

**Human Tissue Authority  
Annual Report and Accounts 2012/13**

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

**Ordered by the House of Commons to be printed 27 June 2013.**

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## Chief Executive's Report

### Statutory remit

The Human Tissue Authority (HTA) was established under the Human Tissue Act 2004 (HT Act) to regulate activities concerning the removal, storage, use and disposal of human tissue and organs. Our role is to maintain public confidence by ensuring that people's wishes will be respected and that bodies and tissue are treated safely, ethically and with proper consent. The HTA is an Executive Non-Departmental Public Body (ENDPB) sponsored by the Department of Health (DH).

We have several statutory functions. One is to inform the public, professionals and the Secretary of State for Health about issues within our remit. We meet this requirement for professionals by providing guidance, including codes of practice, to support good practice; and for the public by providing information to help them make informed decisions.

Another statutory function is to regulate, through licensing, organisations that store and use tissue for purposes such as research, patient treatment, post-mortem examination, teaching, public exhibitions and transplantation. We currently license more than 800 establishments and publish standards that licensed establishments must meet. These cover the following areas: consent; governance and quality systems; premises, facilities and equipment; and disposal. Our strategy is to inspect organisations that we consider to be higher risk more frequently.

As well as licensing under the HT Act, which covers England, Wales and Northern Ireland, the HTA is the Competent Authority in the UK responsible for ensuring the safety of human tissue and cells used for patient treatment, and organs used for transplantation, in compliance with the European Union Directives on quality and safety.

A third statutory function is the regulation of living organ donation for England, Wales and Northern Ireland, and on behalf of the Scottish Government, in compliance with the relevant legislation. The HTA's role, through an independent assessment process, is to ensure valid consent has been given and no reward has been sought or offered.

### Principles and values

The HTA has the following core values in achieving our strategic aims and objectives:

- behaving with integrity
- respecting others
- being open and transparent
- engaging stakeholders
- being reliable and consistent.

In striving to be a model, modern, risk-based regulator the HTA has, from the outset, applied the principles espoused in the reports in 2005 by Philip Hampton and the Better Regulation Task Force. These are that a regulatory system should be:

- proportionate
- accountable
- consistent
- transparent
- targeted.

Surveys of the public, professionals and our stakeholders demonstrate that the HTA applies these principles and that we have the confidence of these groups. In response to the DH's consultation in 2012 on transferring the HTA's functions to another organisation, stakeholders made it very clear that the regulatory approach of the HTA was highly respected. In January 2013 the Government announced that the HTA would be retained as a separate organisation.

At the same time the Government announced an independent review of how we carry out our functions. The HTA has already made many efficiencies, and plans more, working collaboratively with others and streamlining regulatory processes to reduce the burden on those we licence, and

reduce licence fees. The HTA seeks to improve continuously and we welcome the review, which is due to report imminently, to help us build on our plans and positive reputation.

HTA staff are extremely committed to our work and values, and their ideas and efforts have enabled us to improve our service with less resource. The staff survey in February 2013 reported that 95% of staff said they were proud to work for the HTA.

Further details are available within the Annual Review which is available at [www.hta.gov.uk](http://www.hta.gov.uk)

## **Resources**

As an ENDPB, the HTA receives a proportion of its income through Grant-in-aid from central government (DH). Our total annual spend in 2012/13 was £4.2 million. About 74% of this was funded by income from licence fees. Grant-in-aid has reduced by 10% in each of the years from 2011/12 to 2013/14 and the HTA has made efficiencies to manage that, and to reduce licence fees by a total of 36% over the same period.

Like the rest of the public sector, the focus on making efficiency savings continues. The efficiency plans that we put in place three years ago, and update annually, are being implemented successfully. We maintain a lean team to carry out and support our statutory duties.

The HTA has reduced the resources required for 2013/14 by a further 11% from the budget for 2012/13. This has been achieved by streamlining processes further, and reducing staff resources, the costs of contracts and discretionary spend.

Our back office or support services were reduced significantly in 2010 and remain as streamlined as possible. We outsource our Information Technology services and have one HTA member of staff who oversees these and other business technology responsibilities. We have one in-house lawyer and spend around £50,000 on external legal advice. We have one HR advisor and two finance and governance staff. Our colocation with other ALBs within the building, which is managed by the Department for Business, Innovation and Skills, allows us to share services and keeps our accommodation and facilities costs at a low level.

Our Internal Audit service has been outsourced, from April 2011, through the DH's contract.

## **Equal opportunities and diversity**

The HTA is committed to providing equal opportunities for all staff. Our aim is to ensure that all staff are aware that any form of discrimination against people, because of their race, disability, gender, gender identity, religion/belief, age, sexual orientation or any other protected characteristic is prohibited within the HTA, and to ensure that the Authority abides by the statutory regulations regarding human rights and discrimination. During 2012/13, we updated our policy and provided all staff with refresher training in this area. We monitor our performance in this area regularly.

## **Staff involvement and wellbeing**

The HTA keeps all members of staff informed about organisational, management and policy issues. All-staff meetings are held at least every two months, chaired in rotation by a member of staff. Directorate team meetings are also held regularly.

The HTA provides an annual staff survey which has high participation rates (87% in 2012/13 and 87% in 2011/12). The HTA is committed to engaging staff and will strive to build on high staff engagement and satisfaction scores from the staff survey year on year.

The HTA has a staff forum to ensure that all staff have their say and continue to have an opportunity to raise issues, make suggestions and give opinions.

The HTA maintains an up-to-date health and safety policy and we set out our responsibilities in the Statement of Intent. The HTA has appointed first aiders, incident control officers and fire wardens and has online training modules to help staff with basic health and safety awareness. No health and safety incidents were reported in the year.

During the year ended 31 March 2013 the total number of whole time equivalent days (WTE)

lost to sickness absence was 247 days. This information is disclosed in accordance with the *Government Financial Reporting Manual* (FRM) and equates to an average of 5.4 days per WTE; and a sickness absence rate of 2%.

### **Learning and development**

The HTA actively promotes the development of staff by offering a full suite of corporate and specific training. Individual needs are set out in personal development plans and are met through appropriate means, including training events, participation in projects, observing activities the HTA oversees and shadowing.

In 2011 we launched the Career Investment Scheme, to assist staff members to obtain professional qualifications or undertake training to enhance their skills and knowledge to aid their career. There has been a very positive response and nine members of staff have had training approved through the scheme to date.

### **Payment of suppliers**

The HTA is committed to the Better Payment Practice Code and the commitment to speed up payments. We aim to pay suppliers within five days of receipt of a valid invoice. Over the year as a whole, 91% were paid within five days, and 100% within 30 days. The average number of days for payment over the whole year was 2. No interest payments were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

### **Auditors**

The Comptroller and Auditor General is the external auditor for the HTA's accounts. The external auditor's remuneration in 2012/13 was £26,000. No fees were incurred for non-audit work.

The HTA's internal auditors for 2012/13 were Grant Thornton, through an arrangement with DH.

To the extent of my knowledge, as Accounting Officer for the HTA, I am confident that:

- a) there is no relevant audit information of which the HTA's auditors are unaware; and
- b) I have taken all possible steps to make myself aware of any information of relevance to the HTA's auditors and to make them aware of it.

Alan Clamp  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 11 June 2013

## Management commentary

### Overview

The HTA continued to make efficiencies in 2012/13 and there has been a further decrease in spend. In addition, the expenditure reported includes accrued expenditure on a one-off EU project (Vigilance and Surveillance of Substances of Human Origin – SoHO V&S) and the costs of regulating the new Organ Donation and Transplant (ODT) sector.

Income increased slightly from 2011/12, mainly due to EU funding for SoHO V&S. The HTA reduced fees charged from 2011/12, although due to the profile of establishments slightly more fee income was received. Fees for the ODT sector are being subsidised by DH in the initial period of regulation of this new sector. There was no fee income from this sector and the HTA has met costs from our reserves.

The Statement of Financial Position shows a decrease in cash balances and reserves. As well as the ODT subsidy, the HTA paid back £500k of accumulated reserves to DH. This was affected by drawing down £500k less GIA than was awarded.

The revenue Grant-in-aid (GIA) awarded reduced by 10% from the previous year and there was no capital GIA.

The summary table below includes data taken from our accounting schedules and the notes contained in these annual accounts.

**Table 1 – Income and expenditure for the year ended 31 March 2013**

	2012/13 £'000's	2011/12 £'000's
<b>Income<sup>1</sup></b>		
Income from devolved administrations	132	127
Licence fee	3,131	3,120
Other income <sup>2</sup>	54	36
<b>Total income</b>	<b>3,317</b>	<b>3,283</b>
<b>Expenditure</b>		
Staff costs	2,357	2,393
General administrative costs	1,879	2,030
<b>Total expenditure</b>	<b>4,236</b>	<b>4,423</b>
<b>Net expenditure for the financial year<sup>3</sup></b>	<b>919</b>	<b>1,140</b>

<sup>1</sup>Income is exclusive of revenue Grant-in-Aid (£859k awarded, £359k drawn down) which for accounting purposes is treated as financing rather than income.

<sup>2</sup>Other income in 2012/13 includes an accrual for the final instalment of EU funding for 'Vigilance and Surveillance of Substance of Human Origin' project (SOHO V&S).

<sup>3</sup>Net expenditure for the year therefore also reflects the position without Grant-in-aid funding. It is a requirement to report in this way in the Net Expenditure Account, from which this table is extracted.



