

**Human Tissue Authority  
Annual Report and Accounts 2014/15**

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

**Ordered by the House of Commons to be printed 18 June 2015**

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This publication is available at <https://www.gov.uk/government/publications>

Print ISBN 9781474118439

Web ISBN 9781474118446

ID 05051501 06/15 49821 19585

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

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## ANNUAL REPORT

### Strategic report

#### Statutory remit

The HTA is an Executive Non-Departmental Public Body (ENDPB) sponsored by the Department of Health (DH). We were established under the Human Tissue Act (HT Act) 2004 – which covers England, Wales and Northern Ireland – to regulate activities relating to the removal, storage, use and disposal of human tissue. Our overall strategic goal is to maintain and further enhance confidence in these activities by ensuring that they are undertaken safely and ethically, and with proper consent.

The HTA has a number of statutory functions. We 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, and for the public by providing information to help them make informed decisions.

We license organisations that store and use tissue for purposes such as research, patient treatment, post-mortem examination, teaching, and public exhibitions. We license more than 800 establishments and publish standards that licensed establishments must meet, on: consent; governance and quality systems; premises, facilities and equipment; and disposal. We also inspect organisations to check that they maintain good standards and follow appropriate procedures.

As well as licensing under the HT Act, the HTA is the Competent Authority in the UK responsible for ensuring the safety of human tissue and cells used for patient treatment, in compliance with the European Union Tissue and Cells Directive (EUTCD). We are also the UK's Competent Authority for the European Union Organ Donation Directive (EUODD), ensuring the quality and safety of organs intended for transplantation.

The HTA also regulates, through an independent assessment process, the donation of solid organs from living people, ensuring that valid consent has been given and that no reward is sought or offered. We fulfil a similar role for living donation of bone marrow and peripheral blood stem cells from children and adults who lack the capacity to consent. The HTA regulates living donation, in compliance with Scottish legislation, on behalf of the Scottish Government.

The HTA also oversees the consent requirements of the Human Tissue Act for deceased organ donation.

The Authority – the HTA's non-executive board – is made up of a Chair and up to 11 Members who are appointed by the Secretary of State for Health, with the exception of one Member appointed by the Welsh Minister and one by the Minister in Northern Ireland. Its 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 which is responsible for the discharge of these responsibilities on a day-to-day basis.

## Principles and values

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

- Transparency
- Excellence
- Expertise
- Integrity
- Respect

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. In 2014/15 the HTA published its self-assessment against the requirements of the Regulators' Code and we have committed to an action plan showing how we intend to improve further over the next 12 months.

Surveys of the public, professionals and our stakeholders demonstrate that the HTA applies these principles and that we have the confidence of these groups.

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 2015 reported that 97% (2014 100%) of staff feel proud to work for the HTA.

Further details about the HTA are available on our website [www.hfa.gov.uk](http://www.hfa.gov.uk)

## Key performance indicators 2014/15

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

For 2014/15 the strategic aims were:

- To protect the public's interests by delivering excellent regulation;
- To maintain strong relationships with stakeholder organisations and the interested public to improve the quality of our work;
- To have a skilled and motivated team who are proud to work at the HTA and are committed to achieving our objectives;
- To seek continuous improvement in the way we run the HTA and our value for money for licence holders and the public.

The HTA agreed the following objectives for 2014/15 with the DH:

- To deliver right-touch regulation, targeting our resources where there is most likelihood of non-compliance and greatest risk to the public;

- To deal firmly and fairly with those licence holders who do not comply with our standards whilst supporting those who are committed to achieving high quality;
- To deliver effective regulation of living donation;
- To provide high-quality information, advice and guidance to professionals and the public;
- To maintain and build confidence and awareness in our work amongst professionals and the interested public;
- To work with other organisations to reduce regulatory burdens and increase the impact of our work;
- To engage stakeholders to inform both regulatory policy and processes, and our fees;
- To develop means to ensure the views of the interested public inform our regulatory approach;
- To maintain the HTA's positive working environment and culture, and uphold the values of the organisation;
- To lead, motivate, involve and support 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, and by working with others;
- To ensure the continued financial viability of the HTA.

Of 17 key performance indicators, over the year 15 were met. One was missed very narrowly and the other more significantly. Those that were not met were:

- For four of the twelve months, 95% of enquiries were not answered within 10 working days. After investigation and the introduction of new procedures, this target was met in February and March 2015. For the year as a whole, 94.66% of enquiries were answered within 10 working days and the average time to answer was 4 days.
- The annual rolling rate of attrition was higher than the target of 18% or below for the last five months of the year. The actual annual rate of attrition was 23%. Pay constraints and lack of progression opportunities in a small organisation are the biggest reason for attrition and the HTA continues to work with staff to offer non-pay benefits to help improve staff retention.

## Risks and uncertainties as at 31 March 2015

Further information on the HTA's approach to managing risk can be found in the Annual Governance Statement.

**Strategic Risks and Mitigating factors and actions****Risk 1: Inability to carry out our statutory remit (strategic aim 1)****Mitigations**

- Strategic plan and business plan;
- Ongoing review of performance and priorities;
- Quarterly accountability meetings with DH;
- Resource, contingency and efficiency plans;
- Specialist expertise identified at recruitment to ensure we maintain a broad range of knowledge across all sectors;
- Training and development of professional competence;
- Updated Codes of Practice;
- CRM development and support contract;
- Business continuity plan;
- Staff survey actions;
- Licensing and inspection review.

**Risk 2: Failure to manage change (underpins delivery of all strategic aims)****Mitigations**

- Networking and collaborative working with other ALBs (MoU signed with HRA, CQC and HFEA);
- Active engagement with Wales/DH;
- Corporate leadership by SMT and Heads;
- Change activity reflected in business plan with appropriate prioritisation;
- Business as usual and change projects have been prioritised to ensure that key objectives will be delivered;
- Succession planning – staff development and contingency plans made for key staff;
- Staff capacity and capabilities reviewed and staff development in place;
- Staff training has included managing change and project management;
- Engagement and communication with staff;
- Engaging key domestic and European stakeholders;
- Streamlined arrangements for Authority meetings.

**Risk 3: 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 aims)**

- Filled identified business-critical roles;
- Crisis management policy and guidance in place, regularly reviewed and communicated to staff and annual training;
- Media handling policy and guidance in place to supplement media release and enquiries and regular media training;
- Business continuity plan regularly reviewed and tested;
- Agreed chain of approval to mitigate against staff / Chair absence;
- Mutual support from HFEA, CQC to support risk awareness;
- Fit for purpose Police Referrals Policy;
- Decision making framework and onward delegation scheme agreed by the Authority;

- IT security controls and information risk management.

**Risk 4: Insufficient financial resources (underpins delivery of all strategic aims)****Mitigations**

- Budget management framework to control and review spend and take early action;
- Financial projections;
- Cash flow forecasting and monitoring;
- Licence fee modelling;
- Rigorous debt recovery procedure;
- Reserves policy and levels of reserves;
- Delegation letters set out responsibilities;
- Fees model provides cost/income information for planning.

**Risk 5: Inadequate relationship/ stakeholder management (strategic aim 2)****Mitigations**

- Effective engagement with stakeholders on key regulatory issues, including through Stakeholder Group;
- Ongoing engagement with Department of Health, OGDs, NDPBs and devolved administrations;
- Communications and media strategies and mechanisms for implementing and staffing in place;
- Strong HTA brand and identity;
- Authority has position on deemed consent for organ donation;
- HTA represented in advisory capacity on Wales organ donation expert reference group.

