

Annual report and accounts 2024-25

Human Fertilisation and Embryology Authority

Annual report and accounts 2024-2025

For the period 1 April 2024 to 31 March 2025

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

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Chief Executive's foreword

This has been another successful year for the HFEA. Performance has been consistently strong and the health and culture of the organisation is gratifyingly high. The leadership of the Authority, with new Members recruited in year, is now very stable and, with the support of all Members, we have just signed off a new strategy for 2025-28.

The fertility sector continued to create regulatory challenges in 2024/25 that we have managed carefully and confidently, both in respect of the performance of some clinics and in terms of new fertility service models that can function in ways our existing powers were not designed to regulate. These are areas that are focused on closely by the Authority.

Donation issues have generated considerable media coverage and the volume of enquiries that we receive for HFEA Register data continues to grow, but our investment in new systems is now paying off in terms of a reduction in the waiting times for requests for donor information.

Lastly, work on the modernisation of the Act continued and the HFEA has submitted further recommendations to our sponsor Department, the Department of Health and Social Care (DHSC).

Organisational performance

Our performance against our KPIs has been strong all year. We measure ourselves against 19 publicly available KPIs, of which only one or two have typically been categorised as 'red' across the year (the 'red' ratings relate to particular incidents rather than structural issues).

Further evidence of the health of the organisation can be seen from our staff sickness results which have fluctuated between 1.6% and 4.7% over the year, while our turnover has declined steadily from a high of 24% in May last year to just 3.8% in March this year. Our staff survey results reinforce this picture: our engagement score (the extent to which staff feel happy at work) in autumn 2024 was 89% (13% above our public sector comparators); 96% of staff say they understand the purpose of the organisation (10% above our comparators); and 85% of staff feel that senior leaders provide a clear vision of the overall direction of the HFEA (33% above our comparators).

Authority members

The appointment of four new Authority members and the reappointment of one member last year has provided much needed stability. Our Board is now at full strength and the new members are all playing an active part. The Audit and Governance, Licence, and Statutory Approvals committees are all functioning well and our annual Committees Effectiveness review, which was presented to the full Board at its March meeting, showed an active, engaged set of Authority members.

Strategy 2025-2028

A particular focus for the Board this past year was to agree a new three-year Strategy, which was published on 1 April 2025. The strategy is organised around two themes: regulating a changing environment; and scientific developments and medical innovation.

The fertility market is approaching a transition point where many of the certainties that have guided regulation are shifting from, for example, licensed physical clinics to a mix of online advice (sometimes

sourced from overseas) and treatment in regular 'bricks and mortar' establishments. Furthermore, some potential new treatments are pushing the boundaries of what is known and lawful, for example in vitro derived gametes. These changes require new policy thinking which we will undertake over the next three years.

Modernising the Act

We made further recommendations to the Department of Health and Social Care, building on our November 2023 proposals to modernise fertility law and amend the Human Fertilisation and Embryology Act 1990 (as amended), which were driven by recent scientific developments relating to:

- The 14-day limit on embryo research - introduced in the HFE Act 1990, set a time limit for research on human embryos which has been widely adopted internationally. Currently, the Act limits the use of human or admixed embryos in research to 14 days, or the appearance of a primitive streak (if earlier).
- Stem cell-based embryo models (SCBEMs) – where research is progressing fast, but which are not covered by the HFE Act.
- In vitro gametes (IVGs) - gametes (eggs or sperm) created in a laboratory, in vitro, by reprogramming other cells, such as embryonic stem cells or skin cells, to become functional egg and sperm cells.

Opening the Register

Opening the Register (OTR) is the process whereby donors, parents and donor conceived individuals can access information from the HFEA Register. A change in the law in 2005 had an impact in 2023 as donor conceived individuals now have the option of applying for identifying information about their donor once they reach the age of eighteen.

This has generated significant public interest, reinforced by wide press coverage, which has led to a very high volume of information requests that we have not been able to respond to as quickly as we would have liked, leading us to invest in our OTR team and systems in year. We typically received between 70 to 100 OTR applications per month and closed between 90 and 200 per month, which allowed us to reduce the queue of enquiries from 1298 to 820 between April 2024 and March 2025. This is a very encouraging improvement, but we still have further to go in the coming year.

Data reports

This year continued to see us make good use of our data, issuing well-received publications on the overall state of fertility treatment (our annual Fertility Trends in July) and on the degree of compliance in the fertility sector (our annual State of the Sector report in October). In addition, we issued our National Patient Survey in March which included the experience and views of 1,500 fertility patients.

In July we were announced as the 2024 Winner of the Award for Statistical Excellence in Trustworthiness, Quality and Value by the Office for Statistics Regulation, in partnership with the Royal Statistical Society (RSS) and Civil Service World. The HFEA received the award for its dashboard, which holds national UK fertility data going back to 1991.

Looking forward, the 2025/26 business year will be the first year of our new strategy, and we will continue to discuss our recommendations to modernise fertility law with DHSC. Further priorities for next year include:

- An upgrade of our core IT systems that support how we carry out our licensing activities.
- Publication of updated Choose a Fertility Clinic data submitted to the HFEA by fertility clinics.
- A review of the HFEA's fee structure to ensure that how we raise income from the sector to cover the cost of regulation continues to be fair and transparent whilst reducing administrative burdens.



Peter Thompson
Chief Executive
Accounting Officer

Performance Report

Overview

This section describes who we are and what we do. It also looks at our performance and delivery against our business plan throughout 2024/25.

Our role and strategic aims

Who we are

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

Our vision for 2020-2025 was:

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

During 2024/25 we developed our new strategy for 2025-2028. Our development process included consultation with our stakeholders on a new vision and aims for the following three years.

Our strategy for 2025-2028 outlines our vision, themes, and objectives as an organisation.

We want to ensure a well-regulated fertility sector that is trusted by patients and the wider public, that we provide information that is helpful for patients in making treatment choices, and that biosciences that lead to innovations in treatment can flourish within an ethical framework.

Our vision for 2025-2028 is:

Regulating for confidence:

- Safe treatment
- Right information
- Supported innovation

This vision recognises the changing UK fertility landscape, and the challenges this presents, both for patients making difficult treatment choices, and for clinics and the HFEA in ensuring the sector is well regulated and that treatment is safe and well evidenced.

2028 marks the 50th anniversary of the first baby born from IVF and the UK regulatory framework has played a key role in ensuring that fertility treatment in this country is safe and of a high quality. But we cannot be complacent.

By 2028 the fertility sector we regulate will be very different from the one that existed when we were set-up in 1991. Many elements of advice are being offered online, often from outside the UK, and the distinctions between fertility 'lifestyle advice' and medical advice are becoming increasingly blurred. Over time, more diagnostic tests will be informed by AI, and personalised genetic testing is likely to be more commonplace. Some patients may view these developments as positive, providing greater choice and convenience while others may feel unsure about where to go for advice and how to trust the different sources of information.

The next few years are also likely to see significant new developments in scientific research bringing the possibility of new treatment options. Research on embryo models and in vitro derived gametes is now

moving fast. The UK has real strengths in bioscience and decisions need to be made on whether and how best to regulate such developments.

The HFEA will need to change and adapt to ensure it remains effective, since the regulatory regime was designed for a world where all treatment was provided in a physical licensed clinic. Online advice and diagnostic tests require a different kind of regulation, elements of which will require a change in the law. The HFEA has a statutory duty to provide information to help patients make informed choices about their treatment options, but we will need to go further. And while inspection will still have a vital role in ensuring high quality services, greater use of data can also inform regulatory action.

As the fertility sector changes over the coming years, we want patients who are seeking a longed-for family to continue to have safe, high-quality, fertility treatment. And we want clinics, researchers and the wider public to have confidence that our regulation can meet the demands of changing times.

Our legislation and functions

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

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

Under this legislation, our main statutory functions are to:

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

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

- promoting compliance with the requirements of the 1990 Act (as amended), the 2008 Act and the Code of Practice
- maintaining a statement of the general principles that we should follow when conducting our functions and by others when carrying out licensed activities
- observing the principles of best regulatory practice, including transparency, accountability, consistency, and targeting regulatory action where it is needed
- carrying out our functions effectively, efficiently, and economically
- publicising our role and providing relevant advice and information to donor-conceived people, donors, clinics, research establishments and patients
- reviewing information about:

- human embryos and developments in research involving human embryos
- the provision of treatment services and activities governed by the 1990 Act (as amended).
- advising the Secretary of State for Health and Social Care on developments in the above fields, upon request.

What we did in 2024-2025

Overview

In 2024-2025, we made good progress with our strategic aims and below describes key work we undertook in this period.

Delivery of the 2024-2025 business plan

The best care

Since 2020-2021, clinics have been assessed using a hybrid approach involving a desk-based assessment combined with an onsite visit to allow continued close regulatory oversight of the fertility sector. This approach is efficient, allowing the inspector to focus on specific areas of concern whilst reducing the time spent onsite.

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

We use our Compliance and Enforcement Policy to ensure we take a consistent approach for making regulatory decisions about clinics.

2024 also saw the completion of our work to implement the new Regulations that increase the statutory storage limits from the previous 10 years to a 10-year renewable storage period up to a maximum of 55 years. The transition period for this law ended in June 2024.

In October 2024, we published our State of the Fertility Sector report, providing an overview of the UK fertility sector in 2023-2024.

Also in October 2024, the HFEA welcomed the changes to the law on partner donation in relation to reciprocal IVF, and egg and sperm donation from those who have HIV with an undetectable viral load. We issued guidance to support clinics with the law changes, updating our Code of Practice.

In November 2024 we published a report on 'Family formations in fertility treatment 2022'. This report highlighted the differences in use and outcomes of fertility treatment in the UK by family type and follows our first publication on family formations in fertility treatment in 2020. The report showed that whilst most fertility treatments in the UK are among opposite-sex couples, the number of female same-sex couples and single patients undergoing fertility treatments is increasing year on year. The report also highlighted the disparities in access to treatment between different family types due to lower levels of NHS funding.

The HFEA periodically surveys fertility patients in the United Kingdom (UK) to understand their views and experiences better. The National Patient Survey 2024 involved 1500 patients and was published in March 2025. The profile of respondents was broadly similar to the population of fertility patients taken from our national register. Most patients (over 70%) were satisfied with the treatment they received at HFEA-licensed clinics. However, some areas for improvement were identified.

In March 2024, we suspended the Homerton Fertility Centre's licence to operate due to significant concerns about the clinic. An independent investigation was commissioned by the Homerton Healthcare

NHS Foundation Trust into the incidents which led to the HFEA suspending the licence. At the June 2024 Licence Committee meeting, the committee agreed that the centre's licence should continue with a phased resumption of treatment cycles from 8 August 2024.

The right information

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

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

We completed the implementation of our PRISM system, for clinics to submit data to the Register during 2024. We also continued development work on our internal systems to restore connectivity with the new register after migrating our data across successfully with clinics. This work, once complete, will enable us to issue more regular updates to Choose a Fertility Clinic (CaFC), and an interim release of CaFC data took place in May 2025.

The OTR service continues to improve, and we have worked to reduce the waiting list of OTR requests, however demand for the service continues to be significantly higher than in previous years.

In January 2024, we launched a fertility data dashboard, thought to be the first of its kind in the world. The dashboard holds national UK fertility data from 1991. Users can customise data by age, IVF treatment and view success rates for a particular group or by UK nation and region. It also includes information on egg freezing and thawing. The HFEA was the 2024 Winner of the Award for Statistical Excellence in Trustworthiness, Quality and Value in July 2024 for the data dashboard. The award was made by the Office for Statistics Regulation, in partnership with the Royal Statistical Society (RSS) and Civil Service World.

