

Human Fertilisation and Embryology Authority

Annual report and accounts 2023-24

For the period 1 April 2023 to 31 March 2024

Presented to Parliament pursuant to sections 6 and 7 of the Human Fertilisation and Embryology Act 1990 as amended by paragraph 3 of schedule 7 of the Human Fertilisation and Embryology Act 2008.

Ordered by the House of Commons to be printed on **25 July 2024**



© Crown copyright 2024

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at: Human Fertilisation and Embryology Authority, 2 Redman Place, London, E20 1JQ enquiryteam@hfea.gov.uk

ISBN 978-1-5286-4843-1

E-Number: E03118217 7/24

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

Contents

Chief Executive's foreword	5
Performance Report	8
Overview	9
Performance analysis	17
Accountability Report	25
Corporate governance report	26
Remuneration and Staff report	40
Parliamentary accountability and audit report	52
Financial statements	60

Chief Executive's foreword

This has been another successful and busy year for the HFEA and the assisted reproduction sector generally. There have been a number of major pieces of work, with donation policy playing a particularly significant part of this year, as we prepared for the Opening of the Register for donor conceived people from October 2023. This year also saw significant policy and communication successes, notably on our work on Law Reform to modernise the Act (the UK's 33-year-old fertility law). We also received a very positive outcome and set of recommendations from the independent Public Body Review of the HFEA.

We began the year with an ambitious business plan, and I am pleased to say we have successfully delivered against our strategic aims. In terms of highlights from our core regulatory activity this year we have:

- Effectively managed licences for treatment and research despite continuing pressures on our inspectors caused by increased sector activity, staff turnover / absence and the challenge of complex regulatory issues in a small number of clinics. Concerns found at inspection or raised through other means, such as whistleblowing, have led to these clinics having enhanced regulatory oversight with one clinic having its licence suspended.
- Dealt with 68 complex patient complaints (of which 10 were classified as formal complaints) against clinics and 774 incidents.
- Approved 200 new conditions for embryo testing.
- Dealt with an increasing number of requests for access to our Register from donor conceived people.
- Responded to 17 PQs in 2023-24, 64 FOI requests and many other requests for access to information from our Register and about 2000 public enquiries and media enquiries.
- Reached more patients than ever – our website views increased from 2.2m in May 2022 – April 2023 to 7.2m in May 2023 – April 2024.
- Continued to publish high quality statistical and policy reports all of which had significant coverage in the national media and cement the HFEA data as the definitive source for journalists and researchers covering relevant topics.
- Increased media coverage by over 30% compared to the previous year.
- Issued a Call to Action jointly with Royal Colleges (RCOG and RCGP).
- Embedded our new approach to strategic risk as overseen by our Audit and Governance Committee.

Public Bodies Review Programme

The Independent review of the HFEA took up a large amount of our focus in the early part of the year but the final report and recommendations¹, confirming that the HFEA should remain an executive NDPB, was a welcome endorsement of the work we do and the quality and commitment of the staff and Authority. The 15 recommendations for the HFEA included in the report largely follow work that we have already planned. We have already raised our fees in 2024/25 as recommended.

¹ [Independent review of the Human Fertilisation and Embryology Authority \(HFEA\): final report and recommendations - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Modernising the Act

We submitted proposals for law reform to the Department in November, following an extensive programme of policy development and consultation over the preceding months. The 15 proposals have broad support among most of our stakeholders and we stand ready to engage with a new government on these proposals at the earliest opportunity.

Opening the Register

Opening the Register is the process whereby donors, parents and donor conceived individuals can access information from the HFEA register. A change in the law in 2005 had an impact in 2023 as donor conceived individuals now have the option of applying for identifying information about their donor once they reach the age of eighteen. There has been significant public interest, reinforced by wide press coverage, with the number of applications for information increasing this year by over 65% and set to continue. We have provided detailed advice and guidance to ensure that there is good awareness of people's rights, as well as advising applicants on the process and what they should take into account when considering applying for donor information.

Treatment add-ons

The HFEA agreed a new rating system for add-ons (optional non-essential treatments that may be offered in addition to proven fertility treatment) in November, bringing to an end a policy process that has lasted over two years. The new five-point rating system has been well received. The HFEA was the first regulatory body in the world to rate treatment add-ons and the fact that our lead is now being copied by others (e.g. regulators in Australia and professional bodies in Europe) is further evidence that the UK regulatory regime remains innovative.

Data reports and dashboard

This year continued to see us make good use of our data, issuing well-received publications on the overall state of fertility treatment (our annual Fertility Trends in June) and on the degree of compliance in the fertility sector (our annual State of the Sector report in September). In addition, we issued the second of our periodic reports on ethnic diversity in fertility treatment.

In January of this year, we launched a new fertility dashboard which allows users to customise the data we hold over the last 30 years by age, IVF treatment and view success rates for a particular group by UK nation and region. We think this dashboard is the first of its kind in the world and marks a step change in information transparency. The information could be particularly useful to researchers, who can now access vital data about fertility treatment in the UK without submitting enquiries one by one, with the hope that our data can now be used to generate further insight which could, in turn, improve outcomes for all. We were delighted that the dashboard won the Royal Statistical Society/Office for Statistical Regulation award for statistical excellence in Trustworthiness, Quality and Value in 2024. The dashboard has received wide media coverage and in the first two months since the launch it was accessed nearly 20,000 times.

Looking forward in to the 2024/25 business year, the last in our current strategy (2020 – 2024), the overarching context for the year is a mix of ensuring that the outstanding key elements of the strategy are delivered combined with work to finalise and agree a new strategy for 2025-28. Further priorities for next year include:

- Undertaking further targeted policy work in 2024-25 on some of the Modernising the Act proposals to ensure that we are ready to engage on the fine detail when Ministers decide to take Law Reform forward.

- The commencement of a formal review of our fee structure, to ensure that how we raise income from the sector to cover the cost of regulation continues to be fair and transparent whilst avoiding unnecessary administrative burden on clinics.
- An upgrade of our core IT systems that support how we carry out our licensing activities.



Peter Thompson
Chief Executive
Accounting Officer

Performance Report

Overview

Who we are

The HFEA is the regulator of fertility treatment and human embryo research in the UK. Our role includes setting standards for clinics, licensing them, and providing a range of information for the public, particularly people seeking treatment, donor-conceived people, and donors.

Our vision for 2020-2025 is:

Regulating for excellence: shaping the future of fertility care and treatment

We continue to put everyone who uses fertility services at the heart of everything we do - patients, partners, donors, donor-conceived people, and surrogates. We want them all to receive excellent care, support, and information.

Their experiences differ, based on their individual circumstances. Our strategic focus will be on providing the best, most effective care for everyone, recognising the diverse family structures in which treatment and donation take place. We want to ensure people can access the right information at the right time. As science and society advance, we will shape and respond to future changes, helping ensure that the translation from innovative treatment to everyday care is ethical and responsible.

As the regulator of fertility services and research involving human embryos, we aim to be effective and efficient, providing consistent oversight and advice to clinic staff and researchers.

During 2024 we will be developing our new strategy for 2025-2028. Our development process will include engagement with our stakeholders on a new vision and aims for the following three years.

Our legislation and functions

Our regulatory role and functions are set by two pieces of legislation:

- the Human Fertilisation and Embryology Act 1990 (as amended) – generally referred to as ‘the 1990 Act’, and
- the Human Fertilisation and Embryology Act 2008 (‘the 2008 Act’).

Under this legislation, our main statutory functions are to:

- license and inspect clinics carrying out in vitro fertilisation and donor insemination treatment
- license and inspect centres undertaking human embryo research
- license and inspect the storage of gametes (eggs and sperm) and embryos
- publish a Code of Practice, giving guidance to clinics and research establishments about the proper conduct of licensed activities
- keep a Register of information about donors, treatments and children born as a result of those treatments
- keep a register of licences granted
- keep a register of certain serious adverse events or reactions
- investigate serious adverse events and serious adverse reactions and take appropriate control measures.

In addition to these specific statutory functions, the legislation also gives us more general functions, including:

- promoting compliance with the requirements of the 1990 Act (as amended), the 2008 Act and the Code of Practice
- maintaining a statement of the general principles that we should follow when conducting our functions and by others when carrying out licensed activities
- observing the principles of best regulatory practice, including transparency, accountability, consistency, and targeting regulatory action where it is needed
- carrying out our functions effectively, efficiently, and economically
- publicising our role and providing relevant advice and information to donor-conceived people, donors, clinics, research establishments and patients
- reviewing information about:
 - human embryos and developments in research involving human embryos
 - the provision of treatment services and activities governed by the 1990 Act (as amended).
- advising the Secretary of State for Health and Social Care on developments in the above fields, upon request.

Delivery in 2023/24

Overview

In 2023-2024, we made good progress with our strategic aims, following the ongoing aftereffects of the pandemic. The key work we undertook in this period against our strategic aims is described below.

Delivery of the 2023-2024 business plan

The best care

Since 2020-2021, clinics have been assessed using a hybrid approach involving a desk-based assessment combined with an onsite visit to allow continued close regulatory oversight of the fertility sector. This approach is efficient, allowing the inspector to focus on specific areas of concern whilst reducing the time spent onsite. A risk-based approach was taken in prioritising inspections due this year with those deferred earlier by the pandemic given priority.

Through our inspection activities, we have maintained our focus on quality and safety, focusing in particular on shortcomings in the taking and recording of consents, learning from incidents, medicines management, data submission, multiple birth rates, and the information clinics publish on their own websites.

Our Compliance and Enforcement Policy sets out the approach we will take in dealing with non-compliance by licensed clinics and research centres. This provides a consistent ongoing basis for making regulatory decisions about clinics.

In September 2023, we published our State of the Fertility Sector report, providing an overview of the UK fertility sector in 2022-2023.

Our work on treatment add-ons led to the introduction in October 2023 of a revised ratings system with five categories to help patients make informed decisions. Patients can be offered add-ons with the claim that they will increase the success of their treatment but the evidence to support this for most fertility patients is often missing or not very reliable. The revised HFEA add-ons ratings will help patients make better-informed decisions about their treatment.

The latest update to the Code of Practice came into effect from October 2023. The Code is our key guidance document, which enables fertility clinics to deliver safe treatment in line with legal requirements. The latest version includes updates related to the storage of gametes and embryos as a result of changes to storage limits introduced earlier, by the Health and Social Care Act 2022.

The 'Ethnic diversity in fertility treatment 2021' report was published in December 2023, looking at how use of fertility treatments and outcomes of fertility treatment differed by ethnic group. It found fertility treatment outcomes varied widely for Black, Asian, and ethnic minority patients.

We also continued to work collaboratively where possible, maintaining our previously established relationships with other ALBs and health regulators e.g., to address issues that required joint working in an efficient and coordinated way, or to establish the best approach when new areas of regulatory overlap arise.

The right information

We provided up to date advice and information to patients about accessing treatment and donation via our website. We implemented some technical updates to our website to ensure that it continues to work smoothly.

We use Instagram, LinkedIn, Facebook, and X (formerly Twitter) in order to increase our reach to patients, since one of our priorities is to position and promote our information so that people find what they need when they need it.

We completed the implementation of our PRISM IT system, which enables clinics to submit data to the Register. We also continued development work on our internal systems to restore connectivity with the new Register after migrating our data across successfully. This work will enable us to issue more regular updates to Choose a Fertility Clinic (CaFC), from the end of 2024 onwards. Meanwhile we have commenced a data verification process with all clinics, in preparation for the first such CaFC update since the introduction of PRISM.

We have put in place governance structures to ensure that changes to our Register are properly evaluated. A Data Review Board will be active following the completion of the first post-PRISM update to CaFC.

We concluded our development work on the Register Information Team Application (RITA), to enable us to query the new Register and run reports. A new case management system has been introduced and a new IT system has been developed to improve data security, accessibility, and availability to meet the current and future demands of the Opening the Register (OTR) service.

Due to a change in the law, donors registered after 1st April 2005 were no longer allowed to be anonymous. The change enabled donor conceived individuals at the age of 18 to be provided with identifiable information about their donor. As 2023 saw the first donor conceived individuals turning 18 the HFEA launched the '#WholsMyDonor' campaign to raise awareness of donor conception and act as a fresh reminder for donors to update their information ahead of the first donor conceived people becoming eligible to apply.

In January 2024, we launched a fertility data dashboard, thought to be the first of its kind in the world, and has won the Royal Statistical Society award for statistical excellence in 2024. The dashboard holds national UK fertility data from 1991 onwards. Users can customise data by age, IVF treatment and view success rates for a particular group or by UK nation and region. It also includes information on egg freezing and thawing.

We achieved 'Approaching Standards' in the NHS Data Security and Protection Toolkit (DSPT) submission in 2022-2023. We are continuing to model our information governance and data protection and security practices around improvements so as to meet all the requirements of the toolkit. We have

also implemented a new Information Governance Framework which sets out a strategic vision for improving data protection and security controls within the HFEA, and this is led by the Information Governance Steering Group established in 2023.

We have continued the pilot of our Patient Engagement Forum, recruiting patients to sign up to one or more of three newly created sub-groups. Along with this, we have also continued with our Professional and Patient Organisation Stakeholder meetings. The pilot patient forum was reviewed in summer 2023 and was judged to be a success.

Shaping the future

Our law reform work, which commenced in 2022-2023, concluded with a report to the Department of Health and Social Care (DHSC) in November 2023 with recommendations under four key themes where we think legislative change is most needed: patient protection and safety, consent, donor anonymity and scientific developments. We will continue to work with ministers and our sponsors in the DHSC to achieve timely changes.