**Resources**

As at the end of March 2015, the HTA had 48 staff, full-time equivalent 45. The majority of these (30, or 63%) are regulation staff, supported by a small number of other specialist and administrative staff.

Our back office or support services are 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 no longer employ our own legal adviser, using instead a DH wide framework agreement for external legal advice, with the support of the HFEA's legal adviser. We have one HR advisor and two finance and governance staff. Our colocation with other Arm's Length Bodies (ALBs) within the building, which is managed by the Department for Business, Innovation and Skills (BIS), means we 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.

As an ENDPB, the HTA is funded from two main sources: 18% in the form of Grant-in-Aid (GIA) from its sponsors the Department of Health (DH) and devolved administrations; and 82% from licence fees charged to organisations that store and use tissue for various functions such as research or patient treatment. The HTA received £60k capital GIA in 2014/15, to develop a new website.

## Financial review

The HTA has had another successful year of maintaining its activities within its budget envelope. Expenditure for the year is 2.8% less than budget.

There was more income from activities in 2014/15 than in 2013/14. For the first year, the Organ Donation and Transplantations sector paid fees. Previously fees for this new sector had been subsidised by DH and the cost of regulating this sector was financed from HTA reserves.

There was also more income than budgeted, from the Research sector and from fees for applications for new licences.

GIA reduced by another 4.4% in 2014/15, in line with funding constraints and DH strategy to encourage efficiency within organisations.

The HTA's spend in 2014/15 was £4.1m, a small increase from the previous year, but less than budgeted. Staff costs were higher than the previous year, mainly due to the need to cover maternity leave. Other costs reduced overall, before adjusting and non-cash items, mainly due to lower project costs, less demand for legal advice and more efficient telecoms arrangements. The HTA has continued to explore ways to become more efficient without affecting the quality of services and advice provided. Efficiencies in regulatory activity are passed on in licence fees.

The Statement of Financial Position shows a small increase in reserves, as expected. This year has been a successful one in terms of debt collection and cashflow management.

The summary table below includes rounded 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 2015**

	<b>2014/15</b> £'000's	<b>2013/14</b> £'000's
<b>Income<sup>1</sup></b>		
Income from devolved administrations	115	115
Licence fee	3,288	2,970
Other income <sup>2</sup>	225	29
<b>Total income</b>	<b>3,628</b>	<b>3,115</b>
 Expenditure		
Staff costs	2,655	2,492
General administrative costs	1,494	1,421
<b>Total expenditure</b>	<b>4,149</b>	<b>3,913</b>
 <b>Net expenditure for the financial year<sup>3</sup></b>	<b>521</b>	<b>798</b>

<sup>1</sup>Income is exclusive of revenue Grant-in-Aid (£739k awarded and drawn down) which for accounting purposes is treated as financing rather than income. <sup>2</sup> Other income in 2014/15 is rental income from NHS LA and costs of seconded staff costs recharged to the benefitting organisation. Previously these recharges were netted off staff costs.

<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.

## Accounts direction

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) 2014/15.

## 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, 95.5% (2013/14 94%) were paid within five days, and 100% within 30 days (2013/14 99%). The average number of days for payment over the whole year was 1.5 (2012/13 1.6 days). No interest payments were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

## 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. During 2014/15 we reviewed and refreshed our core values with staff, and used our all-staff meetings to explore what the values looked like in practice.

The HTA provides an annual staff survey which has participation rates well above the Civil Service average of 60% (81% in 2014/15 and 75% in 2013/14). The HTA is committed to engaging staff and strives to maintain and 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. During 2014/15 a staff champion was appointed to ensure a secure environment for staff to raise any concerns as well as a similar champion for Authority members.

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.

## Learning and development

The HTA actively promotes the development of staff by offering a wide range 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. The February 2015 staff survey reports that 79% feel they are satisfied with the level of learning and development and 73% agree it has been beneficial.

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. In 2014/15 a further one member of staff benefitted from the scheme, in addition to the 12 previous beneficiaries. We also have access to the Civil Service Learning portal which provides a plethora of training for public sector staff.

## **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. We monitor our performance in this area. During 2013/14, we reviewed our policy and are due to provide all staff with refresher training in 2015/16.

An analysis of gender mix as at 31 March 2015 is provided below.

Gender	Male	Female	total
Authority Members	6	6	12
Directors	2	2	4
Total staff (including Directors, excluding Members)	13	35	48

None of the HTA staff who declare report themselves as disabled. An analysis of other characteristics of all staff, as at 31 March 2015, is provided below.

Age	
< 34	22
35 - 44	12
45 - 54	9
> 55	5

Ethnicity	
White British	31
Other Ethnicity	17

Religion	
Christian	13
Other Religion	7
Non-religious	28

## **Social, community and environmental issues**

The HTA recognises the work-related benefits of staff joining together outside work for various events. We encourage a social committee to organise informal and more formal gatherings.

During 2014/15 HTA staff have, on their own initiative, engaged in events to raise funds for charities. The HTA has supported staff in these endeavours.

The HTA occupies a quarter of one floor within multi tenanted buildings on Buckingham Palace Road. We share this space with the NHS Litigation Authority who have agreed to rent space for 12 staff from us. 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. 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.

### **Going concern**

We consider the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the organisation to continue as a going concern.

### **Authority statement**

The Senior Management Team of the HTA and the Audit and Risk Assurance Committee, on behalf of the Authority, have reviewed the Annual Report and Accounts. I confirm that they are fair, complete and understandable and provide the information necessary for stakeholders to assess the performance of the HTA.



Sue Gallone  
Director of Resources  
Human Tissue Authority  
Interim Accounting Officer

Date: 3 June 2015

## DIRECTORS' REPORT

### The Board

Details of Authority Members in 2014/15 are set out below:

Authority member	Term
Sharmila Nebhrajani (Chair)	01/04/2014 – 31/03/2017
Brian Coulter	05/08/2008 – 04/05/2015
Catharine Seddon	05/08/2008 – 04/05/2016
Susan Dilly	01/04/2010 – 31/03/2016
Suzanne McCarthy	01/04/2010 – 31/03/2016
Rosie Glazebrook	01/04/2010 – 31/03/2016
Gurch Randhawa	01/04/2010 – 31/03/2016
William Horne	01/08/2014 – 31/07/2017
Andrew Hall	20/10/2014 – 19/10/2017
Hossam Abdalla	20/10/2014 – 19/10/2017
Amanda Gibbon	20/10/2014 – 19/10/2017
Anthony Warrens	20/10/2014 – 19/10/2017
Jodi Berg	05/08/2008 – 19/10/2014
Pamela Goldberg	05/08/2008 – 19/10/2014

Member biographies are on the HTA website <https://www.hfa.gov.uk/about-us/our-people>

### The Senior Management Team

The Chief Executive and Directors of the HTA during 2014/15 were:

Senior Management	Post
Alan Clamp	Chief Executive
Sarah Bedwell	Director of Regulation
Allan Marriott Smith	Director of Strategy and Quality
Shaun Griffin (resigned 09/01/15)	Director of Communications and Public Affairs
Sue Gallone	Director of Resources

Until January 2015, Shaun Griffin was Director of Communications and Public Affairs, spending two days per week at the Health Research Authority. Following his resignation, his responsibilities were reallocated.

