

**Human Tissue Authority  
Annual Report and Accounts 2010/11**

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

**Ordered by the House of Commons to be printed 30 June 2011.**



**Human Tissue Authority  
Annual Report and Accounts 2010/11**

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

**Ordered by the House of Commons to be printed 30 June 2011.**

© **Crown copyright 2011**

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or e-mail: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

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

Any enquiries regarding this document/publication\* should be sent to us at [enquiries@hta.gov.uk](mailto:enquiries@hta.gov.uk)

This publication is also available for download at [www.official-documents.gov.uk](http://www.official-documents.gov.uk) **OR** This document is also available from our website at [www.hta.gov.uk](http://www.hta.gov.uk) \*

ISBN: 9780102973211

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID 2436736 07/11 12500 19585

Printed on paper containing 75% recycled fibre content minimum.

## Contents

Annual Report .....	2
Management and Governance of the HTA .....	6
Management Commentary .....	10
Remuneration Report .....	14
Statement of the Authority and Chief Executive's responsibility .....	20
Statement on Internal Control .....	21
The Certificate and Report of The Comptroller and Auditor General	24
FINANCIAL REPORT	
Statement of Comprehensive net Expenditure .....	26
Statement of Financial Position .....	27
Statement of Cash flows .....	28
Statement of Changes in Taxpayers Equity .....	29
Notes to the Accounts .....	30

## Human Tissue Authority Annual Report 2010/11

### Chief Executive's Report

#### Statutory remit

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

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

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

As well as licensing under the HT Act, which covers England, Wales and Northern Ireland, the HTA is the Competent Authority in the UK responsible for ensuring the safety of human tissue and cells used for patient treatment in compliance with the European Union Tissue and Cells Directive (EUTCD). The Human Tissue (Quality and Safety for Human Application) Regulations 2007 (the Q&S Regulations) brought the EUTCD into force in the UK. We were pleased to be appointed the Competent Authority for the Organ Donation Directive in March 2011.

A third statutory function is the regulation, through an independent assessment process, of the donation from living people of solid organs, bone marrow and peripheral blood stem cells for transplantation into others. The HTA also regulates living donation, in compliance with the relevant legislation, for the devolved administrations of Scotland, Wales and Northern Ireland.

The HTA oversees the consent requirements of the HT Act for deceased organ donation.

In July 2010, the Arm's Length Bodies (ALBs) Review recommended that the HTA's functions transfer to other bodies. The HTA will continue to deliver the statutory remit until the point that it is handed over. We expect that to happen during the lifetime of this Parliament and in the meantime it is very much business as usual.

#### Principles and values

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

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

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

- proportionate
- accountable
- consistent

- transparent
- targeted

During 2008/09, the HTA was reviewed by the strategic support team of the Better Regulation Executive from the Department for Business, Innovation and Skills. The Hampton Implementation Review team reported in July 2009 that stakeholders valued the HTA's openness and desire to engage them to develop the regulatory framework; and they found that the HTA's risk-based approach had minimised the regulatory burden. In addition, the team rated the HTA highly on the quality and availability of our advice and guidance.

In 2010/11 the HTA commissioned Ipsos MORI to survey public and professional views of the regulation of human tissue. Public confidence has improved since the last survey three years earlier.

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

## Resources

As an ENDPB, the HTA receives a proportion of its income through grant-in-aid from central government (i.e. the DH). Our total annual budget in 2010/11 was £6.4 million. About 82% of this was funded by income from licence fees. By making efficiencies, the HTA did not need to use £0.9 million of licence fee income and has credited establishments with their share of this. The HTA is not a profit-making organisation.

During this year, like the rest of the public sector, there has been an increased focus on making efficiency savings. The HTA has reviewed its processes and the resources required and have reduced the resources required for 2011/12 by 22% from the budget for 2010/11. This review will continue, both to meet the challenge of reducing grant-in-aid and to keep licence fees as low as possible. We have achieved a level of service that is acknowledged to be of a high quality and that meets the needs of our stakeholders and we need to maintain this in light of the current economic challenges ahead.

The HTA's efficiency plan sets out how we work continuously to find ways of working more economically, efficiently and effectively. This includes details of how the HTA is delivering efficiencies in its regulation, use of business technology and other back-office functions and how it is contributing towards DH and cross-government initiatives.

As part of continuing our drive to make significant savings, our corporate support continues to deliver its service in the most cost-effective and efficient manner. The Finance, Legal and Human Resources functions are provided by a team of four; Information Technology services are outsourced and continue to provide a wide range of services efficiently.

In December 2010 we relocated to new offices in Victoria at a lower rent where comprehensive facilities and services are provided through the Department for Business, Innovation and Skills. As a result, the HTA has been able to reduce resources in this area.

Our Internal Audit service continues to be outsourced and from 2011/12 this is sourced through the DH's contract.

During 2010/11, the HTA restructured the Senior Management Team, to provide more resilience and meet present demands. Overall resources remain at no more than planned levels.

## Governance

The Authority (the HTA's statutory non-executive board) comprises a Chair and Members who are appointed by the Secretary of State for Health. 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 met six times during the year, with one of those meetings being open to the public.

## **Audit Committee**

The Audit Committee is chaired by Michael Banner, a non-executive member of the HTA. In 2010/11 other non-executive members were Brian Coulter, Pamela Goldberg, Suzanne McCarthy and Susan Dilly. The Chief Executive, Director of Resources, internal and external auditors, DH representatives and the HTA's Head of Finance and Governance, are invited to attend meetings. Directors are asked to attend in rotation, to report on risk management and other staff may also be asked to attend depending on the Committee's business. The Committee's terms of reference outline the support this body provides to the Accounting Officer (the Chief Executive) throughout the year, in particular, providing scrutiny to support signing the annual Statement on Internal Control (SIC). The Committee met four times in 2010/11.

## **Register of interests**

The HTA maintains a register of interests which details company directorships and other significant interests held by Authority members and their close family and friends which may conflict with their HTA responsibilities. Anyone who wishes to view the register should apply in writing to the Director of Resources.

## **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 gender, marital status, race, age, sexual orientation, religion, disability, part time or fixed-term working, is prohibited within the HTA, and to ensure that the Authority abides by the statutory regulations regarding human rights and discrimination.

## **Staff involvement and wellbeing**

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

The first HTA staff survey was launched in February 2010 and the participation rate was 94%. The HTA is committed to being an employer of choice for motivated and engaged staff and will strive to build on staff engagement and satisfaction scores from the staff survey year on year.

In response to the results of the 2010 staff survey, the HTA set up a Staff Survey Working Group (SSWG) whose terms of reference were to take the key findings from the survey and research ways in which improvements could be made. The SSWG was made up of volunteers and its recommendations have been set out in an action plan and are being implemented. At the end of 2010/11 the HTA set up a staff forum to ensure that all staff had an ongoing opportunity to discuss issues with senior management.

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 and fire wardens and has on-line training modules to help staff with basic health and safety awareness. No health and safety incidents were reported in the year.

Staff absence through sickness averages 5.34 days for the year per full time equivalent HTA employee.

## Learning and development

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

## Payment of suppliers

The HTA is committed to the Better Payment Practice Code and the commitment to speed up payments. We should pay suppliers within 10 days and during 2010/11 a target was introduced across government to pay within 5 days of receipt of a valid invoice. Over the year as a whole, 84% of invoices were paid within 10 days of the invoice date, 64% were paid within 5 days, and 99.8% within 30 days. In March 2011 94% were paid within 5 days. The average number of days for payment over the whole year was 5. No interest payments were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

## Auditors

The Comptroller and Auditor General is the external auditor for the HTA's accounts. The external auditor's remuneration in 2010/11 was £30,000. No fees were incurred for non-audit work.