### Key performance indicators 2012/13

Each year, we agree a business plan with the DH that includes performance targets covering delivery of our statutory remit and public accountability.

The HTA agreed the following key targets for 2012/13 with the DH:

- To fulfil the HTA's statutory remit
- To share knowledge and experience gained from regulation and to help licensed establishments better meet HTA quality standards
- To improve our processes and practices and collaborate with other bodies to reduce regulatory burden and improve the impact of our work.
- To maintain and build confidence amongst professionals and the public in the regulation of the removal, storage and use of human tissue
- To work collaboratively during organisational transition to ensure that confidence in regulation is maintained and that human tissue continues to be removed, stored and used safely, ethically and with proper consent
- To manage the reputation of the HTA effectively
- To engage stakeholders to inform regulatory and organ donation policy and processes
- To further improve the HTA's working environment and culture to retain staff and uphold the HTA's standards and values
- To lead, motivate, involve and inform colleagues to deliver excellent work
- To attract and retain the right people with the right skills
- To improve expertise and support delivery through high quality learning and development
- To maintain governance arrangements which give appropriate oversight to matters within the HTA's legislative remit
- To maintain high quality management skills and practices
- To maintain and improve cost-effectiveness and quality by systematically reviewing systems, processes and procedures
- To ensure the continued financial viability of the HTA.

Progress against our key targets was monitored throughout the year by the Senior Management Team and the Authority. Progress against targets and the business plan were reported to the DH at quarterly accountability meetings. The March performance report shows that all key performance indicators for the year were met substantively, with final follow up action taking place in April.

**Risks and uncertainties as at 31 March 2013**

Risks	Mitigating factors and actions
Inability to carry out our statutory remit	<ul style="list-style-type: none"> <li>• Strategic plan and business plan</li> <li>• On-going review of performance and priorities</li> <li>• Quarterly accountability meetings with DH</li> <li>• Resource and efficiency plans</li> <li>• Training and development of professional competence</li> <li>• Communications</li> <li>• CRM development and support contract</li> <li>• Business continuity plan</li> <li>• Staff benefits in place</li> </ul>
Failure to manage change	<ul style="list-style-type: none"> <li>• Corporate leadership by SMT and Heads</li> <li>• Change activity reflected in business plan with appropriate prioritisation</li> <li>• Succession planning – contingency plans made for key staff</li> <li>• Resource and efficiency plans in place</li> <li>• Contributing to HTA/HFEA review</li> <li>• Contributing to shared services programme</li> <li>• Networking and seeking to work collaboratively with other ALBs</li> <li>• Internal communications strategy and mechanisms for communicating in place</li> <li>• Engage key domestic and European stakeholders</li> <li>• MoU signed with CQC and HFEA re collaborative working</li> </ul>
Inability to manage an actual or potential major event, such as retention of tissue or serious injury or death to a person resulting from a treatment involving processes regulated by the HTA (underpins delivery of all strategic objectives)	<ul style="list-style-type: none"> <li>• Filled identified business-critical roles</li> <li>• Resource plan in place</li> <li>• Crisis management policy and guidance in place and communicated to staff</li> <li>• Media handling policy and guidance in place to supplement media release and enquiries SOPs</li> <li>• Crisis communications plan regularly reviewed</li> <li>• Annual crisis training</li> <li>• Business continuity plan regularly reviewed and tested</li> <li>• Accessible lines to take and key messages for likely scenarios</li> <li>• Media training for key staff &amp; members with relevant scenarios</li> <li>• Media awareness for staff</li> <li>• SMT/Heads/Comms trained on major event communications</li> <li>• Comms team have staff and key Board contacts for media issues</li> <li>• Agreed chain of approval to mitigate against staff / Chair absence</li> <li>• Mutual support from HFEA, CQC to support risk awareness</li> <li>• Fit for purpose Police Referrals Policy.</li> <li>• Refresher regulation training programme</li> </ul>

	<p>in place</p> <ul style="list-style-type: none"> <li>• Decision making framework and onward delegation scheme agreed by the Authority</li> </ul>
Insufficient financial resources (underpins delivery of all strategic objectives)	<ul style="list-style-type: none"> <li>• Budget management framework to control and review spend and take early action</li> <li>• Financial projections</li> <li>• Cash flow forecasting and monitoring</li> <li>• Licence fee modelling</li> <li>• Rigorous debt recovery procedure</li> <li>• Reserves policy and levels of reserves</li> </ul>
Inadequate relationship/ stakeholder management	<ul style="list-style-type: none"> <li>• Key stakeholder maps and agreed engagement plan</li> <li>• Programme of meeting Key Opinion Leader / umbrella organisations</li> <li>• Regular communications with transplant community</li> <li>• Effective engagement with stakeholders on key regulatory issues</li> <li>• On-going engagement with Department of Health, OGDs, NDPBs and devolved administrations</li> <li>• Communications and media strategies and mechanisms for implementing (e-newsletter, website etc.) and staffing in place</li> <li>• Media training for SMT and Members</li> <li>• Strong HTA brand and identify</li> </ul>

**Social, community and environmental issues**

The HTA occupies a quarter of one floor within multi tenanted buildings on Buckingham Palace Road. Our landlords BIS provide services and encourage behaviour that meets sustainability requirements. This includes recycling, energy efficiency and other facilities. HTA performance is not monitored separately.

The HTA considers environmental and sustainability issues when procuring goods and services. In particular, our policy and practice of using virtual servers is energy efficient. Staff are encouraged to travel on HTA business in the most sustainable and cost-effective way.

The HTA is a member of the Cycle to Work scheme, which provides tax efficient incentives for employees to use cycles to travel to work.

**2012/13 accounts**

The Annual Accounts have been prepared and issued by the HTA, under directions given by the Secretary of State, with the approval of HM Treasury, in accordance with Schedule 2 (paragraph 16) of the HT Act. The Accounts report the resources that have been used by the HTA to deliver its objectives. These Annual Accounts have been prepared in accordance with the guidance set out in the Government Financial Reporting Manual (FReM) 2012/13.

Alan Clamp  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 11 June 2013

## Remuneration report

### Salary and pension entitlements of Authority Members

Members of the Authority receive an annual remuneration that is agreed by the Secretary of State for Health. This remuneration does not include any pension entitlements. Any increase or change to the remuneration is notified to the HTA by its sponsor department, the Department of Health. In the financial year 2012/13 these payments were as follows:

Diana Warwick - Chair	£40–45,000 per annum
Catharine Seddon - Chair Audit Committee Member (x10)	£10–15,000 per annum £5–10,000 per annum

### Remuneration policy

The HTA provides for staff salaries to be uplifted annually in August. We were subject to a pay freeze between 2010 and 2012. In August 2012, the HTA came out of the pay freeze and were able to give staff increases averaging 1%.

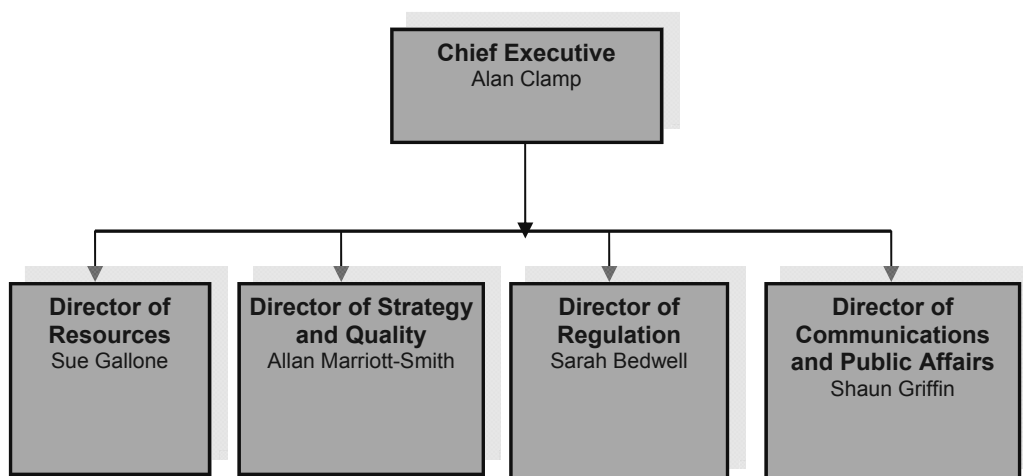
### Duration of contract, notice periods and termination payments on contracts of employment

Members of staff in Bands 1 – 2 (Assistants and Officers) are required to give the HTA six weeks' notice for termination of contract. The HTA is required to give the same notice period. Members of staff in Bands 3 – 4 (Managers and Heads) and Directors are required to give three months' notice. The HTA is required to give the same notice period. Termination payments are made only in appropriate circumstances and may arise where staff are not required to work their notice period.

### Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the senior management of the executive team. These details are shown in accordance with the FReM. 'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

### Senior management team



**Senior management remuneration**

Post	Name	Salary range	
		2012/13 £'000	2011/12 £'000
Chief Executive	Alan Clamp	100 - 105	50 - 55 (full year equivalent 95 - 100)
Director of Strategy and Quality	Allan Marriott-Smith	70 - 75	70 - 75
Director of Regulation	Sarah Bedwell	80 - 85	25-30 (full year equivalent 80 - 85)
Director of Communications and Public Affairs <sup>1</sup>	Shaun Griffin	75 - 80	70 - 75
Director of Resources <sup>2</sup>	Sue Gallone (formerly Martin)	75 - 80	75 - 80

<sup>1</sup> Director of Communications and Public Affairs is currently seconded two days a week to the Health Research Authority

<sup>2</sup> Director of Resources is employed 3 days a week (0.6Wte)

Highest paid Director	100 -105 (full year equivalent)	95 - 100 (full year equivalent)
Median remuneration of staff	41	42
Ratio	2.4	2.3

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of staff in the organisation.