Sue Gallone works 2.5 days per week at the HTA and is seconded to a similar role at the Human Fertilisation and Embryology Authority for the remaining 2.5 days per week.

### Interests of Authority Members and staff

The HTA maintains a Register of Interests. All Authority members and staff declare 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 can be made available on request. Members' interests are published on the HTA's website.

## Sickness and absences

During the year ended 31 March 2015 the total number of whole time equivalent days (WTE) lost to sickness absence was 88.5 days. This information is disclosed in accordance with the *Government Financial Reporting Manual* (FReM) and equates to an average of 2 days per WTE; and a sickness absence rate of 1%.

## Off-payroll assurance statement

We have not entered into any off-payroll engagements during the 2014/15 financial year (nil 2013/14).

## Pensions

Pension benefits are provided by the National Health Service (NHS) Pension Scheme. The HTA recognises the contributions payable for the year. Full details are set out in the remuneration report and note 1.10 to the accounts.

## Cost allocation and charging

We certify that the HTA has complied with HM Treasury's guidance on cost allocation and the setting of charges.

## Data incidents

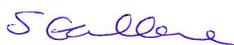
Arrangements for data security are set out in the Annual Governance Statement. There were no incidents of data loss in 2014/15.

## Auditors

The Comptroller and Auditor General is the external auditor for the HTA's accounts. The external auditor's remuneration in 2014/15 was £26,000. No fees were incurred for non-audit work.

## Disclosure of information to HTA auditors

The Chief Executive is the usual Accounting Officer for the HTA. The Chief Executive left the HTA on 29 May 2015 and I was appointed as interim Accounting Officer from that date. I have taken all the necessary steps to make myself aware of any relevant audit information, including by receiving assurances from the outgoing Chief Executive, and to establish that the HTA's auditors, the National Audit Office (NAO), are aware of that information. So far as I and the other Directors are aware, there is no relevant audit information of which the NAO is unaware.



Sue Gallone  
Director of Resources  
Human Tissue Authority  
Interim Accounting Officer

Date: 3 June 2015

## Remuneration report

### Salary and benefits in kind 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 (DH). Members also receive travel and subsistence expenses which are deemed a benefit in kind (see later section). In the financial year 2014/15 these payments were as follows:

#### The Board

Name	Title	2014/15			2013/14		
		Salary range £000s	Expenses £ (to nearest £100)	Total £'000	Salary range £000s	Expenses £ (to nearest £100)	Total £'000
Sharmila Nebhrajani	Chair	40-45	4300	45-50	N/a	N/a	N/a
Catharine Seddon	Chair of Audit Committee	10-15	100	10-15	10-15	200	10-15
Susan Dilly	Professional Member	5-10	0	5-10	5-10	0	5-10
Brian Coulter	Lay Member	5-10	2400	10-15	5-10	2100	10-15
Rosie Glazebrook	Lay Member	5-10	0	5-10	5-10	0	5-10
Suzanne McCarthy	Lay Member	5-10	0	5-10	5-10	0	5-10
Gurch Randhawa	Lay Member	5-10	0	5-10	5-10	0	5-10
William Horne	Lay Member	5-10	1100	5-10	N/a	N/a	N/a
Andrew Hall <sup>2</sup>	Professional Member	0-5	1100	0-5	N/a	N/a	N/a
Hossam Abdalla <sup>2</sup>	Professional Member	0-5	0	0-5	N/a	N/a	N/a
Amanda Gibbon <sup>2</sup>	Lay Member	0-5	0	0-5	N/a	N/a	N/a
Anthony Warrens <sup>2</sup>	Professional Member	0-5	0	0-5	N/a	N/a	N/a
Jodi Berg <sup>1</sup>	Lay Member	0-5	0	0-5	5-10	0	5-10
Pamela Goldberg <sup>1</sup>	Lay Member	0-5	0	0-5	5-10	0	5-10

<sup>1</sup> These members ended their terms on 31/10/2014

<sup>2</sup> Members whose term started in October 2014

#### The Senior Management Team

Name	Position	Appointed	Resigned
Dr Alan Clamp	Chief Executive	1 October 2011	29 May 2015
Sue Gallone	Director of Resources	6 October 2009	N/a
Sarah Bedwell	Director of Regulation	30 October 2011	N/a
Allan Marriott Smith	Director of Strategy and Quality	21 June 2010	N/a
Dr Shaun Griffin	Director of Communications and Public Affairs	15 August 2005	9 January 2015

Remuneration for SMT is agreed by the HTA Remuneration Committee and DH, following the very senior managers' pay framework and in-line with HM Treasury requirements. In 2014/15 there were no salary uplifts for SMT and one non-consolidated performance bonus was awarded.

The following sections provide details of the remuneration, pension interests and benefits in kind of SMT. 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 remuneration

Senior Managers	Salary	Salary	Bonus	Bonus	Benefits in kind to		Pension	Benefits <sup>2</sup>	Total	Total
	£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000
	£	£	£	£	£	£	£	£	£	£
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Alan Clamp - Chief Executive	100-105	100-105	0	0	0	0	34	34	<b>135-140</b>	135-140
Sue Gallone <sup>1</sup> - Director of Resources	95-100	95-100	0	0	0	0	N/a	N/a	<b>95-100</b>	95-100
Allan Marriott Smith Director of Strategy & Quality	80-85	80-85	0	0	0	0	(2)	66	<b>80-85</b>	145-150
Sarah Bedwell Director of Regulation	80-85	80-85	0-5	0	0	0	28	28	<b>110-115</b>	110-115
Shaun Griffin <sup>3</sup> - Director of Communication & Public Affairs	60-65	80-85	0	0	0	0	19	32	<b>80-85</b>	110-115

<sup>1</sup> Director of Resources splits her time between us and the HFEA. 50% of costs are therefore reimbursed by the HFEA.

<sup>2</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less the contributions made by the individual.

<sup>3</sup> The 2014-15 salary represents the cost to the HTA for carrying out his duties from 01/04/2014 to 09/01/2015.

Highest paid Director	2014/15 £'000 100 -105 (full year equivalent)	2013/14 £'000 100 - 105 (full year equivalent)
Median remuneration of staff	41.9	41.5
Ratio	2.41	2.47

Under reporting requirements, public sector bodies are required to disclose the relationship between the total remuneration of the highest-paid Director in their organisation and the median remuneration of the organisation's workforce.

The highest paid Director for this comparison was the Chief Executive. There was a small increase to the median remuneration to staff and small decrease in the ratio of staff pay to the highest paid Director, mainly due to pay awards for staff but not Directors.

In 2014/15, nil (2013/14, nil) employee(s) received remuneration in excess of the highest paid director. Remuneration ranged from £23,000 to £95,000 (2013/14 £23,000 to £95,000).

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.

### **Remuneration policy (staff)**

The HTA provides for staff salaries to be uplifted annually in August. Any uplifts are in line with HM Treasury pay guidance and approved by DH. After two years of pay freeze (2010 and 2011), the HTA have made awards each year to eligible staff who are performing satisfactory that do not exceed 1% of the paybill.

### **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. No payments were made in 2014/15 (and none in 2013/14).

### **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 Authority Members. This covers travel and subsistence.

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

No benefits in kind were received by senior staff members in 2014/15 or 2013/14.

## **Senior staff pensions**

For the period from 1 December 2009, employees were covered by the provisions of the National Health Service (NHS) Pension Scheme.