Internal audit services in 2010/11 were provided by RSM Tenon. From 2011/12, internal audit services will be provided by Grant Thornton.

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

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

## Personal data incidents

In the 2010/11 business year, the HTA had no personal data incidents. The HTA suffered the loss of two laptops during the year, in separate incidents, but this did not result in any personal data being lost.

Craig Muir  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 6 June 2011

## Management and Governance of the HTA

The Authority currently consists of 12 members who are initially appointed by the Secretary of State for Health for a three-year term of office. There is the possibility of reappointment for a further three-year term. The HTA's members come from a variety of medical, scientific, legal, administrative and political backgrounds. By law, at least half must be lay members.

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

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

**Michael Banner** (lay member)

Michael Banner previously held Chairs in the Universities of Edinburgh and London and is currently a Fellow of Trinity College, Cambridge. He is chair of the Cambridge University Licence Review Committee (Animal Procedures) and is a member of the Committees of Reference and Investment Sub-Committee of F&C Asset Management. Amongst his previous Committee experience, he chaired a Committee of Enquiry for MAFF from 1993 – 1995, the CJD Incidents Panel at the DH, the Home Office's Animal Procedures Committee from 1998-2006, and Shell's Advisory Panel on Animal Testing from 2002-2009. He also served as a member of the Royal Commission on Environmental Pollution.

**Jodi Berg** (lay member)

Jodi Berg is the Independent Complaints Reviewer for public bodies including the Audit Commission, and the Homes and Communities Agency. She is also a Member of the Administrative Justice and Tribunals Council, Chair of the Postal Redress Service Council and a Non Executive Director of The Dispute Service Ltd. She is a past Chair of Ravensbourne NHS Trust and SE London Probation Service.

**Brian Coulter** (lay member)

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

**Pamela Goldberg** (lay member)

Pamela Goldberg is Chief Executive of Breast Cancer Campaign, a medical research charity supporting research into breast cancer across the UK and Ireland. She is a member of the General Advisory Committee on Science for the Food Standards Agency and a Fellow of the RSA. She is a member of the Independent Review Panel for Borderline Products and Independent Review Panel for Advertising of the MHRA. She is a trustee of Moorfields Eye Charity.

**Andrew Reid** (lay member)

Andrew Scott Reid was appointed in November 2002 as the full-time coroner for the jurisdiction of the Inner Northern District of Greater London, consisting of the London boroughs of Camden, Hackney, Islington and Tower Hamlets. He deals with Inquests at Poplar and St Pancras Coroner's Courts. He is also Honorary Senior Lecturer, at Queen Mary College Medical School

**Keith Rigg** (professional member)

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

**Catharine Seddon** (lay member)

After many years as a film documentary producer for BBC TV and then as an independent producer for Channel 4, Catharine Seddon began working for the judiciary in 2002. She now sits on Department for Works and Pensions and Employment tribunals; she is a magistrate in the City of Westminster and a member of the Greater London Family Panel. She is on the independent appeals committee for the HFEA and she teaches and presents for Cued Speech Association UK, a national organisation working with deaf children and their families. She is also a trustee for the London Centre for Children with Cerebral Palsy.

**Susan Dilly** (professional member)

Susan Dilly is a Consultant Histopathologist at Barts and the London NHS Trust. Professor Susan Dilly has been Clinical Professor and Director of the Institute of Health Sciences Education, Barts and the London Medical School – part of Queen Mary, University of London – since 2006. In September 2010, she took on the role of Vice Principal for Teaching and Learning at QMUL. She is also a Consultant Histopathologist at Barts and the London NHS Trust and an external examiner for Fellowship of the Royal College of Pathologists.

**Rosie Glazebrook** (lay member)

Rosie Glazebrook is a member of the Advisory Committee on Microbiological Safety of Food for the Food Standards Agency, sits on the London Research Ethics Committee, and is a non-executive Director of NHS Hammersmith and Fulham.

**Suzanne McCarthy** (lay member)

Suzanne McCarthy is currently the Immigration Services Commissioner. She is also a member of the General Medical Council, the Public Guardian Board and the Board of Trustees of the University of London. She was Chief Executive of the Human Fertilisation and Embryology Authority between 1996 and 2000.

**Gurch Randhawa** (professional member)

Gurch Randhawa has been a member of the UK Donation Ethics Committee since January 2010. He is the current Professor of Diversity in Public Health and the Director of the Institute for Health Research at the University of Bedfordshire. He is also the Chair of NHS Luton. He has been a member of the UK Donation Ethics Committee since January 2010, and he was a non-executive director at UK Transplant. Gurch is currently a Member of the UK's NICE Guidelines Development Group on Organ Donation and is currently serving as Chairman of the Department of Health End-of-Life Care for Advanced Kidney Disease Project Board.

**Attendance at Authority meetings**

A total of six meetings were held during 2010/11; member attendance is listed below. Attending Authority meetings represents only a part of the work carried out by Authority Members. All are involved in a mix of Authority activity. These include membership of the Audit Committee; Remuneration Committee; chairing and participating in conferences and workshops for stakeholders; participating in working groups and members' groups covering the work of the Directorates; representing the HTA in the media and at conferences and providing advice to the executive.

**Name**

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

**Attendance at Audit Committee meetings**

Four meetings were held in 2010/11.

**Name**

Michael Banner (Chair)	4
Brian Coulter	4
Pamela Goldberg	4
Suzanne McCarthy	3
Susan Dilly	2

**Attendance at Remuneration Committee meetings**

Two meetings were held in 2010/11.

**Name**

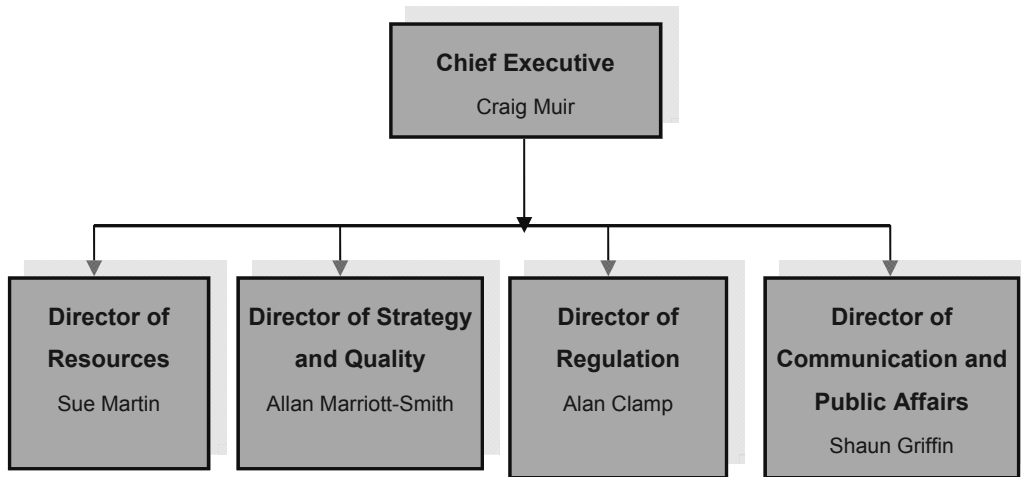
Diana Warwick (Chair)	2
Michael Banner	2
Jodi Berg	2
Catharine Seddon	2

**The executive**

The executive implements the policy and strategic goals set by the Authority. It is led by a Chief Executive and consists of a core team that is split into four directorates.

- Craig Muir, Chief Executive (appointed 19 July 2010)
- Sue Martin, Director of Resources
- Allan Marriott-Smith, Director of Strategy and Quality, (appointed 21 March 2011)
- Shaun Griffin, Director of Communication and Public Affairs
- Alan Clamp Director of Regulation (appointed 4 January 2011)

**Organisational structure as at 31 March 2011**



## Management commentary

### Financial position

2010/11 is the sixth year since the HTA was established as the statutory regulator of the removal, retention, use and storage of human tissue in England, Wales and Northern Ireland. The focus for us this year has been on continuing to strengthen our core and support teams; continuously refining our processes to take a risk-based, cost-effective approach and operating efficiently, within the new spending constraints laid down by the Coalition Government.