The banded remuneration of the highest-paid director in the HTA in the financial year 2012/13 was £100 – 105k (2011/12 £95-100k). This was 2.4 times (2011/12 2.3) the median remuneration of the workforce, which was £41k (2011/12 £42k).

In 2012/13, nil (2011/12, nil) employee(s) received remuneration in excess of the highest paid director. Remuneration ranged from £23,600 to £83,600 (2011/12 £23,000 to £83,000).

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

There has been no significant movement in the ratio of median paid staff to the highest paid director.

**Benefits in kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HMRC as a taxable emolument. The HTA has agreed a PAYE Settlement Agreement (PSA) with HMRC re taxable emoluments of HTA staff and Authority Members. This includes travel and subsistence and wellbeing at work therapy. The cost of wellbeing therapy to the HTA for 2012/13 is £1,152 (2011/12 £6,336). The reduction in expense between 2012/13 and 2011/12 was due to the provision of therapy being replaced by central government framework.

The HTA also provided a contribution to extra travel costs from December 2010 in conjunction with its relocation to Victoria, London. This ceased in July 2012.

From September 2009 information regarding travel and subsistence claimed by Authority Members and senior management has been published on the Authority's website [www.hta.gov.uk](http://www.hta.gov.uk)

Travel and Subsistence paid to Authority Members and Senior Management during 2012/13 is as follows:

Employee type	Air	Rail/ tube	Taxi	Car	Hotel/Meals	Other	Total
The Executive	-	232	272	562	468	4	1,538
Authority Members	2,694	1,576	300	151	149	50	4,920
	2,694	1,808	572	713	617	54	6,458

No other benefits in kind were received by senior staff members in 2012/13 or 2011/12.

### Senior staff pensions

For the period from 1 December 2009, employees were covered by the provisions of the National Health Service (NHS) Pension Scheme. Staff who were seconded to the HTA from the Civil Service were covered by the Principal Civil Service Pension Scheme (PCSPS).

### NHS pension scheme

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

In 2012/13 HTA employer's contributions were £218,385, (2011/12 £210,543) at a rate of 14% of pensionable pay.

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle) and an IAS26 accounting valuation every year. An outline of these follows:

#### a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme liabilities. Up to 31 March 2009, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2009, employees' contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

#### b) IAS 26 Accounting valuation

In accordance with IAS 26, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 31 March 2009 is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2009 with summary global member and accounting data.

The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pensions Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

### **Scheme provisions prior to 31 March 2008**

The Scheme is a 'final salary' scheme. Annual pensions are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. A lump sum normally equivalent to three years pension is payable on retirement.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement, is payable.

For early retirements, other than those due to ill health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the income and expenditure account at the time the organisation commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

### **Scheme provisions from 1 April 2008**

From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website [www.pensions.nhsbsa.nhs.uk](http://www.pensions.nhsbsa.nhs.uk)



Senior staff pensions – National Health Service Pension Scheme											
Name of Officer	Real increase in pension at age 60 (2012/13) (iii)	Real increase in pension at age 60 (2011/12) (iii)	Real increase in lump sum at age 60 (2011/12) (iv)	Real increase in lump sum at age 60 (2011/12) (v)	Pension at 31/03/13 (vi)	Lump sum at 31/03/13 (vii)	CETV at 31/03/13(viii)	CETV at 31/03/12 (ix)	Employee contributions and transfers-in (x)	Real increase in CETV as funded by employer (2012/13) (xi)	Real increase in CETV as funded by employer (2011/12) (xii)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Alan Clamp – Chief Executive	0	0	0	0	3.5-4.0	0	39	21	0	0	0
Susan Gallone <sup>1</sup> (retired)	0	0	0	0	0	0	0	0	0	0	0
Sarah Bedwell – Director of Regulation	0	0	0	0	0-2.5	0	10	6	0	0	0
Shaun Griffin – Director of Communications and Public Affairs	0	0	0	0	4.0-4.5	0	43	29	0	0	0
Allan Marriott-Smith – Director of Quality and Strategy	0	0	0	0	4.5-5.0	0	46	33	0	0	0

<sup>1</sup> Sue Gallone is retired from the Civil Service and therefore the HTA pays no further contributions into the PCSPS.

### Cash equivalent transfer value

Columns (viii) and (ix) of the above tables show the staff member's cash equivalent transfer value accrued at the beginning and end of the reporting period. Column (xi) reflects the increase in cash equivalent transfer value effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A cash equivalent transfer value 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 staff member's accrued benefits and any contingent spouse's pension payable from the scheme. A cash equivalent transfer value 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 cash equivalent transfer value figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the National Health Service Pension Scheme /Principal Civil Service Pension Scheme arrangements and for which, the Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

Cash equivalent transfer values are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, as advised by the actuary to the Principal Civil Service Pension Scheme.

**The real increase in the value of the CETV**

This takes account of the increase in accrued pension due to inflation and contributions paid by the officer and are calculated using common market valuation factors for the start and end of the period.

**Audit**

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

Alan Clamp  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 11 June 2013

## Statement of the Authority's and Chief Executive's responsibilities

Under the HT Act, the HTA is required to prepare annual accounts for each financial year, in conformity with a Secretary of State's direction Schedule 2 (paragraph 16), detailing the resources acquired, held or disposed of during the year and the use of resources by the HTA during the year. The Annual Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the HTA, the income and expenditure, recognised gains and losses and cash flows for the financial year.

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

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

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

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

## Annual Governance Statement

### Introduction

This statement sets out the stewardship and control framework at the HTA and the risks to HTA performance. It explains how I have discharged my responsibility, as Accounting Officer, to manage and control the HTA's resources in 2012/13.

### Governance framework

#### The Board

The Authority (the HTA's statutory non-executive board) comprises a Chair and Members who are appointed by the Secretary of State for Health for a three-year term of office. There is the possibility of reappointment for further three-year terms, although recent reappointments have been for shorter periods, reflecting potential change to the HTA. There are currently 10 Members plus the Chair who come from a variety of medical, scientific, legal, media, administrative and ethical backgrounds – further details of individual Members follow this statement. By law, at least half must be lay.

The Authority's primary role is to ensure that the HTA's statutory responsibilities are met. It achieves this by setting the HTA's strategic direction and providing both support and challenge to an executive that is responsible for the discharge of these responsibilities on a day-to-day basis. The Authority receives monthly performance, finance and risk reports from the executive, quarterly reports of regulatory action, living donation activity and communications evaluation, and reports on other matters on a periodic or as required basis. The Authority questions the executive and explores aspects of work with staff to assure themselves that they can rely on the quality of data and information in the reports.

The Authority ensures that statutory functions are delivered appropriately. It is clear about the statutory basis of work undertaken by the HTA, ensuring there is direction or clarification from the Department of Health.

The Authority met six times during the year, with one of those meetings being open to the public. The Chief Executive and executive directors, the Senior Management Team (SMT), attend Authority meetings. Representatives from the Department of Health (DH) also attend, and other HTA staff attend as required. Member attendance at Authority meetings in 2012/13 is listed below.

#### Authority

Diana Warwick	(Chair)	6
Michael Banner		4
Jodi Berg		6
Brian Coulter		6
Pamela Goldberg		6
Keith Rigg		5
Catharine Seddon		6
Susan Dilly		6
Suzanne McCarthy		6
Rosie Glazebrook		6
Gurch Randhawa		5
Andrew Reid	(resigned from Authority January 2013)	3

The Authority is supported in its work by Committees and Members groups. Committees review the work of the HTA and make decisions or recommend a decision to the full Authority where necessary. Members groups provide input to emerging strategies and approaches. The following Committees and groups were in place in 2012/13:

- Audit Committee
- Remuneration Committee

- Communications Advisory Group (called the Communications Members' Group until February 2013)
- Transplant Working Group
- Histopathology Working Group
- Policy and Regulatory Activity Group

Members' groups provide the opportunity for the Authority to review and understand the work of the Executive in more detail. For example, the Policy and Regulatory Activity Group receives quarterly reports on all significant regulatory action and on emerging issues in living donation activity. The Communications Advisory Group reviews progress in delivering the communications strategy, and discusses issues affecting public and professional confidence, and the HTA's reputation. Improving Member understanding of operational activity enhances the Authority's ability to scrutinise the actions of the Executive. Groups also provide Members with the chance to contribute views to the early stages of significant regulatory policy development, resulting in better decision making.

The Audit Committee met three times in 2012/13. The Chief Executive, the Director of Resources, the Head of Finance and Governance, the HTA's external and internal auditors and DH attend meetings. Directors are asked to attend in rotation, to report on risk management, and other staff may also be asked to attend depending on the Committee's business. The Committee's terms of reference outline the support this body provides to the Accounting Officer (the Chief Executive) throughout the year, in particular, providing scrutiny to support the agreement of the Annual Governance Statement.