## **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 2014/15 HTA employer's contributions were £209,560, (2013/14 £221,029) at a rate of 14% of pensionable pay.

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

### **a) Accounting valuation**

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2015 is based on valuation data as 31 March 2014, updated to 31 March 2015 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

### **b) Full actuarial (funding) valuation**

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

### c) ***Scheme provisions***

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.

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. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

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 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 employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

<b>Senior staff pensions – National Health Service Pension Scheme</b>											
Name of Officer	Real increase in pension at age 60 (2014/15)(ii)	Real increase in pension at age 60 (2013/14)(iii)	Real increase in lump sum at age 60 (2014/15) (iv)	Real increase in lump sum at age 60 (2013/14) (v)	Pension at 31/03/15 (vi)	Lump sum at 31/03/15 (vii)	CETV at 31/03/15(viii)	CETV at 31/03/14 (ix)	Employee contributions and transfers-in (x)	Real increase in CETV as funded by employer (2014/15) (xi)	Real increase in CETV as funded by employer (2013/14) (xii)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Alan Clamp – Chief Executive	0	0	0	0	7.0-7.5	0	84	62	0	20	22
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	4.5-5.0	0	55	38	0	16	16
Shaun Griffin – Director of Communications and Public Affairs <sup>2</sup>	0	0	0	0	6.5-7.0	0	76	65	0	9	21
Allan Marriott-Smith – Director of Quality and Strategy	0	0	0	0	7.5-8.0	0	81	80	0	(1)	33

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

<sup>2</sup> Director of Communication and Public Affairs resigned 9 January 2015.

### Cash equivalent transfer value (CETV)

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.



Sue Gallone  
Director of Resources  
Human Tissue Authority  
Interim Accounting Officer

Date: 3 June 2015

## Statement of the Authority's and Accounting Officer'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 previous Chief Executive left the HTA on 29 May 2015. Until a new Chief Executive is appointed, the Director of Resources has been appointed interim Accounting Officer.

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 governance and control framework at the HTA and the risks to HTA performance. It explains how I have discharged my responsibility, as Interim Accounting Officer, to manage and control the HTA's resources in 2014/15. It takes account of assurances I have had from the outgoing Chief Executive, who was Accounting Officer until 29 May 2015.

The picture is good, with strong performance from the Authority, Committees and the executive, and a clean bill of health from internal audit. There have been changes in Authority and Committee membership, and within the Senior Management Team, which have been managed with others providing continuity. There have been no governance issues or incidents in 2014/15.

### Governance framework

#### The Board

The Authority (the HTA's statutory non-executive board) comprises a Chair and 11 Members who are appointed by the Secretary of State for Health for a three-year term of office initially. At the end of 2014/15 there were 11 Members plus the Chair who come from a variety of medical, scientific, legal, media, administrative and ethical backgrounds. This ensures that the Authority draws on a wide range of experience relevant to the governance of the HTA. By law, at least half must be lay Members.

Our Chair took up post on 1 April 2014, one new Member started in August 2014 and four new Members started in October 2014, replacing Members who had reached the end of their terms in March 2014 and October 2014. Our Northern Ireland Member reached the end of his term in May 2015 and a new Northern Ireland Member started on 5 May 2015. Member turnover has given rise to some risks which are detailed later in this statement.

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 quarterly performance, finance and risk reports from the executive, as well as 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 (for example debtors) to assure themselves that they can rely on the quality of data and information in the reports. The Authority has been satisfied with the quality and scope of the reports made. Authority Members also have an executive role in approving living organ donation for transplants.

The Authority ensures that statutory functions are delivered appropriately, in line with the Harris review. 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 culture of the HTA is to be publicly accountable and Board agendas, papers and minutes are published, along with other policies and reports. This plays an important part in providing assurance that risk identification and management is sound.

The Authority met four 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 2014/15 is listed below.

<b>Authority Member</b>	<b>Number of meetings attended</b>
Sharmila Nebhrajani (Chair)	4
Jodi Berg (end of term October 2014)	2
Brian Coulter	3
Pamela Goldberg (end of term October 2014)	1
Catharine Seddon	4
Susan Dilly	3
Suzanne McCarthy	4
Rosie Glazebrook	4
Gurch Randhawa	3
William Horne (took up post in August 2014)	3
Andy Hall (took up post in October 2014)	2
Anthony Warrens (took up post in October 2014)	2
Hossam Abdalla (took up post in October 2014)	2
Amanda Gibbon (took up post in October 2014)	2

## **Committees and groups**

The Authority is supported in its work by Committees and groups involving Members. Committees are made up of Members and review the work of the HTA and make decisions or recommend a decision to the full Authority where necessary. Groups include stakeholders and provide input to emerging strategies and approaches. The following committees and groups were in place in 2014/15.

### Committees of Members:

- Audit and Risk Assurance Committee
- Remuneration Committee

### Groups consisting of Members with external stakeholder representation:

- Transplant Advisory Group
- Histopathology Working Group
- Stakeholder Group

Having external stakeholder representation on groups provides the opportunity for the Authority to work with stakeholders to review and develop issues and advise the Executive. These discussions improve Member understanding of operational activity which enhances the Authority's ability to scrutinise the actions of the Executive. Groups also provide Members and stakeholders with the chance to contribute views to the early stages of significant regulatory policy development, resulting in better decision making.

As an illustration, with membership representing all those involved in the delivery of post mortem services, the Histopathology Working Group (HWG) advises on policy matters relating to the post mortem sector. In 2014/15, it considered aspects of the professional practice of pathologists and Anatomical Pathology Technologists as well as implementation of guidance from the Chief Coroner. At the request of the Royal College of Pathologists (RCPPath), the HWG is now the means by which the College's Cellular Pathology Speciality Advisory Committee consults with stakeholders on RCPPath's standards for post mortem examination. It is planned that specialist guidance on investigations performed as part of a post mortem examination will be reviewed by the working group, including its lay members, during 2015. In addition, over the coming months, it will play a significant role in review and development of the HTA's revised code and licensing standards for post mortem examination, due for publication in 2016.

The Audit and Risk Assurance Committee (ARAC) met three times in 2014/15. The Chief Executive, the Director of Resources, the Head of Finance and Governance, the HTA's external and internal auditors and DH attend meetings. Other directors and staff are asked to attend to discuss particular risk areas that the Committee wishes to explore, or other topics 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.

The membership of ARAC changed during the year, due to two members' terms of appointment coming to an end and a review of membership of all the Authority's Committees and groups.

During 2014/15, ARAC reviewed 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. Assurance mapping has been explored this year and the Committee received a map of assurances about people management and the HR function. Plans are being drawn up to map other areas. 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. Member attendance at Committee meetings in 2014/15 is listed below.

<b>ARAC member</b>	<b>Number of meetings attended</b>
Catharine Seddon (Chair)	3
Jodi Berg (end of term October 2014)	1
Pamela Goldberg (end of term October 2014)	1
Suzanne McCarthy (to January 2015)	2
Susan Dilly (to January 2015)	1
Amanda Gibbon (member from February 2015, co-opted to November meeting)	2
William Horne (from February 2015)	1 and observed November meeting
Rosie Glazebrook (from February 2015)	1
Andy Hall (from February 2015)	1

In addition the Chair of the Authority, Sharmila Nebhrajani, attended the June meeting.