We achieved the 'Approaching standards' rating for the NHS Data Security and Protection Toolkit (DSPT) standards for 2023-2024. We have also implemented a new Information Governance Framework which sets out a strategic vision for improving data protection and security controls within the HFEA.

In December 2024, we issued a statement regarding Apricity Fertility ceasing operations from January 2025. As a virtual clinic, Apricity was not regulated by the HFEA.

Shaping the future

Several key challenges have informed the Authority's consideration of strategic priorities:

- The fertility sector is changing – it is increasingly commercial, increasingly technology driven and increasingly providing certain services online. This presents patients with new choices (and new dilemmas) which the existing regulatory model was not designed for.
- Access to fertility treatment – some people are delaying trying to start a family and if they have difficulty conceiving, they are finding it hard to access NHS services, while others are excluded from NHS funding.
- Donation is a growing issue for the HFEA and fertility sector, as more people access the HFEA register, and interest grows.
- Scientific innovation is now pushing against what is currently lawful in the UK. Obstacles could threaten advances that could help patients and the UK's reputation in biosciences.
- The 1990 Human Fertilisation and Embryology Act is out of date in some respects and requires modernisation.

Following our public consultation in 2023 on reforming the HFE Act, we made a range of proposals in November that year that we believe would improve patient care and maintain the UK's position as a country where scientific and clinical innovation can flourish. In summary, we have recommended the following:

Patient safety and best practice: the Act should include an over-arching focus on patient protection, and the HFEA should have a broader and more proportionate range of regulatory enforcement powers.

Access to donor information: the Act should enable the removal of donor anonymity from birth, and clinics should be required to inform donors and recipients of the potential for donor identity to be discovered through, for example, DNA testing websites or social media.

Consent: the consent regime in the Act should be overhauled, with a requirement for automatic record-sharing between clinics and the NHS (with the option for patients to opt out).

Scientific developments: there should be greater discretion to support innovation in treatment and research, and the Act should be future proofed so that it is better able to accommodate future developments and new technologies.

In addition, the Government's 10-year plan for health is expected to be published shortly, and we will ensure that our work aligns with that plan as needed.

We continue to work with Ministers and our sponsors in the Department for Health and Social Care (DHSC) in 2024-25 to achieve timely changes.

In 2024-25 we also undertook further policy work on scientific developments. In November 2024, the Authority recommended that the law is changed to extend the time limit on embryo research. We have seen significant scientific advances since the law was introduced in 1990, and it is now increasingly possible for researchers to develop and sustain embryos beyond 14 days. This could provide valuable information, in a strictly regulated environment, to enable research for specific purposes that are already set out in the law.

In January 2025, the Authority recommended that Stem Cell Based Embryo Models (SCBEMs), and In vitro gametes (IVGs) should be subject to statutory regulation in time. Research on both SCBEMs and IVGs is progressing quickly. Currently, the Human Fertilisation and Embryology (HFE) Act does not cover SCBEMs and prohibits the clinical use of IVGs.

In addition, we continued to monitor areas of likely future developments, such as Artificial Intelligence (AI), which is a key consideration for our Scientific and clinical Advances Advisory Committee (SCAAC).

During the year we continued our work to consider the way in which we authorise new processes proposed by clinics, and this work will be completed in 2025/26.

The HFEA's Public Bodies Review

As noted in last year's Annual Report and Accounts the HFEA's Public Bodies Review report was published in November 2023¹. The review gave a broadly positive assessment of the HFEA. It noted that:

"HFEA performs important functions. It regulates a discrete and specialised area of medical practice and scientific research, which can raise sensitive clinical, legal and ethical issues." The review also noted that: "HFEA has a small, highly experienced and capable executive management team to support its chair and members. The effectiveness of HFEA is dependent upon the breadth of skills and experience its members bring as well as the quality of support they receive from the management team."

¹ Independent review of the Human Fertilisation and Embryology Authority (HFEA): final report and recommendations - GOV.UK

The central conclusion of the review was that: HFEA should remain an executive non-departmental public body. The review identified 19 recommendations of which 13 require action by the HFEA with the remainder being for the Department of Health and Social Care.

Risks as at 31 March 2025

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

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

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

Risk	Key risks and issues
Operational	Key operational systems require review and/or replacement which have organisational wide impact. This risk previously focused on PRISM (the new online clinic data submission system). A procurement was conducted in the autumn of 2024 which changes the focus of this risk (see below commercial). PRISM has improved the quality of the register; however the scale of the program and time it has taken has utilised all of our development capacity, which has led to delays in reviewing other IT systems and scheduling their replacement. Epicentre, which is used for inspection, licensing and finance is out of support and presents considerable risk to the HFEA should it fail. To date we have been able to keep Epicentre functional in-house through workarounds and use of in-house expertise. We have undertaken a procurement to replace Epicentre which completed in February 2025, with work to continue throughout 2025/26. Risk level High above tolerance

Information	There is a risk that the appetite for information does not match the resources/priority of our website capacity Information provision is a key part of our statutory duties and is fundamental to us being able to regulate effectively. We provide information to the public, patients, partners, donors, the donor conceived, their families and clinics alike. If we are not seen as relevant then we risk our information not being used, which in turn may affect the quality of care, outcomes, and options available to those involved in treatment. Increased interaction on social media has resulted in a significant increase in media coverage which helps in promoting the HFEA website and the information within it. We are constrained in the potential reach of our website and information by the limited resources available to work on this area. Risk level Medium below tolerance
Information – Opening the Register (OTR)	There is a risk that the OTR function becomes incapable of issuing accurate information at sufficient pace. The principle risks remain that the time taken to process OTR applications is too long or that the information given out is inaccurate. A new case management system was introduced in August 2023. This is assisting the team in reducing waiting lists plus an increase in the number of staff within the team. However, demand appears to be increasing coupled with increased media interest in donation issues keeps the inherent risk high. Risk level High above tolerance
Financial	There is a risk that the HFEA has insufficient financial resources to fund its regulatory activity and strategic aims. This risk considers the likelihood that treatment activity on which HFEA licence fees are charged may fall, or that we may see a reduction in the level of Grant in Aid funding we receive from our sponsor Department. The latter has happened; however, we have increased our fees to match high forecast inflation as well as making up the reduction in our Grant in Aid. We are susceptible to fluctuations in activity levels, however, there are mechanisms in place that allow us to adjust planned spending in year. Risk level Medium at tolerance
People	Resources needed to carry out statutory work are not sufficient to manage the range of responsibilities This risk is made more acute through a mix of single points of failure in some teams or small teams with limited resilience, combined with high turnover. Together these factors create operational pressures which are difficult to manage without putting unreasonable pressure on remaining staff. Evidence from a recent staff survey suggests engagement and morale remains above the public sector average. We have mechanisms in place to deprioritise pieces of work if additional pressures come down the line which require active management. Risk level High at tolerance
Security (Cyber security)	There is a risk that the HFEA is subject to a cyber-attack, resulting in data or sensitive information being compromised, or IT services being unavailable.

	Current overall threat levels remain high. The HFEA holds sensitive information on its register. The register (since 1991) holds data on patients, parents and donors undergoing licenced fertility treatment and includes details of their identity, treatment, and outcomes. We have appropriate mitigations in place for both cyber-attacks and the possibility of equipment losses or technical failures that could result in increased risks or loss of access. This is an ever-changing area, in which new threats emerge constantly, but we monitor for these and take actions where indicated. Risk level Medium at tolerance
Governance	There is a risk that the regulatory framework in which the HFEA operates is overtaken by developments and becomes not fit for purpose. The main risk is that the current legal regime is dated and means we cannot always act on areas where patients' have concerns and we are limited in the actions we can take. We are managing this risk within the current compliance and policy framework as set out in the law. There are emerging sub-risks such as out-dated or absent regulatory powers; other regulators have an impact on the HFEA's ability to regulate effectively. Regular engagement with the DHSC ensuring they are aware of our position in relation to any future review of the legislation. Risk level Medium at tolerance
Commercial	There is a risk that we are not able to effectively procure and/or contract manage essential IT system upgrades to necessary levels of quality, timeliness and affordability. This risk was introduced in the autumn of 2024 which saw the commencement of a procurement exercise to replace our Licensing management system – Epicentre. There is a general risk in public sector procurement of IT solutions relating to slippage and time/cost overruns as well as quality risks. Mitigating actions taken included commissioning early specification work to identify business requirements and engagement with DHSC IT Commercial for guidance on getting the right specifications as well as support during the procurement process. Risk level is medium and at tolerance.

There were two risks that were live earlier in the 2024/25 business year that have been closed as detailed below:

People2	Loss of senior leadership (whether at Board or Management level) leads to a loss of knowledge and capability which may impact formal decision making and strategic delivery. This risk was closed in December 2024 with the recruitment of 4 new Board members and a slow-down in staff turnover.
Strategy	The HFEA's public body review The review commenced in March 2023 with the final report published in November 2023. The final report indicated full support of the HFEA remaining as an executive Non-Departmental Public Body that meets the Cabinet Office tests for public bodies. The report made 19 recommendations of which 13 were for the HFEA. These recommendations are being addressed, and this risk was agreed as closed by the Audit and Governance Committee in June 2024.

Going concern

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

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

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

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

There is no expectation that our services will not continue. However, the ongoing review of all Arm's Length Bodies being conducted by Cabinet Office may have an impact on the HFEA's remit and/or the sector involved. However, there is no proposal that would lead to the end of regulation of the public sector. The HFEA would continue to be considered a going concern.

Performance analysis

This section considers the HFEA's performance against our key priorities, as set out in the Business plan.

Measuring performance

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

Analysis of performance in 2024/25

Performance indicators (KPI)	Target 2024/25	KPI	Target 2023/24	KPI	Target 2022/23	KPI
A: Compliance						
Average number of working days taken for the whole licensing process, from the day of inspection to the decision being communicated to the centre	80 working days	54 working days	80 ² working days	66 working days	70 working days	64 working days
B: Communication and information						
Freedom of Information requests responded to within 20 working days.	100%	67/67	100%	64/64	100%	50/50
C: Corporate						
Requests for contributions to parliamentary questions (PQs) answered within DHSC deadlines.	100%	100% (10/10 PQs within deadline)	100%	100% (5/5 PQs within deadline)	100%	16/16 PQs within deadline
Staff sickness absence rate (%)	No more than 2.5%	2.8%	No more than 2.5%	4.9% ³	No more than 2.5%	2.3%
Percentage turnover	5-15% range	3.8%	5-15% range	24% ⁴	5-15% range	13.8%
Cash and bank balance at end of the year	Continue to move towards agreed minimum cash reserve of £1.52m	£3.32m (decreased from £3.54m in 2023/24⁵)	Continue to move towards agreed minimum cash reserve of £1.52m	£3.54m (increased from £3.37m at the end of 22/23)	Continue to move towards agreed minimum cash reserve	£3.37m (decreased from £3.63m in 2021/22)

² Revised target introduced in 2023/24

³ Includes three cases of long-term sickness

⁴ Turnover figure includes planned leavers, excluding these, the figure is 20%

⁵ The decrease in the cash balance is due to under drawing down our grant in aid.