The demands of our OTR service remain high following the law changes to donor anonymity that came into effect in October 2023. We continue to look at operational improvements to improve the time taken to process application. A new IT system is in place to service OTR requests and the future arrangements to signpost applicants to external support service providers will be finalised during 2024-2025.

We continued to monitor areas of likely future medical and scientific developments, such as Artificial Intelligence (AI), through our Scientific and Clinical Advances Advisory Committee (SCAAC).

In 2022, legislation was passed extending the storage limit for frozen eggs, sperm, and embryos, bringing the law in line with advances in science, changes in modern society and individuals' reproductive choices. This allows patients more time to make important decisions about family planning. Following the commencement of this law (in July 2022), we worked to ensure that fertility clinics could both implement the changes effectively and give patients sufficient information so that they are fully informed about their options. The new Regulations increased the statutory storage limits from the previous 10 years to a 10-year renewable storage period up to a maximum of 55 years. The transition period ends in June 2024 after which all gametes and embryos in storage before 1 July 2022 must be stored with effective consent or be removed from storage. In the intervening two years we have updated all our clinics' licences to reflect the changes and updated our guidance and information.

During the year we continued our work to consider the way in which we authorise new and novel processes proposed by clinics, and this work will be completed in 2024.

We expect several new appointments to the Authority in the coming months to replace members who have finished their term of office. We completed a programme of training and induction to ensure that those members who serve on our committees are well equipped to make the governance and licensing decisions that are essential to our business as a regulator.

We will begin a review of our licence fee model in the 2024-25 business year.

The HFEA's Public Bodies Review

The independent review of the HFEA in November 2023 concluded that the HFEA should remain as an executive non-departmental public body and that the HFEA met all three Cabinet Office tests for continuing to exist – that we perform a technical function, that the function needs to be delivered with political impartiality; and that there is a need for the function to be delivered independently to establish the facts.

The report recognised that the HFEA performs important functions – it effectively regulates a discrete and specialised area of medical practice and scientific research, which can raise sensitive clinical, legal, and

ethical issues. The report made a number of recommendations, and the Department of Health and Social Care will continue to monitor the delivery of these into the new business year.

The HFEA's public body review report can be viewed online [here](#).

Risks as at 31 March 2024

The main risks we face that, should they occur, would have the greatest material effect on the functioning of the HFEA as a whole are set out below.

By considering such risks, we can assess the continuing viability of our strategy and business plan against changes in circumstance and make adjustments when necessary. This does not mean we expect the risks to materialise – instead, it indicates that these are areas of risk of which we need to be aware and to consider our response to in order to perform our role effectively.

Further information on our approach to managing strategic risks and our assessment can be found in the governance statement.

Risk	Key risks and issues
Operational	<p>PRISM (the new online submission system) project has delayed the review and/or replacement of other wider systems.</p> <p>PRISM has improved the quality of the register, however due to the programme running for several years other systems across the HFEA have had to be delayed for review and replacement. This includes Epicentre (our licensing system) which is used across the organisation for inspection, licensing, and finance. Impact of PRISM has also caused delays in register functionality such as the ability to publish clinic data (CAFC – Choose a Fertility Clinic) and Opening the Register (OTR) reporting. Risk level High above tolerance</p>
Information	<p>There is a risk that the appetite for information does not match the resources/priority of our website capacity</p> <p>Information provision is a key part of our statutory duties and is fundamental to us being able to regulate effectively. We provide information to the public, patients, partners, donors, the donor conceived, their families and clinics alike. If we are not seen as relevant then we risk our information not being used, which in turn may affect the quality of care, outcomes, and options available to those involved in treatment.</p> <p>A new communications strategy is in place and progress is being made against it. There has been a big increase in media coverage of the HFEA which is helpful in promoting our website and the information within it. This has been matched by increases in social media activity. Our limited resource in this area currently impacts our ability to broaden our reach using our website. Risk level Medium above tolerance</p>
Information – OTR	<p>There is a risk that the OTR function becomes incapable of issuing accurate information at sufficient pace.</p> <p>The donor information service has been under review in readiness for the increased demand expected from 2023 onwards. This has involved a restructure of the team and reassessment of the tools available to the team for</p>

	<p>processing OTR applications (e.g., case management system). A member of the register team has trained to allow fluidity between the register and OTR service, however, there has been significant turnover in the team and a backlog remains.</p> <p>There is also a future risk that our reputation could be damaged by slow handling or inaccurate information being issued - we need to carefully consider our wider communications and handling when the demand begins to increase. Risk level High above tolerance</p>
Positioning and influencing	<p>There is a risk that we do not position ourselves effectively and so cannot influence and regulate optimally for current and future needs.</p> <p>This risk is about us being able to influence effectively to achieve our strategic aims. If we do not ensure we are well placed to do this, we may not be involved in key debates and developments, and our strategic impact may be limited.</p> <p>We have worked hard on positioning of the HFEA in recent years, and particularly worked closely with DHSC and with ALBs, professional and patient groups and others during the pandemic to re-position ourselves. Opportunities created by Act reform work to cement stakeholder relationships. Risk level Medium below tolerance</p>
Financial	<p>There is a risk that the HFEA has insufficient financial resources to fund its regulatory activity and strategic aims.</p> <p>This risk considers the likelihood that treatment activity on which HFEA licence fees are charged may fall, or that we may see a reduction in the level of Grant in Aid funding we receive from our sponsor Department. Material reductions in activity, coupled with current inflationary pressures, could reduce the level of funding available for the HFEA's core activity. Risk level Medium at tolerance</p>
People	<p>There is a risk that resources needed to carry out statutory work are not sufficient to manage the range of responsibilities.</p> <p>This risk is made more acute through a mix of single points of failure in some teams, combined with high turnover. Together these factors create operational pressures which are difficult to manage without putting unreasonable pressure on remaining staff. Risk level High at tolerance</p>
People	<p>Loss of senior leadership (whether at Board or Management level) leads to a loss of knowledge and capability which may impact formal decision-making and strategic delivery.</p> <p>This risk was high whilst there was a vacancy at Senior Management level. It was closed on successful recruitment and re-opened late in 2023/24 when the requirement to recruit to four Board positions early in 2024 – a process run by the DHSC appointments team. Risk level medium at tolerance</p>
Security (Cyber security)	<p>There is a risk that the HFEA is subject to a cyber-attack, resulting in data or sensitive information being compromised, or IT services being unavailable.</p> <p>Current overall threat levels remain high. The HFEA holds sensitive information on its register. The register (since 1991) holds data on patients,</p>

	<p>parents and donors undergoing licenced fertility treatment ad includes details of their identity, treatment, and outcomes.</p> <p>We have appropriate mitigations in place for both cyber-attacks and the possibility of equipment losses or technical failures that could result in increased risks or loss of access. This is an ever-changing area, in which new threats emerge constantly, but we monitor for these and take actions where indicated. Risk level Medium at tolerance</p>
Governance	<p>There is a risk that the regulatory framework in which the HFEA operates is overtaken by developments and becomes not fit for purpose.</p> <p>The main risk is that the current legal regime is dated and means we cannot always act on areas where patients' have concerns and we are limited in the actions we can take. Our work on the Act may eventually mitigate this risk but is still in progress. Risk level Medium at tolerance</p>
Strategy	<p>The HFEA's public body review. The review concluded in March 2023 and the final report was published in November 2023. The final report indicates full support for the HFEA remaining as an executive Non-Departmental Public Body that meets the Cabinet Office tests for public bodies. The report made 19 recommendations, 15 of which are for the HFEA. The timelines on the recommendations are assessed as manageable, however, there is a risk that some recommendations may divert HFEA resource from other business plan priorities/statutory work. Risk level low below tolerance</p>

The risks with a 'high' rating cover the areas of information provision (register data), operations (PRISM project) and people (resources). Taking each risk in turn.

Information provision – a risk that the Opening of The Register (OTR) function becomes incapable of issuing accurate information at a sufficient pace. The donor information service project is part of the mitigation for this risk. The re-structure of the current team to provide better resilience occurred during the year, and a register team member has been trained to provide extra support and currently works full time in the OTR. A new case management system was implemented and integrated in quarter 2 of the 23/24 financial year and the internal reporting system (RITA) reports are now rolled out to the OTR team. This risk remains high due to the number of applications received which have added to an already existing backlog. The delay for donor conceived people and donors is a key risk. This could have potential reputational risks for the HFEA. This risk has been a keen focus of the AGC and continues to be monitored.

Operational risk – the PRISM project continues to delay the review/replacement of other organisational wide systems. In particular Epicentre, the HFEA's CRM (licensing system) which is also used for raising invoices to clinics based upon their submissions. Whilst to date, Epicentre has remained functional through devising workarounds and use of in-house expertise, the system needs re-platforming to improve its stability and facilitate integration across the business. Plans are in place to procure an 'off-the shelf' application and funding has been secured. However, this project is expected to take between 12 to 18 months to complete. This risk remains high.

The final risk relating to people resource. The HFEA is relatively small and has a limited number of staff in key roles. The demanding nature of the statutory work means that staff are often stretched to capacity which can impact on their health and wellbeing and also places pressure on managers. We recognise that

turnover and/or long-term absence within specific areas of the business such as the Compliance teams can create gaps where specific statutory functions cannot easily be met. We are mitigating this risk by ensuring that we are continuing to capture organisational knowledge through documentation proper handovers, robust induction notes and an agile response to fulfilling any vacancies that arise. Where appropriate, the management team(s) will review pieces of work that can/need to be re-prioritised.

Going concern

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

Parliament has demonstrated its commitment to continue to fund the DHSC for the foreseeable future and the DHSC fund the HFEA through grant in aid in addition to funding from licence fees from both the private and public sector.

The level of funding from DHSC has been agreed for the next financial year, adjusted in line with the Department's Reform and Efficiencies programme.

Licence fees are agreed by the Authority in December each year and a communicated to the sectors in quarter four of that year and we maintain a level of reserves to cover a period of 6 months.

There is no expectation that our services will not continue or that the organisation is subject to any review that may result in the HFEA being abolished or subsumed.² In light of this position, we consider the use of the going concern basis of accounting remains appropriate, as there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the organisation to continue as a going concern.

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

² During 2023 the HFEA was subject to a Public Bodies Review, the final report with its recommendations can be found [here](#)

Performance analysis

Measuring performance

Each year, we agree a business plan with the Department for Health and Social Care (DHSC our sponsor department) that includes strategic aims, high level objectives and key performance indicators covering delivery of our strategic plan. We record performance against key performance indicators monthly and review achievement and action needed at the Corporate Management Group (CMG) meeting. A performance report is made to the Authority every two months and DHSC every quarter.

Analysis of performance in 2023/24

Performance indicators (KPI)	Target 2023/24	KPI	Target 2022/23	KPI
A: Compliance				
Average number of working days taken for the whole licensing process, from the day of inspection to the decision being communicated to the centre	80 ³ working days	66 working days	70 working days	64 working days
B: Communication and information				
Freedom of Information requests responded to within 20 working days.	100%	64/64	100%	50/50
Requests for contributions to parliamentary questions (PQs) answered within DHSC deadlines.	100%	100% (5/5 PQs within deadline)	100%	100% (16/16 PQs within deadline)
C: Corporate				
Staff sickness absence rate (%)	No more than 2.5%	4.9% ⁴	No more than 2.5%	2.3%
Percentage turnover	5-15% range	24% ⁵	5-15% range	13.8%
Cash and bank balance at end of the year	Continue to move towards agreed minimum cash reserve of £1.52m	£3.54m (increased⁶ from £3.37m in 22/23)	Continue to move towards agreed minimum cash reserve of £1.52m	£3.37m (decreased from £3.69m at the end of 21/22)
Percentage of invoices paid within 10 calendar days	70% paid within 10 days	100%	70% paid within 10 days	69% ⁷
Debts collected within 40 days (previously 60 calendar days).	85%	80% ⁸	85%	78%

Financial review

Accounts preparation and overview

³ Revised target introduced in 2023/24

⁴ Increase due to three long term sick cases

⁵ Turnover figure included planned leavers, excluding these, the figure is 20%, still higher than target. Turnover during June and July 2023 was between 5.7% and 7.3%

⁶ The increase in the cash balance is due to increased credit control activity against reduction in expenditure.

⁷ Target missed due to issues with approvals of BACS runs not completed in time.

⁸ Improved from 22/23 due to increased focus on credit control. Will take a few months before target is reached.

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

These accounts have been prepared based on the standards set out in the Government Financial Reporting Manual (FRM) issued by HM Treasury, which is adapted from International Financial Reporting Standards (IFRS), to give a true and fair view.

How is the HFEA funded?

HFEA's revenue funding comes from two primary sources. In 23/24, around 14% was from grant in aid (GIA) from the Department for Health and Social Care (DHSC) who provide baseline funding to support the provision of services which we do not have legal powers to levy charges. The remaining 86% was from licence and treatment fees from both the private and public sectors. We also received non-cash cover for notional charges of depreciation and amortisation of our fixed assets.

Some other income is generated from bank interest and recharges for staff seconded out of the organisation.

Summary position as at 31 March 2024

	2023/24	2022/23
	£'000s	£'000s
Expenditure		
Staff costs	5,219	5,198
General administrative costs	1,774	2,043
Total expenditure ⁹	6,993	7,241
Income		
Revenue from contracts with customers	5,632	5,875
Other income	65	90
Total income ¹⁰	5,697	5,965
Net (expenditure) before interest and tax	(1,296)	(1,276)

Net expenditure for the year reflects our financial position excluding the Grant-in-aid (GIA) funding received from DHSC. The table below reflects the revenue GIA received from DHSC, to arrive at the net operating deficit for the year.