In May 2010, the government issued efficiency control measures to all central government departments and their ALBs. This restricted the way in which departments and ALBs procure services and has had the effect of reducing spend on consultancy and recruitment. Throughout the year, the HTA has identified more cost effective ways of working and reduced staff numbers, while fulfilling our statutory duty. These efficiencies reduced costs by 14% and this was reflected within the licence fees for 2011/12 that we announced in September 2010.

This year has been one of change for the HTA. In December 2010, we moved our offices to Victoria. This move brings the HTA into government - Department for Business, Innovation and Skills (BIS) - managed estate, co-located with other DH ALBs. The move enables us to use central building services and work together more closely with the other ALBs in the building. Rent costs will be less from April 2011, and overall costs no more than previously. However, accommodation costs for 2010/11 were higher than usual as we needed to meet commitments in the old building and the new. The DH funded the refurbishment of the new building and has transferred this asset to the HTA.

Total income compared with 2009/10 has decreased by 22%, to £4.2 million before adjustments. Income from licensed establishments decreased, initially by 6% due to a reduction in the number of licensed establishments. The biggest reduction was seen within the patient treatment (human application) sector. The HTA has managed its operations at considerably less cost than expected. Therefore, in March, the HTA was able to credit unused licence fees of £0.9 million (17% of fees received) to establishments.

This year the HTA refunded unused licence fees from 2006/07 to 2009/10 to establishments. Rebates were made after receiving approval from Her Majesty's Treasury at the end of 2010. The total sum paid back to establishments was £1.14 million. This has been treated as an exceptional item in the accounts and thus is excluded when calculating percentage increases/decreases in expenditure.

Total expenditure for the year was £5.3 million, a reduction of 11% from 2009/10. This reduction is the result of a decrease in operating costs, in particular staff costs, due to efficiencies and constraints on spending.

Salaries and related expenditure represent 58% of total expenditure. Expenditure on office accommodation, such as rent, utilities and facilities management, constitutes 14% of costs before exceptional charges.

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

**Table 1 – Income and expenditure for the year ended 31 December 2010**

	<b>2010/11</b>	<b>2009/10</b>
	£'000's	£'000's
<b>Income*</b>		
Income from devolved administrations	100	127
Licence fee	4,995	5,328
Other income	5	12
Deferred income adjustment	(854)	0
<b>Total income</b>	<b>4,246</b>	<b>5,467</b>
<b>Expenditure</b>		
Staff costs	3,104	3,290
General administrative costs	2,233	2,735
<b>Total expenditure</b>	<b>5,337</b>	<b>6,025</b>
<b>Net income/(expenditure) for the financial year**</b>	<b>(1091)</b>	<b>(558)</b>

\*Income is exclusive of revenue grant-in-aid which for accounting purposes is treated as financing rather than income.

\*\*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. The above table does not reflect any exceptional Items.

#### **Key Performance Indicators 2010/11**

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

The HTA agreed the following key targets for 2010/11 with the DH:

- To continuously improve regulatory compliance through proportionate, consistent, transparent and risk based regulatory activity
- To undertake a risk based and targeted site visit inspection programme
- To fulfil the HTA's statutory remit in relation to inspect human application establishments
- To manage living organ donation approvals to agreed quality standards
- To evaluate public and professional opinions about the HTA
- To develop the licence fee structure for 2011/12
- To implement targeted staff retention initiatives
- To extend the HTA's publication scheme under the Freedom of Information Act to improve organisational transparency
- To manage the HTA's finances

Progress against our key targets was monitored throughout the year by the Senior Management Team and the Authority. Progress against targets and the business plan were reported to the DH at quarterly accountability meetings.

**Risks and uncertainties as at 31 March 2011**

<b>Risks</b>	<b>Mitigating factors and actions</b>
Inability to carry out our statutory remit	<ul style="list-style-type: none"> <li>• strategic and business plan</li> <li>• ongoing review of performance and priorities</li> <li>• staff retention action plan</li> <li>• training and development of professional competence</li> <li>• budget management and efficiency planning</li> <li>• review of key Codes of Practice</li> </ul>
Failure to manage change	<ul style="list-style-type: none"> <li>• corporate leadership by SMT</li> <li>• business plan reflects change activity with appropriate prioritisation</li> <li>• succession planning</li> <li>• contributing to DH's ALB review implementation and shared services transformation programme</li> <li>• internal communications</li> <li>• engage key stakeholders</li> </ul>
Inability to manage an actual or potential major event	<ul style="list-style-type: none"> <li>• crisis communications plan</li> <li>• staff and Authority members ready to react</li> <li>• business continuity plan</li> <li>• clear regulatory processes</li> </ul>
Insufficient financial resources	<ul style="list-style-type: none"> <li>• budget management framework</li> <li>• financial projections</li> <li>• licence fee modelling</li> <li>• monthly financial reporting to Authority</li> <li>• rigorous debt recovery</li> <li>• efficiency plans</li> <li>• costed business plan</li> </ul>
Inadequate relationship/stakeholder management	<ul style="list-style-type: none"> <li>• meetings with Key Opinion Leader/umbrella organisations</li> <li>• ongoing engagement with DH and Other Government Departments</li> <li>• effective engagement with stakeholders on key regulatory issues</li> <li>• communications and media strategies and mechanisms for implementing</li> <li>• staff engagement</li> <li>• evaluation of public and professional perception of HTA</li> </ul>

**Social, community and environmental issues**

The HTA has a sustainable development plan in line with the government directive for all central government departments and NDPBs. The measures contained within our plan are centred on the reduction in consumption of energy and paper, and an increase in recycling.

As part of our drive to keep staff aware and encourage them to adopt sustainable practices, staff formed an Environmental Committee whose remit is to develop ideas, implement positive change and monitor that the HTA are doing everything we can to be a sustainable organisation whilst being as environmentally friendly as possible.

Since moving to our new offices, BIS provide services and encourage behaviour that meets sustainability requirements. This includes recycling, energy efficiency and other facilities.

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.

### **2010/11 accounts**

The Annual Accounts have been prepared and issued by the HTA, under directions given by the Secretary of State, with the approval of HM Treasury, in accordance with Schedule 2 (paragraph 16) of the HT Act. The Accounts report the resources that have been used by the HTA to deliver its objectives. These Annual Accounts have been prepared in accordance with the guidance set out in the Government Financial Reporting Manual (FRoM) 2010/11.

### **Developments**

In 2010/11 the HTA made a detailed review of its licence fee structure. This project involved staff throughout the HTA and consultation with stakeholders. It resulted in a new, more robust, fee structure that better links fees to the activities they support and the resources expended by the HTA in regulating different types of establishments. The clearer focus on the cost of licensing, and efficiencies, enabled the HTA to reduce licence fees from 2011/12 and should minimise the need for the adjustments to licence fees that have been made in 2010/11.

The HTA's Customer Relationship Management System (CRM) supports HTA activities, including fee charging. This system has developed further in 2010/11 and will continue to assist the HTA in managing its key stakeholders in a more unified and efficient manner.

Craig Muir  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 6 June 2011

## Remuneration report

### Salary and pension entitlements of Authority Members

Members of the Authority receive an annual remuneration that is agreed by the Secretary of State for Health. This remuneration does not include any pension entitlements. Any increase or change to the remuneration is notified to the HTA by its sponsor department, the Department of Health. In the financial year 2010/11 these payments were as follows:

Chair	£40–45,000 per annum
Chair Audit Committee	£10–15,000 per annum
Member (x10)	£5–10,000 per annum

In addition to the Chair's salary, benefits in kind have arisen in respect to reimbursement of travel and subsistence costs arising from her home base. This amounted to £850.83 (2009/10, £14,370 which related to the outgoing Chair). The HTA is required to meet the resulting tax liability under a PAYE settlement agreement.

