vaccine Unit (CVU) was transferred into the UK Health Security Agency on 1 October 2022. One of the key responsibilities of the CVU is to procure sufficient Covid vaccine supply to support national vaccination programmes. The CVU team uses a model to predict future demand of Covid-19 vaccines and assess the timing of when each vaccine type will expire. The UK Health Security Agency's finance team also uses the outputs of the CVU demand model within its own accounting model to derive a number of highly material estimates and balances reported in the financial statements; these include but are not limited to Inventory, Prepayments, Provisions and Financial Commitments.

The final model used by the UK Health Security Agency to prepare these disclosures in the financial statements was presented for audit in mid-December 2023. The model lacked documentation to set out clearly the quality assurance process applied on the model, the model methodology and the key sources of data and assumptions underpinning the model. This meant I could not carry out the required procedures for an ISA (UK) compliant audit ahead of the 31 January 2024 statutory deadline.

The Government Resources and Accounts Act 2000 includes a requirement for the financial

statements of the UK Health Security Agency to be laid in the House of Commons by 31 January following the relevant year-end. Considering the complexities of the CVU team's model and limited documentation available to support the model, I have concluded that it is not possible to obtain reasonable assurance that the estimates and balances generated by the CVU model and included in the financial statements are free from material misstatement or prepared in all material aspects in accordance with the financial reporting framework ahead of the 31 January 2024 statutory deadline.

Consequently, I have been unable to conclude my audit of the estimates and balances generated by the CVU model.

Regularity

In disclaiming my opinion on the financial statements, I consider that my overall engagement risk on this engagement has increased, including in relation to my opinion on regularity. The key factors affecting this judgement are the lack of assurance over the accuracy and completeness of transactions included within the financial statements upon which the regularity opinion would be based, exacerbated by concerns over the overall control environment in the circumstances

where a disclaimer is issued on the financial statements.

In the context of the disclaimer of my opinion on the financial statements I have therefore concluded that the level of engagement risks is such that I do not believe that reasonable assurance over the regularity of transactions can be obtained. As I have been appointed as auditor of the UK Health Security Agency under the Government Resources and Accounts Act 2000, I am unable to withdraw from the engagement, so I have instead disclaimed my opinion on regularity.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the UK Health Security Agency'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 UK Health Security Agency'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.

I am responsible for concluding on the appropriateness of the Accounting Officer's use of

the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that the use of the going concern basis of accounting is appropriate and no material uncertainties have been identified, the auditor reports these conclusions in the auditor's report. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.

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

The going concern basis of accounting for the UK Health Security Agency is adopted in consideration of the requirements set out in HM Treasury's Government 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 which they provide will continue into the future.

Matters on which I report by exception

In respect solely of the matters referred to in the basis for disclaimer of opinions section above:

- adequate accounting records have not been kept by the UK Health Security Agency or returns adequate for my audit have not been received from branches not visited by my staff; and
- I have not received all of the information and explanations I require for my audit; and
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns.

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

- 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.
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- 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 UK Health Security Agency 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 statements 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 HM Treasury directions made under the Government Resources and Accounts Act 2000;

- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the UK Health Security Agency'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 UK Health Security Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

I was appointed to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

I conducted my audit in accordance with International Standards on Auditing (UK), applicable law and Practice Note 10: Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom. However, because of the matters described in the Basis of Disclaimer of Opinion section of my certificate, I was not able to obtain sufficient appropriate audit evidence to

provide a basis for an opinion on these financial statements.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the UK Health Security Agency 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.

Gareth Davies

22 January 2024

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road Victoria

London SW1W 9SP

Report of the Comptroller and Auditor General to the House of Commons

Introduction

1. In this report I set out my findings from my audit of the UK Health Security Agency's 2022-23 annual report and accounts and explain why I have disclaimed my opinions on the financial statements.

2. As an executive agency of the Department of Health and Social Care (DHSC), HM Treasury directed UKHSA to prepare financial statements under section 7 of the Government Resources and Accounts Act 2000. This requires me to "examine and certify the accounts [and to] issue a report on them". It sets a statutory deadline that the accounts, together with my report, shall be laid before the House of Commons no later than 31 January of the year following that to which the accounts relate.

3. As set out in my certificate, I have been appointed to provide an opinion on whether the financial statements give a 'true and fair' view of UKHSA's finances for the year and on whether the transactions recorded in the financial statements have been applied to the purposes intended by Parliament and whether they conform to the authorities which govern them ('regularity').

4. UKHSA was created in 2021-22 and began operations from 1 October 2021. The organisation was created by a mid-year merger that brought together the health protection functions of Public Health England ('PHE') with the NHS Test and Trace programme from DHSC and the Joint Biosecurity Centre. At inception, UKHSA operated in a volatile and complex environment. Challenges included responding to the ongoing COVID-19 pandemic and managing the Test and Trace organisation to rapidly adapt to the changes in government policy that were announced in February 2022 as part of the Living with COVID-19 plan.

5. In 2022-23, UKHSA's operating environment began to stabilise. In addition, UKHSA has seen lower levels of staff turnover than in the previous year, and the organisation has adapted to the government's plan for Living with COVID-19. At the same time, UKHSA has taken on new functions from the Department of Health and Social Care, namely the Covid Vaccine Unit and overseeing the legacy of the Managed Quarantine Service.

6. This is the second consecutive year in which I have disclaimed my opinion on the UKHSA's accounts. This disclaimer is due to a combination of the impact of the prior year disclaimer reducing the assurance I can provide over in-year transactions and the opening balances,

along with the impact of a lack of assurance over closing balances relating to the Covid Vaccine Unit (CVU), which were transferred into UKHSA during 2022-23. The combined impact of these factors represents a pervasive lack of assurance and as a result I have disclaimed my 'true and fair' and 'regularity' opinions on the financial statements.

2021-22 disclaimer of my audit opinion

7. **In 2021-22 I took the unusual step of disclaiming my opinions over UKHSA's annual report and accounts.** During my audit of the 2021-22 annual report and accounts I was not able to obtain sufficient appropriate evidence upon which to form an opinion. Accordingly, I disclaimed my 'true and fair' and 'regularity' opinions on the financial statements. As reported in the prior year:

- The transfer of functions from PHE and DHSC to UKHSA on 1 October 2021 was not aligned with the financial reporting period for central government. DHSC transferred £794 million of NHS Test and Trace inventory to UKHSA, but did not perform period-end stock counts over these assets before it transferred them to UKHSA on 1 October 2021. DHSC also transferred £1,522 million of NHS Test and Trace accruals to UKHSA. UKHSA was not able to evidence the validity of the balances transferred on 1 October 2021. In addition, PHE transferred £1,030 million of inventory and stockpiled goods to UKHSA. Although it performed period-end stock counts over its vaccine inventories of £767 million before it transferred them to UKHSA on 1 October 2021, PHE did not perform such stock counts over stockpiled goods of £254 million transferred at the same date.
- Some critical elements of the system of internal control were not operating during the period ended 31 March 2022. During my audit, I identified that UKHSA had not performed effective bank reconciliations during the period ended 31 March 2022, relying on an automated tool which was not functioning as designed.

- I encountered significant uncertainties where UKHSA was not able to provide sufficient, appropriate evidence to support transactions and balances recorded in the financial statements. I encountered such uncertainties in almost all areas which were within the scope of my audit testing during the prior year. This includes expenditure, in-year accruals, and also manual journals posted to the accounting records. When I assessed the impact of these uncertainties to assess their total impact on the financial statements, I concluded that the impact of unidentified misstatements could be material and pervasive to the 2021-22 financial statements.
- UKHSA did not have a board or an Audit and Risk Assurance Committee during the year ended 31st March 2022, and as such did not comply with HM Treasury and Cabinet Office guidance on governance arrangements. The absence of formal governance arrangement exposed UKHSA to a high level of risk.

UKHSA's progress in addressing the prior year issues

Improved governance arrangements for UKHSA during the year ended 31 March 2023

8. **During 2022-23 UKHSA has improved its fundamental governance structures.** As noted by UKHSA in the Governance Statement, the UKHSA Board and Audit and Risk Assurance Committee have been in operation for most of the 2022-23 financial year. In addition, a Finance and Control Improvement Board has been established which meets monthly to oversee the Finance and Control Improvement Plan. I am therefore content that the fundamental governance structures are now in place within UKHSA, and the organisation is striving to work within the HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice.

Progress in UKHSA's accounts production process

9. **Producing the 2022-23 annual report and accounts was not a straightforward exercise for UKHSA.** As set out in its Governance Statement, in order to produce the 2022-23 accounts UKHSA's finance team needed to carry out significant additional work. As the main focus for my 2022-23 audit has been on the closing statement of

financial position, UKHSA's work was focused on supporting these closing balances.

10. **UKHSA was ultimately able to provide transaction listings and evidence to support audit sample testing during 2022-23.** UKHSA was able to provide detailed listings of the transactions that reconciled to the accounts presented for audit and in the vast majority of cases provided evidence for the samples we selected. This included providing listings and populations that reconciled to evidence for test and trace additions and consumption.

11. **It took UKHSA significant time and effort to provide transaction listings which reconciled to the accounts.** Some populations were only available to be audited five months after the year end, and required material adjustments before the accounts were presented for audit and during the course of the audit. This level of manual corrective control completed by management post year-end is unusual and not sustainable for the preparation of future financial statements. For 2022-23 management's corrective work focussed on the closing Statement of Financial Position (SoFP) position as this was the primary scope of my audit.

12. **In contrast to the prior year, UKHSA was able to provide evidence for the vast majority of items sampled, however in many cases it took longer than anticipated to obtain this evidence.** Many items required multiple iterations to obtain evidence of the required quality and standards. In many cases sampled transactions related to corrections or adjustments to other transactions, so more investigation than usual was required to conclude testing on each transaction.

13. **It is critical that UKHSA continues to improve its accounts production and financial control processes, and the challenge for 2023-24 is greater.** For 2023-24 I intend to cover the in-year income and expenditure transactions in my audit work as well as the closing balances. As set out in its Governance Statement, UKHSA is only part way through its Finance and Control Improvement Programme (F&CIP). This will lead to further improvements, but these may not be fully embedded in 2023-24 and therefore additional work by UKHSA may still be required to ensure populations fully reconcile and are appropriately cleansed. The programme improvements should also aid the timely provision of sufficient appropriate audit evidence.

2022-23 audit approach and findings

14. **The disclaimer I issued on my 2021-22 audit opinions imposed inherent limitations on the assurance I am able to give over the 2022-23 Annual Report and Accounts.** As explained in paragraph 6 of my report, the 2021-22 audit opinions were disclaimed. As a result of this, during the planning stage of the 2022-23 audit I concluded that the management imposed limitation of scope to my audit meant that it would not be possible to carry out an audit that would enable me to obtain sufficient appropriate audit evidence over the opening balances and prior year comparatives to provide a basis for an unqualified true and fair opinion. Similarly, it was not possible for me to provide assurance over the in-year income and expenditure transactions due to the impact of the reversals of the historic transactions from the disclaimed 2021-22 accounts. For this reason, when planning the 2022-23 audit I anticipated limiting the scope of my opinion.

15. **I focused the scope of my 2022-23 audit on providing a true and fair audit opinion over the closing Statement of Financial Position balances in UKHSA's 2022-23 financial statements.** My planned audit procedures reflected this scope. In the event that my audit work found no material errors, the conclusion of the audit would have supported an audit opinion

with a limited scope. Such an opinion would have provided assurance over the closing balance sheet but would have given no assurance over the in-year transactions or opening balances reported in the financial statements.

Closing Balance Sheet audit work

16. **I planned my audit identifying twelve significant risks to my audit opinions.** These included Test and Trace inventory stock procedures; configuration of UKHSA's ERP system; and reporting and valuation, existence and completeness of accruals; as well as a significant risk around balances relating to the Covid Vaccine Unit (CVU). I planned audit procedures to address these risks and, other than the risk relating to the Covid Vaccine Unit, the audit progressed as planned.