⁹ This figure differs from the SoCNE due to rounding

¹⁰ This does not include interest income

	2023/24 ⁹	2022/23 ¹¹
Net (expenditure) before interest and tax	(1,296)	(1,276)
Resource financing ¹²	951	992
Non-cash (RDEL)	232	265
Finance Income	152	53
Finance Expense	(8)	(9)
Net income/(expenditure)	31	25
Taxation ¹³	(29)	(10)
Surplus for the year ⁹	2	15

Financial performance

Our end of year position is a small surplus of £2k an 87% reduction on 2022/23. The detailed financial results are included in the financial accounts on pages 61 to 80.

Our Expenditure is 3.4% down against 2022/23 which is represented by reductions in our general administrative costs (13.2%) offsetting the increase in staff costs (0.4%). This small reduction is attributable to reduced spends within consultancy, specifically our legal costs and reduction of provisions for bad debts.

Revenue from contracts with customers (licence/treatment fee income) is 4.1% down against 2022/23, however, this includes a provision to cover expected refunds to clinics (refer to note 12 in the financial accounts). Prior to this provision, our income was 0.82% lower than 2022/23.

DHSC allocated Grant-in-aid funding towards the financing of resource expenditure was £951,000, (2022/23 £992,000) and was drawn down in full. Capital expenditure funding of £30,000 (2022/23: £100,000) was also allocated. We also received non-cash income allocation (Ring-fenced RDEL¹⁴) of £232,359 (2022/23 £265,058) to cover non-cash costs of depreciation and amortisation.

Our cash reserves have increased by £177k (5.3%), (£321k, 8.7% 2022/23).

Supplier payments

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

BPPC Target	2023/24	2022/23
95% of payments made within 30 days of receipt of undisputed invoice	872 invoices totalling £1,976,846 received of which 846 (97%) were paid within 30 days.	1,057 invoices totalling £2,319,890 received of which 1,015 (96%) were paid within 30 days.

¹¹ Figures in these columns may vary to the accounts due to rounding and the exclusion of non-cash income.

¹² Grant in aid is treated as financing within the statutory accounts and it is a requirement to report it this way. The Ring-fenced RDEL is an internal feature of government accounting.

¹³ Taxation (Corporation Tax) for 2023/24 was £28,825 (2022/23 £10,049).

¹⁴ Ring-fenced RDEL is Resource Departmental Expenditure Limit and comprises depreciation, amortisation and impairment. It is not cash, but cover provided by the DHSC against this type of expenditure.

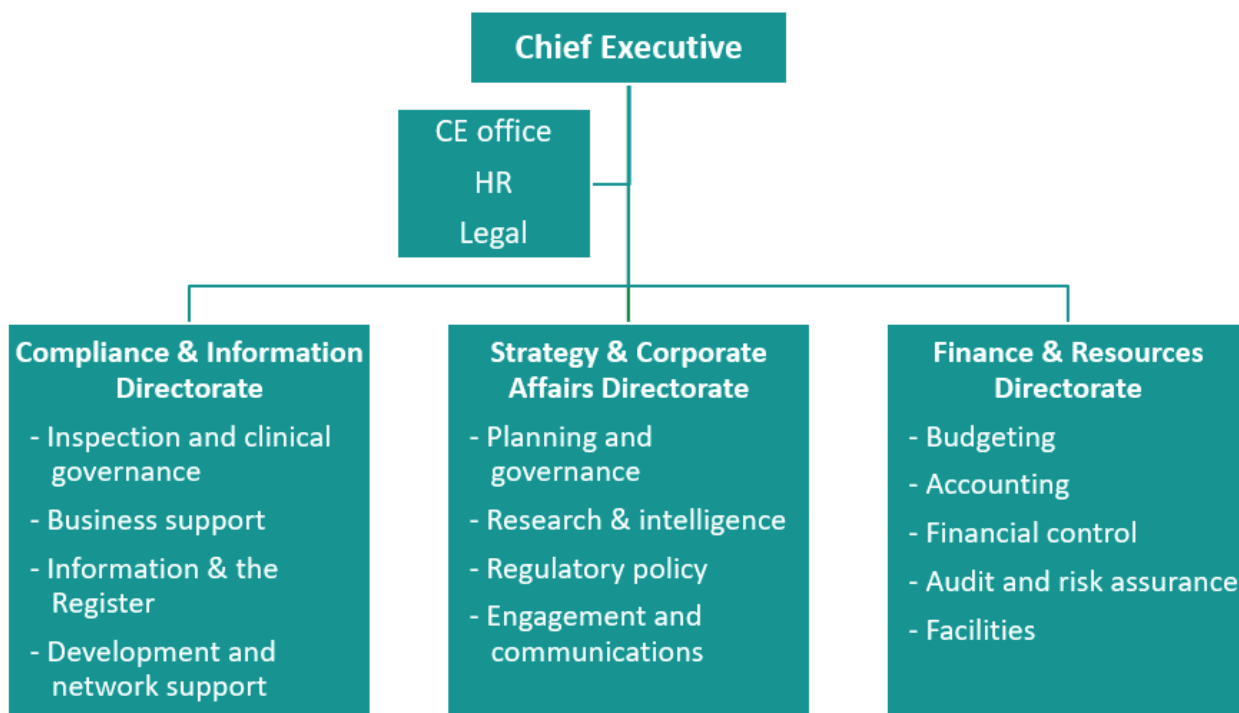
Organisational structure and establishment

Our staff complement is 78 (which includes an apprentice). We have in place shared services arrangements with other bodies where feasible. For example, we share part of our finance and resources team staffing with the Human Tissue Authority, and our facilities management service is shared with the four other Health ALBs with whom we occupy the same premises.

We have a people strategy which sets out how we will ensure we attract and retain the capacity and skills we need in order to deliver our strategy. Our learning and development activities continue to equip our staff with the skills they need. Services are procured in accordance with continuing Government requirements to ensure value for money.

All staff pay is determined in line with HM Treasury annual guidance. We adhere to the formal pay remit when it is announced.

Our current organisational structure is illustrated below.



Our people objectives for 2020 – 2024

Our people objectives as set out below support us in the delivery of our business goals

- Attract and retain a diverse and high performing workforce
- Develop and support our people so that they can deliver to a high standard, fulfil their potential and work towards achieving their career aspirations
- Improve leadership capability
- Build a culture and healthy working environment that promotes collaboration and innovation
- Create an agile workforce that is able to support the delivery of our strategic goals.

Recruitment

All appointments are made in accordance with our recruitment and selection policy so that they are made on the basis of merit and in accordance with equal opportunities. We operate a blind recruitment process, ensuring that all identifying information is removed to enable objective decisions about candidate skills, experience, and suitability for a role, thus reducing the risk of bias. We are signatories to The Race at Work Charter which helps business improve their racial equality in the workplace.

For new members of staff, we have an induction resource section on the intranet which includes videos which provides an overview of a particular team or function.

Learning and development

We actively promote the development of our staff and encourage them to take five days a year learning. We subscribe to Civil Service Learning which provides courses and resources for developing skills to all UK civil servants. This supports a blended approach which is convenient and cost-effective. Individual needs are set out in personal development plans and are met through appropriate means, including e-learning, face-to-face learning and taking part in projects, coaching and job shadowing. We also maintain an in-house training platform (Astute) which is also used for mandatory training issued quarterly.

Staff engagement and wellbeing

We promote staff engagement through various channels including regular all-staff and team meetings. We have an intranet that is extensively used to keep our staff abreast of any newsworthy items, whether that be the latest courses on offer or, links to wellness resources, mental health first aiders or just tips for looking after oneself.

In addition to the above, pages focusing on EDI and resources for new staff members have been created and are well received by staff.

Staff Survey

In October 2023, we conducted our annual staff survey. The response rate was 83% (2022/23 74%), compared to the sector average of 70%. Our engagement score i.e., the extent to which staff feel happy at work was 84% (2022/23, 83%) compared to the average for our public sector comparators of 76%. This is an improvement on last year. The positive result demonstrating that the work around staff wellbeing throughout the year has continued to resonate with staff.

Other areas of the survey demonstrated that staff feel they have the right tools and resources for their roles (72% vs 68% in 2022/23). Our feedback on diversity and inclusion had a 69% positive rate, but was 1% lower than the previous year and 14% below the sector average. A dedicated page to Equality, Diversity and Inclusion is maintained by our HR team and continues to ensure engagement by staff.

Disabled employees

We are a Disability Confident Committed Employer. There are 3 levels designed to support employers on their Disability Confident journey. We are at level 2 – Disability Confident Employer. The scheme helps employers recruit and retain great people and to:

- challenge attitudes and increase understanding of disability
- draw from the widest possible pool of talent
- secure high-quality staff who are skilled, loyal, and hardworking
- improve employee morale and commitment by demonstrating fair treatment.

We have a specific policy of inviting to interview any candidate with a disability who meets essential criteria. Support is provided for all staff who have, or develop, a disability including making any

reasonable adjustments to the workplace or work processes and having advice available through the occupational health service.

Equality Act 2010 – equality and diversity

The HFEA is committed to promoting equality and diversity and promoting a culture that actively values difference. We recognise that people from different backgrounds and experiences can bring valuable insights to the workplace and enhance the way we work. We aim to be an inclusive organisation, where diversity is valued, respected, and built upon, with an ability to recruit and retain a diverse workforce that reflects the communities we serve.

We are also committed to compliance with relevant equality legislation, the Equality Act 2010, codes of practice and best practice guidance.

We aim to proactively tackle discrimination or disadvantage to ensure that no individual or group is directly or indirectly discriminated against for any reason with regard to employment or accessing our services.

As an employer committed to diversity and equality, we recognise our success depends on creating a working environment which supports the diverse make-up of our staff with supporting policies and procedures to create a framework of assistance. We have Equality Champions who undergo refresher training periodically.

Our gender breakdown at 31 March 2024, of Authority members, permanent and seconded staff, is as follows:

	Male	Female	Total
Board members	5	9	14
Senior Management Team (SMT)	2	2	4
All staff (including SMT, excluding Board Members)	11	67	78 ¹⁵

Further statistics based on the staff in post at 31 March 2024 are listed overleaf.

Staff mix by gender

	2023/24	2022/23
Female	67	67
Male	11	13
Total	78	80

¹⁵ (2022/23 Male 14/Female 66)

Staff mix by age

	2023/24	2022/23
18 – 29	12	16
30 – 39	18	21
40 – 49	26	21
50 – 59	16	16
60+	6	6

Staff mix by ethnicity

	2023/24	2022/23
Asian	4	6
Black	8	5
Mixed	4	3
White	60	64
Other	2	2
Total	78	80

Staff by length of service

	2023/24	2022/23
Under 1 year	14	18
1 – 2 years	13	12
2 – 3 years	8	5
3 – 5 years	7	14
Over 5 years	22	17
Over 10 years	14	14
Total	78	80

Trade Unions

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

The HFEA does not employ any staff members who allocate their time to trade union activities.

Sustainability and environmental issues

The HFEA occupies a small area of the 2nd floor of a shared building in London. Our landlords provide services and encourage behaviour that meets sustainability requirements, this includes recycling, energy efficiency and other facilities. The FReM defines thresholds for reporting sustainability. The HFEA is not covered by the Greening Commitments and therefore is not required to prepare disclosures in line with the Taskforce on Climate Related Financial Disclosures.

All efforts to adapt our working environment to climate change are reliant on our landlord. We are aware of the green agenda in relation to procurement and we use the Crown Commercial Service and other frameworks which have sustainability factored in.

The tables below are of travel data we are able to extract currently. Our ambition is to provide as much relevant data going forward as possible.

	2023-24	2022-23	2023-24	2022-23
Total tCO₂e²	Km travelled	Km travelled	Tonnes CO₂e	Tonnes CO₂e
Domestic Flight	18,261	20,681	2.94	2.69
Rail – National/Average	170,397	126,110	6.04	4.48

	2023-24	2022-23	2023-24	2022-23
Financial data	Rail	Rail	Air	Air
Expenditure	£52,946	£45,615	£6,629	£3,935
Number of trips	557	338	37	18

We encourage staff to travel on HFEA business in the most sustainable and cost effective way possible. The increase in Rail and Air travel is a reflection of increasing inspection activity – site visits. This also includes travel related to other business and staff on remote contracts attending our offices for staff meetings.



Peter Thompson
Chief Executive
Accounting Officer

19 July 2024

Accountability Report

Corporate governance report

Directors' report

Our board (the Authority)

Our board is made up of 14 members appointed through an open public process, although for part of the year we conducted our activities with less than this number. Below are details of the current and out-going Authority members during the 2023/24 financial year. Biographies for each can be found on our website <https://www.hfea.gov.uk/about-us/our-people/meet-our-authority-members/>

Authority member	Appointment start date	Appointment end date
Julia Chain (Chair)	1 April 2021	31 March 2027 (re-appointed 1 April 2024)
Catharine Seddon	18 January 2021	17 January 2027 (re-appointed 18 January 2024)
Jonathan Herring ¹⁶	18 July 2018	17 July 2024 (re-appointed 27 July 2021)
Gudrun Moore ¹⁶	18 July 2018	17 July 2024 (re-appointed 27 July 2021)
Tim Child	18 January 2021	17 January 2027 (re-appointed 18 January 2024)
Jason Kasraie	18 January 2021	17 January 2024 (became a special advisor to the Board)
Alison Marsden	1 April 2021	31 March 2024 (term ended)
Geeta Nargund	1 April 2022	31 March 2025
Alex Kafetz	1 April 2022	31 March 2025
Alison McTavish	1 April 2022	31 March 2025
Frances Ashcroft	1 April 2022	30 April 2023 ¹⁷
Zeynep Gurtin	1 April 2022	31 March 2025
Graham James	1 May 2022	30 April 2025
Frances Flinter	1 May 2022	30 April 2025
Christine Watson	1 May 2023	30 April 2026

¹⁶ Jonathan Herring and Gudrun Moore appointments extended for a further 6 months

¹⁷ Professor Dame Frances Ashcroft stood down on 30 April 2023 due to health reasons.