### Remuneration policy

The HTA provides for staff salaries to be uplifted annually based on performance. Pay proposals were reviewed by the HTA Remuneration Committee in June 2010. Performance related pay is determined through the process as outlined in the HTA's appraisal and performance management guidelines. This year however the HTA, like other public sector organisations, has been subject to the introduction of a two year pay freeze which has resulted in no increases for cost of living or Performance Related Pay.

### 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 of) and Directors are required to give three months notice. The HTA is required to give the same notice period. Termination payments are made only in appropriate circumstances and may arise where staff are not required to work their notice period.

### Salary and pension entitlements

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

### Senior Management Team

Craig Muir – Chief Executive has been seconded to the HTA from the Department of Health until 30 September 2011.

Sue Martin – Director of Resources has been seconded to the HTA from the Home Office until 30 September 2011.

**Senior management remuneration**

Post	Name	Dates		Salary range	
				2010/11 £'000	2009/10 £'000
<b>Chief Executive</b>	Craig Muir	Appointed 19 July 2010		75-80 (full year equivalent 110-115)	N/a
<b>Chief Executive</b>	Adrian McNeil	Appointed 1 July 2005	Retired 30 June 2010	30-35	110-115
<b>Director of Policy and Compliance</b>	Vicki Chapman	Appointed 1 December 2008	Resigned 6 August 2010	25-30	80-85
<b>Director of Strategy and Quality</b>	Allan Marriott- Smith	Appointed 21 March 2011		0-5 (full year equivalent 70-75)	N/a
<b>Interim Director of Compliance &amp; Enforcement</b>	Liz McAnulty	Appointed 10 May 2010	Until 17 December 2010	155-160***	N/a
<b>Director of Compliance &amp; Enforcement</b>	Alan Clamp	Appointed 4 January 2011		20-25 (full year equivalent 80-85)	N/a
<b>Director of Communications &amp; Public Affairs</b>	Shaun Griffin	Appointed 15 August 2005		70-75	70-75
<b>Director of Resources</b>	Sue Martin	Appointed 6 October 2009		70-75	70-75

\*\*\*The "salary" quoted for Liz McAnulty represents the cost to the HTA of her services.

**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 with HMRC re taxable emoluments of HTA staff and Authority members. This includes travel and subsistence, gym membership and wellbeing at work therapy. The cost of wellbeing therapy to the HTA for 2010/11 is £6,804 (2009/10 £5,650). The gym membership available to staff is a subsidy of 40% of monthly membership up to £17 per month.

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

No other benefits in kind were received by senior staff members in 2010/11 or 2009/10.

**Senior staff pensions**

For the period from 01 December 2009, employees were covered by the provisions of the National Health Service (NHS) Pension Scheme. Staff who are seconded to the HTA from the Civil Service continue to be covered by the Principal Civil Service Pension Scheme (PCSPS).

**Civil Service pensions**

Pension benefits are provided through the NHS Pension Scheme/Civil Service pension arrangements. The PCSPS is an unfunded multi-employer defined benefit scheme, but the HTA is unable to define its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007 by the

Scheme Actuary, Hewitt Associates. Details can be found in the resource accounts of the Cabinet Office at [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium, and classic plus). New entrants after 1 October 2002 must join premium. From 30 July 2007 staff may join Nuvos which is a "whole career" scheme.

Pensions payable under classic, premium, and classic plus are increased in line with the Retail Prices Index.

The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus and Nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

### **Nuvos**

In Nuvos, a member builds up pension based on his or her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

### **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 2010-11 HTA employer's contributions were £236,226, (2009-10 £134,677) at a rate of 14% of pensionable pay.

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

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

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

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

#### b) IAS 26 Accounting valuation

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

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

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

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

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

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

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

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

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

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

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

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

## Senior staff pensions – Principle Civil Service Pension Scheme

Name of Officer	Real increase in pension at age 60 (2010/11) (ii)	Real increase in pension at age 60 (2009/10) (iii)	Real increase in lump sum at age 60 (2010/11) (iv)	Real increase in lump sum at age 60 (2009/10) (v)	Pension at 31/03/11 (vi)	Lump sum at 31/03/11 (vii)	CETV at 31/03/11 (viii)	CETV at 31/03/10 (ix)	Employee contributions and transfers-in (x)	Real increase in CETV as funded by employer (2010/11) (xi)	Real increase in CETV as funded by employer (2009/10) (xii)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adrian McNeil – Chief Executive (retired 30 June 2010)	-2.5-0	0-2.5	-2.5-0	5.0-7.5	50-55	155-160	1,186	1,174	0	-2	45
Craig Muir – Chief Executive	0-2.5	0	5.0-7.5	0	40-45	130-135	929	865	1	44	0
Sue Martin – Director of Resources	0-2.5	0-2.5	0-2.5	2.5-5.0	25-30	85-90	467	428	1	0	17

## Senior staff pensions – National Health Service Pension Scheme

Name of Officer	Real increase in pension at age 60 (2010/11) (ii)	Real increase in pension at age 60 (2009/10) (iii)	Real increase in lump sum at age 60 (2010/11) (iv)	Real increase in lump sum at age 60 (2009/10) (v)	Pension at 31/03/11 (vi)	Lump sum at 31/03/11 (vii)	CETV at 31/03/11 (viii)	CETV at 31/03/10 (ix)	Employee contributions and transfers-in (x)	Real increase in CETV as funded by employer (2010/11) (xi)	Real increase in CETV as funded by employer (2009/10) (xii)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Vicki Chapman – Director of Policy and Strategy (resigned 30 July 2010)	0	0	0	0	0-2.5	0	10	6	0	0	0
Alan Clamp – Director of Regulation (appointed 4 January 2011)	0	0	0	0	0-2.5	0	3	0	0	0	0
Shaun Griffin – Director of Communications	0	0	0	0	0-2.5	0	13	4	0	0	0
Allan Marriott-Smith – Director of Quality & Strategy (appointed 21 March 2011)	0	0	0	0	0-2.5	0	16	0	0	0	0

## Cash equivalent transfer value

Columns (viii) and (ix) of the above tables show the staff member's cash equivalent transfer value accrued at the beginning and end of the reporting period. Column (xi) reflects the increase in cash equivalent transfer

value effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A cash equivalent transfer value is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the staff member's accrued benefits and any contingent spouse's pension payable from the scheme. A cash equivalent transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity, to which disclosure applies. The cash equivalent transfer value figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the National Health Service Pension Scheme /Principal Civil Service Pension Scheme arrangements and for which, the Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

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

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

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

#### **Audit**

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

Craig Muir  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 6 June 2011

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

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

In preparing the accounts, the Accounting Officer is required to comply with the Government Managing Public Money manual prepared by HM Treasury, and in particular to:

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

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

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

## Statement on internal control

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the HTA's policies, aims and objectives, whilst safeguarding the public funds and HTA assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The HTA is an executive Non-Departmental Public Body (NDPB) established by the Human Tissue Act 2004. Our responsibilities to ensure compliance with the Management Statement and Financial Memorandum agreed with the Department of Health (DH) include:

- the DH's approval of the HTA's strategic and business plans
- the HTA to submit budget profile and headcount reports and quarterly performance reports to the timetable outlined by the DH
- quarterly accountability reviews to be held between the HTA's Senior Management Team, the senior department sponsor and the Arm's Length Body Business Change Manager

DH officials attend Authority meetings, Audit Committee meetings and other HTA committees or working groups (at the invitation of the HTA) as observers. Officials from the NAO and RSM Tenon – the HTA's internal auditors – also attend Audit Committee meetings as observers.

