

# **Human Tissue Authority**

## **Annual Report and Accounts 2007/08**

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

**Ordered by the House of Commons to be printed 17 July 2008.**

## Human Tissue Authority Annual Report and Accounts 2007/08

### Chief Executive's Report

#### Remit and functions

The Human Tissue Authority (HTA) was established on 1 April 2005 under the Human Tissue Act 2004 (HT Act) to regulate the removal, storage, use and disposal of human tissue in England, Wales and Northern Ireland. It is also the competent authority in the UK for regulating the storage of human tissue for human application under the EU Tissue and Cells Directive (EUTCD). The HTA is an Executive Non-Departmental Public Body sponsored by the Department of Health (DH).

The HTA has two principal statutory functions. The first is to provide advice and guidance on all matters within our statutory remit. We have put considerable emphasis on providing advice and guidance to our stakeholders as this is more likely to lead to better compliance and is consistent with the Authority's strategic decision to be a proportionate, risk-based regulator. Our advice and guidance takes several forms, namely:

(i) the publication of codes of practice on:

- consent
- donation of solid organs, tissue and cells for transplantation
- post mortem examination
- anatomical examination
- removal, storage and disposal of human organs and tissue
- donation of allogeneic bone marrow, peripheral blood stem cells and donor lymphocytes for transplantation
- import and export of human bodies, body parts and tissue.

(ii) the publication of:

- licensing standards
- guidance on public display
- policy guidance, for example on relevant material
- guidance for Independent Assessors
- guidance for people wishing to donate bodies for anatomical examination
- a bi-monthly e-newsletter.

(iii) and through:

- training events and workshops, for example for Designated Individuals
- correspondence via the HTA's enquiries mailbox.

The second of our principal statutory remits is to regulate the:

- storage of human bodies for anatomical examination
- carrying out of post mortem examinations
- removal of tissue from the body of a deceased person for Scheduled Purposes except transplantation
- storage and use of human bodies or parts for public display
- storage of human tissue for other scheduled purposes, for example human application and research
- donation of organs or part organs by living donors
- donation of bone marrow by certain donors.

## Principles and values

The HTA continues to adopt the following core values in achieving our strategic aims and objectives:

- behaving with integrity
- being open and transparent
- engaging stakeholders
- working collaboratively (with other regulators)
- being responsive.

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.

## Resources

As an Executive non-Departmental Public Body, the HTA receives a proportion of its income through grant-in-aid from central government (i.e. the DH). Our total annual expenditure is in the region of £4.6 million. About 75% of this will be met by fees. The HTA is not a profit-making organisation.

It was previously planned that the HTA would merge with the Human Fertilisation & Embryo Authority (HFEA) in April 2008. However, Ministers' decided that this would not proceed in October 2007. Currently all HTA staff are employed either by the HFEA or the DH and seconded to the HTA.

We are committed to maintaining a small core group of staff and to outsource wherever possible. Not only is this our preferred organisational model, but it is also compliant with wider Government policy. We have achieved a level of service that is acknowledged to be of high-quality and broadly meets the needs of our stakeholders. We buy in many of our back-office services, including:

- human resources – provided by the HFEA on a service level agreement that covers some transactional aspects of our HR requirements
- legal advice and services – provided through a service level agreement that provides the HTA with the services of a legal adviser
- financial services – provided by the HFEA on a service level agreement that covers all financial processing
- IT services – provided by the HFEA to February 2008 through a service level agreement that covered onsite support and infrastructure. From February 2008 the provision of this service transferred to a Small and Medium Enterprise organisation
- facilities management – provided through an agreement with our landlord, the Government Actuary's Department (GAD), which includes building, security and cleaning services.

## Governance

The Authority has met seven times during the year, with two of those meetings being open to the public. The Authority focuses on setting the strategic vision and goals of the HTA and takes decisions on all the key high level issues and policies. The Authority is also accountable to the Secretary of State for Health for the delivery of its strategic and business plans. Responsibility for all operational issues falls to the Executive.

## Audit Committee

The Audit Committee is chaired by Michael Banner, a non-executive member of the HTA. Other non-executive members are Ruth Musson, David Sharpe, James Underwood, Michaela Willis and Helen Shaw. The Chief Executive, Director of Resources, Internal and External Auditors, DH representatives and the HTA's Head of Resources are invited to attend. The Committee's terms of reference outline the

support this body provides to the Accounting Officer (the Chief Executive) throughout the year, in particular in providing evidence to justify signing the Statement of Internal Control. The Committee has met six times in the year.

### **Register of interests**

The HTA maintains a register of interests which details company directorships and other significant interests held by Authority members 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 discrimination.

### **Information for staff and communications policy**

The HTA regularly keeps all members of staff informed about organisational, management and policy issues. We operate a system of staff meetings every two months, chaired in rotation by a member of staff and circulate a monthly Chief Executive's Report. We also hold regular team meetings.

### **Training and development**

The Authority actively promotes the development of staff through personal training plans and a corporate development programme.

### **Payment of suppliers**

The HTA complies with the Better Payment Practice Code. This policy states that all bills should be paid in accordance with credit terms, or where no such terms exist, within 30 days of the receipt of goods or services, or upon the presentation of a valid invoice, whichever is the later. The outstanding creditor days were 30 days at the end of the financial year. No interest payments were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

### **Auditor**

The Comptroller and Auditor General is the external auditor for HTA's accounts. The external auditor's remuneration in 2007/08 was set at £23,000. No fees were incurred for non-audit work.

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.

Adrian McNeil  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 18 June 2008

## **The Authority**

The Authority currently consists of 14 members who have been appointed by the Secretary of State for Health. They come from a variety of medical, scientific, legal, administrative and political backgrounds. By law, at least half must be lay members.

### **Shirley Harrison, Chair (lay member)**

Shirley Harrison's professional career has been in marketing and public relations, both as a practitioner and an academic. Her community activities have encompassed the fields of education, criminal justice and health. She has served as a JP since 1998. Her health-related activities include patient representation on a number of local, regional and national bodies, largely concerned with cancer research and education. She is a member of the Chartered Institute of Public Relations, the Society of Authors and the Magistrates Association.