Covid Vaccine Unit Balances and Model

17. **DHSC transferred the Covid Vaccine Unit (CVU) into UKHSA on 1 October 2022.** This business unit was originally established within the Department for Business, Energy and Industrial Strategy (BEIS) during the pandemic and had previously transferred to the Department of Health and Social Care (1 October 2021) prior to DHSC transferring it to UKHSA.

18. **One of the main responsibilities of the CVU is to procure sufficient Covid vaccine supply to support national vaccination programmes.** The transfer of the CVU brought in balances and transactions relating to the contractual relationships between the vaccine suppliers and HM Government. Inventory balances were unaffected as UKHSA was already responsible for holding and distributing Covid vaccines before the transfer of CVU.

19. **During the November 2021 Omicron wave of the Covid-19 pandemic, the CVU negotiated the purchase of 117 million doses of Covid vaccines. The bulk of these are Moderna and Pfizer vaccines.** The different vaccines have different expiry profiles and different storage and delivery requirements. These were negotiated to be delivered in stages between 2021 and 2024. As such no vaccine procurement activity took place during 2022-23.

20. **As at 31 March 2023 UKHSA's accounts reflect these vaccines in four different ways.** UKHSA's SoFP accounts for the inventory held as well as balances and disclosures relating to the purchase of the inventory. In addition, UKHSA's accounting reflects that an element of the vaccine it holds, and is committed to purchase, is not expected to be used before it expires.

Accounts Line	Description	Balance at 31 March 2023 (per UKHSA accounts)
Inventory	Vaccines which have been paid for and are held by UKHSA as at 31 March 2023. The figure disclosed in the accounts is net of impairment to reflect that UKHSA expects some vaccines will not be needed before their expiry.	£272m
Prepayments	Deposits paid on account for the non- cancellable future purchase of vaccines. The figure disclosed in the accounts is net of impairment to reflect that UKHSA expects that some pre-ordered vaccines will not be needed before their expiry.	£263m (from within the prepayments balance of £276m in the SoFP)
Onerous contract provisions	Non-cancellable commitments to purchase vaccines that UKHSA does not expect to be needed before expiry	£229m
Financial commitments	Non-cancellable commitments to purchase vaccines in the future, where these commitments are not already covered by other balances in the financial statements.	£1,144m (from within the financial commitments of £5,075m disclosed in note 18 to the accounts)

21. **The CVU team uses a model to predict future demand of Covid-19 vaccines and assess the extent to which held vaccines are expected to be used before they expire.** This demand model is an operational model primarily used by the CVU team within UKHSA

to manage vaccination campaigns. The UKHSA finance team also uses the outputs of the CVU demand model within its own accounting model to provide the impairment and provision figures in the annual report and accounts. As set out in its governance statement (page 179) UKHSA has to make estimates of expected use for vaccination campaigns which are dependent on future epidemiology and vaccination policy decisions and as such there is a significant level of estimation uncertainty.

22. **Given the significance of the model to the accounts, I identified it as a key audit risk when planning my audit.** The combined value of the CVU balances included in UKHSA's accounts and set out in the table above are over 50 times the UKHSA audit materiality of £32 million; this is in contrast to being only just material when held by the DHSC. A high level of estimation uncertainty also increases audit risk. UKHSA provided my team with its CVU model, which was coded within the programming language Python, and my team carried out detailed work to understand and risk assess the model in July-August 2023. I found that the implementation of the model was in line with its documentation and was on track to complete my audit of the model before the statutory deadline.

23. **UKHSA changed the model it was using and key stakeholders, including my audit team, were not informed of this change on a timely basis.** In mid-November 2023, the CVU team informed UKHSA finance and my audit team that it was no longer using the Python model that was provided to my team to audit and that the accounts figures presented for audit were instead derived from a different, Excel-based, model. As set out in the governance statement (page 195), the decision to update the expected future demand was driven by the identification of a new variant in August. This post-balance sheet event, combined with the loss of the expert staff member who could update the Python model, meant the CVU operational team deemed it appropriate to switch to the backup Excel model.

24. **My team reviewed the Python based model and found it to be adequately documented.** Historically the CVU team has operated the demand model using Python. The Python model was developed by a third-party modelling expert and was supported by clear and detailed technical documentation. For example, this included well-explained justifications of assumptions around the use of different vaccines (e.g. Pfizer and Moderna).

25. **The Excel-based model did not have any documentation setting out its methodology or quality assurance.** The basis of the judgements

was not clear, and their application within the model was internally inconsistent. As the Excel-based model had historically been used as a validation check for the Python model outputs, this lack of documentation and quality assurance was not unreasonable. However, at the point where the decision was made to use the Excel-based model as the primary demand model, it would be expected practice as part of an effective control framework to ensure clear documentation was in place. This documentation should have covered how the model should operate (the technical guide), the key assumptions and judgements, and details of the inputs, including any modelling or assumptions involved in obtaining those. The technical guide was created retrospectively by UKHSA to facilitate the audit of the Excel model.

26. **UKHSA provided me with a revised version of the Excel-based demand model in mid-December 2023.** Following the provision of the technical guide on 1 December 2023, UKHSA concluded that actual demand for the autumn 2023 campaign, which by then had largely finished, would provide a more accurate representation. A revised Excel model was provided in mid-December which included material changes to the impairments and provisions.

27. **The inputs to the revised Excel-based demand model are based on additional modelling which would also require audit.** The inputs to the demand modelling include information provided by other organisations (NHS bodies). Following engagement with NHS bodies I found that the forecasts were derived from further models and assumptions which would also require audit. In addition, at the point where UKHSA provided its revised model in December, its use of actual data for the Autumn 2023 campaign demonstrated material differences between actual and forecast demand predictions, increasing audit risks associated with the forecast inputs.

28. **As a result, it was not possible to complete my audit ahead of UKHSA's statutory deadline for laying its accounts, 31 January 2024.** I will seek to gain sufficient assurance over the model and the estimates in the accounts as part of my audit of the 2023-24 opening balances in order to provide more assurance over the 2023-24 financial statements.

Conclusion

29. **I am disclaiming UKHSA's accounts for the second year in succession.** The lack of financial control in 2021-22 which led to me disclaiming my opinion had an inevitable impact on the 2022-23

opening balances and income and expenditure transactions. The combination of this and the fact that I have not been able to gain assurance over key closing balances relating to the government's holding of Covid vaccines mean I have had to disclaim both my true and fair and my regularity opinions over UKHSA's 2022-23 accounts.

30. I make the following recommendations which would support UKHSA improving its financial control and increase the level of assurance I can provide to Parliament.

- UKHSA must continue and accelerate the work it has in train to improve its financial control environment. This will be critical in improving in-year financial control as well as ensuring the accounts production process has no reliance on resource intensive retrospective corrective work.
- UKHSA must continue work to embed a culture of 'right first time' in order to reduce the need for making multiple corrections and amendments to transactions in the ERP system. Again, this would improve in-year financial control and facilitate the timelier provision of sufficient appropriate audit evidence.

- UKHSA must ensure all elements of critical models have adequate documentation and are subject to robust governance processes. Such processes would ensure that all the key stakeholders across the business were aware of any changes in the model's design or operation.

Gareth Davies
22 January 2024
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road Victoria
London SW1W 9SP

3 Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2023

	Notes	2022-23 £'000	Restated[1] 2021-22 £'000
Income from sale of goods and services	5	(250,242)	(122,951)
Other operating income	5	(83,253)	(18,841)
Total operating income		(333,495)	(141,792)
Staff costs	3	482,095	416,355
Purchase of goods and services	4	3,134,168	8,282,362
Other operating expenditure	4	(56,471)	315,405
Depreciation and impairment charges	4	323,704	72,208
Provision expense (released)	4	(306,753)	21,812
Total operating expenditure		3,576,743	9,108,142
Net operating expenditure		3,243,248	8,966,350
Finance income	5	-	(272)
Net expenditure for the year		**3,243,248**	**8,966,078**
Loss/(gain) on transfer by absorption	6	543,585	(1,072,124)
Donated COVID-19 vaccine	12	(430,111)	(1,428,531)
Net expenditure for the year (after absorption loss/(gain))		**3,356,722**	**6,465,423**
Other comprehensive net expenditure			
Items which will not be reclassified to net operating costs:			
Net loss/(gain) on revaluation of investments	14	18,350	54,050
Net loss/(gain) on revaluation of property, plant and equipment	7	(49,455)	(580)
Comprehensive net expenditure for the year		**3,325,617**	**6,518,893**

1 The 2021-22 ‘Gain on transfer by absorption’ has been restated from -£1,045,074,000 to the correct figure of -£1,072,124,000 (£27,050,000 increase) in the State ment of Comprehensive Net Expenditure (SoCNE). This ensures consistency between SoCNE and the supporting note (Note 6: Absorption). The corresponding figure in Note 6 has not been restated as it was correctly disclosed in the published prior year financial statements. Additionally, the 2021-22 ‘Net loss on revaluation of investments’ has been restated from £27,000,000 to the correct figure of £54,050,000 (increase of £27,050,000) in the SoCNE. This ensures consistency between the SoCNE and the supporting note (Note 14: Investment in Porton Biopharma Ltd). The corresponding figure in Note 14 has not been restated as it was correctly disclosed in the published prior year financial statements.

All income and expenditure arises from continuing activities.

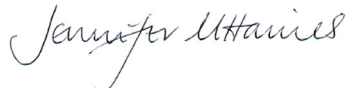
The notes on page 295 to 373 form part of these accounts.

Statement of Financial Position

As at 31 March 2023

	Notes	31 March 2023 £'000	31 March 2022 £'000
Non-current assets:			
Property, plant and equipment	7	833,825	932,736
Intangible assets	8	54,423	31,986
Right of use assets	9	26,906	-
Investment property	19	15,236	15,491
Financial assets	14	-	18,350
Other non-current assets	13	145,313	18
Total non-current assets		**1,075,703**	**998,581**
Current assets:			
Trade and other receivables	13	516,382	325,375
Inventories	12	736,701	1,102,483
Cash and cash equivalents	15	155,624	215,598
Total current assets		**1,408,707**	**1,643,455**
Total assets		**2,484,410**	**2,642,036**
Current liabilities			
Trade payables and other current liabilities	16	(421,242)	(2,148,962)
Lease Liabilities	16	(7,732)	-
Provisions	17	(308,146)	(98,282)
Total current liabilities		**(737,120)**	**(2,247,244)**
Total assets less current liabilities		**1,747,290**	**394,792**
Non-current liabilities			
Provisions	17	(17,700)	(16,683)
Lease liabilities	16	(20,865)	-
Total non-current liabilities		**(38,565)**	**(16,683)**
Assets less liabilities		**1,708,725**	**378,109**
Taxpayer's equity			
General fund		1,575,016	293,845
Revaluation reserve		133,709	84,264
Total taxpayer's equity		**1,708,725**	**378,109**

The notes on pages 295 to 373 form part of these accounts. The financial statements on pages 287 to 295were signed by:



Professor Dame Jenny Harries,
Accounting Officer
21 January 2024

Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2022-23 £'000	Restated[1] 2021-22 £'000
Cash flows from operating activities			
Net operating expenditure		(3,243,248)	(8,966,350)
Adjustments for non-cash transactions			
Auditor remuneration	4	650	401
Loss on de-recognition of property, plant and equipment and intangible assets	4	9,697	60
Unrealised foreign exchange gains and losses	4	11,041	-
Finance cost on lease liability	4	286	-
Amortisation and depreciation	4	120,093	64,337
Movement on expected credit losses and bad debt write-offs	4	257	21,633
Transfers relating to absorption accounting	6	-	30,686
PPE impairments	4, 7, 11	194,445	460,057
Right of use asset impairment	4, 9, 11	6,695	-
Prepayment impairment	4	(22,397)	-
Adjustment for working capital movements arising from absorption transfers	6	231,939	-
(Increase) / decrease in trade and other receivables	13	(336,302)	(136,015)
(Increase) / decrease in inventories	12	365,781	15,567
Donated COVID-19 vaccine	12	430,111	1,428,531
Increase / (decrease) in trade and other payables	16	(1,699,123)	435,147
Movement in working capital balances relating to items not passing through the SOCNE		61	(40)
Finance leases not flowing through SOCNE	16	(28,597)	-
Provision provided for in the year less provisions not required written back	4, 17	(306,753)	72,749
Provisions utilised in the year	17	(32,563)	(38,505)
Transfer of provisions to accruals and inventory	17	(232,647)	-
Unwinding of discounts	17	915	-
Other non-cash movements in SOFP items		10,142	-
Other operating cashflows		(676)	(17,835)

	Notes	2022-23 £'000	Restated[1] 2021-22 £'000
Net cash outflow from operating activities		**(4,520,193)**	**(6,629,577)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(202,509)	(86,885)
Purchase of intangible assets	8	(3,585)	(11,335)
Proceeds of disposal of property, plant and equipment & intangible assets		3,219	10,967
Finance income	5	-	272
Increase in investment in Porton Biopharma Ltd	14	-	(2,000)
Net cash outflow from investing activities		**(202,875)**	**(88,981)**
Cash flows from financing activities			
Net parliamentary funding		4,672,000	6,897,001
Payments in respect of finance leases		(8,906)	-
Cash transferred under absorption accounting		-	37,155
Net cash inflow from financing activities		**4,663,094**	**6,934,196**
Net increase/(decrease) in cash and cash equivalents in the period		**(59,974)**	**215,598**
Cash and cash equivalents at the beginning of the period	15	215,598	-
Cash and cash equivalents at the end of the period	15	155,624	215,598
Net increase/(decrease) in cash and cash equivalents in the period		**(59,974)**	**215,598**

1 The 2021-22 Statement of Cash Flows has been restated to correct several methodology errors in the construction of the Statement which resulted in classification errors between lines. The only material error was in the 'Increase in investment in Porton Biopharma Ltd' line, which in 2021-22 was reported as a £107,072,000 decrease in investment rather than the £2,000,000 increase in investment (purchase of shares) shown

above and in Note 14. This offsetting error also impacted the ‘Transfers relating to absorption accounting’ line which has been restated from a £65,128,000 cash outflow to a £30,686,000 cash inflow. The format of the Statement of Cash Flows has also been amended to more closely reflect public sector best practice and the format adopted by our parent department, the Department of Health and Social Care.

The notes on page 295 to 373 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2023

	Notes	General fund £'000	Revaluation reserve £'000	Total
Balance at 1 April 2022		293,845	84,264	**378,109**
Other adjustment		(19,474)	-	**(19,474)**
Net parliamentary funding		4,672,000	-	**4,672,000**
Net loss on revaluation of investments	14	(18,350)	-	**(18,350)**
Non-cash charges: Auditor's remuneration	4	650	-	**650**
Net gain on revaluation of property, plant and equipment	7	-	49,455	**49,455**
Release of revaluation reserves in respect of de-recognised assets		10	(10)	**-**
Impact of IFRS 16 peppercorn leases		3,057	-	**3,057**
Total net operating expenditure for the year		(3,356,722)	-	**(3,356,722)**
Balance at 31 March 2023		**1,575,016**	**133,709**	**1,708,725**

For the year ended 31 March 2022

	Notes	Restated[1] General fund £'000	Revaluation reserve £'000	Total £'000
Balance at 1 April 2021		-	-	**-**
Net parliamentary funding		6,897,001	-	**6,897,001**
Net loss on revaluation of investments	14	(54,050)	-	**(54,050)**
Non-cash charges: Auditor's remuneration	4	401	-	**401**
Net gain on revaluation of property, plant and equipment	7	-	580	**580**
Transfer between reserves		(83,684)	83,684	**-**
Other movements		(401)		**(401)**
Total net operating expenditure for the year		(6,465,423)	-	**(6,465,423)**
Balance at 31 March 2022		**293,844**	**84,264**	**378,109**

1 The Statement of Changes in Taxpayers Equity for the year ended 31 March 2022 has been restated to ensure total net operating expenditure for the year agrees to that disclosed in the Statement of Comprehensive Net Expenditure with an offsetting adjustment of £401k included in other movements.

The notes on page 295 to 373 form part of these accounts.

Notes to the financial statements

1 Statement of accounting policies

1.1 Statement of accounting policies

HM Treasury has directed UK Health Security Agency, in accordance with Section 7 (2) of the Government Resources and Accounts Act 2000 to prepare financial statements in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of UKHSA for the purpose of giving

a true and fair view has been selected. The policies adopted by UKHSA are described below. They have been applied consistently in dealing with items considered material to the accounts.

1.2 Operating segments

In accordance with IFRS 8, UKHSA's activities are considered to fall within four distinct segments: operational activities, COVID-19 related activities (excluding vaccines), vaccines and emergency countermeasures (excluding COVID-19 vaccines) and COVID-19 vaccines (CVU). These operating segments reflect the information provided to the Chief Executive, UKHSA's Executive Committee and Advisory Board. Details of income and expenditure of each of the segments are shown in note 2 and are disclosed in more detail within the relevant notes to the accounts.

1.3 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation to fair value of property, plant and equipment, investment property, intangible assets, stockpiled goods and certain financial assets and financial liabilities.

1.4 Going concern

These accounts have been prepared on a going concern basis. Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

By virtue of the Health and Social Care Act 2012, UKHSA exists as an executive

agency established within the Department of Health and Social Care (DHSC). The appropriateness of preparation of UKHSA's accounts on a going concern basis is supported by Government and DHSC continued commitment to funding UKHSA as illustrated by the Spending Review and 2023-24 main estimates.

1.5 Grants payable

Grants made by UKHSA are recognised as expenditure in the period when the recipient is entitled to the grant and the amount can be reliably estimated; the payments match consumption which reflects the expected needs of the recipient and therefore entitlement of the grant. This is in accordance with IAS 20 and the FReM.

1.6 Audit costs

UKHSA is audited by the Comptroller and Auditor General. No cash charge is made for this service but a notional charge reflecting the cost of audit is included in expenditure. This notional charge covers the audit costs in respect of UKHSA's annual report and accounts. No other audit or non-audit services were provided.

1.7 Value added tax (VAT)

UKHSA is registered for VAT. VAT is charged on invoices for business contracts relating to products, services and research activities. UKHSA recovers part of its input VAT proportionate to its business activities in relation to total income. Expenditure is shown net of recoverable VAT. Non-recoverable VAT is charged to the relevant expenditure category or capitalised if it relates to a non-current asset.

1.8 Income

Net parliamentary funding received from DHSC is treated as a contribution from a controlling party rather than as operating income and is, therefore, credited directly to the general fund as it is received.

In accordance with IFRS 15, UKHSA recognises revenue from contracts with customers when

they satisfy the applicable performance obligation, thereby matching revenue to performance obligations under the 5-step income recognition policy determined by the standard. Income streams are shown in note 5 with the principles of IFRS 15 adopted as follows:

Laboratory and other services

This income predominantly relates to the provision of laboratory tests which have a set price. The performance obligation is the delivery of the test result. Revenue is recognised once the tests are complete.

Products and royalties

This income predominantly relates to contracts for royalties, based on a percentage of sales made by third parties or on the use of specific intellectual property. This is recognised as the underlying sales are made by the third party or on receipt.

Education and training

The performance obligation and revenue are recognised on the delivery of training at an agreed price.

Vaccines income

This predominantly relates to the income earned from the UK's Devolved Administrations (DAs) for access to stockpiled goods held by UKHSA. The performance obligation is the availability of vaccines on demand with the revenue recognised

over the life of the contract at a contracted price. Until 1 October 2022, when UKHSA assumed responsibility for direct purchasing of COVID-19 vaccines following the transfer in of the CVU, UKHSA received COVID-19 vaccines from DHSC resulting in donated gains as referred to in notes 1.14 and 2.

Research and related contracts and grants

The performance obligation is the provision of the research and revenue is recognised over the life of the contract at the contracted price.

Grants from the United Kingdom government, Grants from the European Union

These are outside the scope of IFRS 15 and are accounted for under IAS 20, as adapted for the public sector as detailed in the Government Financial Reporting Manual.

Other operating income

This covers a variety of non-standard income streams including contributions from the NHS for marketing campaigns at an agreed price (for which the performance obligation is the provision of the campaign with revenue recognised as the campaign is launched) and the contractual service charge for Porton Biopharma Ltd (for which the performance obligation is the provision of corporate services; revenue is recognised over the life of the contract).

Rental from investment property, interest receivable and income from dividends are outside the scope of IFRS 15 and are accounted for accordance with IFRS 9.

1.9 Non-current assets: property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential will be supplied to, UKHSA
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably; and either
- the item cost at least £5,000 or

- collectively, a number of items have a total cost of at least £5,000 where the items are purchased together and will be used for the same common operational purpose and not distributed to various operational or geographical activities and each item is assessed as having a similar useful life so that they are all likely to have simultaneous disposal dates and are under single managerial control

Where an asset includes several components with significantly different asset lives, the components are treated as separate assets and depreciated over their individual useful economic lives.

Valuation of property, plant and equipment

All property, plant and equipment is measured initially at cost representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. It is classified under assets under construction, until the point at which the asset is capable of being brought into use. All assets are measured subsequently at fair value.

The fair value of freehold land and buildings is determined by an independent valuation carried out every five years in accordance with guidance issued by the Royal Institute of Chartered Surveyors with an interim desktop valuation performed in intervening years. Valuation is on an open market (existing use) basis except for buildings of a specialised nature, where a market value is not readily obtainable, which are valued on a depreciated replacement cost in existing use basis. A full (non-desktop) valuation was last undertaken on 31 March 2021 by RICS Registered Valuers from the Valuation Office Agency.

Other property, plant and equipment are valued at depreciated replacement cost in existing use, which is used as a proxy for fair value. The depreciated replacement cost in existing use is calculated by applying, annually, the producer price indices published by the Office for National Statistics (ONS). Management consider that these are the most appropriate indices for this purpose.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is only recognised as an impairment charged to the revaluation reserve when it does not result from a loss in the economic value or

service potential and only to the extent that there is a balance on the reserve for the asset. Any excess over that reserve balance is charged to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Gains and losses recognised in the revaluation reserve are reported in the statement of changes in taxpayers' equity.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to expenditure.

Assets under construction

Assets in the course of construction are carried at cost, less any impairment loss. Cost includes professional fees. They are reclassified when they are capable of being brought into use, and from that point their cost is depreciated and revalued in the same way as other assets within their new classification.

Stockpiled goods

Strategic goods held for use in national emergencies (stockpiled goods) are held as non-current assets within property, plant and equipment. The purchase of stockpiled goods is a

result of government policy, and correspondingly has parliamentary approval. It ensures UKHSA holds an emergency stockpile for an event which it is hoped will not transpire.

Stockpiled goods are reviewed during the period in terms of expiry profiles and their continued appropriateness for inclusion in the stockpile. Stockpiled goods are depreciated over their expected lives.

1.10 Non-current assets – Investment Property

Investment property assets are valued on the same basis as property, plant and equipment assets, i.e., they are initially measured at cost and subsequently at depreciated replacement cost in existing use being used as a proxy for fair value. Movements in fair value are recognised as a profit or loss in the Statement of Comprehensive Net Expenditure.