The HTA has maintained close links with the DH since it was established and has held regular meetings with representatives from the departmental sponsor branch and, more recently, the Arms Length Body Review Team.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on 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 system of internal control has been in place in the HTA for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Throughout the year, the Authority and its Senior Management Team (SMT) have monitored the HTA's expenditure through a monthly reporting system. In addition, systems of internal control have operated effectively throughout the year to ensure the safe custody of the assets and finances of the HTA. These systems will continue to be refined and enhanced in order to ensure the HTA meets best practice for an established public body. The HTA will build on advice from our external and internal auditors as well as other professional sources to ensure it remains fit for purpose to meet the changing nature of our business.

### Capacity to handle risk

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

The Authority is ultimately responsible for overseeing management of the HTA's strategic risks. The Authority is supported by the Audit Committee who monitors risks through quarterly reports from the executive and updates of the strategic risk register. I am responsible for providing leadership for

management of risk within the organisation and all members of the Senior Management Team are responsible for managing the strategic risks that may impact the delivery of policies and objectives in their areas of work. Heads manage the operational risks to the delivery of their areas of work.

In order to strengthen its internal controls and provide assurance, the HTA has appointed internal auditors. The HTA is also subject to external audit by the Comptroller and Auditor General.

### **The risk and control framework**

The HTA Risk Management Strategy sets out the principles and approach to managing risk at the HTA. The strategy was reviewed and updated in November 2010, and approved by the Audit Committee. Training has been provided to staff in risk management. Authority members and the SMT and the SMT and Heads have reviewed the strategic and operational risks respectively, and these are set out in the strategic and operational risk registers. Risks are reviewed monthly (strategic risks by SMT and operational risks by Heads, reporting to SMT; project risks are reviewed by project managers and reported to operational and strategic levels as appropriate) and mitigating actions incorporated into work-plans.

The strategy sets out:

- how the HTA will proactively identify, evaluate and manage risks to the delivery of its policies, aims and objectives
- roles and responsibilities in relation to risk management and how these will be communicated
- how the HTA will involve its stakeholders in identifying and managing risk
- how the HTA will determine the levels of risk it is willing to tolerate (risk appetite)
- how the risk management process itself will be reviewed and continually improved
- how business continuity will be addressed through the production of a business continuity plan

The strategy was further developed at the end of the year to identify the sources of assurance that controls in place to manage key risks are working effectively. Key sources of assurance are:

- internal audit reports
- external audit reports
- feedback from DH
- other feedback following review (external and peer)
- HTA documents (minutes, SMT and Authority papers reporting performance)
- Reports from Directors and staff

The HTA recognises the need to ensure that its risk management and internal control arrangements are fit for purpose and applied throughout the organisation as it develops its functions and works towards achieving its objectives. It also recognises the role of the Audit Committee as vital in ensuring that all elements of our risk and control framework are scrutinised and reviewed on a regular basis. The Audit Committee is charged by the Authority to carry out this work and report back its findings to the Authority on a regular basis.

### **Data Protection and Information assurance**

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 security and information governance policies that apply to all staff. The HTA has conducted a review of its arrangements against the Cabinet Office's mandatory requirements and reported compliance in the Security Risk Management Overview. For the relevant requirements, there are no areas of non-compliance that put information security at risk. The HTA intends to continue to develop its information asset register and promote the use of protective markings amongst staff as required.

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

**Review of effectiveness**

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

During the year, the HTA engaged internal auditors to investigate five key operational systems. Overall, we have received positive assurances from the internal auditors and are actively introducing measures to cover areas of weakness that have been identified.

The Authority has delegated oversight of internal controls to the Audit Committee. The Committee meets four times a year and reports back to the Authority, providing them with assurance.

During 2010/11 there has been considerable change in the Senior Management Team. Early in the year the Director of Policy acted in addition as interim Director of Regulation, then, there was an interim Director of Regulation until a long term appointment was made in January 2011. The Director of Policy left the HTA to take up another position in July 2010, and the post was covered by the Director of Communications and Public Affairs, until a Director of Strategy and Quality was appointed in March 2011. The long standing Chief Executive retired in June 2010 and I took up post in July 2010. The Chair, other Directors and staff have provided stability during these changes. No material errors or omission arose as a result of these changes.

The announcement of the ALB review recommendations and the relocation of the HTA's offices have required careful change management but have not weakened control.

I can confirm that there have been no significant internal control problems in the HTA up to 31 March 2011 and up to the date of this report.

Craig Muir  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 6 June 2011

## **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 2011 under the Human Tissue Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cashflows, 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 Authority, the Chief Executive and auditor**

As explained more fully in the Statement of the Authority’s and Chief Executive’s Responsibilities, the Authority and the Chief Executive as Accounting Officer are 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.

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

### **Opinion on Regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions 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 2011 and of its net expenditure 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 Secretary of State directions issued under the Human Tissue Act 2004; and
- the information given in the Chief Executive's report, The Management and Governance of the HTA 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
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

10 June 2011

# HUMAN TISSUE AUTHORITY

## Statement of Comprehensive Net Expenditure

for the period ended 31 March 2011

		<u>2010/11</u>	<u>2009/10</u>
	Note	£	£
<b>Expenditure</b>			
Staff costs	3	3,104,396	3,290,010
Depreciation and amortisation	6/7	523,140	351,486
Other Expenditures	4	1,709,684	2,383,784
		<u>5,337,220</u>	<u>6,025,280</u>
<b>Income</b>			
Income from Activities	5	4,241,356	5,454,744
Other Income	5	5,321	12,000
		<u>4,246,677</u>	<u>5,466,744</u>
<b>Net expenditure</b>		<b>1,090,544</b>	<b>558,536</b>
Interest payable/(receivable)		<u>0</u>	<u>0</u>
<b>Net Expenditure before exceptional items</b>		<b>1,090,544</b>	<b>558,536</b>
Exceptional items	17	1,142,273	0
<b>Net Expenditure</b>		<u>2,232,816</u>	<u>558,536</u>

The notes on pages 30 to 45 form part of the accounts

# HUMAN TISSUE AUTHORITY

## Statement of Financial Position

as at 31 March 2011

		<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Non-current assets:</b>			
Property, plant and equipment	6	1,157,823	396,776
Intangible assets	7	487,877	778,562
<b>Total non-current assets</b>		<b>1,645,700</b>	<b>1,175,338</b>
<b>Current assets:</b>			
Trade and other receivables	9	114,178	128,697
Cash and cash equivalents	10	2,893,194	2,762,124
<b>Total current assets</b>		<b>3,007,372</b>	<b>2,890,821</b>
<b>Total assets</b>		<b>4,653,072</b>	<b>4,066,159</b>
<b>Current liabilities</b>			
Trade and other payables	11	1,264,545	621,430
<b>Total current liabilities</b>		<b>1,264,545</b>	<b>621,430</b>
<b>Non-current assets plus net current assets</b>		<b>3,388,527</b>	<b>3,444,729</b>
<b>Assets less liabilities</b>		<b>3,388,527</b>	<b>3,444,729</b>
<b>Taxpayers' Equity</b>			
I&E Reserve		2,407,733	3,444,729
Capital Grant Reserve		980,794	
<b>Total</b>		<b>3,388,527</b>	<b>3,444,729</b>

The financial statements on pages 26 to 29 were approved by the Board on  
and were signed on its behalf by:

(Signed) .....