Senior Management Team

Our Senior Management Team are set out below.

Peter Thompson	Chief Executive
Richard Sydee	Director of Resources (resigned 16 June 2023)
Tom Skrinar	Director of Resources (appointed 21 August 2023)
Clare Ettinghausen	Director of Strategy and Corporate Affairs
Rachel Cutting	Director of Compliance and Information

Interests of Authority members and senior staff

We maintain a register of interests which is available on our website at <https://www.hfea.gov.uk/about-us/our-people/meet-our-authority-members/>

Pensions

Pension benefits are mainly provided by the Principal Civil Service Pension Scheme (PCSPS). We recognise the contributions payable for the year. Full details of the pension scheme are included in the Remuneration and Staff Report.

Data incidents

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

Our auditors

The Comptroller and Auditor General is appointed by statute to audit our financial statements. The fees of the National Audit Office are set out in note three to the accounts. No fees were incurred for non-audit work.

Statement of the Authority and Accounting Officer's responsibilities

The statement of accounts is prepared in a form directed by the Secretary of State for Health and Social Care in the 2022 Framework Agreement, in accordance with section six of the 1990 Act (as amended).

The accounts are prepared on an accruals basis and must show a true and fair view of our state of affairs at the year-end, our net expenditure, changes in taxpayers' equity and cash flow for the financial year.

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

- observe the accounts directions issued by the Secretary of State, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in HM Treasury Financial Reporting Manual (FReM), have been followed and disclose and explain any material departures in the financial statements, and

- prepare the financial statements on a going concern basis.

The Accounting Officer of the Department of Health and Social Care (DHSC) has designated me, as the Chief Executive, the Accounting Officer for the organisation. My responsibilities include the propriety and regularity of the public finances for which I am answerable, for keeping proper records and for safeguarding our assets, as set out in 'Managing public money' published by the HM Treasury.

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

I confirm that, as far as I am aware, there is no relevant audit information of which the HFEA's auditors are 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 the entity's auditors are aware of that information.

Accounts direction

The statement of accounts is prepared in a form directed by the Secretary of State for Health and Social Care, in accordance with section six of the 1990 Act (as amended).

Authority statement

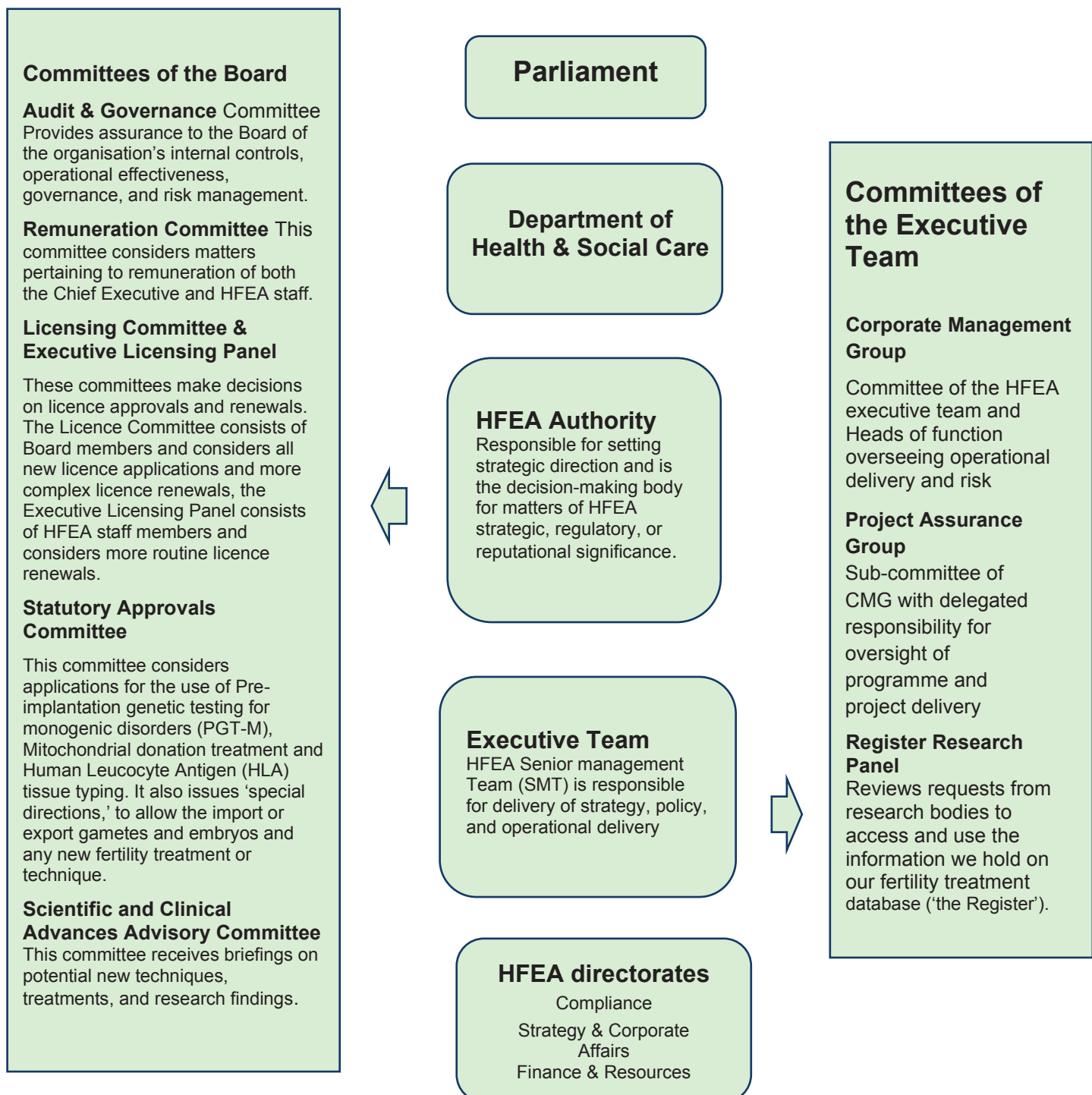
Our Senior Management Team (SMT), the Audit and Governance Committee and the Authority have inputted or reviewed the annual report and accounts. I confirm that the annual report and accounts are fair, complete, understandable and provide the information necessary for stakeholders to assess our performance.

Governance statement

Governance framework

Our governance framework is set out in the HFE Act 1990 (as amended) and its approved standing orders. Figure 1 (below) shows our governance structure.

Figure 1: HFEA governance structure



Our board (the Authority)

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

The Board is led by the Chair and comprises Non-Executive Directors (NEDs) of which nine are lay and five are professional members.

Details of Board members and Committee attendance are below.

Board members	Board Meetings	Audit and ¹⁸ Governance Committee	Remuneration Committee
Julia Chain (Chair)	7(7) ¹⁹	1(1) ²⁰	2 (2)
Catharine Seddon (Audit and Governance Committee Chair)	7 (7)	4 (4)	2 (2)
Jason Kasraie ²¹	6 (7)	3 (4)	N/a
Tim Child	6 (7)	N/a	2 (2)
Frances Flinter	5 (7)	N/a	N/a
Graham James	4 (7)	N/a	N/a
Geeta Nargund	7 (7)	N/a	N/a
Jonathan Herring	5 (7)	N/a	N/a
Gudrun Moore	7 (7)	N/a	N/a
Alison Marsden	5 (7)	N/a	N/a
Alex Kafetz	7 (7)	3 (4)	N/a
Zeynep Gurtin	4 (7)	N/a	N/a
Alison McTavish	6 (7)	N/a	N/a
Christine Watson	6 (7)	N/a	N/a
Dame Frances Ashcroft ²²	0 (1)	N/a	N/a

Biographies of our board members are available at <https://www.hfea.gov.uk/about-us/our-people/meet-our-authority-members/>

¹⁸ The Audit and Governance Committee is also supported by two professional External Advisors. Geoffrey Podger and Mark McLaughlin terms ended in July 2023 and were replaced by Anne-Marie Millar in October 2023 and with one vacancy.

¹⁹ The figures within brackets are the number of meetings the member was eligible to attend.

²⁰ Julia Chain attended to ensure quoracy of the committee

²¹ Jason Kasraie became a Special Advisor to the Board in January 2024

²² Dame Frances Ashcroft was unable to attend any meetings due to health reasons and stood down on 30 April 2023.

The Board is advised by the Executive Directors who are the Chief Executive, the Director of Finance and Resources, the Director of Strategy and Corporate Affairs and the Director of Compliance and Information.

The Board normally meets 6 times a year and these meetings are open to the public and an audio recording of the meetings are made available on our website. This year, the Board met seven times, with two meetings held in July. The Board monitors and reviews the organisation's performance regularly, based on the management information briefings and commentaries which the Executive provides.

Board Appointments

The Chair, deputy Chair and the Non-Executive Members of the Board are appointed by the Secretary of State for Health and Social Care). These appointments are made in line with the [Governance Code on Public Appointments](#). The Chair of the Board alongside two members of the Board, appoints external members and advisors to the standing committees.

Board Activity

During the 2023-24 the Board considered key strategic issues and routine business planning; topics considered included:

- Modernising Fertility Law Regulation – Proposals have been developed for changes to the HFEA Act 1990 (as amended). The Board has had several discussions and updates over the last 2 years with input from experts and a newly created advisory group 'Legislative Reform Advisory Group'. A public consultation on modernising fertility law took place between 28 February and 14 April 2023. The Board received analysis of responses and noted views of donors, DCIs, and clinics on the remit of the HFEA. Subsequently, the board sought updates on outstanding proposals in relation to consent, access to donor information, and scientific developments.
- Effectiveness reviews undertaken between September 2022 and January 2023 by the Audit and Governance Committee, the Scientific and Clinical Advances Advisory Committee (SCAAC) and the Register Research Panel. A board effectiveness review was conducted in September 2022 with outcomes being discussed in September 2023. The Board agreed to co-opt non-executive expertise as and when required during discussions on specific topics.
- Code of Practice updates were received by the board and where there have been legislative changes, it was agreed these would be factored into the updated codes. Publication timing of the codes was reviewed, and, by a majority, the board agreed to publish in 2023/24 business year.
- Opening The Register (OTR) – 3 workstreams were shared with the board (OTR service, future of support service and Communication plans). Progress updates were received throughout the year covering the integration of a new case management IT system for managing applications; ongoing risks associated with opening the register which include but are not limited to unrealistic expectations of Donor Conceived Individuals, donors and clinic staff as to what we can do; unlawful practices undertaken if clinics and the HFEA do not understand the law; donors and DCIs not having access to information and support.
- Donor Contact – reputational risks for HFEA when contacting donors to notify them that a donor conceived individual (DCI) has requested identifiable information about them.
- Public Bodies Review – commenced in February 2023 and completed in November 2023 at which point the report was published giving a broadly positive assessment of the HFEA

concluding that the HFEA should remain an executive non-departmental public body. There were 19 recommendations from the review of which 14 related to the HFEA and the balance to the Department (DHSC). The Board received the Executive's responses to these and timeframes for implementation.

- Strategy development, with the current organisational strategy due to end in April 2024. The agreement of a timeline for development was problematic due to a number of unknown factors making it difficult to decide on new strategic objectives such as recommendations on modernising the Act and how these will be received, outcome of the public bodies review not yet known, including the timing and potential content of legislative reform and the outcome of the Public Bodies review. The Board therefore agreed a one-year extension of the current strategy allowing time to know the outcome of certain key activities.
- Proposed amendments to the compensation rate for donors who donate at UK clinics; rate for overseas donors whose gametes or embryos are imported into the UK. Agreement was also reached for these rates to be reviewed every five years or where there has been a significant change in inflation.
- Treatment add-ons – launch of the new ratings and methodologies
- The business plan for 2023-24 and 2024-25 budgets and fees
- 2022-23 annual report and accounts
- Annual 2022-23 performance report
- Monthly performance reports
- Strategic Risk management and Strategic Risk Register
- Annual Review of governance manual

Board committees

Audit and Governance Committee (AGC)

This committee advises the Accounting Officer and Board on risk management, corporate governance, and assurance arrangements. It is made up of two non-executive directors and two independent members. Individuals from the HFEA, DHSC Sponsor Team and Government Internal Audit Agency (GIAA) are invited and regularly attend the committee. The National Audit Office and KPMG, as external auditors for the HFEA, also attend each meeting. Our Audit and Governance Committee meets quarterly. During the year, both independent members reached the end of their second term. We were successful in recruiting one new independent member and agreed to review overall AGC membership after the next round of Authority Members are recruited.

During the 2023/24 financial year, internal audit services were provided by Government Internal Audit Agency. The GIAA team operates to Public Sector Internal Audit Standards and the internal audit plan included the following reviews during the year, the outcomes of key findings of which are being addressed by senior management and their teams.

In 2023/24 the AGC received the following internal audit reports that covered areas across the business.