The fair value of investment property is determined by an independent valuation carried out every five years in accordance with guidance issued by the Royal Institute of Chartered Surveyors with an interim desktop valuation performed in intervening years.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by commencement of owner-occupation, for a transfer from investment property

to owner-occupied property. The investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

1.11 Research and development

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Development expenditure is capitalised to the extent that it results in the creation of an asset and only if, all the following have been demonstrated from the date when the criteria for recognition are initially met:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to reliably measure the expenditure attributable to the intangible asset during its development. The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred

Where no internally generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

1.12 Depreciation, amortisation and impairments

Freehold land, assets under construction or development, investment property and assets held for sale are not depreciated / amortised.

Otherwise, depreciation or amortisation, as appropriate, is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, on a straight-line basis over their estimated remaining useful lives.

The estimated useful life of an asset is determined on an individual asset basis by the period over which UKHSA expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year-end, with the effect of any changes recognised on a prospective basis.

Expected useful lives are as follows:

Asset category	Expected useful life
Freehold buildings	Up to 80 years
Freehold land	Not depreciated
Leasehold land	Over the lease term
Fixtures and fittings	Up to 20 years

Asset category	Expected useful life
Plant and equipment	5 to 20 years
Vehicles	7 years
Information technology equipment	3 to 5 years
Software licences	The life of the licence or 3 years
Website	Up to 3 years
Assets under construction	Not depreciated
Stockpiled goods	Based on the expiry date of the product, or later if there is sufficient evidence of the product still being effective at this date.

At each financial year-end, UKHSA determines whether there is any indication that its property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is an indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset being impaired and, thereafter, to expenditure.

1.13 Leases

A lease is a contract, or part of a contract, that conveys the right to control the use of an asset for a period of time in exchange for consideration.

UKHSA assesses whether a contract is or contains a lease, at inception of the contract.

UKHSA as Lessee

A right-of-use asset and a corresponding lease liability are recognised at commencement of the lease.

The lease liability is initially measured at the present value of the future lease payments, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the prescribed HM Treasury discount rates are used as the incremental borrowing rate to discount future lease payments. The FReM provides an option to use cost as a reasonable proxy for the value of the right of use asset. Where this option is taken a rate implicit in the lease cannot be determined as it is not possible to complete a comparison between the right of use asset value and the undiscounted future lease payments. Therefore in these circumstances the HMT rate is used.

The HM Treasury incremental borrowing rate of 3.51% is applied for leases commencing, transitioning or being remeasured in the 2023 calendar year under IFRS 16. For transition as at 1 April 2022, lease liabilities were measured at the

present value of the remaining lease payments and discounted at the treasury defined rate of 0.95%.

Lease payments included in the measurement of the lease liability comprise

- fixed payments
- variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement
- the amount expected to be payable under residual value guarantees
- the exercise price of purchase options, if it is reasonably certain the option will be exercised
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured by increasing the carrying amount for interest incurred using the effective interest method and decreasing the carrying amount to reflect the lease payments made. The lease liability is remeasured, with a corresponding adjustment to the right-of-use asset,

to reflect any reassessment of or modification made to the lease.

The right-of-use asset is initially measured at an amount equal to the initial lease liability adjusted for any lease prepayments or incentives, initial direct costs or an estimate of any dismantling, removal or restoring costs relating to either restoring the location of the asset or restoring the underlying asset itself, unless costs are incurred to produce inventories.

The subsequent measurement of the right-of-use asset is consistent with the principles for subsequent measurement of property, plant and equipment. Right-of-use assets for leases for which current value in use is not expected to fluctuate significantly due to changes in market prices and conditions are valued at depreciated historical cost as a proxy for current value in existing use.

Other than leases for assets under construction and investment property, the right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is tested for impairment if there are any indicators of impairment and impairment losses are accounted

for as described in the 'Depreciation, amortisation and impairments' policy.

Peppercorn leases are defined as leases for which the consideration paid is nil or nominal (that is, significantly below market value). Peppercorn leases are in the scope of IFRS 16 if they meet the definition of a lease in all aspects apart from containing consideration.

For peppercorn leases a right-of-use asset is recognised and initially measured at current value in existing use. The lease liability is measured in accordance with the above policy. Any difference between the carrying amount of the right-of-use asset and the lease liability is recognised as income as required by IAS 20 as interpreted by the FReM.

Leases of low value assets (value when new less than £5,000) and short-term leases of 12 months or less are recognised as an expense on a straight-line basis over the term of the lease.

UKHSA as Lessor

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

When the organisation is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease

classification is assessed with reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the organisation's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment in the lease.

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

Adoption of the new accounting standard for leases

On 1 April 2022, the organisation adopted IFRS 16 'Leases'. The new standard introduces a single, on statement of financial position lease accounting model for lessees and removes the distinction between operating and finance leases.

Under IFRS 16 UKHSA will recognise a right-of-use asset representing their right to use the underlying asset and a lease liability representing its obligation to make lease payments for any operating leases assessed to fall under IFRS 16. There are recognition exemptions for short term leases and leases of low value items.

In addition, UKHSA will no longer charge provisions for operating leases that it assesses to be onerous to the statement of comprehensive

net expenditure. Instead, UKHSA will include the payments due under the lease with any appropriate assessment for impairments in the right-of-use asset.

Impact assessment

UKHSA has applied the modified retrospective approach and will recognise the cumulative effect of adopting the standard at the date of initial application as an adjustment to the opening retained earnings with no restatement of comparative balances.

IFRS 16 does not require entities to reassess whether a contract is, or contains, a lease at the date of initial application. HM Treasury has interpreted this to mandate this practical expedient and therefore UKHSA has applied IFRS 16 to contracts identified as a lease under IAS 17 or IFRIC 4 at 1 April 2022.

UKHSA has utilised three further practical expedients under the transition approach adopted:

a) The election to not make an adjustment for leases for which the underlying asset is of low value.

b) The election to not make an adjustment to leases where the lease terms ends within 12 months of the date of application.

c) The election to use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The most significant impact of the adoption of IFRS 16 has been the need to recognise right-of-use assets and lease liabilities for any buildings previously treated as operating leases that meet the recognition criteria in IFRS 16. Expenditure on operating leases has been replaced by interest on lease liabilities and depreciation on right-of-use assets in the statement of comprehensive net expenditure.

The UKHSA has assessed there is no significant impact on the limited transactions it undertakes as a lessor because IFRS 16 has not substantially changed the accounting arrangements for lessors.

For more details please see note 9.

1.14 Inventories

Consumable inventories are valued at the lower of cost and net realisable value on a first in, first out basis.

Until 30 September 2022, when the COVID Vaccine Unit (CVU) transferred from DHSC to UKHSA, COVID-19 vaccines were donated from the Department for Business, Energy &

Industrial Strategy (BEIS) via DHSC and held at the agreed‘transfer cost’ as recognised by DHSC and UKHSA; this includes VAT and any other costs in bringing the inventory to its current state. The stocks are issued on a first expired, first out (FEFO) basis. Inventory acquisitions are offset by a SoCNE non-cash gain on donation.

From 1 October 2022, when UKHSA assumed responsibility for direct purchasing of COVID-19 vaccines via the CVU, COVID-19 vaccines are initially recognised at cost and thereafter at the lower of cost and net realisable value.

Supportive Medicines, Pandemic Influenza Preparedness Programme (PIPP) stocks bought for use and treatment medicines are held at the lower of cost and net realisable value. The stocks are issued on a FEFO basis.

Test and Trace inventories have been valued per the application of IAS 2. Given the extent of inventory procured that is able to be identified as ordinarily interchangeable i.e., similar items with a similar use such that a product can be reasonably substituted for another, UKHSA has employed the weighted average cost (WAC) basis for deriving the cost of its inventory. A WAC was calculated each month for each functionally interchangeable stock (FIS) category. In determining the appropriate net realisable value, market values were identified for each FIS category. The purpose of holding the

inventory was also considered per the requirements of IAS 2. Exercises such as identifying damaged stock, stock that is not suitable, excess stock or stock close to expiry, have all impacted on the level of impairment of inventory detailed in Note 11.

1.15 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. UKHSA does not hold cash equivalents.

Cash and bank balances are recorded at current values. Interest earned on bank accounts and interest charged on overdrafts are recorded as, respectively, 'interest receivable' and 'interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.16 Provisions

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

The amount recognised as a provision is the best estimate of the expenditure required to settle

the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates. In accordance with the requirements of IAS 37 UKHSA only discounts provisions where the effect of discounting would be material. In 2022-23 no provisions were discounted on materiality grounds.

1.17 Financial Instruments

1.17.1 Financial assets

Financial assets are recognised when UKHSA becomes party to the financial instrument contract or, in the case of trade 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.

Financial assets are classified into the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income

The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

Financial Assets at Amortised cost

Financial assets measured at amortised cost are those held within a business model whose objective is achieved by collecting contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables and other simple debt instruments. After initial recognition these financial assets are measured at amortised cost using the effective interest method less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

Financial assets at fair value through other comprehensive income.

Financial assets held at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

This includes Porton Biopharma Limited (detailed note below).

UKHSA has made the irrevocable election to measure its investments and loans receivable at fair value through other comprehensive income. This means that changes in fair value will not pass through income and expenditure. The election was made as UKHSA does not hold its equity investment in PBL for the purpose of selling it in the near term and, as such, changes in fair value are not taken into account when measuring UKHSA's operational performance.

Impairment of Financial Assets

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, UKHSA recognises a loss allowance representing the expected credit losses on the financial asset.

UKHSA adopts the simplified approach to impairment in accordance with IFRS 9 and measures the loss allowance for trade receivables and other receivables at an amount equal to lifetime expected credit losses.

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England,

Exchequer Funds and Exchequer Funds assets where repayment is ensured by primary legislation. UKHSA therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's lengths bodies and NHS bodies and UKHSA does not recognise allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

1.17.2 Financial Liabilities

Financial liabilities are recognised on the statement of financial position when UKHSA 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 discharged, that is, the liability has been paid or has expired.

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.18 Accounting standards that have been issued but have not yet been adopted

The FReM does not require the following IFRS Standards and Interpretations to be applied in 2022-23.

The below standards are still subject to HM Treasury FReM adoption, with the government implementation date for IFRS 17 still subject to HM Treasury consideration (it is expected to be from 1 Apr 2025):

IFRS 17 Insurance Contracts (which replaces IFRS 4 Insurance Contracts) – Application required for accounting periods beginning on or after 1 January 2021 in non-Government accounting, but not yet adopted by the FReM: adoption is not therefore permitted. The application implications of IFRS 17 as revised have not been fully analysed but are not expected to have a material impact on the accounts for 2022-23, were they applied in that year

1.19 Significant accounting policies and material judgements

Estimates and the underlying assumptions are reviewed on a regular basis by UKHSA's senior management. Provisions and accruals have been included considering all relevant facts as they are known.

Valuation of land and buildings

The fair value of freehold land and buildings is determined by an independent valuation carried out every five years (and on a desktop basis each intervening year) in accordance with guidance issued by the Royal Institute of Chartered Surveyors. Valuation is on an open market (existing use) basis except for buildings of a specialised nature, where a market value is not readily obtainable, which are valued on a depreciated replacement cost in existing use basis. A full valuation was last undertaken on 31 March 2021, and a desktop valuation last undertaken on 31 March 2023, by RICS Registered Valuers from the Valuation Office Agency.

IAS 36 Impairments

Management makes judgements on whether there are any indications of impairment to the carrying amounts of the UKHSA's assets. During the year management has made significant judgements in relation to the impairment of inventories.

Test and trace inventory

Test and trace inventory is subject to an adjustment to its net realisable value where this has dropped below weighted average cost by financial year-end. This impairment reflects a reduction in the market price of these items during the accounting period. A further impairment is subsequently made to the proportion of inventory where UKHSA estimates the items have an expiry date prior to their expected usage date.

