



UK Health  
Security  
Agency

# UKHSA Annual Report and Accounts 2023-24

HC 427



# **UK Health Security Agency**

## Annual Report and Accounts 2023-24 For the year ending 31 March 2024

Presented to the House of Commons pursuant to section 7 of the  
Government Resources and Accounts Act 2000

Ordered by the House of Commons to be printed 16 December 2024

## About UK Health Security Agency

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

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ISBN 978-1-5286-4848-6

E03119031

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



UKHSA supports the Sustainable Development Goals



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# 1 Performance report

## Chair's Report



Welcome to UKHSA's annual report covering the period from 1 April 2023 to 31 March 2024, the second full year for the Agency. It was a year of relative stability, growing maturity, steady broadening of our remit and improved effectiveness of our core activities.

The breadth and volume of health-related incidents did not let up with a resurgence of the so called 'Victorian Diseases' a key feature alongside rising concerns from the health impacts of climate change, offsetting the progressive reduction in Covid cases. The widening of health inequalities was especially prevalent in falling childhood vaccination rates.

Within UKHSA, the year was characterised by increasing stability after a period of dramatic downsizing and reorganisation. Challenges with uncompetitive remuneration packages continued to adversely impact recruitment and retention in our key science, data and technology specialisms. The period also saw significant leadership time and costs diverted to the Covid Public Inquiry which have steadily increased in its demands on the organisation.

2023-24 was the first year of the UKHSA's three-year strategic plan, and I am delighted that the great majority of our first year targets were delivered. Turning around the fall in vaccination rates, where UKHSA is one of several agencies involved, is the one public health outcome which lagged. Progress in the digital transformation of our operations, the burgeoning collaborations with our global peer agencies, and a landmark strategic contract with Moderna to drive investment in UK Life Sciences were all notable highlights. UKHSA has a wide range of stakeholders and it was pleasing to see the improvement in our brand standing, with more to do in some areas.

From a governance perspective, the Advisory Board and its four Committees have worked well as evidenced in the structured assessment process. The Board met six times in public, covering a range of new strategic topics and periodic updates alongside regular performance reviews using a structured framework. The diverse and complimentary experiences and styles of its members were consistently evidenced. The People and Culture Committee, Science and Research Committee, Equalities, Ethics and Communities Committee, and the Audit and Risk Committee all met at least four times with the latter strengthened by the appointment of Cindy Rampersaud as Chair. I would like to thank all of the Advisory Board and Committee members for their commitment and contribution during the year, especially Dame Jennifer Dixon whose tenure has now ended.

The financial outturn for UKHSA was within 1.0% of its month six forecast, meeting the Treasury target, and demonstrating improved financial control. 2023-24 was the last year with separate Covid budgets, with all future Covid related expenditure to be covered within core funding. The limited capital budget was fully spent. During the

year, a comprehensive Financial Improvement Programme was put in place and its efforts were recognised by an improved limitations of scope audit opinion, which is the best which could have been achieved given the historic challenges. The ambition is to secure a clean audit for 2024-25 for all account areas, with the exception of the prior year comparators in relation to CVU where the limitation of scope agreed this year will still impact.

The mandatory independent Public Bodies Review of UKHSA was diligently conducted by Adrian Belton, Chair of the Defence Science and Technology Laboratories, and a support team. This concluded that UKHSA had delivered well on its remit and advocated a wide range of changes to improve the clarity of the Agency's remit, the sustainability of its funding, its operational efficiency and its governance. With the change in Government, those recommendations are waiting Ministerial consideration. They are supported by the UKHSA Leadership and Board.

Looking ahead, UKHSA is at something of an inflexion point. As a minimum we will continue to improve our impact on public health and the economy, our value for money, and employee proposition. The new Government will define the Agency's remit and funding together with its appetite for risk, notably in the context of the fiscal constraints, the response to the Covid Inquiry and pandemic preparedness. There is more UKHSA could do in driving scientific research and innovation, in reducing health inequalities, in supporting prevention and detection of disease, by leveraging technology, and by collaboration with other parts of the public and private sectors.

I would like to set on record my thanks to the UKHSA teams for their sustained commitment and excellence, for their skills, adaptability and resilience in helping keep our country safe. It remains a privilege to Chair the UKHSA Advisory Board.

A handwritten signature in black ink, appearing to read 'Ian Peters', with a stylized, sweeping flourish at the end.

Ian Peters

Chair, UK Health Security Agency

## Chief Executive's Report



Welcome to UKHSA's annual report and accounts for the 2023-24 financial year.

As I reflect on this, my third annual report and accounts as Chief Executive, and on the Agency's second full year in existence, I am positive and proud of the collective efforts within UKHSA. We are discernibly moving along our development path to become a model within Government of efficient organisational delivery, an inclusive place to work and, most importantly, an effective force for positive health protection. With current Government missions focused on preventative health, a new industrial strategy and the life sciences agenda, I am optimistic that between

our partnerships with industry and academia, and the showcasing of our scientific skills nationally and globally, we are in an excellent position to contribute to national economic growth.

A particular highlight this year is the launch of our three year [Strategic Plan](#). Its publication is an important articulation of our vision and ensures that what we seek to achieve is transparent and clearly outlined to all of our partners – in particular to the public whom we ultimately serve. Transparency is the core of meaningful collaboration to enable better outcomes for all. Within the Strategic Plan we have identified six Strategic Priorities where we believe we can make the most significant difference through focused effort and new innovative approaches. We have committed to:

1. Be ready to respond to all hazards to health;
2. Improve health outcomes through vaccines;
3. Reduce the impact of infectious diseases and antimicrobial resistance;
4. Protect health from threats in the environment;
5. Improve action on health security through data and insight;
6. Develop UKHSA as a high-performing agency.

In reviewing the last year there are four main themes apparent throughout our work in 2023-24:

### **1 Improving Governance and a Maturing Agency**

If 2021-22 was pandemic response and 2022-23 was scaling back, then 2023-24 is the year that we were able to build a UKHSA designed to protect lives and livelihoods: our structures, our priorities, our people and our culture. We have moved from four merged organisations into one UKHSA, with a unique and powerful mission, clear vision and purpose.

A significant achievement, and the one most salient to these accounts, is the qualified audit opinion provided by the Comptroller and Auditor General. This improved opinion results from the progress made in addressing the complex outcomes of historic



mid-year mergers of two separate organisations, twice in succession, at the same time as downsizing the Agency's expenditure by almost 90% (excluding Covid Vaccines) over just a few months. Considerable effort from finance colleagues through the Financial Control and Improvement Programme, alongside GIAA colleagues and our own Board and ARC Chairs, went into improving our controls and accounts, and working collaboratively with the NAO, to achieve the limitation of scope opinion, with an opinion given over closing balances. This qualification of the opinion, the best we were able to achieve given the previous challenges, is a sign of our progress and our continued work. We have made further progress throughout 2024 to ensure our governance, working culture and structures are effective and enduring in order to deliver a high performing organization.

We are implementing a rationalised senior leadership structure including transition to a streamlined Chief Executive and four Directors General model for our executive committee and wider UKHSA senior leadership will be enabled to directly influence UKHSA's development, activities and success. Clear governance, quicker decision making and stronger accountability should mark us out for future success.

## **2 Enhancing Return on Investment**

UKHSA's remit to provide strong professional health security leadership and to grow the science on which these capabilities are founded is especially challenging in the context of the current demands on public finances. It is right that this year we have focussed on improving efficiency in how we do things now, and on innovation to do things better in the future. We made notable advances in our internal modernisation programmes in 2023-24, an evidenced example being the launch from April 2024 of our new Case and Incident Management System (CIMS) for recording and responding to health protection incidents. Beyond our patient and public facing services, we have also enhanced the value of our scientific assets and our role in supporting the life sciences sector and economic growth. This is exemplified through the publication of our [Science Strategy](#) and of our [Commercial Strategy](#), both of which outline an ambitious agenda to innovate in order to secure health and prosperity.

## **3 Protecting from Growing Threats**

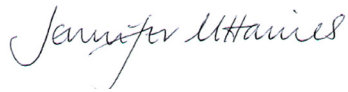
While waves of COVID variants have undulated at low levels through 2023-24, other infectious diseases have returned to pre-pandemic, and sometimes non-seasonal prevalence levels. We have seen a rising burden of disease particularly from sexually transmitted infections and resurgence of vaccine preventable diseases such as measles and pertussis (whooping cough). Alongside these trends, the number and demands of health incidents that require a response from UKHSA have also increased, whether chemical and environmental hazard exposures, outbreaks of gastrointestinal disease from contaminated food or water sources or healthcare acquired infections from highly resistant pathogens. This has created a "new normal" where we can anticipate multiple national level incidents running concurrently, underlining the importance of our Ready to Respond programme.

## **4 Strengthening Resilience**

While our need to respond to incidents has grown, we must also remain focused on how best to prepare for and prevent emerging or future threats. Various current and former staff have provided evidence to six modules of the COVID-19 Inquiry and we are keen to learn from its recommendations. But even while the Inquiry is ongoing,

our own pandemic preparedness work, alongside DHSC, NHS, Local Authorities and other public sector, academic, and industry partners continues. UKHSA's ambition is not limited to domestic resilience. We also work to strengthen and improve global health security with many other countries and organisations, including the Global Health Security Initiative and the WHO's International Pathogen Surveillance Network.

2023-24 has been a challenging and changing year, but we leave it on the cusp of stability in our structures and systems and huge opportunity for our science. I am enormously grateful for each and every contribution colleagues have made to safeguarding the public's health and for the shared working and support of our professional and organisational partners, both in the UK and overseas. I am proud of what we have achieved in UKHSA and I am confident that we can be ambitious and strive to do even better going forward, always in partnership and always protecting those least able to protect themselves.



Professor Dame Jenny Harries  
Chief Executive, UK Health Security Agency

## About us

This section provides an overview of UKHSA. It includes details on our purpose and goals as well as the activities of the agency.

## Our purpose

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

**We provide health security to the nation through effective prevention, preparation and response, based on our scientific and public health expertise.** Our activity ranges from preventing infections through cutting-edge surveillance, to working with industry and academia to co-develop new vaccines and diagnostics and partner with the NHS to ensure antibiotics keep working. As a core health protection emergency responder, we worked on close to 12,000 health protection situations in in 2023/24 and helped to prevent many more. Our work is local, regional, national and global.

**Through addressing health threats, we aim to create a safe and prosperous society.** Our work directly protects the health and lives of the public, whilst reducing demand on the NHS and our public services. We contribute to the economy, help grow the UK life sciences sector through innovative commercial and academic partnerships, drive health protection science globally, and play a vital part in ensuring our national security.

### Our goals:

Our work is driven by our three goals, underpinned by our commitment to achieve fairer and more equitable health outcomes for all.



UKHSA aims to ensure that the country is prepared for, and when feasible can prevent, future health security hazards. We maintain world leading clinical and scientific expertise to ensure UK government's understanding of health threats and risks; develop the right evidence, insight and tools to best protect against them; and have the right tested response plans in place to protect the population. We prevent harms through specialist guidance and evidence to support effective interventions and limit exposure, and through the critical role we play in all stages of the vaccine cycle from development to delivery.



UKHSA protects people from health threats every day, responding to more than 10,000 situations per year. We deliver agile, rapid, evidence-based responses at a local, national and international level, minimising the impact of these incidents and providing specialist advice. We respond to infectious disease outbreaks, health security incidents, and ongoing health security threats such as mpox and shiga toxin-producing e-coli (STEC).



We continue to build and invest in the scientific, public health and operational capabilities needed to protect the country's health now and in the future. We are modernising our approaches and technology, ensuring we are a high-performing and efficient agency.

## Our organisation

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

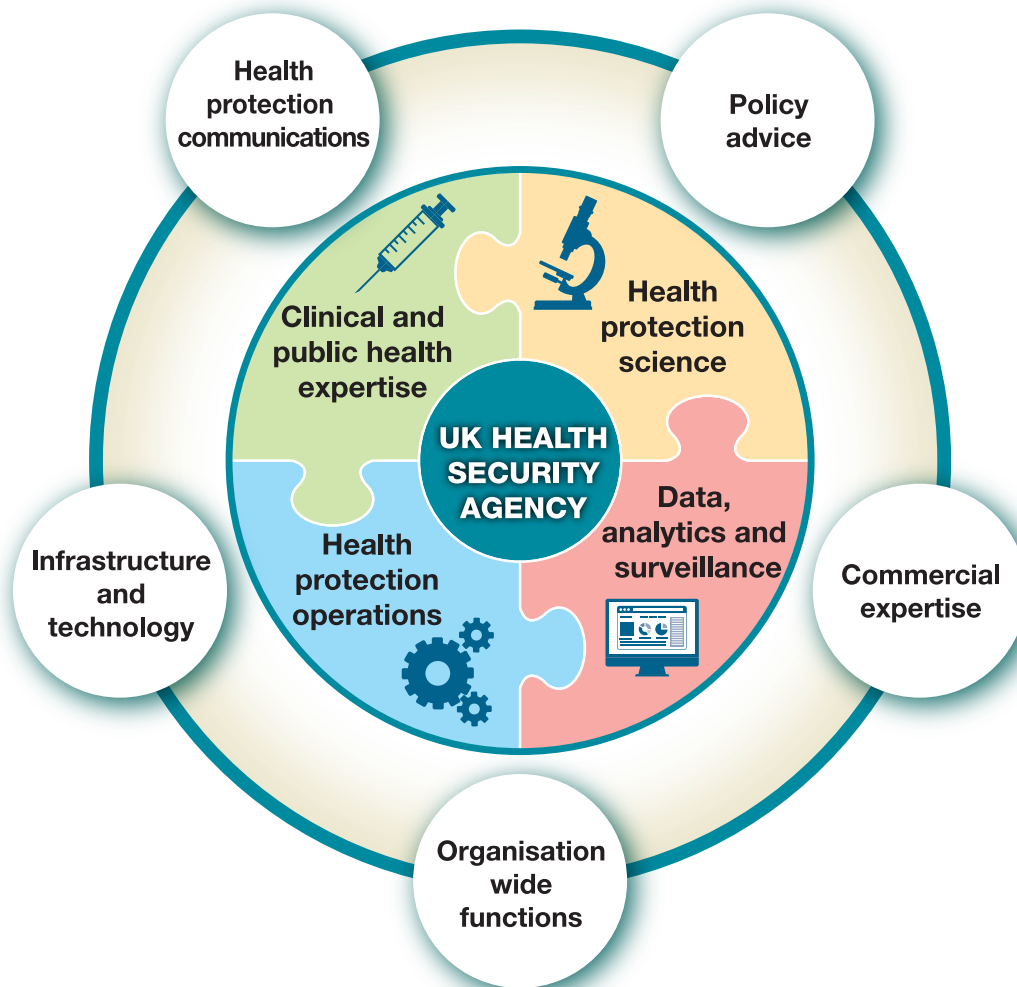
UKHSA is both a UK-wide agency and the body that delivers health security in England in partnership with national and local actors as health protection is largely a devolved policy area. We hold some UK-wide responsibilities on reserved matters where the UK government has retained policy responsibility. UKHSA recognises the cross-border nature of health threats and works in close partnership with the devolved governments and global partners on common challenges.

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

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

## Our capabilities

**Fig. 1 Our capabilities infographic**



We harness a range of capabilities to tackle diverse threats including existing and new infectious diseases that already exist in the UK; harms from chemicals, radiation and nuclear incidents; the health impacts of adverse and extreme weather, including heatwaves, air pollution and flooding; and barriers to effective treatment, such as anti-microbial resistance.

Our core capabilities are:

**Clinical and public health expertise:** Our public health experts and clinicians provide evidence, guidance and advice for local government, the NHS, central government and international partners. We develop, deliver and evaluate programmes to protect the population from health threats and prevent harm.

**Health protection science:** We are a centre of scientific excellence in areas such as microbiology, toxicology, pathogen genomics and the health impacts of radiation. We apply that expertise to accelerate ground-breaking research into health threats and translate that into practical action. We enable the development of new vaccines

alongside academia and industry, supporting the UK's growth in life sciences and the nation's overall resilience.

**Health protection operations:** We lead tailored health protection responses across England and, with our partners, deliver and support services locally, nationally and internationally. We manage cases and contacts, provide tailored technical advice on outbreak management and support emergency planning.

**Data, analytics and surveillance:** We are experts in gathering data on health threats, conducting analysis, and generating evidence and insight. We share this with partners on a local national and international scale to protect the public.

These core capabilities are facilitated by our critical infrastructure, such as our laboratory network and a range of cross-cutting skills and capabilities to ensure maximum impact and value for money such as policy advice, commercial expertise, communications and technology.

## Our people

Our people are key to all we do. Our achievements are made possible by our talented and hard-working staff. This includes experts across several public health, clinical, data and scientific disciplines, as well as strong functions in health protection operations, communications, commercial partnerships and policy development.

We know we will only be able to deliver on our mission if we ensure our people are proud, purposeful and able to achieve their potential, delivering effectively and efficiently whilst offering true value for money. We aim to attract and retain talent, fostering a high-performance and supportive culture that enables everyone to excel.

Our values are to be **impactful, insightful, and inclusive**. They help us deliver our mission, feel pride in our agency, have confidence in supporting each other and enable us to work together towards our vision and shaping our future. They help us set direction, engage our people and deliver results.

## UKHSA in partnership

UKHSA works at multiple levels, building relationships and partnerships to maximise our impact. UKHSA's proactively works with partners to protect the public at large events such as Glastonbury Festival.

We lead national initiatives such as the 10-year partnership with Moderna on Pandemic Resilience that enable us to better prepare and respond to health threats. We also work on international initiatives such as the new Pan-European Network for Disease Control for the World Health Organisation (WHO) and supporting international health emergencies through the UK Rapid Public Health Support Team.

We host eight WHO Collaborating Centres deploying UKHSA technical expertise in support of global evidence generation and policy making in specialist areas, and eight WHO Affiliated Laboratories.

UKHSA works across government to ensure the UK's health security. We work closely across the wider public health family, including with the NHS, Directors of Public

Health and local authorities. We have strong partnerships across academia and with industry, supporting innovation and generating critical evidence and insight.

UKHSA plays a critical role in the UK's efforts to strengthen global health security. Globally, we work with the WHO, the European Centre for Disease Prevention and Control (ECDC), the US Centre for Disease Control and Prevention (US CDC) and many other public health agencies to identify emerging threats and prepare for and prevent health threats before they reach the UK.

## Public access: Freedom of Information requests, public enquiries, and complaints

From 1 April 2023 to 31 March 2024 UKHSA received 856 statutory access requests. Most of these were handled under the Freedom of Information Act; others were handled under the Environmental Information Regulations and General Data Protection Regulation (GDPR). UKHSA did not consistently meet its performance targets across all statutory access regimes, although UKHSA exceeded its performance target for Data Subject Access Requests made under GDPR.

In the same period UKHSA received 3,847 public enquiries and 892 complaints. UKHSA met its performance target for public enquiries and narrowly missed the 90% performance target by 1% for complaints. We are committed to providing a high-quality service to everyone we deal with. Where complaints arise, we want to resolve them promptly and constructively. Our published complaints procedure is available at [Complaints procedure - UK Health Security Agency - GOV.UK](#) ([www.gov.uk](http://www.gov.uk)).

## Parliamentary Accountability

From 1 April 2023 to 31 March 2024 UKHSA responded to 255 parliamentary questions and contributed to 305 Department of Health and Social Care (DHSC) and other government department (OGD) parliamentary questions. UKHSA exceeded its performance target for parliamentary questions.

UKHSA contributed to 255 DHSC and OGD letters from parliamentarians and replied to 71 pieces of correspondence directly from parliamentarians. UKHSA exceeded its performance target for parliamentary correspondence.

UKHSA provided written and oral evidence on 30 occasions to Parliamentary Select Committees.

The most common topics across all parliamentary business were immunisations, shingles, measles outbreak, UKHSA laboratories, MMR vaccine, air Pollution, COVID-19 policy research, pandemic preparedness, climate change and vector borne diseases.

## Performance summary

The performance summary for 2023-24 highlights important achievements, challenges, and progress towards our six strategic priorities.

UKHSA is the United Kingdom's permanent, standing capacity to prepare for, prevent and respond to threats to health. Our work includes threats to health from vaccine preventable diseases including Covid-19, outbreaks of infections, chemical, nuclear, or biological dangers and developing local and global networks for health security.

UKHSA's statutory responsibilities and priorities are set out in [the remit letter from Maria Caulfield MP to Professor Dame Jenny Harries](#), UKHSA Chief Executive, published on 16 August 2023. This outlines core and ongoing responsibilities of UKHSA alongside in year priorities which may change in future years.

[The UKHSA 2023-26 strategic plan](#) was published in July 2023. This outlines our goals and the six strategic priorities of the agency. The UK Health Security Agency [business plan](#) for 2023 to 2024 outlines the agency's key deliverables for the year.

The performance analysis section provides greater detail of our progress across these six strategic priorities. More information on UKHSA's risk environment is provided in the section 'Risk Environment in 2023-24'.

## Strategic Priority 1: Be ready to respond to all hazards to health

**UKHSA will ensure the right plans, expertise, infrastructure, capabilities, and countermeasures are in place to mount agile and resilient responses to health security threats including pandemics, working across the health system to develop capability to scale to different response requirements and robust planning.**

UKHSA has completed comprehensive reviews into its response protocols to ensure it is ready to respond to all threats to health. The Agency has developed a Concept of Operations, Preparedness Plan, and Incident Response plans to ensure UKHSA is able to deliver scalable responses to health security threats. We have conducted rigorous exercises to simulate and manage potential health crises. We have conducted preparedness exercises that encompass scenarios involving concurrent threats, thereby enhancing our overall response capabilities.

We have made significant strides in improving and maintaining our surveillance systems. UKHSA launched the All-Hazards Situational Awareness digital dashboard this year, enhancing our horizon scanning and surveillance capabilities. This has bolstered our incident response function, enabling us to manage nearly 12,000 situations within the past year. This achievement underscores the effectiveness of our surveillance capabilities and contact centres, in swiftly assessing and coordinating responses to emerging incidents.

UKHSA leads parts of the pandemic preparedness portfolio, including serving as the secretariat for the 100-day mission. It supports cross-government efforts to deliver safe and effective diagnostics, therapeutics, and vaccines within the first 100 days of a WHO-declared Public Health Emergency of International Concern. The [100DM report](#) published in August 2023 further outlines our progress towards achieving these goals.

The Agency continues to promote health security abroad and has provided expert technical assistance to a wide range of international partners. Promoting improved compliance with the WHO International Health Regulations internationally.



## Strategic Priority 2: Improve health outcomes through vaccines

**UKHSA will leverage its expertise across the vaccine pathway to drive innovation, ensuring safe and effective vaccines are developed, reliably procured, and widely used. This will help reduce the burden of infectious diseases. UKHSA will also ensure a secure vaccine supply to support UK vaccination programs.**

Across 23-24, UKHSA maintained a protected supply of vaccines for immunisation programmes including MMR (measles, mumps & rubella), Meningococcal B, HPV, Rotavirus, and adult and infant Pneumococcal. This is alongside work to support autumn and spring 2023 Covid-19 booster campaigns where 14.3m doses were administered.

UKHSA in partnership with NHS colleagues developed and launched the first marketing campaign for childhood vaccinations in 20 years, to increase uptake. Alongside this work UKHSA delivered six major online stakeholder events on Childhood immunisations such as Measles. This led to a significant boost across the country for uptake of measles, mumps, and rubella.

Our expertise, coupled with our public epidemiological reports and updated estimates on vaccine effectiveness, supported JCVI and informed advice on the spring 2024 campaign. UKHSA has worked with partners to deliver communications, including the childhood immunisation campaign, to target under-vaccinated communities and improve uptake.

UKHSA has strengthened its ability to partner with industry and others, to develop and evaluate new vaccines that may be needed through the launch of the Vaccine Development and Evaluation Centre (VDEC). We have developed and conducted assays into respiratory syncytial virus (RSV) and worked with our partners in industry to understand the trial pipeline for vaccine development.

## Strategic Priority 3: Reduce the impact of infectious diseases and antimicrobial resistance

**UKHSA will harness its scientific, analytical, and operational expertise to minimise the impact of all infectious diseases, with a specific focus on achieving goals on COVID-19, Antimicrobial Resistance (AMR) and making progress towards elimination targets for blood-borne viruses and TB.**

UKHSA delivered the final stages of the Living with COVID-19 strategy in 23-24. The agency successfully closed COVID-19 operations and decommissioned remaining services. This change was managed alongside the continued provision of testing for vulnerable cohorts and the completion of digital capabilities assessment in February 2024 for future pandemics.

UKHSA has supported the implementation of the HIV Action Plan. We have led the development of new indicators, provided monitoring and evaluation data, published the HIV Positive Voices 2022 report, and contributed to DHSC's HIV PreP roadmap. Significant progress has been made despite the COVID-19 pandemic, with fewer than 4,500 people estimated to be living with undiagnosed HIV, and high levels of antiretroviral therapy coverage and viral suppression.

UKHSA published the English surveillance programme for antimicrobial utilisation and resistance (ESPAUR) report in November 2023 and continues to provide national data on antimicrobial prescribing and resistance. This has informed the development of the cross-government National Action Plan on antimicrobial resistance, which sets out actions to strengthen the data required to identify and address inequalities. Our newly formed Bioinformatics team has established routine whole-genome sequencing of gram-negative pathogens with AMR gene presence summaries, and we continue to make use of genomics/post-genomics to better understand mechanisms of resistance and antibiotics.

#### Strategic Priority 4: Protect health from threats in the environment.

**UKHSA will protect the population from the health effects of environmental and chemical, radiation and nuclear incidents of any scale by improving planning and preparedness and providing public health expertise to inform policy.**

We have provided guidance and advice on threats in the environment to a range of partners such as local authorities, as well as directly to the public. UKHSA completed a rapid review into existing evidence of how exposure to damp and mould in housing affects people's health. This delivered on the government's commitment in response to the coroner's 'prevention of future deaths' report and has translated directly into guidance for the rented housing sector.

In January 2024 UKHSA published the Health Effects of Climate Change in the UK, a landmark report last published in 2012 which feeds into the UK's National Adaptation Programme. This provides evidence, analysis and recommendations based on climate change projections for the UK.

In 2023-24, UKHSA advised the public on heat and cold weather risks, implemented the new Weather-Health Alert System with the Met Office, and published a health equity assessment on the Adverse Weather and Health Plan. We also supported local authorities in protecting vulnerable individuals and raising public awareness during extreme weather events.

We have provided guidance to the public on actions to be taken in the event of a radiation emergency. Our specialist capabilities mean that we were able to respond to a range of radiation, chemical and nuclear hazards, although further work is needed in this area. Challenges and risks remain in recruiting radiation and chemical specialists to ensure sufficient resilience. Work is underway to ensure that UKHSA can attract and retain specialist staff. This has included further development of the people experience, recruitment processes and improvements to internal systems. Plans include development of a pay flexibility case for UKHSA.

#### Strategic Priority 5: Improve action on health security through data and insight

**UKHSA will maintain its role as a leader in public health data, analytics and surveillance, working with external partners across the health system to maximise the value of the data, evidence and insight the agency holds.**

Data underpins the work of UKHSA and our ability to identify and respond to threats. We have continued to develop and build on our surveillance and threat assessments within the agency and to support decision-making across government. Examples of this capability include analysis we conducted in support of incidents such as the measles outbreak. This allowed other government departments to identify actions they could take to support the public health response and deploy resources appropriately.

Additionally, we have continued to support global partners by sharing equipment and computational infrastructure, delivering training courses to participants from 73 countries. These initiatives will have a lasting impact on genomic capabilities world-wide, substantially contributing to global pandemic preparedness.

UKHSA continues to develop its infrastructure and capabilities. The majority of recommendations made by Government Internal Audit Agency (GIAA) in respect of information governance have been implemented and a professional civil service team has been established. The Safer Cyber programme has continued to review our systems and identified risks to be addressed in 24-25.

### **Strategic Priority 6: Develop UKHSA as a high-performing agency.**

**UKHSA will be prepared for health security challenges and be ready to respond to those that occur by investing in its people and culture, partnerships, and systems and technology.**

UKHSA continued to mature in 23-24, launching several key documents to help guide and develop the organisation. Among these were individual strategies for data, science, clinical governance, as well as the overarching three-year strategy. This has supported us to focus our mission and priorities, and to communicate them more clearly to the public and stakeholders.

UKHSA continues to work with DHSC, HMT and other key partners, to secure ministerial agreement on how we can best replace existing high-containment scientific laboratories. This programme will replace facilities that are nearing the end of their operational life with a new, state-of-the-art Health Security Campus.

UKHSA supported several public inquiries during 2023-24. These included the UK COVID-19 Public Inquiry, the Infected Blood Inquiry and the Inquiry into the Death of Dawn Sturgess. We have provided all required documentation from Public Health England, and other predecessor organisations, to these inquiries, as requested.

## Performance analysis

The performance analysis is a detailed explanation of our performance this year, with evidence to support the performance summary. This includes our corporate performance and performance against our strategy.

The remit letter and published business plan do not include quantitative indicators or targets. Our analysis of performance is qualitative against these priorities, with quantitative measures where available.

### Strategic Priority 1: Be ready to respond to all hazards to health

New and emerging hazards can inflict significant harm to health, the economy and society. The next threat may be an outbreak of an infectious disease, a chemical, biological, radiological, nuclear or environmental hazard or a disaster event. Whatever its nature, we can only prevent it or respond effectively if we are prepared. That means understanding the threats we could face, together with the risks to different populations and places, and using this to ensure we have the right surveillance to detect threats. It means having the right mitigations, plans, expertise, infrastructure, capabilities and countermeasures in place to actively prevent hazards or be ready to respond as required.

### Surveillance and public health

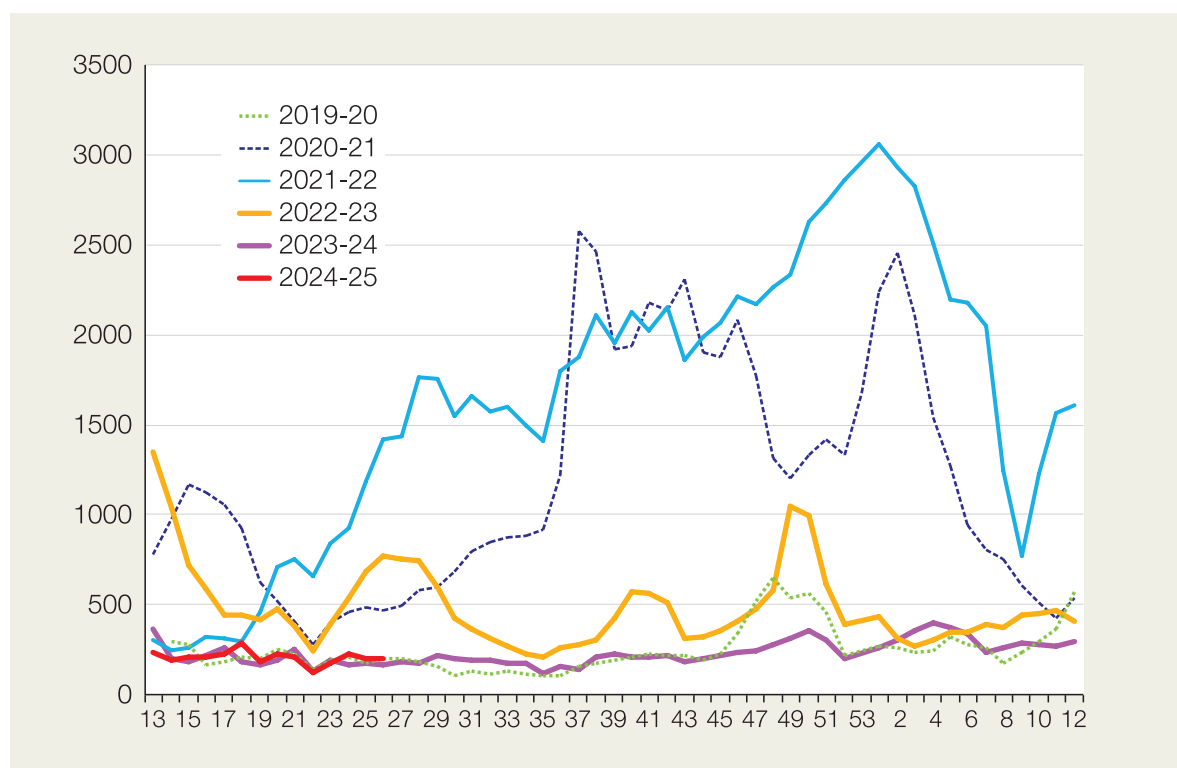
UKHSA completed the Ready to Respond capability review in July 2023. The review sets out 24 recommendations for which the Emergency Preparedness, Resilience and Response (EPRR) Ready to Respond Programme has and will continue to develop improvements to the agency's preparedness and response arrangements. Work includes finalising a new UKHSA Concept of Operations, a new UKHSA Preparedness Plan (inc. a 4-stage preparedness cycle with a readiness assessment of 5 prioritised threats), and an updated UKHSA Incident Response Plan. Alongside this, we have conducted multiple exercises to practising our preparedness and response, including preparing for concurrent threats. Work continues developing and exercising our response capabilities in 24-25 including plans to enable UKHSA staff to transition from regular roles to emergency response where required and the implementation of the annual readiness cycle which will provide further transparency on capacity and capability gaps across UKHSA.

UKHSA has reviewed incident response structures to strengthen how we address health inequalities, building capability and capacity to routinely identify populations who may be disproportionately impacted by the threat or response measures, and identify the most effective interventions to mitigate these in collaboration with our partners.

Emergency preparedness, resilience, and response (EPRR) is a core function of UKHSA. The Agency is a Category 1 responder under the Civil Contingencies Act. UKHSA maintained a strong incident response capability across 2023-24. The Agency responded to 27 National incidents comprised of 10 Enhanced, 16 Standard and 1 Routine in 2023-24 supported by the national response centre. Changes in reporting make year on year comparison difficult but in the previous year there

were 15 Enhanced and 16 Standard national incidents. This is alongside 11,894 situations recorded. A situation can vary greatly in scope and scale of response needed and may involve one or more cases. This figure doesn't account for the very large number of individual cases responded to. Situations can be broken into types: Exposure, Cluster, Outbreak, Issue and Threat. This is a reduction from the 24,538 seen in 2022-23 and in line with the volume of situations seen in 2019-20, prior to the pandemic [Chart 1]. There was a similar number of situations in the first quarter of 2024-25.

**Chart 1. Number of situations recorded in HPZone by week and financial year.**



A situation can be an outbreak, exposure, cluster, issue or threat, and involves one or more cases linked to a particular setting.

Data as of 14 July 2024 excluding incomplete weeks. x-axis starts at beginning of financial year.

UKHSA maintains surveillance and horizon scanning to detect, assess and respond quickly to emerging threats to health. Every day, UKHSA's Emerging Infections and Zoonoses team reviews over 2,000 signals as part of their epidemic intelligence process to detect potential infectious threats. We have expanded primary care surveillance by nearly doubling sentinel swabbing compared to the previous season. This surveillance led to the detection of an asymptomatic case of H1N2 and the expansion of testing in the Yorkshire region to catch any other unidentified cases. This is alongside supporting the mid-season influenza vaccine effectiveness analysis in collaboration with Public Health Scotland and Public Health Wales.

UKHSA has published more than 16 evidence reviews on GOV.UK. These include a living evidence review on COVID-19 transmission, to ensure a clinical public health evidence-based approach to incident response.

## Pandemic Preparedness

UKHSA is the UK's permanent standing capacity to prepare for, prevent and respond to threats to public health, and works closely with public health agencies across the 4 nations. Pandemic preparedness is a core part of our mission to keep the nation's health secure, and UKHSA actively works with DHSC on preparedness across the health system.

UKHSA, in collaboration with DHSC, routinely reviews and evaluates current capacity and capabilities, such as surveillance programmes and diagnostics capabilities, to determine how we can mount a response swiftly and effectively across a range of outbreaks.

UKHSA has taken forward the following activities over the past year to improve preparedness:

We have enhanced our ability to deliver therapeutics and vaccines by agreeing an Advance Purchase Agreement which means healthcare company CSL Seqirus will be on standby to produce over 100 million influenza vaccines within 4 to 6 months of an influenza pandemic being declared. UKHSA also agreed a 10-year strategic partnership with Moderna and launched the Vaccine Development and Evaluation Centre (VDEC).

To enhance our diagnostic capabilities, we have developed a Diagnostic Accelerator, which can help suppliers and test developers, rapidly develop and evaluate new diagnostics (or new diagnostic methods) for outbreaks or endemic infections.

In addition to our own laboratories, we have maintained laboratory capacity at University Hospitals Plymouth to provide 40,000 PCR samples per day in the event of a pandemic or significant outbreak.

We have built a repository of pandemic lessons from the COVID-19 pandemic to identify deliverable actions to improve preparedness for future threats.

We have contributed expert advice in support of UK negotiations for the World Health Organization (WHO) Pandemic Accord relating to our priorities to improve public health outcomes. This may help ensure public health interests are served by better preparedness internationally.

Strengthen data and sample-sharing commitments, and support multisectoral collaboration that embeds a 'One Health' approach.

Support Access and Benefit Sharing, Research and Development, Equitable Access and Health Systems Workforce.

As the UK 100 Day Mission team, supporting the cross-government efforts to deliver safe and effective diagnostics, therapeutics, and vaccines (DTVs) in the first 100 days of the World Health Organization declaring a Public Health Emergency of International Concern (PHEIC). The range of relevant UK government achievements in 2022 can be found in the UK-specific 100 Days Mission progress report, published August 2023.

## Global health response

UKHSA has continued to support the improvement of global health security alongside domestic health response. We have enhanced global surveillance by seeking out new opportunities. The UK-Public Health Rapid Support Team has helped tackle global health issues through the deployment of 18 experts to 9 different countries/outbreaks. These include tackling cholera in Kenya and Haiti, and viral haemorrhagic fever in South Sudan.

### Case Study: Supporting outbreak response and capacity strengthening in Somaliland through the UK-Public Health Rapid Support team

In October 2023, the Somaliland Ministry of Health Development (MoHD) submitted a formal request to the UK-Public Health Rapid Support Team (UK-PHRST) for epidemiological assistance on a new dengue fever outbreak that started in September 2023. UK-PHRST deployed a field epidemiologist for three months, remotely supported by a spatial epidemiologist.

UK-PHRST conducted an epidemiological investigation to understand the size, spread and patterns of the ongoing outbreak. This support helped fill a technical capacity gap within the MoHD. Acknowledging this gap, UK-PHRST developed and delivered a follow-up epidemiology and outbreak analysis training workshop to ensure technical skills are transferred and embedded in the existing MoHD workforce.

The outbreak investigation report has been disseminated with MoHD partners, with plans to co-publish findings globally. As there is limited data on dengue fever in the East Africa region, sharing information on the outbreak in Somaliland is vital to inform planning for outbreak response and control measures in the region, as well as the wider global understanding of the disease.

UK-PHRST also evaluated Somaliland's infectious disease surveillance and outbreak response capabilities which identified systemic gaps and bottlenecks. Working collaboratively with MoHD partners, a list of recommendations for strengthening outbreak response and disease surveillance in Somaliland was produced. A team was established to help address the gaps identified and take forward the co-developed recommendations.

Our deployment helped with strengthening the outbreak response and surveillance capacities in the public health system in Somaliland. The improved understanding of dengue fever epidemiology in the East Africa region will also help neighbouring countries to plan for resilient public health systems that can prevent and respond to future outbreaks.

The success of the deployment led to a visit to UK-PHRST by an MoHD delegation to discuss future collaborative opportunities in knowledge exchange and research between Somaliland MoHD and UK-PHRST.

Post-deployment, UK-PHRST is continuing longer-term collaboration with the MoHD, moving from outbreak response to a capacity strengthening focus. This includes providing technical support for strengthening and implementation of a new Integrated

Disease Surveillance and Response (IDSR) system in Somaliland, as well as technical support to the extension of the Somaliland Field Epidemiology Training Programme and its integration into the public health and surveillance systems.

UK-PHRST's engagement in Somaliland shows how we can use our capabilities to work with partners to respond to outbreaks and strengthen capacity, with the long-term impact of this work ultimately contributing to ensuring the global population, including the UK, is safer and more secure from global health security threats.

## Strategic Priority 2: Improve health outcomes through vaccines

Infectious diseases harm health and livelihoods, exacerbate health inequalities and damage the economy. Vaccines are a powerful tool to prevent, control the spread of and reduce the severity of disease. UKHSA plays a critical role in vaccination efforts that reduce the impact of infectious diseases, support the NHS, and protect public health across the UK.

### Supporting Vaccination and immunisations programmes

Maintaining supply of vaccines across all 4 nations of the UK, as well as Crown Dependencies, is a priority outcome for UKHSA. Across the national immunisation programmes where UKHSA was responsible for the central procurement and supply of product in 23-24 (excluding covid-19 programme), we maintained supply to ensure no interruptions to NHS Immunisation Programmes. UKHSA-liable vaccine wastage, is negligible outside of programmes which rely on seasonal vaccines, namely the Children's flu programme. Please note Covid vaccines are managed separately and losses are disclosed in the Losses Statement on page 140. Seasonal vaccines are specific to each season and cannot be carried forward and used for the following season. A balance must therefore be struck between ensuring there is sufficient for expected uptake, including any year-on-year improvement in uptake, against undersupply which would result in programme disruption.



**Table 1: Supply of vaccines maintained in 23-24 for supported programmes**

Values relate to doses unless otherwise stated. UK data except for Children's flu which is England only.

Programme	Issues	Demand met	Wastage
Primary infant (Diphtheria, tetanus, pertussis (whooping cough), polio, Haemophilus influenzae type b and Hepatitis B)	1,957,182	100%	-
Infant pneumococcal	1,310,650	100%	-
Adult & at risk pneumococcal	975,327	100%	-
Infant meningococcal serogroup B	1,966,860	100%	-
Teenage meningococcal ACWY	766,578	100%	-
Infant booster haemophilus influenza type b and meningococcal C	743,780	100%	-
Measles, mumps, rubella	1,902,507	100%	573
Preschool booster (diphtheria, tetanus, pertussis, polio)	1,202,577	100%	18
Maternal pertussis			
HPV for gay, bisexual, men who have sex with men (GBMSM)	23,291	100%	-
Teenage universal HPV	997,243	100%	-
Teenage booster (tetanus, diphtheria, polio)	1,115,166	100%	-
Infant rotavirus	1,239,196	100%	40
Adult shingles	1,306,737	100%	-
BCG (packs)	5,599	100%	168
Children's flu*	5,144,420	100%	1,857,132

\*Includes both live attenuated influenza vaccine (LAIV) and quadrivalent influenza vaccine (QIV)

This work ensured supply was available for programmes such as MMR (measles, mumps & rubella), infant meningococcal serogroup B, teenage HPV, infant rotavirus, and adult and infant pneumococcal programmes. This work continues into 24-25, expanding to cover a total of 18 programmes with the addition of 2 new programmes against respiratory syncytial virus (RSV).