Audit	Assurance rating	Recommendations made		
		High	Medium	Low
Total recommendations				
Data Security & Protection Toolkit (22/23 submission)	Moderate	-	4	1
Codes of Practice	Substantial	-	-	-
Payroll & Expenses	Moderate	-	1	5
Register Research Panel	Substantial	-	-	1
Business Continuity	Limited	1	5	1

Areas of particular focus for the audit and governance committee in 2023/24 were:

- A review of the strategic risk register at every meeting, including a horizon scan to identify emerging risks. The committee also reviewed the revised risk management strategy including new additions from feedback from both the Board, Audit and Governance Committee and Internal Audit which were:
 - Training for all staff, risk champions and the Risk and Business Planning Manager
 - Additional guidance on risk articulation, assessment, and impact
 - Quarterly reviews of the operational risk registers by directors
 - Performance KPI reviews
 - The application of a risk appetite statement agreed by the board
- Updates on progress towards the delivery of Opening the Register (OTR) requirements and Choose a Fertility Clinic (CaFC) through the Patient Register Information System (PRISM). Particular focus has been on ensuring accuracy of data for use in OTR and CaFC.
- Regular updates on business continuity management and cyber security providing assurance as to the security of our infrastructure work ensuring we remain vigilant regarding cyber attacks
- Updates on our Data Security and Protection Toolkit (DSPT) and in particular focus on mandatory evidence submissions.
- Progress with current audit recommendations in particular those recommendations that were overdue. Recommendations for clarifying audit recommendations, identified risks and suitable evidence to mitigate those risks were adopted and a target date set for the closure of all outstanding recommendations.
- HR metrics, particularly around Equality, Diversity and Inclusion and efforts made carefully to monitor and build on a positive corporate culture
- Key policies were reviewed and approved at each meeting, these included Fraud Risk Assessments, Action Plan and Strategy. Other policies for approval included Whistleblowing and Counter Fraud. The committee undertook two 'deep dive' reviews of risks to scrutinise risk management arrangements, test assurances, challenge actions where appropriate, and offer

advice and support on a continuous improvement basis. Areas covered in year were:

- A review of the range of legal challenges the HFEA can face and the mitigations in place to reduce the likelihood of legal challenge or defeat in the courts.
- A review of two areas of the Government Functional Standards – GFS 008 Commercial and GFS 014 Debt and use of the self-assessment tools and the resulting outcome which would denote the level of work required to support business improvement.

Remuneration Committee (RemCo)

The committee:

- Agrees the remuneration and terms of service for the chief executive, members of the executive team
- Agrees staff pay awards within the framework of HM Treasury guidelines

The committee met in June and September of the 2023-24 business year.

Standing committees

The Authority has several committees to which it delegates a number of its functions. The following table sets out each committee alongside their frequency and attendance details.

Committee	Membership at 31 March 2024	Number of meetings 2023/24	Attendance rate
Appointments Committee	3	0	N/a
Licence Committee	6	8	88%
Statutory Approvals Committee ²³	5	12	98%
Scientific and Clinical Advances Advisory Committee	5	3	79%

Corporate Governance

We have a framework agreement with DHSC which defines the critical elements of our relationship with them, including the way in which we work with DHSC and how we both discharge our accountability responsibilities effectively. The Chair and Chief Executive meet the Senior Departmental Sponsor (SDS) at DHSC for a formal annual accountability review and informally throughout the year. In addition, the SMT meets other DHSC officials at quarterly intervals, and has regular contact as issues require. Representatives from DHSC are also present as observers at Board meetings of the Authority and at the Audit and Governance Committee.

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

Our system of corporate governance complies with the requirements of the 'Corporate governance in central Government departments: code of good practice,' in so far as they relate to ALBs. It is designed to

²³ Statutory Approvals Committee (SAC) has a pool of 9 members but only a maximum of 5 are scheduled to attend.

ensure that sufficient oversight of operational matters is held by our Authority and Audit and Governance Committee, while allowing for clear accountability and internal control systems at Executive level.

Performance management

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

This performance reporting covers:

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

Our performance framework and individual performance indicators are kept under periodic review to ensure they remain meaningful and effective and support transparent governance. Our performance reports included in meeting papers are published on our website and can be found at <https://www.hfea.gov.uk/about-us/our-people/authority-meetings/>. This coming business year a review of our performance measures will be undertaken to ensure they illustrate clearly how we are performing and remain relevant.

Quality of data used by the Board

The papers on which the Board (and its committees) rely on are subject to a rigorous internal assurance process, overseen by the relevant member of the SMT. Feedback from members of the Board, and the annual review of committees, suggest that the papers are of high quality and accuracy.

Annual reviews of committee effectiveness

The board is committed to the highest standards of corporate governance and periodically reflects on its effectiveness. During 2023/24 the Chair of the board led a review using the four pillars of effectiveness developed by the Institute for Management Development (IMD). The feedback from committee members was used as a means of improvement against indicators within our framework.

The Public Bodies Review which concluded in November 2023 did not focus on our governance arrangements because it was believed these were adequate.

On an annual basis all other committees review their own effectiveness using standard templates. The general feedback from committees has been generally positive. There were a number of recommendations for improvements which related to the following areas :

- Membership resilience (adding further members to certain committees)
- More focus on assurance mapping, both in deep dives and through annual training
- Clarity around the process of escalating risks.

Risk and capability

The Board's attitude to, and the management of, the risks it faces in carrying out its functions is robust but proportionate. Risk appetite in the Authority has increased in recent years and a more comprehensive approach to risk management has been identified, make risk identification more dynamic.

The framework the HFEA has established to identify and manage risk is proportionate to its small size and allows for reasonable controls to be in place, without adversely impacting on the successful delivery of objectives.

The relationship between risk, performance management, service delivery plans and strategic business planning has been improved with more emphasis on the interdependencies, especially between HFEA teams.

The risks vary in their likelihood and impact, and the Board's overall appetite for risk is 'low.' The HFEA risk management methodology takes account of HM Treasury 'Orange Book' as updated in 2021 and May 2023. The framework HFEA has recently updated was established to identify and manage risk is appropriate and allows for reasonable controls to be in place, without impacting on the successful delivery of the Authority's objectives.

The HFEA manages its risk through the use of risk registers, these include the Strategic Register managed by the Senior Management Team and Directorate Operational Risk Registers, where risks are owned by the various Heads of Service. There are also risk logs maintained at both project and programme level. The Strategic Risk register is presented to the Board at least bi-annually and is tabled at each Audit and Governance Committee meeting.

Projects are scrutinised by our Project Assurance Group (PAG). Risk assessment and management are a substantial aspect of this oversight arrangement and the project manager (and sometimes also the project sponsor - usually a director) must report to the Programme Board at monthly intervals. In turn, the Programme Board reports to CMG every month, with a highlight report outlining progress, risks, and issues for each live project.

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

In 2021/22, internal audit of our Operational Risk Management delivered 'limited' assurance, with a summary of 'There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective'. This year a refreshed Risk Management Strategy, Strategic Risk and Operational Risk registers were rolled out to the various groups and are currently in use. Submissions will be made to our Internal Auditors of evidence to support the progress in addressing the recommendations made in 2021/22 around the identified weaknesses. It is expected that a majority of these recommendations will be satisfied.

Regulatory risk

Alongside its arrangements for managing risk within the organisation, the HFEA also takes a risk-based approach to the way it regulates the fertility sector. In inspecting and regulating clinics, the Authority uses a risk-based assessment tool which remains agile in a fast-adapting market, ensuring that the HFEA's regulatory resources are targeted proportionately and reasonably. This tool (and all other processes used by the HFEA in carrying out its functions) is subject to a rigorous quality assurance regime.

Risk assessment

The strategic risk register captures those risks with the potential to have a significant impact on the business and on whether we achieve the objectives set out in our strategy. Each risk is owned by a member of the senior management team (SMT). Risks are reviewed and reported on each month and included as a standing item on the SMT and AGC meeting agendas.

In quarter three of the 2022/23 business year we made significant changes to the format of both our Strategic and Operational Risk Registers which was rolled out early in 2023/24. As of March 2024, there were ten live strategic risks. The new format enables risks to be shown across all areas of the business using the following risk categories.

• Financial	• Governance
• Information(external)	• Information (Register)
• Operational	• People (Resource)
• People (Senior Leadership)	• Reputational
• Security	

Information of our key risks are detailed in the performance section on pages 13 – 16.

Information management and security

As the holder of the statutory Register of fertility treatments, we take our responsibilities for information security most seriously and have a low tolerance for information risks. Keeping secure the information we hold, particularly sensitive personal patient data, is of the highest priority, and has become more so in 2023 as this is the year that donor conceived children, on reaching the age of 18, can access identifying information about their donors.

We are mindful of the current landscape and the increased risks around data security and increased incidence of phishing. We manage these risks within our strategic risk registers. We are also mindful of the complexity that arises when a health and social care organisation needs to share data (as the HFEA would for donor conceived individuals (DCI)) and the importance of ensuring this data can be trusted and is secure.

A further DSPT audit was conducted in 2023/24 where we received a ‘moderate’ rating for the overall risk assessment across all NDG (National Data Guardian) Standards and a rating of ‘high’ for the Confidence Level in the veracity of our self-assessment from our internal auditors. A total of five recommendations were received of which 4 were rated medium and 1 rated as low. These recommendations support the further improvement of the DSPT control environment. We have implemented a management action plan to address the five risks identified.

Part of our action plan for DSPT will include strengthening our Business Continuity plans. The audit of our Business Continuity arrangements carried out late in 2023 was given a ‘limited’ assurance. The main recommendations from the audit focus on sessions for staff key to the execution of the plan; ensuring time is given to discuss and understand the practical application of the plan; development of detailed plans for regular testing and exercises and documentation of lessons learned from recent business continuity event. These areas will be addressed during the 2024/25 business year.

There were no data losses within the last year, and we continue to work hard to ensure that remains the case.

Whistleblowing arrangements

Our staff are encouraged to speak up and raise a concern where something does not feel or look right. Our procedures for raising concerns are accessible to all HFEA employees and we offer several avenues for staff to voice their concerns including the use of external whistleblowing hotlines²⁴.

During the year, there have been no concerns raised under whistleblowing arrangements. Staff raise issues and make suggestions as part of day to day working in line with our culture.

Counter Fraud

The HFEA Fraud control framework is designed to minimise the risk of fraud and includes a Counter Fraud policy and strategy with key outputs. This complies with the requirements of the Cabinet Office

²⁴ This is separate to whistleblowing for people external to the HFEA (see [Whistleblowing | HFEA](#))

Functional Standards for Counter Fraud and sets out the HFEA's approach with an action plan for the year.

During quarter four of the 2023/24 business year a further desktop review was conducted by the Department of Health and Social Care Anti-Fraud Unit (DHSC AFU). The focus was on 4 standards that were deemed partially met from the review conducted in 2022/23: related to our Annual Action Plan, Outcome based metrics, Reporting routes and Fraud awareness training. Evidence has been submitted to the team and feedback was 'partially met' again on the areas listed above. Work to address these will commence early in the 2024/25 business year.

During 2023/24, we continued to make submissions to the Cabinet Office in compliance with the Government Functional Standards for Counter Fraud (GovS013).

There was one loss due to fraud identified in quarter 4 of 2023/24 which related to use of a SIM card which appeared to have been cloned and used in Nigeria. A block was immediately applied to the account to ensure it could not be used. All losses due to error were recovered in full.

In addition, risk assessments are carried out periodically and our action plan continues to evolve to address areas of weakness identified.

We have active membership of the DHSC's Counter Fraud Liaison Group where insights are shared, we also have access to the DHSC's Anti-Fraud Unit for any investigation should they be required.

Functional standards

The HFEA's functional standard arrangements are progressing. Directorates have undertaken high level reviews against mandatory 'shall' elements of the Functional Standards with only one of the standards being entirely out of scope for the HFEA: GovS 015 Grants. Directorates within HFEA post review have considered themselves to be broadly compliant with the core requirements and there have been no areas where there were significant deviations from the mandatory elements described in the standards.

Our intention is to continue to take a proportionate approach in reviewing the standards, in particular aligning the timing of detailed reviews with current planning schedules. Internal functional leads are using Functional Standard self-assessment and continuous improvement tools to consider where service improvements would be most valuable.

The Audit and Governance committee will add functional standards to its plan for future 'deep dives' with the first two already reviewed which were Commercial and Debt.

Internal incidents

Our process around internal incident reporting has been revised and strengthened in the light of the risk management audit conducted in 2021. We continue to use the lessons learned from reported incidents to plug any gaps in processes and strengthen controls to reduce risk. We will continue to refine our processes in line with the work around ensuring our risk management processes remain robust and relevant.

Internal Audit

In 2023/24 Internal Audit has provided assurance over HFEA's core business activities with individual reviews performed across operational, financial, and other risk areas; all informed by the organisation's risk areas, risk assessment and our independent view on HFEA's risk profile

The Head of Internal Audit's opinion is based solely on the assessment of whether controls in place support the achievement of management's objectives as set out in the 2023/24 Internal Audit Plan and individual Assignment Reports.

Head of Internal Audit Opinion

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

Her opinion is based on the outcomes of the work that Internal Audit has conducted throughout the course of the reporting year. There have been no undue limitations on the scope of internal audit work and the appropriate level of resource has been in place to enable the function to satisfactorily complete the work planned.

In summary, the overall opinion given to the Accounting Officer was 'moderate assurance' that HFEA has had adequate and effective systems of control, governance, and risk management in place for the reporting year 2023/24.

Review of effectiveness

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

- Oversight by the Board and its sub-committees including the Audit and Governance Committee.
- The work and opinions provided by GIAA our internal auditors.
- Senior managers within the organisation, who had responsibility for the development and maintenance of the system of internal control.
- Regular reporting to the Executive Team on performance and risk management.

I have noted the GIAA's annual report, which in accordance with the Public Sector Internal Audit Standards, concludes that the HFEA "has adequate and effective governance, risk and control arrangements": She has arrived at this opinion through:

- Conducting a detailed risk-based internal audit needs assessment, from which she has prioritised activity over a three-year planning period to design an internal audit strategy and annual operational plan.
- All audit conducted during 2023/24.
- Monitoring the implementation of internal audit recommendations throughout the year.