6 June 2011

(Chief Executive)

# HUMAN TISSUE AUTHORITY

## Statement of cashflows

for the year ended 31 March 2011

		2010/11	2009/10
		<u>Total</u>	<u>Total</u>
Note		<u>£</u>	<u>£</u>
<b>Cash flows from operating activities</b>			
		(2,232,816)	(609,865)
		0	51,329
	4	523,140	351,486
	4	66,063	53,247
	7	56,818	0
		1,014,614	0
		0	0
	9	14,519	202,713
	11	643,115	90,865
		<u>85,452</u>	<u>139,775</u>
<b>Cash flows from investing activities</b>			
	6	(1,043,179)	(304,494)
	7	(73,203)	(561,682)
		0	3,542
		0	0
		<u>(1,116,382)</u>	<u>(862,634)</u>
<b>Cash flows from financing activities</b>			
		1,162,000	2,013,000
		<u>1,162,000</u>	<u>2,013,000</u>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>			
		<u>131,070</u>	<u>1,290,141</u>
<b>Cash and cash equivalents at the beginning of the period</b>			
	10	2,762,124	1,471,983
		<u>2,893,194</u>	<u>2,762,124</u>

The notes on pages 30 to 45 form part of the accounts

## HUMAN TISSUE AUTHORITY

### Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2011

	Note	Capital Grant Reserve £	I & E Reserve £	2010/11 Total Equity £
<b>Balance at 1 April 2008</b>		0	1,261,119	1,261,119
<b>Changes in taxpayers' equity for 2008/09</b>				
Retained Surplus/(Deficit)		0	(913,854)	(913,854)
<b>Total recognised Income and expense for 2008/09</b>		0	(913,854)	(913,854)
Grant from Parent		0	1,643,000	1,643,000
<b>Balance at 31 March 2009</b>		<b>0</b>	<b>1,990,265</b>	<b>1,990,265</b>
<b>Changes in taxpayers' equity for 2009/10</b>				
Release of reserves to the I&E			0	0
Retained Surplus/(Deficit)		0	(558,536)	(558,536)
<b>Total recognised Income and expense for 2009/10</b>		0	(558,536)	(558,536)
Grant from Parent	1	0	2,013,000	2,013,000
<b>Balance at 31 March 2010</b>		<b>0</b>	<b>3,444,729</b>	<b>3,444,729</b>
<b>Changes in taxpayers' equity for 2010/11</b>				
Release of reserves to the I&E		0	0	0
Transfers between reserves		(33,820)	33,820	0
Additions		1,014,614	0	1,014,614
Retained Surplus/(Deficit)		0	(2,232,816)	(2,232,816)
<b>Total recognised Income and expense for 2010/11</b>		<b>980,794</b>	<b>(2,198,996)</b>	<b>(1,218,202)</b>
Grant from Parent	1	0	1,162,000	1,162,000
<b>Balance at 31 Mar 2011</b>		<b>980,794</b>	<b>2,407,733</b>	<b>3,388,527</b>

The notes on pages 30 to 45 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 2010-11 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 2011 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 was one change in accounting policy during this financial year. Cost of Capital is no longer charged to the Income and Expenditure account. Comparatives were not restated, as the amounts involved are not material. There were no other changes in accounting policies.

The following Accounting policies have been applied to the accounts for 2010/11.

#### 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 2011 are carried in the Statement of Financial Position at depreciated (property, plant and equipment) or amortised (intangible assets) historical cost. The depreciated or amortised historical cost is used as a proxy for fair value, for the classes of assets listed below, since the useful life over which the asset class is depreciated or amortised is considered to be a realistic reflection of the consumption of that asset class. Depreciation and amortisation are provided on a monthly basis from the date of deemed economic benefit, at rates calculated to write off the costs of each asset evenly over its expected useful life.

##### Plant and Equipment

Information Technology	3 years
Furniture and fittings	3 years

##### Intangible assets

Information Technology	3 years
Websites	3 years
Refurbishment Costs	10 years

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

Grant-in-aid received is used to finance activities and expenditure which support the statutory and other objectives of the HTA. Grant-in-aid is treated as financing and credited to the income and expenditure reserve, because it is regarded as contributions from a controlling party. During the year ended 31 March 2011 the HTA received Grant-in-aid from the Department of Health (DH) as follows:

Capital Grant-in-aid:	£103,000
Revenue Grant-in-aid:	£1,059,000

Grants for specific assets are credited to the Capital Grant Reserve and are released over the life of the asset to the I&E Reserve. The DH has transferred the capital cost it incurred refurbishing the HTA's new offices, a sum of £1,014,016, which has been credited to the Capital Grant Reserve. These costs have been categorised as non current assets with a corresponding amount equalling depreciation being credited to the I&E Reserve.

## **1.5 Foreign currency transactions**

The HTA is involved in a three year European project entitled EUSTITE Vigilance and Surveillance. The HTA has received funding of £35,599 in 2010/11, the first year, toward its cost of participation. This is denominated in Euros (2009/10 Nil).

## **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 2010/11 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. There has also been a small amount of income from the rental of furniture to the Government Actuary's Department at Finlaison House (the HTA's previous offices).

Income derived from licensing activities is recognised on an accruals basis when invoices are raised. Income of £842,913 from 2010/11 licence fees has been deferred to 2011/12. Other income is recognised on an accruals basis when the goods or services are delivered.

## **1.8 Expenditure**

Expenditure reflects the costs of running the HTA.

## **1.9 Holiday pay accrued**

As required by IFRS, the HTA has calculated the annual leave accrued but not taken by staff as at 31 March 2011, and the value of any annual leave taken, in excess of holiday entitlement earned at that date. The net amount of holiday pay due is included in staff costs.

## **1.10 Pensions**

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

## **1.11 Value Added Tax**

The HTA was not registered for VAT during the financial year 2010/11.

## **1.12 Receivables**

The HTA provides for bad debts on an individual establishment basis. This year a provision of £37,050 was provided (2009/10 £13,800).

### **1.13 Payables**

Funding for the EUSTITE project of £35,599 is included within other payables as unused funding.

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

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

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

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

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

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

#### **IAS 24 related party disclosure**

Amendments to the existing standard. The effective date is for accounting period beginning on, or after 1 January 2011.

### **1.16 Cash**

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

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

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

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

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

### 3. Staff numbers and related costs

#### Staff costs comprise:

	<b>Permanently Employed Staff 2010/11 £</b>	<b>Seconded Staff 2010/11 £</b>	<b>Temporary Staff 2010/11 £</b>	<b>Total 2010/11 £</b>	<b>Total 2009/10 £</b>
Wages and salaries	1,992,511	269,810	439,076	2,701,397	2,869,237
Social security costs	166,773		0	166,773	189,073
Pension costs	236,226		0	236,226	293,387
Sub Total	<u>2,395,509</u>	<u>269,810</u>	<u>439,076</u>	<u>3,104,396</u>	<u>3,351,697</u>
Less recoveries in respect of outward secondments	0				(61,687)
Total net costs	<u><b>2,395,509</b></u>	<u><b>269,810</b></u>	<u><b>439,076</b></u>	<u><b>3,104,396</b></u>	<u><b>3,290,010</b></u>
Of which members emoluments	<b>138,953</b>	<b>0</b>	<b>0</b>	<b>138,953</b>	<b>140,863</b>

For 2010/11 contributions of £236,226 (2009/10, £134,677) were paid to the NHSPS. In addition in 2009 £158,710 was paid to the Principal Civil Service Pension Scheme (PCSPS); all were at rates prescribed by the Treasury. The current rate for the NHSPS is 14 per cent of pensionable pay according to salary level.

#### Average number of persons employed

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

	<b>Permanently Employed Staff</b>	<b>Seconded Staff</b>	<b>Temporary Staff</b>	<b>Total 2010/11</b>	<b>Total 2009/10 (restated)</b>
Directly Employed	46	2	5	53	58
Other	0	0	0	0	0
Staff engaged on capital projects	0	0	1	1	0
Total	<u><b>46</b></u>	<u><b>2</b></u>	<u><b>6</b></u>	<u><b>54</b></u>	<u><b>58</b></u>

Staff are either directly employed by HTA or under contract. During the year, three people were seconded from the DH and the Home Office. Temporary staff were employed to cover vacancies. As at 31 March 2011 the HTA employed 50 WTE staff. The 2009/10 figures have been restated due to a change in the way the figures have been calculated in 2010/11.