UKHSA supported successful spring and autumn 2023 COVID-19 booster campaigns, with approximately 30 million vaccines supplied for the autumn. The campaign saw 14.3 million vaccines administered compared to 17 million in 2022. All drawdowns were completed by December, in line with the final national plan.

It is essential to maintain high uptake of vaccines such as for Measles and Polio at the national, regional, and local levels to reduce the risk of spread and outbreaks of

the disease. However, coverage of MMR1 vaccine at five years old, was 92.1% in England in January to March 2024. This was a decline of 0.2 percentage points from the previous quarter and substantially below the peak of 95.6% in quarter one (April to June of 2017 to 2018).

[Epidemiological data](#) from UKHSA predicted the measles outbreaks in England. The published risk assessment was used by NHS England to make decisions about MMR catch-up campaigns. UKHSA worked with the NHS to develop and launch the first marketing campaign for childhood vaccinations in 20 years. Since January 2024 the NHS, UKHSA, and local authorities have been urging millions of parents and carers to book their children in for missed MMR vaccinations to protect children and young people from becoming seriously unwell.

Operational figures reported in April 2024 showed the success of the NHS MMR catch-up campaign, with tens of thousands more vaccinations delivered in the first three months of the year compared to the same period in 2023. Between 1 January and 24 March 2024, there were a total of 360,964 MMR vaccinations delivered, up almost a quarter (23%) from 293,847 in 2023. The most significant increase in vaccinations was for those aged five to 25 years old, with four times as many vaccinations delivered, 75,499 in the first three months of 2024 more than the 18,433 in the same period the previous year.

Achieving high vaccine coverage can help prevent childhood infections returning. Despite promising increases in vaccination numbers, cases of measles remain a concern with 362 laboratory confirmed cases in England between January and December 2023. Between January and August 2024, this had risen to 2,278 despite the shorter period. UKHSA will continue to work to promote uptake of childhood vaccines and urge parents to ensure their children are up to date with MMR.

### System leadership

UKHSA has strengthened its ability to partner with industry and others to develop and evaluate new vaccines that may be needed through the launch of the Vaccine Development and Evaluation Centre (VDEC). We continue to evaluate and innovate in this area. The recent successful changes to the HPV vaccination schedule - where children now receive 1 dose rather than 2 - saved significant money for the NHS.

UKHSA continues to support the introduction of new vaccine and immunisation programmes. One example is the respiratory syncytial virus (RSV) vaccine programme, which is being rolled out in September 2024. The development of micro-neutralisation assays to measure titres in clinical samples has allowed us to model the new vaccine programme effectively.

This has been the first full year of our strategic partnership with Moderna. We have worked closely to develop and embed our approach to all the strands of the partnership, ahead of the completion of their UK Innovation and Technology Centre.

### Strategic Priority 3: Reduce the impact of infectious diseases and antimicrobial resistance.

UKHSA takes action to minimise the harmful impact of infectious diseases, drawing on learning from our previous health protection responses, including to COVID-19.

We do this through harnessing our science and research, diagnostic services, data, clinical expertise, knowledge of population groups and settings, expertise in vaccines, and operational capabilities. We prevent future ill health in the UK population and achieve more equitable outcomes. This protects both local and national economies, and eases pressure on the NHS, local authorities and other public services.

Our current focus is on COVID-19, antimicrobial resistance, and elimination targets for blood-borne viruses and tuberculosis.

### Living with COVID-19

UKHSA safely decommissioned the remaining dedicated Covid-19 operational testing services and transferred arrangements as appropriate in line with the final stage of Living with COVID-19. UKHSA collaborated with DHSC and the wider care sector to communicate the new policy approach to reduce testing, in line with ministerial direction and fiscal constraints.

We have successfully closed out dedicated COVID-19 operations by decommissioning remaining services and concluding or transferring contractual arrangements. This has led to £20.1 million-worth of materials and assets being re-purposed rather than disposed of. Collaboration across departments has meant the saved £5 million in cost avoidance, and disposed of about 89,000 pallets, achieving a reduction in storage costs of £3.7 million over the year.

In line with the government's Living with COVID-19 strategy, responsibility for testing services of NHS staff, patients, and vulnerable cohorts eligible for therapeutics treatment was successfully transferred. The transfer of the required PPE and test consumables has also been completed, with assets valued at £2 million transferred and cost avoidance of £3.1 million achieved for the government.

During this process we provided stable live services to support testing vulnerable cohorts and completed a digital capabilities assessment for future pandemics in February 2024.

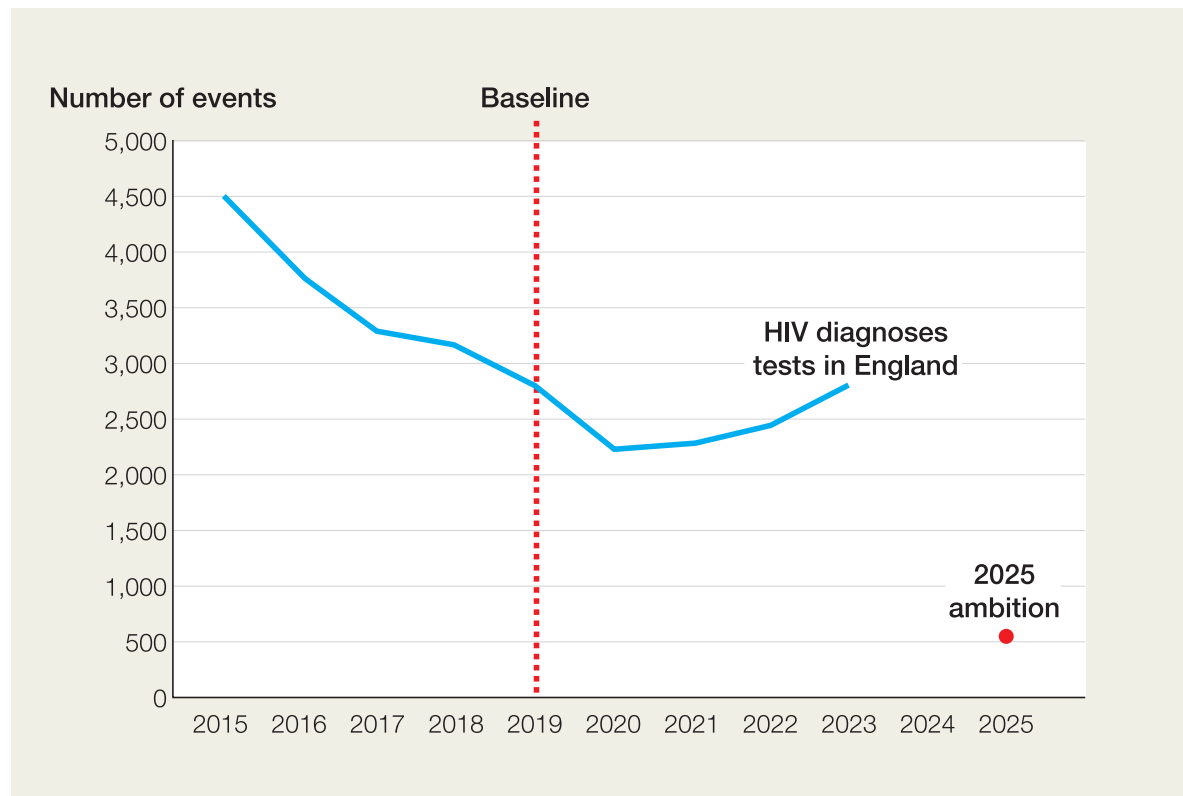
### HIV, sexually transmitted infections and viral hepatitis

UKHSA has supported the implementation of the national HIV Action Plan 2020-25 through collaborative research that has provided monitoring and evaluation data derived from HIV clinics. We have continued to disseminate work on HIV Positive Voices, including community engagement with people living with HIV, and behavioural and stigma-related research. UKHSA has also led on public health evaluation of emergency departments' blood-borne vector opt-out testing that has resulted in 5,068 positive HIV tests, 2,454 positive hepatitis B tests and 799 hepatitis C positive tests in the first 12 months of the programme. A significant proportion of those were new diagnoses.

However, despite improvements over the last decade to reduce HIV burden and continuing to meet UNAIDS 95-95-95 target nationally (95% of people with HIV diagnosed, 95% of diagnosed individuals on treatment, and 95% of those on treatment having an undetectable viral load), we are observing an increase in new HIV diagnoses first made in England in recent years (Chart 2). The most significant increase is observed in the heterosexual population and certain ethnic minority groups. UKHSA will provide evidence to address these emerging issues in a new HIV Action Plan for 2026 -2030.

## Chart 2. Number of HIV diagnosis made in England

2015 to 2025 showing baseline of 2019 and reduction target for 2025



UKHSA monitors sexually transmitted infections (STI) and through its GUMCAD surveillance programme has reported on the increase in STIs particularly gonorrhoea and syphilis. Gonorrhoea is the second most diagnosed STI in England (after chlamydia), with numbers increasing over the past decade to reach 85,223 in 2023, the highest number since records began in 1918. In 2023, there were 9,513 diagnoses of infectious syphilis in England plus 3,075 new diagnoses of longer standing syphilis infections and syphilis complications made in sexual health services - the highest figures recorded since the 1940s.

Specialised surveillance blends expertise in epidemiology, genomics and microbiology to monitor changes at the population level in circulating strains of infections (such as gonorrhoea) and their resistance to antibiotics. In response to an increase in imported cases of AMR gonorrhoea UKHSA has published guidelines on testing and managing incidents of ceftriaxone resistant gonorrhoea.

UKHSA has promoted the Syphilis Action Plan including raising awareness in other medical specialties and contributing to guidelines on the use of the antibiotic doxycycline after condomless sex to reduce the risk of bacterial STIs such as syphilis (DoxyPEP), informed by UKHSA modelling.

Our epidemiological expertise and economic modelling informed JCVI's advice in November 2023 recommending targeted immunisation programmes against gonorrhoea, using meningococcal B vaccine (4CMenB – brand name Bexsero) and against Mpox for those at highest risk of infection, i.e., GBMSM, and others at similar risk delivered in sexual health services. UKHSA has led on an STI prioritization framework to support local authorities in assessing which existing interventions should be provided for their local communities.

UKHSA leads on monitoring progress towards WHO goal of elimination of viral hepatitis as a public health threat, hosts the scientific secretariat for the National Strategic Group on Viral Hepatitis, and has established a workplan with partners to compile the dossier of evidence of elimination to submit to WHO. In 2023, along with the annual report on hepatitis C, UKHSA published the first annual report on hepatitis B, summarising progress towards WHO impact (incidence and mortality) targets and the programme coverage targets underpinning them. UKHSA estimates that around 62,000 people and over 200,000 are living with hepatitis C and hepatitis B infection, respectively, in England.

UKHSA has demonstrated achieving the WHO target for elimination of hepatitis B mother to child transmission (MTCT) in 2022 with MTCT rates below 0.5% since 2015. UKHSA deploys a free national dried blood spot testing service for babies born to women with hepatitis B to support prompt non-invasive testing in the community. For hepatitis C, UKHSA modelling, surveillance, including the annual bio-behavioural survey in people who inject drugs, have shown reductions in prevalence, largely due to expanded treatment coverage with direct acting antivirals; however new infections including re-infections continue, underlining the importance of harm reduction services.

Most of those affected with viral hepatitis are from underserved populations and a substantial proportion are undiagnosed, as the interim evaluation of the ED BBV opt-out testing pilot programme has shown. UKHSA is undertaking further evaluations, including economic, of case finding and linkage to care interventions for people living with viral hepatitis.

Regional sexual health and BBV facilitators have delivered hepatitis C, HIV, syphilis and chlamydia care pathway workshops with partner agencies. These workshops use locally focused data on prevention, testing, diagnoses and treatment to inform local service improvement activities with a focus on reducing inequalities. In addition, behavioural scientists lead on work focusing on HIV recent infections and late diagnosis, hepatitis B pathways, stigma, hepatitis C re-engagement and reinfection, and risks in sexual health (RiiSH), Mpox and STIs.

### Antimicrobial resistance

UKHSA has partnered with Pathways to Antimicrobial Efficacy (PACE) to support academic, industry and third-sector innovators developing new antimicrobials, part of its broader work to support innovation in the NHS and other clinical organisations. Using UKHSA's Open Innovation in Antimicrobial Resistance (AMR) platform, the collaboration will support the evaluation of PACE-funded projects to help generate new scientific breakthroughs.

Successful projects will have access to UKHSA facilities to test panels of clinically relevant strains of bacteria. These panels will be expanded to provide additional bacterial strains which represent the problems faced by clinicians in the UK and internationally.

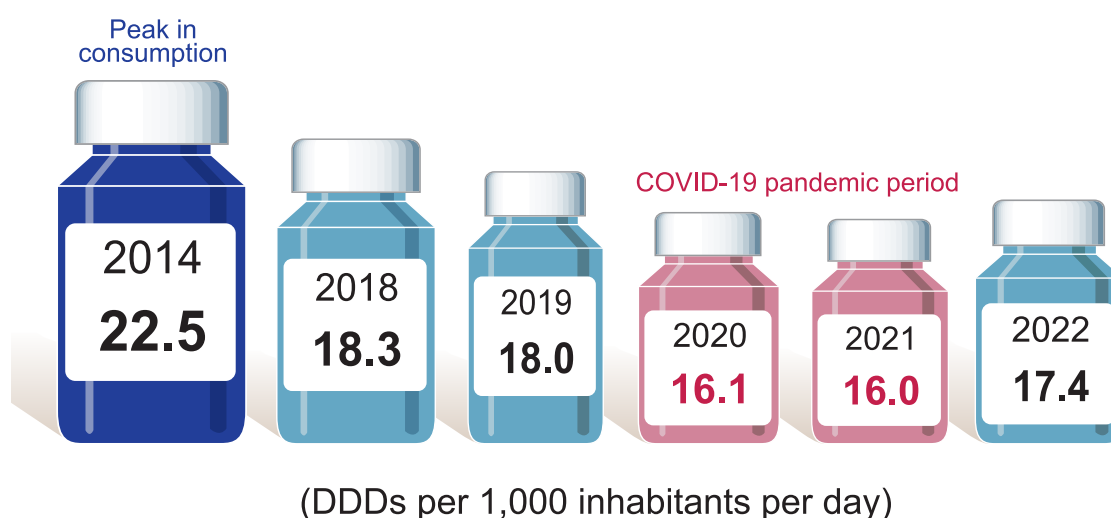
In parallel, UKHSA has published the tenth annual English surveillance programme for antimicrobial utilisation and resistance ESPAUR report in November 2023, providing national data on antimicrobial prescribing and resistance, antimicrobial stewardship implementation, and awareness activities.

It found that in England, between 2018 and 2022, there was a 1.6% reduction in the total number of antibiotic-resistant infections in England against the ambition of the UK NAP to reduce this by 10% by 2025. In 2022, the estimated number of deaths due to severe antibiotic-resistant infections was 2,202. In England, total antibiotic consumption declined by 5.3% between 2018 and 2022, from 18.3 Daily Defined Dose (DDD) (25) per 1,000 inhabitants per day (DID) to 17.4 DID. As noted in the previous ESPAUR publication, there was a decline of 10.9% between 2019 and 2020, coinciding with the start of the COVID-19 pandemic. With services resuming and easing of restrictions, consumption trends reflected this change. In 2021 compared with 2020, total antibiotic consumption continued to decline, albeit to a lesser extent of 0.4%.

Data included in the ESPAUR publication has informed the inclusion of a health inequalities workstream in the 2024-2029 National Action Plan on antimicrobial resistance. This identifies what action should be taken to strengthen evidence and data to identify inequalities in resistant infection and antimicrobial use and the approaches to addressing this across communities.

## Fig 2. Total consumption of antibiotics maintained a decline since pre-pandemic

Daily Defined Dose (DDD) per 1,000 inhabitants per day



The newly formed bioinformatics team have established routine whole genome sequencing of gram-negative pathogens with AMR gene presence summaries in support of the Opportunistic Pathogens Service and continue to build the genotypic dataset to compare with the phenotypic data.

UKHSA Porton have continued to make progress towards development of rapid, modernised, high throughput assays, for the discovery and development of new drug combinations against AMR pathogens. These investigations are being underpinned by genomics/post genomics to better understand mechanisms of resistance and antibiotics.

## Strategic Priority 4: Protect health from threats in the environment

Exposure to environmental hazards, including chemicals, radiation, adverse weather, and natural disasters can result in significant ill-health and loss of life, as well as impacts on the economy and wider society. We will continue to provide scientific expertise, advice and guidance to the public and policy makers to protect health from these threats, increase public understanding and monitor the impact of climate change and environmental hazards.

### Air pollution, weather, and climate change

UKHSA has updated guidance into a range of threats from the environment:

The presence of damp and/or mould in English residences was associated with contributing to approximately 5,000 cases of asthma and approximately 8,500 lower respiratory infections among children and adults in 2019. UKHSA completed a rapid review into existing evidence of how exposure to damp and mould in housing affects people's health. This delivered on the government's commitment of responding to the Coroner's 'prevention of future deaths' report and has translated directly into guidance for the rented housing sector. This has since led to development of government guidance on damp and mould for the private and rented housing sector.

UKHSA hosted London Air Quality Programme Office has worked with the Greater London Authority, NHS England and the Office for Health Improvement and Disparities (OHID, DHSC) on the first targeted air quality alerts for health professionals (Emergency Departments and GPs), launched February 2024.

In collaboration with the Met Office, UKHSA has launched aMETRICS new hot weather alert system. The new Heat-Health Alerting system focuses more specifically on the health impacts that high temperatures could have on the population. The Agency has provided advice and guidance to protecting the public, including the most vulnerable, during extreme heat and cold weather events. The adverse weather and health plan equity review and impact assessment sets out how UKHSA is building on the existing evidence base to identify and address inequalities in communities at highest risk from the health impacts of climate change.

UKHSA published the Health Effects of Climate Change (HECC) Report on gov.uk in December, covering an area of health protection with historically lower levels of recognition and action. Over 250 stakeholders attended the initial webinar to mark the launch with 115 attending an additional webinar jointly held with ADPH in March 2024. The report garnered significant media coverage including interviews on BBC Breakfast and Sky news as well as across several radio channels including BBC Radio 4, Times Radio and LBC.

### Radiation, Chemical and Nuclear Planning

Throughout the year the Radiation, Chemicals and Environmental Hazards (RCE) teams responded to around 1,000 incidents providing advice and guidance. Public guidance into the actions individuals should take in the event of a radiation emergency was published in November and guidance in case of a chemical incident is in progress. Workforce development initiatives are underway to strengthen specialist scientific and public health capability as well as the wider UKHSA workforce.

UKHSA has worked with DHSC to identify priorities for building capability and resilience for chemical, radiation and nuclear incidents across the health and care system as well as supported initiatives for the procurement of countermeasures.

UKHSA has faced challenges recruiting and retaining specialist staff with suitable expertise in the chemical, radiation, and nuclear fields. Work is ongoing to review the employee offer to address these challenges. To ensure we have resilience in this space UKHSA has recruited over 140 colleagues in the last 12 months and is conducting further staff training. Work has included updating of UKHSA's chemical and radiological incident response plans.

We have also been working with partners to develop processes in the event of an incident. One example is an agreement that has been established with South Central Ambulance Service for the 'blue lighting' of radiation monitoring unit equipment in case of a significant incident.

## Strategic Priority five: Improve action on health security through data and insight

Data is an essential component of effective public health action. Data underpins our ability to respond and make evidence-based decisions. UKHSA will continue to develop and optimise our data and surveillance infrastructure and capabilities to keep ahead of the next health security threats and prevent them where possible. UKHSA's vision is to derive the greatest public health value out of the data we hold.

### Health security and intelligence

Surveillance and threat assessments produced by UKHSA continued to inform decision-making on risk escalation and resource deployment across UKHSA, the NHS and regional health protection teams. Analysis in support of incidents such as the measles outbreak allowed other government departments to support the public health response and deploy resources appropriately.

### Case Study: Using our data on inequalities to inform winter planning and response

The 2023-2024 winter has been especially challenging for the health system, with UKHSA managing concurrent threats of multiple pathogens including flu, COVID-19, and group A strep. The impact of winter threats is felt unequally, with areas of higher levels of deprivation and ethnic minority populations facing a higher burden.

UKHSA has tracked the disparate impact of the winter pressures and produced detailed analysis of surveillance and routine health service data to monitor burdens, hospital admissions, A&E wait times, and enduring hospitalisation by index of multiple deprivation, age and ethnic group. This has been used by COVID and Winter Incident Management Teams to support the current winter response and shared with system partners in NHS nationally and regionally.

UKHSA will use the data collected this year to inform winter preparedness planning for future winters and track progress in reducing disparities. The inequalities data pack will be added to over time and provide a consolidated real-time information pack to support prioritisation of interventions. In addition, the data will be used to support other parts of the system to take action to improve equitable outcomes.



Our second annual conference, brought together a range of people involved in public health and health protection science for speeches, panel discussions and exhibitions. It was a fascinating and busy 2 days in Leeds, with representatives joining from across the sector. The conference saw a significant increase in external delegates, over 1,500 attended over the two days.

We continue to support the implementation of global surveillance initiatives to facilitate better data, analysis and decision-making against potential global health threats, supporting initiatives such as the International Pathogen Surveillance Network and the WHO Hub for Pandemic and Epidemic Intelligence and the Quadripartite Collaboration for One Health.

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

UKHSA assessed the sustainability for the New Variant Assessment Platform (NVAP) in 2023-24. Due to discontinuation of covid funding, NVAP concluded its operations on 31 March 2024. Several partners provided feedback on the value of the support provided by NVAP to help strengthen genomic surveillance and global health security in their region.

UKHSA has helped train staff across many institutions to a common standard by delivering over twenty training courses ranging from variant risk assessment and epidemiology to bioinformatics and sequencing external quality assurance. Over 600 participants from around 73 countries have benefited from this training which will help to improve and sustain global genomics capability in the future.

Working with the WHO, we contributed to the global genomic surveillance 10-year strategy & roadmap. We have contributed to the work of International Pathogen Surveillance Network through the development of tools and resources to improve capacity and capability on genomic surveillance globally.

### **Global health partnerships**

The range of health security threats faced by the UK and the global community is significant and diverse. To meet existing and future challenges requires collective global action and working with multilateral and bilateral partners to advance health security.

By working with global partners, UKHSA is developing vital networks, that feed into early detection and support coordination of the international response. International collaboration also provides our experts with opportunities to learn from others as well as develop and maintain their preparedness and response skills (especially in outbreak response) and ensure we inform our own national response.

## Case Study: Strengthening our global partnerships

Throughout 2023-24, UKHSA renewed a Memorandum of Understanding (MOU) with the French Agency for Food, Environmental and Occupational Health & Safety (ANSES), Santé Publique France (SpF), the Norwegian Institute of Public Health (FHI) and the Dutch National Institute for Public Health and the Environment (RIVM). We also renewed an MOU with Japan's Ministry of Health, Labour and Welfare and signed new MOUs with the United States Centres for Disease Control and Prevention and the Gulf Center for Disease Prevention and Control.

Alongside the World Health Organisation (WHO) Regional Office for Europe, we are playing a leading role in supporting the newly established WHO Pan-European Network for Disease Control (NDC). UKHSA hosted the inaugural meeting of the network in April 2024 and UKHSA's Chief Executive was formally elected Chair of the NDC Steering Group.

UKHSA supports key partner countries and regions to bolster their health security capability. We continue to deliver the Department of Health and Social Care Overseas Development Assistance -funded International Health Regulations Strengthening Project, which aims to improve disease surveillance and response systems to better prepare for and respond to health threats. UKHSA has teams in Ethiopia, Pakistan, Nigeria, Zambia and Indonesia, as well as regional collaborations with Africa Centre for Disease Control, the Eastern Mediterranean Public Health Network and the Association of Southeast Asian Nations.

UKHSA delivers the Foreign, Commonwealth and Development Office-funded UK Overseas Territories Programme which aims to develop and strengthen disease surveillance and public health systems in the Caribbean region, in collaboration with the Pan American Health Organisation and the Caribbean Public Health Agency.

As part of our work to share best practice and learn lessons from global partners, UKHSA hosts eight WHO Collaborating Centres, deploying UKHSA technical expertise in support of global evidence generation and policy making in specialist areas, and eight WHO Affiliated Laboratories. These are world class centres of excellence sharing best practice and delivering training to other countries.

Our vital partnership working enables UKHSA to detect and act more quickly in the event of global health threats.

## Strategic Priority six: Develop UKHSA as a high-performing agency.

Being an effective and efficient organisation is key to achieving high-performance success. We will ensure UKHSA is ready to prepare for and respond to health security challenges, at scale as required, by investing in our people and culture; partnerships and relationships; data, science and research and operational excellence.

### UKHSA Health Security Campus Programme

UKHSA continues to work with DHSC and HMT to agree the preferred way forward for its new high containment scientific laboratories. This programme will replace UKHSA's current ageing facilities which are nearing the end of their operational life. The Agency is presenting options to Ministers for decision as part of the spending review.

The Health Security Campus Programme has been under external scrutiny through a National Audit Office (NAO) investigation and a Public Accounts Committee (PAC) hearing. UKHSA will carefully consider the PAC's recommendations and has responded to the new Committee accordingly.

The accounting position at 31 March 2024 was that there was no agreed and funded plan to bring the Harlow site into use. As a result, UKHSA made an in-year technical accounting adjustment to impair the value of the Harlow buildings held as an Asset under Construction by £297m. This reflects the accounting position at that date and is not an indication of the Agency's intentions for future development at the site, which will be subject to decisions by Ministers. UKHSA remains committed to developing and upgrading Category 4 laboratory capacity.

### Building our capabilities

In FY23/24 UKHSA developed and launched several key documents to help guide and mature the organisation. These include the three-year strategy, data strategy, science strategy and the clinical governance strategy. This has allowed UKHSA to promote its mission and vision to staff and external audiences (supported by a suite of internal and external engagement tools), ensure its work and activities align with its long-term strategic priorities, and enabled the creation of a performance framework to provide accountability and transparency in the delivery of these priorities.

Progress in continuing to mature UKHSA's governance, commercial and financial capabilities to support the delivery of its strategic remit has also been made. Finance continued their Control Improvement plan in FY23-24, with tangible improvements now in place include introducing a suite of Finance KPIs to measure performance and securing approval for an accountancy Market Pay Supplement (in lieu of the Government Finance Function allowance). UKHSA Financial Control Improvement Programme, the board for which is led personally by the Chief Executive, has overseen a reduction in the previously high level of risk in this area.

However, the Agency acknowledges that further improvements are required in line with accelerating the plan to fully achieve a mature finance function at the earliest opportunity. Key programme deliverables, such as introducing a suite of Finance KPIs to measure performance against, are tangible improvements. A critical mass of core commercial staff is now trained to the minimum standard (Foundation Training). This ensures a consistent level of capability across the function and positions relevant staff to pursue higher levels of accreditation.

The Central Performance Management Office (CPMO) has now been established and continues to develop governance and controls within UKHSA. This capability enables the delivery of UKHSA's major programmes through effective portfolio governance. CPMO provides the reporting, monitoring and the constructive challenge to ensure all programmes within this portfolio are effectively managed, controlled and offer optimum value for money, whilst maximising successful delivery.

The career pathway for HR professionals has also been established and is being used as a model to roll out pathways across other professions within the agency. We continue to strengthen our professional networks with individual maturity assessments undertaken across ten UKHSA professions, aiming to complete across all networks in 24-25.

The Health Protection and operations group successfully transitioned and integrated Covid Pass, VBS, NPFS services from the wider health family into UKHSA's Single Service Centre (SSC), delivering a combined saving of £4.3m to DHSC. The contact service experience has been enhanced with the implementation of a qualitative and quantitative customer satisfaction platform via HGS, helping UKHSA achieve a 25% completion rate from citizens (compared to c.10% across industry), with 75% of citizens stating satisfied with service.

### Responding to Public Inquiries

UKHSA has provided extensive evidence to the UK Covid-19 Public Inquiry during this reporting year. This included the submission of the Corporate Statements and related documentation to the Inquiry for the first three Modules which cover: resilience and preparedness, core UK decision-making and political governance, and the impact of Covid-19 pandemic on healthcare systems. We also prepared two draft Corporate Statements for Module Four which focuses on vaccines and therapeutics.

As at the end of March 2024, we were also preparing to respond to inquiry evidence for the modules on Procurement, the Care Sector, and Test, Trace and Isolate.

We have also contributed to the Infected Blood Inquiry and the Inquiry into the Death of Dawn Sturgess by providing the required documentation from Public Health England, and other predecessor organisations.

### Equalities and health equity

UKHSA is committed to achieving more equitable outcomes to ensure that we can deliver on our mission to protect every person in every community.

Health threats impact people in different ways and have a disproportionate impact on some individuals and communities. Therefore, we target and tailor our action to people and places most at risk from health threats to ensure that we contribute to addressing health inequalities and achieving health security for all. We work closely with the Department for Health and Social Care, the NHS, national and local government partners, and communities to provide the evidence, data, and public health advice to improve health outcomes.

The UKHSA Health Equity for Health Security strategy 2023-2026 provides a cross organisational roadmap to ensure UKHSA has the capability and capacity to deliver more equitable outcomes. Over the 23/24 period, UKHSA has continued to deliver

against this. We have strengthened the evidence base on the disproportionate impact of health threats on certain populations. For example, we published the [Inequalities in emergency hospital admission rates for influenza and COVID-19, England technical report](#) to inform winter preparedness across the health system. This is alongside delivering evidence reviews including on [infection transmission in communal accommodation settings](#), and an [evidence mapping of the health effects of climate change on CORE20PLUS populations](#).

Recognising the intersecting vulnerabilities across health threats, we have continued to promote and adopt a people and place approach in our public health advice and guidance. This includes publishing the [Tackling TB toolkit in inclusion health groups](#), a multi-agency toolkit designed to promote and inform holistic prevention, testing and treatment; and collaborated with the Office for Health Improvement and Disparities in DHSC to update the [Migrant Health Guide](#). We continue to work in partnership across the health system to address health inequalities, including through the [Voluntary, Community and Social Enterprise Health and Wellbeing Alliance](#), which is a joint partnership between the voluntary sector and DHSC, UKHSA and NHS England.

UKHSA continues to meet its legal duties on health inequalities and the public sector equality duty. In February 2024, we published updated [Public Sector Equality Duty Objectives for 2023-2026](#) which map against the four key areas of the Health Equity for Health Security Strategy and which reflect our organisational maturity. The 2023/24 Public Sector Equality Duty Report, which outlines our progress in meeting this duty is available [here](#).

## Building a diverse and inclusive workforce

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

From our inception as a new organisation, we have continued to build a truly diverse workforce and a culture of openness and inclusivity, where difference drives innovation to meet the needs of our workforce and communities we serve. We have developed and shared data on staff diversity, promoted inclusive recruitment practices and grown the staff networks, with these being championed at the highest level in UKHSA.

## Financial review

### Accounts direction

The financial statements contained within this annual report and accounts relate to the financial year ending 31 March 2024. They have been prepared in accordance with the Accounts Direction given by HM Treasury under section 7(2) of the Government Resources and Accounts Act 2000.

### Accounts preparation and overview

The accounts set out on page 157 onwards consist of primary statements that provide summary information and accompanying notes. They comprise a:

Statement of Comprehensive Net Expenditure (SoCNE)

Statement of Financial Position (SoFP)

Statement of Cash Flows (SoCF)

Statement of Changes in Taxpayers' Equity (SoCTE)

The accounts were compiled according to the standards set out in the Government Financial Reporting Manual (FReM) issued by HM Treasury, which is adapted from International Financial Reporting Standards (IFRS). The accounts have been prepared on a going concern basis as outlined in Note 1 to the financial statements.

As detailed in the governance statement, UKHSA has made significant progress in improving its high level governance arrangements and financial controls. However, while the majority of opening balances have been assured, there is a gap in the assurance over the 2022-23 closing CVU balances and over the in-year transactions into which those opening balances release. The CVU 2022-23 closing balances (which form the 2023-24 opening balances) have been restated as a result of additional review of events after the reporting period. Further details can be found within the accounts in Note 22.

Management have completed significant assurance work over the accounts, utilising both internal staff and an external support contract and are satisfied that the accounts are a true and fair representation of the conditions at the balance sheet date. However, we do not have audit assurance over the opening balances for the CVU model, as outlined above.

### Our funding regime: budget analysis

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

### Funding in the year ending 31 March 2024

For 2023-24, the funding limit set by DHSC for non-ring fenced RDEL was £2.3 billion which included £0.4 billion of Core funding, £0.2 billion of COVID-19 funding,

£1.1 billion for the COVID Vaccine Unit (CVU) and £0.6 billion for Vaccines and Countermeasures Response (VCR).

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

## Financial performance against budget

In the year ending 31 March 2024, UKHSA achieved its financial targets by managing resources in line with the budgets set and allocated by DHSC. UKHSA's outturn was an underspend of £47.6 million (2022-23 £1.1 billion restated) on a total revenue non-ring-fenced operating budget of £2.3 billion (2022-23: £3.8 billion).

UKHSA undertook a wide range of operational activities. Variations within each category of activity are expected and financial performance within each category was reported to UKHSA's management throughout the period. The underspend can be expressed as being 2% (2022-23: 23%) of the operating activities budget of £2.3 billion.

In terms of interpreting the financial results and comparing to prior period, it was noted that COVID-19 activities were significantly reduced during 2023-24 as a result of reduced testing and other workload.

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

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

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

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

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

Tables 3, 6, 7 and 8 contain restated balances for the prior year. For further information see Note 22 - Covid Vaccine Unit.

## Core budgets

The financial performance for core activities is summarised below.

There was an underspend against these budgets of £9 million. The main driver of the underspend was from lower than planned workforce levels particularly in the first half of the year. These underspends related to front-line scientific and clinical areas where recruitment campaigns continued throughout the financial year to fill vacant posts. In addition to the underspend on workforce, income received outperformed budget. Income from royalties received was above budget and additional testing in relation to health protection incidents was delivered.

**Table 1 – Core budgets**

Core budgets	Budget 2023-24 (£m)	31/3/24 Outturn (£m)	Variance (£m)	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)
Core activities – admin	17.4	131.6	(114.2)	155.0	119.0	36.0
Core activities – programme	387.3	264.0	123.3	309.5	242.8	66.7
<b>Total Core Budgets</b>	<b>404.7</b>	<b>395.6</b>	<b>9.1</b>	<b>464.5</b>	<b>361.8</b>	<b>102.7</b>

## COVID-19 budgets

The financial performance for COVID-19 activities saw an underspend against these budgets of £47 million. The demand and cost drivers were lower than in the original assumptions, in particular in relation to genomic sequencing and the assessment of new variants. Where appropriate the costs of the disposals programme and exiting existing infrastructure has been accelerated.

**Table 2 - Covid-19 Budgets**

COVID-19 budgets	Budget 2023-24 (£m)	31/3/24 Outturn (£m)	Variance (£m)	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)
COVID-19 – admin	150.0	10.6	139.4	45.0	28.6	16.4
COVID-19 – programme	79.7	172.1	(92.4)	1,854.0	1,283.8	570.2
<b>Total COVID-19</b>	<b>229.7</b>	<b>182.7</b>	<b>47.0</b>	<b>1,899.0</b>	<b>1,312.4</b>	<b>586.6</b>



## COVID Vaccine Unit (CVU) budgets

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

Budgets were underspent by £101 million. This was mainly as a result of a change in the way vaccines are drawn down by NHS England for the Spring campaign. Fewer doses were issued in advance to improve the efficiency of vaccine drawdown and to prevent wastage on the front line. This reduction in vaccine consumption was offset by the change in accounting which reverted to using forecast demand for the following year in place of actual demand increasing the impairment of vaccines in the current year.

The negative capital costs and underspend were generated by purchases from contracts agreed in the previous financial year and delivered in 2023-24.

**Table 3 – CVU Budgets**

COVID Vaccine Unit (CVU) budgets	Budget 2023-24 (£m)	31/3/24 Outturn (£m)	Variance (£m)	Budget 2022-23 (£m)	RESTATED 31/3/23 Outturn (£m)	Variance (£m)
COVID Vaccine Unit - admin	7.7	7.5	0.2	11.6	4.5	7.1
COVID Vaccine Unit - programme	1,063.9	1,094.4	(30.5)	653.4	320.3	333.1
COVID-19 Vaccines Received and Issued (Net non-cash gains and losses on donation)	-	-	-	141.1	141.1	0.0
CVU Capital	(85.3)	(217.0)	131.7	(28.8)	(84.5)	55.7
<b>Total CVU</b>	<b>986.3</b>	<b>884.9</b>	<b>101.4</b>	<b>777.3</b>	<b>381.4</b>	<b>395.9</b>

## Vaccines and Countermeasure Response budgets

The financial performance for Vaccines budgets is shown separately below.

Responsibility for the policy, strategy and managing the budget for 2023-24 for these areas rested with DHSC, however UKHSA controlled inventory and therefore accounted for inventory during the year.

**Table 4 – Vaccines Budgets**

Vaccines budgets	Budget 2023-24 (£m)	31/3/24 Outturn (£m)	Variance (£m)	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)
Non-COVID-19 Vaccines and Countermeasures	565.1	543.3	21.8	548.2	490.1	58.1
COVID-19 Vaccines Distribution Programme	30.3	30.3	0.0	32.4	34.7	(2.3)
COVID-19 Medicines	1.2	1.2	0.0	44.2	53.4	(9.2)
Vaccine Deployment Capital	2.0	2.2	(0.2)	14.2	13.8	0.4
VCR Capital	20.6	14.6	(6.0)	29.3	30.6	(1.3)
<b>Total Vaccines</b>	<b>619.2</b>	<b>591.6</b>	<b>27.6</b>	<b>668.3</b>	<b>622.6</b>	<b>45.7</b>

## Capital budgets (excluding those for CVU and Vaccines above)

The financial performance for the remaining capital budgets are shown as follows. The negative spend against COVID-19 capital reflects reduced levels of inventory. HMT has prescribed budgeting treatment for COVID-19 inventory where on purchase it scores to capital budgets and when consumed a capital credit is generated with a corresponding resource hit.

The overspend in core budgets resulted from the accounting treatments of new leases entered in to during 2023-24. This included the move to new office space at South Colonnade, Canary Wharf.

**Table 5 – Capital Budgets**

Capital budgets (Excluding CVU and Vaccines)	Budget 2023-24 (£m)	31/3/24 Outturn (£m)	Variance (£m)	Budget 2022-23 (£m)	31/3/23 Outturn (£m)	Variance (£m)
COVID-19	(16.8)	(14.5)	(2.3)	(140.0)	(354.8)	214.8
Core Capital	86.3	100.3	(14.0)	135.7	100.6	35.1
<b>Total Capital</b>	<b>69.5</b>	<b>85.8</b>	<b>(16.3)</b>	<b>(4.3)</b>	<b>(254.2)</b>	<b>249.9</b>

## RDEL and CDEL Summary

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

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

**Table 6 – RDEL Non-ringfenced and CDEL outturn against budget**

Category	Budget 2023-24 (£m)	31/3/24 Outturn (£m)	Variance (£m)	Budget 2022-23 (£m)	RESTATED 31/3/23 Outturn (£m)	Variance (£m)
Non-ring fenced RDEL	2,302.6	2,255.0	47.6	3,794.4	2,717.3	1077.1
CDEL	6.8	(114.3)	121.1	10.4	(294.3)	304.7

The financial performance for ring-fenced RDEL spend is summarised in the below table. Ring-fenced RDEL relates to depreciation, amortisation and impairments.

**Table 7 – RDEL ringfenced outturn against budget**

Ring-fenced-RDEL	Budget 2023-24 (£m)	31/3/24 Outturn (£m)	Variance (£m)	Budget 2022-23 (£m)	RESTATED 31/3/23 Outturn (£m)	Variance (£m)
Ring-Fenced RDEL	382.0	369.7	12.3	322.0	678.0	(356.0)

The financial performance for Annually Managed Expenditure (AME) spend is below. AME relates to movements in provisions. In particular there was a significant movement in the provision for vaccines previously impaired but issued during campaigns in the 2023-24 financial year.

**Table 8 – AME outturn against budget**

Annually Managed Expenditure	Budget 2023-24 (£m)	31/3/24 Outturn (£m)	Variance (£m)	Budget 2022-23 (£m)	RESTATED 31/3/23 Outturn (£m)	Variance (£m)
Annually Managed Expenditure	0.7	(268.1)	268.8	300.0	(219.3)	519.3

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

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

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

## Relationships with suppliers

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

We established the following internal targets:

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

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

For the year ending 31 March 2024, 83% and 77% of supplier bills (by value and volume respectively) were paid within 10 days (2022-23: 66% and 68%) and 93% and 90% within 30 days (2022-23: 87% and 82%).

**Table 9 – Payment of suppliers performance**

Payment Period in Days	0 to 5	6 to 10	11 to 30	Over 30	Total
Value of invoices (£'000s)	1,326,520	132,520	183,999	123,767	1,766,806
Percentage	75.08%	7.50%	10.41%	7.01%	100.00%
Number of invoices	47,370	6,817	9,009	6,767	69,963
Percentage	67.71%	9.74%	12.88%	9.67%	100.00%

## Exposure to liquidity and credit risk

Since UKHSA's net revenue resource requirements were mainly financed through Parliamentary funding, the organisation was not exposed to significant liquidity risks.

In addition, most of our partners and customers were other public sector bodies, which means there was no deemed credit risk. The debt associated with the Managed Quarantine Service (MQS) (a function that transferred to UKHSA from DHSC on 1 April 2022) was the exception to this, where debt was owed from

passengers who entered the UK during the pandemic and were subject to managed quarantine services.

A significant expected credit loss transferred to UKHSA by absorption alongside the associated MQS debt balance (see financial statements Note 14 for further details). UKHSA had procedures in place to regularly review credit levels. For those organisations that were not public sector bodies, UKHSA had policies and procedures in place to ensure credit risk was kept to a minimum.

### Pensions costs for current staff

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

### Assets and liabilities

There have been a few key changes in the Assets and Liabilities for UKHSA, including the Restatement of the Covid Vaccine Unit's opening balances for assets and liabilities, the review of accounting treatment of Culture Collection's assets, and the accounting impairment of the Harlow site.

#### Covid Vaccine Unit restatement

UKHSA's opening balances in relation to the Covid Vaccine Unit's assets and liabilities have been restated to better reflect the position as at 31 March 2023 as follows:

**Table 10 – CVU Restatement impact**

Accounting Balance	22/23 Closing Balance Restated	Previous Balance	Restatement Impact
Inventory	£460.2m	£271.6m	£188.6m
Prepayments	£237.8m	£263.3m	(£25.5m)
Onerous Contract Provision	(£370.7m)	(£228.7m)	(£142.0m)

Further detail on the on the restatement and the current accounting treatment can be found in Note 22 of the accounts.