During 2012/13, the Audit Committee reviewed the strategic risks at each meeting, approved or noted (as appropriate) updated policies on an annual cycle, took reports of audit findings from external and internal auditors and reviewed the HTA's progress in implementing audit recommendations. The Chair of the Audit Committee's Annual Report concludes that the HTA's governance systems are well established and that risk management and assurance arrangements are satisfactory. In February, the Committee had their annual meeting in private with external and internal auditors to assure themselves there were no other matters they should be aware of. The Committee also had a training session to ensure they can properly examine the annual reports and accounts. Member attendance at Audit Committee meetings in 2012/13 is listed below.

#### **Audit Committee**

Michael Banner	(Chair to June 2012)	0
Catharine Seddon	(Chair from June 2012)	3
Pamela Goldberg		3
Suzanne McCarthy		3
Susan Dilly		2
Jodi Berg	(joined Audit Committee November 2012)	2

In addition the Chair of the Authority, Diana Warwick, attended the June and November Audit Committee meetings.

The Remuneration Committee met late in 2011/12, to agree the principles for the 2012 pay award and was kept in touch with the HTA's pay remit submission and award, and job evaluation plans, in correspondence in 2012/13. The Chief Executive, the Director of Resources and the HR Manager attend the Remuneration Committee. The committee did not meet in 2012/13. Members are:

Diana Warwick (Chair)  
 Michael Banner  
 Jodi Berg  
 Catharine Seddon  
 Rosie Glazebrook

Members may also chair and participate in conferences, events, workshops for stakeholders; participate in working groups covering the work of the Directorates; and may represent the HTA in the media, and provide advice to the executive.

## Effectiveness of the board

The HTA complies with the *Corporate Governance in central government departments: Code of good practice 2011* as appropriate to the type of organisation we are. Members' terms and conditions include adherence to the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership, and these are demonstrated in Authority meetings.

The Chair of the Authority assesses the performance of each member annually. DH forms a view on the effectiveness of the Authority by attending meetings and of the HTA's performance through quarterly accountability meetings. No significant issues have been raised.

The Audit Committee makes a self-assessment of their performance annually using the National Audit Office (NAO) checklist. The February 2012 assessment did not reveal any areas for action. The subsequent assessment, in May 2013, took the form of a workshop led by the NAO to review completed checklists and discuss emerging areas. The workshop helped clarify the role of the Audit Committee with regard to assurance and better differentiated their role from the Authority's review of strategic risks.

Potential conflicts of interest are managed by all Authority members, and staff, declaring in a register of interests any company directorships and other significant interests held by them or their close family and friends which may conflict with their HTA responsibilities. The register is available for inspection.

Members also declare their interest in any items being discussed at Authority meetings. The Chair decides whether there is a conflict of interest and whether they should remain involved in the discussion.

## The executive

The executive implements the policy and strategic goals set by the Authority. It is led by a Chief Executive, the Accounting Officer of the HTA, and four directors (two of whom work part-time at the HTA).

- Alan Clamp, Chief Executive
- Sue Gallone, Director of Resources
- Allan Marriott-Smith, Director of Strategy and Quality
- Shaun Griffin, Director of Communications and Public Affairs
- Sarah Bedwell, Director of Regulation

This Senior Management Team (SMT) meets weekly to consider a regular programme of business, ad hoc items and to exchange information. The SMT provides leadership to the staff of the HTA and makes decisions on how the strategies agreed by the Authority are to be implemented. The regular programme of business includes monthly reports of performance and operational risk from the next level of management, finance reports and reviews of the strategic risk register. Feedback from the February 2013 survey of HTA staff is that 87% of staff agree that the SMT manage and lead the HTA well.

As Accounting Officer, I follow the requirements of *Managing Public Money* and the delegations issued by the Department of Health (DH). To ensure compliance with the Management Statement and Financial Memorandum agreed with DH I ensure:

- the provision of the HTA's strategic and business plans for approval by the Department of Health (DH)
- that the HTA submits budget profile and headcount reports and quarterly performance reports to the timetable outlined by the DH
- participation in quarterly accountability reviews held between the HTA's SMT and the senior department sponsor

## The control framework

The HTA understands the importance of risk management and internal control. All members of the Authority and the executive have responsibility for risk management.

The Authority is ultimately responsible for overseeing management of the HTA's strategic risks. The Authority is supported by the Audit Committee and monitors risks through reports from the executive and monthly updates of the strategic risk register. I am responsible for providing leadership for management of risk within the organisation, supported by the Director of Resources, and all members of the SMT are responsible for managing the strategic risks that may impact the delivery of policies and objectives in their areas of work. Heads of functions manage the operational risks to the delivery of their areas of work, reporting to the SMT monthly.

There is an ongoing process designed to:

- identify and prioritise the risks to the achievement of HTA policies and aims and objectives
- evaluate the likelihood of those risks being realised and the impact should they be realised
- manage them efficiently, effectively and economically

The HTA Risk Management Strategy sets out the principles and approach to managing risk at the HTA. The strategy was reviewed and updated in June 2012, and approved by the Audit Committee. Training has been provided to staff in risk management.

In September 2012, the Board explored a new approach to risk, which is being developed by the Government Actuary's Department. This involved the Board completing questionnaires about their views on risk management and the risks facing the organisation and resulted in a focussed, outcomes based risk summary. The Board found that this approach provided assurance that existing methods were identifying, managing and reporting risk adequately and the Executive have included this summary in their risk reviews.

In order to ensure consistent proper procedures are followed, the control framework also includes policies and standard operating procedures that are reviewed and updated regularly. There is also training and oversight by line managers.

This framework has been in place in the HTA for the year ended 31 March 2013 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

During 2012/13 the HTA's internal auditors reviewed governance at the HTA and gave a green opinion with three low priority findings.

The framework will continue to be refined and enhanced in order to ensure the HTA meets best practice for an established public body. The HTA will build on advice from our external and internal auditors as well as other professional sources to ensure it remains fit for purpose to meet the changing nature of our business.

## Risk assessment

The HTA has five strategic risks, which have been present for several years, although their causes and effects and seriousness vary over time. At the end of 2012/13 two were assessed as amber: inability to carry out our statutory remit and failure to manage change. The remaining three were green: insufficient financial resources, inability to manage an actual or potential major event, and inadequate stakeholder/relationship management.

The risk of inadequate stakeholder/relationship management decreased in severity in September 2012 following positive responses about the HTA to the consultation on transferring functions from the HTA.

Staff turnover and capacity remains a key contributory factor to several of the strategic risks, in particular our ability to carry out our statutory remit. During 2012/13, we have experienced more changes in Regulation Managers, with some leaving and significant levels of maternity leave. We have recruited new staff across most directorates, after considering potential efficiencies and SMT assessment for the need for the role, but

there has been a loss of experience which will take some time to replace. The increase in our regulatory responsibilities due to the Organ Donation Directive and the planned introduction of deemed consent legislation in Wales have also had an impact. We have managed this by reducing discretionary, developmental work and by more efficient regulatory methods and approaches.

The pay restrictions and pay levels at the HTA and the limited opportunities for progression are an ongoing factor, despite actions to improve other conditions, and the staff survey reports that only 51% feel that their salary is fair for their role (although 64% feel that the HTA offers a good overall reward package). The HTA undertook a job evaluation exercise towards the end of 2012/13 and will be taking the necessary actions that we can to address pay levels. Satisfaction levels with learning and development opportunities increased from 52% in the previous survey to 67% in 2013. This is still below our benchmark figure of 75% and the HTA will be working with staff to take steps to address this in 2013/14. In addition, during 2012/13, the HTA's internal auditors reviewed staff retention measures at the HTA and gave a green opinion with three low priority findings.

Assurance sources are identified for all risks and these reports and feedback have confirmed that the controls in place are as expected and that the risks are as stated.

There has been on-going uncertainty about the HTA's future throughout the year, caused by the consultation on transferring functions, the wait for a decision and, following the decision to retain the HTA, the independent review into further efficiencies. This has required careful management, and in particular regular and open communication, but has not weakened control.

### **Pensions**

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

### **Data security**

In accordance with our responsibilities under Schedule 2 (paragraph 16) of the HT Act and the provisions of the Human Tissue (Quality and Safety for Human Application) Regulations 2007, the HTA has in place various robust and specific arrangements to ensure information security, including data protection. These include information systems and information governance policies that apply to all staff. There were no personal data losses in 2012/13.

The Director of Resources holds the role of Senior Information Risk Owner (SIRO). This is one of the requirements to strengthen controls around information security set out in the report of the Data Handling Review, which was carried out in 2008 for the Cabinet Office. The SIRO makes an annual report of compliance with the requirements for protecting information and an assessment of information risk management to the Accounting Officer and the Audit Committee which contributes to this Statement.

The HTA conducts an annual review of its arrangements against the Cabinet Office's mandatory requirements and reports compliance to the Audit Committee and DH using the Security Policy Framework. For the relevant requirements, there are no areas of non-compliance that put information security at risk.

### **Accounting Officer Responsibilities and assurance**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the executive directors within the organisation who have responsibility for the development and maintenance of the internal control framework, risk management reports and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of the reviews of the effectiveness of the system of internal control by the Authority's Audit Committee and plans to address any weaknesses and ensure continuous improvement of the system are in place.



During the year, the HTA engaged internal auditors to investigate three key areas. We have received positive assurances from the internal auditors and are actively introducing measures to bring about the further improvements identified. From this and the other sources stated on the risk registers (Authority reports, reviews with staff and feedback from DH and stakeholders), assurances have been gained over the key areas, as set out above.