The impairment ordering (market price adjustment first followed by the expiry date driven impairment) presents the most transparent view of the individual factors driving the diminution in inventory value. The impairment for fluctuations in market value reflects the full cumulative change in market price of the inventory since the point of purchase, with the impairment of inventory with an expiry date prior to the expected date of usage reflecting only the additional value reduction (based on the net realisable value of the inventory) that would not have been incurred regardless via market price fluctuations. The impairment is estimated based on estimates of future demand and predicts possible losses that may occur in future accounting periods. The overall value of the

impairment remains the same regardless of the ordering of the calculation.

COVID-19 Vaccines

UKHSA is party to a number of contracts for the delivery of COVID-19 vaccines. As a result of the reduction in the prevalence and severity of COVID-19 and the development of new and improved vaccines it is now expected that not all the vaccines delivered will be used. As such, an impairment is made to inventory where UKHSA estimates the items will have an expiry date prior to their expected usage date. The level of impairment is influenced by government policy; for example the cohort size and vaccine type agreed for each vaccination campaign.

IAS 37 Provisions

Judgement is made on the best estimate that can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. These provisions include onerous contract provisions associated with COVID-19 vaccines. These provisions represent UKHSA's best estimate of the value of vaccines UKHSA is committed to purchasing under non-cancellable contracts at 31 March 2023 which will be surplus to requirements.

1.20 Absorption transfers

When functions transfer between two public sector bodies (except for department-to-department transfers) the FReM requires the application of 'absorption accounting'. Absorption accounting requires that entities account for their transactions in the period in which those transactions took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Net Expenditure and is disclosed separately from operating costs.

In 2022-23 three functions transferred into UKHSA. Details of these transfers of functions, including the value of assets and liabilities transferred for each, is included in Note 6 Absorption Transfers.

2 Statement of Operating Costs by Operating Segment

UKHSA's income/expenditure is derived/incurred from four distinct sources, which are primarily and substantially related to its remit to improve public health and reduce preventable deaths. These are:

a. Operational activities as funded through parliamentary supply

b. COVID-19 related activities (excluding vaccines – see notes below)

c. Vaccines and emergency countermeasures (excluding COVID-19 vaccines)
d. COVID-19 Vaccines (including those purchased and managed by the COVID Vaccine Unit – CVU)

UKHSA reports against these four distinct reporting segments as defined within the scope of IFRS 8 (Segmental Reporting) under paragraph 12 (aggregation criteria). UKHSA management consider that all operational activities are inter-related and contiguous and fall within the objectives of improving public health and reducing preventable deaths.

	Operational activities £'000	COVID-19 £'000	Vaccine and Emergency Counter-measures £'000	COVID-19 Vaccines (CVU) £'000	2022-23 Total £'000
Income	**(172,033)**	**576**	**(104,373)**	**(57,665)**	**(333,495)**
Operating expenditure	280,039	1,331,129	685,110	781,418	3,077,694
Staff costs	363,603	115,663	-	2,829	482,095
Depreciation & amortisation	70,212	7,151	42,732	-	120,095
Impairment	22,099	181,512	-	-	203,611
Provisions expense	(22,448)	47,546	-	(331,850)	(306,752)
Total operating expenditure	**713,505**	**1,682,999**	**727,842**	**452,397**	**3,576,743**
Net operating expenditure	**541,472**	**1,683,575**	**623,469**	**394,732**	**3,243,248**
(Gain)/Loss on transfer by absorption	-	(46,613)	-	590,198	543,585
Donated COVID-19 Vaccine	-	-	-	(430,111)	(430,111)
Total net expenditure per statement of comprehensive net expenditure	**541,363**	**1,636,962**	**623,469**	**554,819**	**3,356,722**

	Operational activities £'000	Restated[1] COVID-19 £'000	Vaccine and Emergency Counter-measures £'000	Restated[1] COVID-19 Vaccines £'000	Restated[1] 2021-22 Total £'000
Income	(65,957)	(1,500,457)	1,424,350	-	(142,064)
Gross expenditure	131,702	7,622,957	104,738	1,248,745	9,108,142
Net operating cost	**65,745**	**6,122,500**	**1,529,087**	**1,248,745**	**8,966,077**
(Gain)/Loss on transfer by absorption	(1,072,124)	-	-	-	(1,072,124)
Donated COVID-19 Vaccine	-	-	-	(1,428,531)	(1,428,531)
Total net expenditure per statement of comprehensive net expenditure	**(1,006,379)**	**6,122,500**	**1,529,087**	**(179,786)**	**(6,465,422)**

1 Accounting standards specify that if an operating segment is identified as a reportable segment in the current period in accordance with the quantitative thresholds, that segment data for a prior period presented for comparative purposes shall be restated to reflect the newly reportable segment as a separate segment even if it did not satisfy the criteria for reportability in the prior period. As such, COVID-19 vaccines, which became a reportable segment in 2022-23 following the transfer of the CVU to UKHSA, have been separately disclosed via a restatement in the 2021-22 note, having previously been included within the COVID-19 segment.

Description of segments

Operational activities

Operational activities are undertaken by UKHSA and are funded through parliamentary supply.

Vaccine and Emergency Countermeasures

This operating segment primarily represents the costs of vaccines used on a regular basis in relation to day-to-day public health management, vaccines (excluding COVID-19, discussed above) utilised in public health emergencies, and the costs of maintaining stockpiled goods held for use in national emergencies.

COVID-19

COVID-19 expenditure relates to COVID-19 testing as well as all other activities related to COVID-19 excluding the work of the COVID Vaccine Unit. The COVID-19 operating segment has been restated for FY21-22 to exclude COVID-19 Vaccine consumption.

COVID-19 Vaccines (CVU)

This segment relates primarily to the COVID-19 Vaccine Unit, which is responsible for the procurement of COVID-19 vaccines and transferred to UKHSA from DHSC during 2022-23. For financial year 2022-23, donation income associated with, and consumption of COVID-19 vaccines transferred from the main COVID-19 operating segment to the specific CVU segment.

As such, COVID-19 vaccine donation income and consumption is accounted for via this operating segment for the whole of financial year 2022-23, although the CVU as a whole was only absorbed into UKHSA on 1 October 2022. FY 21-22 figures have been restated to account for the COVID-19 Vaccine transactions as a separate operating segment.

Analysis of the key items of expenditure from Note 4 across the operating segments

Supply of COVID-19 vaccines totalled £879 million and is exclusively disclosed in the COVID-19 vaccines segment as would be expected.

UKHSA experienced inventory revaluations and write offs across all segments. A minority related to UKHSA Core (£220,000) with the remainder relating to all 3 other segments; Vaccine and Emergency Countermeasures £68 million, COVID-19 £50 million and COVID-19 Vaccines £177 million.

Other inventories consumed totalled £517 million and is exclusively disclosed in the Vaccine and Emergency Countermeasures segment.

Virtually all Laboratory consumables and services is within Core and COVID-19 vaccines, £92 million and £525 million respectively.

The above segmentation aligns with reporting to the Executive Committee.

3 Staff costs

	2022-23		
	Permanently employed staff £'000	Other staff £'000	Total £'000
Wages and salaries	201,696	197,420	399,116
Social security costs	20,448	7,692	28,140
Apprenticeship Levy	1,237	-	1,237
Pension costs	42,562	16,082	58,644
Subtotal	**265,943**	**221,194**	**487,137**
Redundancy and other departure costs	746	-	746
Less recoveries in respect of outward secondments	(739)	-	(739)
Less recoveries in respect of staff engaged on capital projects	(5,049)	-	(5,049)
Total net costs	**260,901**	**221,194**	**482,095**

When the 6-month costs of 2021-22 are factored up to a comparable 12 months, a significant (circa 60%) year-on-year reduction in the costs associated with 'Other staff' can be seen. This reflects the significant reduction in full time equivalent (FTE) 'Other staff', both those directly employed on fixed term contracts and off payroll contractor staff, as can be seen in the 'Average number of persons employed' table in the 'Remuneration and Staff Report'. This reflects a year of continued transition for UKHSA. Consistent with the Living with COVID-19 Strategy, UKHSA has moved from an organisation sized to provide its central role in managing the COVID-19

pandemic at its peak to a significantly smaller organisation. This transition included the closure of the COVID-19 test site network, significantly rationalised COVID-19 testing laboratory network and a downsized and reconfigured contact centre infrastructure and organisation. The reduced staff costs reflect UKHSA having stabilised its workforce and significantly reduced its reliance on agency and contractor resource.

	2021-22 Restated[1]		
	Permanently employed staff £'000	**Other staff £'000**	**Total £'000**
Wages and salaries	98,936	268,547	367,483
Social security costs	9,166	5,605	14,771
Apprenticeship Levy	689	-	689
Other pension costs	24,086	12,587	36,673
Subtotal	**132,877**	**286,739**	**419,616**
Redundancy and other departure costs	13	-	13
Less recoveries in respect of outward secondments	(811)	-	(811)
Less recoveries in respect of staff engaged on capital projects	(2,463)	-	(2,463)
Total net costs	**129,616**	**286,739**	**416,355**

1 Permanently employed staff are those with a permanent (UK) employment contract with UKHSA. Other staff comprises all other staff engaged on the objectives of UKHSA; for example, staff on fixed term contracts, agency/ temporary staff and inward secondments where

UKHSA is paying the whole or the majority of their costs. 2021-22 staff costs have been restated to recategorize costs associated with employees on fixed term contracts from permanently employed staff to other staff. The total staff cost for 2021-22 remains unchanged.

Please also see page 212 of the Remuneration and staff report.

4 Other expenditure

	2022-23	Restated[1] 2021-22
Purchase of goods and services	**£'000**	**£'000**
Accommodation	27,351	179,032
Education, training and conferences	2,983	2,657
Supply of COVID-19 vaccines	878,789	1,248,745
Other inventories consumed	517,034	306,569
Laboratory consumables and services	617,799	3,567,578
Legal fees, settlements and claimant costs	(14,849)	89,917
Rentals under operating leases	-	10,436
Research & Development	(527)	1,079
Supplies and services:		
Advertising	4,311	162,952
Consultancy and professional fees	230,410	157,647
IT Licences	44,870	6,845
Vaccines Readiness Payments	41,877	20,498
Other supplies and services	4,033	15,066
Outsourced services	129,388	377,144
Postage and courier	67,609	251,057
Recruitment and welfare	2,706	2,321
Services re COVID-19 testing	997	94,937
Software	17,767	73,040
Storage and distribution services	(12,279)	111,447
Sub-contracted facilities management and sub-contracted services	226,759	1,160,776
Travel and subsistence	3,418	739
Non-cash items:		
Auditor remuneration	650	401
Inventory revaluations & write offs	365,183	441,479
Inventory prepayment impairments	(22,397)	-
Interest charge on lease liabilities	286	-
Total purchase of goods and services	**3,134,168**	**8,282,362**

Other operating expenditure		
Bank charges	444	22
Foreign exchange (gains) / losses	5,947	(13)
Grants	(73,805)	289,389

	2022-23	Restated[1] 2021-22
Capital grants	74	4,314
Non-cash items:		
(Profit) / loss on de-recognition of property, plant and equipment and intangible assets	9,697	60
Unwinding of discounts	915	-
Movement on expected credit losses and bad debt write offs	257	21,633
Total other operating expenditure	**(56,471)**	**315,405**

Depreciation and impairment charges		
Non-cash items:		
Depreciation PPE	93,140	62,491
Depreciation ROU assets	8,021	-
Amortisation	18,932	1,846
Impairments non-current assets	196,916	7,871
ROU asset impairment	6,695	-
Total depreciation and impairment charges	**323,704**	**72,208**

Provision expense		
Provision provided for / (released) in year	(306,753)	21,812
Total provision expenses	**(306,753)**	**21,812**
Total	**3,094,648**	**8,691,787**

1 Expenditure on ‘IT Licences’ and ‘Vaccines Readiness Payments’ have been separately disclosed from 2022-23, the figures having been previously included within ‘Other supplies and services’. Their separate disclosure reflects that for the first time the figures are considered material in the context of UKHSA’s financial statements, in part because the threshold for what is deemed material reduces with the

overall reduction in UKHSA expenditure. The expenditure categorisation in 2021-22 has been restated to ensure year-on-year comparability. Conversely, expenditure on 'Insurance', that was separately disclosed in the published 2021-22 financial statements, is now included within 'Other supplies and services' due to its low value in both this year and the prior year, with the 2021-22 comparatives again restated to ensure comparability. Total expenditure reported in the note is unaffected by these presentational restatements.