### **James Ironside CBE, Deputy Chair (professional member)**

James Ironside is Professor of Clinical Neuropathology in the University of Edinburgh, and an Honorary Consultant Neuropathologist in the Lothian Health University Hospital and Tayside Health University Hospital, Scotland. He has been using human tissues in diagnosis, education and research for 30 years and was formerly Deputy Chair of the Spongiform Encephalopathy Advisory Committee.

### **Michael Banner (lay member)**

Michael Banner is a Fellow at Trinity College, University of Cambridge, Chair, of Shell Panel on Animal Testing and the Cambridge University Licence Review Committee (Animal Procedures). Amongst previous Committee experience, he chaired a Committee of Enquiry for MAFF from 1993–1995, the CJD Incidents Panel at the DH and the Home Office's Animal Procedures Committee from 1998–2006.

### **Ceri Davies (professional member)**

Ceri Davies has taught Anatomy for more than 30 years and is a member of the Council of the Anatomical Society of Great Britain and Ireland. Ceri is currently Reader in Neuroscience at St George's University of London and has used human tissue in his research. Ceri is also Vice President of the Institute of Anatomical Sciences

### **Jane Jeffs (lay member)**

Jane Jeffs is a lay member who has had personal experience of bereavement and the debate around post mortem examinations and organ retention and disposal. She was Chief Officer of a Community Health Council before her retirement and in that role carried out research into public opinion regarding post mortems. She was a member of the Welsh Organ Retention Advisory Group and is the member of both the Carmarthenshire Local Health Board and the All Wales Continuing Care Review Panel. Jane is also currently Chair, Carmarthenshire Health and Well Being Social care Partnership and lay panellist for Nursing and Midwifery Council.

### **EI-Nasir Lalani (professional member)**

EI-Nasir Lalani is the Robert Leith Professor of Pathology and Academic Head, Department of Pathology in the Division of Cancer Studies at the University of Birmingham. He is also an Honorary Consultant Histopathologist at the University Hospital Birmingham NHS Foundation Trust. Professor Lalani is also a Fellow of the Royal College of Pathologists. He has served as a member of local, national and international Research Ethic Committees for over 8 years

### **Ruth Musson (professional member)**

Ruth Musson started her career in public service administration, before qualifying as a Registered General Nurse, later gaining experience in a number of fields, including medicine, terminal care and research. She now leads a small team of nurses and a midwife who work with families, clinical teams, coroners and researchers addressing all issues relating to consent, retention and return of tissues from post mortem examinations.

**Sharmila Nebhrajani, resigned 1 August 2007** (lay member)

Sharmila Nebhrajani is BBC New Media and Technology's Chief Operating Officer where she is responsible for the operational management, financial and business strategy, editorial compliance, business development and commissioning relationships with the independent production sector across bbc.co.uk and the BBC's interactive television services.

**Andrew Reid** (professional 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. Dr Reid deals with Inquests at Poplar and St Pancras Coroner's Courts. He is also Honorary Senior Lecturer, 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 transplantation for the last 20 years. He is currently Vice President of the British Transplantation Society and a member of the Association of Surgeons of Great Britain and Ireland and a Fellow of the Royal College of Surgeons of England.

**Kate Robson-Brown** (lay member)

Kate Robson-Brown is Senior Lecturer in Biological Anthropology at the University of Bristol. She is Director of the University archaeological skeletal collections and the Bristol Osteoarchaeological Research Group. Her research interests include human evolutionary anatomy and forensic anthropology.

**David Sharpe** (lay member)

David Sharpe is a Barrister practising law primarily in Belfast but also in London, where he is a member of Chambers at 12 King's Bench Walk. He has experience of acting for both patients and doctors (and other healthcare professionals) in medical litigation and inquests. David is the member of the Authority appointed by the Northern Ireland Department of Health, Social Services and Public Safety.

**Helen Shaw** (lay member)

Since 1994 Helen Shaw has been co director of INQUEST, an organisation with a national reputation for excellence and a proven track record in providing advice and support about the inquest system to bereaved families and their lawyers. She was a member of the Retained Organs Commission from 2001–2004. Helen was also vice-chair of the National Bereavement Partnership up to April 2008.

**James Underwood** (professional member)

Prior to his retirement, James Underwood was Professor of Pathology at the University of Sheffield and Consultant Histopathologist to the Sheffield Teaching Hospitals NHS Foundation Trust. Sir James was an observer on the Retained Organs Commission and President of the Royal College of Pathologists from 2002–2005. Professor Underwood is also Chairman, Management Board of the Sheffield Brain Tissue Bank.

**Michaela Willis MBE** (lay member)

Michaela Willis is a Senior Lecturer in Death, Bereavement and Human Tissue studies at Stafford University. She was also the Chief Executive of the National Bereavement Partnership up until April 2008, a registered charity offering a unique service by providing information, advice and support to people who have experienced bereavement. Since June 2007 Michaela has been carrying out an audit of 36 hospitals and 5 university's across the State of Southern Ireland with regard to the Nations' holdings of organs. The audit also covers a review of Policy, Procedures and Bereavement Services.

### **Attendance at Authority meetings**

A total of seven meetings were held throughout 2007/08; member attendance is listed below. As with the previous year, the business of 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.

<b>Name</b>	
Shirley Harrison (Chair)	7
James Ironside (Deputy Chair)	6
Michael Banner	6
Ceri Davies	5
Jane Jeffs	7
El-Nasir Lalani	5
Ruth Musson	7
Sharmila Nebhrajani (resigned 1 August 2007)	2
Andrew Reid	5
Keith Rigg	6
Kate Robson-Brown	5
David Sharpe	4
Helen Shaw	5
James Underwood	6
Michaela Willis	5

### **Attendance at Audit Committee meetings**

There were six meetings held in 2007/08.