This enables me to confirm that the HTA's systems are effective and working, to ensure that we have, and continue to, fulfill our remit and our objectives.

There have been no significant internal control problems in the HTA up to 31 March 2013 and up to the date of this report.

Alan Clamp  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 11 June 2013

## Authority Member biographies

### **Baroness Diana Warwick Chair (lay Member) appointed 1 January 2010**

Diana Warwick has twenty years' experience in successful leadership at a senior executive level. In August 2009 she retired from her role as CEO of Universities UK, where she was responsible for representing the interests of 130 universities to government, the media, the public, and internationally, and was accountable for an annual budget of £6 million. Prior to taking up this role in 1995, her career was in the public sector and education, spending almost a decade as the CEO of the Association of University Teachers (AUT). She also served several years as Chair of Voluntary Services Overseas. Baroness Warwick is a Member of the House of Lords and has been a Labour life peer since 1999.

### **Michael Banner (lay Member)**

Michael Banner previously held Chairs in the Universities of Edinburgh and London and is currently a Fellow of Trinity College, Cambridge. He is chair of the Cambridge University Licence Review Committee (Animal Procedures) and is a member of the Committees of Reference and Investment Sub-Committee of F&C Asset Management. Amongst his previous Committee experience, he chaired a Committee of Enquiry for MAFF from 1993 – 1995, the CJD Incidents Panel at the DH, the Home Office's Animal Procedures Committee from 1998-2006, and Shell's Advisory Panel on Animal Testing from 2002-2009. He also served as a member of the Royal Commission on Environmental Pollution and has just become a member of the Ministry of Defence (MoD) Scientific Advisory Committee on the Medical Implications of Less-Lethal Weapons. He was recently a visiting professor in the department of Social Anthropology at Rice University, Houston, and is currently giving the Bampton Lectures in the University of Oxford.

### **Jodi Berg (lay Member)**

Jodi Berg is the Independent Complaints Reviewer for public bodies including The National Archives and the Youth Justice Agency and is a founding partner of the Independent Complaints Resolution Service. She has extensive Board experience and served for several years as Chair of an NHS Trust. Currently she is a Non-Executive Director of The Dispute Service Ltd. She qualified as a solicitor and a Fellow of the Chartered Institute of Arbitrators and now serves as a member of the Parole Board and as a magistrate.

### **Brian Coulter (lay Member)**

Brian Coulter has served as a specialist ombudsman for Northern Ireland prisons and as Chief Executive of a not-for-profit social housing and social care provider organisation. For 10 years, he championed patient and public involvement in the health and social services as Chairman of the Eastern Health and Social Services Council. He is a member of the General Optical Council. He has chaired a ministerial review of community care, taken part in an independent review of aspects of endoscopy services and latterly, held responsibility for investigating deaths in custody.

### **Pamela Goldberg (lay Member)**

Pamela Goldberg was Chief Executive of Breast Cancer Campaign, a medical research charity supporting research into breast cancer across the UK and Ireland until 2011. She is a member of the General Advisory Committee on Science and Joint Chair of the Consumer Advisory Panel for the Food Standards Agency. She is a member of the Independent Review Panel for Borderline Products and Independent Review Panel for Advertising of the Medicines and Healthcare products Regulatory Agency. She is a trustee of Moorfields Eye Charity, a Fellow of the RSA and immediate Past Master of the Worshipful Company of Needle-makers.

### **Keith Rigg (professional Member)**

Keith Rigg is Consultant General and Transplant Surgeon at Nottingham University Hospitals NHS Trust. He has been involved in organ donation and transplantation for the last 20 years both as a clinician and by serving on various national committees. He is a previous Past President of the British Transplantation Society and is currently Chair of the Renal Transplant Clinical Reference Group and of Transplant 2013.

**Catharine Seddon (lay Member)**

After many years as a film documentary producer for BBC TV and then as an independent producer for Channel 4, Catharine Seddon began working for the judiciary in 2002. She now sits on Department for Works and Pensions, Employment and Mental Health tribunals; she is a magistrate in the City of Westminster and a member of the Greater London Family Panel. She is on the independent appeals committee for the Human Fertilisation and Embryology Authority and she also sits on the Determinations Panel for The Pension Regulator. She is also a trustee for the London Centre for Children with Cerebral Palsy.

**Susan Dilly (professional Member)**

Susan Dilly is a Consultant Histopathologist at Barts and the London NHS Trust. She has been Clinical Professor at Barts and the London Medical School - part of Queen Mary, University of London (QMUL) - since 2006. In September 2010, she took on the additional role of Vice Principal for Teaching and Learning at QMUL. She is also an external examiner for Fellowship of the Royal College of Pathologists, Trustee of Centre for the Cell and Governor of the Drapers' Academy.

**Rosie Glazebrook (lay Member)**

Rosie Glazebrook has a background in media and the development of health information for consumers. Previously, she held positions at Dr Foster Ltd (health research) and in publishing and marketing for News International, Macmillan Press and Oxford University Press. She currently works for NHS London on a new on-line service, Myhealthlondon. Also, she is a non-executive director of NHS Inner North West London, the Chair of Camden & Islington Research Ethics Committee, and represents consumers on a number of scientific committees including Advisory Committee for Microbiological Safety of Food (Food Standards Agency) and Carcinogens and Mutagens in Food and Consumer Products (Department of Health, COC, COM).

**Suzanne McCarthy (lay Member)**

Suzanne McCarthy is currently the Immigration Services Commissioner. She is also chairman of the General Chiropractic Council and the Ethical Trading Initiative. She is a member of the Board of Trustees of the University of London, the RICS' UK and Ireland Regulatory Board and the RIBA. She is Chairman of the University of London's Audit and Risk Committee and a member of the Association of Chartered Certified Public Accountants Disciplinary and Regulatory Committees. She was previously Chief Executive of both the Human Fertilisation and Embryology Authority and the Financial Services Compensation Scheme. She was formerly a member of the General Medical Council and the Pensions Regulator's Determination Panel.

**Gurch Randhawa (lay Member)**

Gurch Randhawa is the current Professor of Diversity in Public Health and the Director of the Institute for Health Research at the University of Bedfordshire. He has served as a NHS Chairman for the last 12 years, most recently as the Chair of NHS Bedfordshire & NHS Luton (appointment ended March 31 2013). He has been a member of the UK Donation Ethics Committee since January 2010, and he was previously a non-executive director at UK Transplant. He is currently Co-Chair of the European Working Group on Public Issues in Organ Donation and Transplantation.

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

I certify that I have audited the financial statements of the Human Tissue Authority (“the Authority”) for the year ended 31 March 2013 under the Human Tissue Act 2004. The financial statements comprise: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers’ Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Human Tissue Act 2004. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

### **Opinion on regularity**

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

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Authority’s affairs as at 31 March 2013 and of its net expenditure, changes in taxpayers’ equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Human Tissue Act 2004 and Secretary of State directions issued thereunder.

**Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Secretary of State's directions issued under the Human Tissue Act 2004; and
- the information given in the Chief Executive's report, and the management commentary included within the Annual Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

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 or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

**Amyas C E Morse**  
**Comptroller and Auditor General**

**Date**

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

**HUMAN TISSUE AUTHORITY**  
**Statement of Comprehensive Net Expenditure**  
**for the period ended 31 March 2013**

	Note	<u>31-Mar-13</u> £	<u>31-Mar-12</u> £
<b>Expenditure</b>			
Staff costs	3	2,357,425	2,392,765
Depreciation and amortisation	7/8	421,048	542,872
Other Expenditures	4	1,458,150	1,487,398
		<u>4,236,623</u>	<u>4,423,035</u>
<b>Income</b>			
Income from Activities	5	3,131,331	3,119,796
Other Income	5	131,929	127,605
EU Income	5	54,401	35,599
		<u>3,317,661</u>	<u>3,283,000</u>
<b>Net (Income)/Expenditure</b>		<b>918,962</b>	<b>1,140,035</b>
Interest payable/(receivable)		<u>0</u>	<u>0</u>
<b>Net Expenditure before exceptional items</b>		<b>918,962</b>	<b>1,140,035</b>
Exceptional items	18	0	0
<b>Net Expenditure</b>		<u><b>918,962</b></u>	<u><b>1,140,035</b></u>

There are no items of expenditure that should be shown as Other Comprehensive Expenditure and therefore this statement is not required.

The notes on pages 31 to 47 form part of the accounts

**HUMAN TISSUE AUTHORITY**  
**Statement of Financial Position**  
**as at 31 March 2013**

	Note	<u>31-Mar-13</u> £	<u>31-Mar-12</u> £
<b>Non-current assets:</b>			
Property, plant and equipment	7	837,977	911,956
Intangible assets	8	252,041	391,639
<b>Total non-current assets</b>		<b>1,090,018</b>	<b>1,303,595</b>
<b>Current assets:</b>			
Trade and other receivables	10	139,749	96,248
Cash and cash equivalents	11	1,884,168	3,164,299
<b>Total current assets</b>		<b>2,023,917</b>	<b>3,260,547</b>
<b>Total assets</b>		<b>3,113,935</b>	<b>4,564,142</b>
<b>Current liabilities</b>			
Trade and other payables	12	282,905	1,173,150
<b>Total current liabilities</b>		<b>282,905</b>	<b>1,173,150</b>
<b>Non-current assets plus net current assets</b>		<b>2,831,030</b>	<b>3,390,992</b>
<b>Assets less liabilities</b>		<b>2,831,030</b>	<b>3,390,992</b>
<b>Taxpayers' Equity</b>			
I&E Reserve		2,831,030	3,390,992
<b>Total</b>		<b>2,831,030</b>	<b>3,390,992</b>

The financial statements on pages 27 to 30 were approved by the Board on  
and were signed on its behalf by:

(Signed) .....