All members of the Remuneration Committee met in June 2014 to agree the principles for the 2014 pay award. Matters were also dealt with in correspondence. The Chief Executive, the Director of Resources and the HR Manager attend the Remuneration Committee as appropriate. Members were:

Sharmila Nebhrajan (Chair)

Jodi Berg

Catharine Seddon

Rosie Glazebrook

Members may also chair and participate in HTA conferences, events, and 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. The Welsh Member has also met with the Welsh Government and Ministers.

Members have attended events for non-executive directors organised by the Department of Health on topics including LEAN, talent development and succession planning, whistleblowing, managing risk and general discussions for Chairs and NEDs.

The Chair of ARAC also attends networking meetings of audit committee chairs.

### **Effectiveness of the board**

The HTA complies with the *Corporate Governance Code* 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.

ARAC makes a self-assessment of their performance annually using the National Audit Office (NAO) checklist. The Committee reviewed their performance in February 2015, facilitated by the NAO. This resulted in agreement to have a training session after each meeting to aid understanding of current topics. The first session in June 2015 will be on cyber risk.

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.

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 the Senior Management Team (SMT) consisting of the Chief Executive and three directors.

This 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 finance reports and reviews of the strategic risk register. Feedback from the February 2015 survey of HTA staff is that 68% (2014: 82%) of staff agree that the SMT manage and lead the HTA well. The HTA staff forum has explored this reduction in positive feedback and made recommendations. SMT agreed actions in April 2015. SMT welcome staff observing their meetings, to help them understand the way SMT operate, and encourage staff to give feedback and make suggestions.

The HTA Management Group (HTAMG) consists of the SMT, Heads of functions (the next level of management) and the HR Manager. This group meets monthly to review performance and operational risk, agree business plans and projects. Every quarter HTAMG considers operational risks alongside strategic risks.

The Accounting Officer follows the requirements of *Managing Public Money* and the delegations issued by the Department of Health (DH). To ensure compliance with the Framework Agreement agreed with DH the HTA ensures:

- the provision of the HTA's strategic and business plans for approval by the Department of Health (DH)
- that the HTA submits quarterly performance and risk reports to the timetable outlined by the DH and other returns (e.g. finance and headcount) as required
- 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 and Risk Assurance Committee and monitors risks through reports from the executive and quarterly updates of the strategic risk register. The Chief Executive is 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 HTA Management Group (HTAMG) 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 Policy and Strategy sets out the principles and approach to managing risk at the HTA. The policy and strategy was reviewed and updated in November 2014, and approved by the Audit and Risk Assurance Committee. It was also presented to operational and strategic risk owners at HTAMG, thereby providing refresher training.

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 2015 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The framework will continue to be refined and enhanced in order to ensure the HTA meets best practice for an established public body. The Risk Management Policy and Strategy is reviewed annually and risks are considered afresh annually in line with the strategic and business plans. 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.

The HTA is aware of the Macpherson report but does not use analytical models that inform government policy.

### 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 2014/15 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. Risks are rated using a traffic light system of red, amber or green which is determined by the impact and likelihood scores, as set out in the Risk Management Policy and Strategy.

During 2014/15 the risk of inability to carry out our statutory remit increased in May and September when turnover of staff and Members was particularly acute and has since remained stable, still at amber. The risk of failure to manage change decreased in January as the HTA entered a more stable period and has now been incorporated into other risks, rather than being a risk in its own right.

Staff and Member turnover and capacity remained a key contributory factor to several of the strategic risks, in particular our ability to carry out our statutory remit. During 2014/15, we continued to experience 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. We have managed this by reducing discretionary, developmental work and by more efficient regulatory methods and approaches. We have managed Member turnover during the year, detailed earlier in this statement, putting in place contingency arrangements to manage the approval of living organ donations. The HTA also worked with DH to extend appointments where possible and recruit as early and effectively as possible.

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. The staff survey reports that only 54% (2014 56%) of staff intend to work for the HTA for at least the next year and shows pay as the main reason staff would leave. Only 50% (2014 51%) feel that their pay is reasonable for their role, although 69% (2014 78%) feel that the HTA offers good non-pay benefits.

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.

At the end of March 2015, the SMT reviewed the strategic risks against the 2015/16 Strategic Plan, and recorded a new risk: Failure to meet public or professional expectations of human tissue regulation resulting from limitations in current legislation or misperception of HTA regulatory reach. The risk is rated amber and we are working with stakeholders, including the Department of Health, to manage it.

## 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. Information governance was reviewed in 2014/15 by internal audit and was deemed satisfactory. There were no personal data losses in 2014/15.

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 and Risk Assurance 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 and Risk Assurance Committee and DH using the Security Policy Framework and the 10 steps to cyber security. 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 had assurance about the system of internal control from the previous Accounting Officer, the outgoing Chief Executive who left the HTA on 29 May 2015. 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 and Risk Assurance 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 two key areas: Key Regulatory Processes and Information Governance. We have received positive assurances from the internal auditors and are actively introducing measures to bring about the further improvements identified. In addition, internal audit facilitated an assurance mapping workshop for the area of People management/HR processes, that identified good levels and types of controls and a few areas for action. 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 2015 and up to the date of this report.



Sue Gallone  
Director of Resources  
Human Tissue Authority  
Interim Accounting Officer

Date: 3 June 2015

**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 2015 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 the Authority and 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 2015 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 Accounting Offer'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.

**Sir Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP**

**Date 4 June 2015**

**HUMAN TISSUE AUTHORITY**  
**Statement of Comprehensive Net Expenditure**  
**for the period ended 31 March 2015**

	Note	31-Mar-15 £	31-Mar-14 £
<b>Expenditure</b>			
Staff costs	3	2,654,722	2,492,667
Depreciation and amortisation	7/8	219,170	212,130
Other Expenditures	4	1,274,741	1,208,485
		<b>4,148,633</b>	<b>3,913,282</b>
<b>Income</b>			
Income from activities	5	3,287,511	2,970,421
Other Income	5	340,147	144,784
		<b>3,627,658</b>	<b>3,115,205</b>
<b>Net (Income)/Expenditure</b>			
Interest payable/(receivable)		<b>520,975</b>	<b>798,077</b>
<b>Net Expenditure before exceptional items</b>			
		<b>520,975</b>	<b>798,077</b>
Exceptional items	18	-	-
<b>Net Expenditure</b>			
		<b>520,975</b>	<b>798,077</b>

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 37 to 54 form part of the accounts

**HUMAN TISSUE AUTHORITY**  
**Statement of Financial Position**  
**as at 31 March 2015**

	Note	31-Mar-15 £	31-Mar-14 £
<b>Non-current assets:</b>			
Property, plant and equipment	7	613,843	725,406
Intangible assets	8	136,944	165,891
<b>Total non-current assets</b>		<b>750,787</b>	<b>891,297</b>
<b>Current assets:</b>			
Trade and other receivables	10	97,311	134,059
Cash and cash equivalents	11	2,932,459	1,974,964
<b>Total current assets</b>		<b>3,029,770</b>	<b>2,109,023</b>
<b>Total assets</b>		<b>3,780,557</b>	<b>3,000,320</b>
<b>Current liabilities</b>			
Trade and other payables	12	696,579	194,367
<b>Total current liabilities</b>		<b>696,579</b>	<b>194,367</b>
<b>Non-current assets plus net current assets</b>		<b>3,083,978</b>	<b>2,805,953</b>
<b>Assets less liabilities</b>		<b>3,083,978</b>	<b>2,805,953</b>
<b>Taxpayers' Equity</b>			
I&E Reserve		3,083,978	2,805,953
<b>Total</b>		<b>3,083,978</b>	<b>2,805,953</b>

The notes on pages 37 to 54 form part of the accounts  
and were signed on its behalf by:

*S Gallone*

(Signed) .....