<b>Name</b>	
Michael Banner (Chair)	5
Ruth Musson	5
Sharmila Nebhrajani (resigned 1 August 2007)	3
David Sharpe	2
Helen Shaw	3
James Underwood	2
Michaela Willis	4

### **Attendance at Remuneration Committee meetings**

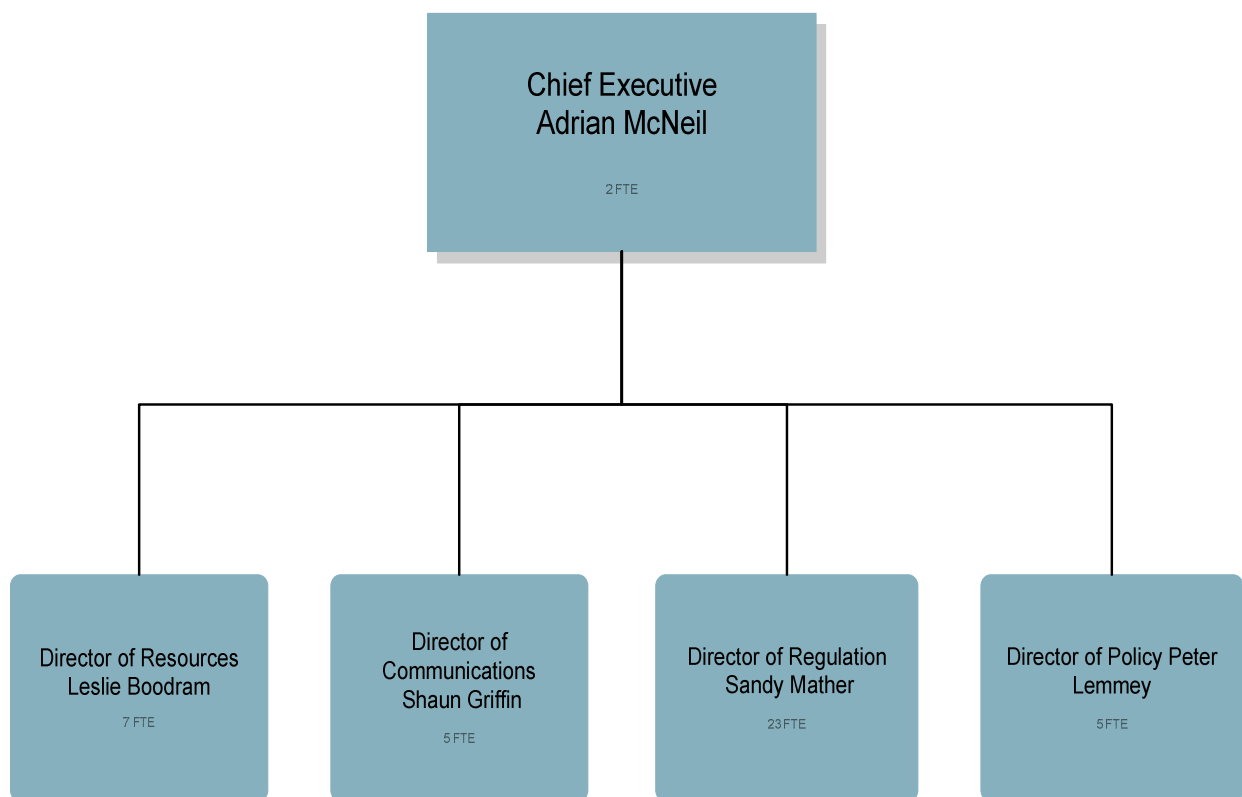
There were two meetings held in 2007/08.

<b>Name</b>	
Shirley Harrison (Chair)	2
Michael Banner	1
Jane Jeffs	2
Sharmila Nebhrajani (resigned 1 August 2007)	0
Andrew Reid (stepped down from Committee 19 November 2007)	1
Helen Shaw	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.

- Adrian McNeil, Chief Executive
- Leslie Boodram, Director of Resources
- Shaun Griffin, Director of Communications
- Peter Lemmey, Director of Policy
- Sandy Mather, Director of Regulation



## Management commentary

### Financial position

2007/08 is the third year of operation of the HTA in its role as the statutory regulator of the removal, retention, use and storage of human tissue in England, Wales and Northern Ireland. Our main focus this year has been to ensure that we have systems and processes fit to meet the demands placed upon us.

The total income compared to 2006/07 has increased by 14%. This is principally as a result of an increase in the number of establishments that fall within the licensing requirements of the HT Act and the Regulations transposing the Tissue and Cells Directive.

Total expenditure for the year was in the region of £4.6million. Salaries and related expenditure represent 59% of total expenditure, whilst expenditure relating to office accommodation such as rent, utilities and facilities management constitutes 7% of overall costs. As part of the HTA's drive to maintain value for money and provide efficient and effective support services. HR, Finance and IT functions have continued to be outsourced. These costs collectively represent 4% of total expenditure which is 3% lower than last year.

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

**Table 1 – Income and expenditure for the year ended 31 March 2008**

	<b>2007/08</b>	<b>2006/07</b>
	£'000's	£'000's
<b>Income</b>		
Income from devolved administration	69	100
Licence fee	3,395	2,929
<b>Total income</b>	<b>3,464</b>	<b>3,029</b>
<b>Expenditure</b>		
Staff costs	2,722	1,510
General administrative costs	1,869	1,331
<b>Total expenditure</b>	<b>4,591</b>	<b>2,841</b>
<b>Net Income/(expenditure) for the financial year</b>	<b>(1,127)</b>	<b>188</b>

### Key Performance Indicators 2007/08

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 2007/08 with the DH:

- Implement the HTA's statutory remit for regulation in a manner that complies with the legislation and is consistent with the principles of better regulation
- Devise and implement an HR strategy to train and develop staff to improve the efficiency and effectiveness of the organisation and to help realise their potential
- Implement a robust financial system to manage and report income and expenditure
- Keep within agreed budget and headcount
- Develop new systems that meet the requirements of the organisation in a way that assists integration once the Regulatory Authority for Tissue and Embryos (RATE) is established. This target was dropped in October 2007 following Ministers' decision not to proceed with RATE

- Work with the DH and the HFEA to develop RATE. This target was dropped in October 2007 following Ministers' decision not to proceed with RATE.