Percentage of invoices paid within 10 calendar days	70% paid within 10 days	87%	70% paid within 10 days	100%	70% paid within 10 days	69%
Debts collected within 40 days (previously 60 calendar days).	85%	64%⁶	85%	80%	85%	78%

Financial review

Accounts preparation and overview

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

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

How is the HFEA funded?

HFEA's revenue funding comes from two primary sources. In 24/25, around 5% was from grant in aid (GIA) from the Department for Health and Social Care (DHSC) who provide baseline funding to support the provision of services for which we do not have legal powers to levy charges. The remaining 95% was from licence and treatment fees from both the private and public sectors. We also received non-cash cover for notional charges of depreciation and amortisation of our fixed assets.

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

Summary position as at 31 March 2025

	2024/25	2023/24
	£'000s	£'000s
Expenditure		
Staff costs	5,650	5,219
General administrative costs	1,685	1,774
Total expenditure ⁷	7,335	6,993
Income		
Revenue from contracts with customers	7,010	5,632
Other income	49	65
Total income ⁸	7,059	5,697
Net (expenditure) before interest and tax	(276)	(1,296)

⁶ This KPI is affected by very old debts that are being cleared slowly.

⁷ This figure differs from the SoCNE due to rounding

⁸ This does not include interest income

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

	2024/25 ⁹	2023/24 ⁹
Net (expenditure) before interest and tax	(276)	(1,296)
Finance Income	165	152
Finance Expense	(7)	(8)
Net (expenditure)	(118)	(1,152)
Resource financing ¹⁰	410	951
Non-cash (RDEL)	232	232
Taxation ¹¹	(49)	(29)
Surplus for the year	475	2

Financial performance

Our end of year position is a surplus of £475k. The detailed financial results are included in the financial accounts on pages 64 to 84.

Our Expenditure is 4.9% higher than 2023/24 which is in part due to increase in staff costs (8.3%) and includes the pay award, and other operating costs (4.6%). Within our other operating costs, we have an increase in our audit fees (23%) which is offset by reductions in our legal spend (43%). Other notable changes from 2023/24 are within our non-cash items which include depreciation. We have made an adjustment to depreciation which relates to a prior period where after impairing an asset, the depreciation was not adjusted thus writing off the asset quicker than it should have been. The adjustment to the accounts is £84k. In addition, the movement in our expected credit losses (provision) was £133k which represents a significant reduction in those debts that were previously potentially bad.

Revenue from contracts with customers (licence/treatment fee income) has increased by 24.5% against 2023/24. This is mainly due to an increase in IVF and DI fees made from April 2024 (IVF fees increased from £85 to £100 and DI fees increased from £37.50 to £40), which was triggered by a reduction in the Grant in Aid we receive from DHSC, agreed in 2023, and continuing high levels of inflation. We are also experiencing increases in interest income (8% on 2023/24), however there has been a reduction in recharges for shared services due to the staff member reverting to full-time for the HFEA.

DHSC allocated Grant-in-aid funding towards the financing of resource expenditure was £956,000, (2023/24 £951,000) and was only partially drawn down (£410,000) due to a delay in the start of the replacement of our Licensing management system Epicentre which originally received funding of £740,000 in full. Capital expenditure funding of £80,000 (2023/24: £30,000) was also allocated. We also received non-cash income allocation (Ring-fenced RDEL¹²) of £232,026 (2022/23 £232,359) to cover non-cash costs of depreciation and amortisation.

⁹ Figures in these columns may vary to the accounts due to rounding and the exclusion of non-cash income.

¹⁰ Grant in aid is treated as financing within the statutory accounts, and it is a requirement to report it this way. The Ring-fenced RDEL is an internal feature of government accounting.

¹¹ Taxation (Corporation Tax) for 2024/25 accrued is £45,501 (2023/24 £28,825).

¹² Ring-fenced RDEL is Resource Departmental Expenditure Limit and comprises depreciation, amortisation and impairment. It is not cash, but cover provided by the DHSC against this type of expenditure.

Our cash reserves have decreased by £229,000 (6.4%), from 2023/24).

Forward financial outlook

We have received confirmation of funding (Grant in aid) from the DHSC for the 2025/26 business year which includes program funding for the replacement of Epicentre our Licensing Management system. Our fees for IVF/DI remain the same at £100/£40 respectively.

Our budget has been set and approved by the Board and takes into account a modest amount for staff pay awards in line with HMT guidelines, coupled with an increase in national insurance contributions.

As with other ALBs and government departments, the challenge for the year to come will be to deliver our statutory functions within the budget envelope and remain flexible for any new requirements that may come our way.

Supplier payments

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

BPPC Target	2024/25	2023/24
95% of payments made within 30 days of receipt of undisputed invoice	1,012 (99%) were paid within 30 days. 1,023 invoices totalling £2,142,378 were received.	846 (97%) were paid within 30 days. 872 invoices totalling £1,976,846 were received

Organisational structure and establishment

Our staff complement is 86. We have in place shared services arrangements with other bodies where feasible. For example, we share part of our finance and resources team staffing with the Human Tissue Authority, and our facilities management service is shared with the four other Health ALBs with whom we occupy the same premises.

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

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

Our current organisational structure is illustrated below.



Recruitment

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

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

Learning and development

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

Staff engagement and wellbeing

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

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

Staff Survey

In October 2024, we conducted our annual staff survey. The response rate was 87% (2023/24 83%), compared to the sector average of 70%. Our engagement score (the extent to which staff feel happy at work) was 89% (2023/24, 84%) compared to the average for our public sector comparators of 76%. This

is an improvement on the already positive results last year. The survey results demonstrate that work focusing on staff wellbeing throughout the year has continued to resonate with staff.

Other areas of the survey demonstrated that staff see themselves remaining with the organisation 2 years from the date of the survey – 77% (2023/24 65%), 8% higher than the sector average. There was a notable favourable response to questions about reward and recognition, 68% compared to 61% in 2023/24 and 7% above the sector average. There was a 3% positive increase in EDI based questions which was still 8% below the average for public sector organisations. Further work is needed and will be driven by EDI Champions who have been selected from across the business.

Disabled employees

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

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

We have a specific policy of inviting to interview any candidate with a disability who meets essential criteria. Support is provided for all staff who have, or develop, a disability including making any reasonable adjustments to the workplace or work processes and having advice available through our occupational health service.

Sustainability and environmental issues

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

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

The tables below are of travel data we can extract currently. Where possible, we will look to provide any other relevant data.

	2024-25	2023-24	2024-25	2023-24
Total tCO ₂ e	Km travelled	Km travelled	Tonnes CO ₂ e	Tonnes CO ₂ e
Domestic Flight	25,052	18,261	3.23	2.94
Rail – National/Average	48,183	170,397	1.71	6.04

The significant reduction in Rail Km travelled is due to a shift in the type of inspections being undertaken. There has been more of a focus on virtual or desk-based inspections. In 2023/4 there were a higher number of new inspectors which required a lot of shadowing, and more travel. There has also been a reduction in the number of in-person meetings.

	2024-25	2023-24	2024-25	2023-24
Financial data	Rail	Rail	Air	Air
Expenditure	£60,299	£52,946	£4,211	£6,629
Number of trips	605	557	22	37

We encourage staff to travel on HFEA business in the most sustainable and cost effective way possible. The increase in expenditure Rail travel is largely due to inflationary price increases. The figures also include spend related to non-inspection travel and staff on remote contracts attending our offices for staff meetings.



Peter Thompson
Chief Executive
Accounting Officer

14 July 2025

Accountability Report

Corporate governance report

Directors' report

Our board (the Authority)

Our board is made up of 14 members appointed through an open public process, although for part of the year we conducted our activities with less than this number. Below are details of the current and out-going Authority members during the 2024/25 financial year. Biographies for each can be found on our website <https://www.hfea.gov.uk/about-us/our-people/meet-our-authority-members/>

Authority member	Appointment start date	Appointment end date
Julia Chain (Chair)	1 April 2021	31 March 2027 (re-appointed 1 April 2024)
Catharine Seddon	18 January 2021	17 January 2027 (re-appointed 18 January 2024)
Tim Child	18 January 2021	17 January 2027 (re-appointed 18 January 2024)
Geeta Nargund	1 April 2022	31 March 2028 (re-appointed 1 April 2025)
Alex Kafetz	1 April 2022	31 March 2028 (re-appointed 1 April 2025)
Alison McTavish	1 April 2022	31 March 2028 (re-appointed 1 April 2025)
Zeynep Gurtin	1 April 2022	31 March 2028 (re-appointed 1 April 2025)
Graham James	1 May 2022	30 April 2028 (re-appointed 1 May 2025)
Frances Flinter	1 May 2022	30 April 2028 (re-appointed 1 May 2025)
Christine Watson	1 May 2023	30 April 2026
Tom Fowler	14 October 2024	13 October 2027
Rosamund Scott	14 October 2024	13 October 2027
Anya Sizer	14 October 2024	13 October 2027
Stephen Troup	14 October 2024	13 October 2027

Senior Management Team

Our Senior Management Team are set out below.

Peter Thompson	Chief Executive
Tom Skrinar	Director of Finance, Planning and Technology (appointed 21 August 2023, moved from 0.5Fte to 1Fte 1 January 2025)
Clare Ettinghausen	Director of Strategy and Corporate Affairs
Rachel Cutting	Director of Compliance and Information