(Chief Executive)

11 June 2013

**HUMAN TISSUE AUTHORITY**  
**Statement of cashflows**  
**for the period ended 31 March 2013**

		<b>31-Mar-13</b>	<b>31-Mar-12</b>
		<b>Total</b>	<b>Total</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Net (Deficit)/Surplus after cost of capital and interest		(918,962)	(1,140,035)
Adjustment for depreciation and amortisation	4	421,048	542,872
Adjustment for loss on disposal of property, plant and equipment	4	(4,150)	14,380
(Increase)/Decrease in trade and other receivables	10	(43,501)	17,930
Increase/(Decrease) in trade payables	12	(890,245)	(91,396)
<b>Net cash (outflow) inflow from operating activities</b>		<b><u>(1,435,810)</u></b>	<b><u>(656,249)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(49,353)	0
Purchase of intangible assets	8	(158,118)	(215,146)
Proceeds of disposal of property, plant and equipment		4,150	0
Proceeds of disposal of intangibles		0	0
<b>Net cash outflow from investing activities</b>		<b><u>(203,321)</u></b>	<b><u>(215,146)</u></b>
<b>Cash flows from financing activities</b>			
Grants from parent department		359,000	1,142,500
<b>Net financing</b>		<b><u>359,000</u></b>	<b><u>1,142,500</u></b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b><u>(1,280,131)</u></b>	<b><u>271,105</u></b>
<b>Cash and cash equivalents at the beginning of the period</b>	11	<b><u>3,164,299</u></b>	<b><u>2,893,193</u></b>
<b>Cash and cash equivalents at the end of the period</b>		<b><u>1,884,168</u></b>	<b><u>3,164,298</u></b>

The notes on pages 31 to 47 form part of the accounts



**HUMAN TISSUE AUTHORITY**  
**Statement of Changes in Taxpayers' Equity**  
**for the period ended 31 March 2013**

	Note	<u>I &amp; E Reserve</u> £	<u>31-Mar-13 Total Equity</u> £
<b>Balance at 1 April 2011</b>		<b>3,388,527</b>	<b>3,388,527</b>
<b>Changes in taxpayers' equity for 2011/12</b>			
Retained Surplus/(Deficit)		<u>(1,140,035)</u>	<u>(1,140,035)</u>
Grant from Parent		<u>1,142,500</u>	<u>1,142,500</u>
<b>Balance at 31 March 2012</b>		<b><u>3,390,992</u></b>	<b><u>3,390,992</u></b>
<b>Changes in taxpayers' equity for 2012/13</b>			
Retained Surplus/(Deficit)		<u>(918,962)</u>	<u>(918,962)</u>
<b>Total recognised Income and expense for 2011/12</b>		<u>(918,962)</u>	<u>(918,962)</u>
Grant from Parent	1.4	<u>359,000</u>	<u>359,000</u>
<b>Balance at 31 March 2013</b>		<b><u>2,831,030</u></b>	<b><u>2,831,030</u></b>

The notes on pages 31 to 47 form part of the accounts

## Notes to the accounts

### 1. Statement of accounting policies

These financial statements have been prepared pursuant to the Human Tissue Act 2004, Schedule 2 (paragraph 16) and in accordance with the 2012-13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Human Tissue Authority (HTA) for the purposes of giving a true and fair view has been selected. The particular policies adopted by the HTA for the year ended 31 March 2013 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting Convention

The accounts have been prepared under the historical cost convention.

#### 1.2 Accounting Policies

There were no changes in accounting policies this year.

The following Accounting policies have been applied to the accounts for 2012/13.

#### 1.3 Non-current assets

Non current assets are property, plant and equipment and intangible assets including the costs of acquiring or developing computer systems and software. Only items or groups of related items costing £1,000 or more are capitalised. Items costing less are treated as revenue expenditure in the year of acquisition.

All property, plant and equipment and intangible assets held by the HTA at 31 March 2013 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 below, since the useful life over which the asset class is depreciated or amortised is considered to be a realistic reflection of the consumption of that asset class. Depreciation and amortisation are provided on a monthly basis from the date of deemed economic benefit, at rates calculated to write off the costs of each asset evenly over its expected useful life.

#### Plant and Equipment

Information Technology	3 years
Furniture and fittings	3 years

#### Intangible assets

Information Technology	3 years
Websites	3 years
Refurbishment Costs	10 years

#### 1.4 Government Grants and Grant-in-aid

Grant-in-aid received is used to finance activities and expenditure which support the statutory and other objectives of the HTA. Grant-in-aid is treated as financing and credited to the income and expenditure reserve, because it is regarded as contributions from a controlling party. During the year ended 31 March 2013 the HTA received Grant-in-aid from the Department of Health (DH) as follows:

Capital Grant-in-aid:	£0
Revenue Grant-in-aid:	£359,000 (£859,000 budgeted allocation) see note 16.

#### 1.5 Foreign currency transactions

The HTA is involved in a three year European project entitled EUSTITE Vigilance and Surveillance. The HTA has received funding of £25,628 in 2012/13 (£35,599 2011/12 and £Nil in 2010/11) towards the cost of participation. This is denominated in Euros. 2012/13 is the final year and the income has been accrued. The final funding is expected in early 2013/14.

## **1.6 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease. Rents for those leasehold properties which are held under operating leases are charged against profits.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## **1.7 Income**

In 2012/13 income takes the form of fees for licences from establishments which have human tissue on their premises and fixed fees from devolved administrations, for work on policies and transplants.

Other income is recognised on an accruals basis when the goods or services are delivered.

Funding from the EU for the Vigilance and Surveillance of Substances of Human Origin project has been recognised against costs incurred.

## **1.8 Expenditure**

Expenditure reflects the costs of running the HTA.

## **1.9 Holiday pay accrued**

As required by IFRS, the HTA has calculated the annual leave accrued but not taken by staff as at 31 March 2013, and the value of any annual leave taken, in excess of holiday entitlement earned at that date. The net amount of holiday pay due is included in staff costs.

## **1.10 Pensions**

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

## **1.11 Value Added Tax**

The HTA was not registered for VAT during the financial year 2012/13.

## **1.12 Receivables**

The HTA provides for bad debts on an individual establishment basis. This year a provision of £23,295 was provided (2011/12 £33,376).

## **1.13 Payables**

Credit balances due to establishments of £36,869.45 are contained within payables. These will be refunded in the early part of quarter one in the 2013/14 business year.

#### **1.14 Financial Instruments and Financial Liabilities**

Financial assets and financial liabilities which arise from contracts for the sale or purchase of non-financial items (such as goods and services), which are entered into in accordance with the HTA's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services are made.

#### **1.15 IFRSs, amendments and interpretations in issue but not yet effective, or adopted.**

IAS8, accounting policies, changes in accounting estimates and errors, require disclosures in respect of new IFRSs, amendments and interpretations that are, or will be applicable after the reporting period. There are a number of IFRSs, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for the financial statements after this reporting period. The following have been considered as relevant and have not been adopted early by the HTA.

#### **IFRS 9 Financial instruments**

A new standard intended to replace IAS 39. The effective date is for accounting periods beginning on, or after 1 January 2013.

#### **1.16 Cash**

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

## **2. Analysis of Net Expenditure by Segment**

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

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

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

### 3. Staff numbers and related costs

Staff costs comprise:

	<b>Permanently Employed Staff 31-Mar-13 £</b>	<b>Seconded Staff 31-Mar-13 £</b>	<b>Temporary Staff 31-Mar-13 £</b>	<b>Total 31-Mar-13 £</b>	<b>Total 31-Mar-12 £</b>
Wages and salaries	1,887,796	62,508	40,236	1,990,540	2,019,955
Social security costs	187,545	0	0	187,545	162,267
Pension costs	<u>218,385</u>	<u>0</u>	<u>0</u>	<u>218,385</u>	<u>210,543</u>
Sub Total	2,293,726	62,508	40,236	2,396,470	2,392,765
Less recoveries in respect of outward secondments	0	39,045	0	39,045	0
Total net costs	<u>2,293,726</u>	<u>23,463</u>	<u>40,236</u>	<u>2,357,425</u>	<u>2,392,765</u>
Of which members emoluments	<b>137,944</b>	<b>0</b>	<b>0</b>	<b>137,944</b>	<b>140,543</b>

Details of remuneration paid to Members and the Senior Management team are given in the Remuneration Report on pages 10 to 15.

For 2012/13 contributions of £218,385 (2011/12, £210,543) were paid to the NHSPS at rates prescribed by the Treasury. The current rate for the NHSPS is 14 per cent of pensionable pay according to salary level.

#### Average number of persons employed

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

<b>Number</b>	<b>Permanently Employed Staff</b>	<b>Seconded Staff</b>	<b>Temporary Staff</b>	<b>31-Mar-13 Total</b>	<b>31-Mar-12 Total</b>
Directly Employed	43	2	1	46	45
Staff engaged on capital projects	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>43</u>	<u>2</u>	<u>2</u>	<u>47</u>	<u>46</u>

Staff are either directly employed by HTA or under contract. During the year, three people were on secondment; one to the DH, the another to the HRA, one from HM Treasury. Temporary staff were employed to cover vacancies. As at 31 March 2013 the HTA employed 44.23 Wte staff (2011/12, 44).