#### Culture Collection accounting treatment

UKHSA is the UK (and the primary European) custodian of cell cultures. This includes animal, bacterial, fungal, and viral cultures. Culture Collections hold these cultures both for the sake of the nation, and for sale.

During 2023-24, UKHSA has reviewed the historic accounting treatment of this unique asset and updated the accounting treatment to better reflect the substance of the assets and the transactions. This has resulted in recognising a new class of assets called Biological Assets in the prior year, sheet value of £15m (see Note 13).

### Harlow site impairment

The Harlow site has been subject to an accounting impairment adjustment to reflect that at 31 March 2024 there was no fully funded delivery plan that would result in the completion of the asset. The asset was impaired by £297m.

The entire balance sheet is available to review within the statutory accounts in this document and is also accompanied by significant explanatory notes including a new note specifically setting out the movements related to the restatement of opening balance for the Covid Vaccines Until (CVU) which follow later in the accounts.

### Efficiency measures and delivering value for money

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

### Hosted services

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

### Porton Biopharma Ltd

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

### Audit services and costs

The Comptroller and Auditor General is head of the National Audit Office (NAO) and is appointed as the external auditor of UKHSA under section 7 of the Government Resources and Accounts Act 2000. The auditor's remuneration for 2023-24 was £960,000 (2022-23: £650,000). This is a notional fee.

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

# Sustainable development and environmental management

## Compliance statement

This compliance statement underpins our commitment to phase one of HM Treasury's Taskforce on Climate-related Financial Disclosure (TCFD). Within this framework, we have assessed that we do not consider climate to be a principal material risk to our estate, at this time, and will therefore manage climate-related risks in the same way as other risks as part of our overall risk management process. But for completeness we will voluntarily report, as part of phase one of the TCFD framework, any practicable measures we have put in place, to comply with the TCFD recommendations and disclosures for compliance, risk, strategy, and metrics. We also intend to implement and report on any future phases of the TCFD framework as part of this reporting process.

## Governance

As highlighted above we are committed to implementing the TCFD framework, where necessary, with the governance around climate related risks and opportunities being undertaken by the groups below:

### Board

The Advisory Board has collective responsibility for Climate Change and will be appraised annually of progress and of any specific issues that affect our organisation, should they represent a material principal risk.

### Executive Committee

The Executive Committee (ExCo) are also appraised of any identified principal risks from any future assessments that will affect the organisation. The corporate sustainability team also report to this committee with regards the implementation of our Sustainable Development Management Strategy (SDMS) and future Net Zero plan.

### Sustainable Development Working Group

The sustainable development working group manage the organisations sustainable development strategy and related risk. This group is supported by the corporate sustainability team and also made up of senior managers and professionals from across the organisation and is chaired by the current SRO for sustainable development. Any related risks that have been identified are reported to ExCo, see above.

### Sustainability team

UKHSA performance against the Greening Government Commitment (GGC) targets are reported quarterly to the DHSC, by the corporate sustainability team. They are also engaged with the DHSC group sustainability forum where best practice and any new legislation/guidance from central government is discussed.

## Sustainable development training

To facilitate staff engagement, we have our own bespoke mandatory e-learning training programme on sustainable development, which 3,227 members of staff have completed in the last year. This bespoke training provides our staff with a good understanding of sustainable development in UKHSA and encourages them to act in a sustainable manner by considering their impact on the environment. This training must be undertaken every three years.

## Strategy

We are committed to following the Taskforce on Climate-related Financial Disclosures' framework. The process around identifying, monitoring, and controlling climate related risk is detailed in our Sustainable Development Management Strategy document.

Alongside using the UK Climate Impact Process to identify potential risks and opportunities from an everchanging climate, our strategy is to develop a long-term Net Zero Carbon plan that will be used across our estate to prioritise and identify carbon reduction measures necessary to achieve our 2035 net zero goal. This will include establishing costed short, medium, and long-term projects to reduce the impact of climate change on our estate.

The commitment to UKHSA's sustainability aspirations, obligations, governance, and legal requirements are laid out in the UKHSA's Sustainable Development Management Strategy (SDMS), this is currently an internal document for UKHSA staff, that will hopefully be made available to the public later this year.

Our SDMS identifies how we will embed sustainable development across our organisation. It also identifies how we will work to be operationally Net Zero Carbon across our science estate by 2035, which is contingent on replacement of current infrastructure at Colindale and Porton Down being completed by this time.

## Risk management

UKHSA has used the UK Climate Impact process to assess the risks and opportunities to its estate from an ever-changing climate and have highlighted the mitigation and adaptation actions that it will take across the organisation should any parts of its estate be affected.

The outcomes of our Climate Change Risk Assessment (CCRA) have been included in the SDMS (Management Arrangements) document, and the corporate services risk register and will be included in the forthcoming UKHSA Business Continuity Plan. The CCRA will be assessed annually by the SDWG membership and be communicated to the Board and Executive Committee.

Should there be a climate related incident our business continuity plan will be activated and as such various layers of management will be communicated with to resolve the issue.

We will continue to assess climate related risk annually, including possible financial impacts for the organisation, with any findings identified reported to specific senior management teams for action.

Climate related risk has the potential to impact on all aspects of our business, not only in a physical way but also financially. The organisation's senior management team therefore has a responsibility to implement the requirements of the climate



related risk assessment through local business plans. Doing so will enable us to measure impact related performance, helping achieve a better understanding of the impact on our estate and help prioritise medium and longer-term activities.

There were no significant environmental incidents to report last year.

### Metrics and targets

This report describes our second year for sustainability reporting under the government's FREM reporting requirements, for the 2023/24 financial year, and comprises primarily quantitative disclosures related to metrics and targets, as well as qualitative information on how the metrics and targets are used by the organisation.

The metrics data in this report comprise of Scope 1, 2 and 3 carbon emissions, see diagram 1 below, where applicable. It includes emission data from our owned scientific sites, and offices under GPA ownership, this is our reporting boundary, and for completeness, our non-reportable sites. It is based on an establishment of 6,217 full-time equivalent posts, and an overall Net Internal Area comprising some 113,964 m<sup>2</sup>.

As approved by DEFRA, emissions data for the Harlow site will be shown separately.

Preliminary analysis indicates that UKHSA's total carbon emissions for the year 2023/24 are 9,416 tCO<sub>2</sub>e compared to an updated figure from 2022/23 of 9,764 tCO<sub>2</sub>e, this is a decrease of 348 tCO<sub>2</sub>e from our whole estate compared to the previous year, a 3.56% reduction, see table 2 below. All figures are rounded up, where necessary.

In line with Greening Government Commitment (GGC) target requirements, we can report the following, compared to last year:

**Table 1: headline target areas actual figure compared to target**

Change is based on previous year

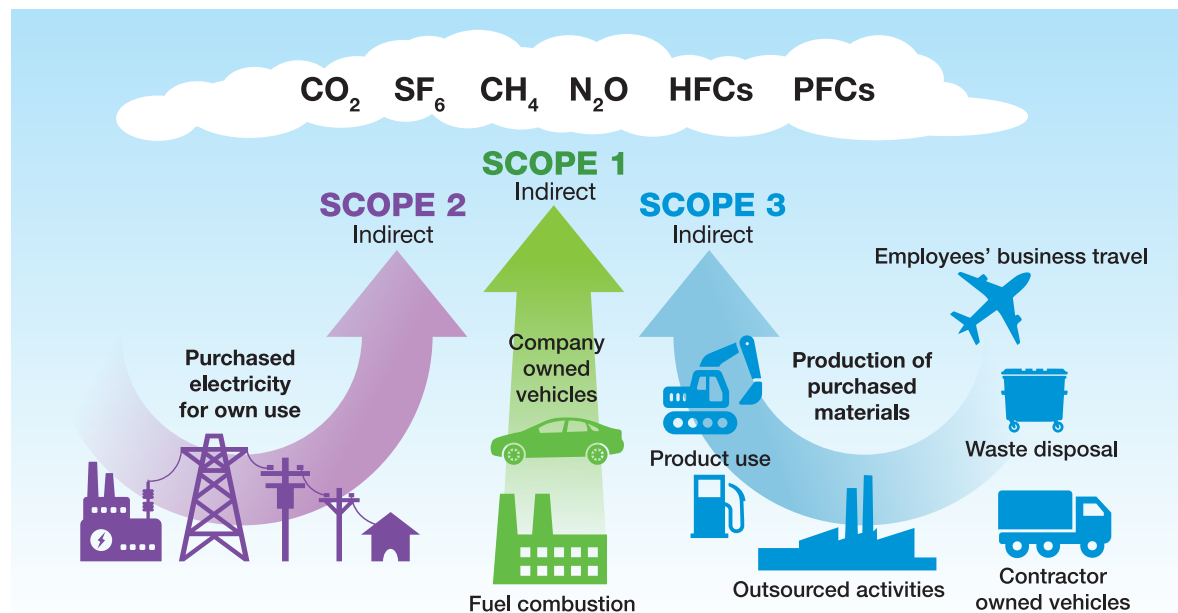
Headline target area	GGC target %	Actual % change
Energy	5% reduction per annum tCO <sub>2</sub> e	+6.50 ✗
Total waste	15% reduction per annum m <sup>3</sup>	-22.30 ✓
Water use	8% reduction per annum m <sup>3</sup>	+19.94 ✗
Business travel	20% reduction per annum tCO <sub>2</sub> e	-21.78 ✓

GGC non-reportable sites across our estate comprise offices, and other facilities, where they are reported separately by the premise's landlord. Some of our UKHSA sites generate some of their own energy from photovoltaic renewable sources, these energy figures are also included in the reportable total.

Over the last year, our reportable business travel emissions, under GGC reporting standards have been 490 tCO<sub>2</sub>e, compared to 627 tCO<sub>2</sub>e in 2022/23 a 22% reduction of 137 tCO<sub>2</sub>e. This does not include international air travel, and travel by

Eurostar, which was 783 tCO<sub>2</sub>e in 2023/24, compared to 484 tCO<sub>2</sub>e in 2022/23 a 62% increase of some 299 tCO<sub>2</sub>e. These data are mandatory for GGC reporting however are not currently included in emissions targets.

**Diagram 1**



**Table 2: Total emissions by scope in 2023-24 compared to previous year**

Tonnes CO<sub>2</sub>e

Total Estate	2022/23	2023/24
Total emissions by scope, tonnes CO <sub>2</sub> e	<b>9,473</b>	<b>9,414</b>
Scope 1 reportable via GGC	1,991	2,355
Scope 1 non-reportable via GGC	1,486	614
Scope 2,3 reportable via GGC	3,813	4,258
Scope 2,3 non-reportable via GGC	1,048	876
Scope 3 (Business Travel and other emissions)**	651	528
Other Travel (International air and Eurostar)*	484	783

\* Non-reportable emissions under GGC guidelines

\*\* Scope 3 also includes travel of vehicles disposing PPE waste by third party and homeworker emissions and business travel

## Greenhouse gas emissions

**Table 3: GGC data for the UKHSA's 2022/23 and 2023/24 operations**

Units vary by indicator (tCO<sub>2</sub>, kWh, kgCO<sub>2</sub>, km, £)

GREENHOUSE GAS EMISSIONS		RESTATED 2022/23	2023/24
<b>SCOPE 1 + 2</b>			
<b>Non-financial indicators (tCO<sub>2</sub>)</b>	Natural gas	1,115	1,487
	Natural gas (non-reportable sites)	1,486	614
	Fuel oil	336	180
	Process emissions	253	248
	Fugitive emissions (F-Gas)	95	261
	Mains electricity (non-reportable sites)	1,048	876
	Mains electricity (Scope 2 + Scope 3)	3,813	4,060
	Owned/leased vehicles	34	21
	Renewable electricity	158	159
<b>Related energy consumption (kWh)</b>	Natural gas	6,121,391	8,129,750
	Natural gas (non-reportable sites)	8,157,870	3,358,482
	Fuel oil	1,326,322	699,812
	Process emissions <sup>2</sup>	1,389,758	1,355,171
	Mains electricity (non-reportable sites)	5,018,914	3,895,154
	Mains electricity (Scope 2 + Scope 3)	18,254,071	18,043,490
	Renewable electricity <sup>4</sup>	755,106	706,037
<b>Related consumption (kgCO<sub>2</sub>)</b>	Fugitive emissions (F-Gas) <sup>3</sup>	95,076	260,805
<b>Related Scope 1 travel (km)</b>	Owned/leased vehicles	201,381	198,367
<b>Financial indicators (£)</b>	Natural gas	393,020	381,064
	Fuel oil <sup>1</sup>	145,568	85,283
	Owned/lease vehicles (fuel/i-expenses)	21,507	16,603
	Fugitive emissions (F-Gas) <sup>3</sup>	1,471	10,295
	Mains electricity (reportable)	3,428,904	4,040,044
	Renewable electricity <sup>4</sup>	92,059	90,717
<b>Total Emissions Scope 1 + 2 (tCO<sub>2</sub>)</b>		<b>5,647</b>	<b>6,248</b>
<b>Total gross emissions from non-reportable sites Scope 1 + 2 (tCO<sub>2</sub>)</b>		<b>2,535</b>	<b>1,491</b>
<b>Renewable Energy tCO<sub>2</sub></b>		<b>158</b>	<b>159</b>

1 Fuel oil only calculated for reportable sites

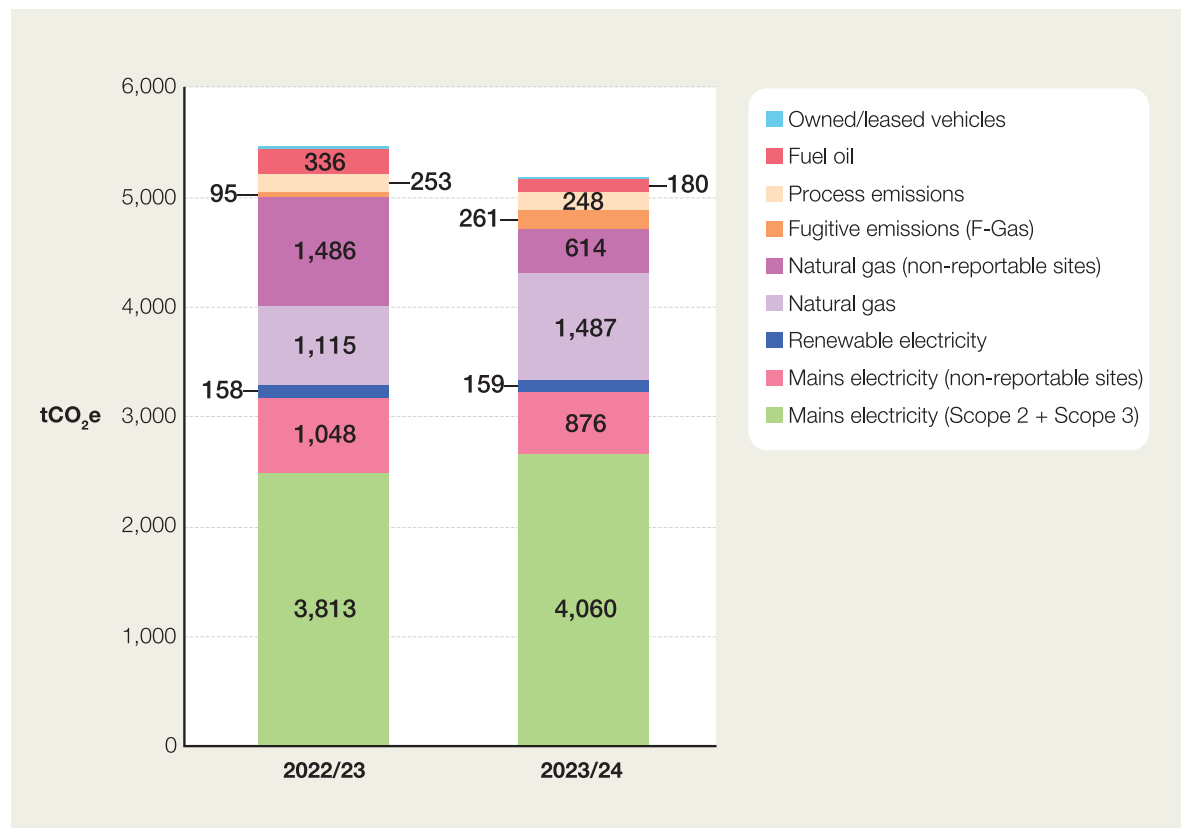
2 Process emissions from the Porton incinerator

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

4 Renewable energy from Porton, Chilton and Colindale PV

**Chart 1: Utility greenhouse gas emissions non-financial indicators**

tCO<sub>2</sub>



Scope 1 and 2,3 emissions for UKHSA Harlow, are detailed below.

**Table 4: UKHSA Harlow greenhouse gas emissions**

Scope 1, 2 and 3 2023-24 compared to 2022-23

UKHSA HARLOW GREENHOUSE GAS EMISSIONS		2022-23	2023-24
Non-financial indicators (tCO <sub>2</sub> )	Natural gas	0	0
	Mains electricity	290	198
Related energy consumption (kWh)	Natural gas	0	0
	Mains electricity	1,387,281	881,723
Financial indicators (£)	Natural gas	0	0
	Mains electricity	319,810	392,358
<b>Total Gross Emissions (tCO<sub>2</sub>)</b>		<b>290</b>	<b>198</b>

### Homeworker emissions

At UKHSA we have 1,256 FTE members of staff who are classified as homeworkers working a 37.5 hr week. It is possible to estimate the Scope 3 Carbon emissions from those members of staff using the DEFRA emissions factors, which estimate the emissions per worker per hour in kg. Below is a breakdown of these emissions based on the average hours per FTE across a year, this factor and our total number of FTE.

**Table 5: Estimated total tCO<sub>2</sub>e from homeworking (office equipment + heating)**

Year	Average hours per FTE per year	FTE	Factor	Total tCO <sub>2</sub> e
2023-24	1,725	1,256	0.33378	723.2
2022-23	1,725	975	0.33378	561.4

### Analysis

Table 3 above indicates that there was a large increase in energy usage for reportable data in 2023/24 versus 2022/23. It should be noted that in 2023/24 we have started reporting on three offices that we are leasing from the Government Property Agency (GPA), as GPA do not report on their premises via the GGC reporting process. We have also noted that our site at Beck Farm has reported an exponential increase in gas usage from the previous year, it is believed that this is due to a metering issue with the reporting third party, which is currently being investigated. We have also seen a reduction in energy usage at our Harlow site as the site is not in use.

Our non-reportable GGC data in 2023/24 has seen a large energy reduction in emissions compared to the baseline year. This is believed to be due in part to our moves across our office estate especially from our central London office space to our new headquarters in Canary Wharf, which is a newer more efficient building with a smaller footprint.

### Water consumption

The 2022/23 reportable usage of water for the owned estate was 71,796m<sup>3</sup>, with a further 19,987m<sup>3</sup> being used by our non-reportable sites. For 2023/24 this was 85,375m<sup>3</sup> for our owned estate, and 13,829 m<sup>3</sup> for our non-reportable sites. There has been an increase of 19.94% on last year's overall figure for our reportable sites and a 30.81% reduction in non-reportable site usage. We do not have any data with regards to indirect water usage, either through upstream or downstream services or products.

**Table 6: Total scope 3 water consumption (m<sup>3</sup>) and financial indicators**

2023-24 compared to previous year

<b>Water</b>		<b>2022-23</b>	<b>2023-24</b>
<b>SCOPE 3 (Water)</b>			
Non-financial indicators (m <sup>3</sup> )	Water from office estate (reportable)*	0	2,700
	Water from whole estate (reportable) [excluding office estate] **	71,796	82,675
	Total for reportable estate	71,796	85,375
	Water from office estate (non-reportable) *	12,258	7,230
	Water from whole estate (non-reportable) [excluding office estate]	7,730	6,599
	Total for non-reportable estate	19,988	13,829
Financial indicators (£)	Water supply costs**	<b>192,188</b>	<b>210,411</b>

\*GPA leased accommodation

\*\*Cost from our owned estate only

Our non-reportable estate is a mixture of office and laboratory facilities, which makes it difficult to differentiate their water usage into any meaningful datasets. Water that was consumed at offices and laboratories embedded in tenanted, non-reportable accommodation was estimated using a recognised benchmarking algorithm. The water supply to our major sites was monitored and measured, and therefore the pattern of daily usage is known to our facilities teams. We have had some major leaks in the last year at two of our large science sites, which is probably the reason for the increase in water usage this year. These were identified and repaired by the site estates' facilities team.

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

**Table 7: Total scope 3 water consumption (m<sup>3</sup>) and financial indicators for Harlow site**

2023-24 compared to previous year

<b>WATER (Harlow)</b>		<b>2022-23</b>	<b>2023-24</b>
<b>Non-Financial Indicators (m<sup>3</sup>)</b>	Water usage	5,313	4,938
<b>Financial Indicators (£)</b>	Water supply costs	19,106	21,074

## Waste

The UKHSA's total waste figure for 2023/24 was 560 tonnes compared to the 2022/23 figure which was 708 tonnes, a 21% decrease. Non-hazardous waste sent to landfill, from across our owned estate, was some 17 tonnes this year.

Approximately 13 tonnes of ICT waste have been processed by Restore Technology Limited (RTL) who have been engaged to recycle and reuse, wherever possible, all redundant ICT equipment. We also have measures in place to calculate the amount of food waste we dispose of, which was approximately 28 tonnes. We are working closely with our FM providers to reduce the amounts of CSUP procured. We purchased 359,289 items of Consumer Single Use Plastic (CSUP) in 2022-23 compared to 179,698 in 2023-24, a 50% reduction. Scope 3 emissions from delivery vehicles used from transporting waste as part of our PPE waste disposal project were 15.24 tCO<sub>2</sub>e. There were some 5,139 tonnes of recycled waste delivered as part of the PPE disposal project and 13,283 tonnes of waste disposed of via an Energy from Waste incinerator (see below).

**Table 8a: Total scope 3 waste (non-financial indicators)**

2023-24 compared to previous year

Waste	2022-23	2023-24
<b>SCOPE 3 (Waste)</b>		
<b>Non-financial indicators (tonnes)</b>		
Waste recycled externally (non-ICT equipment)	189	176
Waste recycled externally (ICT equipment)*	2	7
Waste composted or sent to anaerobic digestion (food waste)	18	28
Waste incinerated with energy recovery	329	175
Waste incinerated without energy recovery (clinical waste)	145	147
Waste reused externally (ICT equipment)*	4	6
Waste reused externally (non-ICT equipment)	18	12
<b>Totals (excluding reused waste)</b>		
Total waste not sent to landfill	686	532
Total waste sent to landfill deemed non-hazardous	18	17
Total waste sent to landfill deemed hazardous (including clinical waste)*	4	11
<b>Total waste</b>	<b>708</b>	<b>560</b>

**Table 8b: Total scope 3 waste (financial indicators)**

<b>Financial Indicators (All in £)</b>	<b>2022-23</b>	<b>2023-24</b>
Waste recycled externally (non-ICT equipment)	88,536	82,080
Waste reused externally (non-ICT equipment)	0	0
Waste recycled externally (ICT equipment)	0	3,161
Waste reused externally (ICT equipment)	0	0
Waste composted or sent to anaerobic digestion	10,677	23,426
Waste incinerated with energy recovery	270,395	220,118
Waste incinerated without energy recovery (clinical waste)	174,174	120,223

**Table 8c: Total scope 3 waste (totals)**

<b>Totals (All in £)</b>	<b>2022-23</b>	<b>2023-24</b>
Total non-hazardous waste sent to landfill	543,782	449,237
Total landfill waste deemed hazardous (including clinical waste)	6,533	8,459
Total landfill waste deemed hazardous (including clinical waste)*	2,989	9,270
<b>Total waste (£)</b>	<b>553,303</b>	<b>466,966</b>

\* Not reportable under GGC reporting requirements

## Waste (Harlow)

The estimated general waste from the Harlow site is shown below. The sites general waste is disposed of via an incinerator with energy recovery. The large reduction in waste produced onsite is due to the site being unoccupied over the last year.

**Table 9: Total scope 3 waste Harlow (financial and non-financial indicators)**

<b>WASTE (Harlow)</b>		<b>2022/23</b>	<b>2023/24</b>
Non-Financial Indicators (kg)	Waste usage	<b>7,210</b>	<b>650</b>
Financial Indicators (£)	Waste costs	<b>4,445</b>	<b>881</b>

Due to the nature of the work carried out across our estate, a significant quantity of hazardous waste is produced, and controls are in place to manage this. The majority of this waste is sent for incineration, in compliance with government guidelines.

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



### COVID-19 waste disposal project

As part of UKHSA's disposal of waste associated with the COVID-19 pandemic for 2023/24, a project team was put together to ensure that all waste was disposed of according to UK waste legislation. Below are the figures for this process from June 23 to April 24.

#### Results and performance: overview

Total of:

5,139 tonnes of recycled material delivered successfully

1,045 tonnes of plastic material successfully recycled

29 tonnes of metal recycled

867 tonnes of PPE recycled

3,198 tonnes of cardboard and paper successfully recycled

£473,742 rebate returned to UKHSA

214,436 kms travelled, 15.24 tCO<sub>2</sub>e emissions

### Business travel

The UKHSA carbon emissions for reportable business travel in 2023-24 are 491 tCO<sub>2</sub>e, compared to 2022-23 which was 627 tCO<sub>2</sub>e, this is a reduction of 21.7% this is highlighted in the table below. UKHSA will continue to introduce new initiatives for reducing travel emissions by reducing the number of journeys we make whilst looking for less carbon-intensive ways of working.

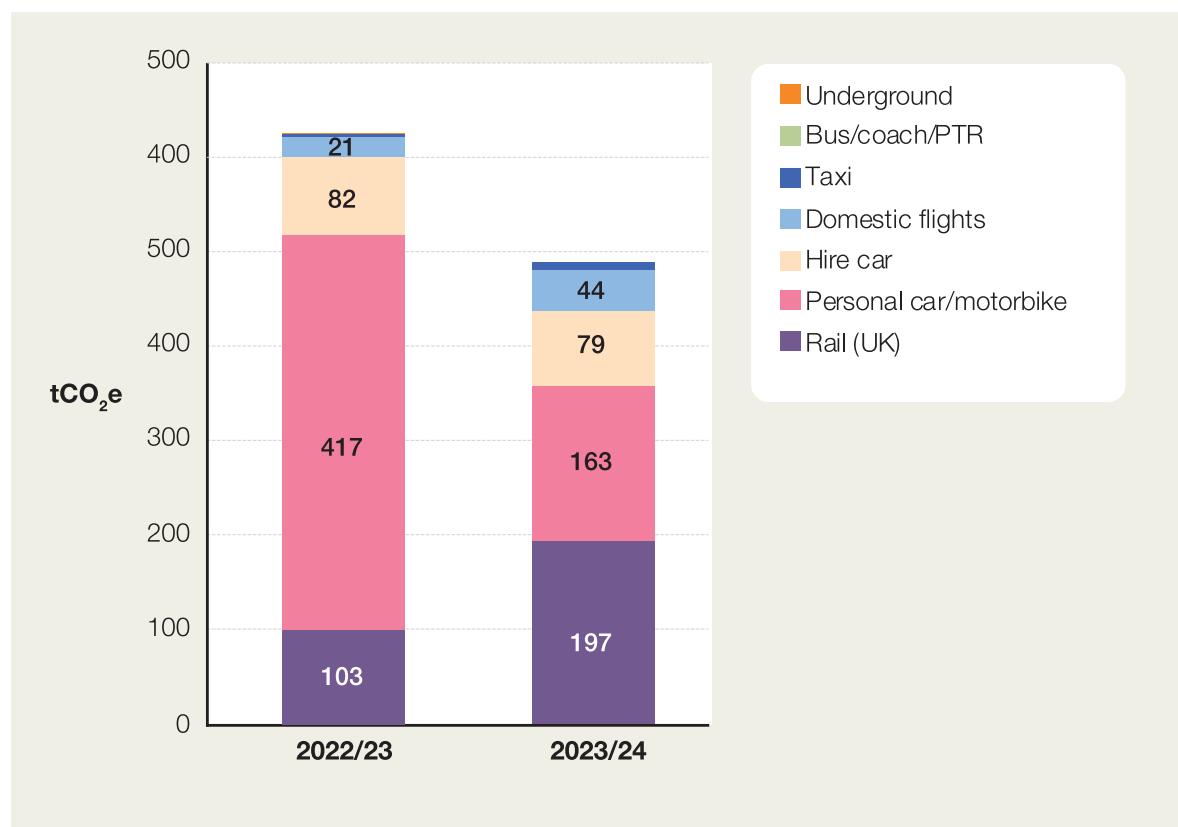
**Table 10: UKHSA carbon emissions for reportable business travel for 2022-23 and 2023-24 operations**Units vary by indicator (tCO<sub>2</sub>, kWh, kgCO<sub>2</sub>, km, £)

Business Travel		2022-23	2023-24
Non-financial indicators (tCO <sub>2</sub> )	Personal car/motorbike	417	163
	Domestic flights	21	44
	Rail (UK)	103	197
	Taxi	3	7
	Bus/coach/PTR	0.182	0.333
	Hire car	82	79
	Underground	0.049	0.109
	<b>Total</b>	<b>627</b>	<b>491</b>
Related Scope 3 travel (km)	Personal car/motorbike	2,462,962	1,007,220
	Domestic flights	166,872	270,753
	Rail (UK)	2,936,371	5,563,623
	Taxi	17,607	27,781
	Bus/coach/PTR <sup>1</sup>	1,904	3,255
	Hire car <sup>1</sup>	484,227	473,472
	Underground <sup>1</sup>	1,777	3,930
	<b>Total</b>	<b>6,071,721</b>	<b>7,350,035</b>
Financial indicators (£)	Personal car/motorbike	586,316	285,459
	Domestic flights	31,395	60,176
	Rail (UK)	898,170	1,738,377
	Taxi	38,696	62,178
	Bus/coach/PTR	4,602	8,084
	Hire car	84,249	121,573
	Underground	8,032	17,674
	<b>Total</b>	<b>1,651,459</b>	<b>2,293,522</b>
Other business travel (km) (See breakdown below)	Short-haul international average	922,876	626,280
	Long-haul international average	4,595,007	6,008,768
	Rail: Eurostar	39,673	29,517
Total	Total Gross Emissions Scope 3 Business Travel (tCO <sub>2</sub> )	<b>627</b>	<b>491</b>
	Total Financial Cost Scope 3 Business Travel (£)	<b>1,651,459</b>	<b>2,293,522</b>
	Total Other Financial Cost, not covered in Scope 3 (£)	<b>608,191</b>	<b>537,256</b>

<sup>1</sup> Figures calculated using our own conversion table

**Chart 2: UKHSA carbon emissions for reportable business travel for 2022-23 and 2023-24 operations**

tCO<sub>2</sub>



The total number of domestic flights undertaken in 2023/34 was 570 compared to 348 in 2022/23, this is an increase of some 64%. These flights are mainly made between London and Northern Ireland and Scotland, where we have both offices and laboratories.

**International travel**

UKHSA works closely with a range of international partners in government, academia and industry. As part of our global health strategy, our staff travel overseas to share expertise and build mutually beneficial relationships, infectious diseases not respecting border. We also have UKHSA representation at public health events and conferences. The increase in international business travel in 23/24 was due to medical requirements on long-haul overseas visits.

**Table 11: Scope 3 International travel**

2023-24 compared to previous years measured in km

International Travel (Scope 3)	2022/23	2023/24
Short Haul International Economy	898,710	634,093
Short Haul International Business	0	0
Long Haul International Economy	4,544,857	4,516,095
Long Haul International Premium Economy	194,075	288,098
Long Haul International Business	0	51,867
Long Haul International First	0	0
International (non-UK) Economy	430,995	1,206,588
International (non-UK) Premium Economy	0	19,491
International (non-UK) Business	0	0
Eurostar	39,673	29,517
<b>Total kms</b>	<b>6,108,311</b>	<b>6,745,749</b>

The above details, in table 11, are mandatory for reporting however are **not currently included in GGC emissions targets.**

### Other activities

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

### Paper

As part of the GGC drive to promote resource efficiency UKHSA used 6,277 reams (restated) of A4 equivalent paper in 2022/23 with some 67% being made of recycled material. In 2023/24 we used 6,290 reams of A4 equivalent paper with some 68% being of recycled material.

### Biodiversity

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

We have a number of beehives situated at our Colindale and Porton sites with the honey being offered to members of staff at these sites. We also have bird and insect boxes at our sites to encourage wildlife.

We have developed a Nature Recovery Plan which describes the procedure for managing ecological assets on the UKHSA estate if there are any planned construction, demolition or refurbishment projects, or the installation of utilities on site. This document also outlines the maintenance regime that should be carried out on the known ecological assets on site to maintain or improve their ecological value.

In particular we will:

- identify and take opportunities to integrate biodiversity considerations into all relevant service areas and functions, and ensure that biodiversity is protected
- enhance biodiversity across our estate, with a defined planting scheme in line with current statutory obligations as a minimum
- provide a pollinator friendly habitat across our estate
- ensure biodiversity considerations are in all relevant development projects and, or programmes
- recognise the potential of, and take action to deploy nature-based solutions, including to mitigate our own, and the country's, carbon emissions
- raise awareness to all members of staff about biodiversity issues
- demonstrate a commitment, and contribution, to reporting against our Nature Recovery Plan as part of the Greening Government Commitment's (GGC's), and where appropriate, demonstrate progress against key biodiversity indicators and targets

### Green ICT

Our transformation programme 'Big Rocks' is looking to migrate workloads to public cloud to meet the government's cloud first strategy and green strategy (amongst others). We will create a future strategic asset technology architecture, platforms, and applications for UKHSA that are right-sized, secure, resilient, and provide agility to change. We have also reduced technical debt; lower cost to change & run reduced technology CO<sub>2</sub>e emissions. This programme will incorporate best practice to ensure environments are available when required.

The programme aims to increase the capacity of the organisation to deliver, with agility, across disciplines at speed; this creates more capacity for public health response and interventions – through improved integration of systems, lower incidents, and increased availability of IT.

Our partners have committed to support our green strategy and will provide coaching.

Our upcoming End user device refresh programme will ensure sustainable design and manufacturing is part of our decision-making criteria. It will focus on materials and design elements which increases circularity, including recycled and recyclable materials. It will also take into account energy efficiency, reliability, and durability to keep products in use for as long as possible.

UKHSA uses a specialist asset disposal service provider to securely dispose of and destroy / recycle ICT assets. The company, Restore Technologies Ltd (RTL), is one of the UK's leading IT recycling and disposal specialists and is ISO 9001, ISO 14001 and ISO 27001 accredited. RTL will aim to recycle as much equipment as possible and

will retrieve and reuse as many components as possible. Any remaining equipment is forwarded to an approved recycling partner. Equipment is crushed and any remaining metals and plastics are segregated accordingly for reuse. It is also ADISA (Asset Disposal & Information Security Alliance) accredited and is a member of ICER (Industry Council for Electronic Equipment).

### Sustainable procurement

UKHSA's commercial directorate has implemented and embedded government policy on sustainable procurement, and works to make practices as economically, socially, and environmentally sustainable as possible. This is supported through collaborative working with internal stakeholders, and utilising the Government Buying Standards, and relevant Procurement Policy Notes (PPNs). UKHSA seeks to use its buying power to positively impact key public health and social agendas.

UKHSA have put in place a range of drivers to embed sustainability and social value into all of its procurement activity. This work is underpinned by our commitment to the Social Value Act 2012, and the Modern Slavery Act 2015.

We are committed to tackling modern slavery and are taking action to comply with the [policy and associated procurement guidance](#) to ensure modern slavery risks are identified and managed effectively throughout supply chains. UKHSA has set out the requirements of Procurement Policy Note 02/23 (tackling modern slavery in government supply chains) in its commercial policy and processes. In line with this, we have developed guidance on the circumstances in which procurement colleagues must use the Modern Slavery Assessment Tool. Additional provisions have been included in standard terms and conditions ([PPN 08/23: Using Standard Contracts](#)) for high-risk contracts and those with strategic suppliers, with a focus on ensuring supplier cooperation when obtaining supply chain visibility.

We are committed to the [government's wider agenda of increasing the importance of social value](#) when designing our procurements, evaluating bids and conducting further commercial activities. This is to ensure that all government spending is providing as much social, environmental and economic benefit as possible. Procurement professionals must include social value questions in their evaluation criteria and must be weighted as a minimum of 10% of the overall score available.

A [social value model](#) has been created which comprises a series of evaluation criteria questions for procurement teams to insert in their invitation to tenders linked to the themes of:

- tackling economic inequality
- equal opportunity
- fighting climate change
- wellbeing
- COVID-19 recovery

It is the responsibility of procurement professionals to decide which of these themes they want to prioritise in their procurement. All procurements, within the threshold, need to include social value questions in their criteria, unless:

- it can be demonstrated that question inclusion will be restrictive for SME or voluntary, community and social enterprises
- the pre-market engagement demonstrates this approach would significantly reduce competition due to a lack of market maturity in making social value whereby the contracting authority may specify the social value weighting as 10% of the quality score

We continue to promote the requirements set out in Procurement Policy Note 06/20, whereby social value must be explicitly evaluated in new procurements. Through our e-procurement system we have implemented a mechanism by which commercial teams can record social value achievements against their contracts, monitor compliance and report progress directly to Cabinet Office on a quarterly basis.

In addition, UKHSA has implemented and embedded Procurement Policy Note 06/21 in all commercial practices, stipulating that, for contracts over £5 million per annum, suppliers must provide a carbon reduction plan confirming their commitment to net zero by 2050 in the UK, otherwise they will be excluded from bidding. For new contracts not within scope of PPN 06/21, our standard terms and conditions have also been updated to include obligations on suppliers to provide annual carbon reduction plans.

All commercial staff have completed the Cabinet Office's Social Value Training and are now actively including Social Value considerations into tenders. The team will continue to work with its key strategic suppliers on their sustainability activities.

UKHSA uses its soft FM provider, Emcor, to procure its food and catering services at our sites where they provide restaurant services.

UKHSA continue to work closely with its FM partners, and our procurement category specialists to reduce the amount of Consumer Single Use Plastics (CSUP) as part of their contract. We have already seen a great deal of plastic replaced with alternatives, especially in our restaurant areas. We are also working with our suppliers to report on the amounts of CSUP that are procured.

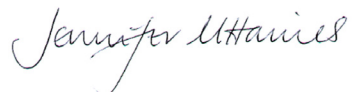
UKHSA works closely with the DHSC health family and Cabinet Office to learn and share best practice. Training courses are being developed for commercial staff across UKHSA involved in developing specifications and managing contracts, so that our purchases can positively support UKHSA's social and public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

### Climate change

We have undertaken a Climate Change Risk Assessment for our estate, which feeds into our ongoing business continuity and adaptation/mitigation plans. These plans set out a range of actions to ensure our estate will continue to operate should any climate related disaster befall us. This plan has been communicated to all relevant staff and is highlighted in our SDMS.

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

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



Professor Dame Jenny Harries

Accounting Officer

9 December 2024



## 2. Accountability report

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

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

### Statement of Accounting Officer's responsibilities

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

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

- observe the Accounts Direction given by HM Treasury, including the relevant accounting and disclosure requirements
- apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis

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

I can confirm that, as far as I was aware, there was no relevant audit information of which UKHSA's auditors were unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that UKHSA's auditors were aware of that information.

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

## Governance statement

UKHSA's arrangements have been designed to comply with requirements for specific sectors and jurisdictions governed by the relevant authorities. UKHSA's overarching governance arrangements have been designed with reference to the good

practice set out in the government's Corporate Governance in Central Government Departments: Code of Good Practice, modified as appropriate for its circumstances. UKHSA aligns its risk management processes to the 'Orange Book'.

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

## Director's report

UKHSA is an Executive Agency of the Department of Health and Social Care.

The framework document sets out, amongst other things: the broad governance framework within which UKHSA and DHSC operate; UKHSA's core responsibilities; the governance and accountability framework between the roles of DHSC and UKHSA (including the role of the Chief Medical Officer); and the relationship with other parties such as the NHS, other arm's length bodies (ALBs), local government and the devolved administrations. Our purpose, role and priorities are set out fully on page 11 of these annual report and accounts.

In 2023-24 UKHSA was independently reviewed under the Cabinet Office Public Bodies Review programme. The Review found that UKHSA is an impressive and effective organisation, supported by a highly capable specialist workforce. It recognised that, as an agency formed in exceptional circumstances, UKHSA is continuing to work on building its foundations for the future. The Review delivered a suite of recommendations aimed to further cement the position of UKHSA in areas such in the UK's health and social care ecosystem; protecting health and national security; and contributions to the global stage.

## Accountability summary

As Chief Executive and Accounting Officer, I am responsible for safeguarding the public funds for which I have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of UKHSA.

In addition, I am required to ensure that UKHSA is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of Managing Public Money.

These responsibilities include those outlined below and those that are set out in the accounting officer appointment letter issued to me by the principal accounting officer of the department.

My responsibilities for accounting to Parliament and the public include:

Signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any guidance and directions issued by the Secretary of State.

Preparing and signing a governance statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual reports and accounts.

Ensuring that effective procedures for handling complaints about UKHSA in accordance with parliamentary and health service ombudsman's principles of good complaint handling are established and made widely known within UKHSA and published on its website.

Acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the department, HM Treasury and the Cabinet Office.

Ensuring that as part of the above compliance I am familiar with and act in accordance with:

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

My particular responsibilities to DHSC include:

Establishing, in agreement with the department, UKHSA's strategic and business plans in light of the department's wider strategic aims and agreed priorities.

Informing the department of progress in helping to achieve the department's policy objectives in so far as they relate to UKHSA functions and duties, and in demonstrating how resources are being used to achieve those objectives.

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

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

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

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

Developing and maintaining a diverse and high-performing non-executive board team, helping to foster collaborative relationships at all levels within UKHSA, with the department, across government and devolved administrations, and with other key stakeholders.

Establishing sound governance for the agency including through ensuring effective non-executive leadership of UKHSA's ARC and establishing and maintaining other committees and sub-committees as needed.

Supporting and informing the evolution of UKHSA's organisational and strategic design and development, including through assisting the Chief Executive to develop a leadership model to recruit, build and retain UKHSA's top talent.

Formulating the board's strategies and ensuring that the board, in reaching decisions, takes proper account of guidance provided by the responsible minister or the department.

Supporting the chief executive's accountability relationship with the department, and providing advice, support and challenge to UKHSA executive team in delivering the priorities set out in UKHSA's annual business plan.