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

### Risks and uncertainties as at May 2008

<b>Risks</b>	<b>Mitigation factors and actions</b>
Insufficient capacity to implement the business plan over the coming year	<ul style="list-style-type: none"> <li>• ensure business plan is realistic</li> <li>• review performance against priorities</li> <li>• build a business case for additional resource if required</li> </ul>
The need to manage additional work caused by external factors	<ul style="list-style-type: none"> <li>• reprioritise lower priority work to release resources</li> <li>• engage staff regularly to re-assess workload</li> </ul>
Changing priorities	<ul style="list-style-type: none"> <li>• review the business plan on a quarterly basis to ensure ongoing relevance</li> <li>• effective stakeholder engagement for early warning of changes</li> </ul>
Insufficient tracking of progress	<ul style="list-style-type: none"> <li>• progress against the business plan will be reviewed on a quarterly basis</li> <li>• action plans put in place to address areas of high importance and insufficient progress</li> </ul>
Major stakeholders disengaged	<ul style="list-style-type: none"> <li>• thorough, prioritised stakeholder management approach</li> <li>• Proportionate approach to regulation</li> </ul>
Expanding stakeholder base due to changed legislation	<ul style="list-style-type: none"> <li>• systematic communications exercise</li> <li>• conduct RIA</li> </ul>
Loss of key staff	<ul style="list-style-type: none"> <li>• effective knowledge management process</li> <li>• improved HR policies and procedures</li> <li>• effective succession planning</li> </ul>
Business Continuity	<ul style="list-style-type: none"> <li>• business continuity plan</li> </ul>
Changes within sectors mean that income from licence fees are not sufficient to cover expenditure	<ul style="list-style-type: none"> <li>• the HTA will monitor income and review and revise budget as required</li> </ul>
Lack of prompt payment by licence fee payers may affect the overall workings of the HTA	<ul style="list-style-type: none"> <li>• the HTA will monitor revenues very closely and will use its robust debt collection procedures to pursue late payment and minimise non-payment</li> </ul>
HTA are required to undertake additional functions not planned for within the budget	<ul style="list-style-type: none"> <li>• the HTA has regular meetings with DH and will work constructively with them as issues arise.</li> <li>• the HTA's financial management/ governance arrangements will identify any opportunities that may arise to offset budgetary pressures</li> </ul>
HTA are not adequately resourced to undertake non-licensable activities	<ul style="list-style-type: none"> <li>• negotiate with DH sufficient GIA for 2008/09</li> </ul>

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

The HTA has adopted a sustainable development policy that includes measures, such as reduced paper consumption, plumbed-in water, promoting reduced energy use recycling of paper and toners.

### **2007/08 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 demonstrate the resources that have been used by the HTA to deliver its objectives. These Annual Accounts have been prepared in accordance with the guidance set out in the Government Financial Reporting Manual (FReM) 2007/08.

Adrian McNeil  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 18 June 2008

## Remuneration report

### Salary and pension entitlements of Authority members

Members of the Authority receive an annual salary 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 DH. In the financial year 2007/08 these payments were as follows:

Chair (x1)	£35–40,000 per annum
Chair (x1) Audit Committee	£10–15,000 per annum
Member (x12)	£5–10,000 per annum
Member (x1)	£0–5,000 per annum*

*\*part year cost*

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 being outside London. This amounted to £7,875 (2006/07, £nil). The HTA meets the resulting tax liability under a PAYE settlement agreement.

### Remuneration policy

Staff salaries, comprising cost of living increase and performance related pay were reviewed by the HTA Remuneration Committee. Performance related pay is currently determined through the process as outlined in the HTA's Appraisal and Performance Management Guidelines.

### Duration of Contract, Notice Periods and Termination Payments

Members of staff in Bands 1 – 2 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 and Directors are required to give 3 months notice: the HTA is required to give the same notice period. Termination payments are made only in the appropriate circumstances and may arise when staff are not required to work their notice periods, with the exception of cases where gross misconduct has arisen in which case no termination payment is made.

### Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Authority senior management. 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 manager remuneration

Post	Name	Dates	Salary range	Salary range
			2007/08	2006/07
Chief Executive	Adrian McNeil	Appointed 1 July 2005	£95–100,000	£85–90,000
Director of Policy	Peter Lemmey	Appointed 18 July 2005	£70–75,000	£65–70,000
Director of Regulation	Sandy Mather	Appointed 15 August 2005	£70–75,000	£60–65,000
Director of Communications	Shaun Griffin	Appointed 15 August 2005	£65–70,000	£55–60,000
Director of Resources	Leslie Boodram	Appointed 22 September 2006	£65–70,000	£55–60,000

## Remuneration report (senior staff salaries)

Name of Officer	Total salary including performance pay (ii) £'000	Real increase in pension at age 60 (iii) £'000	Real increase in lump sum at age 60 (iv) £'000	Pension at 31/03/08 (v) £'000	Lump sum at 31/03/08 (vi) £'000	*CETV at 31/03/07(vii) £'000	CETV at 31/03/08 (viii) £'000	Employee contributions and transfers-in (ix) £'000	Real increase in CETV as funded by employer (x) £'000
Adrian McNeil Chief Executive Officer	95–100	8–10.5	25– 27.5	47.5– 50	145– 147.5	912	1,238	1	210
Peter Lemmey Director of Policy	70–75	0–2.5	2.5– 5.0	35– 37.5	107.5 –110	743	873	1	34
Sandy Mather Director of Regulation	70–75	2.5–5	0	22.5– 25	0	215	312	4	56
Shaun Griffin Director of Communications	65–70	0–2.5	0	2.5– 5	0	16	37	2	17
Leslie Boodram Director of Resources	65–70	0–2.5	0	12.5– 15	0	162	227	2	37

\*The CETV values carried forward this year are different from the figures in the final period of 2006/07. This is due to certain factors being incorrect in last years CETV calculator. For comparatives please refer to page 11.

### 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. No other benefits in kind were received by senior staff members in 2007/08 or 2006/07.

### Cash equivalent transfer value

Columns (vii) and (viii) of the above table show the staff member's cash equivalent transfer value accrued at the beginning and end of the reporting period. Column (x) 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 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 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 is calculated using common market valuation factors for the start and end of the period.

### **Civil Service pensions**

Pension benefits are provided through the Civil Service pension arrangements. The PCSPS is an unfunded multi-employer defined benefit scheme but 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.

#### **Classic scheme**

Benefits 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. Members pay contributions of 1.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

#### **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 commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the members' ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

#### **Classic plus scheme**

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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 Retail 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.