(Interim Accounting Officer)

3 June 2015

**HUMAN TISSUE AUTHORITY**  
**Statement of Cash Flows**  
for the period ended 31 March 2015

		<b>31-Mar-15</b>	<b>31-Mar-14</b>
	Note	<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Net (Deficit)/Surplus after cost of capital and interest		(520,975)	(798,077)
Adjustment for depreciation and amortisation	4	219,170	212,130
Adjustment for loss/(gain) on disposal of property, plant and equipment	4	(25)	(225)
(Increase)/Decrease in trade and other receivables	10	36,748	5,690
Increase/(Decrease) in trade payables	12	502,212	(88,538)
<b>Net cash (outflow) inflow from operating activities</b>		<b>237,130</b>	<b>(669,020)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(15,602)	(9,449)
Purchase of intangible assets	8	(63,058)	(3,960)
Proceeds of disposal of property, plant and equipment		25	225
<b>Net cash outflow from investing activities</b>		<b>(78,635)</b>	<b>(13,184)</b>
<b>Cash flows from financing activities</b>			
Grants from parent department		799,000	773,000
<b>Net financing</b>		<b>799,000</b>	<b>773,000</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>957,495</b>	<b>90,796</b>
<b>Cash and cash equivalents at the beginning of the period</b>	11	<b>1,974,964</b>	<b>1,884,168</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>2,932,459</b>	<b>1,974,964</b>

The notes on pages 37 to 54 form part of the accounts

**HUMAN TISSUE AUTHORITY**  
**Statement of Changes in Taxpayers' Equity**  
**for the period ended 31 March 2015**

	Note	I & E Reserve	31-Mar-14 Total Equity
		£	£
<b>Balance at 1 April 2013</b>		<b>2,831,030</b>	<b>2,831,030</b>
<b>Changes in taxpayers' equity for 2013/14</b>			
Retained surplus/(Deficit)		(798,077)	(798,077)
<b>Total recognised Income and expense for 2013/14</b>		<b>(798,077)</b>	<b>(798,077)</b>
Grant from parent	1.4	773,000	773,000
<b>Balance at 31 March 2014</b>		<b>2,805,953</b>	<b>2,805,953</b>
<b>Changes in taxpayers' equity for 2014/15</b>			
Retained surplus/(Deficit)		(520,975)	(520,975)
<b>Total recognised Income and expense for 2014/15</b>		<b>(520,975)</b>	<b>(520,975)</b>
Grant from parent	1.4	799,000	799,000
<b>Balance at 31 March 2015</b>		<b>3,083,978</b>	<b>3,083,978</b>

The notes on pages 37 to 54 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 2014-15 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 2015 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 2014/15.

#### **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 2015 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.

<b>Plant and Equipment</b>	<b>Intangible assets</b>		
Information Technology	3 years	Information Technology	5 years
Furniture and fittings	3 years	Websites	3 years
Refurbishment Costs	10 years		

In 2013/14 we revised the useful life of our Intangible Assets (Software) from 3 to 6 years.

This year has seen a number of assets written off as they were no longer in use or provided any benefit to the HTA. The gross cost of those written off was £460,900 categorised between computer hardware, furniture and constructed software.

An exercise was also undertaken to establish whether other assets that were at nil net book value needed to be retained. This resulted in the HTA carrying computer hardware - Blade servers (original cost £157,545) and its office furniture (original cost £108,648) - on its books at nil net book value because they are still in use and to replace them on a like for like basis would not be possible as they are deemed to have no value. We are happy that the impact of carrying assets at nil net book value on the overall non-current assets base is not material.

#### **Critical accounting judgements and key sources of estimation uncertainty**

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

#### **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 2015 we received Grant-in-aid from the Department of Health (DH) as follows:

Capital Grant-in-aid:	£60,000
Revenue Grant-in-aid:	£739,000

#### **1.5 Foreign currency transactions**

The HTA was involved in a three year European project entitled EUSTITE Vigilance and Surveillance. £Nil (£Nil 2013/14 and £54,401 2012/13) has been accrued this year as the final tranche of income (£28,773) which was due in June 2013 and was accounted for last year.

The project has now ended and the final funding has now been received. The amount received was lower than expected and the short-fall charged to the Statement of Comprehensive Net Expenditure.

#### **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 2014/15 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 may be recognised on an accruals basis when the goods or services are delivered or represent charges for staff seconded out.

#### **1.8 Expenditure**

Expenditure reflects the costs of running the HTA.

#### **1.9 Employee benefits**

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

#### **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 2014/15.

## **1.12 Receivables**

The HTA provides for bad debts on an individual establishment basis. This year a provision of £Nil was provided (2013/14 £Nil).

## **1.13 Payables**

There are no Trade payable balances as 31 March 2015 as these are cleared as part of the Governments Better Payment Code of practice.

## **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.**

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2014/15. The application of the Standards as revised would not have a material impact on the accounts in 2014/15, were they applied in that year.

- IFRS 9 Financial Instruments
- IFRS 13 Fair Value Measurement

## **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:**

	Permanently Employed Staff 31-Mar-15 £	Seconded Staff 31-Mar-15 £	Total 31-Mar-15 £	Total 31-Mar-14 £
Wages and salaries	2,004,282	244,089	2,248,371	2,144,815
Social security costs	171,275	25,516	196,791	202,147
Pension costs	191,780	17,780	209,560	221,029
Sub Total	<u>2,367,337</u>	<u>287,385</u>	<u>2,654,722</u>	<u>2,567,991</u>
Less recoveries in respect of outward secondments	-	125,484	125,484	75,324
Total net costs	<u><b>2,367,337</b></u>	<u><b>161,901</b></u>	<u><b>2,529,238</b></u>	<u><b>2,492,667</b></u>
Of which members emoluments	<b>128,027</b>	<b>0</b>	<b>128,027</b>	<b>131,383</b>

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

For 2014/15 contributions of £209,560 (2013/14, £221,028) 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.

Number	31-Mar-15		31-Mar-14	
	Permanently Employed Staff	Seconded Staff	Total	Total
Directly Employed	45	1	46	45
Total	<u>45</u>	<u>1</u>	<u>46</u>	<u>45</u>

All staff are directly employed by HTA. During the year, three staff were on secondment for part of their time; one to the HRA for two days per week, two to the HFEA, one for 2 days per week and the other splitting their time equally. As at 31 March 2015 the HTA employed 45 Wte staff (2013/14, 42.5).