Supporting the chief executive in promoting the efficient and effective use of staff and other resources, and ensuring that the appropriate organisational culture, values, behaviours and capability are in place to enable UKHSA to fulfil its function and deliver its mission.

Delivering high standards of regularity and propriety, including that UKHSA adheres to good financial principle as set out in HMT's Managing Public Money and the Cabinet Office's Partnerships between departments and Arm's Length Bodies: Code of Good Practice.

The DHSC senior departmental sponsor is responsible for agreeing the objectives for and reviewing the contribution of the UKHSA Chair. During 2023-24 this has been supplemented by a 360 degree review of the Chair which was facilitated by a non-executive member of the Board and was provided as input to the DHSC sponsor.

The Chair has their own section in this annual report in which they have set out their independent view on the working of UKHSA on page 6.

During 2023-24, UKHSA's corporate governance arrangements have been reviewed by the Government Internal Audit Agency.

The audit has provided an opinion of Limited assurance. Whilst ExCo is well established, meets weekly in line with its terms of reference and is well serviced by the Governance team, we identified a number of areas for improvement to ensure decision making at the level of ExCo and its sub-committees is appropriately aligned with UKHSA's core priorities and undertaken in the most effective and efficient way.

Key points identified included:

ExCo was considered internally to be 'too big to operate effectively' and had too many 'observers' meaning we might not always speak as openly and honestly as we might otherwise. This was also identified through our analysis which found a high number of attendees at the weekly meetings.

ExCo's business was not aligned with the organisation's strategic priorities and was found to be heavily weighted toward corporate and financial matters and update items vs operational and scientific items and items requiring decisions.

There was a lack of effective decision making at ExCo, and both the audit and UKHSA's internal work had identified there were issues around behaviours that do not support effective contributions from presenters to ExCo.

Issues identified through a review of ExCo Effectiveness had not been fully reported and several months later had not been incorporated into action plans to address them.

ExCo had not addressed the issue identified in our 2021/22 audit of Corporate Governance around the need to define their expectations of reporting from its sub-committees.

Several key issues arising from our review of the governance structures and operations, had also been identified from work undertaken internally under the Building for Ambition (BfA) initiative; a piece of work covering a wider programme of change, of which reviewing and improving decision making was one aspect. Whilst this is not an audit of the Building for Ambition initiative, given its relevance to this audit in terms of delivering the changes identified from both the audit and the internal discovery work, we have incorporated observations and a recommendation aimed at strengthening the programme governance to ensure the required improvements relevant to this audit, are effectively implemented.

### **Transitional arrangements in respect of UKHSA financial oversight**

As part of the transition towards UKHSA's future operating model, the UKHSA DG Finance role was disestablished on 1 June 2023. Since this date, the DHSC DG Finance has jointly led the finance function with UKHSA CEO, i.e. two formal line management reporting chains. This has supported UKHSA, ensuring it is set up to succeed and that the CEO is fully and effectively supported as Accounting Officer (AO). This model is in place in Other Government Departments and has been demonstrated to work effectively.

In summary, the UKHSA CEO is, as AO, formally accountable for UKHSA's delegated budget, overall financial management, and Annual Report and Accounts (ARA). The AO responsibilities for UKHSA CEO are set out in the formal appointment letter from the Permanent Secretary. The principal advisers to the UKHSA CEO on AO issues is the UKHSA FDs.

The DHSC DG Finance is responsible for ensuring effective budget and financial management, governance, and controls, and ensuring progress on the finance and control improvement programme, i.e. areas that are also critical priorities for DHSC.

The DHSC DG Finance is also responsible for ensuring that these activities are carried out to a professional standard and that the finance function and financial controls, governance and management continue to improve.

The UKHSA finance function has been led by Andrew Sanderson (as Chief Finance Officer until May 2024) and Donald Shepherd (as Finance Director) reporting to both the UKHSA CEO and the DHSC DG Finance.

The UKHSA FD and CFO are responsible for the day-to-day leadership and operation of the finance function and advising the CEO on business as usual (BAU) finance issues and delivering the finance control and improvement programme.

We continue to develop and mature our organisation structure and leadership accountabilities. We are currently undergoing a consultation exercise to propose some revisions to our structure where all of our corporate functions, including Finance, Risk & Assurance, will be consolidated under the leadership of a DG Chief Operating Officer. Close links with DHSC Finance will remain in place, in addition to our existing governance such as Audit & Risk Committee.

## Corporate Governance

### UKHSA Advisory Board

The Advisory Board met a further seven times throughout 2023-24, in line with the Framework Document with DHSC. All Advisory Board papers for public meetings are published on gov.uk in advance of the meeting.

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

The Advisory Board receives standing reports from the Chief Executive, finance and its committees at every meeting. In addition, specific issues that were considered by the Advisory Board in 2023-24 included:

- the development of UKHSA's strategy
- the development of UKHSA's people strategy
- UKHSA's role in the Commonwealth Games public health response
- the development of UKHSA's science strategy
- the development of UKHSA's data strategy
- UKHSA's local, national and international relationships
- preparedness for health threats from infectious disease
- the development of UKHSA's global strategy;
- the implementation of the people delivery plan
- UKHSA's workforce
- preparedness for chemical, radiological and nuclear threats
- UKHSA achievements for 2023-24

The following served on the UKHSA Advisory Board in 2023-24



### **Ian Peters**

Chair of the UKHSA Advisory Board.

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

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



### **Cindy Rampersaud**

Non Executive Director of the Advisory Board and Chair of the Audit and Risk Committee.

Appointed on 3rd April 2023.

Cindy is currently a NED at Sage Homes, a private-equity affordable housing business and a NED of the consumer group, Which? Until July this year she was the SID and Chair of Audit & Risk at Hipgnosis Song Fund Plc.

A Chartered Accountant Cindy has considerable experience across a wide range of sectors including entertainment media, education and publishing. She previously held senior roles at Virgin, Warner Brothers, EMI and more recently at Pearson where she headed up the global technical education division.

**Dame Jennifer Dixon**

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

Appointed from 25 April 2022 for a two-year term. Dame Jennifer's term concluded on 24 April 2024.

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

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**Jon Friedland**

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

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

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

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**Graham Hart**

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

Appointed from 25 April 2022 for a two-year term. In April 2024 Graham was reappointed for a further three-year term to 24 April 2027 by the Secretary of State for Health and Social Care.

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

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**Mark Lloyd**

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

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

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

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**Sir Gordon Messenger**

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

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

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

**Simon Blagden**

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

Appointed from 25 April 2022 for a two-year term. In March 2024 the Advisory Board extended Simon's appointment for a further one year term until 24 April 2025.

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

**Marie Gabriel**

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

Appointed from 25 April 2022 for a two-year term. In March 2024 the Advisory Board extended Marie's appointment for a further two year term until 24 April 2026.

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

**Raj Long**

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

Appointed from 25 April 2022 for a two-year term. In March 2024 the Advisory Board extended Raj's appointment for a further two year term until 24 April 2026.

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

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**Professor Dame Jenny Harries** Chief Executive Officer

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

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

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

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

**Andrew Sanderson**

Director General, Finance, Commercial and Corporate Services

Appointed from 18 October 2022 (temporary appointment).

Reappointed as Chief Financial Officer from 1 June 2023. Andrew's secondment with UKHSA concluded on 31 May 2024.

Prior to joining UKHSA Andrew was a Finance Director and board member in the Foreign, Commonwealth and Development Office (FCDO). His previous job was as Director of Financial Planning at the Department of

Health. Before that he worked in a variety of finance and policy roles in the Department of Health, HM Treasury and the Department for Work and Pensions. He is a CIPFA- qualified accountant.

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**Scott McPherson**

Director General, Strategy, Policy and Programmes

Appointed from 18 October 2022 (permanent appointment).

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

**Susan Hopkins**

Chief Medical Adviser

Appointed from 25 May 2022 (permanent appointment).

As Chief Medical Advisor Susan leads the Clinical and Public Health Group whose objective is to provide professional health security, clinical and public health leadership. Susan is also a Professor of Infectious Diseases and Health Security at University College London and continues to work clinically as a consultant in Infectious Diseases and Microbiology at the Royal Free London NHS Foundation Trust.

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

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**Isabel Oliver**

Director General Science and Research (Chief Scientific Officer)

Appointed from 2 August 2023 (permanent appointment).

Isabel was UKHSA's interim Chief Scientific Officer and previously, Director, National Infection Service from April 2020 having held other roles in PHE. Isabel was also co-director of the National Institute for Health Research Health Protection Research Unit on behavioural Science and Evaluation at the University of Bristol and Senior Medical Advisor to the NHS Test and Trace Programme.

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

**Thom Waite**

Deputy Chief Medical Officer, Department of Health and Social Care

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

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

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

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### UKHSA Advisory Board attendance 1 April 2023 to 31 March 2024

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

UKHSA Advisory Board	
Ian Peters	7/7
Cindy Rampersaud*	6/7
Jennifer Dixon	6/7
Jon Friedland	7/7
Graham Hart	7/7
Mark Lloyd	7/7
Sir Gordon Messenger	5/7
Simon Blagden**	3/7
Raj Long**	3/7
Marie Gabriel**	5/7
Professor Dame Jenny Harries	6/7
Susan Hopkins	6/7
Isabel Oliver	4/7
Scott McPherson	6/7
Andrew Sanderson	6/7
Thom Waite	6/7

\* Joined the Advisory Board on 3 April 2023

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

### Register of interests

UKHSA maintains a register of interests for Board and ExCo members to ensure potential conflicts of interest can be identified and, where appropriate, managed in a transparent fashion. This is published on gov.uk. Similarly, a process is in place across the organisation to manage the same for staff employed by UKHSA. Following the update to Civil Service guidance a full refresh of the policy is underway and will be implemented by the end of 2024. A further Government Internal Audit Agency review is also scheduled to take place in 2024/25.

### Audit and Risk Committee (ARC)

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

The recruitment of a permanent Audit and Risk Committee Chair was concluded in April 2023 with the appointment of Cindy Rampersaud. Cindy chaired her first

UKHSA Audit and Risk Committee in June 2023. In addition, Jon Friedland joined the Audit and Risk Committee in January 2024 providing additional scientific expertise to the work of the Committee.

### Audit and Risk Committee attendance 1 April 2023 to 31 March 2024

The ARC met 6 times throughout 2023-2024 and details of attendance is included in the table below. In addition, the Chief Executive, Chief Financial Officer and representatives from the Government Internal Audit Agency and National Audit Office routinely attend ARC meetings.

Audit and Risk Committee	
Cindy Rampersaud	6/6
Sir Gordon Messenger	5/6
Simon Blagden	3/6
Jon Friedland*	2/2

\* Jon Friedland joined the ARC in January 2024

The terms of reference for the Audit and Risk Committee were prepared in line with the best practice as set out in HM Treasury guidance. The ARC covered the following items during 2023-24:

- quarterly scrutiny of the Strategic Risk Register, including detailed reviews of specific risks with management
- approval of the annual Internal Audit Plan and monitoring of progress against the plan
- reports from the Government Internal Audit Agency
- standard updates on organisational progress against Internal Audit Actions, particularly in relation to overdue actions
- finance updates, including a review of the refreshed Standing Financial Instructions
- scrutiny on the development of the UKHSA Annual Report and Accounts 2023-24, with ongoing oversight of the Finance and Control Improvement Plan
- UKHSA's technology infrastructure
- UKHSA staffing and recruitment and retention
- the work of UKHSA's counter fraud team
- UKHSA's contribution to the ongoing Public Inquiry on Covid-19
- UKHSA's emergency preparedness and response arrangements
- cyber security
- health and safety
- health protection governance and quality strategy
- protective security arrangements
- reports from the National Audit Office

## UKHSA Advisory Board Committees

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

### Science and Research Committee

The Committee, chaired by Prof. Jon Friedland, provides advice to the UKHSA Advisory Board on strategic aspects of its scientific work including: the development and implementation of the UKHSA science strategy in response to new and emerging challenges and ensuring that UKHSA science and research has greatest impact on health outcomes.

Science and Research Committee	
Jon Friedland (Chair)	4/4
Graham Hart	4/4
Jennifer Dixon	4/4
Raj Long	2/4
Isabel Oliver (Executive Lead)	4/4
Susan Hopkins	2/4
Steven Riley	3/4
John-Arne Rottigen	3/4
Mary De Silva	4/4

### People and Culture Committee

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

People and Culture Committee	
Sir Gordon Messenger	4/4
Jon Friedland*	3/3
Mark Lloyd	3/4
Cindy Rampersaud**	1/1
Jac Gardner (Executive Lead)	4/4
Professor Dame Jenny Harries	3/4

\* Left the People and Culture Committee in November 2023

\*\* Joined the People and Culture Committee in February 2024

### Equalities, Ethics and Communities Committee

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

Equalities, Ethics and Communities Committee	
Graham Hart (Chair)	4/4
Jennifer Dixon	3/4
Marie Gabriel	4/4
Mark Llyod	4/4
Raj Long	2/4
Susan Hopkins (Executive Lead)	4/4
Scott McPherson	1/4
Oliver Munn	3/4

### Advisory Board Effectiveness

Following the first year of its operation, the Advisory Board and its Committees have undertaken a review of their effectiveness. In the main this found that the Advisory Board had made an effective start to its work and was working in line with the Framework Document with the Department of Health and Social Care, the government's Corporate Governance in Central Government Departments: Code of Good Practice and their respective Terms of Reference. As reported at its meeting in March 2024, all actions from the 2022-23 effectiveness review had been implemented.

A further effectiveness review of the Advisory Board and its Committees took place and the following findings were reported to the Advisory Board at its meeting on 9 July 2024. This included questions on the quality of the papers as considered by the Board, which are reviewed and signed off by the ExCo member responsible.



Feedback indicated consistent recognition of matured state for the Board and UKHSA.

Positive feedback included:

- the role of the Advisory Board was clear although there was some appetite for greater involvement in overseeing performance. This aspect is one of the proposed changes advocated by the Public Bodies Review
- the Board provided constructive challenge in line with its advisory nature
- positive responses on the Board's involvement with the development of UKHSA strategy and planning had increased with valuable input into strategic discussions
- a positive dynamic amongst members which enabled a good balance of formal and informal discussions with the executive team
- meetings were well chaired with all members able to contribute
- site visits and regional meetings were valued to better understand the depth of UKHSA's work
- an increase in positive views on the relationships between the Board and its Committees

Possible areas for improvement included:

The lowest rated question covered views on the board considering how UKHSA engages with external parties and could be a priority area of the Board in the coming year. It would build on workstreams in development including the recent stakeholder survey and July discussion on approach to public health communications.

Streamlining the forward look to avoid overlap in coverage of topics across Committees.

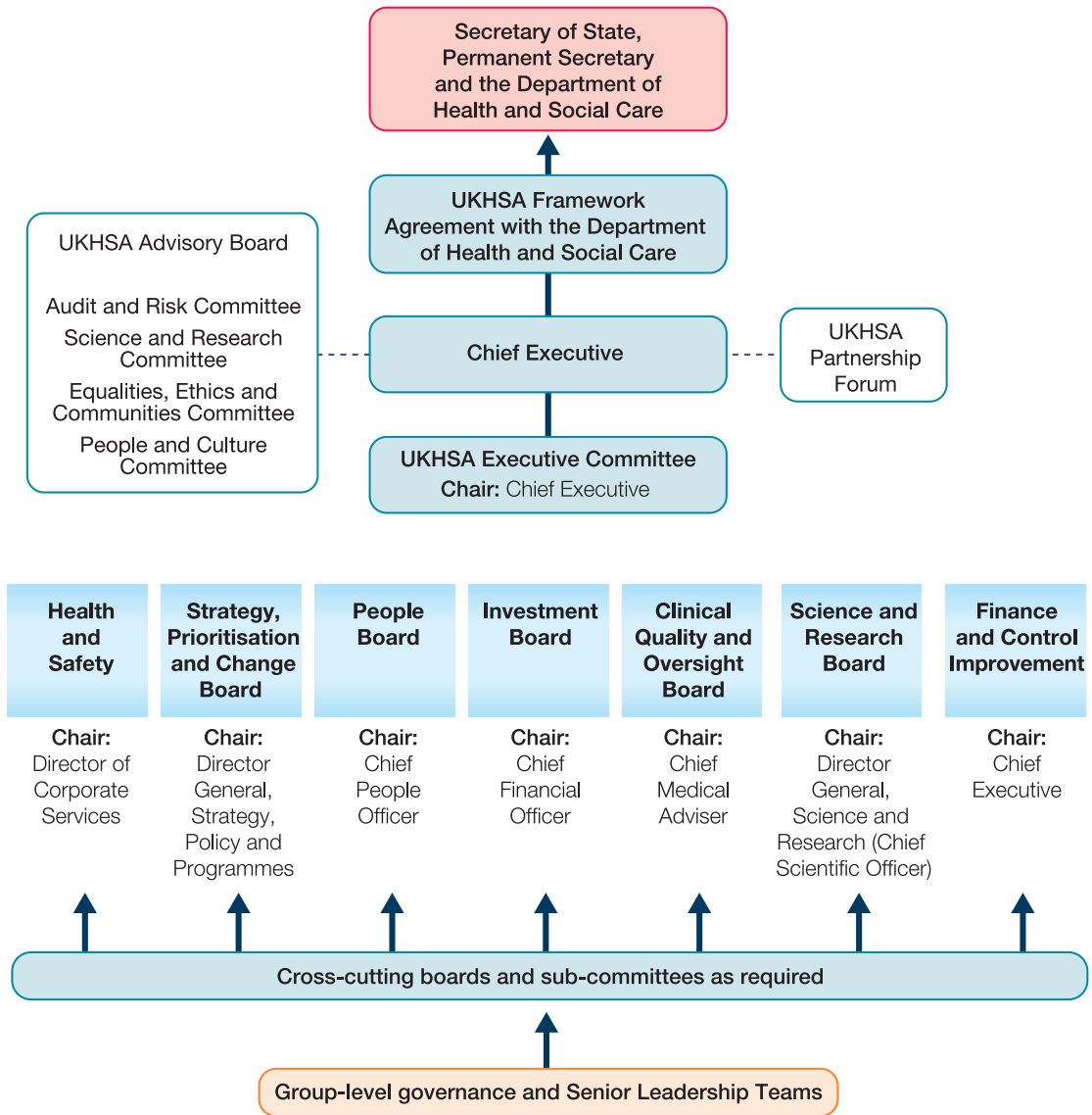
## Executive governance

As Chief Executive, I am responsible for the leadership and management of UKHSA, delivery of its objectives, putting in place appropriate governance arrangements and regularly reviewing them. The high-level governance arrangements that were in UKHSA in place in 2023-24 are shown in the diagram overleaf:

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

ExCo is the primary mechanism for supporting me as Chief Executive and Accounting Officer, and the focus of UKHSA's governance. Amongst its responsibilities is the approval and monitoring of UKHSA's revenue and capital budgets, agreement of priorities and the design and structure of the organisation. It also considers organisation performance in depth.

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



## Executive Committee attendance 1 April 2023 to 31 March 2024

<b>Executive Committee</b>	
Professor Dame Jenny Harries	37/44
Lee Bailey	40/44
Sarah Collins	34/44
Jac Gardner	40/44
Susan Hopkins	32/44
Scott McPherson	36/44
Oliver Munn	38/44
Isabel Oliver	37/44
Steven Riley	31/44
Andrew Sanderson	37/44
Philippa Harvey	27/ 44
Chris Coupland	39/ 44

## Executive Governance Groups

The following Governance Groups reported to ExCo in 2023-24:

### Science and Research

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

### Clinical Quality & Oversight

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

### Strategy and Change

Oversees the development of UKHSA's strategy and business plans and to provide oversight and scrutiny of UKHSA's change portfolio, including the prioritisation of the programmes and projects against the strategy, and their subsequent performance management through the delivery lifecycle with a focus on value for money.

### Investment Boards

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

Boards include:

- Investment Board: CFO chaired board to review all high value spend exceeding Commercial Spending Controls and Arm's Length Bodies' Financial Delegations with representation from the Devolved Administrations as appropriate
- Approvals Board: SCS1 chaired board to review mid-level spend exceeding £2 million and within the UKHSA commercial and financial delegations
- UKHSA Professional Services Board: SCS1 chaired board to approve all professional services and contingent labour spend exceeding the Cabinet Office Spend Controls. These also require DHSC Commercial Assurance approval, DHSC Finance approval, DHSC Ministerial approval and either Cabinet Office disclosure or approval, depend on the threshold
- Offline Approvals: central co-ordination and senior level approval of non-contentious cases valued between £10,000 and £2 million
- UKHSA External Income Board: SCS1 chaired board to approve income generating contracts and proposals over £500,000

### People

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

### Health and Safety

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

### Finance and Control Improvement

To oversee the Finance and Control Improvement Plan. This Board was established to address the issues with financial control and high-level governance arrangements that were identified during the 2021-22 accounts preparation and audit process.

### Planning and performance

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

Issues covered include:

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

Other processes in place include:

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

## System of internal control and its purpose

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

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

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

## Risk and control framework

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

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

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

The Director General Data, Analytics and Surveillance, who as the organisation's senior information risk owner (SIRO), had delegated responsibility for the organisation's information governance arrangements and advising the Chief Executive of any serious control weaknesses concerning information risk and governance.

The Chief Financial Officer, who had delegated responsibility for managing financial risk and assisted the Chief Executive in ensuring that the organisation's resources were managed efficiently, economically and effectively. He also had delegated responsibility for managing the development and implementation of strategic and corporate risk management and health and safety, in particular, that appropriate health and safety policies and procedures relevant to UKHSA's operation were in place together with governance and assurance systems to facilitate compliance with relevant legislation. The UKHSA finance function has been led by Andrew Sanderson (as Chief Finance Officer until May 2024) and Donald Shepherd (as Finance Director) reporting to both the UKHSA CEO and the DHSC DG Finance.

The UKHSA FDs are responsible for the day-to-day leadership and operation of the finance function and advising the CEO on business as usual (BAU) finance issues and delivering the finance control and improvement programme.

The Chief People Officer had delegated responsibility for managing people related risk across UKHSA and the Communications Director had delegated responsibility for communications.

## Capacity to handle risk

UKHSA has in place a risk management policy, procedures and guidance describing risk management roles and responsibilities, risk identification techniques, risk mitigation strategies and risk scoring. Risk management practices comply with the requirements of the Government's Orange Book's (Management of Risk – Principles and Concepts) five principles.

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

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

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

## Capturing and responding to risk information

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

The UKHSA Strategic Risk Register (SRR) continues to evolve and was reviewed quarterly by the Executive Committee, Audit and Risk Committee and the Senior Accountability Meeting with DHSC. It is made up of the most significant strategic risks identified by the Executive Committee in a 'top down' objective led exercise, with a 'bottom up' process operating in groups and directorates, escalating risks for inclusion when a strategic, corporate level response is needed.

ExCo and the Audit and Risk Committee both request and receive deep dive reviews into specific risks, providing an opportunity to engage directly with risk and mitigation owners to better understand the nature of the risk and effectiveness of the controls in place.

The Corporate risk management team supports roll-out of UKHSA's approach to risk management, identifying cross-cutting operational risks through the Risk Leads Group that it co-ordinates, and, where necessary, provided support to adverse incident management and investigation. Through the Risk Leads Group, it has reviewed group risk registers and provides feedback to improve the quality of risk information. The Risk Leads Group has expanded over 2023-24 to include representatives from specialist risk areas, such as Health and Safety, Fraud, Cyber and Personnel Security.

UKHSA has in place an adverse incident and serious untoward incident management policy and procedure to provide a formal mechanism for reporting and learning from incidents. There have been no Serious Untoward Incidents declared in 2023-2024.

A detailed review of the adverse incident and serious untoward incident policy has been completed and a new framework is in process of development. In 2024-25 UKHSA will review the wider incident management process, including lessons learnt and will examine options for a new incident management system.

Three data protection incidents were reported to the Information Commissioners Office (ICO) during the 2023-24 financial year. No enforcement action was taken by ICO as a result of any of these. A short summary of each is provided below:

Date of Incident	Incident Summary
July 2023	<p>The computer network of the external quality assessment (EQA) service, which provides independent monitoring of the quality of microbiology and parasitology testing and reporting services to laboratories in the UK and abroad, was affected by a cyber security incident. The EQA service is part of UKHSA but its network is managed separately. The attack involved unauthorised access to and encryption of the network and laptops used by EQA staff. The information was later restored from backup media. The EQA service does not collect or hold any patient data, and the incident did not affect any other UKHSA systems. Some personal data of current and former EQA staff was affected, together with information relating to the laboratories using the service. These staff and laboratories were informed of the incident and an apology made. The Metropolitan Police, National Crime Agency, National Cyber Security Centre, and Department of Health and Social Care were informed. Action has been taken by UKHSA to strengthen the security and monitoring of the EQA computer network.</p>
August 2023	<p>A request was received under the Access to Health Records Act (AHRA) for a copy of the health protection investigation record held by UKHSA for a member of the public. The response provided contained confidential information of family members of the affected individual that was not relevant to the AHRA request and should not have been disclosed. The individuals affected were informed of the error and an apology made. The UKHSA team responsible for handling AHRA requests has made changes to the way it responds to these.</p>
March 2024	<p>UKHSA is undertaking a study of the COVID-19 infection rates and immune responses of a sample of staff working in NHS hospitals. The participants undertake regular infection and antibody tests, which they return to UKHSA for analysis. The kits are dispatched by a logistics services company on behalf of UKHSA. A transposition error in a spreadsheet produced by the study team led to the wrong labels being printed for the test kits of nearly 1,200 study participants. The error was identified before the kits were dispatched, but rather than remove the incorrect address labels, the logistics company overlaid the corrected ones on top. This meant that should the affected study participants peel off their address label, they would be able to see the name and address of one other participant. The affected individuals have been informed and an apology made. The UKHSA study team has implemented a new process for double-checking the lists it creates. The logistics company has also changed the way it handles this type of issue.</p>



## Risk environment 2023-2024

Throughout 2023-24 UKHSA has managed both health risks, such as low vaccination rates, measles, and emerging infections and through the strategic risk register, its corporate risks.

### Strategic plan

During 2023-24 UKHSA published its strategic plan, which sets out the organisation's goals and strategic priorities for the next three years. This was supported by the Remit Letter which set out the priorities for 2023-24 along with core responsibilities and key deliverables. Both were prepared in the context of the overall risk environment in which UKHSA operates.

### Ready to Respond

UKHSA's Ready to Respond programme was stood up to address the risk that UKHSA may be unable to deliver scalable and agile responses to all health security threats, excluding pandemics, particularly if they occur concurrently. Progress has included finalising the Concept of Operations, Preparedness Plan, and Incident Response plan, ensuring that the right internal and external contracts are in place to scale up the workforce, alongside internal plans to enable UKHSA staff to transition from regular roles to emergency response and the implementation of the annual readiness cycle which will provide further transparency on capacity and capability gaps across UKHSA. In addition, both emergency preparedness and pandemic preparedness have been reviewed by the Government Internal Audit Agency (GIAA) in 2023-24.

### Financial Control Improvement Programme

The UKHSA Financial Control Improvement Programme, the board for which is led personally by the Chief Executive, has overseen a reduction in the previously high level of risk in this area. Whilst the 2022-23 accounts were also disclaimed, this was for timing and technical reasons. By agreement with DHSC, additional professional support has been procured to assist with the preparation of robust and timely accounts for the 2023-24 financial year and to ensure that the disclaimer is lifted. As part of the business planning process, there has been close collaborative working with DHSC on securing an appropriate baseline budget for 2024-25, not least in the context of the conclusion of COVID-specific funding.

### Quality and clinical governance

UKHSA has strengthened its approach to quality and clinical governance to better understand and mitigate associated risks, building on the recommendations of a report by GIAA, the majority of which have now been delivered. A corresponding strategy has been published and the relevant ExCo committee, chaired by the Chief Medical Adviser, has met routinely throughout the year.

### Cyber-security

Cyber-security has been a continued area of development and focus in the context of the evolving geopolitical environment and the associated threats to UK government and its agencies. The Safer Cyber programme has identified a range of further potential risks to be addressed over the coming year. There have also been further developments in respect to UKHSA's information governance arrangements. A professional civil service

team has been established, including a Data Protection Officer (DPO) to enable the organisation to manage its own lower risk IG activities with a compliance function to provide second line assurance. In addition, the majority of recommendations made by GIAA in respect to information governance have been implemented.

### Porton Biopharma

The challenges faced by Porton Biopharma Limited have been shared with senior officials and Ministers in order that decisions can be made on its future, protecting the interests of the taxpayer.

### Workforce capacity and capability

The risk in respect to workforce capacity and capability has also been discussed at the Senior Accountability Meeting with our sponsor organisation DHSC and the work underway to ensure that UKHSA is able to attract and retain staff has included further development of the people experience, recruitment processes and improvements to internal systems. The main mitigating action will be the submission of a pay flexibility case for UKHSA, which is being developed for submission in 2025.

### Diagnostic and research work with high hazard pathogens

UKHSA's diagnostic and research work with high hazard pathogens has been subject to close regulatory scrutiny by the Health and Safety Executive with a full programme of inspections by them across the year, including of the Containment Level 4 laboratories. There has been a reduced number of incidents reported under RIDDOR regulations and no Crown Improvement Notices since UKHSA's establishment. This is an improved level of performance compared to PHE as the relevant predecessor organisation for this work. The internal Health and Safety Improvement Plan was delivered in full and all recommendations from the relevant GIAA audit have been delivered on time and in full.

### Protective security

A range of improvements have been delivered with respect to Protective security. This has been facilitated by new in-house capability comprising security professionals recruited with armed forces, civil service, and law enforcement backgrounds. The work programme is being informed by a threat assessment capability.

### Commercial and contract

In respect to UKHSA's commercial and contract risks, this has recently been strengthened with the publication of UKHSA's commercial strategy. This sets out the organisation's approach to commercial practice and will continue to enable the delivery of UKHSA's goals and priorities.

### Business continuity

A permanent business continuity capability has recently been secured and will take forward a range of work to identify the key activities and processes that are critical to UKHSA's operations. An area that has already been a subject of focus, including at SAM, is on the arrangements in place with respect to resilience of utilities at scientific sites. The robustness of this in turn has a bearing on the ICT capabilities that underpin our health protection and surveillance systems.

UKHSA principal risks 2023-24 included:

Principal risk		Impact and Mitigation
<p>People</p> <p>Risk Owner Chief People Officer</p>	<p>Workforce: Capacity and Capability</p> <p>There is a risk that we may not be able to attract and retain an appropriately skilled and diverse workforce to deliver fully UKHSA's remit.</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• may impact on delivery in areas dependent on specialised and hard to recruit staff, for example financial controls, accounts, cyber, science, data, technology and programme delivery</li> </ul> <p>Mitigation</p> <ul style="list-style-type: none"> <li>• pay business case developed. Pay flexibility proposals now in progress</li> <li>• introduction of streamlined recruitment processes</li> <li>• improved management information through MaPS</li> </ul>
<p>Finance</p> <p>Risk Owner Chief Financial Officer</p>	<p>Finance: impact of reduced core budgets</p> <p>The need to absorb residual Covid-funded pressures within a flat-cash Core Resource budget for 2024-25, alongside likely reductions in Capital funding, creates a risk to:</p> <p>a) UKHSA's ability to maintain financial control if the scale of efficiencies required cannot be delivered with the necessary rigour and pace</p> <p>b) UKHSA's ability to deliver its remit and strategic objectives fully and safely should one or more key capabilities need to be scaled back and /or cease altogether</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• adverse criticism by Parliament and impact on stakeholder confidence</li> <li>• inability to stabilise the workforce</li> <li>• inability to deliver strategic priorities</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• business planning process and oversight</li> <li>• benefits identification and management</li> <li>• ongoing discussions with DHSC</li> </ul>

Principal risk		Impact and Mitigation
Finance  Risk Owner Chief Financial Officer	Finance: Immature Financial Management and Controls  Due to UKHSA's organisational immaturity, inherited accounting practices (including Oct 2022 transfer of Covid Vaccine Unit) and continued MaPS adoption, there are weaknesses and points for improvement in some areas of UKHSA's financial management and controls - reflected in a disclaimed NAO audit opinion for 2021-22 and 2022-23.	Impact <ul style="list-style-type: none"> <li>• further reputational loss</li> <li>• adverse future audits</li> <li>• heightened risk of fraud</li> <li>• comprised ability to demonstrate value for money</li> </ul> Mitigations <ul style="list-style-type: none"> <li>• ExCo/ARC oversight and implementation of assurance measures</li> <li>• finance and Control Improvement Programme established</li> <li>• budget holder training implemented across UKHSA</li> </ul>
Commercial  Risk Owner Chief Commercial Officer	Commercial and Contract Management  There is a risk that UKHSA may have issues with supply chain or contract failures and disputes.	Impact <ul style="list-style-type: none"> <li>• this could affect the delivery of critical health security functions to the public and finances</li> <li>• loss of UKHSA reputation</li> </ul> Mitigations <ul style="list-style-type: none"> <li>• enhanced supplier and contracts management</li> <li>• implementation of spend controls</li> <li>• strengthened governance arrangements, including commercial compliance and assurance framework</li> </ul>

Principal risk		Impact and Mitigation
<p>Information Governance</p> <p>Risk Owner Director General – Data, Analytics and Surveillance</p>	<p>Information Governance</p> <p>There is a risk of critical confidential information or sensitive data assets being compromised lost or wrongly disclosed by inappropriate use of data, breach or non-compliance due to non-authorized use of data, data breaches, data loss or accidental disclosure, through staff or system errors.</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• UKHSA's ability to collect, process and share data lawfully and safely</li> <li>• enforcement action by ICO</li> <li>• loss of public trust in UKHSA</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• License to Operate Programme</li> <li>• Mandatory training</li> <li>• Data Protection Security Toolkit submission</li> </ul>
<p>Cyber</p> <p>Risk Owner Director General – Data, Analytics and Surveillance</p>	<p>Cyber Security</p> <p>There is a risk that from a failure to comply with HMG functional standards and associated policies, weaknesses and or gaps in UKHSA cyber controls causes a material cyber security breach, leading to a loss of confidentiality, integrity and availability of systems and information.</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• any combination of operational, regulatory, contractual and reputation damage to UKHSA</li> <li>• recovery and remediation efforts will divert resources from delivering better health outcomes</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• incident response exercises and response</li> <li>• 'Safer Cyber' programme</li> </ul>

Principal risk		Impact and Mitigation
<p>Technology</p> <p>Risk Owner Chief Technology Officer</p>	<p>Information Technology and Infrastructure</p> <p>There is a risk that UKHSA's network of technology systems, assets, and site infrastructure may not be sufficiently resilient, or otherwise vulnerable to power outages.</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• UKHSA unable to deliver critical health protection functions</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• Investment projects at key sites and labs</li> <li>• Technology modernisation and transformation programme, and implementation of key projects to strengthen UKHSA's ICT resilience, including secure cloud storage and solutions</li> </ul>
<p>Science</p> <p>Risk Owner Chief Scientific Officer</p>	<p>Enduring scientific capability</p> <p>UKHSA will be unable to maintain scientific capabilities that will be needed for response to pandemics, CRN and other major incidents.</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• UKHSA unable to deliver critical health protection functions</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• Science strategy and plan including review of science pay</li> <li>• Partnering with corporate teams to develop working relationships and efficiencies, including recruitment and commercial</li> </ul>

Principal risk		Impact and Mitigation
<p>Preparedness</p> <p>Risk Owner Director General – Health Protection Operations</p>	<p>Pandemic Preparedness</p> <p>There is a risk that the Agency is not prepared to identify or respond to a pandemic, due to our surveillance systems being unable to identify the threat or because we cannot surge our capabilities quickly enough to respond. This risk is amplified by the lack of an up-to-date Government pandemic plan, and for some areas a lack of clarity on roles and responsibilities across the health system and beyond.</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• insufficient pace and scale of pandemic response</li> <li>• loss of political and societal confidence</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• UKHSA and DHSC joint pandemic preparedness programme</li> <li>• Lessons learned</li> <li>• develop a cross-funder pandemic R&amp;D framework and priorities based on lessons identified work, and output from initial R&amp;D framework cross-government and external pandemic preparedness consultation on research questions</li> </ul>
<p>Vaccines</p> <p>Risk Owner Director, Covid Vaccines Unit</p>	<p>COVID-19 Vaccines</p> <p>There is a risk that UKHSA fails to deliver effective &amp; timely COVID vaccines for planned campaigns until 2030 as advised by the JCVI and / or the agreed contingent supply.</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• UKHSA unable to deliver current or future critical health protection functions</li> <li>• loss of political and societal confidence</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• close working with vaccine manufacturers and regulators</li> <li>• contingency planning based on lessons learned nationally and internationally</li> </ul>

Principal risk		Impact and Mitigation
<p>Health and Safety</p> <p>Risk Owner Chief Scientific Officer</p>	<p>Staff and Public Safety</p> <p>There is a risk that a low frequency, high impact incident involving biological agents occurs at one of UKHSA's high containment bio-safety facilities.</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• adverse impact on human and animal health and the environment</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• safety management system</li> <li>• review and respond to requirements raised by safety regulators and security advisors</li> <li>• development of a strategic assessment management plan for the scientific estate</li> <li>• investment projects developed for existing estate</li> </ul>
<p>Reputation</p> <p>Risk Owner Director General – Strategy, Policy and Programmes</p>	<p>There is a risk that UKHSA's reputation is impacted adversely due to negative criticism for past actions/current performance arising from the COVID-19 public inquiry process.</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• loss of political and societal confidence</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• implementation of UKHSA Public Inquiry Communications and Engagement Strategy.</li> <li>• provision of legal advice by the Government Legal Department</li> </ul>



Principal risk		Impact and Mitigation
<p>Future Science Capabilities</p> <p>Risk Owners</p> <p>Director General – Strategy, Policy and Programmes</p> <p>Chief Scientific Officer</p>	<p>There is a risk that UKHSA is unable to deliver its future core health security mission because ageing infrastructure cannot be reprovisioned in a timely, affordable way and/or without operational capacity and capability being compromised.</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• Inability to deliver priorities</li> <li>• Health and safety of colleagues and the public</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• Direct ExCo/Board engagement</li> <li>• HMT/IPA engagement, including annual assurance reviews</li> </ul>
<p>Porton BioPharma Ltd (PBL)</p> <p>Risk Owner</p> <p>Chief Financial Officer</p>	<p>There is a risk of PBL business viability being significantly reduced due to a change in market access.</p>	<p>Impact</p> <ul style="list-style-type: none"> <li>• Loss of political and societal confidence</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• Board membership and oversight</li> <li>• DHSC/UKHSA joint recommendations to Ministers</li> </ul>
<p>Moderna Strategic Partnership (MSP)</p> <p>Risk Owner</p> <p>Director, Covid Vaccines Unit</p>	<p>There is a risk HMG fails to achieve all agreed benefits from MSP in the agreed timescale not adding to UK's pandemic resilience, R&amp;D ecosystem and vaccine supply portfolio.</p>	<p>Impacts</p> <ul style="list-style-type: none"> <li>• MSP potential not used to drive improvement, health outcomes &amp; pandemic prep.</li> <li>• reduced health protection,</li> <li>• a loss of political and societal confidence</li> <li>• impact on the wider vaccine industry confidence</li> </ul> <p>Mitigations</p> <ul style="list-style-type: none"> <li>• Joint working with Moderna and other partners</li> <li>• Effective governance in place</li> <li>• IPA actions implementation</li> <li>• Vaccine Operating Model</li> </ul>

Principal risk		Impact and Mitigation
Public Health Threats Preparedness  Risk Owner  Director of ACT, Health Protection Operations	There is a risk that UKHSA is unable to deliver scalable and agile responses to all health security threats, excluding pandemics, particularly if they occur concurrently.	Impact <ul style="list-style-type: none"> <li>• Poor health outcomes</li> <li>• Reputational damage</li> </ul> Mitigations <ul style="list-style-type: none"> <li>• Ready to Respond programme</li> <li>• Situational awareness meetings with key stakeholders.</li> <li>• Annual readiness assessment</li> </ul>

## Health and safety

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

UKHSA's strategic health and safety aim is to strive for excellent health and safety standards, and these arrangements are overseen by the Health and Safety

Committee, chaired by the Director of Corporate Affairs. In partnership with staff-side members, the Health and Safety Committee has focused on ensuring appropriate follow-up of actions from UKHSA's internal proactive performance monitoring and any recommendations made by the Health and Safety Executive (HSE) as part of its planned intervention plan. In addition, incidents with high or major actual or potential impact were reviewed and acted on, with lessons identified and disseminated across the organisation in a timely way.

UKHSA had in place a range of health and safety standards, with processes to ensure suitable and sufficient assessment of activities which implement control measures to prevent and reduce risks in order to protect staff from harm and ill health.

UKHSA's health and safety policies are supported by staff health and safety handbooks and guidance documents. These cover a number of specific areas of risks and are complemented by specific information, guidance, training and competency assessment.

The third annual meeting with the HSE to review health and safety performance through their planned and reactive inspections during 2024-25 was held in June 2024, which was attended by the Chief Executive, Chief Scientific Officer, Director of Corporate Services and senior operational scientific staff.

The HSE highlighted the following UKHSA strengths:

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

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

- continue with pro-active outlook with regards to health and safety to further drive-up performance
- continual safety management structure changes
- management of multiple workstreams, priorities and projects
- Science Hub – strategic decisions/ focus of priorities
- investment in critical existing infrastructure, equipment and plant maintained across the UKHSA estate to ensure continued operational safety
- CL3 activities – particularly at Colindale

## Protective security

UKHSA works very closely with the Government Security Group and participates in the Departmental Security Health Check (DSHC) within the framework of the Government Standard 007: Security (GovS007).

UKHSA has embedded a professional protective security team, whose foundation is the effective management of protective security risks across the agency. A Protective Security Strategy and associated internal security policy guidance has been established, combined with a rapidly maturing protective security governance process. With the launch of the 2024 DSHC and its revised question set; this has presented UKHSA with an opportunity to test & adjust our Protective Security Strategy. The DHSC question set will be formally released in June 2024; concurrently UKHSA is developing some critical work strands identified within the UKHSA Protective Security Roadmap to align with the GovS007, provide continuous improvement to the UKHSA security culture and protect UKHSA people, information, assets and operations.

Significant progress has been made in relation to resetting aspects of National Security Vetting; Asset identification; our understanding of the threat and the management of protective Security risks – this includes areas of UKHSA protective security best practice being adopted by other areas of government. UKHSA Protective Security continues to work closely with the Department of Health and Social Care Security team and other partners across government.