Adrian McNeil  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 18 June 2008

## **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 net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

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.

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

The 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 departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The assurance and accountability frameworks for reporting to the DH are agreed and require:

- 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
- Annual accountability review meetings with the Public Health Minister.

DH officials attend Authority meetings, Audit Committee meetings and other HTA committees or working groups at the invitation of HTA officials, as observers. Officials from the National Audit Office (NAO) and our 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.

### **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 departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of Internal Control, which accords with Treasury guidance, has been developed over the past year and will continue to develop as the HTA introduces new procedures to meet objectives.

Throughout the year, the Authority and its Senior Management Team have monitored HTA expenditure through a monthly reporting system. In addition, systems of internal control have been developed and embedded throughout the year in order to ensure the safe custody of the assets and finances of the HTA. These systems will continue to be 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 we are 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. 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 or operational risks that may impact the delivery of policies and objectives in 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 office of the Comptroller and Auditor General.

## **The risk and control framework**

The HTA has spent time refining appropriate systems and processes to enable it to meet the requirements of a risk based regulator. These include more frequent Audit Committee meetings, development of an Internal Audit Strategy, an enhanced licensing IT system and an enhanced risk register which has been managed monthly by the Senior Management Team. Where appropriate, risk was also indirectly assessed by the Authority at its regular meetings. The regulation directorate has also maintained a risk register for activities related to licensing and inspection and this is regularly reviewed.

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 internal controls 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.

The HTA has agreed its corporate risk management strategy. A key part of the strategy was the establishment of a formal risk register for strategic and operational risks.

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.

## **Data Protection**

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 a Data Protection Policy, applies to all staff. Other arrangements include secure and confidential storage of information, encrypted removable equipment such as HTA laptops and USB memory sticks for key staff and a fixed asset register to track the location of items of IT equipment. The HTA has a secure data wiping and hardware disposal process for all obsolete and decommissioned computer equipment. The HTA has access to on-site shredders and confidential disposal arrangements in place.

## **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 and the executive directors within the department who have responsibility for the development and maintenance of the Internal Control framework, 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, the Audit Committee and plans to address weaknesses and ensure continuous improvement of the system are in place.

The Director of Resources and I have kept the current system of internal control under review during 2007/08, and significant improvements have been introduced.

The Audit Committee have reviewed the management of risk across the HTA during 2007/08.

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

Adrian McNeil  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 18 June 2008

## **Human Tissue Authority**

### **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 2008 under the Human Tissue Act 2004. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Total Recognised Gains and Losses 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, Chief Executive and Auditor**

The Authority and Chief Executive are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Human Tissue Act 2004 and directions made thereunder by the Secretary of State with the approval of Treasury and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Authority's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Human Tissue Act 2004 and directions made thereunder by the Secretary of State with the approval of Treasury. I report to you whether, in my opinion, the information in the Chief Executive's Report, a Management Commentary and the unaudited part of the Remuneration Report, included in the Annual Report is consistent with the financial statements. I also report whether 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. In addition, I report to you if the Authority has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Authority's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chief Executive's Foreword, a Management Commentary and a Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

#### **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Authority and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Human Tissue Act 2004 and directions made thereunder by the Secretary of State with the approval of Treasury, of the state of Human Tissue Authority's affairs as at 31 March 2008 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Human Tissue Act 2004 and directions made thereunder by the Secretary of State with the approval of Treasury; and
- information, which comprises the Chief Executive's Report, a Management Commentary and the unaudited part of the Remuneration Report, included in the Annual Report is consistent with the financial statements.

## **Audit 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.

## **Report**

I have no observations to make on these financial statements.

T J Burr  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
London SW1W 9SS

24 June 2008

## Financial accounts

Presented pursuant to the Human Tissue Act 2004 Section 36 and Schedule 2 (paragraph 16)

The Human Tissue Authority  
Financial accounts 2007/08  
(For the year ended 31 March 2008)

30 June 2008

### Income and expenditure account

For the year ended 31 March 2008

		2007/08	2006/07
	Note	£	£
<b>Income</b>	2	<b>3,463,827</b>	<b>3,029,436</b>
<b>Administration costs</b>			
Staff costs	3	2,721,749	1,509,559
Other administration costs	4	1,868,879	1,331,240
<b>Total expenditure</b>		<b>4,590,628</b>	<b>2,840,799</b>
<b>Net operating income / (expenditure)</b>		<b>(1,126,801)</b>	<b>188,637</b>
Notional interest	1.10	(11,862)	(12,630)
<b>Income / (expenditure) on ordinary activities</b>		<b>(1,138,663)</b>	<b>176,007</b>
Write back of notional interest		11,862	12,630
<b>Net income / (expenditure) for the financial year</b>		<b>(1,126,801)</b>	<b>188,637</b>

### Statement of recognised gains and losses

For the year ended 31 March 2008

	2007/08	2006/07
	£	£
Income/ (expenditure) for the financial year	<b>(1,126,801)</b>	<b>188,637</b>
Total Recognised Gains/(Losses) for the year	<b>(1,126,801)</b>	<b>188,637</b>

The notes on pages 24 to 34 form part of these accounts

**Balance sheet**  
As at 31 March 2008

		31 March 2008		31 March 2007	
	Note	£	£	£	£
<b>Tangible and Intangible Fixed Assets</b>					
Intangible Fixed Assets	5a	31,089		17,647	
Tangible Fixed Assets	5b	384,112		254,823	
			415,201		272,470
<b>Current assets</b>					
Debtors	6	81,726		306,102	
Cash at bank and in hand	15	1,408,815		602,441	
		1,490,541		908,543	
<b>Creditors</b> <b>(Amounts falling due within one year)</b>	7	(590,547)		(386,017)	
<b>Total current assets less current liabilities</b>			899,994		522,526
			<b>1,315,195</b>		<b>794,996</b>
<b>Financed by</b>					
Income and expenditure reserve	9		1,315,195		794,996
			<b>1,315,195</b>		<b>794,996</b>