#### Contract staff

100% of the cost of one contractor (£46,015) has been capitalised as the work relates to the on-going Customer Relationship Management (CRM) project (2009/10, £29,719, also for one contractor).

#### 4. Other Expenditure

	2010/11 £	2009/10 £
Accommodation (note 1)	751,603	517,400
Computer running costs	164,209	231,490
Staff recruitment, training and welfare (note 2)	133,619	573,998
Consultancy	46,144	149,938
Shared services	0	14,600
Maintenance Contracts (note 3)	109,239	0
Travel subsistence and hospitality	92,086	150,356
Conferences & Events	45,392	65,484
Stationery and publications	50,635	87,594
Auditors Remuneration (note 4)	48,162	63,195
Legal and professional fees	127,642	112,625
Project Costs	36,779	63,722
Telecommunications	40,065	36,498
Business continuity costs	7,228	9,497
Organisational development costs (note 5)	588	175,702
Bad Debt Write Offs	4,012	(5,050)
Bad Debt Provision	30,499	20,850
	<u>1,687,902</u>	<u>2,267,899</u>
Other Costs (note 6)	(44,281)	62,638
Non-cash items		
Depreciation and amortisation	523,140	351,486
Loss on disposal of plant and equipment	66,063	53,247
<b>Total</b>	<u><b>2,232,823</b></u>	<u><b>2,735,270</b></u>

#### Notes

1. 2010/11 accommodation costs include the costs of relocation to new offices £31,598 and accommodation costs in the new offices £199,088, as well as the costs of the previous offices.

2. Staff recruitment, training and welfare includes accruals for PAYE Service Agreement with HMRC £6,500 and corporate training costs £84,824.

3. Maintenance Contracts: These are the costs of maintenance of software and hardware systems and a call-off contract for advice which ended in September 2010. These costs were included under computer running costs previously.

4. Auditors remuneration includes accrued fees for the external auditors (NAO), £30,000 (2009/10, £35,000). This fee represents the cost for the audit of financial statements carried out by the Comptroller and Auditor General. This account does not include fees in respect of non-audit work. No such work was undertaken by NAO. The remainder of the audit fee relates to internal audit work. This again does not include non-audit work.

5. Organisational development costs: In 2009/10 these were costs due to restructuring of the HTA and included work to develop policies and strategies. There were no major restructuring activities this year.

6. Other costs include the net reversal of accruals made in 2009/10 for costs that were not required in 2010/11.

## 5. Income

	<b>2010/11</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>
Income from Services:		
Licence Fee Income 2010/11	4,141,135	5,327,655
Income from devolved administrations	<u>100,221</u>	<u>127,089</u>
	4,241,356	5,454,744
Other Income:	<u>5,321</u>	<u>12,000</u>
	<b><u>4,246,677</u></b>	<b><u>5,466,744</u></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.

Other income includes rental income from the Government Actuary's Department for use of HTA furniture. This agreement ended in September 2010.

### 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.

<b>SECTOR</b>	<b>2010/11</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>
Anatomy	<u>193,676</u>	<u>247,925</u>
Post mortem	1,490,862	1,894,100
Public display	22,271	42,430
Research	752,410	960,600
Human application	<u>1,681,916</u>	<u>2,182,600</u>
<b>Total licence fee income</b>	<b><u>4,141,135</u></b>	<b><u>5,327,655</u></b>
Costs allocated to licensing activities	<u>(4,163,964)</u>	<u>(4,800,194)</u>
<b>Surplus/(Deficit) on licensing activities</b>	<b><u>(22,829)</u></b>	<b><u>527,461</u></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.

## 6. Property, Plant and Equipment

	Information Technology Hardware	Furniture & Fittings	Refurb Costs	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2010	346,068	325,435	0	671,503
Additions	5,441	0	1,037,738	1,043,179
Disposals	(2,113)	(196,430)	0	(198,543)
Reclassifications	0	0	0	0
<b>At 31 March 2011</b>	<b>349,396</b>	<b>129,005</b>	<b>1,037,738</b>	<b>1,516,139</b>
<b>Depreciation</b>				
At 1 April 2010	137,116	137,611	0	274,727
Charge for the year	102,190	79,867	34,013	216,070
Disposals	(1,056)	(131,425)	0	(132,481)
Reclassifications	0	0	0	0
<b>At 31 March 2011</b>	<b>238,250</b>	<b>86,053</b>	<b>34,013</b>	<b>358,316</b>
<b>Net book value at 31 March 2011</b>	<b>111,146</b>	<b>42,952</b>	<b>1,003,725</b>	<b>1,157,823</b>
Net book value at 1 April 2010	208,952	187,824	0	396,775
<b>Asset financing:</b>				
Owned	111,146	42,952	1,003,725	1,157,823
<b>Net book value at 31 March 2011</b>	<b>111,146</b>	<b>42,952</b>	<b>1,003,725</b>	<b>1,157,823</b>
<b>Cost or valuation</b>				
At 1 April 2009	317,640	220,539	0	538,179
Additions	72,609	231,884	0	304,493
Disposals	(44,181)	(126,988)	0	(171,169)
<b>At 31 March 2010</b>	<b>346,068</b>	<b>325,435</b>	<b>0</b>	<b>671,503</b>
<b>Depreciation</b>				
At 1 April 2009	61,033	107,376	0	168,409
Charge for the year	116,692	104,008	0	220,700
Disposals	(40,609)	(73,773)	0	(114,382)
<b>At 31 March 2010</b>	<b>137,116</b>	<b>137,611</b>	<b>0</b>	<b>274,727</b>
<b>Net book value at 31 March 2010</b>	<b>208,952</b>	<b>187,824</b>	<b>0</b>	<b>396,776</b>
Net book value at 1 April 2009	256,607	113,163	0	369,770
<b>Asset financing:</b>				
Owned	208,952	187,824	0	396,776
<b>Net book value at 31 March 2010</b>	<b>208,952</b>	<b>187,824</b>	<b>0</b>	<b>396,776</b>

## 7. Intangible Assets

	Information Technology	Websites	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 April 2010	1,103,446	120,593	1,224,039
Additions	73,203	0	73,203
Disposals	0	0	0
Reclassification	(56,818)	0	(56,818)
<b>At 31 March 2011</b>	<b>1,119,831</b>	<b>120,593</b>	<b>1,240,424</b>
<b>Amortisation</b>			
At 1 April 2010	365,928	79,549	445,477
Charged in year	274,881	32,189	307,070
Disposals	0	0	0
Reclassification	0	0	0
<b>At 31 March 2011</b>	<b>640,809</b>	<b>111,738</b>	<b>752,547</b>
<b>Net book value at 31 March 2011</b>	<b>479,022</b>	<b>8,855</b>	<b>487,877</b>
At 1 April 2010	737,518	41,044	778,562
<b>Asset financing:</b>			
Owned	479,022	8,855	487,877
<b>Net book value at 31 March 2011</b>	<b>479,022</b>	<b>8,855</b>	<b>487,877</b>
<b>Cost or valuation</b>			
At 1 April 2009	554,185	108,173	662,358
Additions	549,261	12,420	561,681
Disposals	0	0	0
<b>At 31 March 2010</b>	<b>1,103,446</b>	<b>120,593</b>	<b>1,224,039</b>
<b>Amortisation</b>			
At 1 April 2009	274,650	40,041	314,691
Charged in year	91,278	39,508	130,786
Disposals	0	0	0
<b>At 31 March 2010</b>	<b>365,928</b>	<b>79,549</b>	<b>445,477</b>
<b>Net book value at 31 March 2010</b>	<b>737,518</b>	<b>41,044</b>	<b>778,562</b>
Net book value at 1 April 2009	279,535	68,132	347,667
<b>Asset financing:</b>			
Owned	737,518	41,044	778,562
<b>Net book value at 31 March 2010</b>	<b>737,518</b>	<b>41,044</b>	<b>778,562</b>

### Reclassification of assets

IT Support costs previously classified as a non current asset were re-classified as revenue expenditure.