#### Contract staff

92% of the cost of one contractor (£91,020) has been capitalised as the work relates to the on-going Customer Relationship Management (CRM) project (2011/12, £49,161, also for one contractor). The contractor finished on 28/03/2013.

#### 4. Other Expenditure

		31-Mar-13 £	31-Mar-12 £
Accommodation	(note 1)	528,641	507,878
Computer running costs		153,045	152,154
Staff recruitment, training and welfare	(note 2)	123,453	144,894
Consultancy		7,032	17,491
Maintenance Contracts		15,966	24,907
Travel subsistence and hospitality	(note 3)	77,916	82,380
Conferences & Events		37,744	21,672
Stationery and publications		28,669	28,565
Auditors Remuneration	(note 4)	44,651	39,414
Legal and professional fees		37,370	95,352
Project Costs	(note 5)	358,405	272,846
Telecommunications	(note 6)	58,238	62,541
Business continuity costs		0	6,240
Bad Debt Write Offs	(note 7)	31,737	7,649
Bad debt Provision increase/(decrease)		<u>(10,080)</u>	<u>(3,674)</u>
		1,492,787	1,460,309
Other Costs	(note 8)	(30,487)	12,709
Non-cash items			
Depreciation and amortisation		421,048	542,872
Loss on disposal of plant and equipment		(4,150)	14,380
<b>Total</b>		<b><u>1,879,198</u></b>	<b><u>2,030,270</u></b>

#### Notes

1. 2012/13 accommodation costs include the rent, rates and service charges for the HTA premises at 151 Buckingham Palace Road.

2. Staff recruitment, training and welfare includes payments for PAYE Service Agreement with HMRC of £5,520 (2011/12 £9,500 accruals) and £38,463 (2011/12 £80,391) for Recruitment costs. The PSA for 2012/13 is significantly reduced due to a change in benefits provided to staff.

3. Travel and Subsistence costs include inspection costs of £58,930.

4. Auditors remuneration includes accrued fees for the external auditors (NAO), £26,000 (2011/12, £28,500). This fee represents the cost for the audit of financial statements carried out by the Comptroller and Auditor General. In 2011/12 the charges were reduced due to billing issues. This account does not include fees in respect of non-audit work. No such work was undertaken.

5. Project costs include staff costs for the regulation of the Transplant sector of £272,912 (2011/12 £238,128) and staff costs for the SoHo V&S project of £64,888 (2011/12 £30,700).

6. Telecommunications: 2012/13 costs include contract line rental and call costs for both the fixed land lines and mobile phones. During 2012/13 there have been two contracts for mobile phone, one is the outgoing contract which is reducing significantly in value, the second is a new contract with a cheaper provider.

7. Bad Debts written off in 2012/13 include 3 NHS establishments, 11 from the third sector and 1 Central Government Body.

8. Other costs include £32,512 of accrual reversals and £8,215 of rebate adjustments. The accruals were made in 2011/12 and were not utilised this year.

## 5. Income

	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	<b>£</b>	<b>£</b>
Income from Activities:		
Licence Fee Income	3,131,331	3,119,796
Income from devolved administrations	100,221	127,605
EU Income	54,401	35,599
	<u>3,285,953</u>	<u>3,283,001</u>
Other Income:	31,708	0
	<u><b>3,317,661</b></u>	<u><b>3,283,001</b></u>

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

### 5a. Fees and charges

Licence fees are set to recover the full cost incurred by the HTA in the granting of licences and regulation. The HTA has complied with the cost allocation and charging requirements as set out in HM Treasury's guidance. A separate fee for applications was introduced in 2011/12 to better reflect the cost of activities.

<b>SECTOR</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	<b>£</b>	<b>£</b>
Applications	<u>0</u>	<u>24,300</u>
Anatomy	93,100	111,038
Post mortem	1,214,074	1,167,037
Public display	14,734	13,085
Research	546,300	505,137
Human application	<u>1,263,123</u>	<u>1,299,199</u>
<b>Total licence fee income</b>	<u><b>3,131,331</b></u>	<u><b>3,119,796</b></u>
Costs allocated to licensing activities	<u>(3,131,310)</u>	<u>(3,119,796)</u>
<b>Surplus/(Deficit) on licensing activities</b>	<u><b>21</b></u>	<u><b>0</b></u>

In addition, there are elements of the HTA's work that do not relate directly to the cost of regulating these sectors. The DH accordingly contributes to the funding of these activities through the provision of annual Grant-in-aid.

This disclosure is provided for the purposes of providing information on fees and charges and not for IFRS 8 purposes.

### 5b. Other Income

	<b>31-Dec-12</b>	<b>31-Mar-12</b>
	<b>£</b>	<b>£</b>
Other Income - Devolved Administrations	100,221	100,220
Other Income - Rent	7,791	0
EU ODD Funding - Devolved Administrations	23,917	27,385
Vigilance & Surveillance of Substance of Human Origin (V&S SoHo)	54,401	35,599
	<u>186,330</u>	<u>163,204</u>



## 6. Analysis of Net Expenditure by Programme and Administration

	31-Mar-13			31-Mar-12		
	Programme Costs	Administration Costs	Total £000	Programme Costs	Administration Costs	Total £000
<b>Expenditure</b>						
Staff costs	(1,889)	(468)	(2,357)	(1,800)	(452)	(2,252)
Running costs	(903)	(555)	(1,458)	(951)	(664)	(1,615)
Depreciation	(16)	(4)	(20)	(112)	(28)	(141)
Amortisation	(321)	(80)	(401)	(256)	(157)	(413)
			-			0
<b>Income</b>						
Licence Fees	3,131	-	3,131	3,120	-	3,120
Other Income	-	132	132	-	127	127
EU Income	-	54	54	-	(1)	(1)
	-	-	-	-	-	-
<b>Net Income/(Expenditure) after interest</b>	<u>2</u>	<u>(921)</u>	<u>(919)</u>	<u>0</u>	<u>(1,175)</u>	<u>(1,175)</u>

## 7. Property, Plant and Equipment

	Information Technology Hardware	Furniture & Fittings	Refurb Costs	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2012	323,515	118,058	1,045,928	1,487,501
Additions	49,353	0	0	49,353
Disposals	(59,955)	0	0	(59,955)
Reclassifications	0	0	0	0
<b>At 31 March 2013</b>	<b>312,913</b>	<b>118,058</b>	<b>1,045,928</b>	<b>1,476,899</b>
<b>Depreciation</b>				
At 1 April 2012	314,696	115,099	145,750	575,545
Charge for the year	16,373	2,959	104,000	123,332
Disposals	(59,955)	0	0	(59,955)
Reclassifications	0	0	0	0
<b>At 31 March 2013</b>	<b>271,114</b>	<b>118,058</b>	<b>249,750</b>	<b>638,922</b>
<b>At 31 March 2013</b>	<b>41,799</b>	<b>0</b>	<b>796,178</b>	<b>837,977</b>
Net book value at 1 April 2012	8,820	2,959	900,177	911,956
<b>Asset financing:</b>				
Owned	41,799	0	9,110	50,909
Capital Grant	0	0	787,068	787,068
<b>Net book value at 31 March 2013</b>	<b>41,799</b>	<b>0</b>	<b>796,178</b>	<b>837,977</b>
<b>Cost or valuation</b>				
At 1 April 2011	349,396	129,005	1,037,738	1,516,139
Additions	0	0	0	0
Disposals	(25,881)	(10,947)	(920)	(37,748)
Reclassifications	0	0	9,110	9,110
<b>At 31 March 2012</b>	<b>323,515</b>	<b>118,058</b>	<b>1,045,928</b>	<b>1,487,501</b>
<b>Depreciation</b>				
At 1 April 2011	238,250	86,053	34,013	358,316
Charge for the year	92,233	36,040	103,775	232,048
Disposals	(15,787)	(6,994)	(588)	(23,369)
Reclassifications	0	0	8,550	8,550
<b>At 31 March 2012</b>	<b>314,696</b>	<b>115,099</b>	<b>145,750</b>	<b>575,545</b>
<b>Net book value at 31 March 2012</b>	<b>8,820</b>	<b>2,959</b>	<b>900,177</b>	<b>911,956</b>
Net book value at 1 April 2011	111,146	42,952	1,003,725	1,157,823
<b>Asset financing:</b>				
Owned	8,820	2,959	9,110	20,889
Capital Grant	0	0	891,067	891,067
<b>Net book value at 31 March 2012</b>	<b>8,820</b>	<b>2,959</b>	<b>900,177</b>	<b>911,956</b>