Interests of Authority members and senior staff

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

Pensions

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

Data incidents

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

Our auditors

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

Statement of the Authority and Accounting Officer's responsibilities

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

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

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

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

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

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

Accounts direction

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

Authority statement

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

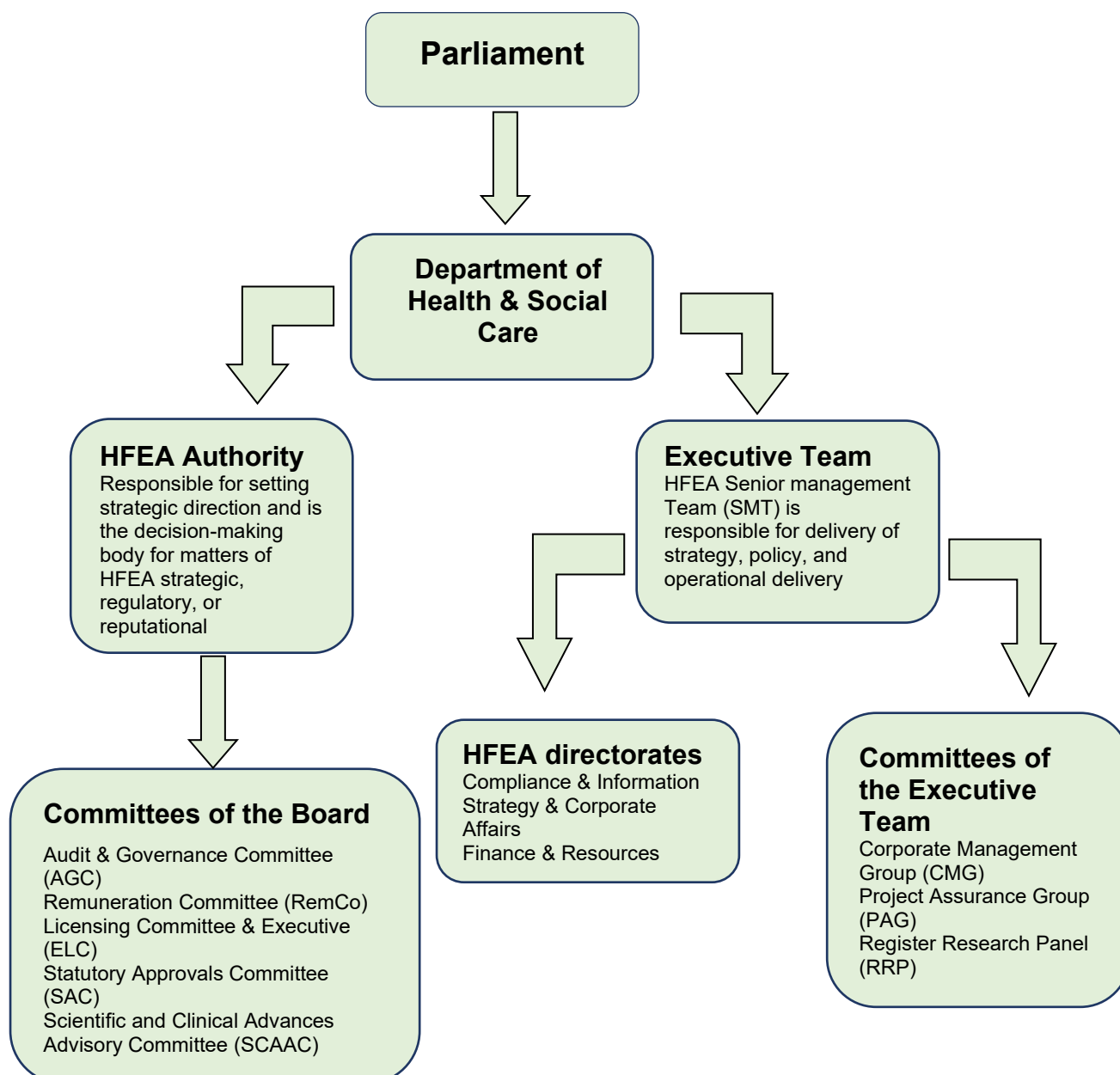
Directors' report

The Directors' report, as per the requirements of the Government Financial Reporting Manual (FReM), requires certain disclosures relating to those having authority or responsibility for directing or controlling the entity including details of their remuneration and pension liabilities.

Governance framework

Our governance framework is set out in the HFE Act 1990 (as amended) and its approved standing orders. Our relationship with DHSC, acting on behalf of the Secretary of State, is regulated by a Framework Agreement which sets out the respective roles and responsibilities of each organisation, the shared principles that underpin our relationship and arrangements for ensuring that DHSC can fulfil its responsibilities. Figure 1 (below) shows our governance structure.

Figure 1: HFEA governance structure



Governance statement

Our board (the Authority)

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

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

Details of Board members and Committee attendance are below.

Board members	Board Meetings	Audit and ¹³ Governance Committee	Remuneration Committee
Julia Chain (Chair)	5 (6) ¹⁴	2 (2) ¹⁵	1 (1)
Catharine Seddon (ARAC Chair)	6 (6)	4 (4)	1 (1)
Tim Child	4 (6)	N/a	1 (1)
Frances Flinter	5 (6)	N/a	N/a
Graham James	6 (6)	N/a	N/a
Geeta Nargund	5 (6)	N/a	N/a
Alex Kafetz	6 (6)	4 (4)	N/a
Zeynep Gurtin	5 (6)	N/a	N/a
Alison McTavish	6 (6)	N/a	N/a
Christine Watson	5 (6)	N/a	N/a
Tom Fowler ¹⁶	3 (3)	2 (2)	N/a
Rosamund Scott ¹⁶	3 (3)	N/a	N/a
Anya Sizer ¹⁶	3 (3)	N/a	N/a
Stephen Troup ¹⁶	3 (3)	N/a	N/a

¹³ The Audit and Governance Committee is also supported by one professional External Advisor Anne Marie Miller

¹⁴ The figures within brackets are the number of meetings the member was eligible to attend.

¹⁵ Julia Chain attended to ensure quoracy of the committee

¹⁶ These members joined in November 2024 therefore eligible to attend only 3 authority meetings and 2 audit committee meetings for Tom Fowler.

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

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

The Board normally meets 6 times a year and these meetings are open to the public and audio recordings of the meetings are made available on our website. The Board monitors and reviews the organisation's performance regularly, based on the management information briefings and commentaries which the Executive provides.

Board Administration

The administration for the Board is the responsibility of the Director of Finance, Planning and Technology, supported by the Board Governance Manager, who maintains and keeps up to date the main procedures and policies of the Board, corporate records, and terms of reference of the Board. Its sub-committees are supported by committee secretaries.

Board Appointments

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

Highlights of Board meetings in 2024-25

During the 2024-25 the Board considered key strategic issues and routine business planning topics which included:

- Reports from Committee Chairs
- Chair and Chief Executive's report
- Monthly performance reports
- Financial commentaries for Q1-3 and the 2025/26 budget
- Strategic Risk Register
- Membership resilience (adding further members to certain committees)
- Overview of the HFEA's governance, including approval of changes to the HFEA's Standing Orders which included changes in membership to the Licence Committee. In addition, the Board received a report on its committee's effectiveness and action points from each committee.
- Strategy development – our current strategy ended in April 2024 and a new strategy for the period 2025 to 2028 was approved in January 2025 and published in March 2025. The strategy falls into two main themes; regulating a changing environment and supporting scientific and medical innovation. The final version of the 2025/26 business plan will be published shortly.
- Activity of the Register Research Panel (RRP) for the 2023/24 year. The RRP has delegated power (from the Authority) to authorise access to Register data for the purposes of medical or non-medical research. The panel is required to report annually to the Authority.
- Proposed legislative changes on posthumous storage and screening. A proposal by Government to two areas of legislative change which will affect the fertility sector. The

Authority reviewed a proposal to delegate powers to its Chair to approve specific regulatory materials.

- Fees review. The Authority were presented with some early thoughts on the parameters for a review that commenced in the autumn of 2024/25.
- State of the Fertility Sector Report which summarised the HFEA’s regulatory work for the period April 2024 to March 2025.
- The Board considered recommendations to increase the transparency of our regulatory decisions and activity and the risks and benefits of publishing more information.
- Multiple births target – a range of options were discussed by the Board in considering next steps now that the previous target has been met or exceeded by the majority of clinics
- Law Reform: patient protection and safety. The Board considered options for an expanded range of regulatory sanctions.
- Law Reform: Scientific developments. The 14-day rule on embryo research. The Board considered whether the 14-day rule on embryo research should be extended.
- Law Reform: Scientific developments. Stem cell-based embryo models (SCBEM). The Board considered whether there is a case for recommending that SCBEMs are subject to some form of statutory regulation and whether they should be regulated on their own terms or as ‘live human embryos’.
- Law Reform: Scientific developments. The Board considered whether in vitro gametes (IVGs) should be subject to statutory regulation.

Details of all meetings and associated papers can be found on our website at: [Authority meetings | HFEA](#)

Board committees

Audit and Governance Committee (AGC)

The purpose of this Committee is to support the Board and Accounting Officer by reviewing assurances on governance, risk management and the control environment, to ensure that they are comprehensive and reliable. The Committee is responsible for providing assurance of an effective system of corporate governance, risk management and internal control, across the whole of the organisation’s activities. This committee is made up of three non-executive directors and one independent member. Individuals from the HFEA, DHSC Sponsor Team and Government Internal Audit Agency (GIAA) are invited and regularly attend the committee.

The National Audit Office and KPMG, as external auditors for the HFEA, also attend each meeting. Our Audit and Governance Committee meet quarterly. The committee met 4 times during the financial year ended 31 March 2025, meetings are also held in private with both internal and external auditors.

In 2024/25 the AGC received the following internal audit reports that covered areas across the business.

Audit area	Assurance rating	Total recommendations
Data Security & Protection Toolkit ¹⁷	Unsatisfactory	2 (1H/1M) ¹⁸
Opening the Register	Moderate	8 (6M/2L)
Functional Standards	Limited	10 (6M/2L) ¹⁹

¹⁷ DSPT audit consisted of 2 recommendations that had over 20 sections to it.

¹⁸ H=High, M=Medium and L=Low

¹⁹ 2 of the recommendations were not accepted by the executive

Financial Reporting	Moderate	3 (1M/2L)
Field Safety Notices	Substantial	0
Total recommendations =		23

Significant issues considered by the Committee during the year related to:

- Presentation of the Annual Report and Accounts for 2023/24 financial year.
- The Senior Information Risk Owner (SIRO) report. The SIRO holds responsibility for managing the strategic information risks that may impact on our ability to meet corporate objectives. They provide assurance to the Executive and Authority.
- Received reports on progress with responding to audit recommendations which included refining ways of work with internal audit.
- Progress with responding to audit recommendations from previous reports, including occasions where the Committee has agreed to accept the risk of not meeting some recommendations, for example where the context has changed.
- Updates on progress towards the delivery of Opening the Register (OTR) requirements and Choose a Fertility Clinic (CaFC) through the Patient Register Information System (PRISM).
- The committee received updates for PRISM on data issues with clinics and had focused discussions on how to mitigate risks emerging during the roll out of the programme. In addition, the committee discussed an impairment to PRISM that resulted in significant, critical judgement being made and included within the financial statements.
- Our Risk Management Strategy and appetite statement, the former taking into account updates to HM Treasury's Orange Book²⁰.
- Overview of and amendments to our Strategic Risk Register.
- Regular updates on cyber security, providing assurance as to the security of our infrastructure, work ensuring we remain vigilant against cyber-attacks, as well as focusing on our business continuity and critical incident response planning.
- Updates on our Information Governance, including progress towards meeting the NHS' Cyber Assessment Framework (CAF) aligned Data Security and Protection Toolkit (DSPT)²¹ and in particular focusing on scrutiny and mandatory evidence submissions.
- HR updates on key activities which included results of the staff survey, wellbeing initiatives introduced at the end of March 2024, and Equality, Diversity and Inclusion and efforts made to increase awareness.

The committee undertook a 'deep dive' review of risks to scrutinise risk management arrangements, test assurances, challenge actions where appropriate, and offer advice and support on a continuous improvement basis. Areas covered in year were:

- A review of internal near misses reported under our internal incident procedures which excluded incidents reported by clinics.
- The HFEA's approach to adoption of and compliance with the Government Functional Standards

²⁰ Orange Book - GOV.UK

²¹ Cyber Assessment Framework (CAF)-aligned Data Security and Protection Toolkit (DSPT) - NHS England Digital

Remuneration Committee (RemCo)

This committee considers matters pertaining to remuneration of both the Chief Executive and HFEA staff within the framework of HM Treasurys’ guidelines.

The committee met once in October of the 2024-25 business year.

Standing committees

The Authority has several committees to which it delegates a number of its functions as detailed below.

Licence Committee & Executive Licensing Panel

These committees make decisions on licence approvals and renewal. The Licence Committee consists of Board members and considers all new licence applications and more complex licence renewals; the Executive Licensing Panel consists of HFEA staff members and considers more routine licence renewals.

Statutory Approvals Committee

This committee considers applications for the use of Pre-implantation genetic testing for monogenic disorders (PGT-M), Mitochondrial donation treatment and Human Leucocyte Antigen (HLA) tissue typing. It also issues ‘special directions,’ to allow the import or export of gametes and embryos and any new fertility treatment or technique.

Scientific and Clinical Advances Advisory Committee

This committee receives briefings on potential new techniques, treatments, and research findings. The table below sets out each committee and their frequency and attendance details.