*The notes on pages 24 to 34 form part of these accounts*

Adrian McNeil  
Chief Executive  
Human Tissue Authority  
Accounting Officer

Date: 18 June 2008

**Cash flow statement**

For the year ended 31 March 2008

		<b>2007/08</b>	<b>2006/07</b>
	<i>Note</i>	<u>£</u>	<u>£</u>
<b>Net cash inflow/(outflow) from operating activities</b>	16.1	(477,810)	225,074
<b>Capital expenditure and financial investments</b>			
Payments to acquire intangible assets		(43,033)	(20,563)
Payments to acquire tangible assets		(319,783)	(273,184)
<b>Financing</b>	16.2	1,647,000	583,044
<b>Increase in cash in the period</b>		<b><u>806,374</u></b>	<b><u>514,371</u></b>

Fixed assets accruals at 31 March 2008 were £978 (2006/07, £25,361)

*The notes on pages 24 to 34 form part of these accounts*

## **Notes to the accounts**

### **1.1 Statement of accounting policies**

The financial statements have been prepared pursuant to the HT Act, Schedule 2 (paragraph 16) and in accordance with the FReM 2007/08 and Managing Public Money, issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) and the Companies Act requirements to the extent that it is meaningful and appropriate to the public sector. The particular accounting policies adopted by the HTA are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

### **1.2 Change of accounting policies**

There were no changes to accounting policies within this financial year. Therefore no restatement of the financial accounts is required.

### **1.3 Fixed assets**

Fixed assets include tangible and intangible assets and the cost of acquiring or creating computer systems or software. Only items, or groups of related items, costing £1,000 or more are capitalised. Those costing less are treated as revenue expenditure.

Fixed assets are stated at their depreciated historical cost as the Authority considers this an appropriate basis for calculating their current value, after taking into consideration the estimated economic useful lives of the assets and their values.

### **1.4 Grant-in-aid**

Grant-in-Aid received is used to finance activities and expenditure which support the statutory and other objectives of the entity are treated as financing and credited to the Income and Expenditure Reserve, because they are regarded as contributions from a controlling party.

### **1.5 Foreign currency transactions**

There were no transactions in foreign currency in 2007/08.

### **1.6 Depreciation and amortisation**

Depreciation is provided on all tangible assets on a monthly basis from the date of deemed economic benefit at rates calculated to write off the cost of each asset evenly over its expected useful life. Expected useful lives are as follows:

Computer equipment	3 years
Office equipment	3 years
Furniture, fittings and fittings	3 years

Depreciation is provided on constructed software on a monthly basis at a rate calculated to write off the cost of each asset over its expected useful life.

Amortisation is provided on intangible assets (which comprise software licences) on a monthly basis at a rate calculated to write off the cost of each asset over its expected useful life. The expected useful life of these software licences is 3 years.

### **1.7 Leases**

The Authority has no finance leases. The Authority has operating leases with the GAD with regards to the rent and hire of premises. The Authority also has an operating lease with Oce in respect of photocopying equipment. Commitments under operating leases are detailed in note 11.

## 1.8 Income

In 2007/08 income takes the form of fees for licences from bodies which have Human Tissue on their premises. Licence fee income is recognised at invoice date.

## 1.9 Administration expenditure

Administration costs reflect the costs of running the HTA.

## 1.10 Notional charge

In accordance with Treasury Guidance, notional interest at 3.5 per cent of the average capital employed, excluding balances held in cash and in hand, has been credited in the Income and Expenditure Account amounting to £11,862 in 2007/08 (2006/07, £12,630).

## 1.11 Pensions

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

## 1.12 Value Added Tax

The Authority was not registered for VAT during the financial year 2007/08.

## 1.13 Debtors

The Authority provides for bad debts. The provision for this financial year consists of two elements: 3 percent for all outstanding debts less than six months old; and a further 50 percent for debts over six months old.

## 2. Total income

In 2007/08 the Authority charged fees for licences.

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	<u>2007/08</u>	<u>2006/07</u>
	£	£
<b>Administration income</b>		
Income from devolved administrations	68,695	100,301
Other Income	632	35
Licence Fee Income	3,394,500	2,929,100
<b>Total</b>	<u><b>3,463,827</b></u>	<u><b>3,029,436</b></u>

### 3. Staff numbers and related costs

#### a) Staff costs comprise:

	<u>2007/08</u>	<u>2006/07</u>
	£	£
Wages and salaries – HTA staff	1,638,580	1,007,211
Social Security costs	147,752	86,002
Pension costs – HTA staff	267,764	166,389
Agency / temporary staff	667,653	249,957
<b>Total</b>	<b><u>2,721,749</u></b>	<b><u>1,509,559</u></b>
<b><i>Of which members emoluments</i></b>	<b><i>179,142</i></b>	<b><i>110,945</i></b>

More details on the remuneration policy can be found in the remuneration report.

For 2007/08 contributions of £267,764 (2006/07, £162,949) were paid to the PCSPS at rates prescribed by the Treasury. These rates were in the range of 17.1 – 25.5 per cent of pensionable pay, according to salary level.

#### b) Average number of persons employed

All staff are seconded through other Government bodies. These include the DH and HFEA. As of 31 March 2008 the HTA employed 37 staff (37 FTE). The average number of full-time equivalent persons employed (including senior management), during the year was as follows:

	<u>2007/08</u>	<u>2006/07</u>
	FTE	FTE
Seconded management staff	5	5
Seconded administrative staff	32	20
<b>Total</b>	<b><u>37</u></b>	<b><u>25</u></b>

The HTA employed a number of contractors throughout the year to provide cover whilst permanent staff were recruited.