#### 4. Other Expenditure

		31-Mar-15 £	31-Mar-14 £
Accommodation	(note 1)	542,592	534,942
Computer running costs		157,279	155,296
Staff recruitment, training and welfare	(note 2)	144,406	128,631
Consultancy	(note 3)	28,044	12,968
Maintenance Contracts	(note 4)	34,404	24,594
Travel subsistence and hospitality		87,889	79,465
Conferences & Events		38,108	35,516
Stationery and publications		26,381	27,540
Auditors Remuneration	(note 5)	49,877	55,628
Legal and professional fees		27,825	45,536
Project Costs	(note 6)	60,937	119,306
Telecommunications	(note 7)	38,569	48,232
Bad Debt Write Offs		-	0
Bad debt Provision increase/(decrease)		-	(23,296)
		<u>1,236,311</u>	<u>1,244,358</u>
Other Costs	(note 9)	38,455	(35,648)
Non-cash items			
Depreciation and amortisation	(note 8)	219,170	212,130
Gain on disposal of plant and equipment		(25)	(225)
<b>Total</b>		<b><u>1,493,911</u></b>	<b><u>1,420,615</u></b>

#### Notes

1. Accommodation costs is an accruals for rent, rates and service charges for the HTA premises at 151 Buckingham Palace Road for the whole year.
2. Staff recruitment, training and welfare costs are higher than last year due to a recruitment exercise for new staff and Board members (£9,511).
3. Consultancy costs include cost of annual staff survey and computer development (£25,053) which relates to non-capitalisable work on HTA software.
4. Maintenance contracts include the cost of support provided for the HTA website and its financial and database systems. The increase is due to extra support required for the HTA portal.
5. Auditors remuneration includes accrued fees for the external auditors (NAO), £26,000 (2013/14, £26,000). This fee represents the cost for the audit of financial statements carried out by the Comptroller and Auditor General.
6. Project costs relate to work carried out by NHSBT (assisted functions) as part of the Organ Donation and Transplantation sector. Last year saw all start-up costs included here.
7. Telecommunications: costs include contract line rental and call costs for both the fixed land lines and mobile phones. A cheaper contract has resulted in lower costs this year.
8. Depreciation and Amortisation costs include charges for new tangible assets (Blade servers) and Intangible assets (new HTA website).
9. Other costs include unfunded costs from the SoHO V&S project £19,181 and media monitoring costs £11,817. Last year's balance was the result of utilised accruals being reversed.

## 5. Income

	31-Mar-15 £	31-Mar-14 £
Income from Activities:		
Licence Fee Income	3,287,511	2,970,421
Income from devolved administrations	115,387	115,387
	<hr/>	<hr/>
Other Income:		
	3,402,898	3,085,808
	224,760	29,397
	<hr/>	<hr/>
	<b>3,627,658</b>	<b>3,115,205</b>

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.

SECTOR	31-Mar-15 £	31-Mar-14 £
Applications	48,100	23,800
Anatomy	80,367	94,350
Post mortem	1,082,850	1,131,063
Public display	15,575	14,533
Research	657,449	554,377
Human application	1,123,596	1,152,298
Organ Donation & Transplantation	<hr/> 279,575	<hr/> 0
<b>Total licence fee income</b>	<b>3,287,512</b>	<b>2,970,421</b>
Costs allocated to licensing activities	(3,350,000)	(3,167,000)
	<hr/>	<hr/>
<b>Surplus/(Deficit) on licensing activities</b>	<b>(62,488)</b>	<b>(196,579)</b>

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

	31-Mar-15 £	31-Mar-14 £
Other Income - Devolved Administrations	115,387	115,387
Other Income - Rent	99,276	29,397
Other Income - Secondee	125,484	0
	<hr/>	<hr/>
	<b>340,147</b>	<b>144,784</b>

Other income - secondee relates to three members of staff who worked for other organisations part-time. Last year the income earned (£75,343) was off-set against staff costs.

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

	31-Mar-15			31-Mar-14		
	Programme Costs	Administration Costs	Total £000	Programme Costs	Administration Costs	Total £000
<b>Expenditure</b>						
Staff costs	(2,124)	(531)	(2,655)			(2,492)
Running costs	(1,049)	(225)	(1,274)			(1,208)
Depreciation	(103)	(24)	(127)	(15)	(3)	(18)
Amortisation	(74)	(18)	(92)	(159)	(35)	(194)
			-			-
<b>Income</b>						
Licence Fees	3,288	0	3,288	2,970	0	2,970
Other Income	291	50	341	0	145	145
EU Income	0	0	0	0	0	0
	0	0	0	0	0	0
<b>Net Income/(Expenditure) after interest</b>	<b>229</b>	<b>(748)</b>	<b>(519)</b>	<b>(197)</b>	<b>(600)</b>	<b>(797)</b>

### 6.1 Administration and programme expenditure classification

The above analysis is only required to be consistent with returns made for the purposes of the Departmental Group consolidations. The expenditure identified in the Statement of Comprehensive Net Expenditure was split as above.

## 7. Property, Plant and Equipment

	Information Technology Hardware	Furniture & Fittings	Refurb Costs	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2014	239,190	112,699	1,045,928	1,397,817
Additions	15,602	0	0	15,602
Disposals	(23,851)	(4,049)	0	(27,900)
Reclassifications	0		0	0
<b>At 31 March 2015</b>	<b>230,941</b>	<b>108,650</b>	<b>1,045,928</b>	<b>1,385,519</b>
<b>Depreciation</b>				
At 1 April 2014	206,188	112,699	353,524	672,411
Charge for the year	23,391		103,774	127,165
Disposals	(23,851)	(4,049)	0	(27,900)
<b>At 31 March 2015</b>	<b>205,728</b>	<b>108,650</b>	<b>457,298</b>	<b>771,676</b>
<b>Net book value at 31 March 2015</b>	<b>25,213</b>	<b>0</b>	<b>588,630</b>	<b>613,843</b>
Net book value at 1 April 2014	41,799	0	692,404	734,203
<b>Asset financing:</b>				
Owned	25,213	0	588,630	613,843
<b>At 31 March 2015</b>	<b>25,213</b>	<b>0</b>	<b>588,630</b>	<b>613,843</b>
<b>Cost or valuation</b>				
At 1 April 2013	312,913	118,058	1,045,928	1,476,899
Additions	9,449	0	0	9,449
Disposals	(83,172)	(5,359)	0	(88,531)
Reclassifications	0		0	0
<b>At 31 March 2014</b>	<b>239,190</b>	<b>112,699</b>	<b>1,045,928</b>	<b>1,397,817</b>
<b>Depreciation</b>				
At 1 April 2013	271,114	118,058	249,750	638,922
Charge for the year	18,246		103,774	122,020
Disposals	(83,172)	(5,359)	0	(88,531)
Reclassifications	0		0	0
<b>At 31 March 2014</b>	<b>206,188</b>	<b>112,699</b>	<b>353,524</b>	<b>672,411</b>
<b>Net book value at 31 March 2014</b>	<b>33,002</b>	<b>0</b>	<b>692,404</b>	<b>725,406</b>
Net book value at 1 April 2013	41,799	0	796,178	837,977
<b>Asset financing:</b>				
Owned	33,002	0	692,404	725,406
Capital Grant				0
<b>Net book value at 31 March 2014</b>	<b>33,002</b>	<b>0</b>	<b>692,404</b>	<b>725,406</b>