Committee	Membership at 31 March 2025	Number of meetings 2024/25	Attendance rate
Licence Committee	7	7	84%
Statutory Approvals Committee ²²	5	12	100%
Scientific and Clinical Advances Advisory Committee ²³	6	3	83%

Committee effectiveness

The board is committed to the highest standards of corporate governance and periodically reflects on its effectiveness. On an annual basis all committees are required to review their own effectiveness using a standard template. Between September 2024 and March 2025 this exercise was conducted by the Licence Committee, Executive Licensing Panel, Statutory Approvals Committee, the Scientific and Clinical Advances Advisory Committee and the Register Research Panel. An overview of all of the HFEA’s governance reviews in 2024/25 was presented to the Authority at its March meeting.

²² The Statutory Approvals committees have a pool of 10 members which means that some members may not attend all meetings
²³ The Scientific and Clinical Advance Advisory Committee (SCAAC) has of 15 members of which there are 6 board members, and the balance are external advisors.

The Audit and Governance Committee used the specific effectiveness tool for Audit Committees produced by the National Audit Office (NAO) and carried out a 360 review whereby feedback was received not just from committee members, but also the Senior Management Team and the Internal and External Auditors.

The Corporate Management Group (CMG) and Project Assurance Group (PAG) also completed committee effectiveness reviews.

Generally, the feedback from committees was positive. There were a number of recommendations for improvement. Specifically for the Audit and Governance Committee:

- Members wanted greater awareness of implementation of external audit recommendations;
- Members required greater oversight of the work of the Authority.
- Annual collection of formal conflicts of interest information for the external committee member.

Corporate Governance

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

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

Our system of corporate governance complies with the requirements of the 'Corporate governance in central Government departments: code of good practice,' in so far as they relate to ALBs. It is designed to ensure that sufficient oversight of operational matters is held by our Authority and Audit and Governance Committee, while allowing for clear accountability and internal control systems at Executive level.

Performance management

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

This performance reporting covers:

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

Our performance framework and individual performance indicators are kept under periodic review to ensure they remain meaningful and effective and support transparent governance. Our performance reports included in meeting papers are published on our website and can be found at

<https://www.hfea.gov.uk/about-us/our-people/authority-meetings/> .

Quality of data used by the Board

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

Risk management framework

The Audit and Governance Committee provides an independent and objective view of arrangements for the management of risk. It advises the board on the co-ordination and prioritisation of risk management across the HFEA and advises the board on the effectiveness of the internal control system.

The Committee operates in line with the Three Lines of Defence model, which ensures that clear boundaries exist between those managing risks, those overseeing controls, and those providing independent assurance. This model supports the Committee's independence and enhances the robustness of the governance framework.

First Line of Defence: Operational management is responsible for identifying, owning, and managing risks as part of day-to-day activities. Risk registers are maintained at directorate and project/programme level, with Heads of Service accountable for operational risks.

Second Line of Defence: Oversight functions—including the Corporate Management Group (CMG), Programme Board, and the Project Assurance Group (PAG)—support and monitor the effectiveness of internal controls, provide guidance, and ensure consistency with policies and frameworks. The Strategic Risk Register, which is maintained by the Senior Management Team, is a key tool in this oversight.

Third Line of Defence: Independent assurance is provided through internal audit, external audit, and the Audit and Governance Committee itself. This final line of defence ensures that control systems are operating effectively and independently of those managing and overseeing them. The Committee receives regular updates on strategic risks and audit outcomes, maintaining a clear and independent line of sight over the organisation's risk environment.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks. It can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on a continuous review process designed to identify and prioritise the risks to achievement of the HFEA's aims and objectives.

Our risk management policy defines risk, outlines roles and responsibilities for managing risks and explains how risks are categorised, assessed, escalated and de-escalated. It uses the 5 x 5 risk scoring matrix in line with HM Treasury guidance (the Orange Book).

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

Projects are scrutinised by our Project Assurance Group (PAG). Risk assessment and management are a substantial aspect of this oversight arrangement and the project manager (and sometimes also the project sponsor - usually a director) must report to the Programme Assurance Group at monthly intervals. In turn,

the Programme Board reports to CMG every month, with a highlight report outlining progress, risks, and issues for each live project.

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

Risk appetite

The board has ultimate responsibility for risk management including decisions affecting our risk profile. The board approves the risk management policy and determines the risk appetite (this is the extent to which we would tolerate known risks, in return for benefits expected from a particular set of actions).

As a regulator, we recognise that our appetite for risk will vary according to the activity undertaken but overall, our risk appetite will tend to be naturally cautious, in that we are averse to risks which threaten our ability to perform our regulatory functions, and for most of our history our overall risk appetite has been low.

Our risk appetite system has been approved by the board and is due to be reviewed after our new strategy for 2025-28 has been finalised and approved.

Regulatory risk

Alongside its arrangements for managing risk within the organisation, we also take a risk-based approach to the way we regulate the fertility sector. In inspecting and regulating clinics, we use a risk-based assessment tool, ensuring that our regulatory resources are targeted proportionately and reasonably. This tool (and all other processes used by the HFEA in carrying out its functions) is subject to a rigorous quality assurance regime.

Risk assessment

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

Information of the key risks we face are detailed in the performance section on pages 14 – 16.

Information management and security

We adopt a risk-based approach to information governance, aligned to official guidance from relevant bodies. Board-level responsibility for the management of information risk rests with the Director of Finance, Planning and Technology, who is the nominated Senior Information Risk Owner (SIRO). We have a Head of Information supported by the Senior Information Governance and Records Manager and an external consultant who is our Data Protection Officer (DPO), with responsibilities outlined in the UK General Data Protection Regulation (GDPR).

Policies and procedures for the management of personal and corporate data are reviewed internally by an Information Governance Steering Group, ensuring that policies and procedures are in line with best practice, relevant legislation and standards. The group is chaired by the SIRO and includes the Director of Compliance and Information, Heads of IT and Information and their teams and our DPO. Our Head of Information is also our appointed Caldicott Guardian, responsible for ensuring any patient data is used legally and within confidentiality guidelines.

Information risks are considered within the risk management framework and reported to the Information Governance Steering Group.

All staff, including board members are required to complete annual information governance and records management training.

The Audit and Governance Committee review information governance arrangements on an annual basis, through provision of the annual report, which provides assurance relating to requirements of the Data Security Protection Toolkit.

In the 2024/25 reporting year, the HFEA recorded five data breaches, above the usual average of around two per year. One breach, involving donor-related information, was voluntarily reported to the ICO despite not meeting the statutory reporting threshold. The case was closed with general recommendations from the ICO on improving redaction processes.

All breaches underwent a full data breach investigation and root cause analysis, with identified actions tracked to completion by the relevant manager. The common theme was unauthorised internal disclosure of personal data, often attributed to human error such as misdirected emails, incomplete redaction, or incorrect donor code assignment. However, underlying causes included training gaps, high workloads, and insufficient procedural safeguards. Recommendations included SOP updates, targeted training, and increased staff awareness, particularly during high-pressure periods.

Whistleblowing arrangements

Our staff are encouraged to speak up and raise a concern where something does not feel or look right. Our procedures for raising concerns are accessible to all HFEA employees. We offer several avenues for staff to raise concerns including the use of external whistleblowing hotlines. Our policy was reviewed and approved by the Audit and Governance Committee in March.

During the year, there have been no concerns raised under whistleblowing arrangements.

Counter Fraud

As part of our counter fraud process, we make quarterly submissions to the Department of Health and Social Care Anti-Fraud Unit (DHSC AFU) in compliance with the government counter fraud functional standard GovS 013.

The DHSC AFU conducts peer reviews each year. This last year required submission of our Counter Fraud Action plans for which feedback is awaited.

We conduct risk assessments quarterly and our action plan includes areas identified as weak with actions being implemented to strengthen them.

In quarter three of 2024/25 we took part in the Government's National Fraud Initiative to improve our counter fraud investigatory activity. There were no data matches identified during this exercise.

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

There were no cases of fraud identified in 2024/25.

Functional standards

We apply and adhere to the UK Government functional standards and have begun to include them in our policies and procedures. The standards help create a coherent and mutually understood way of doing business within public sector bodies. They provide a stable basis for assurance, risk management and capability improvement.

In quarter three of 2024/25, we were audited for the first time against the functional standards. We received a 'limited assurance' rating with 2 medium risks and 2 low risk recommendations accepted by the HFEA:

- The reporting frequency for compliance with the functional standards should be reviewed to ensure that it is appropriate to provide regular and timely progress updates during the implementation of applicable functional standard requirements.
- An appropriate assurance framework, including Director approval criteria and second line checks of the quality and completeness of assessments and overall compliance with the functional standards should be defined/developed.
- Communication of the functional standards should be made to all relevant staff to ensure that they are aware of obligations and the need for HFEA to comply with them.
- Where relevant, new applicants and recruits to HFEA functional roles should be made aware of the Functional Standards during recruitment to enable them to understand the requirements to meet standards as part of their day-to-day responsibilities.

All of the above recommendations have since been addressed to our Internal Auditor's satisfaction. An overview of our approach to maximising value from the Government functions standards was presented to AGC at its March meeting as part of a 'deep dive' by the committee.

Internal incidents

Our risk management strategy includes our internal incidents reporting procedure. The aim of our incidents system is to enable the HFEA to understand and learn from internal adverse events that cause, or have the potential to cause, harm to the HFEA and/or patients and which need corrective action. We categorise near misses as occurrences where harm was prevented or avoided, either by chance or appropriate intervention.

Internal Audit

During the 2024/25 financial year, internal audit services were provided by Government Internal Audit Agency. The GIAA team operates to Public Sector Internal Audit Standards and the internal audit plan included reviews of DSPT, Opening the Register, Government Functional Standards, Financial Reporting and Field Safety Notices, the outcomes and key findings of which are being addressed by senior management and their teams. Within a few of the audits, there were some that were not accepted by the Authority. Rationale was given as to why and these were accepted by AGC who agreed they could be closed.

Head of Internal Audit Opinion

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

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

In summary, the overall opinion given to the Accounting Officer was 'moderate'.

Accounting Officer's conclusion

The governance arrangements detailed in this statement aim to support the Human Fertilisation and Embryology Authority to maximise our understanding and use of all of the available information about the

quality and effectiveness of our systems, to help us improve services and satisfy assurance requirements about the effectiveness of our systems of internal control.

I acknowledge the issues raised with regards to the duplicate billing of cycles. Work to strengthen controls around this will be undertaken in 2025/26. Based on my review, I am not aware of any other significant control issues, and I am confident that appropriate arrangements are in place for the discharge of all statutory functions for which the Human Fertilisation and Embryology Authority is responsible. In summary, I am satisfied that the framework of governance, risk management and system of internal controls are adequate and have been effectively maintained throughout 2024/25.



Peter Thompson
Chief Executive
Accounting Officer

14 July 2025

Remuneration and Staff Report

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

Remuneration of the Chair and non-executive Board members

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

There are no provisions in place to compensate for the early termination or payment of a bonus in respect of non-executive Board members.

Non-executive Board members are not eligible for pension contributions or performance-related pay as a result of their employment with the HFEA

Reward systems and approval mechanisms for staff

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

Pay awards are made to eligible staff in accordance with the Government limits of a percentage of the total pay-bill. In 2024/25, a pay award agreed by the Remuneration Committee of 5% was paid.