## Modelling

UKHSA recognises the importance of analytical quality assurance (AQA) across the full range of our analytical work. We have the key foundations of AQA in place, consistent with the recommendations in Sir Nicholas Macpherson's review of quality assurance of government analytical models ([Review of quality assurance of government models - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/reviews/quality-assurance-of-government-analytical-models)) and the Aqua Book ([The Aqua Book: guidance on producing quality analysis - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/the-aqua-book)), alongside a culture of continuous improvement. Steven Riley, Director General, Data, Analytics & Surveillance (DAS) and Chief Analyst, is responsible for AQA across UKHSA. Our AQA processes are being embedded in the organisation as we mature our QA culture alongside the consolidation of our technology systems, establishing common systems for conducting analytical work, sharing information and managing risks.

We have created an Analytics QA Framework, which serves as 'systematic approach to make quality assurance accessible, easy and comprehensive' ([Aqua Book p10](#)). The framework mandates an SRO for each business-critical model, proportionate and appropriate QA for all analytics projects with clarity from the outset on how AQA is to be managed, and intelligent transparency for sharing information about residual uncertainty and risk in outputs. It requires the SRO of business-critical models to ensure that their model metadata is kept up to date on the UKHSA Model Register. This Model Register is a living list of analytical models and their quality assurance metadata, including their business-critical status and the reasons for it. The Model Register is reported quarterly to Department of Health and Social Care (DHSC). For 2024/25, work is ongoing to mature our AQA approach to embed it in all analytical activity and further develop AQA culture. This is a key aspect of our strategic priority to develop UKHSA as a high-performing agency and, in support of this, we have recently published our Reproducible Analytical Pipelines (RAP) implementation plan ([UKHSA Reproducible Analytical Pipelines \(RAP\) implementation plan - GOV.UK \(www.gov.uk\)](#)).

UKHSA is also working with DHSC to publish a list of in-use Business Critical Models, in line with the Aqua Book Addendum ([Addendum to the Aqua Book 051023.pdf \(publishing.service.gov.uk\)](#)), and to participate in a new AQA Community of Practice across DHSC ALBs.

## Financial governance framework

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

## Preventing fraud, corruption, bribery and theft

UKHSA completed the recruitment of a new and permanent Anti-Fraud Team (AFT) during 2023-24. The Team covers both Fraud Risk and Investigation strands.

Key workstreams as part of the build have been the completion of the first UKHSA Enterprise Fraud Risk Assessment (EFRA), which has led to a Fraud Risk Assessment Workplan for 2024-25, and a new Counter Fraud Strategy for 2024-27.

The strategy reflects the risks identified in the EFRA and is based around four key objectives:

1. Getting the basics right
2. Building capability
3. Insight
4. Collaborative working

Annual Counter Fraud training remains mandatory for all staff, and to enhance knowledge and promote consistency across government, UKHSA transferred to using the Civil Service Learning Countering Fraud, Bribery & Corruption training module during the year. AFT have also provided bespoke, targeted and specialist fraud awareness training to staff across UKHSA, to enhance wider capability.

AFT has been subject to two sets of audit activities in 2023-24, from GIAA and the Public Sector Fraud Authority (PSFA) respectively. The GIAA audit provided Limited assurance and 9 recommendations that the team is working to address. The PSFA assurance exercise, against the Government Functional Standard GovS013: Counter Fraud, is currently ongoing with results expected in 2024-25. Outcomes will be used to continue to build and develop the capability of AFT and UKHSA.

The AFT provides regular reporting to UKHSA Audit and Risk Committee and is seeking statutory powers to further investigatory capability. AFT has built links with counter fraud teams across HMG to learn and share best practice and is working with stakeholders across UKHSA to provide practical support and interventions to prevent and detect fraud, bribery and corruption in everyday operations.

It is estimated that the detected loss from fraud in 2023-24 was £180,400 with a further £949,200 recovered and an estimated £27,900 of fraud was prevented. These figures will vary year on year as business activity change and organisation maturity beds in. For example, the reduction in detected fraud relates to the reduction in use of contingent labour post-pandemic.

£944,400 of the recovered amount related to the Managed Quarantine Service (MQS). UKHSA inherited the liability for the scheme and the outstanding debt in April 2022 after the programme had closed.

## Whistleblowing

UKHSA takes whistleblowing concerns seriously and we are committed to dealing with all concerns. We have increased the number of trained officials that can receive whistleblowing concerns by launching the HR Casework team, who are trained in this area. Beyond HR, to ensure we reach across all UKHSA, we have appointed two nominated officers outside of HR to receive and support with whistleblowing concerns. We have taken steps to incorporate whistleblowing awareness into our

induction for all incoming people. We raised awareness across the department in December 2023 as part of 'Civil Service Speak Up Week'.

We are confident that our steps to increase awareness is effective and in 2023/24 we received two whistleblowing cases which we have handled appropriately. Following an audit by Government Internal Audit Agency (GIAA), we are developing a new Whistleblowing Policy, informed by best practice across the Civil Service, to further enhance our processes and ensure consistency in approach and outcomes.

## Assurance

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

UKHSA adopts the 'Three Lines' model for assurance; this ensures there are activities at all levels that could provide reassurance and evidence of good practice as well as an assessment of delivery confidence.

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

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

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

Also sitting in the organisation's third line are a range of other sources of assurance that support an organisation's understanding and assessment of its management of risks and its operation of controls, including:

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

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

### Government functional standards

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

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

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

The following assessment against the standards was carried out in 2023-24, with actions and improvement plans identified:

Standard	Lead	Outcome
GovS 002: Project Delivery	Director General, Strategy, Policy and Programmes	In development (no rating of Good across seven themes)  Progress on updated assessment is being led by the central portfolio office with oversight by the Strategy and Change Board.

Standard	Lead	Outcome
GovS 003: Human Resources	Chief People Officer	Six themes 'Good' Nine 'Partially Met' One 'Not Met'  Improvement plans are in progress; collating HR related processes developed as part of MaPS programme to ensure align with GovS 003. Further assessments and reporting of progress will continue to take place with oversight by the People Board.
GovS 004: Property	Chief Financial Officer	In development; action plan in place  The Property Board is being used to monitor progress quarterly against the standard. Improvement plans cover both the corporate and scientific estates.
GovS 005: Digital, Data and Technology	Director General, Data Analytics and Surveillance and Chief Technology Officer	Assessments are now being used. Improvements are planned. This is being addressed through reporting to SIRO Board.  Data Compliance team is now conducting regular second line assurance to assess teams' compliance with GDPR and information-related standards.  Safer Cyber programme is addressing data security.



Standard	Lead	Outcome
GovS 006: Finance	Chief Financial Officer	In development (assessment at 83% compliance)  Improvement plans are in progress and measured against standard. Progress is overseen by the Finance and Control Improvement Board.
GovS 007: Security	Chief Financial Officer	Protective Security Strategy and implementation plan in development, using GovS 007 as baseline. Progress reported to ExCo
GovS 008: Commercial	Director Commercial	Four themes 'Good' Four themes 'in development'  Commercial Continuous Improvement Assessment Framework in use for self-assessment. Aiming to uplift all themes to 'Good' on 2024/25.
GovS 010: Analysis	Director General, Data Analytics and Surveillance	In development  The framework is in use and there are good levels of awareness. There are areas where governance and adherence with GovS 010 is improving, including the code of proactive compliance and assurance of business critical models
GovS 011: Communication	Director Comms	In development

Standard	Lead	Outcome
GovS 013: Counter Fraud	Chief Financial Officer	Six themes 'Met' Three 'Partially Met' Three 'Not Met'  Ongoing review of self-assessment against standard. Scrutinised through regular reporting to PSFA and DHSC as well as ExCo and ARC.
GovS 014: Debt	Chief Financial Officer	In development  Improvement plans are in progress. Progress is overseen by the Finance and Control Improvement Board
GovS 015: Grants	Chief Financial Officer	In development  Improvement plans are in progress. Progress is overseen by the Finance and Control Improvement Board

### Internal audit arrangements

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

The HOIA has provided the Chief Executive and Accounting Officer with an overall Limited opinion on the framework of governance, risk management and internal control within the United Kingdom Health Security Agency (UKHSA) for the 2023-24 financial year. The definition of a Limited opinion is that 'There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective'.

The Head of Internal Audit's opinion, provided in their annual report, stated:

### Purpose of report

In accordance with the requirements of the UK Public Sector Internal Audit Standards, I am required to provide the Accounting Officer and the Audit and Risk Committee with my annual opinion on the adequacy and effectiveness of the organisations risk management, control and governance arrangements.

### Basis of my opinion

My opinion is based primarily on the audit work conducted during the year from the agreed internal audit plan (see Annex 1), together with my observations from attending Audit and Risk Committee meetings, access to risk registers and other key documentation. It also takes account of the appropriateness of the organisation's response to internal audit recommendations. Where appropriate, I have placed reliance on other sources of assurance as described in more detail within the report.

I am providing a limited assurance opinion on the adequacy and effectiveness of the systems of governance, risk management and internal control within the UK Health Security Agency for 2023/24. This is consistent with the assurance opinions I gave in my previous annual reports for UKHSA (for the half-year to 31 March 2022 and the full year 2022/23).

In my last annual report, I described a positive direction of travel from 2021/22 through 2022/23. Corporate Governance arrangements had been strengthened with the establishment of an advisory Board and Audit and Risk Committee, and the creation of the Finance and Control Improvement Programme overseen by a Programme Board was a positive step in strengthening finance and governance arrangements. My report included a number of themes that had arisen consistently over the year, for management to address in order to continue the positive trajectory towards a Moderate assurance opinion in future years.

In this report I continue to give a Limited assurance opinion for 2023/24 but I am unable to report a continued improved direction of travel from the outcomes of internal audit work. The ratio of positive assurance opinions (Substantial and Moderate) had improved from 12% in 2021/22 to 20% in 2022/23 but has now dropped back to the 12% seen in the organisation's first year of operations.

Some themes reported in previous years have continued to be identified during 2023/24, including a lack of clear roles and responsibilities, a lack of complete and up to date policies and procedures and a lack of management oversight and assurance over systems and processes.

New themes have emerged in respect of programme and project management arrangements, and a lack of clearly defined management information requirements.

We have identified positive improvements against one of the themes identified in last year's report; Lessons Learned. Two audits (Cyber Security and Emergency Preparedness and Response) confirmed that there were effective arrangements in place for identifying and sharing lessons to be learned from incidents, and the annual review from the Health & Safety Executive confirmed that effective arrangements were in place to undertake detailed internal investigations in response to incidents.

## Rationale for my opinion

My work across the year is brought together to form my opinion on UKHSA's systems of Governance, Risk Management and Internal Controls. Of the 17 assurance opinions issued to UKHSA during 2023/24, 14 were Limited, one Moderate, one Substantial and one Unsatisfactory.

I have summarised below my conclusions on UKHSA's systems of Governance, Risk Management and Internal Control.

## Governance

My opinion on the adequacy and effectiveness of the organisation's governance arrangements is informed by several audits where governance was a key aspect of the planned assurance. All audits with a focus on governance resulted in Limited assurance opinions, reflecting a low level of maturity in the arrangements.

Issues identified included:

Our audit of Corporate Governance, the scope of which focused on the Executive arrangements for governance, concurred with ExCo's own assertions through the Building for Ambition work, that there was often too much focus on discussion and consensus, without enough focus on decision making. It was also found that the majority of ExCo time was spent dealing with corporate matters, under the strategic priority of 'Develop UKHSA as a high-performing agency' while a limited number focused on UKHSA's other strategic priorities.

As previously reported in our 2021/22 audit of Corporate Governance, ExCo still has not defined its management information requirements from its sub committees and there remains a lack of consistency of reporting across the committees, with some committees sending comprehensive reports to ExCo and others not reporting at all.

Where the organisation had identified issues in relation to ExCo Effectiveness in October 2023, there was a lack of transparency in the reporting of these and no structured approach to decision making and action planning to address them.

The arrangements for programme and project governance for projects being managed outside the portfolio management processes, were found to be immature in their development.

Building for Ambition was an area of work that had been established during the second half of 2023 to review decision making arrangements. This work was not established as a project, and correspondingly did not have all the elements of project structure. This creates a risk to delivery as it limits oversight.

The Finance and Control Improvement Programme had been set up as a formal programme overseen by a programme Board, comprising independent membership from DHSC, GIAA, HM Treasury and a UKHSA non-executive director. However, the governance framework as reported to the Board was not operating as described, and reporting to ExCo was found to be inconsistent in content and not always in line with the messaging to the Board. Whilst UKHSA's CFO was responsible for the programme it did not have a formally appointed SRO in line with good governance for programmes and projects.

Other audits of Core Capabilities as set out in UKHSA's remit letter from DHSC identified gaps in the governance arrangements in respect of Emergency Preparedness and Response and Pandemic Preparedness where responsibilities and accountabilities are still not fully developed.

Our audit of Portfolio Management identified that portfolio governance was at an early stage of maturity, and there was a lack of clarity over the role and responsibilities of the Strategy and Change Board (SCB) in respect of portfolio management. This lack of clarity over the role of the SCB was also raised in UKHSA's own review of committee effectiveness.

Our audit of Covid Vaccine Delivery was scoped to provide assurance over the organisational arrangements and plans for integration of the Covid Vaccine Unit into the organisation. We were unable to give assurance over the implementation of recommendations from an Infrastructure and Projects Authority (IPA) report done at the time of transition as there had been no Senior Responsible Officer tasked with implementing them. At the time of the audit there were no structured plans for the future integration of the CVU into the wider organisation and a lack of clarity over the decision making around the future of the unit.

### Risk management

UKHSA has continued to develop its strategic risk management arrangements during the year. The risk management policy was reviewed to reflect updates in the Orange Book on Risk Management. A new risk management system was purchased during the year and is being piloted in early 2024/25. Work took place during 2023/24 to further develop UKHSA's arrangements for defining its risk appetite and this is intended to be implemented during 2024/25.

The Strategic Risk Register is updated quarterly with oversight from ExCo and the DHSC Senior Accountability Meetings and has been reported to Audit and Risk Committee quarterly, at its meetings in June, September, December and March. ARC have received separate deep dive papers and presentations on risk areas, including Recruitment and Retention, Cyber Security, Anti-Fraud, Shadow IT, Protective Security as well as regular updates on Health and Safety.

Closer working between UKHSA and DHSC on strategic risk management has provided an opportunity for sharing best practice and information on risks.

Where internal audits have reviewed the arrangements for risk management at an operational level, these have found gaps in the arrangements and in some cases, risk management has taken place but without regard for the organisation's approved risk management policy, procedure and guidance.

Issues arising from audits included:

- two audits identified the need to undertake fraud risk assessments; MaPS Key Controls and Data Security & Protection Toolkit
- there was insufficient scrutiny and challenge over risks associated with portfolio management from the Strategy and Change Board, with incomplete information being provided on risks and their mitigations
- a risk register had been prepared for the Finance and Control Improvement Programme but had not followed the UKHSA risk management policy, procedure and guidance which provides a comprehensive list of risk categories to prompt consideration of all relevant risks
- further work was required to strengthen risk management arrangements in relation to IT infrastructure

Risk management was reviewed by internal audit in 2021/22 and is on the plan for further audit in 2024/25, focusing on implementation at an operational level.

### Internal Control

Based on audits undertaken from the 2023/24 internal audit plan, the arrangements for implementing, reviewing and receiving assurance on internal controls were found to not be well embedded across the organisation.

Issues with regard to internal controls included:

- management oversight / second line assurances were found to be weak in several audits meaning the organisation cannot be assured that key controls are working effectively or that failures in the operation of controls are being promptly identified and rectified
- several key controls over the MaPS Financial system were not in place and operating effectively including; system access controls, monitoring of activity within the system, business continuity arrangements for the system and a lack of control over activities that take place outside of the system
- several audits identified a lack of effective and consistent management information, impacting on the organisation's ability to effectively oversee and challenge the effectiveness of controls and progress on activities
- audits identified gaps in the completeness of policies and procedures (these are important preventative controls), meaning the organisation cannot be assured that all colleagues are clear about the correct ways to carry out their duties
- several overdue actions from 2022/23 audits as well as 2023/24 audits relate to gaps in either the design or the operation of key controls, including in relation to Onboarding of Staff, Purchase to Pay and Employee Tax

### Implementation of agreed audit actions

There has been a significant focus on addressing overdue actions from internal audits undertaken in recent months. ExCo have received regular updates on the position and action owners have received strong messaging about the importance of closing off overdue actions.

During June 2024, we closed off 120 of 150 actions reported as completed. This reflects the significant efforts within the organisation to tackle the backlog of overdue actions.

There remains however, a total of 56 overdue actions at 30 June 2024 relating to audits undertaken at UKHSA since October 2021. Of these, 17 are more than one year past the original implementation date.

Furthermore, where actions from 2023/24 audits were due for implementation before 30 June, only half of these have been confirmed (by GIAA) as complete. Approximately 20% of actions reported by the organisation as completed have not been closed off by GIAA as the evidence provided does not demonstrate that controls have been fully implemented and are working effectively.

It is my view from observations and discussions that in some areas, activity has been overly focused on reducing the numbers of overdue actions, and not necessarily on implementing improved internal controls. This presents the risk that actions are considered closed by the organisation where risks remain.

### Recommendations for action to strengthen the arrangements for governance, risk management and internal controls

ExCo should oversee a piece of work designed to address the themes within my last two annual reports and to build assurances over these improvements into their management information requirements.

Audit and Risk Committee should consider introducing a system for receiving regular reporting on progress against these themes.

ExCo should ensure there is clear ownership and accountability for implementing agreed actions arising from internal audits. ExCo members should seek and receive assurances over the effective implementation of control improvements within their area, in addition to overseeing the MI on numbers of overdue actions.

The full list of GIAA reports in 2023-24 were as follows:

MaPs key controls	Limited
Employee Tax Compliance	Limited
Key Financial reconciliations – Bank rec	Moderate
Key Financial reconciliations – Payroll	Limited
Key Financial reconciliations – Assets under construction	Limited
Finance and Control Improvement Programme	Limited
Dysport Royalties	Substantial
Whistleblowing	Limited
Anti-Fraud	Limited
Data Security & Protection Toolkit (DSPT)	Limited
Cyber Security	Limited
Portfolio Management	Limited
Emergency Preparedness, Resilience and Response	Limited
Covid Vaccine Delivery	Limited
Legacy Technology	Unsatisfactory
Corporate Governance	Limited
Pandemic Preparedness	Limited
Data analytics – Financial Systems	Advisory

## Key control challenges

### 2022-23 Disclaimer

UKHSA received a second consecutive disclaimer in relation to its 2022-23 accounts. This was as a result of the roll-over impact of the previous year's disclaimed audit opinion for 2021-22, combined with a lack of assurance over the Covid Vaccine Unit balances.

In relation to Financial Year 2023-24, UKHSA has worked with the NAO to facilitate their assurance over the opening balances and in-year movements, as well as the closing balances. In-year movements in the comparative period (i.e. 2022-23) remain unassured. In addition the Covid Vaccine Unit opening balances have also not been assured. As a result, UKHSA has received a limitation of scope opinion over its audit. It was not possible to achieve an unqualified ('clean') audit opinion in the current year, and the organisation will continue to work with the NAO towards an unqualified audit opinion.

### Covid Vaccine Unit

A significant part of UKHSA's expenditure and a significant proportion of the value of the organisation's assets and liabilities relate to a segment known as the 'Covid Vaccine Unit'. This unit is responsible for the procurement and distribution of the UK's supply of Covid-19 vaccinations. In 2022-23, the NAO were unable to obtain sufficient appropriate audit evidence to form an opinion over the Covid-19 balances in time to lay the accounts before parliament prior to the statutory deadline.

UKHSA agreed to work with the NAO to provide sufficient evidence to enable the audit of the 2023-24 opening balances for CVU (i.e. the balances at the start of the financial year) as well as the closing balances (i.e. at the end of the year), alongside the in-year movements.

Review of the accounting approach in relation to the 2023-24 opening balances by the NAO resulted in a restatement of the opening balances, whereby UKHSA reverted to forecast information. This information has been determined to best represent the conditions in place as at the 31 March 2023.

The effect of the restatement is described in Note 22 to the accounts. It is worth noting that the restatement back to forecast information has resulted in a variety of stock being unimpaired in the restatement and then reimpairing during the financial year.

Whilst good progress was made in respect of supporting the 23-24 opening balances for CVU, it was determined that in order to ensure a timely accounts production, resources should be focused on supporting the in year and closing CVU balances which has been successfully achieved.

UKHSA has worked to improve the consistency of supporting documentation as well as conducting other continuous improvement work. This has been supported by a third party 'review and recommend' assurance piece to ensure that the modelling used follows best practice and to examine opportunities to improve in the future.

The recommendations from our third party review were relatively minor in nature and have been taken forward for consideration in the next financial year. All supporting documentation for the 2023-24 closing balances has been provided and the NAO opinion on this is available in C&AG certificate and report on pages 146 to 156.



## Finance and Control Improvement Programme: embedding change

UKHSA's Finance and Control Improvement Programme is a programme of 53 projects, designed to transform the way finance and the wider organisation work; embedding effective control mechanisms across the organisation as well as within finance, and thus ensuring the organisations as a whole can work more effectively. The projects include those that are organisation wide, such as re-baselining workforce and establishment informing, including transformation of establishment controls and governance, as well as reviews of spending controls. Others are more directly finance focussed, for example supporting our finance staff with an increased learning and development offerings, to improving our accounting system, to reviewing the appropriateness of our accounting across our complex scientific asset base. While 8 have completed or are in an ongoing assurance phase, many of these projects are still in progress, and almost all will require a continuous improvement programme to be maintained following first-time implementation. Projects have been prioritised according to the level of influence they have over the financial statements and how they contribute to the UKHSA finance department's priority of 'getting it right first time', as well as their overall organisational benefit. The overall benefits of the FCIP programme, as well as the ongoing challenges the organisation faces in relation to finance as discussed below, divided into our work to embed the basics and our trajectory towards 'getting it right first time'.

### Embedding the basics

UKHSA has worked to ensure significant progress around organisational and finance specific controls. In relation to finance specific improvements, these have included, but are not limited to, the embedding of regular balance sheet reconciliations, improvements to the chart of accounts, and significant improvements in managing our financial operations.

By the end of the financial year, 63,196 invoices were paid within 30 days of receipt compared to 72,925 in 2022-23. This represents an improvement from the prior year, with 93% being paid within less than 30 days compared to 87% in 2022-23. The improving position in financial operations remains a work in progress. Some areas of the organisation use programmes outside the finance system to track their orders, and invoicing in these areas has been significantly delayed in some cases. Work to resolve this was ongoing at year end, but was completed by August 2024.

UKHSA implemented a new accounting system at its inception. This suffered from significant challenges during its implementation as a result of the combination of the pace and the pandemic environment in which it was implemented. Work during FY 2023-24 has centred around the maturation of the system, ensuring it is fit for purpose and reducing the level of manual intervention required to ensure any accounting entries generated by the system are appropriate.

One example of this relates to improvements to the chart of accounts. This is the way that accounting entries in the system map onto the different areas of the financial statements. The more comprehensive the chart of accounts, the less manual and off-system intervention is required to prepare the accounts from the direct output from the accounting system. The changes made during 2023-24 have resolved issues relating to payroll, foreign exchange gains and losses as well as provisions and have significantly aided the production of the accounts.

Further changes are still required; for example, our fixed assets note still has to be produced from the fixed assets module rather than the general ledger. Additionally, changes to the coding rules are required in relation to a UKHSA sub-ledger which records the progress on a combination of capital and revenue projects. These changes form part of ongoing enterprise resource planning development work and are managed within the Financial Control and Improvement Programme.

### Getting it right first time

In the 2022-23 report from the Comptroller and Auditor General, he noted that a significant amount of retrospective review was required by management to ensure that the accounts were materially correct and suitable for audit. This is something that continues to cause challenges for UKHSA, but which is on an improving trajectory. This forms part of our work to ensure we are 'getting it right first time'.

The work we have completed on finance-centred projects in this area falls into several tranches.

1. Improved opportunities for learning and development for finance staff, which ensure that staff have the relevant knowledge to complete their work effectively and to challenge others where there is a risk of error. Examples include specific internal training sessions on common but more complex areas of financial accounting, training on evidence provision and review and promotion of learning and development opportunities.
2. Additional controls and increased stringency in existing controls around what enters the finance system through manual processes were implemented in December 2023. This ensures that financial information posted has suitable evidence supporting it, which is then accessible when that information is audited. Examples include additional system controls mandating that evidence is attached when financial information enters the system, as well as supportive controls such as checklists reminding staff what that essential information is, and detective controls (secondary retrospective review) to make sure our other controls are working effectively.
3. Improved accessibility of finance information across the wider organisation, to make sure that staff outside finance understand the expectations of them in relation to UKHSA's finances and that they have enough information and knowledge to meet those expectations. For example, UKHSA Finance now has a single intranet page providing access to all policies SOPs, and key areas such as business travel expenses. In addition, the losses policy has been made more user friendly, and Executive Committee level engagement ensures that senior staff are effectively briefed on important matters. All these areas are essential to the effectiveness of our getting it right first-time approach, and continuous effort and improvement will be required to embed these within the organisation.

While this work has been ongoing throughout 2023-24, some benefits remain to be realised. The bulk of this work was completed by the end of 2023-24 and will therefore have been in place for the full financial year during 2024-25; this is when the organisation should begin to realise the full benefits of this work. The FCIP board

ensures ongoing monitoring of projects to confirm that they are effective after their completion. In relation to financial year 2023-24, UKHSA has still had to complete significant central reviews during the preparation of these accounts. One area of particular challenge remains in relation to fixed assets, which we will discuss further in a separate section below.

Other areas of challenge include parts of the business where journals are more complex and may also rely on parts of our accounting system where the posting rules need improvement, for example in relation to grant income. Generally, on review, UKHSA has been able to conclude that journals were correctly posted and that the General Ledger accurately reflects our financial position. However, the process of confirming this has sometimes been complex. This is a result of a combination of issues: journals without sufficient narrative explanation telling the story of what the accounting transaction is for, and what it is trying to do; journals where significant volumes of evidence are attached, but where that evidence is hard to follow and it is not clear which figures relate to the journal in question; and journals where the attached evidence is minimal and the supporting documentation has been stored offline. In the latter case, the evidence can generally be located, but the failure to store in a single repository causes delays in obtaining the information. Significant work has now been completed with key areas to ensure that there is an understanding of what information is needed and how to present this information to an external audience.

In order to ensure UKHSA's accounts give a true and fair view, while our work on 'getting it right first time' continues to embed, UKHSA management have completed tranches of work to ensure retrospective transaction review, in combination with third party reviews provided by an external firm, across a significant number of areas of the account.

### Fixed Assets

UKHSA's 'Getting It Right First Time' programme of work has been particularly significant in relation to our Fixed Assets. Various areas have either shown errors which need correcting or problems with the timeliness of postings resulting in journals having to be posted directly to the general ledger to ensure its accuracy at year end, rather than being formally processed via the fixed asset ledger.

For Financial Year 2023-24, UKHSA was able to assure itself that the general ledger position was materially correct, but this required significant management intervention.

One example of an area of challenge in relation to this is that the general ledger does not contain the necessary codes to allow the fixed asset ledger to post into it in a way that allows direct production of the fixed asset accounts note. While adding the codes themselves is a simple process, this also requires complex changes to the posting rules to ensure that the new codes are correctly linked to the fixed asset ledger. The organisation has an effective bridging solution to this, whereby the note is produced from the fixed asset ledger directly. This means the organisation can prepare its accounts as required.

UKHSA has a distributed staff across tens of sites, as well as a significant and complex capital expenditure programme. Processes for ensuring that assets are transferred from 'under construction' to 'in use' exist, but staff in the business often prioritise operational needs first, and the central finance side of this paperwork trail is onerous to process. This means detection controls have to be employed by central

finance teams to ensure that assets are appropriately transferred. These controls are effective, and have resulted in significant movements from 'under construction' to 'in use', but these changes have been reflected directly through the general ledger. The next step in improvements is to review and improve the end-to-end asset management process to make it easier and more efficient to use for both finance and the business and therefore to improve our 'prevention' controls, reducing the work being created by our detection controls.

Additionally, it is worth noting that the level of manual management intervention makes record keeping especially complex and made facilitating the audit this year very difficult. Significant improvement works remain ongoing and are aiming to reduce the level of manual intervention required to prepare the 2024/25 account, although it is likely to require a multi-year trajectory to reach a position where all changes have been implemented and are functioning reliably.

### Losses and special payments and other approvals

UKHSA has disclosed significant losses in the year. These are not indicative of current control issues but are the crystallisation of historic losses, amplified as a result of the pandemic. UKHSA has also implemented additional completeness controls during the financial year, and has applied these retrospectively as well as prospectively. This has resulted in the inclusion of 12 additional losses to be disclosed in FY 22-23, totalling £6.0 million, and the figures in the accounts have been correspondingly restated.

Losses are disclosed more fully on Page 140 of the Annual Report and Accounts. The largest losses relate to the expiration of Covid vaccines purchased significantly earlier, where UKHSA has applied expiry date extensions in order to maximise their potential use in case of a pandemic, but where those extensions have now ended and the vaccines expired. Two other large losses relate to an accounting impairment adjustment of UKHSA's Harlow laboratory, and the expiry of Covid LFD and PCR tests.

UKHSA has had to obtain retrospective approvals from HMT and Cabinet Office in relation to several items of expenditure. Additional review points have been added in 2024/25 to work to ensure any approvals are obtained prospectively instead.

### Governance arrangements

UKHSA has had an Advisory Board and Audit and Risk Committee in place for the whole of financial year 2023-24. Details of these committees, their members and their work can be found on pages 70 onwards, earlier in this governance statement. These committees have continued to mature over 2023-24 and their workplans reflect this maturation.

In addition, a Finance and Control Improvement Board was established towards the end of FY 22-23 and has also been in place for the full financial year. This board oversees the Finance and Control Improvement programme, holding it to account. It is chaired by Jenny Harries personally and has attendees that range from the Director General for Finance for the Department of Health and Social Care and our Non-Executive Chair of the Audit and Risk Committee.

Finally, UKHSA continues to establish ever closer working relationships with DHSC. For example, UKHSA now attends the DHSC project board for the group accounts to ensure both the group are fully informed of our progress and we understand their needs. In addition, regular joint working meetings occur at both a strategic and operational level.

## Remuneration and staff report

This report details the policy on the appointment, appraisal and remuneration of members of the Executive Committee for the year ended 31 March 2024

### Accountability

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

### Appointment and appraisal of non-executive Advisory Board members

Non-executive Advisory Board members are appointed by the Secretary of State for Health and Social Care for a defined term. In addition, and in accordance with the power at section 5.14 of the UKHSA Framework Document, the Advisory Board is also able to appoint up to three associate non-executive members. The performance of non-executive Advisory Board members was assessed by the Chair through an annual appraisal process. The appraisal process for the Chair was conducted by UKHSA's current senior departmental sponsor, the DHSC Director General for Global Public Health.

### Remuneration of non-executive Advisory Board members

The table below lists all non-executive members who served on the Advisory Board during the year ended 31 March 2024. The date of their appointment is accompanied by the total remuneration due to each individual during their tenure in post for the year ended 31 March 2024. Their terms of office are set out in the biographies in the Governance Statement elsewhere in the annual report.

Audited table

	Date of appointment	Total salary, fees and allowances 2023-24 £'000	Total salary, fees and allowances 2022-23 £'000
Ian Peters	1 April 2021	60-65	60-65
Jennifer Dixon	25 April 2022	5-10	5-10
Jon Friedland	25 April 2022	5-10	5-10
Graham Hart	25 April 2022	5-10	5-10
Mark Lloyd	25 April 2022	5-10	5-10
Sir Gordon Messenger	25 April 2022	5-10	5-10
Simon Blagden <sup>1</sup>	25 April 2022	-	-
Raj Long	25 April 2022	0-5	0-5
Marie Gabriel	25 April 2022	0-5	0-5
Cindy Rampersaud	3 April 2023	10-15	-

<sup>1</sup> Simon Blagden has elected not to take a salary

The remuneration of the executive members of the Advisory Board is set out in the audited table on page 120.

## Appointment and appraisal of Executive Committee members

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

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

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

The number of individuals by gender serving on the Executive Committee as at 31 March 2024 was six males (50%) and six females (50%). (31 March 2023 : six males (50%) and six females (50%).)

The overall gender profile of the UKHSA workforce is 65% female and 35% male (2022-23 : 65% female and 35% male)

The following tables show the profile by grade and gender:

Number	Men		Women		Total	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Directors	16	19	13	14	29	33
Senior Civil Servants	139	150	173	163	312	313
Other Staff	1,909	1,725	3,692	3,282	5,601	5,007
<b>All</b>	<b>2,064</b>	<b>1,894</b>	<b>3,878</b>	<b>3,459</b>	<b>5,942</b>	<b>5,353</b>

	Men		Women	
	2023-24	2022-23	2023-24	2022-23
Directors	55.2%	57.6%	44.8%	42.4%
Senior Civil Servants	44.6%	47.9%	55.4%	52.1%
Other Staff	34.1%	34.4%	65.9%	65.5%
<b>All</b>	<b>34.7%</b>	<b>35.4%</b>	<b>65.3%</b>	<b>64.6%</b>

## Remuneration of Executive Committee members, year ending 31 March 2024

The table below lists all persons who served on the Executive Committee in the year ended 31 March 2024 and the total remuneration during their tenure on the Committee during the year ended 31 March 2024

Audited table

	Start date on committee	Date of completion of term on executive committee (otherwise ongoing member at year end)	Total salary, fees and allowances Year ended 31 March 2024* Bands of £5,000 (£'000)	Bonus payments Bands of £5,000 (£,000)	Pension benefits to the nearest £1,000	Total remuneration Bands of £5,000 (£'000)
Professor Dame Jenny Harries <sup>1</sup>	1 Apr 2021	-	190 - 195	-	-	190 - 195
Lee Bailey	1 Oct 2021	-	130 - 135	-	52,000	180 - 185
Sarah Collins <sup>2</sup>	1 Jan 2022	-	140 - 145	5 - 10	55,000	200 - 205
Chris Coupland	10 Oct 2022	-	155 - 160	-	61,000	215 - 220
Jac Gardner	11 Apr 2022	-	135 - 140	5 - 10	54,000	200 - 205
Susan Hopkins <sup>3,4</sup>	1 Oct 2021	-	200 - 205	-	-	200 - 205
Philippa Harvey	1 Oct 2022	-	95 - 100	5 - 10	39,000	145 - 150
Scott McPherson	1 Oct 2021	-	145 - 150	-	44,000	190 - 195
Isabel Oliver <sup>4</sup>	1 Oct 2021	-	180 - 185	-	-	180 - 185
Steven Riley <sup>5</sup>	1 Oct 2021	-	160 - 165	-	1000	160 - 165
Andrew Sanderson	18 Oct 2021	-	110 - 115	-	(16,000)	95 - 100
Oliver Munn	7 Mar 2022	31 Mar 2024	125 - 130	5 - 10	64,000	200 - 205

1 These members opted out of the pension scheme therefore no pension benefits in 2023-24

2 Sarah Collins was seconded from the Cabinet Office.

3 Susan Hopkins was seconded from Royal Free Hospital

4 The remuneration for these members includes a Clinical Excellence Award

5 Steven Riley was seconded from Imperial College



Bonus payments are made where staff at certain SCS grades are assessed as exceptional or high performing. These assessments are moderated, and are based on year end reviews against objectives.

## Remuneration of Executive Committee members, year ending 31 March 2023

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

Audited table

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

1 These members opted out of the pension scheme therefore no pension benefits in 2023-24

2 Sarah Collins was seconded from the Cabinet Office

3 Susan Hopkins was seconded from Royal Free Hospital

4 The remuneration for these members includes a Clinical Excellence Award

5 Steven Riley was seconded from Imperial College

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

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

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

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

## Compensation for loss of office

No payment of compensation for loss of office was made to any member of the Advisory Board or Executive Committee during the year ended 31 March 2024 (2022-23: nil).

## Remuneration policy

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

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

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

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

The review bodies' websites contain further information about their work.

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

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

## Non-executive Advisory Board members

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

## Payments to a third party for services of Executive Committee members

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

## Salary, fees and allowances

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

## Benefits in kind

During the year ending 31 March 2024, no benefits in kind (2022-23 - £ nil) were made available to any non-executive Advisory Board member or any Executive Committee member.

## Pension entitlements

The Executive Committee are members of the Civil Service or NHS pension schemes. Details of both pension schemes, including benefits payable, are included below. The pension entitlements of Executive Committee members who were in post at the year ending 31 March 2024 are shown in the table on the following page.

## Cash equivalent transfer values

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

## The real increase in CETV

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

## Pension entitlements of Executive Committee members, year ending 31 March 2024

Audited table

	Accrued pension at pension age as at 31 March 2024 Bands of £5,000	Real increase in pension and related lump sum at pension age* Bands of £2,500	Cash Equivalent Transfer Value at 31 March 2024 <sup>1</sup> To nearest £1,000	Cash Equivalent Transfer Value at 31 March 2023 To nearest £1,000	Real increase in Cash Equivalent Transfer Value* To nearest £1,000
Professor Dame Jenny Harries <sup>2</sup>	-	-	-	-	-
Lee Bailey	30 - 35	2.5 - 5	436	351	34
Sarah Collins	30 - 35	2.5 - 5	470	385	29
Chris Coupland	5 - 10	2.5 - 5	86	25	45
Jac Gardner	5 - 10	2.5 - 5	93	42	36
Susan Hopkins	45 – 50 plus a lump sum of 115 – 120	0 plus a lump sum of 40 – 42.5	992	735	158
Philippa Harvey	35 – 40	0 – 2.5	688	606	24
Scott McPherson	55 – 60 plus a lump sum of 140 – 145	2.5 - 5 plus a lump sum of 0	1,183	1,056	25
Isabel Oliver	60 – 65 plus a lump sum of 160 – 165	0 plus a lump sum of 40 – 42.5	1,440	1,171	127
Steven Riley <sup>3</sup>	15 – 20 plus a lump sum of 45 – 50	0 – 2.5 plus a lump sum of 0 – 2.5	198	197	(23)
Andrew Sanderson	40 – 45 plus a lump sum of 115 – 120	0 plus a lump sum of 0	944	891	(30)
Oliver Munn	10 – 15	2.5 - 5	117	68	32

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

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

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

3 Steven Riley was employed by Imperial College and a member of the USS pension scheme.

This is a hybrid scheme of which the defined benefit element values are disclosed in the table above.

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

Audited table

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

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

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

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

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

## Pension scheme participation

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

### Civil Service Pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below).

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

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings

in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

The employee contribution rates in 2023-24 were as follows:

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

### The NHS Pension Scheme (NHSPS)

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single

combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

An outline of these follows:

### **A. Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

### **B. Full actuarial (funding) valuation**

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 to 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.



## Employer contributions

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

	2023-24 £'000	2022-23 £'000
Civil Service Pension Schemes	53,200	51,227
The NHSPS	6,778	6,945
<b>Total contributions</b>	<b>59,978</b>	<b>58,172</b>

For 2024-25, we expect the contributions to the Civil Service Pension Scheme to be £51.8 million and contributions to the NHS scheme to be £9.3 million.

## Reporting of civil service and other compensation schemes (exit packages, year ending 31 March 2024)

Audited table

Exit package cost band	2023-24			2022-23		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	22	-	22	5	1	6
£10,000-£25,000	33	4	37	9	1	10
£25,000-£50,000	2	-	2	3	-	3
£50,000-£100,000	-	3	3	1	2	3
£100,000-£150,000	-	1	1	-	-	-
£150,000-£200,000	-	1	1	-	1	1
£200,000 and over	-	-	-	-	-	-
<b>Total number of exit packages</b>	<b>57</b>	<b>9</b>	<b>66</b>	<b>18</b>	<b>5</b>	<b>23</b>
<b>Total resource cost (£'000)</b>	<b>715</b>	<b>648</b>	<b>1,363</b>	<b>324</b>	<b>371</b>	<b>695</b>

The appropriate approvals were obtained for departures over £95,000.

## Senior civil service staff by band

The table below shows a breakdown of staff employed on (SCS) terms and conditions as at 31 March 2024:

Unaudited table

Bands	As at 31 March 2024	As at 31 March 2023
SCS1	79	95
SCS2	21	23
SCS3	2	2
SCS4	1	1
<b>Total</b>	<b>103</b>	<b>121</b>

## Average number of persons employed, year ending 31 March 2024

The average number of staff employed for 2023-24 was 5,352 (2022-23 6,885). This reduction has been largely due to the offboarding of “other” staff that were primarily working on Covid workstreams. Additionally, some fixed term appointments were transitioned on to permanent contracts, increasing the proportion of permanent employees.

Audited table

	2023-24			2022-23		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Directly employed	4,564	788	5,352	3,585	1,694 <sup>1</sup>	5,279
Off-payroll	-	497	497	-	1,606	1,606
<b>Total</b>	<b>4,564</b>	<b>1,189</b>	<b>5,753</b>	<b>3,585</b>	<b>3,300</b>	<b>6,885</b>

<sup>1</sup> The “Others” column for Directly Employed includes fixed term, bank staff and those on maternity leave and career breaks.

## Analysis of staff costs, year ending 31 March 2024

Audited table

	2023-24 (£'000)			2022-23 (£'000)		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Wages & salaries	234,534	66,309	300,843	201,696	197,420	399,116
Social security costs	26,035	3,945	29,980	20,448	7,692	28,140
Apprentice levy	1,328	-	1,328	1,237	-	1,237
Pension costs	52,084	8,287	60,371	42,562	16,082	58,644
<b>Subtotal</b>	<b>313,981</b>	<b>78,541</b>	<b>392,552</b>	<b>265,943</b>	<b>221,194</b>	<b>487,137</b>
Termination benefits	1,875	-	1,875	746	-	746
Recoveries in respect of outward secondments	(814)	-	(814)	(739)	-	(739)
Recoveries in respect of staff engaged on capital projects	(4,156)	-	(4,156)	(5,049)	-	(5,049)
<b>Total</b>	<b>310,886</b>	<b>78,541</b>	<b>389,427</b>	<b>260,091</b>	<b>221,194</b>	<b>482,095</b>

UKHSA has been shifting away from the temporary workforce model which was key to running its large testing operations during Covid, and which supported the pandemic response during UKHSA's initial years. As UKHSA transitions to longer term arrangements, the workforce is therefore made up of a larger proportion of permanent staff and fewer staff on temporary contracts. As a result, while UKHSA staff costs have decreased in comparison to financial year 2022-23, the proportion of permanent staff costs have increased.

### Comparison of median pay to highest earning Executive Committee director's remuneration (audited)

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

The banded remuneration of the highest paid director in the financial year 2023-24 was £190,000 to 195,000 (2022-23: £180,000 – £185,000), This was 4.4 times (2022-23: 4.4 times) the median remuneration of the workforce, which was £44,090 (2022-23:£41,169); 5.9 times (2022-23: 6.0 times) the 25th percentile remuneration of the workforce, which was £32,871 (2022-23 £30,219); and 3.4 times (2022-23:3.4 times) the 75th percentile remuneration of the workforce, which was £57,849 (2022-23: £54,271).