## 8. Intangible Assets

	Information Technology	Websites	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 April 2014	1,388,450	0	1,388,450
Additions	11,008	52,050	63,058
Disposals	(432,362)	0	(432,362)
<b>At 31 March 2015</b>	<b>967,096</b>	<b>52,050</b>	<b>1,019,146</b>
<b>Amortisation</b>			
At 1 April 2014	1,222,559	0	1,222,559
Charged in year	89,113	2,892	92,005
Disposals	(432,362)	0	(432,362)
<b>At 31 March 2015</b>	<b>879,310</b>	<b>2,892</b>	<b>882,202</b>
<b>Net book value at 31 March 2015</b>	<b>87,786</b>	<b>49,158</b>	<b>136,944</b>
At 1 April 2014	165,891	0	165,891
<b>Asset financing:</b>			
Owned	87,786	49,158	136,944
<b>At 31 March 2015</b>	<b>87,786</b>	<b>49,158</b>	<b>136,944</b>
<b>Cost or valuation</b>			
At 1 April 2013	1,483,985	120,593	1,604,578
Additions	3,960	0	3,960
Disposals	(99,495)	(120,593)	(220,088)
Reclassification	0	0	0
<b>At 31 March 2014</b>	<b>1,388,450</b>	<b>0</b>	<b>1,388,450</b>
<b>Amortisation</b>			
At 1 April 2013	1,231,944	120,593	1,352,537
Charged in year	90,110	0	90,110
Disposals	(99,495)	(120,593)	(220,088)
Reclassification	0	0	0
<b>At 31 March 2014</b>	<b>1,222,559</b>	<b>0</b>	<b>1,222,559</b>
<b>Net book value at 31 March 2014</b>	<b>165,891</b>	<b>0</b>	<b>165,891</b>
Net book value at 1 April 2013	252,041	0	252,041
<b>Asset financing:</b>			
Owned	165,891	0	165,891
<b>Net book value at 31 March 2014</b>	<b>165,891</b>	<b>0</b>	<b>165,891</b>

## **8.1 Software and system development**

Included within Information Technology is the development cost of the HTA's CRM system. Over the years the software has been customised to meet organisational needs. In this last year development has has been minimal. Detailed below is the cost and net book value.

	£
Cost	916,083
Amortisation	<u>(839,457)</u>
<b>Net Book value</b>	<b><u>76,626</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 2015 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 2015 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 2015. There was therefore no significant foreign currency risk during the year.

#### **Financial assets**

##### **By category**

##### **Total Receivables and other financial assets**

**£                    £**

##### **Assets per Statement of Financial Position**

Licence fee debtors (net of provisions)	14,227	14,227
Other receivables	83,084	83,084
Cash at bank and in hand	2,932,459	2,932,459
<b>Total at 31 March 2015</b>	<b>3,029,770</b>	<b>3,029,770</b>
Licence fee debtors (net of provisions)	5,135	5,135
Other receivables	128,924	128,924
Cash at bank and in hand	1,974,964	1,974,964
<b>Total at 31 March 2014</b>	<b>2,109,023</b>	<b>2,109,023</b>

The cash balances as at 31 March 2015 carried a floating rate.

**Financial liabilities****By category**

	Total	Other financial liabilities
	£	£
<b>Assets per Statement of Financial Position</b>		
Trade payables	-	-
Other payables	58,247	58,247
Accruals	638,332	638,332
<b>Total at 31 March 2015</b>	<b>696,579</b>	<b>696,579</b>
Trade payables	4,159	4,159
Other payables	78,790	78,790
Accruals	111,418	111,418
<b>Total at 31 March 2014</b>	<b>194,367</b>	<b>194,367</b>

As at 31 March 2015 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-15 £	31-Mar-14 £
<b>Amounts falling due within one year:</b>		
Trade receivables - Licence fee debtors	14,227	5,135
Other Receivables	16,443	72,885
Prepayments and accrued Income	66,641	56,039
	<b>97,311</b>	<b>134,059</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-15 £	31-Mar-14 £
Balances with other central government bodies	0	20,777
Balances with local authorities	0	0
Balances with NHS bodies	310	3,414
Balances with public corporations and trading funds	0	0
Balances with bodies external to government	97,001	109,868
	<b>97,311</b>	<b>134,059</b>
	-	

## 11. Cash and cash equivalents

	£
Balance at 31 March 2013	1,884,168
Net change in cash and cash equivalent balances	90,796
Balance at 31 March 2014	1,974,964
Net change in cash and cash equivalent balances	957,495
Balance at 31 March 2015	2,932,459

	31-Mar-15 £	31-Mar-14 £
The following balances were held at:		
Commercial banks	1,754,698	1,101,996
Government Banking Services	1,177,761	872,968
	<b>2,932,459</b>	<b>1,974,964</b>

The increase in our cash balance compared to last year is due to payment of our accommodation costs being made outside of the year end period. The bills for rent, rates and service charges were received outside of the accounting cut-off period. An accrual was made to include the cost in the accounts. Note 12 reflects this.

## 12. Trade payables and other current liabilities

	31-Mar-15 £	31-Mar-14 £
<b>Amounts falling due within one year</b>		
Other taxation and social security	0	0
Trade payables	0	4,159
Other payables	58,247	78,790
Accruals	<u>638,332</u>	<u>111,418</u>
	<b><u>696,579</u></b>	<b><u>194,367</u></b>

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

There are no creditors falling due after one year.

### Analysis of current liabilities

	31-Mar-15 £	31-Mar-14 £
Balances with other central government bodies	559,352	61,110
Balances with local authorities	0	0
Balances with NHS bodies	3,469	0
Balances with public corporations and trading funds	0	0
Balances with bodies external to government	<u>133,758</u>	<u>133,257</u>
	<b><u>696,579</u></b>	<b><u>194,367</u></b>

### 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.

Total future minimum lease payments	Buildings	Other	31-Mar-15	31-Mar-14
	£	£	£	£
Payable:				
Not later than one year	215,460	3,747	219,207	219,576
Later than one year not later than five years	861,840	6,172	868,012	868,012
After 5 years	0	0	0	430,920
<b>Total</b>	<b>1,077,300</b>	<b>9,919</b>	<b>1,087,219</b>	<b>1,518,508</b>

## **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 a 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 do not have any contingent liabilities as at the 31 March 2015.

## **15. Related party transactions**

The DH is regarded as a related party and had various transactions totalling £60,410 with the HTA during the year. This mainly related to the provision of Internal Audit Services. Of this £10,762 are accruals. At 31 March 2015 the HTA owed the DH £Nil and the DH owed the HTA £Nil.

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

NHSBT – transactions totalled £191,014 (2013/14 £191,451) and were fees for the provision of licences in the human application and post mortem sectors and invoices for the provision of assisted functions to the HTA. The balance outstanding as at 31 March 2015 was £Nil (2013/14 £Nil for licence fees paid).

The Health Research Authority (HRA) had transactions total £36,864 but owes the HTA £Nil (2013/14 £11,464) for services and the Human Fertilisation and Embryology Authority (HFEA) had transactions totalling £88,670 and owes £Nil (2013/14 £9,312).

The NHSLA occupy part of our office space and had transactions totalling £98,904.

During 2014/15 no Authority Member or senior manager or other related parties undertook any material transactions with the HTA.

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

During 2014/15 the Authority managed income and expenditure so that draw downs were kept to within the DH's cash allocation. The total available cash allocation for revenue and capital expenditure was £739,000. There was also capital Grant-in-aid of £60,000 (£Nil 2013/14).

At 31 March 2015, the creditor days were 1.52 (2013/14 1.6 days) and throughout the year creditors were paid promptly. On average 95% of suppliers were paid within 5 days and 99.7% within 10 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 in 2014/15 (2013/14 £Nil).

#### **18. Exceptional items**

There were no exceptional payments made this year 2014/15 (£Nil 2013/14).

#### **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.

The Interim Accounting Officer authorised these statements for issue on 3 June 2015.

ISBN 978-1-4741-1843-9

A standard linear barcode representing the ISBN number 978-1-4741-1843-9.

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