#### 4. Other administration costs

	<b>2007/08</b>	<b>2006/07</b>
	<u>£</u>	<u>(restated)</u>
	<u>£</u>	<u>£</u>
Accommodation	307,680	305,890
Project costs	28,885	25,090
Travel, subsistence and hospitality	130,948	72,832
Recruitment	94,930	109,148
Training	110,954	145,815
Consultancy (note 1)	281,254	76,009
Stationery and publications	59,457	49,819
Shared services (IT support, finance, payroll, HR and legal) (note 3)	194,341	200,398
Operating lease on Office equipment	8,343	28,395
IT Costs	259,734	28,370
Telecommunications	26,858	13,486
Legal fees	23,645	34,505
Venue Hire (note 3)	59,043	710
Business Continuity Costs	14,425	-
Transition costs (note 3)	49,874	14,088
Other costs (note 3)	60,711	72,547
Bad debt	(74,750)	80,000
Auditors remuneration (note 2)	36,845	27,500
Depreciation and amortisation	189,477	46,638
Loss on disposal of fixed assets	6,225	-
<b>Total</b>	<b><u>1,868,879</u></b>	<b><u>1,331,240</u></b>

#### Notes

- Costs charged to Consultancy include work covering Organisational Development work involving codes of practice, Stakeholder engagement and Knowledge Management.
- Auditors Remuneration includes fees for the External Auditors (NAO), £23,000 (2006/07, £23,000). 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 the NAO. The remainder of audit fee is that for our Internal Audits. This again does not include non-audit work. Non audit work for the year carried out by our Internal Auditors totalled £5,216 and is included within Consultancy costs.
- Costs relating to shared services and transition costs recognised in 2006/07 have been re-analysed between new categories of expenditure introduced in 2007/08. Therefore, the costs are not directly comparable to the corresponding disclosure in the 2006/07 annual report and accounts.

**5a. Intangible Fixed Assets**

	Software	Totals
Cost as at 1 April 2007	20,563	20,563
Additions	43,033	43,033
As at 31 March 2008	<u>63,596</u>	<u>63,596</u>
Depreciation as at 1 April 2007	2,916	2,916
Charge for the year	29,591	29,591
As at 31 March 2008	<u>32,507</u>	<u>32,507</u>
Net Book Value (NBV)		
At 31 March 2008	<u>31,089</u>	<u>31,089</u>
At 1 April 2007	17,647	17,647
Increase in NBV	<u>13,442</u>	<u>13,442</u>

**5b. Tangible Fixed Assets**

	IT Equipment	Furniture & Fittings	Constructed Software	Totals
Cost as at 1 April 2007	15,400	96,872	186,273	298,545
Additions	89,400	101,394	104,606	295,400
Disposals	(2,360)	(7,752)	-	(10,112)
As at 31 March 2008	<u>102,440</u>	<u>190,514</u>	<u>290,879</u>	<u>583,833</u>
Depreciation as at 1 April 2007	2,223	7,516	33,983	43,722
Charge for the year	32,356	39,308	88,222	159,886
Disposals	(658)	(3,229)	-	(3,887)
As at 31 March 2008	<u>33,921</u>	<u>43,595</u>	<u>122,205</u>	<u>199,721</u>
Net Book Value (NBV)				
At 31 March 2008	<u>68,519</u>	<u>146,919</u>	<u>168,674</u>	<u>384,112</u>
At 1 April 2007	13,177	89,356	152,290	254,823
Increase in NBV	<u>55,342</u>	<u>57,563</u>	<u>16,384</u>	<u>129,289</u>

**6. Debtors**

	<u>2007/08</u>	<u>2006/07</u>
	£	£
Licence fee debtors	49,691	373,839
Bad debt provision	(5,250)	(80,000)
Prepayments and Accrued Income	34,989	9,062
Other debtors	2,296	3,201
<b>Total</b>	<b><u>81,726</u></b>	<b><u>306,102</u></b>

**Debtors – Intra government balances**

	<u>2007/08</u>	<u>2006/07</u>
	£	£
Balance with central government bodies	8,678	39,098
Balance with bodies external to government	61,062	22,404
Balance with local authorities	-	6,000
Balance with NHS trusts	11,986	238,600
<b>Total</b>	<b><u>81,726</u></b>	<b><u>306,102</u></b>

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

**7. Creditors**

	<u>2007/08</u>	<u>2006/07</u>
	£	£
Amounts falling due within one year		
Trade creditors	245,712	70,407
Accruals	344,835	315,610
<b>Total</b>	<b><u>590,547</u></b>	<b><u>386,017</u></b>

There are no creditors falling due after one year.

**Creditors – Intra government balances**

	<u>2007/08</u>	<u>2006/07</u>
	£	£
Balance with central government bodies	212,410	110,133
Balance with bodies external to government	378,137	275,884
<b>Total</b>	<b><u>590,547</u></b>	<b><u>386,017</u></b>

**8. Post-balance sheet events**

These accounts are authorised to be issued on 24 June 2008.

## 9. Income and expenditure reserve

The income and expenditure reserve represents the total net assets less liabilities of the HTA, to the extent that the total is not represented by other reserves.

	<b>2007/08</b>
	<u>£</u>
<b>Balance at 1 April 2007</b>	<b>794,996</b>
Income/ (expenditure) for the year	(1,126,801)
Grant-in-Aid received towards resource expenditure	1,264,000
Grant-in-Aid received towards capital expenditure	<u>383,000</u>
<b>Income and expenditure reserve at 31 March 2008</b>	<b><u>1,315,195</u></b>

## 10. Capital commitments

There were £nil capital commitments as at 31 March 2008.

## 11. Commitments under operating leases

	<b>2007/08</b>	<b>2006/07</b>
	<u>£</u>	<u>£</u>
<b>Land and buildings</b>		
Leases which expire within 1 year	204,936	140,725
<b>Other</b>		
Leases which expire within 1 year	-	27,029
Leases which expire between 2 to 5 years	4,912	-
	<u>209,848</u>	<u>167,754</u>

## 12. Contingent liabilities

As at 31 March 2008 a possible liability of £30,000 may arise. This is as a result of an establishment querying the number of licenses and invoices issued to them in 2007/08.

## 13. Related party transactions

The DH is regarded as a related party and had various material transactions with the Authority during the year. This mainly related to the provision of the grant-in-aid and seconded employees. At the 31 March 2008 HTA owed the DH £57,749.

Two staff were on secondment from the DH during the year. All remaining staff were on secondment from the HFEA.

The HTA occupies the ground floor of Finlaison House and pays rent to GAD. GAD also provides Facilities Management services.

The HFEA are also regarded as a related party for the financial year 2007/08, as under previous Government proposals it was intended that this body would merge with the HTA to create a new regulatory body, RATE. The Government response on 8 October 2007 to the Joint Committee on the

Human Tissue and Embryos (draft) Bill stated that RATE would not be formed, and that the HTA and HFEA would be retained as separate regulatory authorities.