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

Performance appraisal

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

Duration of contracts, notice periods and termination payments

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

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

End of service

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

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

Health and safety

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

Conflicts of interest

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

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Remuneration and benefits to Authority members for the year ending 31 March 2025 (Audited)

Name	Salary range £000s	Expenses (to nearest £100) ²⁴ £	Total £000s	Salary range £000s	Expenses (to nearest £100) £	Total £000s
	2024/25	2024/25	2024/25	2023/24	2023/24	2023/24
Julia Chain (Chair)	45-50	2,600	45-50	45-50	1,300	45-50
Catharine Seddon (Deputy Chair)	10-15	200	10-15	20-25	200	20-25
Jonathan Herring ²⁵	0-5(Fye 5-10)	0	0-5	5-10	300	5-10
Gudrun More ²⁵	0-5(Fye 5-10)	0	0-5	5-10	0	5-10
Tim Child	5-10	1,200	5-10	5-10	2,200	10-50
Jason Kasraie ²⁶	N/a	N/a	N/a	5-10	1,800	5-10
Alison Marsden ²⁷	N/a	N/a	N/A	5-10	0	5-10
Geeta Nargund	5-10	300	5-10	5-10	0	5-10
Alison McTavish	5-10	1,400	5-10	5-10	2,800	10-15
Alex Kafetz	5-10	100	5-10	5-10	0	5-10
Frances Ashcroft ²⁸	N/a	N/a	N/a	0-5 (Fye 5-10)	0	0-5
Zeynep Gurtin	5-10	0	5-10	5-10	0	5-10
Graham James	5-10	1,600	5-10	5-10	1,200	5-10

²⁴ These expenses are shown gross.²⁵ These members' terms came to an end in October 2024²⁶ Jason Kasraie stepped down as an Authority member in December 2023²⁷ Alison Marsden's term ended on 31 March 2024²⁸ Frances Ashcroft retired at the end of April 2023 due to ill health

Name	Salary range £000s	Expenses (to nearest £100) ²⁴ £	Total £000s	Salary range £000s	Expenses (to nearest £100) ¹⁵ £	Total £000s
	2024/25	2024/25	2024/25	2023/24	2023/24	2023/24
Frances Flinter	5-10	100	5-10	5-10	600	5-10
Christine Watson	5-10	600	5-10	5-10	800	5-10
Tom Fowler ²⁹	0-5(Fye 5-10)	1,000	0-5	N/a	N/a	N/a
Rosamund Scott ²⁸	0-5(Fye 5-10)	0	0-5	N/a	N/a	N/a
Anya Sizer ²⁸	0-5(Fye 5-10)	0	0-5	N/a	N/a	N/a
Stephen Troup ²⁸	0-5(Fye 5-10)	1,200	0-5	N/a	N/a	N/a

Benefits in kind

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

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

²⁹ These members joined the Authority in October 2024

Chief Executive and directors (Audited)

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

Remuneration and pension benefits of the senior management team (Audited)											
Name	Salary (£'000)		Bonus payments (£'000s)		Benefits in kind (to nearest £100)		Pension benefits ³⁰ (£)		Total (£'000s)		
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	
Peter Thompson	160-165	150-155	0	0-5	0	0	143,000	96,000	305-310	245-250	
Rachel Cutting	100-105	95-100	5-10	0-5	0	2,300	45,000	39,000	150-155	140-145	
Richard Sydee ³¹	N/a	25-30 (Fye 95-100)	N/a	0	N/a	0	N/a	2,000	N/a	25-30	
Clare Ettinghausen	105-110	95-100	5-10	0-5	0	0	47,000	39,000	155-160	140-145	
Tom Skrinar ³²	55-60 (Fye 90-95) ³³	55-60 (Fye 90-95)	0	0	0	0	103,000	140,000	190-195	195-200	

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

Definitions

'Salary' includes gross salary, overtime; recruitment and retention allowances and any other allowance that is subject to UK taxation.

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

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

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

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

³¹ Richard Sydee was seconded to the HTA from the HFEA for 2.5 days a week and this is reflected above. The figures shown above represent 50% of his salary, pension and bonus that has been recharged to the HTA. Richard resigned in June 2023.

³² Tom Skrinar replaced Richard Sydee in August 2023

³³ Tom Skrinar was seconded to the HTA from the HFEA for 2.5 days a week till December 2024 and this is reflected above. The figures shown represent 50% of his salary that has been recharged to the HTA.

Pay ratios (Audited)

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

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

The banded remuneration of the highest paid director in the Human Fertilisation and Embryology Authority in the financial year 2024/25 was £160-£165k (2023/24, £150-£155k). The relationship to the remuneration of the organisation's workforce is disclosed in the table below.

		2024-25	2023-24
	Highest paid director mid-point	£162,500	£152,500
25th Percentile	Total remuneration and salary	£34,650	£34,500
	Total remuneration ratio	4.69	4.42
	Salary only	£34,650	£33,000
Median	Total remuneration and salary	£40,824	£40,562
	Total remuneration ratio	3.98	3.76
	Salary only	£40,824	£39,460
75th Percentile	Total remuneration and salary	£52,937	£49,570
	Total remuneration ratio	3.07	3.08
	Salary only	£52,500	£48,070

The highest paid individual was not a director, however, for reporting purposes, the individual for this comparison was the Chief Executive. There has been a change in the total median ratio of staff since last year, which is primarily due to an increase in the Chief Executive's total remuneration. There has also been a small change in the 75th percentile despite an increase in total remuneration and salary (6.3%) which is likely to be due to an uneven distribution of increases.

In 2024-25, 1 (2023-24, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £7,884³⁴ to £163,000 (2023/24 £7,884 to £155,000)³³.

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

³⁴ Salary range includes non-executive members.

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

FY	2024/25	2023/24	Change
Director – salary mid-point	£162,500	£152,500	6.6%
Director – performance pay	0	0-5	(100%)
Staff – average salary	£46,790	£42,075	11.2%
Staff – average performance pay	£256	£950	(72.8%)

In line with Cabinet Office pay policy, pay awards were made to HFEA staff during the reporting year. Bonus payments were made to two senior staff in the 2024/25 business year (2023/24: 3). Bonus payments made to senior staff are awarded in accordance with our performance management framework and Cabinet Office guidance on senior staff remuneration. These payments are based on individual performance appraisals, which assess each SMT member's delivery against agreed objectives, contribution to corporate priorities and demonstration of leadership values. The appraisal process is overseen by the Chief Executive Officer, who also makes recommendation to the Remuneration Committee who approves subject to affordability, SMT bonuses.

Staff report (Audited)

At the 31 March 2025, our headcount was 85³⁵ (Fte 82.7) staff members excluding Authority members and including the SMT. Below is a breakdown of staff costs and an analysis of directly employed staff³⁶

	Permanently employed staff	Members	Temporary staff	2024/25 Total	2023/24 Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Salaries and wages	3,834	147	183	4,164	3,907
Social security costs	417	6	0	423	388
Other pension costs	1,063	0	0	1,063	924
Net staff costs	5,314	153	183	5,650	5,219
Less recoveries in respect of outward secondments	(49)	0	0	(49)	(65)
Total Net Staff costs	5,265	153	183	5,601	5,154

³⁵ Staff complement is 86 (we are carrying 1 long term vacancy)

³⁶ The figures in the table may differ to the financial statements due to rounding

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

	Permanently employed	Seconded	Contractor	2024/25 Total	2023/24 Total ³⁷
SCS ³⁸	3	0.63	0	3.6	3.9
Other	74.6	0	1.2	75.8	75.4
Total	77.6	0.63	1.2	79.4	79.3

The actual number of contractors engaged during 2024/25 was 2 (2023/24,3).

Exit packages (Audited)**2024/25**

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures	Total cost of exit packages
	#	£000's	#	£000's	£000's
Less than £10,000	0	0	0	0	0
£10,000-£25,000	0	0	1	22	22
£25,001-£50,000	0	0	0	0	0
£50,001-£100,000	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0
£150,001-£200,000	0	0	0	0	0
>£200,000	0	0	0	0	0
Totals	0	0	1	22	22

Type of Other Departures	Agreements Number	Total Value of Agreements
	#	£000's
Voluntary redundancies including early retirement contractual costs	0	0
Mutually agreed resignations (MARS) contractual costs	0	0
Early retirements in the efficiency of the service contractual costs	0	0
Contractual payments in lieu of notice	1	22
Exit payments following Employment Tribunals or court orders	0	0
Non-contractual payments requiring HMT approval	0	0
>£200,000	0	0
Totals	1	22

³⁷ These numbers have been rounded.

³⁸ Includes the two Director(s) shared with the Human Tissue Authority during the year

2023/24

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

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

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

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

Off-payroll engagements assurance statement

For all off-payroll engagements as of 31 March 2025, for more than £245 per day.

Number of existing engagements as of 31 March 2025	2
Of which...	
Have existed for less than 1 year at time of reporting	0
Have existed for between 1 and 2 years at time of reporting	0
Have existed for between 2 and 3 years at time of reporting	0
Have existed for between 3 and 4 years at time of reporting	0
Have existed for 4 or more years at time of reporting	2

For all new off-payroll engagements, or those that reached six months duration, between 1 April 2024 and 31 March 2025, for more than £245 per day and that last for longer than six months

Number of existing engagements as of 31 March 2025	2
Of which...	
No. assessed as caught by IR35	1
No. assessed as not caught by IR35	1
No. engaged directly (via PSC contracted to department) and are on the department payroll	0
No. of engagements reassessed for consistency/assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025

No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	0
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or senior officials with significant financial responsibility,” during the financial year.	20

Staff Turnover

Staff turnover for the 2024/25 business year was 3.8% (2023/24, 20%). We had 3 leavers in 2024/25 compared to 15 in 2023/24.

Sickness and absences

Our sickness absence aim is to lose no more than 2.5% of time in staff sickness absence and in 2024/25 we achieved 2.8% (2023/24 4.9%). The prior year was affected by three individuals who were on long term sick-leave. The 2024/25 financial year is still lower than the public-sector sickness absence rate average which is 2.7% (Office for National Statistics (ONS) 2018).

Consultancy

Our expenditure on Consultancy is £165,515 (2023/24 £288,801) and relates solely to external legal costs incurred.

Equality Act 2010 – equality and diversity

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

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

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

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

Our gender breakdown at 31 March 2025, of board members, is as follows:

Gender	Male	Female	Total
Board members	6	8	14

For permanently employed staff excluding board members is as follows:

Gender	2024/25	2023/24
Female	73	67
Male	12	11
Total	85	78

Further statistics based on the staff in post at 31 March 2025 are listed below.

Staff mix by age

	2024/25	2023/24
18 – 29	15	12
30 – 39	22	18
40 – 49	26	26
50 – 59	15	16
60+	7	6
Total	85	78

By ethnicity

	2024/25	2023/24
Asian	4	4
Black	6	8
Mixed	4	4
White	69	60
Other	2	2
Total	85	78

Staff by length of service

	2024/25	2023/24
Under 1 year	8	14
1 – 2 years	14	13
2 – 3 years	11	8
3 – 5 years	12	7
Over 5 years	26	22
Over 10 years	14	14
Total	85	78

Trade Unions

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

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

Remuneration and pension entitlements

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

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

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

Name and position	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2025	Lump sum at pension age related to accrued pension at 31 March 2025	CETV at 31 March 2025	Real increase in CETV ³⁹	CETV ⁴⁰ at 1 April 2024	Employer's contribution to stakeholder pension
	(bands of £2,500)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)	(to nearest £1000)	(to nearest £1000)	(to nearest £1000)	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Peter Thompson	7.5-10	0	85-90	0	1841	134	1,712	0
Rachel Cutting	2.5-5	0	10-15	0	198	30	148	0
Clare Ettinghausen	2.5-5	0	15-20	0	268	31	212	0
Tom Skrinar	5-7.5	0	25-30	0	501	79	398 ⁴¹	0

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

Note: CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2023; this guidance has been used in the calculation of 2024-25 CETV figures.