In 2020/21 a £70 million cash advance was paid to a vaccine manufacturer and recognised as grant expenditure. The vaccine later became viable after receiving approval from the Medicines and Healthcare Regulatory Authority (MHRA) in 2022/23. The grant expenditure was reversed accordingly in 2022-23, creating the net credit in the 'Grants' line of the above note, and the amount was recognised as a prepayment instead.

Significant expenditure items include:

Supplies and services

Supplies and services includes all expenditure on a number of items including recruitment, office consumables, professional fees, subcontracted

and outsourced services, social marketing, information technology, insurance and software.

Other Inventories consumed

Inventories consumed comprise usage of vaccines (excluding COVID-19) and countermeasures.

Auditor remuneration

The audit fees reflect the notional cost of the National Audit Office's fees for undertaking the audit of the statutory accounts.

5 Income

	2022-23 £'000	2021-22 £'000
Operating income		
Sale of goods and services		
Laboratory and other services	82,175	41,237
Products and royalties	61,425	24,230
Education and training	2,268	959
Vaccines income	104,374	56,525
Total sale of goods and services	**250,242**	**122,951**
Other operating income		
Research and related contracts and grants	12,589	6,543
Grants from the United Kingdom government	50,606	2,280
Grants from the European Union	2,095	749
Rental from investment property	434	212
Other operating income	17,529	9,057
Total other operating income	**83,253**	**18,841**
Finance income		
Interest receivable	-	272
Total finance income	**-**	**272**
Income Total	**333,495**	**142,064**

6 Absorption transfers

Assets and (liabilities) associated with the following functions transferred from the Department of Health and Social Care (MQS and CVU) and National COVID-19 testing system during the period.

The Managed Quarantine Service (MQS) transferred to UKHSA from DHSC on 1 April 2022 having previously overseen, during the COVID-19 pandemic, the provision of managed quarantine services. These included the provision of managed quarantine hotels, COVID-19 tests and other services for individuals entering quarantine following international travel during the period of the pandemic when international travel restrictions were in place. The MQS ceased to actively provide services prior to its transfer to UKHSA, reflecting the removal of all COVID-19 international travel restrictions for passengers entering the UK from 18 March 2022. UKHSA's primary role since inheriting the function has been the management of debt relating to individuals who did not pay in full for the services they received at the time.

The COVID Vaccine Unit (CVU) transferred to UKHSA from DHSC on 1 October 2022. Prior to this date, DHSC was responsible for the procurement of COVID-19 vaccines, donating them to UKHSA for storage and onward distribution.

From 1 October 2022 UKHSA assumed responsibility for purchasing COVID-19 vaccines direct from suppliers, receiving the associated balances from DHSC including prepayments for COVID-19 vaccine purchases (included within Trade and other receivables), inventory related payables and onerous contract provisions. The transferred onerous contract provisions arose when DHSC entered into non-cancellable contracts for the delivery of vaccines for COVID-19 based on the best available medical advice, with enough procured on a reasonable worst-case basis to ensure all citizens would receive the necessary number of doses. Due to the reduction in the prevalence and severity of COVID-19 and the development of new and improved vaccines, at the date of transfer it was expected that not all the doses DHSC was, and now UKHSA is, committed to purchasing will be used, with £781,930,290 of onerous contact provisions transferred to reflect this. The value of these provisions has been reassessed at the balance sheet date and can be seen in Note 17 Provisions.

The National Coronavirus Testing System Organisation Led Testing component (OLT) transferred from NHS Digital to UKHSA on 1 April 2022. Delivery of OLT was entirely supplier-led, and the supplier relationship also transferred.

	MQS £'000	CVU £'000	National COVID-19 testing system £'000	2022-23 Total £'000
Intangible assets	-	-	6,407	**6,407**
Trade and other receivables	95,591	687,518	-	**783,109**
Trade and other payables	(55,386)	(495,785)	-	**(551,171)**
Provisions	-	(781,930)	-	**(781,930)**
Total	**40,205**	**(590,197)**	**6,407**	**(543,585)**

	PHE £'000	DHSC £'000	2021-22 Restated Total £'000
Non-current assets	782,769	145,674	**928,443**
Intangible assets	24,158	2,945	**27,103**
Investment property	15,491	-	**15,491**
Investments	77,189	-	**77,189**
Trade and other receivables	99,607	111,404	**211,011**
Trade and other payables	(198,542)	(1,515,273)	**(1,713,815)**
Inventory	776,146	794,123	**1,570,269**
Provisions	(17,484)	(63,237)	**(80,721)**
Cash	37,155	-	**37,155**
Total	**1,596,489**	**(524,364)**	**1,072,125**

The 2021-22 total non-current assets has been restated from £928,103k to £928,443k due to a typographical error.

7 Property, plant and equipment

	Land £'000	Buildings (excluding dwellings) £'000	Fixtures and fittings £'000	Plant and Equipment £'000	Information technology £'000	Stockpiled Goods £'000	Assets under construction (AUC) £'000	2022-23 Total
Cost								
At 1 April 2022	48,850	155,265	2,922	108,752	37,074	361,159	503,113	**1,217,135**
Immaterial corrections of prior period errors	-	(48)	(399)	(30)	(786)	7,326	-	**6,063**
Reclassification of assets	-	(17,239)	11,102	4,628	-	-	(38,108)	**(39,616)**
Transfer to inventory	-	-	-	-	-	(125)	-	**(125)**
Impairment	-	(13,827)	(11)	(23,456)	(97)	-	(164,511)	**(201,903)**
Additions	-	-	380	3,152	43	22,781	176,154	**202,509**
Transfer of AUC	-	75,097	11,452	51,507	13,526	-	(151,582)	**0**
Revaluations	250	10,851	133	4,211	-	-	-	**15,445**
Disposal	-	(7,461)	(366)	(9,917)	(2,496)	(41,916)	(784)	**(62,941)**
At 31 March 2023	**49,100**	**202,638**	**25,213**	**138,846**	**47,263**	**349,225**	**324,282**	**1,136,568**
Depreciation								
At 1 April 2022	-	27,911	2,137	64,133	30,313	151,953	-	**276,447**
Immaterial corrections of prior period errors	-	(263)	(19)	(12)	(1,057)	33,838	-	**32,487**
Reclassification of assets	-	(7,352)	7,131	178	-	-		**(44)**
Impairment		-	(3)	(7,426)	(29)	-		**(7,458)**
Charge for year	-	25,269	2,134	17,613	6,869	41,255	-	**93,141**
Revaluations	-	(37,419)	100	3,148	-	-	-	**(34,170)**
Disposal		(6,479)	(315)	(6,456)	(2,494)	(41,915)	-	**(57,659)**
At 31 March 2023	**-**	**1,668**	**11,165**	**71,178**	**33,601**	**185,131**	**-**	**302,743**
Carrying value								
At 31 March 2023	**49,100**	**200,970**	**14,048**	**67,668**	**13,662**	**164,094**	**324,282**	**833,825**
At 31 March 2022	48,850	127,354	785	44,619	6,761	201,254	503,113	**932,736**

All assets were owned by UKHSA. Any ROU assets are disclosed within note 9, leases.

	Land £'000	Buildings (excluding dwellings) £'000	Fixtures and fittings £'000	Plant and Equipment £'000	Information technology £'000	Restated1 Stockpiled Goods £'000	Assets under construction (AUC) £'000	2021-22 RESTATED[1] Total
Cost								
At 1 April 2021	-	-	-	-	-	-	-	**-**
Transfer by absorption	48,850	155,364	2,846	113,498	37,073	384,035	430,071	**1,171,737**
Reclassification of assets	-	-	-	-	-	16	-	**16**
Transfer to inventory	-	-	-	-	-	(33)	-	**(33)**
Impairment	-	-	-	-	-	-	(7,871)	**(7,871)**
Additions	-	295	83	4,317	336	941	80,913	**86,885**
Revaluations	-	-	26	1,217	-	-	-	**1,243**
Disposal	-	(394)	(33)	(10,280)	(335)	(31,752)	-	**(42,794)**
At 31 March 2022	**48,850**	**155,265**	**2,922**	**108,752**	**37,074**	**353,207**	**503,113**	**1,209,183**
Depreciation								
At 1 April 2021								
Charge for year	-	9,491	121	5,674	1,863	45,342	-	**62,491**
Revaluations	-	-	17	646	-	-	-	**663**
Transfer by absorption	-	18,814	2,010	57,853	28,450	130,411	-	**237,538**
Disposal	-	(394)	(11)	(40)	-	(23,800)	-	**(24,245)**
At 31 March 2022	**-**	**27,911**	**2,137**	**64,133**	**30,313**	**151,953**	**-**	**276,447**
Carrying value								
At 31 March 2022	**48,850**	**127,354**	**785**	**44,619**	**6,761**	**201,254**	**503,113**	**932,736**
At 31 March 2021	-	-	-	-	-	-	-	**-**

1 2021-22 Stockpiled Goods have been restated to include £7,952,000 of disposals omitted from the note in error. This restatement ensures consistency between Note 7 and the Statement

of Financial Position.

All assets were owned by UKHSA and no finance leases were held.

8 Intangible assets

	Software and software licences £'000	Website £'000	Assets Under Construction £'000	2022-23 Total £'000
Cost or valuation				
At 1 April 2022	44,314	2,572	19,613	**66,499**
Immaterial corrections of prior period errors	(2,092)	-	(5)	**(2,097)**
Transfers under absorption accounting - NHS digital	8,145	-	-	**8,145**
Additions	555	-	3,031	**3,585**
Reclassification of assets	-	-	38,108	**38,108**
Transfer from AUC	39,566	-	(39,565)	**-**
Disposal	(16,416)	-	-	**(16,416)**
At 31 March 2023	**74,071**	**2,572**	**21,181**	**97,824**
Amortisation				
At 1 April 2022	32,137	2,376	-	**34,513**
Immaterial corrections of prior period errors	(2,978)	-	(23)	**(3,001)**
Transfers under absorption accounting - NHS digital	1,737	-	-	**1,737**
Charge for year	18,834	99	-	**18,932**
Disposal	(8,780)	-	-	**(8,780)**
At 31 March 2023	**40,949**	**2,475**	**(23)**	**43,401**
Carrying value				
At 31 March 2023	**33,122**	**97**	**21,204**	**54,423**
At 31 March 2022	12,177	196	19,613	**31,986**

	Software and software licences £'000	Website £'000	Assets Under Construction £'000	2021-22 Total £'000
Cost or valuation				
At 1 April 2021				
Transfers under absorption accounting PHE	28,795	2,572	16,762	48,129
Transfers under absorption accounting DHSC	2,944	-	2,942	5,886
Additions	11,124	-	211	11,335
Reclassification of assets	1,579	-	-	1,579
Transfer from AUC	302	-	(302)	-
Disposal	(430)	-	-	(430)
At 31 March 2022	**44,314**	**2,572**	**19,613**	**66,499**

Amortisation				
At 1 April 2021				
Transfer under absorption accounting	30,351	2,316	-	32,667
Charge for year	1,786	60	-	1,846
At 31 March 2022	**32,137**	**2,376**	**-**	**34,513**

Carrying value				
At 31 March 2022	**12,177**	**196**	**19,613**	**31,986**
At 31 March 2021	**-**	**-**	**-**	**-**

All assets were owned by UKHSA and no leases where held.