The percentage change in respect to our highest paid director is 5% (2022-23 minus 10%), the average percentage change in respect of all employees taken as a whole is 3% (2022-23 10%).

	2023-24	2022-23
<b>Band of highest paid Director (£'000)</b>	190-195	180 - 185
Median remuneration (£)	44,090	41,169
Of which: salary component (£)	43,900	40,876
Ratio	4.4	4.4
<b>25th percentile pay (£)</b>	32,871	30,219
Of which: salary component (£)	32,714	29,739
Ratio	5.9	6.0
<b>75th percentile pay (£)</b>	58,849	54,271
Of which: salary component (£)	57,531	53,921
Ratio	3.4	3.4

The 25th percentile pay ratio has therefore decreased for 2023-24. The median and 75th percentile pay ratios are unchanged from 2022-23.

UKHSA has implemented the Civil Service Pay Remit guidance 2023-24 and the SCS Pay Practitioners' Guidance 2023-24 in full, so salary changes on an individual level have been consistent with this guidance.

In 2023-24, four (2022-23: six) employees received remuneration in excess of the highest paid director. These employees are consultants. The remuneration across our workforce ranged from £21,815 to £244,319 (2022-23 £18,926 to £239,210).

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

The average salary of the UKHSA's highest paid Executive Committee director has increased as a result of the annual SCS4 pay award.

The average salary of the Department in 2023-24 £52,199 (2022-23: £50,880). This is an increase of 3%.

The average performance bonus per WTE in 2023-24 is £183 (2022-23: £420). This decrease is due to delays establishing UKHSA's non-consolidated award budget for 2023-24 while workforce size was established – Groups were given smaller budgets for the year to ensure compliance while the workforce size was confirmed. At SCS level, more individuals were moderated with a performance rating meriting a non-consolidated award in 2023-4 than in 2022-3, therefore the average award amount was smaller but more individuals received one.

## Sickness absence

The total number of whole time equivalent (WTE) days lost to sickness absence in 2023-24 was 46,226 days (2022-23: 47,446 days), an average of 10.1 working days (2022-23: 7.1 days) and a sickness absence rate of 3.5% per staff WTE per year (2022-23 3.7%).

The annual staff turnover for 2023-24 was 10.2% (2022-23: 15.7%). The majority of this consisted of resignations, retirements and relocations abroad.

## Staff policies

At UKHSA, we're committed to recruiting employees in line with the Civil Service Recruitment Principles, to ensure that we treat all candidates fairly and that our recruitment process is inclusive and accessible.

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

UKHSA is also committed to supporting our people during their period of employment. By working closely together, we can ensure that the appropriate reasonable adjustments are made and that our people have the right access to training.

As a committed learning organisation, we actively encourage and support our people to access opportunities for learning and development. These are of a nature and level that enables everyone to undertake their role to the best of their ability, aligning to business needs, enabling career and personal development, and actively applying the 70/20/10 model of learning.

The provision of appropriate learning and development opportunities for all of our people is key to UKHSA. Managers are expected to ensure consistency and equity of access and opportunity in line with the learning and professional development policy.

We develop all our employment-related policies in partnership with recognised trade unions. UKHSA's organisational change policy discusses the organisation's requirements in relation to consultations, and UKHSA completes a formal collective consultation if at least one employee is at risk, with a longer consultation timeframe (45 vs 30 days) if 100 or more employees are at risk.

Please see also page 98 for our work around health and safety, as well as page 37 for our aims around staff development and career management, titled “Building an inclusive workforce”.

## Business appointment rules

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

## Consultancy spend

Based on the following Cabinet Office definition:

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

Total UKHSA spend in 2023-24 was £9.3 million (2022-23: £9.3 million)

## Off-payroll engagements

The following table shows all off-payroll engagements as of 31 March 2024, with a value of more than £245 per day and that last for longer than six months:

Unaudited table

	2023-24	2022-23
Number of existing engagements as of 31 March	246	159
for less than one year at the time of reporting	203	24
for between one and two years at the time of reporting	20	135
for between two and three years at the time of reporting	23	-
for between three and four years at the time of reporting	-	-
for four or more years at the time of reporting	-	-

The following table shows all temporary off-payroll engagements, for the year ending 31 March 2024.

Unaudited table

Off-payroll engagement	2023-24	2022-23
Number of temporary off-payroll workers engaged between 1 April and 31 March	552	3,131
Number not subject to off-payroll legislation	544	3,112
Number subject to off-payroll legislation and determined as in-scope of IR35	3	11
Number subject to off-payroll legislation and determined as out of scope of IR35	5	8
Number of engagements reassessed for consistency or assurance purposes during the year	8	19
Number of engagements that saw a change to IR35 status following the consistency review	-	-

The following table shows any off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2023 and 31 March 2024.

	2023-24	2022-23
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year	-	-
Total number of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year This figure includes both on payroll and off-payroll engagements	12	14

## Trade Union (Facility Time publication Requirements) Regulations 2017

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

Unaudited table

	2023-24	2022-23
Number of representatives	38	48
FTE	33	47
Number of representatives spending zero % on facility time	5	15
Number of representatives spending more than 0% but less than 50 % on facility time	33	33
Total cost of facility time	£64,932	£82,388
% of total pay bill	0.02%	0.02%

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

### Staff engagement

4,037 UKHSA staff responded to the Civil Service People Survey in September and October 2023 (4,026 staff in September and October 2022). Our Engagement Index was 60% (56% in September and October 2022).

### Auditable and non-auditable elements of this report

The tables in this remuneration and staff report specified as audited have been subject to audit and are referred to in the Certificate and Report of the Comptroller and Auditor General to the House of Commons. The Auditor General's opinion is included within his certificate and report on pages 146 to 156.



# Parliamentary accountability and audit report

## Parliamentary Accountability Disclosures (subject to audit)

The following disclosures are all subject to audit.

### Regularity of expenditure (subject to audit)

We are custodians of taxpayers' funds and have a duty to Parliament to ensure the regularity and propriety of our activities and expenditure. We manage public funds in line with HM Treasury's Managing Public Money. The disclosures made within the Parliamentary Accountability and Audit Report are indicative of this.

The importance of operating with regularity and the need for efficiency, economy, effectiveness, and prudence in the administration of public resources to secure value for public money, is the responsibility of our Accounting Officer whose responsibilities are also set out in Managing Public Money. The manner in which the Accounting Officer and the wider Department discharges its responsibilities in the administration of public resources are detailed within the Statement of Accounting Officer Responsibilities and the Governance Statement.

### Remote contingent liabilities: audited

UKHSA has the following remote contingent liabilities:

#### Stockpile of medical countermeasures

UKHSA maintains a stockpile of medical countermeasures for responding to Chemical, Biological, Radiological and Nuclear (CBRN) incidents. Some of these products are unlicensed because no licensed alternatives are available in the UK. Similarly, UKHSA also holds stocks of unlicensed anti-venoms and anti-toxins. If any recipients were to suffer an adverse reaction to using these products UKHSA would be liable. The associated contingent liability is unquantifiable.

#### Remote contingent liabilities relating to contract disputes

UKHSA also holds remote contingent liabilities relating to contract disputes, primarily relating to contracts let in response to the COVID-19 pandemic. Contingent liabilities are classed as remote where the likelihood of cost being incurred by the organisation is very low. Contingent liabilities under IAS37 (i.e. those that are not remote) are disclosed in Note 18 to the accounts.

#### Other remote contingent liabilities

UKHSA holds liabilities in respect of commercial contract obligations. These liabilities include contractual indemnities the Department has entered into as part of its response to COVID-19. UKHSA has provided a letter of comfort to local authorities participating in the COVID-19 Community Testing Programme, offering a route to manage potential clinical negligence claims, should they arise in the course of testing conducted by local authorities. While this testing has now completed, the limitation of claims relating to these has not yet expired.

## Fees and charges: audited tables

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

Year ending 31 March 2024:

	Income £'000	Full Cost £'000	Surplus/ (Deficit) £'000	Details of financial objective £'000	Details of performance against the financial objective £'000
Clinical Microbiology	60,499	96,188	(35,689)	Charges for pathology tests, mostly to the NHS	Met: broadly in line with internal targets
Supplies of cell cultures and related services	4,923	5,570	(647)	Supplies of cell cultures and related services	Met: broadly in line with internal targets
Vaccine Evaluation and Development; External Quality Assurance Schemes	7,174	5,743	1,431	Charges for the evaluation of new vaccines and for quality control standards	Met: broadly in line with internal targets
Intellectual Property Management	57,699	-	57,699	Receipts from royalties on intellectual property, mostly earned on end sales of Dysport	Met: broadly in line with internal targets
Radiation, Chemical and Environmental Hazards	14,543	22,334	(7,791)	Charges primarily for various radiation services	Met: broadly in line with internal targets
<b>Total</b>	<b>144,838</b>	<b>129,835</b>	<b>15,003</b>		
Income that is not subject to fees and charges disclosure	153,426				
<b>Total income (note 5)</b>	<b>298,264</b>				

Year-ending 31 March 2023:

	RESTATED Income £'000	Full Cost £'000	Surplus/ (Deficit) £'000	Details of financial objective £'000	Details of performance against the financial objective £'000
Clinical Microbiology	47,578	76,063	(28,485)	Charges for pathology tests, mostly to the NHS.	Met: broadly in line with internal targets
Supplies of cell cultures and related services	5,341	4,666	675	Supplies of cell cultures and related services	Met: broadly in line with internal targets
Vaccine Evaluation and External Quality Assurance Schemes	4,593	6,345	(1,752)	Charges for the evaluation of new vaccines and for quality control standards	Met: broadly in line with internal targets
Intellectual Property Management	62,888	0	62,888	Receipts from royalties on intellectual property, mostly earned on end sales of Dysport	Met: broadly in line with internal targets
Commercial radiation services	11,180	24,761	(13,581)	Charges for various radiation services	Met: broadly in line with internal targets
<b>Total</b>	<b>131,580</b>	<b>111,835</b>	<b>19,745</b>		
Income that is not subject to fees and charges disclosure	204,261				
<b>Total income (note 5)</b>	<b>335,841</b>				

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

Further information regarding the services UKHSA provides and the fees it charges is available on the following websites:

<https://www.gov.uk/guidance/specialist-and-reference-microbiology-laboratory-tests-and-services#tests-and-services>

<https://www.culturecollections.org.uk/>

<https://www.ukhsa-protectionservices.org.uk/>

<https://www.ukradon.org/about/>

<https://www.gov.uk/guidance/ukhsas-vaccine-development-and-evaluation-centre-vdec#what-we-offer>

This note has not been provided for IFRS8 purposes.

## Losses and special payments

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

In accordance with Managing Public Money, UKHSA is required to disclose the total value of losses & special payments made during the year. A separate disclosure is also required for any special payments greater than £0.300m.

UK Health Security Agency (UKHSA) works nationally across the UK, with the devolved administrations, partners in academia, the NHS and industry to protect the public from hazards to health in England. As part of this commitment and to ensure the Government's preparedness of the nation, it is necessary for UKHSA to take decisions around the purchase and storage of goods which at the time appear to be required to ensure public health can be protected. These goods are held to be able to immediately respond to changing demands driven by national emergencies. Depending upon the circumstances the goods may however not be used over their lifetime and as a result may expire unused. This necessity to hold goods in readiness for an emergency has resulted in UKHSA incurring accountable losses which otherwise may not have occurred and are therefore reported separately for transparency and to aid the reader of the Accounts.

Two tables have been prepared below - Table 1 includes ordinary operational losses, whilst Table 2 contains those items deemed to be incurred as a result of emergency preparedness.

The total value of losses reported for 2023-24 by volume and value are 18 / £2,009,694k (2022-23: 39 / £282,056k).

Table 1: (Operational Losses) Losses statement: audited year ending 31 March 2024

	2023-24 Number	2023-24 £'000	2022-23 Number (restated)	2022-23 £'000 (restated)
Monetary losses	3	60	-	-
Loss of accountable stores	-	-	1	2,000
Fruitless payment	4	4,349	9	4,802
Constructive loss	1	296,697	-	-
Claims waived or abandoned	3	17	19	70
<b>Total</b>	<b>11</b>	<b>301,123</b>	<b>29</b>	<b>6,872</b>

Table 2: (Emergency Preparedness Losses) Losses statement: audited year ending 31 March 2024

	2023-24 Number	2023-24 £'000	2022-23 Number (restated)	2022-23 £'000 (restated)
Monetary losses	-	-	-	-
Loss of accountable stores	-	-	-	-
Fruitless payment	1	358	1	708
Constructive loss	5	1,701,145	9	274,476
Claims waived or abandoned	1	7,068	-	-
<b>Total</b>	<b>7</b>	<b>1,708,571</b>	<b>10</b>	<b>275,184</b>

2023-24 Details of cases over £300,000 (Table 1)

Description	Category	2023-24 £m
A payment was made to a supplier to settle a contractual liability in relation to stocks produced by that supplier in advance of contract termination.	Fruitless payment	4.35
UKHSA has been incurring significant capital expenditure to develop a site in Harlow as a Health Security Campus. As at 31 March there was no fully funded plan to bring the asset into use. As a result, the carrying value of works undertaken at the site have been impaired to ensure capital expenditure is not reported as an asset where funding to complete it not available. The loss disclosed represents the accounting cost of that impairment. A formal ministerial decision on the project's future is still outstanding.	Constructive loss	296.70

## 2023-24 Details of cases over £300,000 (Table 2)

Description	Category	2023-24 £m
UKHSA has a constructive loss as a result of excessive stocking of key stock items during the Covid-19 pandemic. The main contractor has agreed a buy-back of excess stock for standard items but will not cover the full cost of premium items “stoppers” as there is no 2nd hand market.	Constructive loss	0.96
UKHSA has incurred a fruitless payment connected with a constructive loss within the same claim. The payment relates to contingency excess flu stock items that ultimately were not required as a result of over stocking other vaccines.	Fruitless payment	0.36
A payment was made to a supplier to settle a contractual liability in relation to a lease of laboratory space procured during the pandemic.	Constructive Loss	4.58
<p>The majority of the loss incurred relates to childhood vaccines, 166k doses / £30.3m for Fluenza Tetra &amp; 198k doses / £1.76m for Quadrivalent Influenza. UKHSA had procured these vaccines in line with NHS England projections for 23/24 campaigns as agreed with Government Ministers. These projections proved to be above the level of actual doses administered across the nation, and due to their limited shelf life will not be available for future campaigns.</p> <p>Further losses £0.265m were reported against other vaccines that occurred in relation to the knock-on impact of travel restrictions from the pandemic and nationwide lockdowns which has resulted in lower than anticipated demand. These are held to support urgent need across the health service and to prepare the nation against certain outbreaks, these however expired before they were required.</p>	Constructive loss	32.61

Description	Category	2023-24 £m
<p>All Covid supplies included within the loss were procured under pandemic contracts set up by the Vaccine Task Force (VTF) during the onset of the pandemic and as such were procured prior to UKHSA formation.</p> <p>Vaccine supply modelling was developed based on advice from the Joint Committee on Vaccination &amp; Immunisation (JCVI) and approved by Government Ministers which adopted a reasonable worst-case scenario as a result of the rapidly changing landscape. This resulted in the stockpiling of vaccines to ensure enough doses were readily available to vaccinate the entire nation.</p> <p>As the virus developed, new variants emerged which in turn lead to new vaccine strains being developed. Subsequent vaccination campaigns have seen a significantly lower uptake compared to original planning forecasts.</p> <p>UKHSA secured deferrals of vaccines where possible however, due to the limited shelf life of the vaccine and newer strains being developed which have become the preferred vaccination of choice a loss of £1.09Bn (43.9m vaccines) was incurred in relation to older strains.</p> <p>The makeup of the loss predominantly relates to 22.6m vaccines delivered mid-2022; and 15.2m received vaccines quarter 2 &amp; 3 2022/23.</p>	Constructive loss	1,089.80
<p>In order to ensure preparedness during the height of the pandemic UKHSA both inherited from the Department of Health &amp; Social Care (DHSC) and procured additional stocks of Lateral Flow Devices (LFD) &amp; Polymerase Chain Reaction (PCR) testing kits to support the proactive testing required across the nation.</p> <p>As part of the Governments “Living with Covid-19” strategy however, the uptake of testing and thus the utilisation of these kits significantly reduced.</p> <p>UKHSA disposed of 207m LFDs, including 61m assisted tests purchased between September 2020 and March 2021, and 146.5m self-tests of which 139m were purchased in late December 2021 and early 2022 during the Omicron outbreak. In relation to PCRs, UKHSA did not make any purchases during the year ended 31 March 2024 and all disposals were from stocks that were inherited from DHSC on the inception of UKHSA, or that were procured prior to June 2022</p>	Constructive loss	573.19

Description	Category	2023-24 £m
UKHSA has identified overtime payments made to a number of staff groups outside of policy.  There is no ambiguity in that employees in all instances have worked hours in addition to their contracted hours in the furtherance of UKHSA business operational requirements.	Claims waived or abandoned	7.07

UKHSA has undertaken a comprehensive review of its existing practice and as a result has reviewed losses and special payments disclosed in the prior year. The in year review has identified 13 cases (2 losses and 11 special payments), as such UKHSA are restating 2022/23 numbers for items not previously disclosed. Items over £300,000 are provided below.

#### 2022-23 Losses over £300,000 not previously disclosed

Description	Category	2022-23 £m
UKHSA has a constructive loss of £5.810m connected with Covid19 testing technologies. As a result to delays in production by the supplier alternative testing functions were developed resulting in lower than planned demand for this product.	Constructive Loss	5.81

#### Special payments: audited year ending 31 March 2024

	2023-24 Number	2023-24 £'000	2022-23 Number (restated)	2022-23 £'000 (restated)
Extra-contractual	4	111	5	4,981
Extra statutory / extra regulatory	-	-	-	-
Compensation payments	6	325	8	127
Ex gratia payments	5	1	5	17
Special Severance payment	1	10	2	28
<b>Total</b>	<b>16</b>	<b>447</b>	<b>20</b>	<b>5,153</b>

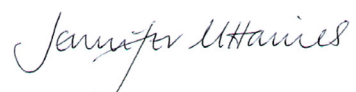


## 2023-24 Details of cases over £300,000

There were no special payments over £300,000

## Gifts

No gifts were made over the limits specified in Managing Public Money.



Professor Dame Jenny Harries

Accounting Officer

9 December 2024

# THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

## Qualified opinion on financial statements

I certify that I have audited the financial statements of the UK Health Security Agency for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the UK Health Security Agency's

- Statement of Financial Position as at 31 March 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, except for the effects of the matters described in the Basis for qualified opinions on the financial statements section below, the financial statements:

- give a true and fair view of the state of the UK Health Security Agency's affairs as at 31 March 2024 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury 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 qualified opinion on the financial statements

I disclaimed my opinion on the UK Health Security Agency's 2022-23 accounts. I did this because I was unable to obtain sufficient appropriate audit evidence over opening balances as at 1st April 2022, in-year transactions for 2022-23, and closing balances relating to the Covid Vaccine Unit (CVU) as at 31st March 2023.

In 2023-24, management have reviewed their approach to accounting for the Covid Vaccine Unit and have revised the accounting estimates made in respect of these balances and transactions. Management have not made adjustments or provided additional evidence in respect of balances as at 1st April 2022 or in respect of transactions for 2022-23. For balances as at 1st April 2023 relating to the Covid Vaccine Unit I have been unable to obtain assurance within the timeframe required to report within the statutory deadline.

Consequently, I am unable to determine whether any adjustments to the CVU opening balances at 1 April 2023 were necessary or whether there were any consequential effects on in year transactions or on the corresponding figures for the year ended 31 March 2024.

I have therefore qualified my opinion over the UK Health Security Agency's 2023-24 accounts as I was unable to obtain sufficient, appropriate audit evidence over:

- balances as at 31 March 2023, and in-year transactions and cashflows for 2023-24 of the UK Health Security Agency in relation to the CVU, including balances and transactions impacting the opening inventory value, the opening onerous contract provision, the opening prepayment impairment and the opening financial commitments. The CVU balances in the Statement of Financial Position at 31 March 2023 comprise the CVU prepayment of £132m, CVU inventory of £460m and CVU provision of £371m. The CVU transactions are set out in the 2023-24 Statement of comprehensive net expenditure within the CVU expenditure section. They comprise the CVU prepayment impairment movement of £38m, CVU inventory write off of £295m and CVU provision movement of £141m.
- corresponding figures comprising in-year transactions and cash flows for 2022-23, balances disclosed as at 1 April 2022, and note-only disclosures as at 31 March 2023, of the UK Health Security Agency, as I have been unable to obtain sufficient, appropriate audit evidence in the year ending 31 March 2023 for which I disclaimed my audit opinion.

## 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 UK Health Security Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

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

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

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

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

## Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report 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.

As described in the Basis for qualified opinions on the financial statements section of my certificate, I was unable to obtain sufficient, appropriate audit evidence over:

- balances as at 31 March 2023, and in-year transactions and cashflows for 2023-24 of the UK Health Security Agency in relation to CVU; and
- corresponding figures comprising in-year transactions and cash flows for 2022-23, balances disclosed as at 1 April 2022, and note-only disclosures as at 31 March 2023, of the UK Health Security Agency, as I have been unable to obtain sufficient, appropriate audit evidence in the year ending 31 March 2023 for which I disclaimed my audit opinion.

I have concluded that where the other information refers to transactions or balances covered by my qualification, or where figures include amounts relating to these transactions or balances, it may be materially misstated for the same reason.

I have no other matters 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 HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, except for the effects of the matters described below, 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 HM Treasury directions issued under the Government Resources and Accounts Act 2000;

- 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.

As described in the Basis for qualified opinions on the financial statements section of my certificate, I was unable to obtain sufficient, appropriate audit evidence over:

- balances as at 31 March 2023, and in-year transactions and cash flows for 2023-24 of the UK Health Security Agency in relation to CVU; and
- corresponding figures comprising in-year transactions and cash flows for 2022-23, balances disclosed as at 1 April 2022, and note-only disclosures as at 31 March 2023, of the UK Health Security Agency, as I have been unable to obtain sufficient, appropriate audit evidence in the year ending 31 March 2023 for which I disclaimed my audit opinion.

I have concluded that where the Performance Report or Accountability Report refers to transactions or balances covered by my qualification, or where figures include amounts relating to these transactions or balances, it may not be consistent with the applicable legal requirements.

### Matters on which I report by exception

In the light of the knowledge and understanding of the UK Health Security Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports, except as described in the Basis for qualified opinions on the financial statements section of my certificate,

In respect solely of the matters referred to in the Basis for qualified opinions on the financial statements section:

- adequate accounting records have not been kept by the UK Health Security Agency or returns adequate for my audit have not been received from branches not visited by my staff; and
- I have not received all of the information and explanations I require for my audit

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

- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns;
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns.
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the UK Health Security Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the UK Health Security Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the UK Health Security Agency will not continue to be provided in the future.

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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 UK Health Security Agency's accounting policies.
- inquired of management, the UK Health Security Agency and those charged with governance, including obtaining and reviewing supporting documentation relating to the UK Health Security Agency'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 UK Health Security Agency's controls relating to the UK Health Security Agency's compliance with the Government Resources and Accounts Act 2000, and Managing Public Money;
- inquired of management, the UK Health Security Agency'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 UK Health Security Agency's for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, 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 UK Health Security Agency's framework of authority and other legal and regulatory frameworks in which the UK Health Security Agency 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 UK Health Security Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2023 employment law, tax legislation, health & safety legislation, and pensions legislation.

### Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;

- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

### Other auditor's responsibilities

I am required to obtain 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.

**Gareth Davies**

**13 December 2024**

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



# THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

## Introduction

1. In this report I set out my findings from my audit of the UK Health Security Agency's 2023-24 annual report and accounts and explain why I have qualified my opinion on the financial statements.
2. As an executive agency of the Department of Health and Social Care (DHSC), HM Treasury directed UKHSA to prepare financial statements under section 7 of the Government Resources and Accounts Act 2000 (the GRAA). This requires me to "examine and certify the accounts [and to] issue a report on them".
3. As set out in my certificate, I have been appointed under the GRAA to provide an opinion on whether the financial statements give a true and fair view of UKHSA's finances for the year; and on whether the transactions recorded in the financial statements have been applied to the purposes intended by Parliament and whether they conform to the authorities which govern them (regularity).
4. UKHSA was created in 2021-22 and began operations on 1 October 2021. The organisation was created by a mid-year merger that brought together the health protection functions of Public Health England (PHE) with the NHS Test and Trace programme from DHSC and the Joint Biosecurity Centre. At inception, UKHSA operated in a volatile and complex environment. Challenges included responding to the ongoing COVID-19 pandemic and managing the Test and Trace organisation to rapidly adapt to the changes in government policy that were announced in February 2022 as part of the Living with COVID-19 plan. I disclaimed my opinion on the accounts in 2021-22 as a result of a weak internal control system at UKHSA and its consequential impact on the financial statements, in the context of a volatile environment. I set out the reasons for my disclaimer more fully in my 2021-22 report on accounts<sup>1</sup>.
5. In 2022-23, UKHSA's operating environment began to stabilise. In addition, UKHSA saw lower levels of staff turnover than in the previous year, and the organisation adapted to the government's plan for Living with COVID-19. However, at the same time, UKHSA took on new functions from DHSC, namely the Covid Vaccine Unit (CVU) and overseeing the legacy of the Managed Quarantine Service. I disclaimed my opinion on the accounts in 2022-23 due to a combination of the impact of the prior year disclaimer and the lack of assurance over closing balances relating to the CVU. I set out the reasons for my disclaimer more fully in my 2022-23 report on accounts<sup>2</sup>.
6. In 2023-24, I have modified my audit opinion. I have gained sufficient assurance that the accounts give a true and fair view, except for:
  - balances as at 31 March 2023, and in-year transactions and cashflows for 2023-24 in relation to CVU,
  - corresponding figures comprising in-year transactions and cash flows for 2022-23, balances disclosed as at 1 April 2022, and note-only disclosures as at 31 March 2023.

This is a significant improvement on previous years.

<sup>1</sup> [https://assets.publishing.service.gov.uk/media/63d259488fa8f53fe29c802a/UKHSA\\_Annual\\_Report\\_21\\_22\\_FINAL.pdf](https://assets.publishing.service.gov.uk/media/63d259488fa8f53fe29c802a/UKHSA_Annual_Report_21_22_FINAL.pdf)

<sup>2</sup> [https://assets.publishing.service.gov.uk/media/65c0cf2a70428200137521cc/UKHSA-Annual-Report-2022\\_23-2.pdf](https://assets.publishing.service.gov.uk/media/65c0cf2a70428200137521cc/UKHSA-Annual-Report-2022_23-2.pdf)

## 2022-23 disclaimer of my audit opinion

7. **The disclaimer I issued on my 2021-22 audit opinion imposed inherent limitations on the assurance I was able to give over the 2022-23 Annual Report and Accounts.** Due to the lack of records and evidence resulting in my 2021-22 disclaimer, it was not possible to carry out an audit that would enable me to obtain sufficient appropriate audit evidence over the opening balances and prior year corresponding figures to provide a basis for an unqualified true and fair opinion in 2022-23. Similarly, it was not possible for me to provide assurance over the in-year income and expenditure transactions due to the impact of the reversals of the historic transactions from the disclaimed 2021-22 accounts.
8. **The CVU was transferred from DHSC into UKHSA on 1 October 2022.** This business unit is responsible for procuring sufficient COVID-19 vaccines to support national vaccination programmes. The CVU balances and transactions in UKHSA's accounts relate to the 117 million doses of COVID-19 vaccine that were purchased during the November 2021 Omicron wave of the COVID-19 pandemic. Since DHSC committed to the procurement of these vaccines, government policy around COVID-19 vaccination changed, and it became probable that many of the vaccine doses purchased would not be used before they expired. This resulted in onerous contract provisions and impairment of inventory and prepayment balances being required, with corresponding transactions to reflect movements in these balances. These balances are calculated using a CVU demand model, developed by UKSHA, and affect multiple lines in UKHSA's accounts.
9. **It was not possible to complete audit work on CVU closing balances ahead of the 31 January statutory deadline for UKHSA to lay its accounts in Parliament.** UKHSA made a number of changes to the operation of the CVU model over the course of the 2022-23 audit, some of which were brought to the audit team's attention at a late stage. The impact on the accounts of these closing balances, along with the existing significant limitations of scope arising from the prior period disclaimer, constituted a pervasive lack of assurance on the 2022-23 accounts and, as a result, I disclaimed my audit opinion on those accounts.

## 2023-24 audit approach and findings

10. **I have qualified my opinion on corresponding figures comprising in-year transactions for 2022-23, balances disclosed as at 31 March 2022, and note-only disclosures as at 31 March 2023.** As a result of the disclaimer on the 2022-23 accounts, I have been unable to obtain sufficient, appropriate audit evidence for these corresponding figures in the accounts.
11. **I planned the scope of my 2023-24 audit to include all opening and closing balances, and in year transactions.** The disclaimer I issued on UKHSA's 2022-23 financial statements was rooted in the lack of assurance over in year transactions and opening balances for 2022-23, combined with closing balances relating to the CVU. I did, however, make significant progress towards gaining assurance over the 2022-23 closing balances not related to the CVU. As such, I have been able to use this work as a basis for providing assurance over opening balances for 2023-24 not related to the CVU in the current audit, and thus in-year transactions for 2023-24.
12. **The scope of my planned audit procedures for 2023-24 initially included work on opening balances relating to the CVU.** As the audit progressed, UKHSA management requested that I stop work on the 2023-24 CVU opening balances, in order to focus on completing the rest of the audit in a timely manner. This reflected the difficulty in evidencing a retrospective view on the balance given what was known as at 31 March 2023. This led me to limit the scope of my audit to exclude 2023-24 CVU opening balances and in-year transactions.

**13. Except for the effects of the matters described in the qualified opinions section of my audit certificate, I have gained sufficient assurance that the financial statements give a true and fair view of the state of the UKHSA's affairs as at 31 March 2024.**

This represents significant progress for UKHSA and reflects a much-improved approach to managing the production of their financial statements. UKHSA staff have engaged positively and constructively with my staff.

**14. I have welcomed greater realism in the approach UKHSA has taken to project management in producing the 2023-24 financial statements.** In previous years I have noted a level of optimism bias in management's approach to preparing the financial statements which has resulted in an underestimation of the scale of the challenge. For UKHSA to continue its progress toward an unqualified audit opinion it is vital that management maintain this approach.

**15. There are still significant weaknesses in UKHSA's control environment and UKHSA has had to rely upon substantial corrective action to produce a set of auditable accounts.** UKHSA engaged a professional services firm to provide additional support in cleansing listings, quality assuring sample evidence and providing assurance to management over the CVU model. Overall, this has had a positive impact on the audit process, including UKHSA's ability to provide assurance over the closing CVU balances for the first time. However, my staff still identified a high error rate in the account, which reflects that more needs to be done to improve UKHSA's transaction processing at source and overall control environment.

**16. UKHSA's accounting for property, plant and equipment and intangible assets has been particularly challenging to audit.** As UKHSA has detailed in its governance statement, the control environment around property, plant and equipment and intangible assets is weak. Providing evidence to support asset balances took several months and required a significant level of manual management intervention to correct and cleanse the asset populations. Providing evidence to support the figures disclosed in the accounts, especially for transfers from assets under construction to assets in use, was extremely challenging for UKHSA and caused delays to the audit. My audit identified a high level of gross aggregate error. However, following significant additional work, I was able to conclude that the property, plant and equipment and intangible asset balances and disclosures were materially correct.

## Conclusion and recommendation

**17. I have limited the scope of my true and fair audit opinion on UKHSA's 2023-24 accounts.** This is because I was unable to obtain assurance over:

- balances as at 31 March 2023, and in-year transactions and cashflows for 2023-24 in relation to CVU,
- corresponding figures comprising in-year transactions and cash flows for 2022-23, balances disclosed as at 1 April 2022, and note-only disclosures as at 31 March 2023.

**18. UKHSA should continue to focus on improving its accounting at source rather than relying on time consuming and costly corrective controls.** This would improve in-year financial controls and facilitate the timelier provision of sufficient appropriate audit evidence. For 2023-24 UKHSA has successfully produced a set of auditable financial statements which is a significant achievement from a difficult starting position. It should build on this to secure effective financial management and reporting.

**Gareth Davies**

**13 December 2024**

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# 3 Accounts

## Financial statements 2023-24

### Statement of Comprehensive Net Expenditure

Year ended 31 March 2024

	Notes	2023-24 £'000	RESTATED <sup>1</sup> 2022-23 £'000
Income from sale of goods and services	5	(275,981)	(252,138)
Other operating income	5	(22,279)	(83,703)
<b>Total operating income</b>		<b>(298,260)</b>	<b>(335,841)</b>
Staff costs	3	389,427	482,095
Purchase of goods and services	4	1,607,812	2,844,450
Other operating expenditure	4	8,120	(68,177)
Depreciation and impairment charges	4	418,795	324,169
Provision expense (released)	4	76,622	346,805
CVU expenditure;			
Prepayment impairment movement	4	(38,302)	(79,664)
Inventory write off	4	294,703	203,377
Provision movement	4	(141,380)	(473,854)
<b>Total operating expenditure</b>		<b>2,615,797</b>	<b>3,579,201</b>
<b>Net operating expenditure</b>		<b>2,317,537</b>	<b>3,243,360</b>
Finance income	5	(4)	-
Finance expense	4	717	286
<b>Net expenditure for the year</b>		<b>2,318,250</b>	<b>3,243,646</b>
Loss/(gain) on transfer by absorption	6	-	543,585
Donated COVID-19 vaccine	12	-	(430,111)
<b>Net expenditure for the year (after absorption loss/(gain))</b>		<b>2,318,250</b>	<b>3,357,120</b>
<b>Other comprehensive net expenditure</b>			
Items which will not be reclassified to net operating costs:			
Net loss / (gain) on revaluation of right of use assets	9	(232)	-
Net loss/(gain) on revaluation of investments	15	-	18,350
Net loss/(gain) on revaluation of property, plant and equipment	7	(31,196)	(49,455)
Net loss/(gain) on revaluation of intangibles	8	(737)	-
<b>Comprehensive net expenditure for the year</b>		<b>2,286,085</b>	<b>3,326,015</b>

<sup>1</sup> There have been various restatements in relation to financial year ending 31 March 2023. The restated balances are used throughout these accounts. For details of these restatements, in all cases please refer to Note 24.

All income and expenditure arises from continuing activities.  
The notes on pages 163 to 216 form part of these accounts.

## Statement of Financial Position


As at 31 March 2024

	Notes	31 March 2024 £'000	RESTATED <sup>1</sup> 31 March 2023 £'000
<b>Non-current assets:</b>			
Property, plant and equipment	7	545,175	840,698
Intangible assets	8	70,687	54,423
Right of use assets	9	36,759	26,906
Investment property	20	14,452	15,236
Other non-current assets	14	18	18
CVU prepayment	14	-	106,035
<b>Total non-current assets</b>		<b>667,091</b>	<b>1,043,316</b>
<b>Current assets:</b>			
Trade and other receivables	14	212,678	400,685
CVU prepayment	14	163,648	131,724
Non CVU Inventories	12	436,695	457,027
CVU inventory	12	172,237	460,014
Biological assets	13	15,334	15,334
Cash and cash equivalents	16	47,608	155,624
<b>Total current assets</b>		<b>1,048,200</b>	<b>1,620,408</b>
<b>Total assets</b>		<b>1,715,291</b>	<b>2,663,724</b>
<b>Current liabilities</b>			
Trade payables and other current liabilities	17	(130,858)	(421,242)
Lease Liabilities	9	(5,686)	(7,732)
Non CVU provisions	18	(173,150)	(118,599)
CVU provision	18	(5,067)	(369,251)
<b>Total current liabilities</b>		<b>(314,761)</b>	<b>(916,824)</b>
<b>Total assets less current liabilities</b>		<b>1,400,530</b>	<b>1,746,900</b>
<b>Non-current liabilities</b>			
Non CVU provisions	18	(6,633)	(16,276)
CVU provision	18	-	(1,424)
Lease liabilities	9	(27,685)	(20,864)
<b>Total non-current liabilities</b>		<b>(34,318)</b>	<b>(38,564)</b>
<b>Assets less liabilities</b>		<b>1,366,212</b>	<b>1,708,336</b>
<b>Taxpayer's equity</b>			
General fund		1,204,368	1,574,627
Revaluation reserve		161,844	133,709
<b>Total taxpayer's equity</b>		<b>1,366,212</b>	<b>1,708,336</b>

<sup>1</sup> There have been various restatements in relation to financial year ending 31 March 2023. The restated balances are used throughout these accounts. For details of these restatements, in all cases please refer to Note 24.

UKHSA has reviewed its accounting treatment of its Culture Collection and as such recognised a new class of current assets, Biological Assets, under IAS41.

The notes on pages 163 to 216 form part of these accounts. The financial statements on pages 157 to 162 were signed by:

A handwritten signature in cursive script that reads "Jennifer Harries".

Professor Dame Jenny Harries,  
Accounting Officer  
9 December 2024

## Statement of Cash Flows

Year ended 31 March 2024

	Notes	2023-24 £'000	RESTATED <sup>1</sup> 2022-23 £'000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(2,317,537)	(3,243,360)
Adjustments for non-cash transactions			
Auditor remuneration	4	960	650
Loss on de-recognition of property, plant and equipment and intangible assets	4	3,030	9,697
Unrealised foreign exchange (gains) and losses		13,314	11,041
(Gain) / loss on revaluation of investments properties	20	784	-
(Gain) / loss on recognition of biological assets	4	-	(14,552)
Amortisation and depreciation	4	120,546	120,558
Movement on expected credit losses and bad debt write-offs	4	(709)	257
PPE and intangible impairments	7/8	298,135	194,444
Right of use asset impairment	9	114	6,695
Prepayment impairment	4	(39,842)	336
Adjustment for working capital movements arising from absorption transfers	6	-	231,939
(Increase) / decrease in trade and other receivables	14	262,118	(313,069)
(Increase) / decrease in inventories	12	308,111	185,442
Donated COVID-19 vaccine	12	-	430,111
Increase / (decrease) in trade and other payables	17	(290,384)	(1,727,720)
Movement in working capital balances relating to items not passing through the SOCNE	12	4,344	(7,275)
Provision provided for in the year less provisions not required written back	18	(64,758)	(127,049)
Provisions utilised in the year	18	(31,714)	(32,564)
Transfer of provisions to accruals and inventory	18	(224,226)	(232,647)
Unwinding of discounts	18	-	915
Other non-cash movements in SOFP		-	(1,996)
Non-cash movements in SOFP - inventory prepayments	4	39,842	(336)
Non-cash movements in SOFP – FX losses	4	(13,314)	(11,041)



	Notes	2023-24 £'000	RESTATED <sup>1</sup> 2022-23 £'000
Other operating cashflows		760	(669)
<b>Net cash outflow from operating activities</b>		<b>(1,930,426)</b>	<b>(4,520,193)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(66,262)	(202,509)
Purchase of intangible assets	8	(42,711)	(3,585)
Proceeds of disposal of property, plant and equipment & intangible assets	8	2	3,219
Finance income	5	-	-
<b>Net cash outflow from investing activities</b>		<b>(108,971)</b>	<b>(202,875)</b>
<b>Cash flows from financing activities</b>			
Net parliamentary funding		1,943,001	4,672,000
Payments in respect of finance leases	9	(11,620)	(8,906)
<b>Net cash inflow from financing activities</b>		<b>1,931,381</b>	<b>4,663,094</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>(108,016)</b>	<b>(59,974)</b>
Cash and cash equivalents at the beginning of the period	16	155,624	215,598
Cash and cash equivalents at the end of the period	16	47,608	155,624
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>(108,016)</b>	<b>(59,974)</b>

<sup>1</sup> There have been various restatements in relation to financial year ending 31 March 2023. The restated balances are used throughout these accounts. For details of these restatements, in all cases please refer to Note 24.

The notes on pages 163 to 216 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

Year ended 31 March 2024

	Notes	General fund £'000	Revaluation reserve £'000	Total £'000
Balance at 1 April 2023		1,574,627	133,709	1,708,336
Other adjustment		2	(1)	1
Net parliamentary funding		1,943,001	-	1,943,001
Net gain on revaluation of investments	15	-	-	-
Non-cash charges: Auditor's remuneration	4	960	-	960
Net gain on revaluation of property, plant and equipment	7	-	31,195	31,195
Net gain on revaluation of intangibles	8	-	737	737
Net gain on revaluation of right of use assets		-	232	232
Release of revaluation reserves in respect of de-recognised assets		4,028	(4,028)	-
Net expenditure for the year (after absorption loss/(gain))		(2,318,250)	-	(2,318,250)
<b>Balance at 31 March 2024</b>		<b>1,204,368</b>	<b>161,844</b>	<b>1,366,212</b>

Year ended 31 March 2024

	Notes	RESTATED <sup>1</sup> General fund £'000	Revaluation reserve £'000	RESTATED <sup>1</sup> Total £'000
Balance at 1 April 2022		293,845	84,264	378,109
Other adjustment		(19,465)	(161)	(19,626)
Net parliamentary funding		4,672,000	-	4,672,000
Net loss on revaluation of investments	15	(18,350)	-	(18,350)
Non-cash charges: Auditor's remuneration	4	650	-	650
Net gain on revaluation of property, plant and equipment	7	-	49,616	49,616
Release of revaluation reserves in respect of de-recognised assets		10	(10)	-
Impact of IFRS 16 peppercorn leases		3,057	-	3,057
Net expenditure for the year (after absorption loss/(gain))		(3,357,120)	-	(3,357,120)
<b>Balance at 31 March 2023</b>		<b>1,574,627</b>	<b>133,709</b>	<b>1,708,336</b>

1 There have been various restatements in relation to financial year ending 31 March 2023. The restated balances are used throughout these accounts. For details of these restatements, in all cases please refer to Note 24.

The notes on pages 163 to 216 form part of these accounts.

# Notes to the Financial Statements

## 1 Statement of accounting policies

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HM Treasury has directed UK Health Security Agency, in accordance with Section 7(2) of the Government Resources and Accounts Act 2000 to prepare financial statements in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of UKHSA for the purpose of giving a true and fair view has been selected. The policies adopted by UKHSA are described below. They have been applied consistently in dealing with items considered material to the accounts.

### 1.2 Operating segments

In accordance with IFRS 8, UKHSA's activities are considered to fall within four distinct segments: operational activities, COVID-19 related activities (excluding vaccines), vaccines and emergency countermeasures (excluding COVID-19 vaccines) and COVID-19 vaccines (CVU). These operating segments reflect the information provided to the Chief Executive, UKHSA's Executive Committee and Advisory Board. Details of income and expenditure of each of the segments are shown in Note 2 and are disclosed in more detail within the relevant notes to the accounts.