## 8. Intangible Assets

	Information Technology	Websites	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 April 2012	1,325,867	120,593	1,446,460
Additions	158,118	0	158,118
Disposals	0	0	0
Reclassification	0	0	0
<b>At 31 March 2013</b>	<b>1,483,985</b>	<b>120,593</b>	<b>1,604,578</b>
<b>Amortisation</b>			
At 1 April 2012	934,918	119,903	1,054,821
Charged in year	297,026	690	297,716
Disposals	0	0	0
Reclassification	0	0	0
<b>At 31 March 2013</b>	<b>1,231,944</b>	<b>120,593</b>	<b>1,352,537</b>
<b>Net book value At 31 March 2013</b>	<b>252,041</b>	<b>0</b>	<b>252,041</b>
At 1 April 2012	390,949	690	391,639
<b>Asset financing:</b>			
Owned	252,041	0	252,041
<b>At 31 March 2013</b>	<b>252,041</b>	<b>0</b>	<b>252,041</b>
<b>Cost or valuation</b>			
At 1 April 2011	1,119,831	120,593	1,240,424
Additions	215,146	0	215,146
Disposals	0	0	0
Reclassification	(9,110)	0	(9,110)
<b>At 31 March 2012</b>	<b>1,325,867</b>	<b>120,593</b>	<b>1,446,460</b>
<b>Amortisation</b>			
At 1 April 2011	640,809	111,738	752,547
Charged in year	302,659	8,165	310,824
Disposals	0	0	0
Reclassification	(8,550)	0	(8,550)
<b>At 31 March 2012</b>	<b>934,918</b>	<b>119,903</b>	<b>1,054,821</b>
<b>Net book value at 31 March 2012</b>	<b>390,949</b>	<b>690</b>	<b>391,639</b>
Net book value at 1 April 2011	479,022	8,855	487,877
<b>Asset financing:</b>			
Owned	390,949	690	391,639
<b>Net book value at 31 March 2012</b>	<b>390,949</b>	<b>690</b>	<b>391,639</b>

## Reclassification of assets

In 2012/13 £Nil (2011/12 £9,110) assets originally classified as Intangible were reclassified as Tangible as these related to the cost of refurbishing the HTA offices at 151 Buckingham Palace Road.

### 8.1 Software and system development

Included within Information Technology is the development cost of the HTA's CRM system. The software has been customised to meet organisational needs to allow the HTA to manage and track all interactions with our customers, stakeholders and suppliers.

Detailed below is the cost and net book value.

	<b>£</b>
Cost	912,218
Amortisation	683,917
<b>Net Book value</b>	<b><u>228,301</u></b>

## 9. Financial instruments

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

### Liquidity risk

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

### Market and interest rate risk

At 31 March 2013 the HTA's financial liabilities carried nil rates of interest. The HTA's financial assets relate to receivables and cash balances held at 31 March 2013 within the Citi Direct bank account and Barclays commercial current account, which are not interest bearing at present. Interest on cash balances are set by the banks. The HTA is therefore not exposed to significant interest-rate risk.

### Credit risk

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

### Foreign currency risk

As with previous years, there were minimal foreign currency transactions conducted by the HTA during the 12 months ended 31 March 2013. There was therefore no significant foreign currency risk during the year.

### Financial assets

#### By category

	Total	Receivables and other financial assets
	£	£
Assets per balance sheet		
Licence fee debtors (net of provisions)	0	0
Other receivables	139,749	139,749
Cash at bank and in hand	<u>1,884,168</u>	<u>1,884,168</u>
<b>Total at 31 March 2013</b>	<b><u>2,023,917</u></b>	<b><u>2,023,917</u></b>
Licence fee debtors (net of provisions)	27,385	27,385
Other receivables	68,864	68,864
Cash at bank and in hand	<u>3,164,299</u>	<u>3,164,299</u>
<b>Total at 31 March 2012</b>	<b><u>3,260,548</u></b>	<b><u>3,260,548</u></b>

The cash balances as at 31 March 2013 and 31 March 2012 carried a floating rate.

**Financial liabilities****By category****Total****Other financial  
liabilities****Liabilities per balance sheet**

	<u>£</u>	<u>£</u>
Trade payables	0	0
Other payables	192,560	192,560
Accruals	<u>90,345</u>	<u>90,345</u>
<b>Total at 31 March 2013</b>	<b><u>282,905</u></b>	<b><u>282,905</u></b>
Trade payables	(709)	(709)
Other payables	1,074,062	1,074,062
Accruals	<u>99,797</u>	<u>99,797</u>
<b>Total at 31 March 2012</b>	<b><u>1,173,150</u></b>	<b><u>1,173,150</u></b>

As at 31 March 2013 none of the HTA's liabilities carried a floating rate.

**Fair values**

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

## 10. Trade receivables and other current assets

	31-Mar-13 £	31-Mar-12 £
<b>Amounts falling due within one year:</b>		
Trade receivables - Licence fee debtors	23,296	60,761
Provisions	(23,296)	(33,376)
Other Receivables	52,039	16,090
Prepayments and accrued Income	87,710	52,773
	<b><u>139,749</u></b>	<b><u>96,249</u></b>

### Amounts falling due after more than one year:

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

### 10.1 Intra Government Balances

	31-Mar-13 £	31-Mar-12 £
Balances with other central government bodies	14,617	0
Balances with local authorities	0	0
Balances with NHS bodies	7,713	1
Balances with public corporations and trading funds	0	0
Balances with bodies external to government	117,419	96,248
	<b><u>139,749</u></b>	<b><u>96,249</u></b>

## 11. Cash and cash equivalents

	£
Balance at 31 March 2009	1,471,983
Net change in cash and cash equivalent balances	<u>1,290,141</u>
Balance at 31 March 2010	2,762,124
Net change in cash and cash equivalent balances	<u>131,070</u>
Balance at 31 March 2011	2,893,194
Net change in cash and cash equivalent balances	<u>271,105</u>
Balance at 31 March 2012	3,164,299
Net change in cash and cash equivalent balances	<u>(1,280,131)</u>
Balance at 31 March 2013	1,884,168

	31-Mar-13 £	31-Mar-12 £
The following balances were held at:		
Commercial banks	1,884,168	3,164,299
Cash in hand	0	0
	<b><u>1,884,168</u></b>	<b><u>3,164,299</u></b>

## 12. Trade payables and other current liabilities

	31-Mar-13	31-Mar-12
	£	£
<b>Amounts falling due within one year</b>		
Other taxation and social security	93,841	88,804
Trade payables	0	(709)
Other payables	98,719	124,903
Deferred Income	0	860,355
Accruals	90,345	99,797
	<u>282,905</u>	<u>1,173,150</u>

### Amounts falling due after more than one year:

There are no creditors falling due after one year.

### Analysis of current liabilities

	31-Mar-13	31-Mar-12
	£	£
Balances with other central government bodies	135,728	110,092
Balances with local authorities	0	46,430
Balances with NHS bodies	20,184	511,104
Balances with public corporations and trading funds	0	0
Balances with bodies external to government	126,993	505,524
	<u>282,905</u>	<u>1,173,150</u>



### 13. Commitments under leases

#### Operating leases

##### 13.1 Operating Lease Payments

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

<b>Payments recognised as an expense</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	<b>£</b>	
Minimum lease payments rent	215,460	215,460
Minimum lease payments other	28,603	29,430
	<u>244,063</u>	<u>244,890</u>

<b>Total future minimum lease payments</b>	<b>Rent</b>	<b>Other</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Payable:				
Not later than one year	215,460	28,603	244,063	245,009
Between two and five years	861,840	21,411	883,251	1,030,041
After 5 years	1,077,300	0	1,077,300	1,077,300
Total	<u>2,154,600</u>	<u>50,014</u>	<u>2,204,614</u>	<u>2,352,350</u>

##### 13.2 Receipts recognised as revenue

<b>Rental Revenue</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	<b>£</b>	<b>£</b>
Rental income	7,791	0
<b>Total rental revenue</b>	<u>7,791</u>	<u>0</u>

## **14. Contingent liabilities**

A contingent liability is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more certain future events not wholly within the control of the HTA or present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

A contingent liability is disclosed unless the possibility of a payment is remote. The HTA has no outstanding issues.

## **15. Related party transactions**

The DH is regarded as a related party and had various material transactions with the HTA during the year. This mainly related to the provision of Grant-in-aid, seconded employees and provision of Internal Audit Services. One member of staff is on secondment with the DH until August 2013. At 31 March 2013 the HTA owed the DH £6,996 and the DH owed the HTA £6,826.

The HTA has also had material transactions with other entities for which the DH is regarded as the parent department:

NHSBT – transactions totalled £90,779 (2011/12 £86,703) and were fees for the provision of licences in the human application and post mortem sectors. The balance outstanding as at 31 March 2013 was £Nil (2011/12 £Nil for licence fees paid).

The Health Research Authority (HRA) owes the HTA £7,713.50 for services.

During 2012/13 no Authority Member or senior manager or other related parties undertook any material transactions with the HTA.

## **16. Performance against key financial targets**

During 2012/13 the Authority managed income and expenditure so that draw downs were kept to within the DH's cash allocation. A return of Reserves was made via a non-drawdown of Grant-in-Aid of £500,000. A total of £359,00 was drawn down from the DH to 31 March 2013. The total available cash allocation for revenue and capital expenditure was £858,600. There was no capital Grant-in-aid this year.

At 31 March 2013, the creditor days were 2 (2011/12 3 days) and throughout the year creditors were paid promptly. We have achieved the objective we set out to do which was to reduce the number of days we took to pay our suppliers. On average 95% were paid within 5 days.

## **17. Losses and special payments**

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover. There were no losses over £250,000 for the year 2012/13 (2011/12 £Nil),

## **18. Exceptional items**

There were no special payments made to establishments this year 2012/13, (£Nil 2011/12).

## **19. 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 Certificate and Report of the Comptroller and Auditor General.



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