Shirley Harrison was appointed joint Chair of both Authorities from 1 January 2007. Her salary, expenses and the cost of her secretary were shared by the HTA and HFEA. Shirley Harrison stepped down as Chair of the HFEA on 31 October 2007. HFEA were invoiced £42,120 during the year in respect of salary, travel and subsistence. At the year end the HTA was owed £nil by the HFEA in respect of its contribution towards the joint Chair's expenses.

During the year, HTA received invoices totalling £176,324 for the provision of human resources, training, legal, finance and IT services, and £52,444 for the reimbursement of recruitment, payroll other IT costs, and sundries. The HTA invoiced the HFEA £8,225 for IT consultancy. As at 31 March the HTA owed the HFEA £19,410, of which £12,929 was paid on 31 March, and amounts due from the HFEA was £8,225.

Sharmila Nebhrajani was also a member of the HFEA until 1 August 2007.

The Authority received licence fee income from the following establishments in which the Authority Members had an interest:

Ceri Davies	St George's University of London
Shirley Harrison	Sheffield Teaching Hospitals NHS Foundation
James Ironside	Lothian and Tayside Hospitals
El Nasir Lalani	University of Birmingham (Medical and Dental School)
El Nasir Lalani	University Hospital Birmingham NHS Trust
Ruth Musson	Nottingham University Hospitals NHS Trust
Kate Robson-Brown	University of Bristol
James Underwood	University of Sheffield
Keith Rigg	Nottingham University Hospitals NHS Trust

None of the remaining Authority members, key managerial staff or other related parties has undertaken any material transactions with HTA during the year.

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

During 2007/08 the Authority managed income and expenditure so that draw downs were kept to within the DH's cash allocation. A total of £1,647,000 was drawn down from the DH during the year, out of a total available cash allocation of £1,647,000.

At the year end the creditor days were 30 (2006/07, 18 days) and throughout the year creditors were paid promptly. The increase in creditor days was due to a change in payment policy. It is expected that through implementing a more rigorous procurement process, this figure will further improve next year and enable the Authority to continue fulfilling the criteria of the Better Payment Practice Code.

**15. Cash at bank and in hand**

	<b>2007/08</b>
	£
Balance at 1 April	602,441
Net change inflow	806,374
<b>Balance at 31 March 2008</b>	<b>1,408,815</b>

**The following balances at 31 March 2008 are held at:**

	<b>2007/08</b>
	£
Office of H M Paymaster General, Barclays Bank plus cash in hand	1,408,815
	<b>1,408,815</b>

The Office of HM Paymaster General and Barclays bank provide a current account banking service. During the year, the Authority held a small amount of cash in hand – at year end this was £173. The balance of funds held in the HM Paymaster General and Barclays bank account on 31 March 2008 was £1,203,676 and £204,966 respectively.

**16. Notes to the Cash Flow Statement**

**Note (i) reconciliation of operating net expenditure**

<b>Net inflow from operating activities</b>	<b>2007/08</b>	<b>2006/07</b>
	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	(1,126,801)	188,637
Adjustment for depreciation	189,477	46,638
Loss on disposal of fixed assets	6,225	-
(increase)/decrease in debtors	224,376	(276,787)
Increase/(decrease) in creditors	228,913	266,586
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>(477,810)</b>	<b>225,074</b>

**Note (ii) Analysis of financing**

	<b>2007/08</b>	<b>2006/07</b>
	£	£
Grant in-Aid and revenue Grant received from Department of Health	1,264,000	263,936
Grant in-Aid and capital Grant received from Department of Health	383,000	319,108
<b>Total Grant-in-Aid applied towards revenue expenditure</b>	<b>1,647,000</b>	<b>583,044</b>

### Note (iii) Analysis of changes in net funds

	At 31/03/07	Cash flow	At 31/3/08
	£	£	£
	£	£	£
Cash at bank and in hand	<u>602,441</u>	<u>806,374</u>	<u>1,408,815</u>

#### 17. Financial instruments

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the nature of its activities and its means of funding the HTA is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The HTA has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the HTA in undertaking its activities.

As stated by FRS13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from Liquidity, Interest rate and fair value disclosures.

#### Liquidity risk

The Authority's net revenue resource requirements are financed by a Grant from the DH and a robust debt recovery and payment process. The HTA is not therefore exposed to significant liquidity risks.

#### Interest rate risk

The HTA's financial assets and liabilities are not exposed to interest rate risks.

#### Interest rate profile

The following table shows the interest rate and currency profiles of the HTA's financial assets.

**Table 1 – Financial assets**

	<u>Total</u>	<u>Floating-rate financial assets</u>	<u>Fixed-rate financial assets</u>	<u>Non- interest bearing financial assets (i)</u>	<u>Fixed-rate financial assets</u>		<u>Non- interest bearing financial assets</u>
					<u>Weighted- average interest rate</u>	<u>Weighted- average period for which rate is fixed</u>	<u>Weighted- average period until maturity</u>
	£	£	£	£	%	Years	Years
<b>At 31 March 2008:</b>							
Sterling	1,408,815	-	-	1,408,815	-	-	Note (i)
Other	-	-	-	-	-	-	-
Gross financial assets	1,408,815	-	-	1,408,815	-	-	-

(i) The HTA's non-interest bearing financial assets comprises cash at bank and in hand of £1,408,815.

### Foreign currency risk

There was no foreign currency expenditure in 2007/08.

### Fair values

Set out below is a comparison by category of book values and fair values of the HTA's financial assets and liabilities as at 31 March 2008.

**Table 2 – Fair values**

	<u>Book value</u>	<u>Fair value (i)</u>	<u>Basis of fair valuation</u>
	£	£	
<b>At 31 March 2008</b>			
<b>Primary financial instruments:</b>			
<b>Financial assets:</b>			
Cash at bank	1,408,815	1,408,815	Note (i)
<b>Financial liabilities:</b>			
None Held	-	-	Note (i)

(i) The fair value of the financial assets was equal to book value.

### 18. Losses and special payments

Losses for the year totalled £6,225 (2006/07, £nil), and special payments totalled £2,250 (2006/07, £nil).

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