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

Civil Service Pensions

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

The scheme actuary valued the PCSPS as at 31 March 2020. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at

<https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>.

³⁹ “Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23 but are reported in the legacy scheme for the same period in 2023-24.

⁴⁰ CETV is the Cash Equivalent Transfer Value is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (other allowable beneficiary's) pension payable from the scheme.

⁴¹ The CETV value reported in 2023/24 has been amended as per figures provided by MyCSP; no prior year adjustment is required.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with [SI 2008 No.1050 Occupational Pension Schemes \(Transfer Values\) Regulations 2008](#).

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with 'The occupational pension schemes (transfer values) (amendment) regulations 2008' and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Real increase in CETV

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

Parliamentary accountability and audit report

Accountability

The purpose of the parliamentary accountability and audit report is to bring together the key parliamentary accountability documents within the Annual Report and Accounts.

Fees and charges (Audited)

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

	2024/25	2023/24
	£'000s	£'000s
Income from regulatory activity ⁴²	7,010	5,632
Costs allocated to regulatory activity	(6,934)	(5,989)
Surplus/(Deficit)	76	(357)

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

The increase in income from regulatory activity is impacted by an increase in fixed fees for IVF and DI (increased from £85 to £100 and £37.50 to £40 respectively) to cover the reduction in our grant in aid from the Department of Health and Social care.

There are elements of our work that do not relate directly to the cost of regulating the fertility sector. The DHSC accordingly contributes to the funding of these activities through the provision of grant-in-aid.

Losses and special payments (Audited)

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

The HFEA had no losses in 2024/25 (2023/24: £7,192).

Gifts

The HFEA did not receive or make a gift of any kind and value in 2024/25 (2023/24: nil).

⁴² Income includes interest received. The total differs from note 4 in the accounts due to the exclusion of income that is not related to regulatory activity.

Remote contingent liabilities (Audited)

A contingent liability arises where an event has taken place that gives an entity a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the body. Contingent liabilities also arise in circumstances where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. In accordance with IAS 37, contingent liabilities are not recognised in the balance sheet but disclosed in a note to the Accounts.

There are no known remote contingent liabilities.



Peter Thompson
Chief Executive
Accounting Officer

14 July 2025

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

Opinion on financial statements

I certify that I have audited the financial statements of the Human Fertilisation and Embryology Authority for the year ended 31 March 2025 under the Human Fertilisation and Embryology Act 1990.

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

- Statement of Financial Position as at 31 March 2025;
- 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 Human Fertilisation and Embryology Authority's financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Human Fertilisation and Embryology Authority's affairs as at 31 March 2025 and its net expenditure or the year then ended; and
- have been properly prepared in accordance with the Human Fertilisation and Embryology Act 1990 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law and had regard to Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

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

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

Conclusions relating to going concern

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

Opinion on other matters

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

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Human Fertilisation and Embryology Act 1990; and

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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

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

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

Responsibilities of the Authority and Accounting Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

As a result of these procedures, I considered the opportunities and incentives that may exist within the Human Fertilisation and Embryology Authority for fraud and identified the greatest potential for fraud in

the following areas: 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 Human Fertilisation and Embryology Authority's framework of authority and other legal and regulatory frameworks in which the Human Fertilisation and Embryology Authority operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Human Fertilisation and Embryology Authority. The key laws and regulations we considered in this context included Human Fertilisation and Embryology Act 1990, Managing Public Money, employment law 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 and the Audit and Governance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Authority and internal audit reports;
- 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; and

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

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date

National Audit Office
157-197 Buckingham Palace Road
Victoria
London

Financial statements

Statement of comprehensive net expenditure for the year ended 31 March 2025

	Note	2024/25 £'000s	2023/24 £'000s
Income			
Revenue from contracts with customers	4	(7,010)	(5,632)
Other operating income	4	(49)	(65)
		(7,059)	(5,697)
Expenditure			
Staff costs	3	5,650	5,219
Purchase of goods and services	3	284	385
Non-cash costs	3	111	156
Other operating expenditure	3	1,290	1,233
		7,335	6,993
Net operating expenditure		276	1,296
Finance income	4	(165)	(152)
Finance expense		7	8
Net expenditure before taxation		118	1,152
Taxation		49	29
Net comprehensive expenditure for the year		167	1,181

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

Notes 1 to 16 on pages 68 to 83 form part of these financial statements.

Statement of financial position as at 31 March 2025

	Notes	31 March 2025 £'000s	31 March 2024 £'000s
Non-current assets:			
Property, plant and equipment	5	81	43
Right of Use asset	5	699	743
Assets Under Construction	5	0	15
Intangible assets	7	294	393
Total non-current assets		1,074	1,194
Current assets:			
Contract and other receivables	9	1,408	1,121
Cash and cash equivalents	10	3,315	3,544
Total current assets		4,723	4,665
Total assets		5,797	5,859
Current liabilities			
Contract and other payables	11	(579)	(684)
Provisions	12	(68)	(195)
Lease liabilities	13	(135)	(146)
Total current liabilities		(782)	(1,025)
Non-current assets less net current liabilities		5,015	4,834
Non-current liabilities			
Lease liabilities	13	(567)	(629)
Total non-current liabilities		(567)	(629)
Total assets less liabilities		4,448	4,205
Taxpayers' equity			
I&E reserve		4,448	4,205
Total taxpayers' equity:		4,448	4,205

Notes 1 to 16 on pages 68 to 83 form part of these financial statements.

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



Peter Thompson
Chief Executive Officer

14 July 2025

Statement of cash flows for the year ended 31 March 2025

	NOTE	2024/25 £'000s	2023/24 £'000s
Cash flows from operating activities			
Net expenditure		(118)	(1,152)
Depreciation and amortisation	3	151	231
Impairment loss	3	93	0
Adjustment for net finance costs		7	8
Movement in Lease liability		0	(29)
(Increase)/decrease in trade and other receivables	9	(287)	10
Decrease/(increase) in trade and other payables	11	(105)	169
Taxation		(49)	(29)
Decrease/(increase) in provisions	12	(127)	159
Net cash (outflow) from operating activities		(435)	(633)
Cash flows from investing activities			
Purchase of property, plant, and equipment	5	(58)	(24)
Net cash (outflow) from investing activities		(58)	(24)
Cash flows from financing activities			
Grants from sponsoring department		410	951
Lease Liabilities payments		(139)	(109)
Lease interest payments		(7)	(8)
Net cash inflow from financing activities		264	834
Net (decrease) in cash and cash equivalents in the period	10	(229)	177
Cash and cash equivalents at the beginning of the period	10	3,544	3,367
Cash and cash equivalents at the end of the period		3,315	3,544

Notes 1 to 16 on pages 68 to 83 form part of these financial statements.

Statement of changes in taxpayers' equity

For the year ended 31 March 2025

Total I&E Reserve

£'000s

Balance at 1 April 2023

Changes in taxpayers' equity for the year ended 31 March 2024	4,435
Grant in aid from Department of Health and Social Care	951
Comprehensive expenditure for the year	(1,181)

Balance at 31 March 2024

4,205

Changes in taxpayers' equity for the year ended 31 March 2025

Grant in aid from Department of Health and Social Care*	410
Comprehensive expenditure for the year	(167)

Balance at 31 March 2025

4,448

Notes 1 to 16 on pages 68 to 83 form part of these financial statements.

Notes to the accounts

1. Statement of accounting policies

The 2024/25 HFEA accounts are prepared in a form directed by the Secretary of State for Health in the 2022 Framework Agreement, in accordance with section six of the 1990 Act (as amended).

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

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

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

1.1 Going concern

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

The Department of Health and Social Care (DHSC) has confirmed our funding will continue and next year's funding has been agreed. We have agreed our budget for next year including our licence fees. There is a strong presumption for the continued provision of our services for a minimum of 12 months from the date the annual report and accounts are authorised. We consider it appropriate to prepare the 2024-25 financial statements on a going concern basis.

1.2 Accounting convention

These financial statements are prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets at fair value to the extent required or permitted under the 2024/25 FReM as set out in accounting policies.

1.3 Depreciation and amortisation

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

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

Expected useful lives are as follows:	
Tangible Assets	
Information Technology	4 years
Office equipment	5 years
Furniture, fixtures and fittings	5 years

Right of Use Asset	Length of lease
Intangible Assets	
Software Licences	4 years
Constructed Software	4-15 Years

Impairments

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

PRISM -online submission system

During the year ended 31 March 2025, an impairment review of intangible assets was carried out in line with the requirements of IAS36; Impairment of Assets. The review focused on PRISM, which had been capitalised in 2021.

Following a reassessment of the system's future service potential and benefits realised, it was determined that the carrying value of PRISM exceeded its value in use due to uncertainty of realisable (cash-releasing) benefits. The assessment was based on the original benefits identified in 2013 where a lack of clear baseline evidence made an accurately quantifiable assessment difficult, therefore the impairment was based on an assumed 50% realisation of benefits over 3 out of an originally assumed 10 years of useful life. As implementation of the process that the asset facilitates is not yet complete, it is not possible at this stage to make a final judgment as to the likelihood of the entirety of the remaining benefits being realised in future.

The HFEA's Audit and Governance Committee accepted this proposal as a best estimate, with an expectation that a further review be undertaken in 2025/26, when it is expected that PRISM rollout should be largely complete. As a result, an impairment charge of £93k has been recognised in the Statement of Comprehensive Net Expenditure for the year.

1.4 Non-current assets

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

All property, plant and equipment and intangible assets held by the HFEA at 31 March 2025 are carried in the statement of financial position at depreciated (property, plant and equipment) or amortised (intangible assets) historical cost. The depreciated or amortised historical cost is used as a proxy for fair value, for the classes of assets listed above, since the useful life over which the asset class is depreciated or amortised is considered to be a realistic reflection of the consumption of that asset class.

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

1.5 Assets under construction

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

1.6 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Reassessment of Useful economic life of PRISM

Following an impairment in 2024-25 (see note 1.3), we also reviewed the expected useful life of PRISM. The remaining life was extended from 10 to 15 years based on revised expectations of the system's continued use and development. The HFEA received a firm expert recommendation that we avoid the risk of further migration of the data held by PRISM and look to evolve current structures rather than attempt to replace them, with an expected useful life of the current system of at least 20 years but judged that an increase to 15 years be prudent at this stage, with continued reassessments of useful economic life in future years. This change in estimate has been applied from 1 April 2025 on a prospective basis, in line with IAS 8.

1.7 Impairment of financial assets

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

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

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

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

1.8 Grant in aid

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

1.9 Operating income

The main source of funding for the HFEA is treatment fee income from the clinics it regulates. A smaller amount of income is received from the same clinics in respect of licence fee renewals.

Under IFRS 15 and the 5-step model:

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

Other income received by the HFEA relates to seconded staff and is recognised on an accrual's basis, with the performance obligation deemed to be the point at which these services are delivered.

1.10 Leases

Scope and classification

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

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

Recognition and measurement

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

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

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

The asset is subsequently measured using the fair value model. The HFEA considers the cost model to be a reasonable proxy for this. The liability is adjusted for the accrued interest and repayments.