Peter Thompson
Chief Executive
Accounting Officer

19 July 2024

Remuneration and Staff Report

Audit

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

Reward systems and approval mechanisms for staff

Our remuneration recommendations are based on the Civil Service pay guidance issued annually by HM Treasury.

Pay awards are made to eligible staff in accordance with the Government limits of a percentage of the total pay-bill. In 2023/24, a pay award agreed by the Remuneration Committee of 4.5% or £1800 which ever was the greater was paid.

Pay levels are reviewed annually through the Remuneration Committee, which has specific responsibility to monitor overall levels of remuneration and to approve the remuneration of the Chief Executive and the Directors (see below).

Performance appraisal

A personal objective-setting process that is aligned with the business plan is agreed with each member of staff annually and all staff are subject to an annual performance appraisal.

Duration of contracts, notice periods and termination payments

Members of staff in band two (officers) must provide six weeks' notice of termination of their contracts. Members of staff in band three (managers) and above must provide three months' notice of termination of their contracts. The HFEA has a statutory duty to provide notice to staff of between one week and twelve weeks' notice depending on continuous service in line with the Employment Rights Act 1996.

Termination payments are made only in appropriate circumstances. In cases where gross misconduct has occurred, no termination payments are made.

Authority members

The remuneration levels of Authority members are set nationally by the Cabinet Office and are summarised in the table below. Revisions are made in accordance with the agreement on the pay framework for ALB chairs and non-executive directors, first announced in March 2006. We implement the revisions when instructed.

No pension contributions or bonuses were paid on behalf of any Authority member in 2023/24.

Appeals Committee

The Appeals Committee Chair receives a fee of £580 per day. The Deputy Chair receives a fee of £490 per day and members receive a fee of £400 per day. No pension contributions were paid on behalf of any Appeals Committee member.

The Appeals Committee did not sit in 2023/24 and therefore no payments were made to any members of the Appeals Committee in the year ended 31 March 2024

End of service

Staff can access their Civil Service pension at different times, depending on the scheme they are in. The normal pension age for those in the classic/premium scheme is 60, for those in the Nuvos scheme it is 65 and for those in the Alpha scheme it is the later of 65 or the state pension age. However, some staff may wish to work beyond these ages.

Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Health and safety

We are committed to adhering to the Health and Safety at Work Act 1974 and other related requirements to ensure that staff and visitors enjoy the benefits of a safe environment. There were no accidents or near misses reported during the year.

Conflicts of interest

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

Remuneration and benefits to Authority members for the year ending 31 March 2024 (Audited)

Name	Salary range £000s	Expenses (to nearest £100) ²⁵ £	Total £000s	Salary range £000s	Expenses (to nearest £100) ¹⁵ £	Total £000s
	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23
Julia Chain (Chair)	45-50	1,300	45-50	45-50	1,000	45-50
Catharine Seddon ²⁶ (Deputy Chair)	20-25	200	20-25	20-25	0	20-25
Jonathan Herring	5-10	300	5-10	5-10	100	5-10
Gudrun More	5-10	0	5-10	5-10	0	5-10
Tim Child	5-10	2,200	10-15	5-10	200	5-10
Jason Kasraie ²⁷	5-10	1,800	5-10	5-10	1,200	5-10
Alison Marsden	5-10	0	5-10	5-10	0	5-10
Geeta Nargund	5-10	0	5-10	5-10	0	5-10
Alison McTavish	5-10	2,800	10-15	5-10	1,500	5-10
Alex Kafetz	5-10	0	5-10	5-10	700	5-10
Frances Ashcroft ²⁸	0-5(Fye 5- 10)	0	0-5	5-10	500	5-10
Zeynep Gurtin	5-10	0	5-10	5-10	0	5-10
Graham James	5-10	1,200	5-10	5-10	2,200	5-10

²⁵ These expenses are shown gross.

²⁶ Catharine Seddon is also Chair of the Audit and Governance Committee and receives remuneration for both roles. During 2023/24 it was identified that the amount being paid to the AGC Chair since her appointment in 2021, was higher than the intended remuneration rate agreed between the HFEA and DHSC at the time of appointment. The discrepancy arose, and was not previously identified, due to ambiguity of wording in the written terms of employment. The HFEA has made the decision not to reclaim the amount overpaid in error and therefore this is shown as part of their remuneration in the table above. The overpaid amount is shown within the Losses and special payment disclosure on page 52.

²⁷ Jason Kasraie stepped down as an Authority member in December 2023

²⁸ Francis Ashcroft retired at the end of April due to ill health

Name	Salary range £000s	Expenses (to nearest £100) ¹⁷ £	Total £000s	Salary range £000s	Expenses (to nearest £100) ¹⁵ £	Total £000s
	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23
Frances Flinter	5-10	600	5-10	5-10	0	5-10
Christine Watson ²⁹	5-10	800	5-10	N/a	N/a	N/a

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by us and treated by HMRC as a taxable emolument. Previously we had an agreed a PAYE settlement agreement (PSA) with HMRC in regard to taxable emoluments of Authority members and some of our compliance staff, for the travel, accommodation, meals, and subsistence for which we pay the tax and national insurance due. In 2019, the PSA was removed by HMRC. The taxable emoluments are now payrolled and the figures on the above table are the gross payments.

Information regarding travel and subsistence claimed by Authority members and senior management is published on our website <https://www.hfea.gov.uk/about-us/what-we-spend-and-how/>

²⁹ Christine Watson joined the Authority in May 2023

Chief Executive and directors (Audited)

The Chief Executive's pay is set in accordance with the recommendation of the Chair, subject to the review of the Remuneration Committee and with the agreement of the DHSC. This is in accordance with the pay framework for very senior managers (VSM) in ALBs, informed by the Senior Staff Salaries Review Board.

Remuneration of the directors must be approved by the Remuneration Committee and is based on proposals received from the Chief Executive, in accordance with the VSM pay framework. The members of the Remuneration Committee during the year were Julia Chain (Chair), Catharine Seddon and Tim Child.

Remuneration and pension benefits of the senior management team (Audited)										
Name	Salary (£'000)		Bonus payments (£'000s)		Benefits in kind (to nearest £100)		Pension benefits ³⁰ (£'000s)		Total (£'000s)	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Peter Thompson	150-155	145-150	0-5	0	0	0	96,000	0	245-250	145-150
Rachel Cutting	95-100	90-95	0-5	0-5	2,300	10,600	39,000	37,000		145-150
Richard Sydee ³¹	25-30 (Fye ³² 95-100)	45-50 (Fye 95- 100)	0	0	0	0	2,000	0	25-30	45-50
Clare Ettinghausen	95-100	95-100	0-5	0-5	0	0	39,000	38,000	140-145	135-140
Tom Skrinar ³³	55-60 (Fye 90- 95)	N/a	0	N/a	0	N/a	140,000	N/a	195-200	N/a

Definitions

'Salary' includes gross salary, performance pay or bonuses and any other allowance that is subject to UK taxation.

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

'Benefits in kind' covers the monetary value of any benefits provided by the employer.

This report is based on payments made by us and thus recorded in these accounts.

³⁰ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

³¹ Richard Sydee was seconded to the HTA from the HFEA for 2.5 days a week and this is reflected above. The figures shown above represent 50% of his salary, pension and bonus that has been recharged to the HTA

³² The full year equivalent (Fye) is shown in brackets

³³ Tom Skrinar replaced Richard Sydee in August 2023

Pay ratios (Audited)

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

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

The banded remuneration of the highest paid director in the Human Fertilisation and Embryology Authority in the financial year 2023/24 was £150-£155k (2022/23, £145-£150k). The relationship to the remuneration of the organisation's workforce is disclosed in the table below.

	Highest paid director mid-point	2023-24 £152,500	2022-23 ³⁴ £147,500
25th Percentile	Total remuneration and salary	£34,500	£34,005
	Total remuneration ratio	4.42	4.34
	Salary only	£33,000	£34,288
Median	Total remuneration and salary	£40,562	£40,660
	Total remuneration ratio	3.76	3.63
	Salary only	£39,460	£38,894
75th Percentile	Total remuneration and salary	£49,570 ³⁵	£48,228 ³⁵
	Total remuneration ratio	3.08	3.06
	Salary only	£48,070	£47,610

The highest paid Director for this comparison was the Chief Executive. There has been a small change in the median remuneration of staff since last year, which is the result of increased pay awards and the inclusion of a one-off payment to staff below SCS level. The small increase in the 75th percentile compared to 2022/23 is largely due to the number of staff within higher pay bands receiving a pay award in 2023/24.

In 2023-24, 0 (2022-23, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £7,884³⁶ to £155,000 (2022/23 £20,000 to £148,000)³⁷.

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

³⁴ Figures have been amended in line with 2022/23 calculation

³⁵ Figure impacted by the inclusion of contract staff

³⁶ Salary range includes those staff who are on an apprenticeship and non-executive members.

³⁷ Salary range includes those staff who are on an apprenticeship.

Percentage change in remuneration of the highest paid director (Audited)

FY	2023/24	2022/23	Change
Director – salary range	£150,000 - £155,000	£145,000 – £150,000	3.4%
Director – performance pay	0-5	None	N/a
Staff – average salary	£42,075	£43,866	(4.1)%
Staff – average performance pay	£950	0	100%

In line with Cabinet Office pay policy, pay awards were made to HFEA staff during the reporting year. Bonus payments were made to three senior staff in the 2023/24 business year. In addition, a one-off payment of £1500 was made to eligible staff.

Staff report (Audited)

The HFEA has a headcount of 78 staff members excluding Authority members and including the SMT as at 31 March 2024. Below is a breakdown of staff costs and an analysis of directly employed staff³⁸

	Permanently employed staff	Members	Temporary staff	2023/24 Total	2022/23 Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Salaries and wages	3,539	160	208	3,907	3,983
Social security costs	380	8	0	388	337
Other pension costs	924	0	0	924	878
Net staff costs	4,843	168	208	5,219	5,198
Less recoveries in respect of outward secondments	(65)	0	0	(65)	(90)
Total Net Staff costs	4,778	168	208	5,154	5,108

Average number of persons permanently employed and outwardly seconded (Audited)

	Permanently employed	Seconded	2023/24 Total	2022/23 Total ³⁹
SCS ⁴⁰	3	0.9	3.9	3.5
Other	75.4	0	75.4	68.0
Total	78.4	0.9	79.3	71.5

Exit packages
(Audited)

³⁸ The figures in the table may differ to the financial statements due to rounding

³⁹ These numbers have been rounded.

⁴⁰ Includes the two Director(s) shared with the Human Tissue Authority during the year

2023/24

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures	Total cost of exit packages
		£'000s		£'000s	£000s
Less than £10,000	0	0	1	3	3
£10,000-£25,000	0	0	0	0	0
£25,001-£50,000	0	0	0	0	0
£50,001-£100,000	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0
£150,001-£200,000	0	0	0	0	0
>£200,000	0	0	0	0	0
Totals	0	0	1	3	3

Type of Other Departures	Agreements Number	Total Value of Agreements
	#	£000s
Voluntary redundancies including early retirement contractual costs	0	0
Mutually agreed resignations (MARS) contractual costs	0	0
Early retirements in the efficiency of the service contractual costs	0	0
Contractual payments in lieu of notice	1	3
Exit payments following Employment Tribunals or court orders	0	0
Non-contractual payments requiring HMT approval	0	0
>£200,000	0	0
Totals	1	3

2022/23

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures	Total cost of exit packages
		£'000s		£'000s	£000s
Less than £10,000	0	0	0	0	0
£10,000-£25,000	0	0	1	12	12
£25,001-£50,000	0	0	0	0	0
£50,001-£100,000	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0
£150,001-£200,000	0	0	0	0	0
>£200,000	0	0	0	0	0
Totals	0	0	1	12	12

Type of Other Departures	Agreements Number	Total Value of Agreements
	#	£000s
Voluntary redundancies including early retirement contractual costs	0	0

Mutually agreed resignations (MARS) contractual costs	0	0
Early retirements in the efficiency of the service contractual costs	0	0
Contractual payments in lieu of notice	1	12
Exit payments following Employment Tribunals or court orders	0	0
Non-contractual payments requiring HMT approval	0	0
>£200,000	0	0
Totals	12	12

Exit costs in this note were accounted for in full in the year of departure. Where the HFEA has agreed early retirements, the additional costs are met by the HFEA and not by the Civil Service pensions scheme. Ill-health retirement costs are met by the Civil Service pensions scheme and are not included in the table.

Staff Turnover

Staff turnover for the 2023/24 business year was 20% (2022/23, 13.8%).

The average number of contractors engaged during 2023/24 was 1 (2022/23,5).

Sickness and absences

Our sickness absence aim is to lose no more than 2.5% of time in staff sickness absence and in 2023/24 we achieved 4.91% (2022/23 2.26%). This is higher than the public-sector sickness absence rate average which is 2.7% (Office for National Statistics (ONS) 2018) due to long term sickness.

Review of tax arrangement of public sector appointees - off-payroll engagements

Off-payroll engagements assurance statement

For all off-payroll engagements as of 31 March 2024, for more than £245 per day.

Number of existing engagements as of 31 March 2024	2
Of which...	
Have existed for less than 1 year at time of reporting	0
Have existed for between 1 and 2 years at time of reporting	0
Have existed for between 2 and 3 years at time of reporting	0
Have existed for between 3 and 4 years at time of reporting	2
Have existed for 4 or more years at time of reporting	0

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024

No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	0
Total no. 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.	18

Consultancy

Our expenditure on Consultancy is £288,801 (2022/23 £423,426) and relates to legal consultancy costs incurred.