UKHSA receives material income in relation to royalties earned on end sales of a product called Dysport (which make up the majority of Note 5's "Products and Royalties"). The development work which resulted in the ongoing royalties has been

considered against IAS 38 Intangible Assets, as adapted by HM Treasury's Financial Reporting Manual (FReM). The valuation of the asset is immaterial and as such UKHSA has taken the decision not to hold a corresponding intangible asset on its balance sheet in relation to this income.

9 Leases

9.1 Right of Use Assets

	2022-23 Property and Land £'000
Cost	
As at 1 April 2022	41,622
Impairment	(6,695)
As at 31 March 2023	**34,927**

Depreciation	
As at 1 April 2022	-
In year charge	(8,021)
As at 31 March 2023	**(8,021)**

Net Book Value at 31 March 2023	**26,906**

9.2 Lease Liabilities

Maturity Analysis – contractual undiscounted cashflows

	£'000
Less than one year	7,601
One to five years	12,851
More than five years	9,380
Total undiscounted cash liability as at 31 March 2023	**29,832**

Less interest element	(1,236)
Total liability as at 31 March 2023	**28,596**

Current Liability	7,732
Non-Current Liability	20,864
Total Liability as at 31 March 2023	**28,596**

9.3 Amounts Recognised in SOCNE

Amounts Recognised in SOCNE	£'000
Finance cost on lease liability	286
Depreciation ROU assets	8,021
ROU asset impairment	6,695
	15,002

9.4 Amounts Recognised in SOCF

Amounts Recognised in SOCF	£'000
Total Cash Outflow for Leases	8,906

9.5 Transitional Disclosures

Changes in Accounting Policies as a result of IFRS 16

As a result of the implementation of IFRS 16, the organisation now recognises right-of-use assets and lease liabilities for most leases. Previously, under IAS 17, leases were classified as either finance or operating leases, with the former being recognised when significantly all the risks and rewards associated with the underlying asset were transferred to the group. Only these would have been brought onto the balance sheet under IAS 17.

The organisation did not have any leases which had been previously classified as finance leases under IAS 17. For leases which were previously classed as operating leases, lease liabilities were measured at the present value of the remaining

lease payments and discounted at the treasury defined rate of 0.95%. As per FReM guidance, a right-of-use asset was recognised at an equal value to the lease liability, adjusted for prepayments/ accruals at the transition date. The only exception to this was where the RoU asset value was significantly different from the lease liability, for example in relation to peppercorn leases.

Impact on the Financial Statements

On transition to IFRS 16, the organisation recognised £41.6m in right-of-use assets, and £37.2m in lease liabilities, recognising the majority of the difference in taxpayers' equity (£3.1m) in relation to peppercorn leases. The remaining difference relates to up-front payments being drawn down over the lifetime of the lease (£98,000). When measuring lease liabilities, these were discounted at the treasury defined rate of 0.95%.

IFRS 16 transitional movements for the liability element are reported via "other differences". This is because supporting records for the prior year disclosures are limited, and as such a line-by-line comparison assessing the cause of the variations is impracticable. To ensure this had no impact on the 2022-23 opening or closing balances, a reassessment of leases was completed from scratch. All leases are therefore appropriately accounted for under IFRS 16, and the below

transition note shows the movement between 2021-22 disclosed closing operating lease commitments and 2022-23 opening IFRS 16 liabilities.

	£'000
Operating lease commitment as at 31 March 2022 (Restated)	36,843
Other Adjustments	375
Lease Liability Recognised as at date of initial application	37,218

An operating leases note for low value and short term leases has not been included due to its trivial amount. The prior year's note has been included below for reference:

Obligations under operating leases for the following periods comprise:

	2021-22 £'000		
	Land and buildings	Other	Total
Not later than one year	14,823	118	14,941
Later than one year and not later than five years	22,989	36	23,025
Later than five years	3,614	-	3,614
	41,426	**154**	**41,580**

10 Financial instruments

	31 March 2023 £'000	Restated[1] 31 March 2022 £'000s
Financial assets		
Measured at fair value through other comprehensive income	-	18,350
Of which equity instruments designated as such upon initial recognition	-	18,350
Measured at amortised cost	540,609	531,034
	540,609	**549,384**
Financial liabilities		
Measured at amortised cost	422,587	2,101,467
	422,587	**2,101,467**

1 Total financial assets at 31 March 2022 have been restated (from £531,384,000 to £549,384,000) to correct an arithmetic error in the prior year published Note.

Due to the largely non-trading nature of its activities, and the way in which it is financed, UKHSA is not exposed to the degree of financial risk faced by most other business entities. UKHSA has no authority to borrow or to invest without the prior approval of the Department of Health and Social Care and HM Treasury. Financial instruments held by UKHSA comprise mainly assets and liabilities generated by day-to-day operational activities and its investment in Porton Biopharma

Ltd (see note 14) and are not held to change the risks facing UKHSA in undertaking its activities.

Credit Risk

UKHSA holds significant values of trade and other receivables. The majority of these are intra-government receivables and therefore give rise to low exposure to credit risk. However, UKHSA is exposed to material credit risk in relation to the managed quarantine service. This is discussed further in Note 13.

Liquidity Risk

The organisation is required to operate within revenue and capital resource limits, which are financed from resources voted annually by Parliament. The organisation draws down cash to cover expenditure, as the need arise and is not, therefore, exposed to significant liquidity risks.

Market risk

UKHSA recognises its investment in Porton Biopharma Ltd as a financial asset held at fair value through other comprehensive income. There is a risk that the fair value of Porton Biopharma Ltd will fluctuate because of changes in market process for its flagship product although at 31 March 2023 the risk has diminished given the financial asset

has been valued at nil. As UKHSA has made the irrevocable election to measure its investment at fair value through other comprehensive income, any changes would impact UKHSA's reserves only.

Foreign currency risk

UKHSA operates foreign currency bank accounts to handle transactions denominated in Euro (€) and US Dollar ($). This helps to manage potential exposure to exchange rate fluctuations. The fair value of cash is the same as the book value as at the statement of financial position date.

Foreign currency income and bank balance were immaterial.

Since the 1st of October 2022 UKHSA is now responsible for the procurement of COVID-19 vaccinations. As part of this requirement they agency deals with international suppliers of which there is potential exposure to foreign currency exchange risk. The foreign currency bank accounts that handle transactions in foreign currency help mitigate some of these financial translation risks

11 Impairments

	Charged to statement of comprehensive net expenditure £'000	Charged to revaluation reserve £'000	2022-23 Total £'000
Property, plant and equipment	(194,445)	(49,616)	(244,061)
Lateral flow tests	(223,805)	-	(223,805)
Other Test and Trace COVID-19 inventory	(72,739)	-	(72,739)
COVID-19 vaccine inventory	(1,270)	-	(1,270)
Inventory prepayments	22,397	-	22,397
Other inventory	(68,000)	-	(68,000)
Right of use assets	(6,695)	-	(6,695)
Total	**(544,557)**	**(49,616)**	**(594,173)**

	Charged to statement of comprehensive net expenditure £'000	Charged to revaluation reserve £'000	2021-22 Total £'000
Property, plant and equipment	7,871	-	7,871
Lateral flow tests	(25,000)	-	(25,000)
Other Test and Trace COVID-19 inventory	172,773	-	172,773
COVID-19 vaccine inventory	221,221	-	221,221
Other inventory	83,192	-	83,192
Total	**460,057**	**-**	**460,057**

UKHSA has, as at the year-end, considered the inventory it holds and whether there are any indications of impairment. Impairments are an estimated accounting adjustment that attempt to fairly represent the value of assets held at a point in time. The majority of test and trace inventory

held at year end was purchased in late December 2021 and has been utilised since that time to meet testing demand in line with testing policies (including the current Living with COVID-19 Strategy).

For the purpose of producing the accounts for this financial year, UKHSA has to make a point in time assessment of whether it considers that it is holding inventory in excess of that which is likely to be used. In such cases where this is judged to be the case, any excess inventory held is impaired to £nil. This assessment has led to an impairment of £298 million for test and trace inventory. The vast majority of the impairment relating to test devices (including LFDs and PCR) is driven by a point in time assessment of likely excess stock. Impairments are not the same as permanent write-offs or write-downs given it is possible for impairments to be reversed in future years, for example were demand to be higher than currently estimated. See Note 1.19 for more detail on the nature of test and trace and COVID-19 vaccine inventory impairments. Impairments relating to COVID-19 vaccines held have been updated in line with requirements for events after the reporting period to account for adjusted recommendations around cohort size and vaccine type for upcoming vaccination campaigns.

The property, plant and equipment impairments predominantly relate to assets associated with the Rosalind Franklin Laboratory that was built to increase PCR testing capacity for the COVID-19 pandemic but ceased testing from 17 January 2023 as demand for testing reduced as part of the Living with COVID Strategy. As the associated assets no longer have a value in use and are deemed to have no alternative use/residual value they have been impaired to £nil accordingly.

12 Inventories

	Other vaccines £'000	COVID-19 vaccines £'000	Test and trace consumables £'000	Other consumables £'000	2022-23 Total £'000
Balance at 1 April 2022	467,812	264,107	361,119	9,445	**1,102,483**
Donated additions	-	430,111	-	-	**430,111**
Additions	548,980	681,434	137,260	11,351	**1,379,025**
Transfers from provisions	-	(221,409)	-	-	**(221,409)**
Transferred to / (from) stockpiled goods	159	-	-	-	**159**
Consumed/Disposed of	(516,999)	(881,417)	(177,415)	(12,023)	**(1587,854)**
Written Down (reversals)	(68,220)	(1,270)	(296,544)	220	**(365,814)**
Balance at 31 March 2023	**431,732**	**271,556**	**24,420**	**8,993**	**736,701**

	Other vaccines & medicines £'000	COVID-19 vaccines £'000	Restated Test and trace consumables £'000	Other consumables £'000	Restated 2021-22 Total £'000
Balance at 1 October 2021					
Transfer by absorption	470,145	296,393	794,123	9,608	**1,570,269**
Additions	372,297	1,428,534	2,291,108	9,406	**4,101,345**
Transferred to / (from) stockpiled goods	33	-	-	-	**33**
Consumed/disposed of	(291,471)	(1,239,599)	(2,576,339)	(9,567)	**(4,116,976)**
COVID-19 Vaccines donated	-	-	-	-	**-**
Written down	(83,192)	(221,221)	(147,773)	-	**(452,186)**
Revaluation	-	-	-	-	**-**
Other	-	-	-	(2)	**(2)**
Balance at 31 March 2022	**467,812**	**264,107**	**361,119**	**9,445**	**1,102,483**

The COVID-19 vaccines donated additions of £430,111,000 were donated by the Department of Health and Social Care to UKHSA prior to the transfer of the COVID Vaccines Unit to UKHSA.

From 1 October 2022 UKHSA became responsible for the direct procurement of COVID-19 vaccines.

UKHSA undertook its last substantial procurement of test and trace inventory in December 2021 under Ministerial direction to allow UK government to meet future demand in line with testing policy at the time noting that Omicron was prevalent and there were concerns around surety of supply and the capacity and capability of the supply chain.

This procurement strategy has allowed the UK Government to continue to support testing in accordance with the Living with COVID strategy. This inventory has been impaired as the living with COVID-19 strategy has significantly reduced test demand and as such these tests are not expected to be used prior to expiry. They remain available for use should demand change.

2021-22 Test & Trace consumable figures are restated to reflect a change in accounting treatment to recognise that UKHSA did not control inventories relating to pillar 1 laboratories and as a result pillar 1 consumables should have been directly expensed. This means that £728 million of additions and consumption has been removed from this note. They continue to be accurately reflected in Note 4 in line with the prior year.