Lease remeasurement

In accordance with IFRS 16, the HFEA has reviewed its lease liabilities during the reporting period. A remeasurement of the lease liability was undertaken following a contractual rent increase that took effect from 1 August 2024.

The increase in rent payments required an adjustment to the lease liability and a corresponding increase to the right-of use asset (RoU). This remeasurement was accounted for in line with IFRS16 16.42(b), as it related to a change in lease payments resulting from a contractual rent adjustment rather than a lease modification or change in scope.

As a result of the remeasurement, the lease liability increased by £66k and the right-of-use asset was adjusted by the same amount. No gain or loss was recognised in the Statement of Comprehensive Net Expenditure at the remeasurement date.

The remeasured amounts are being depreciated over the remaining lease term in line with our accounting policies. The discount rate used in the remeasurement remained unchanged (0.95%), as there was no change in the lease term or underlying risk profile.

1.11 Pensions

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

Further information in respect of Civil Service Pensions is provided in the remuneration report.

1.12 Cash

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

1.13 Financial instruments

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

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

The HFEA has not entered into any transactions involving derivatives.

1.14 IFRSs, amendments and interpretations in issue but not effective

The Treasury FReM (as adopted by the DHSC GAM) does not require the following Standards and Interpretations to be applied in 2024/25. The application of the Standards as revised would not have a material impact on the accounts in 2024/25, were they applied in that year.

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

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

IFRS 19 – Subsidiaries without Public Accountability, applicable for accounting periods beginning on or after 1 January 2027. The HFEA is not a subsidiary entity and does not prepare group accounts; therefore, IFRS 19 is not expected to have any impact on our financial statements.

Non-investment asset valuations - In December 2023 HM Treasury released an exposure draft on potential changes to make to valuing and accounting for non-investment assets (e.g., PPE, intangible assets). The following changes to the valuation and accounting for non-investment assets is to be included in the 2025-26 FReM (1 April) for mandatory implementation;

- Withdrawal of the revaluation model for intangible assets. Carrying values of existing intangible assets measured under a previous valuation will be taken forward as deemed historic cost.
- Removal of the distinction between specialised and non-specialised assets held for their service potential.

Assets will be classified according to whether they are held for operational capacity. These changes are not expected to have a material impact on these financial statements.

Social benefits – The 2025-26 FReM will include new guidance on accounting for social benefits. The 2025-26 FReM will define social benefits as 'current transfers received by households (including individuals) intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education, or family circumstances'. The 2025-26 FReM clarifies that expenditure in respect of social benefit payments should be recognised at the point at which the social benefit claimant meets the eligibility requirements to receive the benefit. Only the expenditure for the period of entitlement that falls within the accounting year should be recognised. The HFEA does not administer social benefit schemes as defined in the FReM.

1.15 Provisions

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

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

2 Operating segments

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

3. Operating expenditure	Note	2024/25 £'000s	2023/24 £'000s
3.1 Staff costs			
Permanently employed staff costs		5,314	4,843
Members' allowances		153	168
Agency and other temporary staff costs		183	208
		5,650	5,219
3.2 Purchase of goods and services			
Legal expenses		166	289
Auditors' remuneration	(a)	118	96
		284	385
3.3 Other operating expenses			
Occupation costs		231	186
Running costs		814	809
Staff related costs		245	238
		1,290	1,233
3.4 Non-cash costs			
Depreciation and amortisation	5,7	41	121
Depreciation of RoU Asset	5	110	110
Impairment of Constructed software		93	0
Expected credit loss		(133)	(75)
		111	156
Total operating expenditure		7,335	6,993

Notes

(a) Audit expenditure is as follows:

	2024/25 £'000s	2023/24 £'000s
External audit	55	46
Internal audit	63	50
	118	96

External audit expenditure is the accrued fee for the NAO for 2024-25 year. The internal audit costs relate to audits carried out in 2024-25. No fees were paid for non-audit work.

3a. Staff costs

	2024/25	2023/24
	£'000s	£'000s
Wages and salaries	4,164	3,907
Social security costs	423	388
Other pension costs	1,063	924
	5,650	5,219
Less recoveries in respect of outward secondments	(49)	(65)
Total net staff costs	5,601	5,154

As set out in note 1.11, further information in respect of Civil Service Pensions is provided in the remuneration report on pages 54 to 55.

4. Income

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

Analysis of income

	2024/25	2023/24
	£'000s	£'000s
Licence fee income	(7,010)	(5,632)
Finance income	(165)	(152)
Other operating income	(49)	(65)
Total income for the year	(7,224)	(5,849)

The increase in income is largely due to an increase in IVF and DI fees (£85 to £100 and £37.50 to £40). The increase covers the reduction in our grant in aid as agreed with the Department as part of the efficiencies and reform review.

5. Property, plant, and equipment

	RoU Asset	Information technology	Office Equipment	AUC ⁴³	Total	Of which: Leases within the DHSC Group
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
2024/25						
Cost or valuation:						
At 1 April 2024	963	204	6	15	1,188	963
Additions purchased	0	58	0	0	58	0
Remeasurement	66	0	0	0	66	66
Adjustments/Transfers	0	15	0	(15)	0	0
At 31 March 2025	1,029	277	6	0	1,312	1,029
Depreciation						
At 1 April 2024	220	161	6	0	387	220
Charged during the year	110	35	0	0	145	110
At 31 March 2025	330	196	6	0	532	330
Carrying value at 31 March 2025	699	81	0	0	780	699
Carrying value at 31 March 2024	743	43	0	0	786	743
Asset financing						
Owned	0	43	0	15	58	0
Leased	699	0	0	0	699	699
Carrying value at 31 March 2025						
	RoU Asset	Information technology	Office equipment	AUC	Total	Of which: Leases within the DHSC Group
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
2023/24						
Cost or valuation:						
At 1 April 2023	934	195	6	0	1,135	934
Additions purchased	0	24	0	0	24	0
Adjustments/Transfers	29	(15)	0	15	29	29
At 31 March 2024	963	204	6	15	1,188	963
Depreciation						
At 1 April 2023	110	130	6	0	246	110
Charged during the year	110	31	0	0	141	110
At 31 March 2024	220	161	6	0	387	220
Carrying value at 31 March 2024	743	43	0	15	801	743

⁴³ AUC = Assets Under Construction and development

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

	Total £'000s
Leased from DHSC	699
Leased from NHS England Group	0
Leased from NHS Providers	0
Leased from Executive Agencies	0
Leased from Non-Departmental Public Bodies	0
Leased from other group bodies	0
Total	699

7. Intangible Assets

2024/25	Software Licences	Constructed software	Total
Cost or valuation:	£'000s	£'000s	£'000s
At 1 April 2024	158	1,675	1,833
Impairments	0	(93)	(93)
At 31 March 2025	158	1,582	1,740
Amortisation			
At 1 April 2024	156	1,284	1,440
Charged during the year	2	4	6
At 31 March 2025	158	1,288	1,446
Carrying value at 31 March 2025	0	294	294
Carrying value at 31 March 2024	2	391	393

All assets are owned

Constructed software includes the cost of HFEA's website, Choose-a-Fertility Clinic (CaFC) and the Clinic Portal. The gross cost is £977,642 and its net book value is nil as its remaining useful life has ended although the asset is still in use.

Also included is the cost of developing our data submission system known as PRISM, which went live in September 2021 and is amortised over 10 years. An impairment review was undertaken in 2024/25 resulting in a reduction (impairment) of the asset (see notes 1.3 and 1.6). There has also been a write-back of depreciation due to over charging the SoCNE in error post the first impairment in 2021.

2023/24	Software Licences	Constructed software	Total
Cost or valuation:	£'000s	£'000s	£'000s
At 1 April 2023	158	1,675	1,833
At 31 March 2024	158	1,675	1,833
Amortisation			
At 1 April 2023	154	1,196	1,350
Charged during the year	2	88	90
At 31 March 2024	156	1,284	1,440
Carrying value at 31 March 2024	2	391	393
Carrying value at 31 March 2023	4	479	483

8. Financial instruments

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

a) Liquidity risk

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

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

b) Credit risk

The HFEA receives most of its income from the clinics it regulates. It operates a robust debt management policy and, where necessary, provides for the risk of particular debts not being discharged by the relevant party. There has been significant improvement in clinics settling their accounts in a timely way, however, there are a small number who are slow to pay. Therefore, the HFEA was exposed to some credit risk during the period the 2024/25 financial year.

c) Financial assets and liabilities

The only financial asset held at a variable rate was cash at bank of £3,315,327 (2023/24, £3,544,334). As at 31 March 2025, none of the HFEA's financial liabilities were carried at a variable rate. The fair value of the financial assets and liabilities was equal to the book value.

9. Trade and other receivables

	31 March 2024 £'000s	31 March 2023 £'000s
Amounts falling due within one year		
Contract receivables	587	740
Impairment for expected credit losses	(172)	(305)
Contract receivables not invoiced	746	519
Prepayments	228	158
Other receivables	19	9
Total	1,408	1,121

Contracts with customers balance has decreased from 2023/24 by 13.6% and continues to decrease. The provision has been significantly reduced based upon the successful credit control function.

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

10. Cash and cash equivalents

	31 March 2024 £'000s
Balance at 1 April 2023	3,544
Net change in cash	(229)
Balance At 31 March 2024	3,315
	31 March 2024 £'000's
Bank account balances	
Government Banking Services	2,838
Commercial Banks	477
	3,315

No cash equivalents were held during the year.

11. Trade payables including lease liabilities

	31 March 2024 £'000s	31 March 2023 £'000s
Amounts falling due within one year		
Analysis by type		
Trade Payables	160	92
Accruals and deferred income	416	443
Other taxation and social security	0	146
Other contract liabilities	3	3
Total	579	684

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

12. Provisions for liabilities and charges

	Income reduction £'000s	Total £'000s
Balance at 1 April 2024	195	195
Provided in year	0	0
Provisions utilised in year	0	0
Release of provision for the period	(127)	(127)
Balance at 31 March 2025	68	68

The provision provided in 2023/24, is for a reduction in our licence fee income which has arisen due to a number of duplicate cycles that have been billed for and will need to be refunded. This issue came to light during the verification process conducted prior to preparing clinic data for the impending Choose a Facility Clinic (CaFC), which in its basic form is data collected on clinic success rates.

Our clinics have been submitting data on treatment cycles and due to some issues with third party suppliers API systems and human error, cycles were submitted twice and were billable. The provision is calculated based on data available and is our best endeavours.

The value of the provision released is based upon detailed analysis of duplicate cycles refunded and those that are yet to be refunded.

13. Lease Liabilities

	Property, plant, and equipment (Lease) £000's
Operating lease obligations at 1 April 2024	744
Additions	0
Disposal	0
Remeasurement	66
Payments	(117)
Interest	7
At 31 March 2025	700

	2024/25 Right of Use Asset (Lease) £'000s	2023/24 Right of Use Asset (Lease) £'000s
Obligations for the following periods comprise:		
Payable:		
Not later than one year	135	146
Later than one year and not later than five years	512	468
Later than five years	74	185
Less interest element	(19)	(24)
Present value of obligations	702	775

14. Contingent liabilities

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

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

15. Related party transactions

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

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

Organisations

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

Below are the board members who are connected to those clinics we licence and are therefore regarded as a related party.

Authority (Board) Members

Tim Child – TFP Oxford and Nuffield Department for Women's Health University of Oxford
Professor Frances Flinter – Guy's & St Thomas Hospital
Alison McTavish – British Fertility Society

16. Events after the reporting period

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