Remuneration and pension entitlements

HM Treasury Financial Reporting Manual (FRoM) requires us to provide information on the remuneration and pension rights of the named individuals who are our most senior managers.

The following table provides details of the remuneration and pensions of the Chief Executive and directors. These figures are subject to audit.

The pension entitlements of the most senior managers in the HFEA (Audited)

Name and position	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2024	Lump sum at pension age related to accrued pension at 31 March 2024	CETV at 31 March 2024	Real increase in CETV ⁴¹	CETV ⁴² at 1 April 2023	Employer's contribution to stakeholder pension
	(bands of £2,500)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)				
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Peter Thompson*	5-7.5	0	80-85	0	1,712	90	1,553	0
Richard Sydee*	0-2.5	0	35-40	100-105	815	0	801	0
Rachel Cutting*	0-2.5	0	10-15	0	148	25	104	0
Clare Ettinghausen*	0-2.5	0	15-20	0	212	25	160	0
Tom Skrinar *	5-7.5	0	20-25	0	398	104	275	0

All senior managers listed are employed on a permanent basis and are covered by the terms of the Principal Civil Service Pension Scheme.

Note: CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2023; this guidance has been used in the calculation of 2023-24 CETV figures.

As non-executive directors do not receive pensionable remuneration, there will be no entries in respect of pensions for non-executive directors.

Civil Service Pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” are unfunded multi-employer defined benefit schemes, but the HFEA is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2020. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at <https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

⁴¹ “Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23, but are reported in the legacy scheme for the same period in 2023-24.

⁴² CETV is the Cash Equivalent Transfer Value is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (other allowable beneficiary's) pension payable from the scheme.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) 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 (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with [SI 2008 No.1050 Occupational Pension Schemes \(Transfer Values\) Regulations 2008](#).

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out 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.

Real increase in CETV

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

Parliamentary accountability and audit report

Accountability

Fees and charges (Audited)

Our licence fees are set to recover the full cost incurred in the granting of licences and regulation. The table below shows the income from the sector for licensing activities and the associated costs of licensing.

	2023/24	2022/23
	£'000s	£'000s
Income from regulatory activity ⁴³	5,632	5,875
Costs allocated to regulatory activity	(5,989)	(5,603)
Surplus/(Deficit)	(357)	272

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

Licence fee income is derived from a fixed fee charged on the number of treatment cycles that are undertaken across the sector in the financial year.

The decrease in income compared to 2022/23 in the above table is due in part to a provision created relating to duplicate treatment cycles that came to light after our year end. Further detail is provided within the accounts at note 12. Excluding the provision, we saw a drop in our fee income (4.1%).

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

Losses and special payments (Audited)

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for health service or passed legislation. By their nature they are items that should not arise and are therefore subject to special control procedures compared with the generality of payments.

The HFEA had no losses, but one case of an overpayment of £7,192k in 2023/24 (£10,706).

⁴³ Income includes interest received. The total differs from note 4 in the accounts due to the exclusion of income that is not related to regulatory activity.

Gifts

The HFEA did not receive or make a gift of any kind and value in 2023/24.

Remote contingent liabilities (Audited)

The HFEA does not have any remote contingent liabilities.



Peter Thompson
Chief Executive
Accounting Officer

19 July 2024

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

Opinion on financial statements

I certify that I have audited the financial statements of the Human Fertilisation and Embryology Authority for the year ended 31 March 2024 under the Human Fertilisation and Embryology Act 1990.

The financial statements comprise the Human Fertilisation and Embryology Authority's:

- Statement of Financial Position as at 31 March 2024;
- 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.

In my opinion, the financial statements:

- give a true and fair view of the state of the Human Fertilisation and Embryology Authority's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Human Fertilisation and Embryology Act 1990 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Human Fertilisation and Embryology Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

The going concern basis of accounting for the Human Fertilisation and Embryology Authority 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.

Other Information

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Human Fertilisation and Embryology Act 1990.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Human Fertilisation and Embryology Act 1990; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Human Fertilisation and Embryology Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and accountability reports.

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

- Adequate accounting records have not been kept by the Human Fertilisation and Embryology Authority or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- The financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- Certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- The Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Authority and Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation, and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Human Fertilisation and Embryology Authority from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Human Fertilisation and Embryology Act 1990.
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Human Fertilisation and Embryology Act 1990; and
- assessing the Human Fertilisation and Embryology Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Human Fertilisation and Embryology Authority will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Human Fertilisation and Embryology Act 1990.

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

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Human Fertilisation and Embryology Authority's accounting policies.
- inquired of management, the Human Fertilisation and Embryology Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Human Fertilisation and Embryology Authority's policies and procedures on:
 - identifying, evaluating, and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Human Fertilisation and Embryology Authority's controls relating to the Human Fertilisation and Embryology Authority's compliance with the Human Fertilisation and Embryology Act 1990 and Managing Public Money;
- inquired of management, the Human Fertilisation and Embryology Authority's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Human Fertilisation and Embryology Authority for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Human Fertilisation and Embryology Authority's framework of authority and other legal and regulatory frameworks in which the Human Fertilisation and Embryology Authority operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Human Fertilisation and Embryology Authority. The key laws and regulations I considered in this context included the Human Fertilisation and Embryology Act 1990 and Managing Public Money.

Audit response to identified risk

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

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

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

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

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London

Date: 22 July 2024

Financial statements

Statement of comprehensive net expenditure for the year ended 31 March 2024

	Note	2023/24 £'000s	2022/23 £'000s
Income			
Revenue from contracts with customers	4	(5,632)	(5,875)
Other operating income	4	(65)	(90)
		(5,697)	(5,965)
Expenditure			
Staff costs	3	5,219	5,198
Purchase of goods and services	3	385	510
Non-cash items	3	156	471
Other operating expenditure	3	1,233	1,062
		6,993	7,241
Net operating expenditure			
		1,296	1,276
Finance income	4	(152)	(53)
Finance expense – Interest (lease)		8	9
Net expenditure before taxation		1,152	1,232
Taxation		29	10
Net comprehensive expenditure for the year		1,181	1,242

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

Notes 1 to 16 on pages 64 to 78 from part of these financial statements.

Statement of financial position as at 31 March 2024

		31 March 2024	31 March 2023
	Note	£'000s	£'000s
Non-current assets:			
Property, plant, and equipment	5	43	65
Right of Use Asset	5	743	824
Assets Under Construction	5	15	0
Intangible assets	7	393	483
		<u>1,194</u>	<u>1,372</u>
Current assets:			
Contract and other receivables	9	1,121	1,131
Cash and cash equivalents	10	3,544	3,367
Total current assets		<u>4,665</u>	<u>4,498</u>
Total assets		<u>5,859</u>	<u>5,870</u>
Current liabilities			
Contract and other payables	11	(684)	(515)
Provisions	12	(195)	(36)
Lease Liabilities	13	(146)	(146)
Total current liabilities		<u>(1,025)</u>	<u>(697)</u>
Non-current assets less net current liabilities		<u>4,834</u>	<u>5,173</u>
Non-current liabilities			
Lease Liabilities	13	(629)	(738)
Total non-current liabilities		<u>(629)</u>	<u>(738)</u>
Total assets less liabilities		<u>4,205</u>	<u>4,435</u>
Taxpayers' equity			
I&E reserve		<u>4,205</u>	<u>4,435</u>
Total taxpayers' equity:		<u>4,205</u>	<u>4,435</u>

Notes 1 to 16 on pages 64 to 78 from part of these financial statements.

The financial statements were signed on behalf of the Human Fertilisation and Embryology Authority by:



Peter Thompson
Chief Executive

Date: 19/07/2024

Statement of cash flows for the year ended 31 March 2024

	NOTE	2023/24 £'000s	2022/23 £'000s
Cash flows from operating activities			
Net expenditure		(1,152)	(1,232)
Depreciation and amortisation	3	231	247
Adjustment for net finance costs		8	9
Movement in Lease liability		(29)	29
Decrease/(increase) in trade and other receivables	9	10	(141)
Increase/(decrease) in trade and other payables	11	169	(54)
Taxation		(29)	(10)
Increase/(decrease) in provisions	12	159	(49)
Net cash (outflow) from operating activities		(633)	(1,201)
Cash flows from investing activities			
Purchase of property, plant, and equipment	5	(24)	(24)
Net cash (outflow) from investing activities		(24)	(24)
Cash flows from financing activities			
Grants from sponsoring department		951	992
Lease Liabilities payments		(109)	(81)
Lease interest payments		(8)	(7)
Net cash inflow from financing activities		834	904
Net (decrease) in cash and cash equivalents in the period	10	177	(321)
Cash and cash equivalents at the beginning of the period	10	3,367	3,688
Cash and cash equivalents at the end of the period		3,544	3,367

Notes 1 to 16 on pages 64 to 78 form part of these financial statements.

Statement of changes in taxpayers' equity For the year ended 31 March 2024

	Total I&E Reserve
	£'000s
Balance at 1 April 2022	
Changes in taxpayers' equity for the year ended 31 March 2022	4,685
Grant in aid from Department of Health and Social Care	992
Comprehensive expenditure for the year	(1,242)
Balance at 31 March 2023	4,435
Changes in taxpayers' equity for the year ended 31 March 2024	
Grant in aid from Department of Health and Social Care*	951
Comprehensive expenditure for the year	(1,181)
Balance at 31 March 2024	4,205

Notes 1 to 16 on pages 64 to 78 from part of these financial statements.

Notes to the accounts

1. Statement of accounting policies

The 2023/24 HFEA accounts are prepared in a form directed by the Secretary of State for Health in the 2022 Framework Agreement, in accordance with section six of the Human Fertilisation and Embryology Act 1990 (as amended).

The accounts are prepared in accordance with the accounting and disclosure requirements given in the Financial Reporting Manual (FReM), insofar as these are appropriate to the HFEA and are in force for the financial year for which the statements are prepared. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstance of the HFEA for the purpose of giving a true and fair view has been selected.

The particular policies adopted by the HFEA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Going concern

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

1.2 Accounting convention

These financial statements are prepared under the historical cost convention.

1.3 Depreciation and amortisation

Depreciation is provided on all property, plant and equipment and tangible assets on a monthly basis from the date of acquisition at rates calculated to write off the cost of each asset evenly over its expected useful life.

Amortisation is provided on intangible non-current assets (which comprise constructed software and software licences) on a monthly basis at a rate calculated to write off the cost of each intangible asset over its expected useful life.

Expected useful lives are as follows:

Tangible Assets

Information technology	4 years
Office equipment	5 years
Furniture, fixtures, and fittings	5 years

Intangible Assets

Software Licences	4 years
Constructed Software	4 – 10 Years
Buildings – RoU Assets	Length of lease (10 Years)

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

1.4 Non-current assets

Non-current assets include property, information technology, and office equipment together with intangible assets which relate to constructed software and software licenses. Only items, or groups of related items, costing £5,000 or more are capitalised. Those costing less are treated as revenue expenditure with the exception of Laptops which are capitalised to aid tracking.

All property, plant and equipment and intangible assets held by the HFEA at 31 March 2024 are carried in the statement of financial position at depreciated (property, plant, and equipment) or amortised (intangible assets) historical cost. The depreciated or amortised historical cost is used as a proxy for fair value, for the classes of assets listed above, since the useful life over which the asset class is depreciated or amortised is considered to be a realistic reflection of the consumption of that asset class.

Intangible Assets namely Constructed software are reviewed for impairment. Consideration of changes in the useful economic life are made. Any impairments that may arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses.

1.5 Assets under Construction (Development expenditure)

These are the cost relating to either the creation or upgrade of the HFEA's systems whether that be the hardware or applications that are yet to be deployed. These assets are not depreciated.

1.6 Critical accounting judgements and key sources of estimation uncertainty

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

IAS 36 – Impairments – Management makes judgement on whether there are any indications of impairments to the carrying amounts of the HFEA's assets. At the end of the year, management has made a significant judgement in relation to the impairment of PRISM (the online submission systems for the clinics we regulate). The assessment of the level of impairment recognised is subject to a degree of uncertainty. As PRISM does not generate cash and has no market value; due to its uniqueness, management sort to write down its value based upon the original business case and expected costs and benefits realised. The latter being too soon to ascertain as the asset has only just been placed into use.

IFRS 9 – Expected credit loss – includes a review of historical debtor information around probability to default, the economic climate and the sectors debtors are categorised by. The judgements made relate to the weighting given to each period our debts remain outstanding. This year has seen a small decrease in the provision to reflect the number of accounts that have been outstanding for more than 3 months.

1.7 Impairment of financial assets

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

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

An assessment of the HFEA's financial assets has resulted in the movement in the value of the impairment of receivables. In carrying out this assessment, account is taken of the sector, economic climate, and trends. A default loss rate (calculated as amounts written off as a percentage of unpaid debts over the ageing periods of 35, 60 and 95 day is applied to the receivables creating an expected credit loss. The default rate incorporates forward-looking information such as change in inflation, residual impact of COVID.

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

1.8 Grant-in-aid

Grant-in-aid received from DHSC is used to finance activities and expenditure which supports the statutory and other objectives of the HFEA and is treated as financing and credited to the I&E reserve, because it is regarded as contributions from a controlling party.