### 1.3 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation to fair value of property, plant and equipment, investment property, intangible assets, stockpiled goods and certain financial assets and financial liabilities.

### 1.4 Going concern

These accounts have been prepared on a going concern basis. Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

By virtue of the Health and Social Care Act 2012, UKHSA exists as an executive agency established within the Department of Health and Social Care (DHSC). The appropriateness of preparation of UKHSA's accounts on a going concern basis is supported by the Government and DHSC's continued commitment to funding UKHSA as illustrated by the 2024-25 main estimates. Similarly to other government

departments, UKHSA expects the outcome of the Spending Review for 2025-26 onwards late in financial year 2024-25. The organisation has every expectation that its functions will continue to be funded.

### 1.5 Grants payable

Grants made by UKHSA are recognised as expenditure in the period when the recipient is entitled to the grant and the amount can be reliably estimated; the payments match consumption which reflects the expected needs of the recipient and therefore entitlement of the grant. This is in accordance with IAS 20 and the FReM.

### 1.6 Value added tax (VAT)

UKHSA is registered for VAT. VAT is charged on invoices for business contracts relating to products, services and research activities. UKHSA recovers part of its input VAT proportionate to its business activities in relation to total income. Expenditure is shown net of recoverable VAT. Non-recoverable VAT is charged to the relevant expenditure category or capitalised if it relates to a non-current asset. Non-recoverable VAT is not recognised until the point of invoicing in relation to assets capitalised under IFRS 16, and is expensed at this point.

### 1.7 Audit costs

UKHSA is audited by the Comptroller and Auditor General. No cash charge is made for this service but a notional charge reflecting the cost of audit is included in expenditure. This notional charge covers the audit costs in respect of UKHSA's annual report and accounts. No other audit or non-audit services were provided.

### 1.8 Income

Net parliamentary funding received from DHSC is treated as a contribution from a controlling party rather than as operating income and is, therefore, credited directly to the general fund as it is received.

In accordance with IFRS 15, UKHSA recognises revenue from contracts with customers when they satisfy the applicable performance obligation, thereby matching revenue to performance obligations under the 5-step income recognition policy determined by the standard. Income streams are shown in note 5 with the principles of IFRS 15 adopted as follows:

#### Laboratory and other services

This income predominantly relates to the provision of laboratory tests which have a set price. The performance obligation is the delivery of the test result. Revenue is recognised once the tests are complete. Where laboratory services have more than one performance obligation, revenue is recognised proportionally across the performance obligations. This also includes revenue relating to the sale of culture collections.

### Products and royalties

This income predominantly relates to contracts for royalties, based on a percentage of sales made by third parties or on the use of specific intellectual property. This is recognised as the underlying sales are made by the third party or on receipt.

### Education and training

The performance obligation and revenue are recognised on the delivery of training at an agreed price.

### Vaccines income

This predominantly relates to the income earned from the UK's Devolved Administrations (DAs) for access to stockpiled goods held by UKHSA. The performance obligation is the availability of vaccines on demand with the revenue recognised over the life of the contract at a contracted price. Until 1 October 2022, when UKHSA assumed responsibility for direct purchasing of COVID-19 vaccines following the transfer in of the CVU, UKHSA received COVID-19 vaccines from DHSC resulting in donated gains as referred to in notes 1.14 and 2, within the prior period.

### Research and related contracts and grants

The performance obligation is the provision of the research and revenue is recognised over the life of the contract at the contracted price.

### Grants from the United Kingdom government, Grants from the European Union

These are outside the scope of IFRS 15 and are accounted for under IAS 20, as adapted for the public sector as detailed in the Government Financial Reporting Manual.

### Other operating income

This covers a variety of non-standard income streams including contributions from the NHS for marketing campaigns at an agreed price (for which the performance obligation is the provision of the campaign with revenue recognised as the campaign is launched) and the contractual service charge for Porton Biopharma Ltd (for which the performance obligation is the provision of corporate services; revenue is recognised over the life of the contract).

Rental from investment property, interest receivable and income from dividends are outside the scope of IFRS 15 and are accounted for accordance with IFRS 9.

Standard payment terms for all customers are 30 days. No contracts have significant financing components.

## 1.9 Non-current assets: property, plant and equipment

### Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential will be supplied to, UKHSA
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably; and either
- the item cost at least £5,000 or
- collectively, a number of items have a total cost of at least £5,000 where the items are purchased together and will be used for the same common operational purpose and not distributed to various operational or geographical activities and each item is assessed as having a similar useful life so that they are all likely to have simultaneous disposal dates and are under single managerial control.

Where an asset includes several components with significantly different asset lives, the components are treated as separate assets and depreciated over their individual useful economic lives.

### Valuation of property, plant and equipment

All property, plant and equipment is measured initially at cost representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. It is classified under assets under construction, until the point at which the asset is capable of being brought into use. All assets are measured subsequently at fair value.

The fair value of freehold land and buildings is determined by an independent valuation carried out every five years in accordance with guidance issued by the Royal Institute of Chartered Surveyors with an interim desktop valuation performed in intervening years. The latest interim desktop valuation was provided as at 31 March 2024. Valuation is on an open market (existing use) basis except for buildings of a specialised nature, where a market value is not readily obtainable, which are valued on a depreciated replacement cost in existing use basis. A full (non-desktop) valuation was last undertaken on 31 March 2021 by RICS Registered Valuers from the Valuation Office Agency.

Other property, plant and equipment are valued at depreciated replacement cost in existing use, which is used as a proxy for fair value. The depreciated replacement cost in existing use is calculated by applying, annually, the producer price indices published by the Office for National Statistics (ONS). Management consider that these are the most appropriate indices for this purpose.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is only recognised as an impairment charged

to the revaluation reserve when it does not result from a loss in the economic value or service potential and only to the extent that there is a balance on the reserve for the asset. Any excess over that reserve balance is charged to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Gains and losses recognised in the revaluation reserve are reported in the statement of changes in taxpayers' equity.

### Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to expenditure.

### Assets under construction

Assets in the course of construction are carried at cost, less any impairment loss. Cost includes professional fees. They are reclassified when they are capable of being brought into use, and from that point their cost is depreciated and revalued in the same way as other assets within their new classification.

### Stockpiled goods

Strategic goods held for use in national emergencies (stockpiled goods) are held as non-current assets within property, plant and equipment. The purchase of stockpiled goods is a result of government policy, and correspondingly has parliamentary approval. It ensures UKHSA holds an emergency stockpile for an event which it is hoped will not transpire.

Stockpiled goods are reviewed during the period in terms of expiry profiles and their continued appropriateness for inclusion in the stockpile. Stockpiled goods are depreciated over their expected lives.

## 1.10 Non-current assets: intangibles

Intangible non-current assets are non-monetary assets without physical substance, which are capable of sale separately or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, UKHSA, where the cost of the asset can be measured reliably; and where the cost is at least £5,000. Intangible non-current assets within UKHSA generally comprise of software and websites.

Intangible non-current assets acquired separately are initially recognised at cost. Software that is integral to the operation of hardware is capitalised as part of the relevant item of PPE. Software that is not integral to the operation of hardware is capitalised as an intangible asset.

Following initial recognition, intangible assets are carried at current value in existing use by reference to an active market, or, where no active market exists, at the lower of amortised replacement cost or value in use where the asset is income generating. The amortised replacement cost in existing use is calculated by applying, annually, the producer price indices published by the Office for National Statistics (ONS). Management consider that these are the most appropriate indices for this purpose.

### 1.11 Non-current assets: investment property

Investment property assets are valued on the same basis as property, plant and equipment assets, i.e., they are initially measured at cost and subsequently at depreciated replacement cost in existing use being used as a proxy for fair value. Movements in fair value are recognised as a profit or loss in the Statement of Comprehensive Net Expenditure.

The fair value of investment property is determined by an independent valuation carried out every five years in accordance with guidance issued by the Royal Institute of Chartered Surveyors with an interim desktop valuation performed in intervening years.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by commencement of owner-occupation, for a transfer from investment property to owner-occupied property. The investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

### 1.12 Biological assets

UKHSA is the UK (and the primary European) custodian of cell cultures. This includes animal, bacterial, fungal, and viral cultures. Culture Collections hold these cultures both for the sake of the nation, and for sale.

IAS 41 is the Agricultural Accounting Standard. The standard applies to biological assets (excluding bearer plants) and agricultural produce at the point of harvest.

#### Masters

Masters stocks are alive (though held in cryostasis) and held to produce other biological assets and therefore should be accounted for under the accounting standard IAS 41 and should be held at fair value unless this can't be measured reliably.

As UKHSA have a monopoly on masters cell lines and these are not traded on the open market, management would apply a rebuttal of presumption on their valuation and hold these at nil value in their balance sheet. It is also not possible to measure cost as these were donated over the last 70+ years to UKHSA.

#### Transactable

Transactable stock (also known as transactables) is still alive (though held in cryostasis) and should therefore be classed as a biological asset and held at Fair Value per IAS 41.

Fair value has been determined by taking the average sales price if it has been sold in FY 22/23 and the listed sales price (less a 25.3% weighted average distributor discount) if it has not been sold in FY 22/23.

Transactable stock where there have been fewer than 3 sales per year on average for the last 12 years is deemed to have a market value of nil as there have not been transactions with sufficient regularity for that value to be determined.



## Derivatives

Derivatives should be classed as inventory; they are an agricultural product which has been produced by harvesting it from the cell cultures. They are not alive. These are produced from transactable stock and are therefore transferred into inventory at the lower of net realisable value or the fair value of transactable stock plus the cost of processing.

Given that derivatives are sold at a lower price than their equivalent transactables, they are valued at their sales price.

They are sold at a lower price because researchers can re-bank their own stocks of cell lines (for research purposes only) from a single transactable, whereas they can't produce additional derivatives, hence the price charged for a transactable is higher.

### 1.13 Research and development

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Development expenditure is capitalised to the extent that it results in the creation of an asset and only if, all the following have been demonstrated from the date when the criteria for recognition are initially met:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to reliably measure the expenditure attributable to the intangible asset during its development. The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred

Where no internally generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

### 1.14 Depreciation, amortisation and impairments

Freehold land, assets under construction or development, investment property and assets held for sale are not depreciated / amortised.

Otherwise, depreciation or amortisation, as appropriate, is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, on a straight-line basis over their estimated remaining useful lives.

The estimated useful life of an asset is determined on an individual asset basis by the period over which UKHSA expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year-end, with the effect of any changes recognised on a prospective basis.

Expected useful lives are as follows:

Asset category	Expected useful life
Freehold buildings	Up to 60 years
Freehold land	Not depreciated
Refurbishments	Up to 20 years
Fixtures and fittings	5 to 20 years
Plant and equipment	5 to 20 years
Vehicles	7 years
Information technology equipment	3 to 15 years
Software licences	The life of the licence or 3 years
Website	3 to 10 years
Databases	3 to 10 years
Stockpiled goods	Based on the expiry date of the product, or later if there is sufficient evidence of the product still being effective at this date.

At each financial year-end, UKHSA determines whether there is any indication that its property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is an indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset being impaired and, thereafter, to expenditure.

### 1.15 Leases

A lease is a contract, or part of a contract, that conveys the right to control the use of an asset for a period of time in exchange for consideration. UKHSA assesses whether a contract is or contains a lease, at inception of the contract.

#### UKHSA as Lessee

A right-of-use asset and a corresponding lease liability are recognised at commencement of the lease.

The lease liability is initially measured at the present value of the future lease payments, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the prescribed HM Treasury discount rates are used as the incremental borrowing rate to discount future lease payments.

The FReM provides an option to use cost as a reasonable proxy for the value of the right of use asset. Where this option is taken a rate implicit in the lease cannot be determined as it is not possible to complete a comparison between the right of use asset value and the undiscounted future lease payments. Therefore in these circumstances the HMT rate is used.

The HM Treasury incremental borrowing rate of 3.51% is applied for leases commencing, transitioning, or being remeasured in the 2023 calendar year under IFRS 16.

UKHSA had no leases commencing in the 2024 calendar year that formed part of FY 23/24.

For transition as at 1 April 2022, lease liabilities were measured at the present value of the remaining lease payments and discounted at the treasury defined rate of 0.95%.

Lease payments included in the measurement of the lease liability comprise of;

- fixed payments
- variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement
- the amount expected to be payable under residual value guarantees
- the exercise price of purchase options, if it is reasonably certain the option will be exercised
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured by increasing the carrying amount for interest incurred using the effective interest method and decreasing the carrying amount to reflect the lease payments made. The lease liability is remeasured, with a corresponding adjustment to the right-of-use asset, to reflect any reassessment of or modification made to the lease.

The right-of-use asset is initially measured at an amount equal to the initial lease liability adjusted for any lease prepayments or incentives, initial direct costs or an estimate of any dismantling, removal or restoring costs relating to either restoring the location of the asset or restoring the underlying asset itself, unless costs are incurred to produce inventories.

The subsequent measurement of the right-of-use asset is consistent with the principles for subsequent measurement of property, plant and equipment. Right-of-use assets for leases for which current value in use is not expected to fluctuate significantly due to changes in market prices and conditions are valued at depreciated historical cost as a proxy for current value in existing use.

Other than leases for assets under construction and investment property, the right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is tested for impairment if there are any indicators of impairment and impairment losses are accounted for as described in the 'Depreciation, amortisation and impairments' policy.

Peppercorn leases are defined as leases for which the consideration paid is nil or nominal (that is, significantly below market value). Peppercorn leases are in the scope

of IFRS 16 if they meet the definition of a lease in all aspects apart from containing consideration.

For peppercorn leases a right-of-use asset is recognised and initially measured at current value in existing use. The lease liability is measured in accordance with the above policy.

Any difference between the carrying amount of the right-of-use asset and the lease liability is recognised as income as required by IAS 20 as interpreted by the FReM.

Leases of low value assets (value when new less than £5,000) and short-term leases of 12 months or less are recognised as an expense on a straight-line basis over the term of the lease.

### UKHSA as Lessor

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

When the organisation is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease classification is assessed with reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the organisation's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment in the lease.

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

## 1.16 Inventories

Consumable inventories are valued at the lower of cost and net realisable value on a first expiry, first out basis.

### Covid vaccines

Until 30 September 2022, when the COVID Vaccine Unit (CVU) transferred from DHSC to UKHSA, COVID-19 vaccines were donated from the Department for Business, Energy & Industrial Strategy (BEIS) via DHSC and held at the agreed 'transfer cost' as recognised by DHSC and UKHSA; this includes VAT and any other costs in bringing the inventory to its current state.

The stocks are issued on a first expired, first out (FEFO) basis. Inventory acquisitions are offset by a SoCNE non-cash gain on donation. This only applies to the prior period of this set of accounts.

From 1 October 2022, when UKHSA assumed responsibility for direct purchasing of COVID-19 vaccines via the CVU, COVID-19 vaccines are initially recognised at cost and thereafter at the lower of cost and net realisable value.

Where Covid Vaccines are not expected to be used, they are impaired. This can result in material impairment balances in the account. A full summary of the accounting for Covid Vaccines is supplied in Note 22.

### Vaccines and countermeasure response inventory

Supportive Medicines, Pandemic Influenza Preparedness Programme (PIPP) stocks bought for use and treatment medicines are held at the lower of cost and net realisable value. The stocks are issued on a FEFO basis.

### Test and Trace inventory

Test and Trace inventories have been valued per the application of IAS 2. Given the extent of inventory procured that is able to be identified as ordinarily interchangeable i.e., similar items with a similar use such that a product can be reasonably substituted for another, UKHSA has employed the weighted average cost (WAC) basis for deriving the cost of its inventory. A WAC was calculated each month for each functionally interchangeable stock (FIS) category.

In determining the appropriate net realisable value, market values were identified for each FIS category. The purpose of holding the inventory was also considered per the requirements of IAS 2. Exercises such as identifying damaged stock, stock that is not suitable, excess stock or stock close to expiry, have all impacted on the level of impairment of inventory detailed in Note 12.

## 1.17 Cash and cash equivalents

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

Cash and bank balances are recorded at current values. Interest earned on bank accounts and interest charged on overdrafts are recorded as, respectively, 'interest receivable' and 'interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

## 1.18 Provisions

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

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates. In accordance with the requirements of IAS 37 UKHSA only discounts provisions where the effect of discounting would be material. As at 31 March 2023 and throughout 2023-24 no provisions were discounted on materiality grounds.

## 1.19 Financial instruments

### 1.19.1 Financial assets

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

Financial assets are classified into the following categories:

- financial assets at amortised cost and;
- financial assets at fair value through other comprehensive income.

The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

#### Financial assets at amortised cost

Financial assets measured at amortised cost are those held within a business model whose objective is achieved by collecting contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables and other simple debt instruments. After initial recognition these financial assets are measured at amortised cost using the effective interest method less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

#### Financial assets at fair value through other comprehensive income

Financial assets held at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

This includes Porton Biopharma Limited.

UKHSA has made the irrevocable election to measure its investments and loans receivable at fair value through other comprehensive income. This means that changes in fair value will not pass through income and expenditure. The election was made as UKHSA does not hold its equity investment in PBL for the purpose of selling it in the near term and, as such, changes in fair value are not taken into account when measuring UKHSA's operational performance.

#### Impairment of financial assets

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds and Exchequer Funds assets where repayment is ensured by primary legislation. UKHSA therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies and UKHSA does not recognise allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

### 1.19.2 Financial liabilities

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

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

### 1.20 Accounting standards that have been issued but not yet been adopted

The FReM does not require the following IFRS Standards and Interpretations to be applied in 2023-24.

The below standards are still subject to HM Treasury FReM adoption, with the government implementation date for IFRS 17 still subject to HM Treasury consideration (it is expected to be from 1 Apr 2025):

IFRS 17 Insurance Contracts (which replaces IFRS 4 Insurance Contracts) – Application required for accounting periods beginning on or after 1 January 2023 in non-Government accounting and for FReM bodies from 1 April 2025: adoption is not therefore permitted. The application implications of IFRS 17 as revised have not been fully analysed but are not expected to have a material impact on the accounts for 2023-24, were they applied in that year.

IFRS 18 Presentation and disclosure in financial statements - Application required for accounting periods beginning on or after 1 January 2027 in non-Government accounting but not yet adopted by the FReM and adoption is therefore not permitted. The application implications of IFRS 18 have not been analysed.

IFRS 19 Subsidiaries without public accountability - Application required for accounting periods beginning on or after 1 January 2027 in non-Government accounting but not yet adopted by the FReM and adoption is therefore not permitted. The application implications of IFRS 19 have not been analysed but are not expected to have a material impact on the accounts for 2023-24, were they applied in that year.

### 1.21 Significant accounting policies and material judgements

Estimates and the underlying assumptions are reviewed on a regular basis by UKHSA's senior management. Provisions and accruals have been included considering all relevant facts as they are known.

#### Valuation of land and buildings

The fair value of freehold land and buildings is determined by an independent valuation carried out every five years (and on a desktop basis each intervening year) in accordance with guidance issued by the Royal Institute of Chartered Surveyors. Valuation is on an open market (existing use) basis except for buildings of a

specialised nature, where a market value is not readily obtainable, which are valued on a depreciated replacement cost in existing use basis. A full valuation was last undertaken on 31 March 2021, and a desktop valuation last undertaken on 31 March 2024, by RICS Registered Valuers from the Valuation Office Agency.

### IAS 36 Impairments

Management makes judgements on whether there are any indications of impairment to the carrying amounts of UKHSA's assets. During the year management has made significant judgements in relation to the impairment of inventories and the Harlow site

#### Test and Trace inventory

Test and Trace inventory is subject to an adjustment to its net realisable value where this has dropped below weighted average cost by financial year-end. This impairment reflects a reduction in the market price of these items during the accounting period. A further impairment is subsequently made to the proportion of inventory where UKHSA estimates the items have an expiry date prior to their expected usage date.

The impairment ordering (market price adjustment first followed by the expiry date driven impairment) presents the most transparent view of the individual factors driving the diminution in inventory value. The impairment for fluctuations in market value reflects the full cumulative change in market price of the inventory since the point of purchase, with the impairment of inventory with an expiry date prior to the expected date of usage reflecting only the additional value reduction (based on the net realisable value of the inventory) that would not have been incurred regardless via market price fluctuations. The impairment is estimated based on estimates of future demand and predicts possible losses that may occur in future accounting periods. The overall value of the impairment remains the same regardless of the ordering of the calculation.

### COVID-19 vaccines

UKHSA is party to a number of contracts for the delivery of COVID-19 vaccines. As a result of the reduction in the prevalence and severity of COVID-19 and the development of new and improved vaccines it is now expected that not all the vaccines delivered will be used. As such, an impairment is made to inventory where UKHSA estimates the items will have an expiry date prior to their expected usage date. The level of impairment is influenced by government policy; for example the cohort size and vaccine type agreed for each vaccination campaign.

### IAS 37 Provisions

Judgement is made on the best estimate that can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. These provisions include onerous contract provisions associated with COVID-19 vaccines. These provisions represent UKHSA's best estimate of the value of vaccines UKHSA is committed to purchasing under non-cancellable contracts at 31 March 2024 which will be surplus to requirements.



## 1.22 Absorption transfers

When functions transfer between two public sector bodies (except for department-to-department transfers) the FReM requires the application of 'absorption accounting'. Absorption accounting requires that entities account for their transactions in the period in which those transactions took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Net Expenditure and is disclosed separately from operating costs.

In 2023-24 one function, the Medicines Procurement Unit transferred into UKHSA from DHSC, however this did not result in the transfer of any assets or liabilities and as a result no disclosure is included in Note 6.

In 2022-23 three functions transferred into UKHSA. Details of the value of assets and liabilities transferred for each, is included in Note 6 Absorption Transfers.

## 2 Statement of Operating Costs by Operating Segment

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UKHSA's income/expenditure is derived/incurred in four distinct segments, which are primarily and substantially related to its remit to improve public health and reduce preventable deaths.

These are:

- Operational activities as funded through parliamentary supply
- COVID-19 related activities (excluding vaccines – see notes below)
- Vaccines and emergency countermeasures (excluding COVID-19 vaccines)
- COVID-19 Vaccines (including those purchased and managed by the COVID Vaccine Unit – CVU)

These segments are determined on the basis of their segregated ring-fenced funding.

UKHSA reports against these four distinct reporting segments as defined within the scope of IFRS 8 (Segmental Reporting) under paragraph 12 (aggregation criteria). UKHSA management consider that all operational activities are inter-related and contiguous and fall within the objectives of improving public health and reducing preventable deaths.

Laboratory and other services includes education and training. Other operating income includes income from rental properties.

	Operational activities	COVID-19	Vaccine and Emergency Counter-measures	COVID-19 Vaccines (CVU)	2023-24 Total
	£'000	£'000	£'000	£'000	£'000
Laboratory and other services <sup>1</sup>	(90,600)	(930)	(37)	-	(91,567)
Products and royalties	(68,290)	(2)	-	-	(68,292)
Vaccines income	-	-	(116,122)	-	(116,122)
Research and grant income	(15,763)	-	-	-	(15,763)
Other operating income	(4,687)	(1,829)	-	-	(6,516)
<b>Income</b>	<b>(179,340)</b>	<b>(2,761)</b>	<b>(116,159)</b>		<b>(298,260)</b>
Operating expenditure	213,892	117,397	695,315	589,328	1,615,932
Staff costs	352,063	30,757	-	6,607	389,427
Depreciation & amortisation	73,762	3,352	43,432	-	120,546
Impairment / (reversals) of non-current assets	296,610	1,639	-	-	298,249
Provision provided for/ (released) in year	92	79,275	(2,745)	-	76,622
<b>CVU expenditure:</b>					
Inventory prepayment impairments				(38,302)	(38,302)
Inventory revaluation & write off				294,703	294,703
Provision provided for / (release) in year				(141,380)	(141,380)
<b>Total operating expenditure</b>	<b>936,419</b>	<b>232,420</b>	<b>736,002</b>	<b>710,956</b>	<b>2,615,797</b>
<b>Net operating expenditure</b>	<b>757,079</b>	<b>229,659</b>	<b>619,843</b>	<b>710,956</b>	<b>2,317,537</b>
Finance income	(4)	-	-	-	(4)
Finance expense	677	40	-	-	717
<b>Total net expenditure per statement of comprehensive net expenditure</b>	<b>757,752</b>	<b>229,699</b>	<b>619,843</b>	<b>710,956</b>	<b>2,318,250</b>

<sup>1</sup> Laboratory and other services includes Education and services.

	RESTATED Operational activities  £'000	RESTATED COVID-19  £'000	RESTATED Vaccine and Emergency Counter- measures  £'000	RESTATED COVID-19 Vaccines (CVU  £'000)	RESTATED 2022-23 Total  £'000
Laboratory and other services <sup>1</sup>	(86,461)	120	-	-	(86,341)
Products and royalties	(61,469)	45	-	-	(61,424)
Vaccines income	(1)	-	(104,373)	-	(104,374)
Research and grant income	(19,232)	(497)	-	(116,048)	(135,777)
Other operating income	(6,152)	(156)	(11,655)	70,038	52,075
<b>Income</b>	<b>(173,315)</b>	<b>(488)</b>	<b>(116,028)</b>	<b>(46,010)</b>	<b>(335,841)</b>
Operating expenditure	265,204	1,331,129	685,110	494,830	2,776,273
Staff costs	363,603	115,663	-	2,829	482,095
Depreciation & amortisation	70,212	7,151	43,195	-	120,558
Impairment of non current assets	22,099	181,512	-	-	203,611
Provisions expense	(34,449)	91,020	6,226	284,008	346,805
<b>CVU expenditure:</b>					
Prepayment				(79,664)	(79,664)
Inventory write off				203,377	203,377
Provision				(473,854)	(473,854)
<b>Total operating expenditure</b>	<b>686,669</b>	<b>1,726,475</b>	<b>734,531</b>	<b>431,526</b>	<b>3,579,201</b>
<b>Net operating expenditure</b>	<b>513,354</b>	<b>1,725,987</b>	<b>618,503</b>	<b>385,516</b>	<b>3,243,360</b>
Finance expense	286	-	-	-	286
<b>Total net expenditure per statement of comprehensive net expenditure</b>	<b>513,640</b>	<b>1,725,987</b>	<b>618,503</b>	<b>385,516</b>	<b>3,243,646</b>

<sup>1</sup> Laboratory and other services includes Education and services.

Statement of Operating Costs by Operating Segments has been restated in respect of CVU. Please see note 22 for details.

## Description of segments

### Operational activities

Operational activities are undertaken by UKHSA and are funded through parliamentary supply.

### Vaccine and Emergency Countermeasures

This operating segment primarily represents the costs of vaccines used on a regular basis in relation to day-to-day public health management, vaccines (excluding COVID-19) utilised in public health emergencies, and the costs of maintaining stockpiled goods held for use in national emergencies.

### COVID-19

COVID-19 expenditure relates to COVID-19 testing as well as all other activities related to COVID-19 excluding the work of the COVID Vaccine Unit.

### COVID-19 Vaccines (CVU)

This segment relates primarily to the COVID-19 Vaccine Unit, which is responsible for the procurement of COVID-19 vaccines and transferred to UKHSA from DHSC during 2022-23.

### Analysis of the key items of expenditure from Note 4 across the operating segments

Supply of COVID-19 vaccines totalled £596 million and is exclusively disclosed in the COVID-19 vaccines segment as would be expected.

UKHSA experienced inventory revaluations and write offs across all segments. £42k related to UKHSA Core with the remainder relating to all 3 other segments; Vaccine and Emergency Countermeasures £32.9 million, COVID-19 -£5.2 million and COVID-19 Vaccines £295 million. These are disclosed within operating expenditure.

Other inventories consumed totalled £561 million and is exclusively disclosed in the Vaccine and Emergency Countermeasures segment. This is disclosed within operating expenditure.

The above segmentation aligns with reporting to the Executive Committee.

### 3 Staff costs

	2023-24		
	Permanently employed staff	Other staff	Total
	£'000	£'000	£'000
Wages and salaries	234,534	66,309	300,843
Social security costs	26,035	3,945	29,980
Apprenticeship Levy	1,328		1,328
Pension costs	52,084	8,287	60,371
<b>Subtotal</b>	<b>313,981</b>	<b>78,541</b>	<b>392,522</b>
Redundancy and other departure costs	1,875	-	1,875
Less recoveries in respect of outward secondments	(814)	-	(814)
Less recoveries in respect of staff engaged on capital projects	(4,156)	-	(4,156)
<b>Total net costs</b>	<b>310,886</b>	<b>78,541</b>	<b>389,427</b>

	2022-23		
	Permanently employed staff	Other staff	Total
	£'000	£'000	£'000
Wages and salaries	201,696	197,420	399,116
Social security costs	20,448	7,692	28,140
Apprenticeship Levy	1,237	-	1,237
Pension costs	42,562	16,082	58,644
<b>Subtotal</b>	<b>265,943</b>	<b>221,194</b>	<b>487,137</b>
Redundancy and other departure costs	746	-	746
Less recoveries in respect of outward secondments	(739)	-	(739)
Less recoveries in respect of staff engaged on capital projects	(5,049)	-	(5,049)
<b>Total net costs</b>	<b>260,901</b>	<b>221,194</b>	<b>482,095</b>

There was a significant reduction in costs associated with “Other staff costs” in 2023-24. This reflects a year of continued transition for UKHSA. The reduced other staff costs reflect UKHSA having stabilised its workforce and significantly reduced its reliance on agency and contractor resource.

Please also see page 131 in the Remuneration and staff report.

## 4 Other expenditure

	2023-24	RESTATED <sup>1</sup> 2022-23
<b>Purchase of goods and services</b>	<b>£'000</b>	<b>£'000</b>
Accommodation	32,033	27,351
Education, training and conferences	5,045	2,983
Supply of COVID-19 vaccines	595,831	878,794
Other vaccines and medicines inventories	561,064	517,034
Laboratory consumables and services (including Test & Trace)	137,285	617,799
Legal fees, settlements and claimant costs	(5,500)	(14,849)
Research & Development	2,606	(527)
Supplies and services:		
Advertising	1,917	4,311
Consultancy and professional fees	1,047	230,410
IT Licences	20,559	44,870
Vaccines Readiness Payments	32,320	41,877
Other supplies and services	3,191	4,033
Outsourced services	72,240	129,388
Postage and courier	10,776	67,609
Recruitment and welfare	1,460	2,706
Services re COVID-19 testing	(386)	997
Software	50,963	17,767
Storage and distribution services	700	(12,279)
Sub-contracted facilities management and sub-contracted services	50,475	226,759
Travel and subsistence	7,078	3,423
Non-cash items:		
Auditor remuneration	960	650
Inventory revaluations & write offs	27,688	(26,656)
Inventory prepayment impairments	(1,540)	80,000
<b>Total purchase of goods and services</b>	<b>1,607,812</b>	<b>2,844,450</b>

	2023-24	RESTATED <sup>1</sup> 2022-23
<b>Other operating expenditure</b>		
Bank charges	223	444
Foreign exchange (gains) / losses	4,947	8,793
Grants	(155)	(73,805)
Capital grants	-	74
Non-cash items:		
(Profit) / loss on de-recognition of property, plant and equipment and intangible assets	3,030	9,697
(Gain) / Loss on revaluation of investment properties	784	-
(Gain) / Loss on recognition of biological assets	-	(14,552)
Unwinding of discounts	-	915
Movement on expected credit losses and bad debt write offs	(709)	257
<b>Total other operating expenditure</b>	<b>8,120</b>	<b>(68,177)</b>
<b>Depreciation and impairment charges</b>		
Non-cash items:		
Depreciation PPE	84,863	93,604
Depreciation ROU assets	5,941	8,021
Amortisation	29,742	18,933
Impairments non-current assets	298,135	196,916
ROU asset impairment	114	6,695
<b>Total depreciation and impairment charges</b>	<b>418,795</b>	<b>324,169</b>
<b>Provision expense</b>		
Provision provided for / (released) in year	76,622	346,805
<b>Total provision expenses</b>	<b>76,622</b>	<b>346,805</b>
<b>CVU expenditure</b>		
Inventory revaluation & write offs	294,703	203,377
Inventory prepayment impairments	(38,302)	(79,664)
Provision provided for / (released) in year	(141,380)	(473,854)
<b>Total CVU expenditure</b>	<b>115,021</b>	<b>(350,141)</b>
Finance expense		
ROU asset interest	717	286
<b>Total finance expense</b>	<b>717</b>	<b>286</b>
<b>Total</b>	<b>2,227,087</b>	<b>3,097,392</b>

<sup>1</sup> The 22-23 Prior Year Other Expenditure note has been restated in respect of CVU. Please see note 22.

Significant expenditure items include:

### **Supplies and services**

Supplies and services includes all expenditure on a number of items including recruitment, office consumables, professional fees, subcontracted and outsourced services, social marketing, information technology, insurance and software.

### **Other Inventories consumed**

Inventories consumed comprise usage of vaccines (excluding COVID-19) and countermeasures.

### **Inventory write offs**

Inventories written off in year relating to COVID vaccines, other vaccines and countermeasures.

### **Biological assets**

The gain on recognition of biological assets is as a result of a change in accounting treatment. Refer to Note 13 for further detail.

### **Auditor remuneration**

The audit fees reflect the notional cost of the National Audit Office's fees for undertaking the audit of the statutory accounts.

### **Impairment of the Harlow Science Hub site**

The impairment of the Harlow site as no fully funded delivery plan was in place at 31 March 2024.



## 5 Income

	2023-24 £'000	RESTATED 2022-23 £'000
<b>Operating income</b>		
<b>Sale of goods and services</b>		
Laboratory and other services	88,371	84,071
Products and royalties	68,292	61,425
Education and training	3,196	2,268
Vaccines income	116,122	104,374
<b>Total sale of goods and services</b>	<b>275,981</b>	<b>252,138</b>
<b>Other operating income</b>		
Research and related contracts and grants	13,244	12,589
Grants from the United Kingdom government	894	50,606
Grants from the European Union	1,624	2,095
Rental from investment property	400	434
Other operating income	6,117	17,979
<b>Total other operating income</b>	<b>22,279</b>	<b>83,703</b>
<b>Total operating income</b>	<b>298,260</b>	<b>335,841</b>
<b>Finance income</b>		
Interest receivable	4	-
<b>Total finance income</b>	<b>4</b>	<b>-</b>
<b>Income Total</b>	<b>298,264</b>	<b>335,841</b>

## 6 Absorption transfers

No assets and liabilities associated with absorption transfers were transferred in 2023-24.

One function transferred during 2023-24, the Medicines Procurement Unit, which transferred from DHSC to UKHSA and did not have any associated assets or liabilities.

Assets and (liabilities) associated with the following functions transferred from the Department of Health and Social Care (MQS and CVU) and National COVID-19 testing system during the prior period.

The Managed Quarantine Service (MQS) transferred to UKHSA from DHSC on 1 April 2022 having previously overseen, during the COVID-19 pandemic, the provision of managed quarantine services. These included the provision of managed quarantine hotels, COVID-19 tests and other services for individuals entering quarantine following international travel during the period of the pandemic when international travel restrictions were in place.

The COVID Vaccine Unit (CVU) transferred to UKHSA from DHSC on 1 October 2022. From 1 October 2022 UKHSA assumed responsibility for purchasing COVID-19 vaccines direct from suppliers, receiving the associated balances from DHSC including prepayments for COVID-19 vaccine purchases (included within Trade and other receivables), inventory related payables and onerous contract provisions.

Further details of these transfers can be found in the 2022-23 Annual Report and Accounts.

	MQS	CVU	National COVID-19 testing system	2022-23 Total
	£'000	£'000	£'000	£'000
Intangible assets	-	-	6,407	6,407
Trade and other receivables	95,591	687,518	-	783,109
Trade and other payables	(55,386)	(495,785)	-	(551,171)
Provisions	-	(781,930)	-	(781,930)
<b>Total</b>	<b>40,205</b>	<b>(590,197)</b>	<b>6,407</b>	<b>(543,585)</b>

## 7 Property, plant and equipment

	Land £'000	Buildings (excluding dwellings) £'000	Fixtures and fittings £'000	Plant and Equipment £'000	Information technology £'000	Stockpiled Goods £'000	Assets under construction (AUC) £'000	2023-24 Total £'000
<b>Cost</b>								
At 1 April 2023	49,100	202,638	25,213	138,847	47,264	356,561	324,282	<b>1,143,905</b>
Immaterial corrections of prior period errors	215	(215)	-	(49)	-	-	-	<b>(49)</b>
Reclassification of assets	-	-	-	-	-	-	(3,321)	<b>(3,321)</b>
Transfer to inventory	-	-	-	-	-	(4,344)	-	<b>(4,344)</b>
Impairment	-	(524)	-	(204)	-	-	(296,818) <sup>1</sup>	<b>(297,546)</b>
Additions	-	-	-	100	-	18,918	47,244	<b>66,262</b>
Transfer of AUC	-	6,569	11,696	30,368	2,297	-	(50,930)	-
Revaluations	15,075	(3,410)	358	4,014	-	-	-	<b>16,037</b>
Disposal	-	(158)	(3,580)	(9,999)	(633)	(27,630)	-	<b>(42,000)</b>
<b>At 31 March 2024</b>	<b>64,390</b>	<b>204,900</b>	<b>33,687</b>	<b>163,077</b>	<b>48,928</b>	<b>343,505</b>	<b>20,457</b>	<b>878,944</b>
<b>Depreciation</b>								
At 1 April 2023	-	1,667	11,165	71,178	33,602	185,595	-	<b>303,207</b>
Immaterial corrections of prior period errors	-	-	-	-	-	-	-	-
Reclassification of assets	-	-	-	-	-	-	-	-
Impairment	-	(70)	-	(104)	-	-	-	<b>(174)</b>
Charge for year	-	15,546	2,420	18,466	8,695	39,736	-	<b>84,863</b>
Revaluations	-	(17,127)	175	1,794	-	-	-	<b>(15,158)</b>
Disposal	-	(16)	(3,494)	(7,245)	(584)	(27,630)	-	<b>(38,969)</b>
<b>At 31 March 2024</b>	<b>-</b>	<b>-</b>	<b>10,266</b>	<b>84,089</b>	<b>41,713</b>	<b>197,701</b>	<b>-</b>	<b>333,769</b>
<b>Carrying value</b>								
<b>At 31 March 2024</b>	<b>64,390</b>	<b>204,900</b>	<b>23,421</b>	<b>78,988</b>	<b>7,215</b>	<b>145,804</b>	<b>20,457</b>	<b>545,175</b>
At 31 March 2023	49,100	200,971	14,048	67,669	13,662	170,966	324,282	<b>840,698</b>

<sup>1</sup> £296.7M impairment recognised in Assets under Construction relates to the Harlow Science campus. More details on this loss can be found in the Losses Note.

UKHSA does not include any historical cost valuations for assets that have subsequently been revalued. UKHSA's assets fall into three main classes: buildings, plant and equipment and stockpiled goods. In relation to plant and equipment, UKHSA revalues these items using indexation and revaluation gains are immaterial. In relation to buildings, UKHSA's buildings have been constructed by a variety of government agencies over a period of around 70 years, and their ages, components and the standards to which they are built vary significantly. As a result, historic costs quickly become obsolete, and provision of a cost figure would therefore not provide a benefit to the users of these financial statements. In addition, due to the complexity of the history of the organisation and its predecessors, any exercise to develop historic costs would not be commensurate with any benefit that might be obtained.

	Land £'000	Buildings (excluding dwellings) £'000	Fixtures and fittings £'000	Plant and Equipment £'000	Information technology £'000	RESTATED Stockpiled Goods £'000	Assets under construction (AUC) £'000	RESTATED 2022-23 Total £'000
<b>Cost</b>								
At 1 April 2022	48,850	155,265	2,922	108,752	37,074	361,159	503,113	<b>1,217,135</b>
Corrections of prior period errors	-	(48)	(399)	(30)	(786)	7,326	-	<b>6,063</b>
Reclassification of assets	-	(17,239)	11,102	4,628	-	-	(38,108)	<b>(39,617)</b>
Transfer to inventory	-	-	-	-	-	7,211	-	<b>7,211</b>
Impairment	-	(13,827)	(11)	(23,456)	(97)	-	(164,511)	<b>(201,902)</b>
Additions	-	-	380	3,152	43	22,781	176,154	<b>202,510</b>
Transfer of AUC	-	75,097	11,452	51,507	13,526	-	(151,582)	-
Revaluations	250	10,851	133	4,211	-	-	-	<b>15,445</b>
Disposal	-	(7,461)	(366)	(9,917)	(2,496)	(41,916)	(784)	<b>(62,940)</b>
<b>At 31 March 2023</b>	<b>49,100</b>	<b>202,638</b>	<b>25,213</b>	<b>138,847</b>	<b>47,264</b>	<b>356,561</b>	<b>324,282</b>	<b>1,143,905</b>

<b>Depreciation</b>								
At 1 April 2022	-	27,911	2,137	64,133	30,313	151,953	-	<b>276,447</b>
Immaterial corrections of prior period errors	-	(263)	(19)	(12)	(1,057)	33,838	-	<b>32,487</b>
Reclassification of assets	-	(7,352)	7,131	178	-	-	-	<b>(43)</b>
Impairment	-	-	(3)	(7,426)	(29)	-	-	<b>(7,458)</b>
Charge for year	-	25,269	2,134	17,613	6,869	41,719	-	<b>93,604</b>
Revaluations	-	(37,419)	100	3,148	-	-	-	<b>(34,171)</b>
Disposal	-	(6,479)	(315)	(6,456)	(2,494)	(41,915)	-	<b>(57,659)</b>
<b>At 31 March 2023</b>	<b>-</b>	<b>1,667</b>	<b>11,165</b>	<b>71,178</b>	<b>33,602</b>	<b>185,595</b>	<b>-</b>	<b>303,207</b>

<b>Carrying value</b>								
<b>At 31 March 2023</b>	<b>49,100</b>	<b>200,971</b>	<b>14,048</b>	<b>67,669</b>	<b>13,662</b>	<b>170,966</b>	<b>324,282</b>	<b>840,698</b>
At 31 March 2022	48,850	127,354	785	44,619	6,761	209,206	503,113	<b>940,688</b>

All assets were owned by UKHSA. Any ROU assets are disclosed within note 9, leases.

## 8 Intangible assets

Intangible non-current assets comprise purchased software, licences and internally developed software.