13 Trade receivables and other assets

	2022-23 £'000	2021-22 Restated[1] £'000
Amounts falling due within one year		
Accrued income	90,226	41,748
Contract receivables	107,572	49,048
Expected credit losses	(52,667)	(500)
Other receivables	237,619	84,884
Prepayments	131,397	27,939
Taxation	2,235	122,206
	516,382	**325,325**
Amounts falling due after more than one year		
Leasehold premium prepayment	18	18
Prepayments	145,295	-
	145,313	**18**

1 Expected credit losses (ECL) were material for the first time in 2022-23 and have therefore been separately disclosed. In FY 2021-22 ECL stood at £0.5 million and related to the overall balance held by UKHSA of trade and other receivables.

In 2022-23, of the £52.7 million closing expected credit losses balance £51.0 million relates to debt associated with the Managed Quarantine Service (MQS), a function that transferred from DHSC to UKHSA on 1 April 2022. At the date of transfer the inherited expected credit loss associated with MQS debt was £51.9 million.

Whilst immaterial, prior year figures have been restated to separately disclose expected credit losses rather than netting them off the contract receivables balance to which they relate. This

ensures year-on-year presentational consistency. The restatement is presentational only with the overall receivables balance remaining unchanged.

	£'000
Balance at 1 April 2022	**500**
Lifetime expected credit loss on credit impaired financial assets	-
Lifetime expected credit losses on trade and other receivables- Stage 2	183
Lifetime expected credit losses on trade and other receivables- Stage 3	44
Credit losses recognised on purchase originated credit impaired financial assets	-
Amounts written off	48
Financial assets that have been derecognised	-
Changes due to modifications that did not result in derecognition	-
Transfer by Absorption from other entity	51,892
Other changes	-
Total	**52,667**

14 Investment in Porton Biopharma Limited

	2022-23 £'000
Equity investment in Porton Biopharma Ltd measured at fair value through other comprehensive income	
Opening balance as at 1 April 2022	18,350
Purchase of shares	-
Revaluation gain/ (loss)	(18,350)
Closing balance as at 31 March 2023	**-**

	2021-22 £'000
Equity investment in Porton Biopharma Ltd measured at fair value through other comprehensive income	
Opening balance as at 1 October 2021	70,400
Purchase of shares	2,000
Revaluation gain/ (loss)	(54,050)
Closing balance as at 31 March 2022	**18,350**

UKHSA measures its equity investment in Porton Biopharma Limited at fair value. As a non-preferential shareholder UKHSA has assessed the fair value of its investment in Porton Biopharma Limited to be £nil at 31 March 2023.

15 Cash and cash equivalents

	2022-23 £'000	2021-22 £'000
Balance as at 1 April 2022 / 1 October 2021	215,598	-
Net change in cash and cash equivalents	(59,974)	215,598
Balance as at 31 March	**155,624**	**215,598**

The following balances at 31 March were held at:		
Government Banking Service	155,623	215,596
Cash in hand	1	2
Balance as at 31 March	**155,624**	**215,598**

16 Trade payables and other current liabilities

	2022-23 £'000	2021-22 £'000
Current - Amounts falling due within one year		
Accruals	351,450	1,945,680
Deferred income	12,982	44,201
Other payables	21,986	4,557
Other taxation and social security	14,270	24
Trade payables	20,554	154,500
	421,242	**2,148,962**

Finance lease liabilities	7,732	-
Total Current Liabilities	**428,974**	**2,148,962**

Non-Current - Amounts falling due after more than one year		
Finance lease liabilities	**20,865**	**-**
Total Non-Current Liabilities	**20,865**	**2,148,962**

17 Provisions & contingent liabilities

17.1 Provisions

	Other provisions £'000	Dilapidations and decommissions provision £'000	Contractual entitlement claims £'000	CVU Onerous Contract Provisions £'000	2022-23 Total £'000
Balance as at 1 April 2022	1,563	100,255	13,146	-	**114,964**
Prior period corrections	81,973	(81,973)	-	-	**-**
Transferred under absorption accounting (note 1.20)	-	-	-	781,930	**781,930**
Transferred to inventory	-	-	-	(221,409)	**(221,409)**
Transfer to accruals	(11,238)	-	-	-	**(11,238)**
Provided in the year	60,395	-	5	-	**60,400**
Provisions not required written back	(31,038)	(4,263)	-	(331,851)	**(367,152)**
Provisions utilised in the year	(32,553)	(11)	-	-	**(32,564)**
Borrowing costs (unwinding of discount)	-	915	-	-	**915**
Balance as at 31 March 2023	**69,102**	**14,923**	**13,151**	**228,670**	**325,846**

Analysis of timing of discounted cashflows					
Current					
Not later than one year	67,268	597	13,034	227,247	308,147
Total	**67,268**	**597**	**13,034**	**227,247**	**308,146**

Non Current					
Later than one year and not later than five years	1,607	14,083	48	1,423	17,161
Later than five years	227	243	69	-	539
Total	**1,834**	**14,326**	**117**	**1,423**	**17,700**
Balance at 31 March 2023	**69,102**	**14,923**	**13,151**	**228,670**	**325,846**

	Other provisions £'000	Dilapidations and decommissions provision £'000	Contractual entitlement claims £'000	2021-22 Total £'000
Balance as at 1 October 2021	-	-	-	-
Transferred under absorption accounting (note 1.20)	1,601	64,054	15,066	80,721
Provided in the year	-	87,003	80	87,083
Provisions not required written back	(4)	(12,330)	(2,000)	(14,334)
Provisions utilised in the year	(34)	(38,471)	-	(38,505)
Balance as at 31 March 2022	**1,563**	**100,256**	**13,146**	**114,965**

Analysis of timing of discounted cashflows				
Current				
Not later than one year	**879**	**84,373**	**13,031**	**98,283**

Non Current				
Later than one year and not later than five years	414	15,580	48	16,042
Later than five years	270	303	67	640
Total	**684**	**15,883**	**115**	**16,682**
Balance at 31 March 2022	**1,563**	**100,256**	**13,146**	**114,965**

Other Provisions relates primarily to Test and Trace, and includes estimated future storage and disposal costs for fully impaired inventory, as well as a transfer in of decommissioning costs for testing labs. These were mainly utilised during the year or reversed unutilised as actual costs came through.

It also includes legal provisions and provisions for early retirement, totalling less than £1 million.

Dilapidations and decommissioning provisions relate primarily to Test and Trace property, and include the expected costs of returning leased property to the standards required by the lease.

Contractual entitlements and claims relates primarily to monies owed in relation to deferred pension scheme members for the UK Atomic Energy Authority defined benefit pension scheme.

CVU onerous contract provisions relate to non-cancellable contracts for inventory, not yet delivered but where the inventory is not expected to be used. These were adjusted in year as a result of receipt of the inventory, and changes to usage estimates both up to and following 31 March 2023.

17.2 Contingent liabilities

UKHSA holds a variety of contingent liabilities requiring disclosure under IAS 37. All are either unquantifiable to within a material range or the sums involved are highly commercially sensitive and disclosure would risk prejudicing ongoing negotiations. Additional remote contingent liabilities are disclosed in the annual report, on page 249.

UKHSA is involved in a variety of material contract disputes, two over £300,000, primarily relating to contracts let in response to the COVID-19

Pandemic. Some of these have associated financial risks, which constitute a contingent liability for the organisation. No further disclosures are made to avoid prejudicing ongoing negotiations.

18 Financial and capital commitments

UKHSA has entered into a number of non-cancellable contracts (which are not leases or PFI contracts or otherwise disclosed in these financial statements). The future payments to which UKHSA is committed under these contracts are as follows.

Financial Commitments

	31 March 2023 £'000	31 March 2022 £'000
< 1 year	486,968	34,879
1 – 5 years	2,689,116	-
>5 years	1,898,877	-
	5,074,961	**34,879**

The note above discloses commitments to future expenditure on COVID-19 and other vaccinations not otherwise disclosed elsewhere in these financial statements. The majority of the disclosed commitments relate to anticipated spend under non-cancellable contracts that commit the agency to future expenditure in the procurement of vaccines as well as any milestone payments

relating to the Moderna Strategic Partnership. These payments are likely to be material. Whilst these contracts are non-cancellable, in some instances the future expenditure is dependent on conditions being met and as such the commitment disclosed is an estimate of likely future expenditure.

Capital commitments

	31 March 2023 £'000	31 March 2022 £'000
Contracted capital commitments at 31 March not otherwise included in these accounts		
Property, plant and equipment	1,615	34,267
Intangible assets	-	9,459
	1,615	**43,726**

19 Investment Property

	2022-23 £'000	2021-22 £'000
Buildings leased to Porton Biopharma Ltd		
Opening balance	15,491	-
Transfer by absorption	-	15,491
Reclassification of assets	-	-
Impairment	(255)	-
Revaluations	-	-
Closing balance	**15,236**	**15,491**

20 Related party transactions

UKHSA is an executive agency of the Department of Health and Social Care, which is regarded as a related party. During the year, UKHSA has had various material transactions with DHSC itself and with other entities for which DHSC is regarded as the parent entity. These include NHS bodies including NHS Resolution, the NHS Business Services Authority, NHS England, Clinical Commissioning Groups/Integrated Care Boards, Commissioning Support Units, NHS Trusts and NHS Foundation Trusts.

In addition, UKHSA has had transactions with other government departments and central government bodies. These include the Home Office, the Ministry of Defence, Food Standards Agency, Department for Environment, Food and Rural Affairs and Medical Research Council.

During the year ended 31 March 2023, no Advisory Board member, member of senior management or other party related to them has undertaken any material transactions with UKHSA except for those shown in the table below.

Further information on compensation paid to management can be found in the Remuneration and Staff Report.

Related party	1. Name of the UKHSA Board Member or senior manager 2. UKHSA Appointment 3. Related Party Appointment	2022-23 Value of goods and services provided to related party £'000	2022-23 Value of goods and services purchased from related party £'000	2022-23 Amounts owed to related party £'000	2022-23 Amounts due from related party £'000
Porton Biopharma Limited	1. Donald Shepherd 2. Finance and Commercial Director (from September 2019) 3. Non Executive Board Member (from November 2019)	13,606	432	431	3,032

Related party	1. Name of the UKHSA Board Member or senior manager 2. UKHSA Appointment 3. Related Party Appointment	2021-22 Value of goods and services provided to related party £'000	2021-22 Value of goods and services purchased from related party £'000	2021-22 Amounts owed to related party £'000	2021-22 Amounts due from related party £'000
Porton Biopharma Limited	1. Richard Gleave 2. Chief Operating Officer 3. Non Executive Board Member (until July 2020) 1. Donald Shepherd 2. Finance and Commercial Director (from September 2019) 3. Non Executive Board Member (from November 2019) 1. Michael Brodie 2. Finance and Commercial Director (until August 2019) 3. Non Executive Board Member (until August 2019)	**18,143**	**4,083**	**-**	**12,034**

21 Events after the reporting period date

UKHSA continues to pursue a variety of material contract disputes, primarily relating to contracts let in response to the COVID-19 Pandemic. Where updated information has become available after the balance sheet date, giving evidence of conditions present at the balance sheet date, accounting balances and disclosures have been accordingly updated.

UKHSA holds stocks of vaccines for COVID-19, to be used in accordance with JCVI guidance. The final recommendations issued by the JCVI for the Autumn 23 campaign differed from UKHSA's assumptions around the eligible groups. As a result, there was a material difference in the estimates as at 31st March 2023 and the date of signing. This updated information has been used to inform the production of the accounts and they have been accordingly updated.

The accounts were authorised for issue by the Accounting Officer on the date of the Audit Certificate of the Comptroller and Auditor General.

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