1.9 Operating income

Under IFRS 15 and the 5-step model:

- There is a contractual arrangement between the HFEA and its clinics as per IFRS 15 and the 5-step model. The underlying legislation is deemed to enforce contractual obligations on both parties, and thus these arrangements are viewed as contracts under the standard.
 - Performance obligations exist between the HFEA and those clinics within the private and public sectors it regulates. The clinics must maintain standards in line with our Codes of Practice and submit details of activities being undertaken. The HFEA if satisfied grants a licence.
 - A transaction price (lice fee) is chargeable for granting of licences and for ongoing regulation. The cost of ongoing regulation is based on the sector, type of activity undertaken by each establishment.
 - The transaction price is allocated to the obligation on the HFEA to regulate the clinics and grant a licence.
 - Income is recognised over time across the financial year to which the licence relates.
- Other income received by the HFEA relates to seconded staff and is recognised on an accrual's basis, with the performance obligation deemed to be the point at which these services are delivered.

Leases

1.10

Scope and classification

Contracts that convey the right to use an asset in exchange for consideration are classified as leases and are accounted for in accordance with IFRS 16 leases. The HFEA has one lease which is for its offices at 2 Redman Place, Stratford.

Low value contracts defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and contracts with a term shorter than twelve months are excluded and expensed.

Recognition and measurement

At the commencement of a lease (or the IFRS effective dates), HFEA recognises a right-of-use asset and a liability. The lease is measured as the payments for the remaining lease term net of irrecoverable value added tax (VAT), discounted either by the rate implicit in the lease, where this cannot be determined, HFEA's incremental borrowing rate. For the HFEA, the incremental cost of borrowing is the rate advised by HM Treasury for that financial year. The lease term is as reflected in the lease agreement. The liability is presented within note 13.

The right-of-use asset is initially measured at the value of the liability. The liability is adjusted for the accrued interest and payments

Expenditure includes interest and straight-line depreciation. Lease payments reduce the lease liability. If applicable, rental payments for leases of low value items or shorter than twelve months are expensed. The HFEA currently does not have either low value items or leases shorter than twelve months.

The asset is subsequently measured using the fair value model. The HFEA considers the cost model to be a reasonable proxy for this.

The liability is adjusted for the accrued interest and repayments.

1.11 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit elements of the scheme are unfunded and are non-contributory except in respect of dependents' benefits. The HFEA recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the scheme, the HFEA recognises the contributions payable for the year. Further information in respect of Civil Service Pensions is provided in the remuneration report.

1.12 Cash

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours.

1.13 Financial instruments

Financial assets and financial liabilities arise from the Authority's normal operational activities and are recognised in accordance with standard accruals accounting principles.

The HFEA's financial assets comprise cash at bank and in hand, contracts with customer debtors, balances with central Government bodies, and other debtors. The HFEA's financial liabilities comprise trade creditors and other creditors. The fair values of financial assets and liabilities are deemed to be their book values, unless there is appropriate cause to apply an alternative basis of valuation.

The HFEA has not entered into any transactions involving derivatives.

1.14 IFRSs, amendments and interpretations in issue but not yet effective

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

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

IFRS 18 – Presentation and Disclosure in the Financial Statements – was issued in April 2024 and applies to periods on or after 1 January 2027. The standard has not yet been adopted by FRAB for inclusion within the FReM and therefore it is not yet possible to assess its impact on our accounts in the future.

1.15 Provision

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

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

2. Operating segments

Under the definition of IFRS 8 the HFEA is a single operating segment as the UK's independent regulator of treatment using eggs and sperm, and of treatment and research involving human embryos, setting standards for, and the issue of licences to, centres together with the provision of information for the public and determining the policy framework for fertility issues.

		2023/24	2022/23
	Note	£'000s	£'000s
3. Operating expenditure			
3.1 Staff costs			
Permanently employed staff costs		4,843	4,527
Members' allowances		168	171
Agency and other temporary costs		208	500
		<u>5,219</u>	<u>5,198</u>
3.2 Purchase of goods and services			
Legal Expenses		289	423
Auditors' remuneration and expenses	(a)	96	87
		<u>385</u>	<u>510</u>
3.3 Other operating expenses			
Occupation costs		186	184
Running costs		809	714
Staff related costs		238	164
		<u>1,233</u>	<u>1,062</u>
3.4 Non-cash items			
Depreciation & amortisation	5,7	121	137
Amortisation of RoU Asset	6	110	110
Expected credit loss		(75)	224
		<u>156</u>	<u>471</u>
Total		<u>6,993</u>	<u>7,241</u>

Notes

a)	Audit expenditure is as follows:	2023/24	2022/23
		£'000s	£'000s
	External audit	46	37
	Internal audit	50	50
		<u>96</u>	<u>87</u>

External audit expenditure is the accrued fee for the NAO for 2023-24 year. The internal audit costs relate to audits carried out in 2023-24.

3a. Staff costs

	2023/24	2022/23
	Total	Total
	£'000s	£'000s
Wages and salaries	3,907	3,983
Social security costs	388	337
Other pension costs	<u>924</u>	<u>878</u>
Staff costs	5,219	5,198
Less recoveries in respect of outward secondments	<u>(65)</u>	<u>(90)</u>
Total Net staff costs	<u>5,154</u>	<u>5,108</u>

As set out in note 1.11, further information in respect of Civil Service Pensions is provided in the remuneration report on pages 46 to 47.

Average number of staff employed

The average numbers of persons employed during the period were as follows

	31 March 2024 Total	31 March 2023 Total
Directly employed	<u>79.3</u>	<u>68</u>
Subtotal	79.3	68
Contract staff	<u>3</u>	<u>6</u>
Total	<u>82.3</u>	<u>73</u>

4. Income

Gross income is made up of licence fee and other incomes which are recorded on an accrual's basis.

Analysis of income

	2023/24	2022/23
	£'000s	£'000s
Licence fee income	(5,632)	(5,875)
Other income-interest	(152)	(53)
Other operating income	<u>(65)</u>	<u>(90)</u>
Total income for the year	<u>(5,849)</u>	<u>(6,018)</u>

5. Property, plant, and equipment

	Right of Use Asset	Information technology	Office Equipment	Assets Under Construction	Total	Of which: Leases within the DHSC Group
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost or valuation:						
At 1 April 2023	934	195	6	0	1,135	934
Additions purchased	0	24	0		24	0
Adjustments/Transfers	29	(15)	0	15	29	29
At 31 March 2024	963	204	6	15	1,188	963
Depreciation						
At 1 April 2023	110	130	6	0	246	110
Charged during the year	110	31	0	0	141	110
At 31 March 2024	220	161	6	0	387	220
Carrying value at 31 March 2024	743	43	0	15	801	743
Carrying value at 31 March 2023	824	65	0	0	889	824
Asset financing						
Owned	0	43	0	15	58	0
Leased	743	0	0		743	743
Carrying value at 31 March 2024	743	43	0	15	801	743
	Right of Use Asset	Information technology	Office equipment		Total	Of which: Leases within the DHSC Group
2022/23	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost or valuation:						
At 1 April 2022	0	171	6	0	177	0
Additions purchased	934	24	0	0	958	934
At 31 March 2023	934	195	6	0	1,135	934
Depreciation						
At 1 April 2022	0	102	5	0	107	0
Charged during the year	110	28	1	0	139	110
At 31 March 2023	110	130	6	0	246	110
Carrying value at 31 March 2023	824	65	0	0	889	824

6. Carrying value of right of use assets split by counterparty

	Total £'000s
Leased from DHSC	743
Leased from NHS England Group	0
Leased from NHS Providers	0
Leased from Executive Agencies	0
Leased from Non-Departmental Public Bodies	0
Leased from other group bodies	0
Total	743

7. Intangible Assets

	Software licenses	Constructed software	Total
	£'000s	£'000s	£'000s
Cost or valuation:			
At 1 April 2023	158	1,675	1,833
At 31 March 2024	158	1,675	1,833
Amortisation			
At 1 April 2023	154	1,196	1,350
Charged during the year	2	88	90
At 31 March 2024	156	1,284	1,440
Carrying value at 31 March 2024	2	391	393
Carrying value at 31 March 2023	4	479	483

All assets are owned

Constructed software includes the cost of HFEA's website, Choose-a-Fertility Clinic (CaFC) and the Clinic Portal which collectively were known as the Information for Quality Project that concluded in July 2017. The gross cost is £977,642 and its net book value is nil as its remaining useful life has ended although the asset is still in use.

Constructed software includes the cost of developing our data submission system known as PRISM, which went live in September 2021 and is amortised over 10 years.

	Software Licenses	Constructed Software	Total
	£'000s	£'000s	£'000s
2022/23			
Cost or valuation:			
At 1 April 2022	158	1,675	1,833
At 31 March 2023	158	1,675	1,833
Depreciation			
At 1 April 2022	134	1,108	1,242
Charged during the year	20	88	108
At 31 March 2023	154	1,196	1,350
Carrying value at 31 March 2023	4	479	483
Carrying value at 31 March 2022	24	567	591

All assets are owned

8. Financial instruments

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

a) Liquidity risk

The majority of the HFEA's income comes from treatment fees. The fees are based on information provided directly from licenced clinics. This information is processed and returned to clinics in the form of invoices.

There are procedures in place to identify late and non-reporting of treatment cycles by clinics and also procedures for chasing up debts. The remaining main source of revenue is from Government grants made on a cash basis. Therefore, the HFEA is not exposed to significant liquidity risk.

b) Credit risk

The HFEA receives most of its income from the clinics it regulates. It operates a robust debt management policy and, where necessary, provides for the risk of particular debts not being discharged by the relevant party.

We continue to experience delays in clinics settling their accounts. Therefore, the HFEA was exposed to some credit risk during the period the 2023/24 financial year.

c) Financial assets and liabilities

The only financial asset held at a variable rate was cash at bank of £3,544,335 (2022/23, £3,366,709). As at 31 March 2024, none of the HFEA's financial liabilities were carried at a variable rate. The fair value of the financial assets and liabilities was equal to the book value.

9. Trade and other receivables

	31 March 2024	31 March 2023
	£'000s	£'000s
Amounts falling due within one year		
Contract receivables	740	817
Impairment for expected credit losses	(305)	(380)
Contract receivables not invoiced	519	509
Prepayments	158	161
Other receivables	9	24
Total	<u>1,121</u>	<u>1,131</u>

Contracts with customers balance has decreased from 2022/23 by 9.4%, however, there remains some very overdue accounts which has resulted in the provision for bad debts to remain high.

Contract Receivables not invoiced include calculations of the fees due to be invoiced to clinics after the date of the statement of financial position in respect of chargeable treatments undertaken before that date.

10. Cash and cash equivalents

	31 March 2024
	£'000s
Balance at 1 April 2023	3,367
Net change in cash	177
Balance At 31 March 2024	<u>3,544</u>
	31 March 2024
	£'000's
Bank account balances	
Government Banking Services	3,388
Commercial Banks	156
	<u>3,544</u>

No cash equivalents were held during the year.

11. Trade payables and other current liabilities

Amounts falling due within one year	31 March 2024	31 March 2023
	£'000s	£'000s
Analysis by type		
Trade Payables	92	38
Accruals and deferred income	443	471
Other taxation and social security	146	0
Other contract liabilities	3	6
Total	684	515

All creditors were due for settlement within one year of the Statement of Financial Position date.

12. Provisions for liabilities and charges

	Income reduction	Office Relocation (Travel)	Total
	£'000s	£'000s	£'000s
Balance at 1 April 2023	0	36	36
Provided in year	195	0	195
Provisions utilised in year	0	0	0
Release of provision for the period	0	(36)	(36)
Balance at 31 March 2024	195	0	195

The provision for Travel was provided in 2020/21 to reflect the cost of additional travel the HFEA has committed to reimburse its staff over a three-year period as a result of the office relocation. The provision is being released equally with 2023/24 being the final year. The relocation of the HFEA to new offices and the HFEA's offer to reimburse the excess fares is a constructive obligation under IAS 37.

The provision provided in year, is for a reduction in our licence fee income which has arisen due to a number of duplicate cycles that have been billed for and will need to be refunded. This issue came to light during the verification process conducted prior to preparing clinic data for the impending Choose a Facility Clinic (CaFC), which in its basic form is data collected on clinic success rates. Our clinics have been submitting data on treatment cycles and due to some issues with third party suppliers API systems and human error, cycles were

submitted twice and were billable. The provision is calculated based on data available and is our best endeavours.

13. Lease Liabilities

	Property, plant, and equipment (Buildings)
	£000's
Operating lease obligations at 1 April 2023	824
Additions	29
Disposal	0
Payments	(117)
Interest	8
At 31 March 2024	744

2023/24

	Buildings Right of Use Asset	Total
	£'000s	£'000s
Obligations for the following periods comprise:		
Payable:		
Not later than one year	146	146
Later than one year and not later than five years	468	468
Later than five years	185	185
Less interest element	(24)	(24)
Present value of obligations	775	775

14. Contingent liabilities

The HFEA regulates a sector that addresses some highly charged issues, of both a personal and clinical nature, which may generate close scrutiny. Some of the projects and work that the HFEA has undertaken, as well as certain decisions that the HFEA has made may give rise to later challenge, including a risk of legal action.

At the date of finalising these accounts, there were no contingent liabilities or matters of litigation that may have financial consequences for the HFEA.

15. Related party transactions

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

The Department of Health and Social Care (DHSC) is regarded as a related party. During the period, the HFEA had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent department including:

Organisations

Human Tissue Authority (HTA)
Care Quality Commission (CQC)

Ministers

The Rt Hon Victoria Atkins MP
The Rt Hon Andrew Stephenson CBE
The Rt Hon Andrea Leadsom MP
Lord Markham

Below are the board members who are connected to those clinics we licence and those who are connected to organisations the HFEA has a professional interest in and are therefore regarded as related parties.

Authority Members

Prof Frances Flinter – Guy's & St Thomas Hospital
Alison McTavish – British Fertility Society

16. Events after the reporting period

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