## 7.1 Software and system development

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

Development is on-going with the next phase involving the completion of the module to manage licensing activities. Detailed below is the cost and net book value.

	£
Cost	572,444
Amortisation	178,272
<b>Net Book value</b>	<b><u>394,172</u></b>

## 8. Financial instruments

IFRS 7 Financial Instruments Disclosure requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an 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 2011 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 2011 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 year ended 31 March 2011. There was therefore no significant foreign currency risk during the year.

### Financial assets

#### By category

	Total	Receivables and other financial assets
	£	£
Assets per balance sheet		
Licence fee debtors (net of provisions)	29,800	29,800
Other receivables	23,179	23,179
Cash at bank and in hand	<u>2,893,194</u>	<u>2,893,194</u>
<b>Total at 31 March 2011</b>	<b><u>2,946,173</u></b>	<b><u>2,946,173</u></b>
Licence fee debtors (net of provisions)	36,086	36,086
Other receivables	15,571	15,571
Cash at bank and in hand	<u>2,762,124</u>	<u>2,762,124</u>
<b>Total at 31 March 2010</b>	<b><u>2,813,781</u></b>	<b><u>2,813,781</u></b>

The cash balances as at 31 March 2011 and 31 March 2010 carried a floating rate.

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

	<u>£</u>	<u>£</u>
Trade payables	202,930	202,930
Other payables	35,269	35,269
Accruals	<u>147,831</u>	<u>147,831</u>
<b>Total at 31 March 2011</b>	<b><u>386,030</u></b>	<b><u>386,030</u></b>
Trade payables	13,301	13,301
Other payables	0	0
Accruals	<u>479,530</u>	<u>479,530</u>
<b>Total at 31 March 2010</b>	<b><u>492,831</u></b>	<b><u>492,831</u></b>

As at 31 March 2011 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.

## 9. Trade receivables and other current assets

	2010/11 £	2009/10 £
<b>Amounts falling due within one year:</b>		
Trade receivables - Licence fee debtors	29,800	36,086
Other Receivables	23,179	15,571
Prepayments and accrued Income	61,199	77,040
	<b><u>114,178</u></b>	<b><u>128,697</u></b>

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

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

## 9.1 Intra Government Balances

	2010/11 £	2009/10 £
Balances with other central government bodies	0	9,036
Balances with local authorities	0	0
Balances with NHS bodies	8,000	9,600
Balances with bodies external to government	106,178	110,061
	<b><u>114,178</u></b>	<b><u>128,697</u></b>

## 10. Cash and cash equivalents

	2010/11 £
Balance at 1 April 2008	1,408,815
Net change in cash and cash equivalent balances	63,168
Balance at 31 March 2009	<u>1,471,983</u>
Net change in cash and cash equivalent balances	1,290,141
Balance at 31 March 2010	<u>2,762,124</u>
Net change in cash and cash equivalent balances	131,070
Balance at 31 March 2011	<b><u>2,893,194</u></b>

	2010/11 £	2009/10 £
The following balances were held at:		
Office of the Paymaster General	0	2,110,770
Commercial banks	2,893,194	651,310
Cash in hand	0	44
	<b><u>2,893,194</u></b>	<b><u>2,762,124</u></b>

## 11. Trade payables and other current liabilities

	2010/11 £	2009/10 £
<b>Amounts falling due within one year</b>		
Other taxation and social security	4	62,512
Trade payables	202,929	13,301
Other payables	70,868	66,087
Deferred Income	842,913	0
Accruals	147,831	479,530
	<u>1,264,545</u>	<u>621,430</u>

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

There are no creditors falling due after one year.

### Analysis of current liabilities

	2010/11 £	2009/10 £
Balances with other central government bodies	284,346	165,787
Balances with NHS bodies	452,115	74,086
Balances with bodies external to government	528,084	381,557
	<u>1,264,545</u>	<u>621,430</u>

## 12. Commitments under leases

### Operating leases

#### 12.1 Operating Lease Payments

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

<b>Payments recognised as an expense</b>			<b>2010/11</b>	<b>2009/10</b>
			£	£
Minimum lease payments rent			401,781	297,649
Minimum lease payments other			27,511	20,529
			0	0
			<b>429,292</b>	<b>318,178</b>

<b>Total future minimum lease payments</b>	<b>Rent</b>	<b>Other</b>	<b>2010/11</b>	<b>2009/10</b>
	£	£	£	£
Payable:				
Not later than one year	215,460	28,153	243,613	25,326
Between two and five years	861,840	43,252	905,092	26,028
After 5 years	1,077,300	0	1,077,300	0
Total	<b>2,154,600</b>	<b>71,405</b>	<b>2,226,005</b>	<b>51,354</b>

#### 12.2 Receipts recognised as revenue

<b>Rental Revenue</b>	<b>2010/11</b>	<b>2009/10</b>
	£	£
Rental income	4,767	12,000
<b>Total rental revenue</b>	<b>4,767</b>	<b>12,000</b>

The HTA had an agreement with Government Actuary's Department for the rental of furniture. The income received for 2010/11 was £4,766 (2009/10 £12000). The furniture was disposed of within year.

### **13. Contingent liabilities**

A contingent liability is:

- a 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 was defended at an Employment Tribunal in May 2011 relating to a dismissal in March 2010. The outcome is not yet known.

### **14. Related party transactions**

The DH is regarded as a related party and had various material transactions with the HTA during the year. This mainly related to the provision of Grant-in-aid and seconded employees. Two members of staff were on secondment from the DH over the year. At 31 March 2011 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 £252,295 and were fees for the provision of licences in the human application and post mortem sectors. The balance outstanding as at 31 March 2011 was £32,695 (2009/10 £Nil) - a credit for licence fees paid.

During 2010/11 no Authority Member or senior manager or other related parties undertook any material transactions with the HTA.

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

During 2010/11 the Authority managed income and expenditure so that draw downs were kept to within the DH's cash allocation. A total of £1,162,000 was drawn down from the DH to 31 March 2011, the total available cash allocation for revenue and capital expenditure. Of this, £103,000 was capital Grant-in-aid.

At the year end the creditor days were 5 (2009/10, 12.65 days) and throughout the year creditors were paid promptly.

### **16. Losses and special payments**

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover. There were no losses over £250,000 for the year 2010/11 (2009/10 £Nil). Payments that are considered "special" have been made this year to 653 establishments to rebate licence fees as explained below.

### **17. Exceptional items**

In October 2009 the HTA submitted a request to HM Treasury to approve special payments to rebate unused licence fees for the years from 2006/07 to 2009/10. This was approved in September 2010 and the HTA has made the special payments to the establishments concerned. The sum of £1,142,273 represents payments to just under two hundred establishments.

### **18. 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.







information & publishing solutions

Published by TSO (The Stationery Office) and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone: 0870 240 3701

**The Parliamentary Bookshop**

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/General enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: [bookshop@parliament.uk](mailto:bookshop@parliament.uk)

Internet: <http://www.bookshop.parliament.uk>

**TSO@Blackwell and other Accredited Agents**

**Customers can also order publications from:**

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

Tel 028 9023 8451 Fax 028 9023 5401

ISBN 978-0-10-297321-1