	Software and software licences £'000	Website £'000	Assets Under Development £'000	2023-24 Total £'000
<b>Cost or valuation</b>				
At 1 April 2023	74,072	2,572	21,181	97,825
Immaterial corrections of prior period errors	-	-	23	23
Additions	-	-	42,711	42,711
Reclassification of assets	-	-	3,321	3,321
Transfer from AUD	37,195	81	(37,276)	-
Impairment	-	-	(763)	(763)
Revaluations	6,952	-	-	6,952
Disposal	(776)	-	-	(776)
<b>At 31 March 2024</b>	<b>117,443</b>	<b>2,653</b>	<b>29,197</b>	<b>149,293</b>
<b>Amortisation</b>				
At 1 April 2023	40,950	2,475	(23)	43,402
Immaterial corrections of prior period errors	-	-	23	23
Charge for year	29,640	102	-	29,742
Revaluations	6,215	-	-	6,215
Disposal	(776)	-	-	(776)
<b>At 31 March 2024</b>	<b>76,029</b>	<b>2,577</b>	<b>-</b>	<b>78,606</b>
<b>Carrying value</b>				
<b>At 31 March 2024</b>	<b>41,414</b>	<b>76</b>	<b>29,197</b>	<b>70,687</b>
At 31 March 2023	33,122	97	21,204	54,423
<b>Asset financing</b>				
Owned	44,414	76	29,197	70,687

	Software and software licences £'000	Website £'000	Assets Under Development £'000	2022-23 Total £'000
<b>Cost or valuation</b>				
At 1 April 2022	44,314	2,572	19,613	<b>66,499</b>
Immaterial corrections of prior period errors	(2,092)	-	(5)	<b>(2,097)</b>
Transfers under absorption accounting - NHS digital	8,145	-	-	<b>8,145</b>
Additions	555	-	3,031	<b>3,586</b>
Reclassification of assets	-	-	38,108	<b>38,108</b>
Transfer from AUD	39,566	-	(39,566)	-
Disposal	(16,416)	-	-	<b>(16,416)</b>
<b>At 31 March 2023</b>	<b>74,072</b>	<b>2,572</b>	<b>21,181</b>	<b>97,825</b>

<b>Amortisation</b>				
At 1 April 2022	32,137	2,376	-	<b>34,513</b>
Immaterial corrections of prior period errors	(2,978)	-	(23)	<b>(3,001)</b>
Transfers under absorption accounting - NHS digital	1,737	-	-	<b>1,737</b>
Charge for year	18,834	99	-	<b>18,933</b>
Disposal	(8,780)	-	-	<b>(8,780)</b>
<b>At 31 March 2023</b>	<b>40,950</b>	<b>2,475</b>	<b>(23)</b>	<b>43,402</b>

<b>Carrying value</b>				
<b>At 31 March 2023</b>	<b>33,122</b>	<b>97</b>	<b>21,204</b>	<b>54,423</b>
At 31 March 2022	12,177	196	19,613	<b>31,986</b>

All assets were owned by UKHSA and no leases were held.

UKHSA receives material income in relation to royalties earned on end sales of a product called Dysport (which make up the majority of Note 5's 'Products and Royalties'). The development work which resulted in the ongoing royalties has been considered against IAS 38 Intangible Assets, as adapted by HM Treasury's Financial Reporting Manual (FRM). The valuation of the asset is immaterial and as such UKHSA has taken the decision not to hold a corresponding intangible asset on its balance sheet in relation to this income.

## 9 Leases

### 9.1 Right of Use assets

UKHSA holds leases for land and buildings which include office and laboratory space and are used to facilitate UKHSA's day to day activities.

	2023-24 Property and Land £'000	2022-23 Property and Land £'000
<b>Cost</b>		
As at 1 April 2023	34,927	41,622-
Additions	18,000	-
Impairment	(114)	(6,695)
Revaluation against liability	(2,324)	-
Revaluation of peppercorn leases	(277)	-
<b>As at 31 March 2024</b>	<b>50,212</b>	<b>34,927</b>
<b>Depreciation</b>		
As at 1 April 2023	(8,021)	-
In year charge	(5,941)	(8,021)
Revaluation	509	-
<b>As at 31 March 2024</b>	<b>(13,453)</b>	<b>(8,021)</b>
<b>Net Book Value at 31 March 2024</b>	<b>36,759</b>	<b>26,906</b>

### 9.2 Lease liabilities

UKHSA is not exposed to significant additional cashflow liabilities outside those disclosed in the note. UKHSA has some leases for which there is an option to extend the lease; this has been included in liabilities where it is reasonably certain to be exercised.



**Maturity Analysis – contractual undiscounted cashflows**

	2023-24	2022-23
	£'000	£'000
Less than one year	6,419	7,601
One to five years	16,398	12,851
More than five years	12,190	9,380
<b>Total undiscounted cash liability as at 31 March 2024</b>	<b>35,007</b>	<b>29,832</b>

Less interest element	(1,636)	(1,236)
<b>Total liability as at 31 March 2024</b>	<b>33,371</b>	<b>28,596</b>

Current Liability	5,686	7,732
Non-Current Liability	27,685	20,864
<b>Total Liability as at 31 March 2024</b>	<b>33,371</b>	<b>28,596</b>

**9.3 Amounts recognised in SOCNE**

Amounts Recognised in SOCNE	2023-24	2022-23
	£'000	£'000
ROU asset interest	717	286
Depreciation ROU assets	5,941	8,021
ROU asset impairment	114	6,695
	<b>6,772</b>	<b>15,002</b>

**9.4 Amounts recognised in SOCF**

	2023-24	2022-23
Amounts Recognised in SOCF	£'000	£'000
IFRS 16 interest expense	717	286
Payments in respect of finance leases	11,620	8,906
<b>Total Cash Outflow for Leases</b>	<b>12,337</b>	<b>9,192</b>

## 10 Financial instruments

	31 March 2024 £'000	31 March 2023 £'000
<b>Financial assets</b>		
Measured at amortised cost	411,900	540,609
	<b>411,900</b>	<b>540,609</b>
<b>Financial liabilities</b>		
Measured at amortised cost	107,483	422,587
	<b>107,483</b>	<b>422,587</b>

Due to the largely non-trading nature of its activities, and the way in which it is financed, UKHSA is not exposed to the degree of financial risk faced by most other business entities. UKHSA has no authority to borrow or to invest without the prior approval of the Department of Health and Social Care and HM Treasury. Financial instruments held by UKHSA comprise mainly assets and liabilities generated by day-to-day operational activities and its investment in Porton Biopharma Ltd (see note 15) and are not held to change the risks facing UKHSA in undertaking its activities.

### Credit risk

UKHSA holds significant values of trade and other receivables. The majority of these are intra-government receivables and therefore give rise to low exposure to credit risk. However, UKHSA is exposed to material credit risk in relation to the managed quarantine service. This is discussed further in Note 14.

### Liquidity risk

The organisation is required to operate within revenue and capital resource limits, which are financed from resources voted annually by Parliament. The organisation draws down cash to cover expenditure, as the need arise and is not, therefore, exposed to significant liquidity risks. This includes those liquidity risks relating to IFRS 16 as cash flow needs are managed within the business.

### Market risk

UKHSA recognises its investment in Porton Biopharma Ltd as a financial asset held at fair value through other comprehensive income. There is a risk that the fair value of Porton Biopharma Ltd will fluctuate because of changes in market process for its flagship product although at 31 March 2024 the risk has diminished given the financial asset has been valued at nil. As UKHSA has made the irrevocable election to measure its investment at fair value through other comprehensive income, any changes would impact UKHSA's reserves only.

### Foreign currency risk

UKHSA operates foreign currency bank accounts to handle transactions denominated in Euro (€) and US Dollar (\$). This helps to manage potential exposure to exchange rate fluctuations. The fair value of cash is the same as the book value as at the statement of financial position date.

### Foreign currency income and bank balance were immaterial.

UKHSA is responsible for the procurement of COVID-19 vaccinations. As part of this requirement the agency deals with international suppliers of which there is potential exposure to foreign currency exchange risk. The foreign currency bank accounts that handle transactions in foreign currency help mitigate some of these financial translation risks.

## 11 Impairments

	Charged to statement of comprehensive net expenditure £'000	Charged to revaluation reserve £'000	2023-24 Total £'000
Property, plant and equipment	297,372	(31,196)	266,176
Lateral flow tests	(4,590)	-	(4,590)
Other Test and Trace COVID-19 inventory	(625)	-	(625)
COVID-19 vaccine inventory	294,703	-	294,703
Inventory prepayments	(1,540)	-	(1,540)
Other inventory	32,903	-	32,903
Right of use assets	114	-	114
Intangible assets	763	-	763
<b>Total impairment/(reversal)</b>	<b>619,100</b>	<b>(31,196)</b>	<b>587,904</b>

	<b>RESTATED Charged to statement of comprehensive net expenditure £'000</b>	<b>Charged to revaluation reserve £'000</b>	<b>RESTATED 2022-23 Total £'000</b>
Property, plant and equipment	194,444	49,616	244,060
Lateral flow tests	223,805	-	223,805
Other Test and Trace COVID-19 inventory	72,739	-	72,739
COVID-19 vaccine inventory	(187,193)	-	(187,193)
Inventory prepayments	336	-	336
Other inventory	68,000	-	68,000
Right of use assets	6,695	-	6,695
<b>Total impairment/(reversal)</b>	<b>378,826</b>	<b>49,616</b>	<b>428,442</b>

UKHSA holds various inventories, held for a combination of preparedness for emergencies, supply of vaccines within our procurement remit and consumables held for use by UKHSA laboratories. For additional details on inventory please see Note 12.

UKHSA has, as at the year-end, considered the inventory it holds and whether there are any indications of impairment. Impairments are an estimated accounting adjustment that attempt to fairly represent the value of assets held at a point in time. Inventory is impaired where it is not expected to be used prior to expiry.

For the purpose of producing the accounts for this financial year, UKHSA has to make a point in time assessment of whether it considers that it is holding inventory in excess of that which is likely to be used. In such cases where this is judged to be the case, any excess inventory held is impaired to £nil.

See Note 1.16 for more detail on the nature of test and trace inventory impairments.

Impairments relating to COVID-19 vaccines held have been restated in the prior year. A note dedicated to Covid-19 vaccines is supplied at Note 22 which details the circumstances surrounding the restatement, and the logic that drives the current year impairments.

It is worth noting that a significant impairment relating to property, plant and equipment has been processed in the year. UKHSA had assets under construction in relation to a large capital project at Harlow. At 31 March 2024, there was no fully funded delivery plan to bring the asset into use, so an accounting impairment adjustment has been recognised.

## 12 Inventories

	Other vaccines & medicines £'000	COVID-19 vaccines £'000	Test and trace consumables £'000	Other consumables £'000	2023-24 Total £'000
Balance at 1 April 2023	424,396	460,014	24,420	8,211	917,041
Additions	592,686	904,731	4,386	12,144	1,513,947
Transfers from provisions/prepayment impairments	-	(301,974)	-	-	(301,974)
Transferred to / (from) stockpiled goods	4,344	-	-	-	4,344
Consumed	(561,064)	(595,831)	(32,936)	(12,382)	(1,202,213)
(Written Down) / reversals	(32,859)	(294,703)	5,215	(44)	(322,391)
Revaluations	-	-	-	178	178
Reclassification	-	-	-	-	-
<b>Balance at 31 March 2024</b>	<b>427,503</b>	<b>172,237</b>	<b>1,085</b>	<b>8,107</b>	<b>608,932</b>

	RESTATED Other vaccines £'000	RESTATED COVID-19 vaccines £'000	Test and trace consumables £'000	Other consumables £'000	RESTATED 2022-23 Total £'000
Balance at 1 April 2022	467,812	264,107	361,119	9,445	1,102,483
Donated additions	-	430,111	-	-	430,111
Additions	548,980	681,434	137,260	11,351	1,379,025
Transfers from provisions	-	(221,409)	-	-	(221,409)
Transferred to / (from) stockpiled goods	(7,177)	-	-	-	(7,177)
Consumed	(516,999)	(881,422)	(177,415)	(12,023)	(1,587,859)
(Written Down) / reversals	(68,220)	187,193	(296,544)	220	(177,351)
Reclassification	-	-	-	(782)	(782)
<b>Balance at 31 March 2023</b>	<b>424,396</b>	<b>460,014</b>	<b>24,420</b>	<b>8,211</b>	<b>917,041</b>

UKHSA holds various inventories, held for a combination of preparedness for emergencies, supply of vaccines within our procurement remit and consumables held for use by UKHSA laboratories.

Inventory is impaired where it is not expected to be used prior to expiry. Write downs of other vaccines and medicines primarily relate to the impairment of paediatric influenza vaccines, which can only be used for a single flu season, where uptake was lower than planned. Significant impairments exist for Covid Vaccine inventory, please see the dedicated Covid Vaccine Note 22 for details. UKHSA wrote back impairments in relation to Test and Trace Inventory during 2023-24 as usage in the year was higher than forecast as at the end of 2022-23, so stock that had been impaired for accounting purposes (but was fit for purpose and available for use) was used for testing.

In relation to the prior year, the COVID-19 vaccines donated additions of £430,111,000 were donated by the Department of Health and Social Care to UKHSA prior to the transfer of the COVID Vaccines Unit to UKHSA. From 1st October 2022 UKHSA became responsible for the direct procurement of COVID-19 vaccines. The prior year restatement relates to Covid Vaccine Inventory which had been written down on the basis it was not used prior to expiry by the date of signing the accounts, but which it was not known would not be used as at 31 March 2023. For details, please see the dedicated Covid Vaccine Note 22.

The UKHSA Culture Collections was accounted for and reported as inventory as per IAS 2 Inventories. Following an internal review on the nature and characteristics of the Culture Collections it was determined that they should be classified as biological assets and accounted for under IAS 41 Agriculture. The majority of the 2023/24 opening Culture Collections inventory balance of £782k was reclassified as a Biological Asset and is being reported in Note 13 Biological Assets.

## 13 Biological assets

	2023-24 £'000	RESTATED 2022-23 £'000
<b>Opening balance 1 April 2023</b>	<b>15,334</b>	<b>-</b>
Reclassifications	-	782
Gain on revaluation on reclassification	-	14,552
Additions	-	-
Revaluations	-	-
Disposal	-	-
<b>As at 31 March 2024</b>	<b>15,334</b>	<b>15,334</b>

The opening balance of culture collections was calculated as at 31 March 2024, however these assets have been biological assets since the inception of the collection. As a result, they have been restated into the prior year, using the closing balance as a proxy for the opening balance, hence there are no movements in 2023-24. Management is content that there is not a material variance from any prior year balance, as we have reviewed stock volumes and they remain broadly consistent year on year.

UKHSA holds biological assets in the form of our cell culture collections. These are preserved, authenticated cell lines and microbial strains which are grown and sold to support scientific research. They remain alive (though are generally kept frozen) and are therefore classed as biological assets. They are held for the benefit of scientific knowledge as well as for sale.

These cell cultures can be classified into two types, of which one is valued here, and the second is disclosed below in narrative form. They were previously classified as inventory and have been transferred into Biological Assets as a current period correction.

The first type is transactable cell cultures. These are available for sale. As per the requirements of IAS 41, these are at fair value. This has been determined by examining the average sales price in the last twelve months, or the list price less a bulk distributor discount. Cultures with fewer than one sale per year on average have been determined not to have a monetary value.

The second type is master cell cultures. Transactable cell cultures are grown from master cell cultures. These master cell cultures have divided fewer times and are closer to the original phenotype. These have not been valued here as it is not possible to reliably determine a valuation. The reason for this is that masters are not sold by UKHSA and UKHSA has a monopoly position in relation to cell cultures. The value of future cells produced from those masters also cannot be reliably determined as the volume of cells (and therefore potential future sales value) can vary significantly depending on the circumstances of growth. UKHSA cannot determine historic cost as these have been donated to UKHSA over the past 70+ years.

## 14 Trade receivables and other assets

	2023-24 £'000	RESTATED 2022-23 £'000
<b>Amounts falling due within one year</b>		
Accrued income	29,909	92,572
Contract receivables	97,533	107,572
Expected credit losses	(51,962)	(52,667)
Other receivables	120,210	237,619
Prepayments	12,034	13,354
CVU prepayments	163,648	131,724
Taxation	4,954	2,235
	<b>376,326</b>	<b>532,409</b>
<b>Amounts falling due after more than one year</b>		
Leasehold premium prepayment	18	18
CVU Prepayments	-	106,035
	<b>18</b>	<b>106,053</b>

The significant majority of contract receivables relate to Managed Quarantine Services. These services were not provided within UKHSA and were transferred to UKHSA when the performance obligations had already been met. The remaining receivables relate to a mixture of receivables due as part of Income for Goods and Services, and those relating to Other Operating Income. In relation to Income for Goods and Services, the majority of income is invoiced in arrears after performance obligations have been met. This means UKHSA's receivables are higher than their liabilities in relation to income. The largest items of deferred income relate to services provided within the final quarter of 2023-24 which were not invoiced until after the year had finished and are therefore receivable at year end.

Prepayments shows the value of prepayments after the effect of the impairment of Covid Vaccine Prepayments. The prior year restatement relates to the restatement of Covid Vaccine Balances. Details of both can be found in Note 22.

	<b>MQS</b>	<b>Non-MQS</b>	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance as at 1 April 2023	51,030	1,637	52,667	500
Lifetime expected credit loss on credit impaired financial assets	-	-	-	-
Lifetime expected credit losses on trade and other receivables-Stage 2	-	(487)	<b>(487)</b>	<b>183</b>
Lifetime expected credit losses on trade and other receivables-Stage 3	(339)	51	<b>(288)</b>	<b>44</b>
Credit losses recognised on purchase originated credit impaired financial assets	-	-	-	-
Amounts written off	-	70	<b>70</b>	<b>48</b>
Financial assets that have been derecognised	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
Transfer by Absorption from other entity	-	-	-	<b>51,892</b>
<b>Balance as at 31 March 2024</b>	<b>50,691</b>	<b>1,271</b>	<b>51,962</b>	<b>52,677</b>

Expected credit losses relate primarily to Managed Quarantine Services. In 2023-24, of the £52 million closing expected credit losses balance £50.7 million relates to debt associated with the Managed Quarantine Service (MQS), a function that transferred from DHSC to UKHSA on 1 April 2022.



## 15 Investment in Porton Biopharma Ltd

	2023-24 £'000	2022-23 £'000
Equity investment in Porton Biopharma Ltd measured at fair value through other comprehensive income		
Opening balance as at 1 April 2023	-	18,350
Revaluation gain/(loss)	-	(18,350)
<b>Closing balance as at 31 March 2024</b>	<b>-</b>	<b>-</b>

UKHSA measures its equity investment in Porton Biopharma Limited at fair value. As a non-preferential shareholder UKHSA has assessed the fair value of its investment in Porton Biopharma Limited to be £nil at 31 March 2024, which remains in line with its assessment of value as at 31 March 2023.

## 16 Cash and cash equivalents

	2023-24 £'000	2022-23 £'000
Balance as at 1 April	155,624	215,598
Net change in cash and cash equivalents	(108,016)	(59,974)
<b>Balance as at 31 March</b>	<b>47,608</b>	<b>155,624</b>
The following balances at 31 March were held at:		
Government Banking Service	47,607	155,623
Cash in hand	1	1
<b>Balance as at 31 March</b>	<b>47,608</b>	<b>155,624</b>

## 17 Trade payables and other liabilities

	2023-24 £'000	2022-23 £'000
<b>Current - Amounts falling due within one year</b>		
Accruals	104,534	351,450
Deferred income	8,345	12,982
Other payables	973	21,986
Other taxation and social security	15,030	14,270
Trade payables	1,976	20,554
<b>Total Current Liabilities</b>	<b>130,858</b>	<b>421,242</b>
Non-Current - Amounts falling due after more than one year	-	-

## 18 Provisions and contingent liabilities

### 18.1 Provisions

	Other provisions £'000	Dilapidations and decommissions provision £'000	Contractual entitlement claims £'000	CVU Onerous Contract Provisions £'000	2023-24 Total £'000
Balance as at 1 April 2023	118,802	14,924	1,149	370,675	505,550
Transferred to inventory	-	-	-	(224,228)	(224,228)
Transfer to accruals	-	-	-	-	-
Provided in the year	86,542	65	-	-	86,607
Provisions not required written back	(5,898)	(4,087)	-	(141,380)	(151,365)
Provisions utilised in the year	(21,930)	(9,771)	(13)	-	(31,714)
Borrowing costs (unwinding of discount)	-	-	-	-	-
<b>Balance as at 31 March 2024</b>	<b>177,516</b>	<b>1,131</b>	<b>1,136</b>	<b>5,067</b>	<b>184,850</b>

#### Analysis of timing of discounted cashflows

##### Current

Not later than one year	172,229	909	12	5,067	178,217
<b>Total</b>	<b>172,229</b>	<b>909</b>	<b>12</b>	<b>5,067</b>	<b>178,217</b>

##### Non Current

Later than one year and not later than five years	5,105	22	50	-	5,177
Later than five years	182	200	1,074	-	1,456
<b>Total</b>	<b>5,286</b>	<b>223</b>	<b>1,124</b>	<b>-</b>	<b>6,633</b>

<b>Balance at 31 March 2024</b>	<b>177,515</b>	<b>1,132</b>	<b>1,136</b>	<b>5,067</b>	<b>184,850</b>
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	RESTATED Other provisions  £'000	Dilapidations and decommissions provision  £'000	RESTATED Contractual entitlement claims  £'000	RESTATED CVU Onerous Contract Provisions  £'000	RESTATED 2022-23 Total  £'000
Balance as at 1 April 2022	1,563	100,255	13,146	-	114,964
Prior period corrections	81,973	(81,973)	-	1	1
Transferred under absorption accounting (note 1.20)	-	-	-	781,930	781,930
Transferred to inventory	-	-	-	(221,409)	(221,409)
Transfer to accruals	(11,238)	-	-	-	(11,238)
Provided in the year	110,095	-	3	(3,842)	106,256
Provisions not required written back	(31,038)	(4,262)	(12,000)	(186,005)	(233,305)
Provisions utilised in the year	(32,553)	(11)	-	-	(32,564)
Borrowing costs (unwinding of discount)	-	915	-	-	915
<b>Balance as at 31 March 2023</b>	<b>118,802</b>	<b>14,924</b>	<b>1,149</b>	<b>370,675</b>	<b>505,550</b>

#### Analysis of timing of discounted cashflows

##### Current

Not later than one year	116,969	598	1,032	369,251	487,850
<b>Total</b>	<b>116,969</b>	<b>598</b>	<b>1,032</b>	<b>369,251</b>	<b>487,850</b>

##### Non Current

Later than one year and not later than five years	1,607	14,083	48	1,424	17,162
Later than five years	226	243	69	-	538
<b>Total</b>	<b>1,833</b>	<b>14,326</b>	<b>117</b>	<b>1,424</b>	<b>17,700</b>

<b>Balance at 31 March 2023</b>	<b>118,802</b>	<b>14,924</b>	<b>1,149</b>	<b>370,675</b>	<b>505,550</b>
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Other Provisions relates primarily to Test and Trace, and includes estimated future storage and disposal costs for fully impaired inventory, as well as a transfer in of decommissioning costs for testing labs. These were mainly utilised during the year or reversed unutilised as actual costs came through. It also includes legal provisions and provisions for early retirement, totalling less than £1 million. While there is some uncertainty over the timings of these outflows and whether or not they will occur, they are generally expected to occur within the next 12 months hence they are classed as current provisions.

Dilapidations and decommissioning provisions relate primarily to Test and Trace property and include the expected costs of returning leased property to the standards required by the lease.

CVU onerous contract provisions relate to non-cancellable contracts for inventory, not yet delivered but where the inventory is not expected to be used. Please see the Note 22 for details. While there is some uncertainty over the timings of these outflows and whether or not they will occur, they are generally expected to occur within the next 12 months hence they are classed as current provisions.

Provisions relating to COVID-19 vaccines held have been restated in the prior year. A note dedicated to Covid-19 vaccines is supplied at Note 22 which details the circumstances surrounding the restatement, and the logic that drives the current year provisions.

The 22-23 correction was due to some provision in 21-22 being classified as dilapidations & decommissioning costs when they should have actually been “other” provisions.

## 18.2 Contingent liabilities

UKHSA holds a variety of contingent liabilities requiring disclosure under IAS 37. All are either unquantifiable to within a material range or the sums involved are highly commercially sensitive and disclosure would risk prejudicing ongoing negotiations. Additional remote contingent liabilities are disclosed in the annual report, on page 137. UKHSA is involved in a variety of material contract disputes, two over £300,000 which UKHSA believe constitute contingent liabilities, primarily relating to contracts let in response to the COVID-19 pandemic. These have associated financial risks, which constitute a contingent liability for the organisation. No further disclosures are made to avoid prejudicing ongoing negotiations.

## 19 Financial and capital commitments

UKHSA has entered into a number of non-cancellable contracts (which are not leases or PFI contracts or otherwise disclosed in these financial statements). The future payments to which UKHSA is committed under these contracts are as follows.

### Financial commitments

	31 March 2024 £'000	Restated 31 March 2023 £'000
< 1 year	700,720	413,772
1 – 5 years	2,031,452	2,109,310
>5 years	1,898,877	2,408,877
	<b>4,631,049</b>	<b>4,931,959</b>

The note above discloses commitments to future expenditure on COVID-19 and other vaccinations not otherwise disclosed elsewhere in these financial statements, as well as any other commitments.

The majority of the disclosed commitments relate to anticipated spend under non-cancellable contracts that commit the agency to future expenditure in the procurement of vaccines as well as any milestone payments relating to the Moderna Strategic Partnership. These payments are likely to be material. Whilst these contracts are non-cancellable, in some instances the future expenditure is dependent on conditions being met and as such the commitment disclosed is an estimate of likely future expenditure.

### Capital commitments

	31 March 2024 £'000	31 March 2023 £'000
<b>Contracted capital commitments at 31 March not otherwise included in these accounts</b>		
Property, plant and equipment	644	1,615
	<b>644</b>	<b>1,615</b>

## 20 Investment property

	2023-24 £'000	2022-23 £'000
<b>Buildings leased to Porton Biopharma Ltd</b>		
Opening balance	15,236	15,491
Impairment	32	(255)
Revaluations	(816)	-
<b>Closing balance</b>	<b>14,452</b>	<b>15,236</b>

## 21 Related party transactions

UKHSA is an executive agency of the Department of Health and Social Care, which is regarded as a related party. During the year, UKHSA has had various material transactions with DHSC itself and with other entities for which DHSC is regarded as the parent entity. These include NHS bodies including NHS Resolution, the NHS Business Services Authority, NHS England, Clinical Commissioning Groups / Integrated Care Boards, Commissioning Support Units, NHS Trusts and NHS Foundation Trusts.

In addition, UKHSA has had transactions with other government departments and central government bodies. These include the Home Office, the Ministry of Defence, Food Standards Agency, Department for Environment, Food and Rural Affairs and Medical Research Council.

During the year ended 31 March 2024, no Advisory Board member, member of senior management or other party related to them has undertaken any material transactions with UKHSA except for those shown in the table below.

Further information on compensation paid to management can be found in the Remuneration and Staff Report.

Transactions with other related parties are listed below. The amounts due are expected to be settled in case and the balances owed both to UKHSA and to Porton Biopharma Limited are not secured.

Related party	1. Name of the UKHSA Board Member or senior manager  2. UKHSA Appointment  3. Related Party Appointment	2023-24 Value of goods and services provided to related party £,000	2023-24 Value of goods and services purchased from related party £,000	2023-24 Amounts owed to related party £,000	2023-24 Amounts due from related party £,000
Porton Biopharma Limited	1. Donald Shepherd 2. Finance and Commercial Director (from September 2019) 3. Non Executive Board Member (from November 2019)	6,961	17	3	1,354

Related party	<b>1. Name of the UKHSA Board Member or senior manager</b>  <b>2. UKHSA Appointment</b>  <b>3. Related Party Appointment</b>	<b>2022-23 Value of goods and services provided to related party £,000</b>	<b>2022-23 Value of goods and services purchased from related party £,000</b>	<b>2022-23 Amounts owed to related party £,000</b>	<b>2022-23 Amounts due from related party £,000</b>
Porton Biopharma Limited	1. Donald Shepherd 2. Finance and Commercial Director (from September 2019) 3. Non Executive Board Member (from November 2019)	13,606	432	431	3,032



## 22 COVID Vaccine Unit

### Background

A significant part of UKHSA's expenditure and a significant proportion of the value of the organisation's assets and liabilities relate to a segment known as the "Covid Vaccine Unit" (CVU). This unit is responsible for the procurement and distribution of the UK's supply of Covid-19 vaccinations.

UKHSA holds stocks of vaccines (as disclosed in Note 12 – Inventory) and contracts for the future procurement of vaccines. UKHSA has prepaid for a proportion of each dose for the currently contracted Covid vaccines, with the remainder due on delivery. Where it is not expected that these doses (either in stock or due to be delivered) will be used, it is necessary to impair the inventory/prepayment and recognise an onerous contract provision.

The reason UKHSA holds inventory and contracts for vaccines that it does not expect to use is because the contracts were agreed when expected requirements for Covid vaccinations were much higher, and these contracts are still playing out. The final supplies of vaccine under these contracts are expected to be received in 2024, for use up to and including 2025.

This note in our accounts is designed to give a full summary of the accounting for these Covid-19 vaccines, as the valuations are subject to significant uncertainty as they rely on forecasts of future vaccination campaigns, and the corresponding expected vaccine use. The valuations of the prepayments and onerous contract provisions are inherently linked (because if the prepayment requires impairment, there will be a corresponding increase in the onerous contract liability), and changes in vaccination policy can result in movements between expected use of vaccines held in inventory vs vaccines contracted for but not yet received.

The current values of balances relating to CVU are as follows:

Note	Account Area	2023-24 Value	2022-23 Value (Restated)
Note 12	Covid-19 Vaccine Inventory (net of impairments)	£172.2m	£460.0m
Note 14	Covid-19 Vaccine Prepayments (net of impairments)	£163.6m	£237.8m
Note 18	Covid-19 Onerous Contract Provisions	(£5.1m)	(£370.7m)

### Sensitivity

These valuations are subject to significant uncertainty, because they rely on forecasts of future vaccine use. A change in the number of vaccines leaving UKHSA warehouses of 1M doses could result in a material change in the valuation of these.

UKHSA produces 4 main estimates; of these the central (mid) estimate has been used to prepare the 2023-24 closing balances. These estimates are expected to cover a realistic range of the potential demands UKHSA may see. These estimates run to the end of the Autumn 2025 campaign, when stock from the current contracts is expected to expire.

These estimates can be summarised as follows (2023-24 closing balances):

Estimate	Demand (Doses)	Demand Satisfied (Doses)
High	59.5m	35.6m
Mid	42.6m	34.8m
Low	30.4m	30.0m
Very Low	25.0m	24.7m

Demand means the expected number of vaccines that it is anticipated will be required to meet the UK's need for Covid vaccines during 2024 and 2025 calendar years. Demand satisfied represents the proportion of that demand which can be met by the existing contracts.

All overall demand estimates are made up of a combination of eligibility constraints (i.e. the number of people who are eligible to be vaccinated in a particular campaign), vaccination event demand (i.e. the number of people who would like a vaccination of those who are eligible), wastage (i.e. the doses which leave UKHSA which are available to be used for vaccination but which are not). These estimates indicate the total doses of vaccine which UKHSA expects to leave its warehouses.

The amount of vaccine UKHSA expects to use influenced by a combination of this demand, as well as the timing of the demand in comparison to the expected expiry dates of the vaccine and any limitations on the version of the vaccine (i.e. the variants of Covid a given vaccine is designed to be most effective against) which the JCVI recommends for use. Some areas, such as the expected timing of the demand, are relatively certain, while others are less certain.

The broad assumptions which feed the estimates are as follows:

Estimate	Assumptions
High	<p>High wastage (20%)</p> <p>2x campaigns per year (Spring and Autumn)</p> <p>Autumn Campaign Eligibility: 65+, at risk &amp; Health and Social Care Workers (HSCW)</p> <p>Spring Campaign Eligibility: 75+ &amp; Immunosuppressed</p> <p>Additional Surge Campaign 1x in estimation period (7.5M doses)</p> <p>Uptake: 75% Spring, 66% Autumn , 88% surge</p> <p>New composition of vaccine every Autumn</p>
Mid	<p>Medium Wastage (15%)</p> <p>2x campaigns per year (Spring and Autumn)</p> <p>Autumn Campaign Eligibility: 2024 65+, at risk &amp; HSCW, 2025 65+ &amp; at risk.</p> <p>Spring Campaign Eligibility: 75+ &amp; Immunosuppressed</p> <p>No additional surge campaign</p> <p>Uptake: 69% Spring, 57% Autumn '24 and 63% Autumn '25 (less H&amp;SCW)</p> <p>New vaccine composition only for autumn '24. Autumn 25 allows latest generation and previous generation composition</p>
Low	<p>Low Wastage (10%)</p> <p>2x campaigns per year (Spring and Autumn)</p> <p>Autumn Campaign Eligibility: 65+ &amp; at risk</p> <p>Spring Campaign Eligibility: 75+ &amp; Immunosuppressed</p> <p>No additional surge campaign</p> <p>Uptake: 69% Spring, 63% Autumn '24 and 69% Autumn '25</p> <p>Previous generation vaccine composition used until fully utilised or expired</p>
Very Low	<p>Low Wastage (10%)</p> <p>2x campaigns 2024 (Spring and Autumn), 1x campaign 2025</p> <p>2024 Spring Campaign Eligibility: 75+ &amp; Immunosuppressed</p> <p>2024 Autumn Campaign Eligibility: 65+ &amp; Immunosuppressed</p> <p>2025 Autumn Campaign Eligibility: 75+ &amp; Immunosuppressed</p> <p>No additional surge campaign</p> <p>Uptake: 69% Spring '24, 63% Autumn '24 and 69% Autumn '25</p> <p>Previous generation vaccine composition used until fully utilised or expired</p>

These various scenarios would result in the following positions, for which the Mid estimate is currently represented in the account. The variations from the Mid estimate are also supplied.

**23/24 Closing balances by scenario:**

23/24 Closing Balances	Mid	Low	Very Low	High
CDEL Prepayment	£154.5m	£129.8m	£94.3m	£154.1m
Onerous Contract Provision	(£5.1m)	(£178.3m)	(£312.8m)	(£5.1m)
Stock volume	5.4m	8.5m	8.5m	6.2m
Stock value	£172.2m	£251.9m	£251.9m	£196.7m

23/24 full value closing stock includes **XBB for Spring 2024** consumption.

Low and Very Low also include residual Pfizer XBB (Autumn 2023 vaccine version) assumed to be used in Autumn 2024.

**23/24 Closing balance sensitivity:**

This table shows the variance from Mid scenario to the other scenarios.

Var to Mid	Mid	Low	Very Low	High
CDEL Prepayment	-	(£24.7M)	(£60.2M)	(£0.40M)
Onerous Contract Provision	-	(£173.2M)	(£307.7M)	£0.00M
Stock volume	-	3.1M	3.1M	0.8M
Stock value	-	£79.7M	£79.7M	£24.50M

**CDEL Prepayments & onerous contract provision**

**Low and Very Low** forecast lower CDEL prepayment balances and higher onerous contract provisions due to **lower demand assumptions** and/or assuming the next generation of vaccine () **cannot be used in Autumn 2025**.

Low and Very Low also include residual Pfizer XBB (Autumn 2023 vaccine version) assumed to be used in Autumn 2024. The XBB residual doses are **impaired in Mid and High** (i.e not expected to be used) and therefore assume new vaccine will be used, hence why the onerous contract provision aligns in these two scenarios.

**Very Low** has the largest variance to Mid on these balances because it assumes there is **no Spring 2025** and **very low demand**, resulting in higher impairment of V7 vaccine.

**High** is not materially different to Mid for these balances because it assumes **V7 usage after Spring 2025 in a surge event, and therefore does not result in significant additional stock consumption**.

**Stock volumes & values**

**Low and Very Low** have larger 23/24 closing stock than Mid because they **assume residual Pfizer XBB (Autumn 2023 vaccine version) can be used in Autumn 2024**. They are therefore not impaired at the balance sheet date.

### **Variations from post-year end vaccination volumes**

The accounting standards require UKHSA to base its estimates on the best available information at the time of signing the accounts, where this gives information about the circumstances that existed at the balance sheet date.

UKHSA's accounts are signed a significant time after the balance sheet date. This means significant additional information is available, and it is necessary to determine whether this information gives additional evidence about the circumstances which existed at the balance sheet date. This note will analyse what indicates whether or not this is the case, explain how UKHSA has managed these additional data points, and examine the variation between the volumes of vaccines valued in the accounts and the volumes of vaccines actually used in the post year-end period.

### **2022-23 post-year end vaccination volumes**

Between 31 March 2023 and the signing of the accounts the following January, a significant number of events occurred which materially impacted the number and type of vaccines administered in the Autumn campaign during 2023.

A variant of concern of Covid arose in Summer 2023. As a result, the Autumn 2023 campaign was brought forward, and a 'hard cut-over' (i.e. an immediate switch between vaccine types) was agreed in case newer vaccines had better efficacy. This meant that more of the latest generation of vaccine was used during that campaign than had been originally forecast. During the Autumn 2023 campaign vaccine uptake was lower than forecast and wastage was higher than forecast. This was driven by a combination of the impact of the variant of concern (including the hard cut-over) and factors that were likely to have existed as at 31 March, such as the general population's approach to vaccination.

As per the notes above, under IAS10, UKHSA is obliged to adjust their accounts for events that give evidence of conditions that were in place at the balance sheet date (31 March 2023 in this instance) and not adjust where the events represent conditions that occurred after that date. In the case of the events after 31 March 2023, a portion of these were adjusting and another portion were non-adjusting and the effects of these are combined within the data points we have (wastage, vaccine mix, vaccines in arms). As a result of the fact that the data shows only the combined effects of the adjusting and non-adjusting events, it is not possible to determine which events had what effect.

As at the date of signing the 2022-23 accounts, UKHSA had updated the values held in the accounts according to actual usage, on the grounds that whether a vaccine had been used or not provided the best evidence of its value to the business at year end, and that this in turn provided the best information to the users of the accounts.

During further review as part of the process to audit the 2023-24 opening balances (i.e. the balance sheet position on 31 March/2022-23 closing balances), it was agreed that while the users of the accounts might wish to know which stock had actually been used, it was a more obvious interpretation of the accounting standards to revert

to a forecast based model based on the circumstances as at 31 March 2023. As a result, UKHSA has agreed to restate their 2022-23 closing balances.

This results in the following changes:

Accounting Balance	22/23 Closing Balance Restated	Previous Balance	Restatement Impact (£m)
Inventory	£460.2m	£271.6m	£188.6m
Prepayments	£237.8m	263.3m	(£25.5m)
Onerous Contract Provision	(£370.7m)	(£228.7m)	(£142.0m)

Various events after the reporting period have occurred between 31 March 2024, and the date these accounts have been signed. Two campaigns have occurred or are in progress.

The Spring Campaign 2024 did not have any events after the reporting period associated with it. The total vaccines forecast to be used after 31 March 2024 were 5.4M doses, while 5.8M doses were actually used. This variance is not material, and correspondingly the accounts have not been updated, as our estimate was reasonable given the information available at the reporting date.

The Autumn Campaign 2024 was materially different from forecast, as a result of non-adjusting post balance sheet events. This meant that forecast remained the best available information to represent conditions at the balance sheet date, and correspondingly these accounts have not been updated with actual volumes.

The Autumn Campaign is yet to conclude, so a comparison against forecast cannot be completed. However, as at 15 November 2024, 13.8 million doses of vaccine had been used.

## 23 Events after the reporting period

UKHSA continues to pursue a variety of material contract disputes, primarily relating to contracts let in response to the COVID-19 Pandemic. Where updated information has become available after the balance sheet date, giving evidence of conditions present at the balance sheet date, accounting balances and disclosures have been accordingly updated.

UKHSA holds stocks of vaccines for COVID-19, to be used in accordance with JCVI guidance. Some events after the reporting period are adjusting while others are non-adjusting. Where events are adjusting and the effect of the events can be determined, year-end balances are updated accordingly. For additional details, please see the dedicated Covid Vaccine note, at Note 22.

No other material post balance sheet events have occurred.

The accounts were authorised for issue by the Accounting Officer on the date of the Audit Certificate of the Comptroller and Auditor General.

## 24 Prior period restatements

Restatement	Note	£'000
CVU	Note 4:	
	Provision expense	142,004
	Purchase of goods and services	(165,723)
	Other operating expenditure	2,846
	Note 12:	
	Written down	188,456
	Note 14:	
	Prepayment current	13,681
	Prepayment non-current	(39,260)
	Note 18:	
Provisions not required written back	(142,004)	
23-24 sales income sample errors	Note 5:	
	Sale of goods and services	(1,896)
	Other operating income	(450)
	Note 14:	
Accrued income	2,346	
SPG additions and depreciation	Note 4:	
	Depreciation and impairment charges	464
	Note 7:	
	Transfer to inventory	7,336
	Charge for the year	(464)
	Note 12:	
Transferred to / (from) SPG	(7,336)	
Provision Restatement	Note 4:	
	Provision provided for / (released) in year	37,700
	Note 18:	
	Provided in the year	(49,700)
Provisions not required written back	12,000	
Biological Assets Recognition	Note 4:	
	(Gain) / Loss on recognition of biological assets	(14,552)
	Note 12:	
	Reclassifications	(782)
	Note 13:	
	Reclassifications	782
Gain on revaluation on reclassification	14,552	

## **CVU**

In the 2022-23 accounts, UKHSA had updated the values held in the accounts relating according to actual usage, on the grounds that whether a vaccine had been used or not provided the best evidence of its value to the business at year end, and that this in turn provided the best information to the users of the accounts. During review as part of the process to audit the 2023-24 opening balances (i.e. the balance sheet position on 31 March/2022-23 closing balances), it was agreed that while the users of the accounts might wish to know which stock had actually been used, it was a more obvious interpretation of the accounting standards to revert to a forecast based model based on the circumstances as at 31 March 2023. As a result, UKHSA has agreed to restate their 2022-23 closing balances. For further detail, please see note 22.

## **23-24 sales income sample errors**

As part of the 2023-24 testing it was found that some of the sales income samples related to 2022-23 but the income was never recognised therefore this adjustment recognises that income.

## **SPG additions and depreciation**

This adjustment accounts for stock piled goods additions and the additional depreciation that should have been recognised in 2022-23.

## **Provision restatement**

This adjustment recognises that information was received prior to the issue of the 2022-23 financial statements and should therefore have been treated as an adjusting event in the 2022-23 accounts and the provisions have been accordingly updated.

## **Biological assets**

The opening balance of culture collections was calculated as at 31 March 2024, however these assets have been biological assets since the inception of the collection. As a result, they have been restated into the prior year, using the closing balance as a proxy for the opening balance, hence there are no movements in 2023-24. Management is content that there is not a material variance from any prior year balance, as we have reviewed stock volumes and they remain broadly consistent year on year.









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E03119031

ISBN 978-1-5286-4848-6

